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GRACO IN Form 4											
February 20	ЛЛ					OMB APPROVAL					
	UNITED	STATES	N OMB Number:	3235-0287							
Check t if no lor subject Section Form 4	nger STATEN 16.	Washington, D.C. 20549 STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES							Expires:January 31, 2005Estimated averageburden hours per response0.5		
Form 5 obligati may con <i>See</i> Inst 1(b).	ons ntinue. Section 17(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 <u>*</u> Chambers Caroline M			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 (C				(Che	neck all applicable)			
88 11TH AVENUE NE (Street)			(Month/1 02/15/2	Day/Year) 2008			Director 10% Owner X Officer (give title Other (specify below) below) Vice President and Controller				
				endment, D onth/Day/Yea	-	1	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person				
MINNEAF	POLIS, MN 55413	3					Form filed by Person	More than One R	eporting		
(City)	(State)	(Zip)	Tab	ole I - Non-l	Derivative	Securities A	cquired, Disposed o	of, or Beneficia	lly Owned		
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)		3.4. SecuritiesTransactionAcquired (A) orCodeDisposed of (D)(Instr. 8)(Instr. 3, 4 and 5)(A)		(A) or of (D) 4 and 5)	Securities Beneficially Owned	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
				Code V	Amount	or (D) Price	(Instr. 3 and 4)				
Reminder: Re	port on a separate line	e for each cla	ss of sec	urities bene	ficially ow	ned directly o	or indirectly.				
							pond to the colle		SEC 1474 (9-02)		

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

 Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned

 (e.g., puts, calls, warrants, options, convertible securities)

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5. Number of	6. Date Exercisable and	7. Title and Amour
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transacti	orDerivative	Expiration Date	Underlying Securit
Security	or Exercise		any	Code	Securities	(Month/Day/Year)	(Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security		(Month/I	Day/Year)	(Instr. 8)	Acquired or Dispos (D) (Instr. 3, 4 and 5)	ed of				
					Code V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amo or Num of Sh
Non-Qualified Stock Option (right to buy)	\$ 35.9 <u>(1)</u>	02/15/2008	3		А	20,000		(1)	02/15/2018	Common Stock	20,0
Reporting Owners											
Reporting Owner	Name / Address	5		Relati	onships						
Reporting O when		Director	10% Owner	Officer				Other			
Chambers Caroline M88 11TH AVENUE NEMINNEAPOLIS, MN 55413											
Signature	es										
By: Kristen C. Chambers	Nelson, by po	wer of attor	ney For: Ca	roline M			02/2	0/2008			

**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).

Employee stock option granted pursuant to the Amended and Restated Graco Inc. Stock Incentive Plan (2006) in transaction exempt(1) 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.