# SEC Form 4

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# 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 1(b).

## HANGES IN BENEFICIAL OWNERSHIP

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 OMB Number: 3235-0287 Estimated average burden hours per response: 0.5

1. Name and Addre	1 0	son <sup>*</sup>	2. Issuer Name and Ticker or Trading Symbol GRACO INC [GGG]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)									
CARROLL	<u>VILLIAM J</u>			X	Director	10% Owner							
L (Last) (First) (Middlo) L			3. Date of Earliest Transaction (Month/Day/Year) 08/03/2005		Officer (give title below)	Other (specify below)							
		,	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable									
(Street) MINNEAPOLIS MN 55413				Line) X	Form filed by One Reporting Person								
,					Form filed by More than One Reporting Person								
(City)	(State)	(Zip)											
	,	Table I - Non-Deriva	ative Securities Acquired, Disposed of, or Benefi	Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned									

1. Title of Security (Instr. 3)	Date				4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership
			Code	v	Amount	(A) or (D)	Price	Transaction(s) (Instr. 3 and 4)	

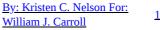
### Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

	(cigi, puto, builo, warranto, optiono, convertible occurritor)														
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)				6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		Derivative Security	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>	08/03/2005		J		37.93		(1)	(1)	Common Stock	37.93	\$37.8725	11,087.329	D	
Phantom Stock Units	\$0 <sup>(2)</sup>	10/01/2005		A		376.31		(2)	(2)	Common Stock	376.31	\$34.28	11,463.639	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.



\*\* Signature of Reporting Person

10/04/2005

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.

Date

STATEMENT	OF CHAN	IGES IN	<b>BENEFICIA</b>