

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
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|---|---|---|
| 1. Name and Address of Reporting Person * <u>RESCORLA CHARLES L</u> (Last) (First) (Middle) <u>88 11TH AVENUE NE</u> (Street) <u>MINNEAPOLIS MN</u> <u>55413</u> (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>GRACO INC</u> [<u>GGG</u>] 3. Date of Earliest Transaction (Month/Day/Year) <u>02/18/2005</u> 4. If Amendment, Date of Original Filed (Month/Day/Year) | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>VICE PRESIDENT</u> 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> 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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|---------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 03/01/2004 | | J ⁽¹⁾ | | 928 | A | \$22.88 | 33,997 | D | |
| Common Stock | 03/31/2004 | | J ⁽²⁾ | | 88.8512 | A | \$29.11 | 1,700.8512 | I | by ESOP |
| Common Stock | 06/30/2004 | | J ⁽²⁾ | | 3.2386 | A | \$31.05 | 1,704.0898 | I | by ESOP |
| Common Stock | 09/30/2004 | | J ⁽²⁾ | | 2.4916 | A | \$33.5 | 1,706.5814 | I | by ESOP |
| Common Stock | 12/31/2004 | | J ⁽²⁾ | | 1.1176 | A | \$37.35 | 1,707.699 | I | by ESOP |

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. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 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 | | | | |
| Non-Qualified Stock Option (right to buy) | \$38.13 ⁽³⁾ | 02/18/2005 | | A | | 22,500 | | (3) | 02/18/2015 | Common Stock | 22,500 | (3) | 22,500 | D | |

Explanation of Responses:

1. Shares acquired under Graco Employee Stock Purchase Plan, exempt under Rule 16b-3.
2. Dividends paid pursuant to the Graco Employee Stock Ownership Plan, exempt under Rule 16b-3(c).
3. Employee stock option granted pursuant to the Graco Inc. Stock Incentive Plan in transaction exempt under Rule 16b-3. The stock option becomes exercisable in four equal annual installments, commencing one year after the date of the grant.

By: Kristen C. Nelson For: 02/21/2005
Charles L. Rescorla
** Signature of Reporting Person Date

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

* 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.

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