

GRACO INC

Form 4

February 20, 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

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(Print or Type Responses)

1. Name and Address of Reporting Person *
LOWE DAVID M

(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)
02/16/2007

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 ____ Other (specify
below) below)

Vice President

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 (D) Price			
Common Stock					43,548	D	
Common Stock					357.5215	I	by ESOP

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

**Persons who respond to the collection of
information contained in this form are not
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SEC 1474
(9-02)

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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 Underlying Security (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)	\$ 41.36 <u>(1)</u>	02/16/2007		A		22,500		<u>(1)</u>	02/16/2017	Common Stock	22,500
Non-Qualified Stock Option (right to buy)	\$ 6.15							<u>(2)</u>	02/28/2007	Common Stock	50,000
Non-Qualified Stock Option (right to buy)	\$ 6.37							<u>(2)</u>	02/22/2009	Common Stock	25,000
Non-Qualified Stock Option (right to buy)	\$ 8.74							<u>(2)</u>	02/27/2008	Common Stock	16,800
Non-Qualified Stock Option (right to buy)	\$ 9.09							<u>(3)</u>	02/23/2010	Common Stock	25,000
Non-Qualified Stock Option (right to buy)	\$ 11.71							<u>(3)</u>	02/23/2011	Common Stock	16,800
Non-Qualified Stock Option (right to buy)	\$ 17.34							<u>(4)</u>	02/21/2013	Common Stock	22,500
Non-Qualified Stock Option (right to buy)	\$ 18.39							<u>(4)</u>	02/22/2012	Common Stock	16,800
Non-Qualified Stock Option (right to buy)	\$ 27.91							<u>(5)</u>	02/20/2014	Common Stock	22,500
Non-Qualified Stock Option (right to buy)	\$ 38.13 <u>(5)</u>							<u>(5)</u>	02/18/2015	Common Stock	22,500
Non-Qualified Stock Option	\$ 40.68 <u>(5)</u>							<u>(5)</u>	02/17/2016	Common Stock	22,500

