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GRACO INC Form 4										
February 16, 20	16									
FORM 4	4		CECU	DIFIE					PPROVAL	
Washington, D.C. 20549								N OMB Number:	3235-0287	
Check this be if no longer			Expires:	January 31, 2005						
In the folger subject to Section 16.STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIESForm 4 or Form 5Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,							Estimated burden hou response	average urs per		
obligations may continue <i>See</i> Instructio 1(b).	e. Section 17(a) of the l	Public U	Itility Hol	ding Con		of 1935 or Secti			
(Print or Type Resp	ponses)									
1. Name and Address of Reporting Person <u>*</u> Moreau Bernard J			Symbol	er Name an O INC [O		Trading	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)			
(Last)	(First) (I	Middle)	3. Date of	of Earliest T	ransaction	(Cli	eck an applicabl	e)		
88 11TH AVENUE NE			(Month/Day/Year) 02/12/2016				Director 10% Owner X Officer (give title Other (specify below) below) Vice President			
	4. If Amendment, Date Original Filed(Month/Day/Year)				 6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting 					
MINNEAPOL	IS, MN 55413	5					Person	More than one R	eporting	
(City)	(State)	(Zip)	Tab	ole I - Non-J	Derivative	Securities A	cquired, Disposed	of, or Beneficia	lly Owned	
	Fransaction Date onth/Day/Year)	2A. Deemo Execution any (Month/Da	Date, if	3. Transactic Code (Instr. 8) Code V	4. Securit mAcquired Disposed (Instr. 3, 4 Amount	(A) or of (D)	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)	
Reminder: Report	on a separate line	e for each cl	ass of sec	urities bene	ficially own	ned directly	or indirectly.			
					inforn requir	nation cont ed to resp lys a curre	spond to the colle tained in this form ond unless the fo ntly valid OMB co	n are not rm	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	2.	3. Transaction Date	3A. Deemed	4.	5. Number	6. Date Exercisable and	7. Title and Amount
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transactio	onof Derivative	Expiration Date	Underlying Securities
Security	or Exercise		any	Code	Securities	(Month/Day/Year)	(Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr.	8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amoun or Numbe of Shares
Non-qualified Stock Option (Right to Buy)	\$ 71.54	02/12/2016		А		8,940		(1)	02/12/2026	Common Stock	8,94(

Reporting Owners

Reporting Owner Name / Address	Relationships							
	Director	10% Owner	Officer	Other				
Moreau Bernard J 88 11TH AVENUE NE MINNEAPOLIS, MN 55413			Vice Presid	lent				
Signatures								
/s/ Francis J. Brixius, attorney- Moreau	r Mr.	02/16/2016						
**Signature of Reporting I		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) Employee stock option granted pursuant to the Graco Inc. 2015 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. ederal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).(1)Shares vest at the beginning of each calendar quarter ending March 31, 2021; dividends are paid currently.(2)Each restricted stock award is the economic equivalent of one share of the Company's common stock.(3) Represents the target number of shares that may be earned based on the achievement of specific performance thresholds pertaining to the Company's return on equity (40%), EBITDA (40%), and completed acquisitions (20%), as defined and set by our compensation committee, over the period from January 1, 2018 through December 31, 2020, with the opportunity to earn up to one third of the award in any one year for performance against the specified measures. However, more or less shares than the target number of shares may be earned based on our performance with the number of shares earned based on achievement of performance between points being interpolated on a linear basis. Furthermore, each of the performance based awards are subject to a modifier, which increases or decreases actual shares earned (both in one year and three years) based on the Company's relative total return to shareholders compared to the SNL Healthcare REIT Index. (continued on footnote 4)(4)At the end of each of the performance periods, any earned shares during such period will vest on January 1 of the following calendar year. Dividends are paid on these shares only upon achievement of the performance measures. 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.