GRACO INC Form 4 July 06, 2005

FORM 4

OMB APPROVAL

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

OMB Number: 3235-0287

Check this box if no longer subject to Section 16. Form 4 or

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

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January 31,

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Form 4 or Form 5 obligations may continue. See Instruction

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

SECURITIES

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person <u>*</u> EUGSTER JACK W

2. Issuer Name **and** Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol

GRACO INC [GGG]

(Check all applicable)

(Last) (First) (Middle)

(Street)

3. Date of Earliest Transaction (Month/Day/Year)

__X__ Director ____ Officer (give title below) _____ 10% Owner _____ Other (specify

88 11TH AVENUE NE

07/01/2005

6. Individual or Joint/Group Filing(Check

4. If Amendment, Date Original Filed(Month/Day/Year)

Applicable Line)

X Form filed by One Reporting Person ___ Form filed by More than One Reporting

Person

MINNEAPOLIS, MN 55413

Security

(Instr. 3)

(City) (State) (Zip)

1.Title of 2. Transaction Date 2A. Deemed

2. Transaction Date 2A. Deemed 3. 4. Securities

(Month/Day/Year) Execution Date, if TransactionAcquired (A) or any Code Disposed of (D)

(Month/Day/Year) (Instr. 8) (Instr. 3, 4 and 5)

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

3. 4. Securities 5. Amount of 6. Ownership 7. Nature of TransactionAcquired (A) or Securities Form: Direct Indirect Code Disposed of (D) Beneficially (D) or Indirect Beneficial (Instr. 8) (Instr. 3, 4 and 5) Owned (I) Ownership Following (Instr. 4)

Reported
Transaction(s)
(Instr. 3 and 4)

Code V Amount (D) Price

(A)

or

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

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(9-02)

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Τ
Security	or Exercise		any	C
(Instr 3)	Price of		(Month/Day/Year)	0

4. 5. Number of TransactionDerivative Code Securities (Instr. 8) Acquired (A)

6. Date Exercisable and Expiration Date (Month/Day/Year)

7. Title and Amount of Underlying Securities (Instr. 3 and 4)

8. Pı

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	Derivative Security			or Dispos (D) (Instr. 3, 4					
			Code	V (A)	(D) Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock Units	\$ 0 <u>(1)</u>	05/04/2005	J	3.828	<u>(1)</u>	<u>(1)</u>	Common Stock	3.828	34.
Phantom Stock Units	\$ 0 (2)	07/01/2005	A	266.37	(2)	(2)	Common Stock	266.37	\$ 3

Reporting Owners

Reporting Owner Name / Address	Relationships				
F	Director	10% Owner	Officer	Other	
EUGSTER JACK W 88 11TH AVENUE NE MINNEAPOLIS, MN 55413	X				

Signatures

By: Kristen C. Nelson For: Jack W.

Eugster 07/06/2005

**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) 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.

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