## SEC Form 4

# FORM 4

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

			Washington, D.C. 20049		OMB APPF	ROVAL
Check this box i Section 16. For obligations may Instruction 1(b).		_	NT OF CHANGES IN BENEFICIAL OWN ad pursuant to Section 16(a) of the Securities Exchange Act of 1934	_	OMB Number: Estimated average bu hours per response:	3235-0287 urden 0.5
	ss of Reporting Pers <u>R WILLIAM</u>	on <sup>*</sup>	or Section 30(h) of the Investment Company Act of 1940 2. Issuer Name and Ticker or Trading Symbol <u>GRACO INC</u> [ GGG ]	5. Relationship of F (Check all applicab X Director	,	lssuer 6 Owner
(Last) 88 11TH AVEN	(First) UE NE	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 07/01/2005	Officer (gi below)	ive title Othe belo	er (specify ow)
(Street) MINNEAPOLI		55413	4. If Amendment, Date of Original Filed (Month/Day/Year)	Line) X Form filed	nt/Group Filing (Check d by One Reporting Pe d by More than One Re	erson
(City)	(State)	(Zip)		1		

## 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)					5. Amount of Securities Beneficially Owned Following	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership
			Code	v	Amount	(A) or (D)	Price	Reported Transaction(s) (Instr. 3 and 4)		(Instr. 4)

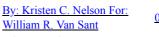
### Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transa Code ( 8)		of		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	v	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Phantom Stock Units	\$0 <sup>(1)</sup>	05/04/2005		J		4.605		(1)	(1)	Common Stock	4.605	\$34.2935	1,217.438	D	
Phantom Stock Units	\$0 <sup>(2)</sup>	07/01/2005		А		314.06		(2)	(2)	Common Stock	314.06	\$34.07	1,531.498	D	

#### Explanation of Responses:

1. Dividends on the accrued phantom stock units were credited under the Graco Inc. Stock Incentive Plan 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 phantom stock units were accrued under the Graco Inc. Stock Incentive Plan 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.



07/06/2005

\*\* Signature of Reporting Person

Date

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

 $^{\ast}$  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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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 Number.