

JOHNSON DALE D  
Form 4  
February 14, 2011

**FORM 4**

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

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

## OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person \*  
JOHNSON DALE D

(Last) (First) (Middle)

88 11TH AVENUE NE

(Street)

MINNEAPOLIS, MN 55413

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading  
Symbol

GRACO INC [GGG]

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

02/10/2011

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

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

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

VICE PRESIDENT

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

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

| 1. Title of<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities Acquired (A)<br>or Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form:<br>Direct (D)<br>or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------|
| Common<br>Stock                       | 02/10/2011                              |                                                             | M                                    | 25,282 A                                                                | \$ 11.71 50,459                                                                                                    | D                                                                       |                                                                   |
| Common<br>Stock                       | 02/10/2011                              |                                                             | S                                    | 25,282 D                                                                | \$ 41.7713 25,177<br>(1)                                                                                           | D                                                                       |                                                                   |
| Common<br>Stock                       | 02/11/2011                              |                                                             | M                                    | 19,718 A                                                                | \$ 11.71 44,895                                                                                                    | D                                                                       |                                                                   |
| Common<br>Stock                       | 02/11/2011                              |                                                             | S                                    | 19,718 D                                                                | \$ 42.0487 25,177<br>(2)                                                                                           | D                                                                       |                                                                   |
|                                       |                                         |                                                             |                                      |                                                                         | 2,658.6854                                                                                                         | I                                                                       | by ESOP                                                           |

Common  
Stock

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

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

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4. Transaction<br>Code<br>(Instr. 8) | 5. Number of<br>Derivative<br>Securities<br>Acquired (A)<br>or Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount<br>Underlying Security<br>(Instr. 3 and 4) | Amount<br>or<br>Number<br>of Shares |
|-----------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------|
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 11.71                                                           | 02/10/2011                              |                                                             | M                                    | 25,282                                                                                                       | <u>(3)</u> 02/23/2011                                          | Common<br>Stock                                                | 25,282                              |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 11.71                                                           | 02/11/2011                              |                                                             | M                                    | 19,718                                                                                                       | <u>(3)</u> 02/23/2011                                          | Common<br>Stock                                                | 19,718                              |

## Reporting Owners

| Reporting Owner Name / Address                               | Relationships                    |
|--------------------------------------------------------------|----------------------------------|
|                                                              | Director 10% Owner Officer Other |
| JOHNSON DALE D<br>88 11TH AVENUE NE<br>MINNEAPOLIS, MN 55413 | VICE PRESIDENT                   |

## Signatures

By: Carrie D. Russell, Attorney-in-Fact For: Dale D. Johnson 02/14/2011

\_\_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)

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The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$41.68 to \$41.84, inclusive. The reporting person undertakes to provide Graco Inc., any security holder of Graco Inc. or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in the footnote.

- (2) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$41.96 to \$42.20, inclusive. The reporting person undertakes to provide Graco Inc., any security holder of Graco Inc. or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in the footnote.
- (3) Employee stock option granted pursuant to the Graco Inc. Long-Term Stock Incentive Plan in a 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.

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