SEC Form 4

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

STATEMENT OF CHANGES 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

| 1 | Address of Reporting | Person* | 2. Issuer Name and Ticker or Trading Symbol GRACO INC [GGG] | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) | | | | |
|--|----------------------|----------|---|-------|---|-----------------------|--|--|--|
| MOAR JAMES H | | | [] | X | Director | 10% Owner | | | |
| (Last) 88 11TH A | (First) VENUE NE | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year) 01/03/2005 | | Officer (give title below) | Other (specify below) | | | |
| | | | 4. If Amendment, Date of Original Filed (Month/Day/Year) | | /idual or Joint/Group Fili | ng (Check Applicable | | | |
| (Street) MINNEAPOLIS MN 55413 | | 55413 | | Line) | Form filed by One Reporting Person | | | | |
| | | | | | Form filed by More than One Reporting Person | | | | |
| (City) | (State) | (Zip) | | | | | | | |
| Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned | | | | | | | | | |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | Date (Month/Day/Year) | | Transaction Code (Instr. | | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) | | | | 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) |

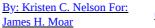
Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| | | | (0.9., | p, | | , | | , optiono, | | | , , | | | | |
|---|---|--|---|------------------------------|---|--------|-----|--|--------------------|---|--|---|--|--|--|
| 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) | | n 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 ⁽¹⁾ | 11/03/2004 | | J | | 15.163 | | (1) | (1) | Common Stock | 15.163 | \$34.9697 | 5,696.801 | D | |
| Phantom Stock Units | \$0 ⁽²⁾ | 01/03/2005 | | A | | 259.71 | | (2) | (2) | Common Stock | 259.71 | \$37.35 | 5,956.511 | 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

01/04/2005

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.

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.

OMB APPROVAL

| OMB Number: | 3235-0287 | | | | | | |
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| hours per response: | | | | | | | |