

GRACO INC

Form 4

February 09, 2007

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

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
ROBERTS DAVID A

(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)
05/07/2003

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 below) ____ Other (specify below)

Chairman, President & CEO

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 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	05/07/2003		J ⁽¹⁾		2.474	A	\$ 30.844	5,427.474	D
Common Stock	08/06/2003		J ⁽¹⁾		2.168	A	\$ 35.3	5,429.642	D
Common Stock	11/05/2003		J ⁽¹⁾		1.974	A	\$ 38.85	5,431.616	D
Common Stock	02/04/2004		J ⁽¹⁾		3.253	A	\$ 40.1	5,434.869	D
Common Stock	03/25/2004		J ⁽¹⁾		51.797	A	\$ 40.61	9,590.666	D

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Common Stock	03/01/2006	J ⁽²⁾	651	A	\$ 32.6	11,100.666	D
Common Stock	06/07/2006	J ⁽³⁾	31	A	\$ 0	11,131.666	D

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

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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 Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 13.87							<u>(4)</u>	06/25/2011	Common Stock	112,500
Non-Qualified Stock Option (right to buy)	\$ 17.34							<u>(4)</u>	02/21/2013	Common Stock	108,000
Non-Qualified Stock Option (right to buy)	\$ 18.39							<u>(4)</u>	02/22/2002	Common Stock	90,000
Non-Qualified Stock Option (right to buy)	\$ 27.91							<u>(4)</u>	02/20/2014	Common Stock	120,000
Non-Qualified Stock Option (right to buy)	\$ 38.13 <u>(4)</u>							<u>(4)</u>	02/18/2015	Common Stock	100,000
Non-Qualified Stock Option (right to buy)	\$ 40.68 <u>(4)</u>							<u>(4)</u>	02/17/2016	Common Stock	140,000

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
ROBERTS DAVID A 88 11TH AVENUE NE MINNEAPOLIS, MN 55413	Chairman, President & CEO

Signatures

By: Kristen C. Nelson, attorney-in-fact For: David A. Roberts

02/09/2007

__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) Shares of Graco Common Stock acquired under broker administrated dividend reinvestment plan exempt under Rule 16a-11.

(2) Shares acquired under Graco Employee Stock Purchase Plan, exempt under Rule 16b-3.

Because the reporting person did not timely report two dividend reinvestments purchased by the reporting person's broker with dividends received by the broker from Graco, the share tracking software used by the Company applied the stock split protocol to a share balance

(3) less than the number of shares actually owned by the reporting person, resulting in a share balance in the share tracking software less than the total number of shares owned. This transaction corrects this discrepancy by increasing the balance in the share tracking software to match the shares actually owned.

(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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