

GRANER JAMES A  
Form 4  
September 11, 2012

**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 \*  
GRANER JAMES A

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)  
09/07/2012

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

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	09/07/2012		M		12,209	A	\$ 17.34	80,243	D	
Common Stock	09/07/2012		S		12,209	D	\$ 52.3882 (1)	68,034	D	
Common Stock	09/10/2012		M		4,591	A	\$ 17.34	72,625	D	
Common Stock	09/10/2012		S		4,591	D	\$ 52.0035 (2)	68,034 (3)	D	
								3,280.3341	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.**

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(9-02)

**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)	Amount or Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 17.34	09/07/2012		M	12,209	<sup>(4)</sup> 02/21/2013	Common Stock	12,209
Non-Qualified Stock Option (right to buy)	\$ 17.34	09/10/2012		M	4,591	<sup>(4)</sup> 02/21/2013	Common Stock	4,591

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GRANER JAMES A 88 11TH AVENUE NE MINNEAPOLIS, MN 55413			CFO	

## Signatures

By: Carrie Daniel Russell, Attorney-in-Fact For: James A. Graner  
Date: 09/11/2012

\_\_Signature of Reporting Person

## 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. The shares were sold at prices ranging from \$51.900 to \$52.595, 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, with full information regarding the number of shares sold at each separate price within the range set forth in the footnote.

- The price reported in Column 4 is a weighted average price. The shares were sold at prices ranging from \$52.000 to \$52.021, inclusive.
- (2) 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, with full information regarding the number of shares sold at each separate price within the range set forth in the footnote.
  - (3) Included in the amount reported are shares acquired under Graco Inc. 2006 Employee Stock Purchase Plan, exempt under Rule 16b-3.
  - (4) Employee stock option granted pursuant to the Graco Inc. 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.

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