**GRACO INC** Form 4 October 03, 2006

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

**OMB APPROVAL OMB** 

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response...

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

(Print or Type Responses)

1(b).

(Last)

(Instr. 3)

1. Name and Address of Reporting Person \* MITAU LEE R

(First)

(Street)

(Middle)

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to Issuer

GRACO INC [GGG]

3. Date of Earliest Transaction

X\_ Director 10% Owner

(Check all applicable)

88 11TH AVENUE NE

(Month/Day/Year) 10/01/2006

4. If Amendment, Date Original

Officer (give title Other (specify below) 6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year)

Applicable Line) \_X\_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

MINNEAPOLIS, MN 55413

(City) (State) (Zip) 1.Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if

4. Securities TransactionAcquired (A) or 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 5. Amount of 6. Ownership 7. Nature of Securities Form: Direct Indirect Beneficially (D) or Indirect Beneficial Owned Ownership Following (Instr. 4) (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.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

#### 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. Da
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	TransactionDerivative		Expir
Security	or Exercise		any	Code	Securities	(Mon
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Acquired (A)	

7. Title and Amount of ate Exercisable and iration Date **Underlying Securities** nth/Day/Year) (Instr. 3 and 4)

8. Pı Deri Secu (Inst Edgar Filing: GRACO INC - Form 4

Derivative or Disposed of Security (D)

(Instr. 3, 4, and 5)

Code V (A) (D) Date Expiration Title Amount

Exercisable Date

Number of Shares

Phantom

Units

Stock  $\$ 0 \frac{(1)}{1}$ 10/01/2006

326.43 A

Common (1) (1) Stock

326.43

## **Reporting Owners**

Relationships Reporting Owner Name / Address

> Director 10% Owner Officer Other

MITAU LEE R

88 11TH AVENUE NE X

MINNEAPOLIS, MN 55413

# **Signatures**

By: Kristen C. Nelson, attorney-in-fact For: Lee R. 10/03/2006 Mitau

> \*\*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).
- The phantom stock units were accrued 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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