GRACO INC Form 4/A July 17, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB 3235-0287

Number: January 31, Expires:

OMB APPROVAL

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Check this box if no longer subject to Section 16. 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

(Print or Type Responses)

1(b).

1. Name and Address of Reporting Person * CARROLL WILLIAM J			2. Issuer Name and Ticker or Trading Symbol GRACO INC [GGG]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	(Check an approact)		
88 11TH AVENUE NE			(Month/Day/Year) 05/08/2006	_X_ Director 10% Owner Officer (give title below) Other (specify below)		
(Street)			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check		
			Filed(Month/Day/Year)	Applicable Line)		
MINNEAPOLIS, MN 55413			06/14/2006	_X_ 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							
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. 4. Securities Transaction(A) or Dispo Code (Instr. 3, 4 ar (Instr. 8)		ispose	d of (D)	5. Amount of Securities Beneficially Owned Following	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	Reported Transaction(s) (Instr. 3 and 4)		
Common Stock	06/12/2006		P	440	A	\$ 43.48	440	I	by Trust
Common Stock	06/12/2006		P	300	A	\$ 43.49	740	I	by Trust
Common Stock	06/12/2006		P	440	A	\$ 43.49	1,180	I	by Trust
Common Stock	06/12/2006		P	300	A	\$ 43.52	1,480	I	by Trust

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

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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)	4. Transactic Code (Instr. 8)	5. Number of orDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Derivative Expiration Date (Securities (Month/Day/Year) Acquired (A) or Disposed of (D) (Instr. 3, 4,		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. P Der Sec (Ins
			Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock Units	\$ 0 (3)	05/08/2006	J	36.254	(3)	(3)	Common Stock	36.254	47

Reporting Owners

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

Signatures

By: /s/ Kristen C. Nelson For: William J.
Carroll 07/17/2006

**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) Margaret Rose Carroll Trust. These shares are held in a trust for the benefit of the reporting person's grandchildren. The reporting person's spouse is the trustee of the trust.
- (2) Sarah Maureen Carroll Trust. These shares are held in a trust for the benefit of the reporting person's grandchildren. The reporting person's spouse is the trustee of the trust.
- (3) Dividends on the accrued phantom stock units were credited under the Amended and Restated Graco Inc. Stock Incentive Plan (2006) 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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