

GRACO INC  
Form 4/A  
July 17, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

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. Name and Address of Reporting Person \*  
**CARROLL WILLIAM J**

(Last) (First) (Middle)  
88 11TH AVENUE NE  
(Street)

MINNEAPOLIS, MN 55413

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**GRACO INC [GGG]**

3. Date of Earliest Transaction (Month/Day/Year)  
05/08/2006

4. If Amendment, Date Original Filed (Month/Day/Year)  
06/14/2006

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing (Check Applicable Line)  
 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**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |       |   |              |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-------|---|--------------|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price                             |       |   |              |
| Common Stock                    | 06/12/2006                           |  | P                              |   | 440   | A  | \$ 43.48                          | 440   | I | by Trust (1) |
| Common Stock                    | 06/12/2006                           |  | P                              |   | 300   | A  | \$ 43.49                          | 740   | I | by Trust (1) |
| Common Stock                    | 06/12/2006                           |  | P                              |   | 440   | A  | \$ 43.49                          | 1,180 | I | by Trust (2) |
| Common Stock                    | 06/12/2006                           |  | P                              |   | 300   | A  | \$ 43.52                          | 1,480 | I | by Trust (2) |

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**

SEC 1474 (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 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. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Pr      |                            |        |     |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|------------|----------------------------|--------|-----|
|  |  |                                      |  | Code                           | V   | (A)  | (D)   |            |                            |        |     |
|  |  |                                      |  |                                |   | Date Exercisable   | Expiration Date   | Title      | Amount or Number of Shares |        |     |
| Phantom Stock Units                        | \$ 0 <sup>(3)</sup>                                    | 05/08/2006                           |  | J                              |   | 36.254   | <u>(3)</u>  | <u>(3)</u> | Common Stock               | 36.254 | 47. |

## Reporting Owners

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

## 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).

- 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.
- 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.
- 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.