GRACO INC Form 4 April 03, 2008

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 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(b).

1. Name and Address of Reporting Person * **EUGSTER JACK W**

(First) (Middle) (Last)

88 11TH AVENUE NE

(Street)

MINNEAPOLIS, MN 55413

04/01/2008

2. Issuer Name and Ticker or Trading

Symbol GRACO INC [GGG]

3. Date of Earliest Transaction

(Month/Day/Year)

4. If Amendment, Date Original

Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

Estimated average

burden hours per

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

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

(City) (State) (Zip)

2. Transaction Date 2A. Deemed

1.Title of Security (Month/Day/Year) Execution Date, if (Instr. 3)

(Month/Day/Year)

4. Securities Code (Instr. 8)

TransactionAcquired (A) or Disposed of (D) (Instr. 3, 4 and 5)

(A)

or

Reported Transaction(s) (Instr. 3 and 4)

Code V Amount (D) Price

5. Amount of 6. Ownership 7. Nature of Securities Form: Direct Indirect Beneficially (D) or Indirect Beneficial Owned Ownership Following (Instr. 4) (Instr. 4)

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

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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 Conversion Security or Exercise

Price of

(Instr. 3)

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if (Month/Day/Year)

5. Number of 4. TransactionDerivative Code Securities (Instr. 8) Acquired (A)

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of **Underlying Securities** (Instr. 3 and 4)

(9-02)

8. Pı Deri Secu (Inst Edgar Filing: GRACO INC - Form 4

Derivative or Disposed of Security (D)

(Instr. 3, 4, and 5)

Code V (A) (D) Date Expiration Title Amount Exercisable Date or

Number of Shares

328.15

Phantom

Stock $\underline{\text{(1)}}$ 04/01/2008 A 328.15 $\underline{\text{(1)}}$ Common Stock

Units

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

EUGSTER JACK W
88 11TH AVENUE NE X
MINNEAPOLIS, MN 55413

Signatures

By: Kristen C. Nelson For: Jack W.

Eugster 04/02/2008

**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) The number of Phantom Stock Units includes Phantom Stock Units acquired in unreported dividend reinvestment transactions.

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.

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