## Edgar Filing: GRACO INC - Form 4

GRACO INC Form 4	_												
October 03, 2006											OMB A	PPROV	41
FORM 4	UNITED	STATES		RITIES shingto				IGE	COMMISSIO		OMB Number:		-0287
Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations	<b>STATEN</b> Filed pur	suant to S	Section 1	SECU	T <b>RI</b>	<b>FIES</b> Securi	ties Ex	char	VNERSHIP OF	ר ד ג ו ו	Expires: Estimated a purden hou response	irs per	0.5
may continue. See Instruction 1(b).				nvestmer		•	- ·		of 1935 or Secti 940	on			
(Print or Type Respo	onses)												
1. Name and Address MORFITT MAR		Person <u>*</u>	Symbol	er Name <b>a</b> O INC [(			• Trading	2	5. Relationship Issuer		eporting Per		
(Last)	(First) (I	Middle)		of Earliest		saction				CUN a			
88 11TH AVEN	UE NE		(Month/I 10/01/2	Day/Year) 2006					X Director Officer (giv below)	ve titl		% Owner her (specify	
(	(Street)			endment, I onth/Day/Ye		Origina	ıl		6. Individual or Applicable Line) _X_ Form filed by	y One	Reporting Po	erson	
MINNEAPOLIS	S, MN 55413								Form filed by Person	More	e than One R	eporting	
(City)	(State)	(Zip)	Tab	le I - Non	-Der	ivative	Securit	ies A	cquired, Disposed	of, o	r Beneficia	lly Owne	d
	ansaction Date hth/Day/Year)	2A. Deeme Execution any (Month/Da	Date, if	3. Transacti Code (Instr. 8) Code V	ionA D (Ii	isposed nstr. 3, 4	(A) or of (D) 4 and 5) (A) or	Price	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	Form (D) (I)	Wenership m: Direct or Indirect tr. 4)	7. Nature Indirect Benefici Ownersh (Instr. 4)	al 11p
Reminder: Report or	n a separate line	for each cla	ass of sec	urities ben	efici	ally ow	ned dire	ctlv o	r indirectly.				
						Perso inform requir	ons who nation o red to ro ays a cu	o res conta espo	pond to the colle ained in this forn and unless the fo tly valid OMB co	n are orm	e not	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. Pr
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transactio	orDerivative	Expiration Date	Underlying Securities	Deri
Security	or Exercise		any	Code	Securities	(Month/Day/Year)	(Instr. 3 and 4)	Secu
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Acquired (A)			(Inst

	Derivative Security			(D (In	Disposo ) str. 3, 4 d 5)						
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock Units	\$ 0 <u>(1)</u>	10/01/2006	А	3(	00.82		<u>(1)</u>	<u>(1)</u>	Common Stock	300.82	\$ 3

## **Reporting Owners**

Reporting Owner Name / Address										
	Director	10% Owner	Officer	Other						
MORFITT MARTHA A M 88 11TH AVENUE NE MINNEAPOLIS, MN 55413	Х									
Signatures										
But Kriston C. Nalson attorna	u in fact I	For Mortho	A N/							

By: Kristen C. Nelson, attorney-in-fact For: Martha A.M. Morfitt

\*\*Signature of Reporting Person

10/03/2006

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) 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.