MITAU LEE R Form 4 July 01, 2011

FORM 4

OMB APPROVAL

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

Expires: STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

January 31, 2005 Estimated average

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

SECURITIES

burden hours per response... 0.5

1(b).

(Print or Type Responses)

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

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to Issuer

GRACO INC [GGG]

(Check all applicable)

(Last) (First) (Middle)

(Street)

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

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

88 11TH AVENUE NE

07/01/2011

6. Individual or Joint/Group Filing(Check

4. If Amendment, Date Original

Applicable Line)

Filed(Month/Day/Year)

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

(Instr. 4)

Person

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

Owned

below)

MINNEAPOLIS, MN 55413

1.Title of

Security

(Instr. 3)

(City) (State) (Zip)

2. Transaction Date 2A. Deemed

4. Securities (Month/Day/Year) Execution Date, if TransactionAcquired (A) or

Disposed of (D)

5. Amount of Securities Beneficially

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

(Instr. 4)

SEC 1474

(9-02)

(Month/Day/Year) (Instr. 8) (Instr. 3, 4 and 5) (A)

Code

Following Reported Transaction(s)

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

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 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	6. Date Exercisable and	7. Title and Amount of	8. Pric
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transaction Derivative		Expiration Date	Underlying Securities	Deriva
Security	or Exercise		any	Code	Securities	(Month/Day/Year)	(Instr. 3 and 4)	Securi
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Acquired			(Instr.

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Derivative (A) or
Security Disposed of
(D)
(Instr. 3, 4,

(Instr. 3, and 5)

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

Number of Shares

Phantom

Stock (1) 07/01/2011 Units A 492.5

 $\frac{(1)}{2}$ Common Stock

492.5 \$ 50

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

MITAU LEE R

88 11TH AVENUE NE X

MINNEAPOLIS, MN 55413

Signatures

By: Carrie D. Russell, Attorney-in-Fact For: Lee R Mitau

07/01/2011

**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) The Phantom Stock Units were accrued under the Graco Inc. 2010 Stock Incentive Plan 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.
- (2) The number of Phantom Stock Units includes Phantom Stock Units acquired in unreported dividend reinvestment transactions.

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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