

GRACO INC  
Form 8-K  
December 14, 2005

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

## FORM 8-K

### CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 8, 2005**

### Graco Inc.

(Exact name of registrant as specified in its charter)

**Minnesota**

(State or other jurisdiction  
of Incorporation)

**001-9249**

(Commission  
File Number)

**41-0285640**

(I.R.S. Employer  
Identification No.)

**88-11th Avenue Northeast  
Minneapolis, Minnesota**

(Address of principal executive offices)

**55413**

(Zip Code)

Registrant's telephone number, including area code: **(612) 623-6000**

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule-425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 Entry into a Material Definitive Agreement**

Compensation of Named Executive Officers

On December 8, 2005, the Management Organization and Compensation Committee (the MOCC ) of the Board of Directors (the Board ) of Graco Inc. (the Company ) completed its annual performance and compensation review of the Company s executive officers for calendar year 2005. The MOCC reviewed chief executive officer salary survey data from comparably sized durable goods manufacturing companies and the performance of the Company s Chief Executive Officer ( CEO ) during 2005. Based on this review, the MOCC approved an annual base salary for the CEO of \$617,000 effective January 1, 2006, reflecting an increase generally consistent with the methodology used and increases approved in the previous two years. The CEO made recommendations concerning the 2006 annual base salaries for the other named executive officers (the Other Named Executive Officers ) (which officers were determined by reference to the Company s proxy statement dated March 7, 2005) based on an analysis of salary survey data and the performance of the Other Named Executive Officers. The MOCC considered this information and approved salary increases for the Other Named Executive Officers that were generally consistent with the methodology used for the Other Named Executive Officers in the previous two years, but represented lesser percentage increases than for the CEO.

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRACO INC.

Date: September 14, 2005

By: \s\Karen Park Gallivan

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Karen Park Gallivan  
Its: Vice President, General Counsel and Secretary