RESCORLA CHARLES L

Form 4 May 08, 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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if no longer subject to Section 16. Form 4 or Form 5 obligations

may continue.

See Instruction

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)

1. Name and Address of Reporting Person * RESCORLA CHARLES L			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)		3. Date of Earliest Transaction	(eneen an approacie)			
			(Month/Day/Year)	Director 10% Owner			
88 11TH AVENUE NE			05/06/2008	_X Officer (give title Other (specified below) VICE PRESIDENT			
(Street) MINNEAPOLIS, MN 55413			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check			
			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 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)	Code (Instr. 8)	4. Securit or(A) or Dis (Instr. 3, 4	sposed 4 and 3 (A) or	of (D) 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)
Common Stock	05/06/2008		Code V S	Amount 400	(D)	Price \$ 39.62	55,811	D	
Common Stock	05/06/2008		M	12,656	A	\$ 9.09	68,467	D	
Common Stock	05/06/2008		S	400	D	\$ 39.63	68,067	D	
Common Stock	05/06/2008		S	800	D	\$ 39.64	67,267	D	
Common Stock	05/06/2008		S	500	D	\$ 39.66	66,767	D	

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Common Stock	05/06/2008	S	1,956	D	\$ 39.67	64,811	D	
Common Stock	05/06/2008	S	200	D	\$ 39.68	64,611	D	
Common Stock	05/06/2008	S	800	D	\$ 39.69	63,811	D	
Common Stock	05/06/2008	S	700	D	\$ 39.7	63,111	D	
Common Stock	05/06/2008	S	2,400	D	\$ 39.71	60,711	D	
Common Stock	05/06/2008	S	700	D	\$ 39.72	60,011	D	
Common Stock	05/06/2008	S	2,000	D	\$ 39.73	58,011	D	
Common Stock	05/06/2008	S	300	D	\$ 39.74	57,711	D	
Common Stock	05/06/2008	S	500	D	\$ 39.76	57,211	D	
Common Stock	05/06/2008	S	100	D	\$ 39.78	57,111	D	
Common Stock	05/06/2008	S	900	D	\$ 39.65	56,211	D	
Common Stock						1,786.8359	I	by ESOP

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. Transactic Code (Instr. 8)	5. Number of orDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exerc Expiration D (Month/Day/	ate	7. Title and Amour Underlying Securit (Instr. 3 and 4)	
						Date Exercisable	Expiration Date	Title	Amo or Num

Code V (A)

(D)

of Sh

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Non-Qualified

Stock Option \$ 9.09 (1) 05/06/2008 M 12,656 (1) 02/23/2010 Common Stock 12,666 (1) 02/

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

RESCORLA CHARLES L 88 11TH AVENUE NE MINNEAPOLIS, MN 55413

VICE PRESIDENT

Signatures

By: Charles A. Jacob For: Charles L. Rescorla 05/08/2008

**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) Employee stock option granted pursuant to the Graco Inc. Long-Term Stock Incentive Plan in a 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.

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