GRACO INC Form 4 January 04, 2006

### 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

Expires: January 31, 2005

# STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Estimated average burden hours per response... 0.5

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person <u>\*</u> GILLIGAN J KEVIN

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 \_\_\_\_\_ 10% Owner \_\_\_\_ Officer (give title \_\_\_\_\_ Other (specify

88 11TH AVENUE NE

11/02/2005

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

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

below)

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 any Code Disposed of (D) (Month/Day/Year) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Form: Direct Indirect
Beneficially (D) or Indirect Beneficial
Owned (I) Ownership
Following (Instr. 4) (Instr. 4)

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

Code V Amount (D) Price

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

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 control number.

SEC 1474

(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.	5. Number of	6. Date Exercisable and	7. Title and Amount of	8
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transactio	orDerivative	Expiration Date	Underlying Securities	Ι
Security	or Exercise		any	Code	Securities	(Month/Day/Year)	(Instr. 3 and 4)	S
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Acquired (A)			(

8. Pr Deri Secu (Inst

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	Derivative Security			or Dispos (D) (Instr. 3, and 5)		of				
			Code	V (A)	(D) Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
Phantom Stock Units	\$ 0 <u>(1)</u>	11/02/2005	J	27.009	<u>(1)</u>	<u>(1)</u>	Common Stock	27.009	34.	
Phantom Stock Units	\$ 0 (2)	01/01/2006	A	323.47	(2)	(2)	Common Stock	323.47	\$ 3	

## **Reporting Owners**

Reporting Owner Name / Address	Relationships				
	Director	10% Owner	Officer	Other	
GILLIGAN J KEVIN 88 11TH AVENUE NE MINNEAPOLIS, MN 55413	X				

## **Signatures**

By: Kristen C. Nelson For: J. Kevin
Gilligan
01/04/2006

\*\*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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