

GRACO INC  
Form 4  
April 18, 2008

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**CARROLL WILLIAM J**

(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)  
05/07/2007

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing (Check Applicable Line)  
 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 Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

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 required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (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	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)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. P... Deri... Secu... (Instr...)
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Derivative Security			or Disposed of		Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
	(D)	(Instr. 3, 4, and 5)											
Phantom Stock Units	\$ 0	(1)	05/07/2007		J(2)	V	49.704		(1)	(1)	Common Stock	49.704	39
Phantom Stock Units	\$ 0	(1)	08/06/2007		J(2)	V	48.262		(1)	(1)	Common Stock	48.262	\$ 4
Phantom Stock Units	\$ 0	(1)	11/13/2007		J(2)	V	50.631		(1)	(1)	Common Stock	50.631	\$ 3
Phantom Stock Units	\$ 0	(1)	02/11/2008		J(2)	V	63.873		(1)	(1)	Common Stock	63.873	35

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CARROLL WILLIAM J 88 11TH AVENUE NE MINNEAPOLIS, MN 55413			X	

## Signatures

By: Kristen C. Nelson For: William J. Carroll 04/18/2008

\*\*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) 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.

(2) Phantom stock units acquired pursuant to the dividend reinvestment feature of the Company's deferred stock program, exempt under Rule 16a-11.

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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