

VAN DYKE WILLIAM G

Form 4

April 03, 2007

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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 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

(Print or Type Responses)

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

(Check all applicable)

(Last) (First) (Middle)  
 88 11TH AVENUE NE  
 (Street)

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 04/01/2007

☒ Director ☐ 10% Owner  
☐ Officer (give title below) ☐ Other (specify below)

4. If Amendment, Date Original  
 Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check  
 Applicable Line)  
☒ Form filed by One Reporting Person  
☐ Form filed by More than One Reporting  
 Person

MINNEAPOLIS, MN 55413

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or<br>Indirect (I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
| Common<br>Stock                       |                                         |                                                             |                                      | (A)<br>or<br>(D)                                                           | 14,137.901                                                                                                         | D                                                                    |                                                                   |

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

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 information contained in this form are not  
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SEC 1474  
 (9-02)

**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<br>Derivative<br>Security<br>(Instr. 3) | 2.<br>Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4.<br>Transaction<br>Code<br>(Instr. 8) | 5. Number<br>of Derivative<br>Securities<br>Acquired<br>(A) or<br>Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) |     | 7. Title and Amount<br>Underlying Securities<br>(Instr. 3 and 4) |                    |                 |                                        |
|-----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----|------------------------------------------------------------------|--------------------|-----------------|----------------------------------------|
|                                                     |                                                                       |                                         |                                                             | Code                                    | V                                                                                                               | (A)                                                            | (D) | Date<br>Exercisable                                              | Expiration<br>Date | Title           | Amount<br>or<br>Number<br>of<br>Shares |
| Phantom Stock<br>Units                              | \$ 0 <sup>(1)</sup>                                                   | 04/01/2007                              |                                                             | A                                       |                                                                                                                 | 314.1                                                          |     | <sup>(1)</sup>                                                   | <sup>(1)</sup>     | Common<br>Stock | 314.1                                  |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 5.23                                                               |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(2)</sup>                                                   | 05/06/2007         | Common<br>Stock | 7,59                                   |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 9.35                                                               |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(3)</sup>                                                   | 05/04/2009         | Common<br>Stock | 7,59                                   |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 10.07                                                              |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(3)</sup>                                                   | 05/02/2010         | Common<br>Stock | 7,59                                   |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 10.31                                                              |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(2)</sup>                                                   | 05/05/2008         | Common<br>Stock | 7,59                                   |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 12.18                                                              |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(3)</sup>                                                   | 05/01/2011         | Common<br>Stock | 5,62                                   |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 19.13                                                              |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(4)</sup>                                                   | 05/07/2012         | Common<br>Stock | 5,62                                   |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 20.27                                                              |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(4)</sup>                                                   | 05/06/2013         | Common<br>Stock | 3,75                                   |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 29.48                                                              |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(4)</sup>                                                   | 04/23/2004         | Common<br>Stock | 3,00                                   |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 37.13<br><sup>(4)</sup>                                            |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(4)</sup>                                                   | 04/22/2015         | Common<br>Stock | 3,60                                   |
| Non-Qualified<br>Stock Option<br>(right to buy)     | \$ 48.95<br><sup>(5)</sup>                                            |                                         |                                                             |                                         |                                                                                                                 |                                                                |     | <sup>(5)</sup>                                                   | 04/21/2016         | Common<br>Stock | 3,60                                   |

## Reporting Owners

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

## Signatures

By: Kristen C. Nelson, attorney-in-fact For: William G. Van Dyke

04/03/2007

\_\_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) The phantom stock units were accrued under the Amended and Restated Graco Inc. Stock Incentive Plan (2006) and are to be settled 100% in Graco common stock in a lump sum or installments upon reporting person's termination of service on the Board.  
Nonemployee director stock option granted pursuant to the Graco Inc. Nonemployee Director Stock Option Plan in transaction exempt
- (2) under Rule 16b-3. The stock option becomes exercisable in four equal annual installments commencing one year after the date of the grant.
- (3) Nonemployee director 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.
- (4) Nonemployee director stock option granted pursuant to the Graco Inc. 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.  
Nonemployee director stock option granted pursuant to the Amended and Restated Graco Inc. Stock Incentive Plan (2006) in a
- (5) 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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