

GALLIVAN KAREN PARK  
 Form 4  
 January 24, 2018

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**GALLIVAN KAREN PARK**

2. Issuer Name and Ticker or Trading Symbol  
**GRACO INC [GGG]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 88 11TH AVENUE NE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 01/23/2018

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Vice President

MINNEAPOLIS, MN 55413

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	01/23/2018		M	27,000 A \$ 14.2434	72,305.1166	D	
Common Stock	01/23/2018		S <sup>(1)</sup>	27,000 D \$ 48.34	45,305.1166 <sup>(2)</sup>	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
Non-qualified Stock Option (Right to Buy)	\$ 14.2434 <sup>(3)</sup>	01/23/2018		M	27,000	<sup>(3)</sup> 02/18/2021	Common Stock 27,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GALLIVAN KAREN PARK 88 11TH AVENUE NE MINNEAPOLIS, MN 55413			Vice President	

## Signatures

/s/ Francis J. Brixius Jr., attorney-in-fact for Ms. Gallivan 01/24/2018

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Sale pursuant to a 10b5-1 Trading Plan dated November 8, 2017.  
Included in the amount reported are shares of Graco Common Stock acquired under the Graco Inc. Automatic Dividend Reinvestment Plan (DRIP), exempt under Rule 16a-11, and shares acquired under the Graco Inc. 2006 Employee Stock Purchase Plan, exempt under Rule 16b-3.
- (3) Employee stock option granted pursuant to the Graco Inc. 2010 Stock Incentive Plan in transaction exempt under Rule 16b-3. The stock option becomes exercisable in four equal annual installments, commencing one year after the date of the grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.