

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): September 30, 2004

GRAHAM CORPORATION
(exact name of registrant as specified in Charter)

Delaware ----- (State or other jurisdiction of Incorporation)	1-8462 ----- (Commission File Number)	16-1194720 ----- (IRS Employer Identification Number)
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20 Florence Avenue, Batavia, New York 14020

(Address of principal executive offices)

Registrant's telephone number, including area code: (585) 343-2216

N/A

(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 (see General Instruction A.2. below):

- 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

On September 30, 2004, Graham Corporation entered into an agreement with Toshiba International Corporation settling litigation brought by Graham against Toshiba International in April 2004 alleging breach of contract. Pursuant to this settlement Graham Corporation has accepted payment of \$1,900,000 in cancellation charges. Graham has agreed to dismiss its claim and Toshiba has agreed to dismiss its counterclaim filed in June 2004.

Item 8.01. Other Events

On October 4, 2004, Graham Corporation issued a press release announcing the settlement with Toshiba International Corporation. A copy is attached hereto as Exhibit 99.1 attached hereto.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit Number -----	Description of Exhibits -----
10	Letter Agreement between Graham Corporation

and Toshiba International, Inc. dated
September 30, 2004

99.1

Press Release dated October 4, 2004

SIGNATURES

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.

GRAHAM CORPORATION
(Registrant)

Date: October 4, 2004

By /s/ J. Ronald Hansen

J. Ronald Hansen
Vice President - Finance
& Administration and
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
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10	Letter Agreement between Graham Corporation and Toshiba International, Inc. dated September 30, 2004
99.1	Press Release dated October 4, 2004

September 30, 2004

William R. Sampson
Shook, Hardy & Bacon LLP
2555 Grand Blvd.
Kansas City, Missouri 64108

Re: Graham Corporation v. Toshiba International
Corporation, Case No. C 04-01507

Dear Bill:

This letter will confirm our clients' agreement to settle the
above-referenced litigation on the following terms.

Graham Corporation ("Graham") will accept a total payment of
\$1,900,000 in full and final satisfaction of the cancellation
charges under the Moapa contract, and will dismiss its complaint
with prejudice. No later than October 15, 2004, Toshiba
International Corporation ("Toshiba") will wire \$183,256, the
balance necessary to bring the cancellation payments to
\$1,900,000, to an account to be designated by Graham;

Graham will make available to Toshiba the Moapa project
materials which consist of the tubesheets and tube support plates
as well as some minor miscellaneous parts, in Batavia, New York.
Toshiba will have the right to inspect the materials and, if
Toshiba chooses to take them, will do so at no additional cost;
however, packaging and shipping will be at Toshiba's expense.

If this agreement is acceptable, please have Mr. Kasagi sign
below. This agreement will be memorialized by a mutual
settlement agreement and release to be agreed upon by the parties
and dismissal of the parties' complaint and cross-complaint with
prejudice.

Thank you for your assistance in helping wrap up this matter.
Please let me know if you would like to draft the more complete
settlement agreement and release, or would like us to do so.

Very truly yours,

/s/ Jeffrey R. Williams

Jeffrey R. Williams

IT IS SO AGREED.

Date: 9/30/04 /s/ Hiroshi Kasagi

Hiroshi Kasagi on Behalf of Toshiba International
Corporation

Date: 9/30/04 /s/ Alvaro Cadena

Alvaro Cadena on Behalf of Graham Corporation

October 4, 2004
Businesswire
1185 Avenue of the Americas, 3rd Floor
New York, NY 10036

FROM: William A. Smith, Jr. ACCOUNT: Graham Corporation
Smith Law Office, P.C. 20 Florence Avenue
7 State Street Batavia, NY 14020
Pittsford, NY 14534 ATT: Carole M. Anderson

Please distribute the following press release on your National wire.

Please send us by fax (585-343-1177) copies of Dow Jones, Reuters, and any other wire service reports of this release when you receive them.

QUOTE

FOR GRAHAM CORPORATION

Company Contact: J. Ronald Hansen
Batavia, New York 14020 - Phone (585) 343-2216

PRESS RELEASE
FOR IMMEDIATE RELEASE:
October 4, 2004

GRAHAM CORPORATION ANNOUNCES SETTLEMENT OF CONTRACT DISPUTE

Batavia, N.Y. (October 4, 2004) -- Graham Corporation (GHM:ASE) announced today that it had reached settlement with a customer in litigation brought by Graham against the customer in April 2004 alleging breach of contract. Pursuant to this settlement Graham Corporation has accepted payment of \$1,900,000 in cancellation charges on the contract. Graham has agreed to dismiss its claim and the customer has agreed to dismiss its counterclaim filed in June 2004.

The settlement is expected to have a positive impact on results for the second quarter of Graham's fiscal year, which ended September 30. However, the Company continues to expect that second quarter operating results will reflect the consequences of a period of low bookings last year.

Graham designs and builds vacuum and heat transfer equipment for process industries throughout the world. It is a worldwide leader in vacuum technology. The principal markets for Graham's equipment are the chemical, petrochemical, petroleum refining and electric power generating industries, including cogeneration and geothermal plants. Other markets served include metal refining, pulp and paper, shipbuilding, water heating, refrigeration, desalination, food processing, drugs, heating, ventilating and air conditioning. Graham's ejectors, liquid ring and dry vacuum pumps, condensers, heat exchangers and other products, sold either as components or as complete systems, are used by its customers to produce synthetic fibers, chemicals, petroleum products (including gasoline), electric power, processed food (including canned, frozen and dairy products), pharmaceutical products, paper, steel, fertilizers and numerous other products used everyday by people throughout the world.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All forward-looking statements are subject to certain risks, uncertainties and assumptions. These risks and uncertainties, which are more fully described in Graham's Annual and Quarterly Reports filed with the Securities and Exchange Commission, include changes in market conditions in the industries in which the Company operates. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may vary in material aspects from those currently anticipated.

UNQUOTE