GRACO INC Form 5

February 09, 2007

FORM 5

OMB APPROVAL

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

3235-0362 Number: January 31, Expires:

no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction

Check this box if

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ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

response... 1.0

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, 1(b). Form 3 Holdings Section 17(a) of the Public Utility Holding Company Act of 1935 or Section Reported 30(h) of the Investment Company Act of 1940 Form 4

Transactions Reported

1. Name and Address of Reporting Person ** RAUENHORST MARK H			2. Issuer Name and Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer			
(Last)	(First)	(Middle)	GRACO INC [GGG] 3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)	(Check all applicable) _X_ Director 10% Owner			
88 11TH AVENUE NE			12/31/2006	Officer (give title Other (specification) below)			
(Street)			4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Reporting			
			Thed(Monthsbuy) Teal)	(check applicable line)			

MINNEAPOLIS, MNÂ 55413

X Form Filed by One Reporting Person Form Filed by More than One Reporting

(City)	(State)	(Zip) Tabl	le I - Non-Der	ivative Securities Acquir	ed, Disposed of	, or Beneficiall	y 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 Ownership Beneficially Form: Direct Owned at end (D) or	Ownership	
				(A) or Amount (D) Price	of Issuer's Fiscal Year (Instr. 3 and 4)	Indirect (I) (Instr. 4)	(Instr. 4)
Common Stock	12/23/2005	Â	G <u>(1)</u>	3,375 D \$ 37.14	857.34	D	Â

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 2270 (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	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exer	cisable and	7. Title and	8. Price of
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transaction	Number	Expiration D	ate	Amount of	Derivative
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Underlying	Security
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		Securities	(Instr. 5)
	Derivative				Securities			(Instr. 3 and 4)	
	Security				Acquired				
					(A) or				
					Disposed				
					of (D)				
					(Instr. 3,				
					4, and 5)				
					(A) (D)	D .	E	TT: 1 A	
					(A) (D)	Date	*	Title Amount	
						Exercisable	Date	or	
								Number	
								of	
								Shares	

Reporting Owners

Reporting Owner Name / Address	Relationships					
reporting of mor remain a remained	Director	10% Owner	Officer	Othe		
RAUENHORST MARK H 88 11TH AVENUE NE MINNEAPOLIS. MN 55413	ÂX	Â	Â	Â		

Signatures

By: Kristen C. Nelson, attorney-in-fact For: Mark H. Rauenhorst

02/09/2007

**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) Bona fide gift

Note: File three copies of this Form, one of which must be manually signed. If space provided 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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