

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

☐ Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>RAUENHORST MARK H</u> (Last) (First) (Middle) <u>88 - 11TH AVENUE NE</u> (Street) <u>MINNEAPOLIS MN</u> <u>55413</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>GRACO INC</u> [<u>ggg</u>] 3. Date of Earliest Transaction (Month/Day/Year) <u>01/01/2004</u> 4. If Amendment, Date of Original Filed (Month/Day/Year) <u>01/05/2004</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below) 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person
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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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
<u>Phantom Stock Units</u>	<u>(1)</u>	<u>11/05/2003</u>		<u>J</u>		<u>8.246</u>		<u>(1)</u>	<u>(1)</u>	<u>Common Stock</u>	<u>8.246</u>	<u>\$38.7177</u>	<u>3,876.5465⁽³⁾</u>	<u>D</u>	
<u>Phantom Stock Units</u>	<u>(2)</u>	<u>01/01/2004</u>		<u>A</u>		<u>224.44</u>		<u>(2)</u>	<u>(2)</u>	<u>Common Stock</u>	<u>224.44</u>	<u>\$40.1</u>	<u>4,100.9865⁽³⁾</u>	<u>D</u>	

Explanation of Responses:

1. Dividends on the accrued phantom stock units were credited under the Graco Inc. Nonemployee Director Stock 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 phantom stock units were accrued under the Graco Inc. Nonemployee Director Stock 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.
3. Due to a technical error in third party reporting software, the number of derivative securities reported in Column 9 ("Number of derivative Securities Beneficially Owned Following Reported Transaction(s)") was incorrectly stated on the original Form 4.

Kristen C. Nelson for Mark H. Rauenhorst 02/02/2004

** Signature of Reporting Person Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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 Number.