



Graco Inc.





GGG NYSE

Industrial Machinery / Equipment

Market Capitalization USD:

\$2,077.42 mm

CONCERN LEVEL: AVERAGE

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group. 
- 7 The company's dilution from equity incentives is 10 percent or less. 
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration. 
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: Patrick J. McHale

Age: 50

CEO Since: 2007

	2009	2010	2011
Base Salary	\$641,700	\$641,700	\$657,743
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$0	\$962,550	\$986,615
Benefits and Perquisites	\$11,854	\$11,854	\$11,706
TOTAL ANNUAL COMPENSATION	\$653,554	\$1,616,104	\$1,656,064
Increase in Post-Retirement Benefits	\$174,000	\$311,000	\$972,000
Stock Option Awards	\$958,185	\$1,032,975	\$1,663,452
Stock Awards	\$0	\$0	\$814,200
TOTAL COMPENSATION	\$1,785,739	\$2,960,079	\$5,105,716
Median of Other Named Executive Officers Total Compensation	\$663,079	\$1,078,784	\$1,289,757
Value Realized on Exercise of Stock Option	\$123,187	\$0	\$259,744
Value Realized on Vesting of Stock	\$0	\$0	\$0
TOTAL REALIZED EQUITY COMPENSATION	\$123,187	\$0	\$259,744

Proxy Date: 7 Mar 2012

Annual Meeting Date: 20 Apr 2012

Equity Reserves: 25.40%

Stock Option Run Rate: 1.64%

Graco Inc.

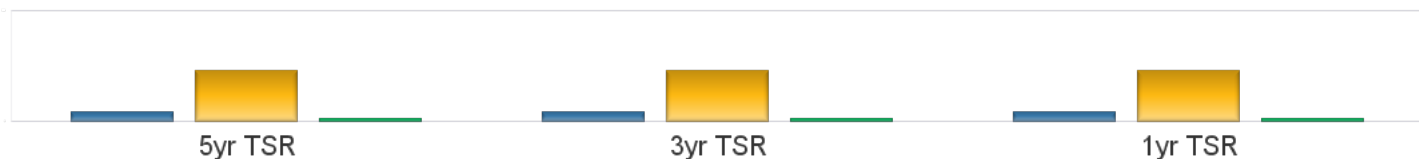
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Performance Comparison

■ vs S&P500 ■ vs Industry ■ GGG



Peer Comparisons (TRBC) = Industrial Machinery / Equipment

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
GGG	Graco Inc.	\$1,785,739	\$2,960,079	\$5,105,716	\$2,077,418,999
AME	AMETEK, Inc.	\$5,140,781	\$7,807,317		\$5,323,940,111
PLL	Pall Corporation	\$5,842,621	\$10,039,049		\$4,877,269,371
MTD	Mettler-Toledo International Inc.	\$3,494,906	\$4,979,000		\$4,512,747,775
FLS	Flowserve Corporation	\$7,664,882	\$4,878,216		\$4,124,471,918
MSM	MSC Industrial Direct Co., Inc.	\$3,250,226	\$4,803,652	\$12,868,370	\$3,611,097,982
GDI	Gardner Denver, Inc.	\$2,811,416	\$5,449,526		\$3,325,377,608

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

Actuant Corporation, Apogee Enterprises, Inc., Chart Industries, Inc., CIRCOR International, Inc., Donaldson Company, Inc., ESCO Technologies, Inc., Franklin Electric Co., Inc., FreightCar America, Inc., Gardner Denver Inc., H.B. Fuller Company, IDEX Corporation, John Bean Technologies Corporation, Kaydon Corporation, Middleby Corporation (The), Nordson Corporation, Robbins & Myers, Inc., Tennant Company, Toro Company (The), TransDigm Group Incorporated.

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Jack W. Euqster	Chairman	66	Male	8	Outside
Eric P. Etchart	Member	55	Male	2	Outside
J. Kevin Gilligan	Member	57	Male	11	Outside Related
Lee R. Mitau	Member	63	Male	22	Outside Related
Martha A.M. Morfitt	Member	54	Female	17	Outside Related

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