GRACO INC Form 4 April 26, 2005

FORM 4

Check this box

if no longer

subject to

Section 16.

Form 4 or

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

(Middle)

(Zip)

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

OMB

3235-0287 Number:

OMB APPROVAL

January 31, Expires: 2005

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Form 5 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

(Print or Type Responses)

1(b).

(Last)

(City)

1. Name and Address of Reporting Person * **EUGSTER JACK W**

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

(Check all applicable)

Issuer

(First)

(Street)

(State)

GRACO INC [GGG]

3. Date of Earliest Transaction

(Month/Day/Year) 04/22/2005

X_ Director 10% Owner Other (specify Officer (give title

6. Individual or Joint/Group Filing(Check

below)

88 11TH AVENUE NE

4. If Amendment, Date Original

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

Filed(Month/Day/Year)

MINNEAPOLIS, MN 55413

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

1.Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3)

(Month/Day/Year)

4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (Instr. 4) (Instr. 4)

Reported Transaction(s)

or (Instr. 3 and 4) Code V Amount (D) Price

(A)

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

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

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	Security				Disposed (D) (Instr. 3, 4 and 5)					
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amour or Number of Shares
Non-Qualified Stock Option	\$ 37.13 (1)	04/22/2005	A		3,600		<u>(1)</u>	04/22/2015	Common Stock	3,60

(A) or

Reporting Owners

Derivative

Reporting Owner Name / Address	Relationships							
	Director	10% Owner	Officer	Other				

EUGSTER JACK W
88 11TH AVENUE NE X
MINNEAPOLIS, MN 55413

Signatures

(right to buy)

By: Kristen C. Nelson For: Jack W.

Eugster 04/26/2005

**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) Nonemployee director stock option granted pursuant to the Graco Inc. Stock Incentive Plan in a transaction exempt under Rule 16b-3. The stock option becomes exercisable in four equal annual installments, commencing one year after the date of the grant.

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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