VAN DYKE WILLIAM G

Form 4 March 05, 2008

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

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response...

if no longer subject to Section 16. Form 4 or Form 5 obligations

Check this box

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

1(b).

(Print or Type Responses)

may continue.

See Instruction

1. Name and Address of Reporting Person * VAN DYKE WILLIAM G			2. Issuer Name and Ticker or Trading Symbol GRACO INC [GGG]	5. Relationship of Reporting Person(s) to Issuer		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	(Check all applicable)		
88 11TH AVENUE NE			(Month/Day/Year) 03/04/2008	X Director 10% Owner Officer (give title below) Other (specify below)		
(Street)			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Che		
MINNEAPOLIS, MN 55413			Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		

(City)	(State)	(Zip) Table	e I - Non-D	erivative	Secur	ities Acq	uired, Disposed of	f, or Beneficial	ly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	Transaction Date 2A. Deemed Execution Date, if any (Month/Day/Year)		3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8) (A) or			Securities Form: I Beneficially (D) or Owned Indirec Following (Instr. 4 Reported Transaction(s)	Form: Direct	Beneficial
Common Stock	03/04/2008		Code V M	Amount 7,593	(D)	Price \$ 10.31	(Instr. 3 and 4) 28,352.902	D	
Common Stock	03/04/2008		F	2,242	D	\$ 34.91	26,110.902	D	

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

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

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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. 5. Number Transaction Derivative Code Securities (Instr. 8) Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		cive Expiration Date (Month/Day/Year)		7. Title and Amount Underlying Securitie (Instr. 3 and 4)	
				Code V	ŕ	Date Exercisable	Expiration Date	Title	Amour or Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 10.31 (1)	03/04/2008		M	7,593	<u>(1)</u>	05/05/2008	Common Stock	7,59

Reporting Owners

Reporting Owner Name / Address	Relationships						
rg	Director	10% Owner	Officer	Other			
VAN DYKE WILLIAM G 88 11TH AVENUE NE MINNEAPOLIS, MN 55413	X						

Signatures

By: Kristen C. Nelson, by power of attorney For: William G. Van Dyke

**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).
- Nonemployee director stock option granted pursuant to the Graco Inc. Nonemployee Director Stock Option 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.
- (2) No consideration was paid for this option.

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.

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