

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): November 29, 2004

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

Delaware	1-8462	16-1194720
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(State or other jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

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))

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Item 1.01 Entry Into A Material Definitive Agreement

In connection with the retirement of Alvaro Cadena disclosed in Item 5.02 of this Form 8-K, Graham Corporation entered into an agreement with Mr. Cadena dated November 29, 2004 (the "Agreement"). Subject to the conditions set forth in the Agreement, the Agreement provides for continuation of Mr. Cadena's employment, as senior advisor to the Company, and of his salary and benefits through December 31, 2004. The Agreement provides for Mr. Cadena's engagement by the Company as an independent consultant, commencing January 1, 2005 and continuing to the date Mr. Cadena attains the age of 65, subject to the conditions set forth in the Agreement. For example, the Agreement sets forth consulting fees and number of days per annum for providing consulting services. The Company agrees to provide specified medical, dental and insurance benefits to Mr. Cadena during the consulting period and Mr. Cadena agrees not to compete against the Company or to use confidential company information during that period. The Agreement includes a release by each of Graham Corporation and Mr. Cadena of claims that either party may have against the other in respect of Mr. Cadena's

employment with the Company. A copy of the Agreement is filed herewith as Exhibit 10.1.

In connection with the appointment on November 29, 2004 of William C. Johnson as the Company's President and Chief Executive Officer, as disclosed in Item 5.02 of this Form 8-K, Graham Corporation made an offer of employment by letter containing prospective terms of employment, which are described herein under Item 5.02. The letter stating terms of employment is filed herewith as Exhibit 10.2.

Item 1.02 Termination of a Material Definitive Agreement

Pursuant to Mr. Cadena's retirement and as acknowledged in the Agreement between Graham Corporation and Mr. Cadena disclosed in Item 1.01 of this Form 8-K, each of (a) the Employment Agreement dated September 26, 1996 between Mr. Cadena and the Company, filed as Exhibit 10.4 with the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1998; and (b) and the Senior Executive Severance Agreement dated July 28, 1995 between Mr. Cadena and the Company, filed as Exhibit 10.5 with the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1998, terminated on November 29, 2004. The employment agreement contained terms and conditions regarding Mr. Cadena's employment with the company, including salary, duties and employment benefits and severance benefits. The Senior Executive Severance Agreement provided for additional severance payments in the event of a change in control of the Company. The Company incurs no penalties in connection with the termination of either agreement.

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Item 5.02 Departure of Directors or Principal Officers;

Election of Directors; Appointment of Principal Officers

Effective November 29, 2004, Alvaro Cadena retired from the positions of President and Chief Executive Officer of Graham Corporation and from the Company's Board of Directors. The Board of Directors appointed William C. Johnson as President and Chief Executive Officer of Graham to succeed Mr. Cadena, effective November 29, 2004. On that date the Board elected Mr. Johnson as a director of the Company, to fill the vacancy on the Board created by the retirement of Mr. Cadena. In his capacity as a director Mr. Johnson will serve on the Board's Executive Committee. Mr. Johnson, 41, joined Graham from ESAB Welding and Cutting Equipment, a global welding and cutting equipment manufacturer, where he had served since October 1999 as Senior Vice President and General Manager, leading a division today totaling \$100 million in annual sales. His career has included extensive experience in the manufacturing sector. He served as General Manager of the ABB Distribution Transformer Division from 1996 to 1999 and previously held other senior executive and general management positions with ABB. Mr. Johnson earned his Bachelor of Science degree from Alfred University in Alfred, New York and his MBA from Rollins College. He was an officer in the United States Navy from 1985 to 1990, serving in the submarine fleet. Arrangements regarding Mr. Johnson's employment were outlined in an offer of employment made to him by the Company and provide for salary at the rate consistent with that currently paid to the President and CEO, benefits to which the President and CEO is entitled pursuant to the company's established employee benefit plans, severance payment of one year's base salary in the event of termination other than for cause and a grant of options following commencement of employment to purchase 18,000 shares of the company's common stock.

(c) Exhibits

<Table>
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Exhibit Number	Description of Exhibits
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<p><S> 10.1</p> <p>10.2</p> <p></Table> <Page>4</p>	<p><C> Agreement and Release of Claims dated November 29, 2004 between Alvaro Cadena and Graham Corporation</p> <p>Letter dated October 29, 2004 from Jerald D. Bidlack, Chairman of Graham Corporation's Board of Directors, to William C. Johnson describing proposed terms of employment</p>
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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: December 2, 2004

By /s/ J. Ronald Hansen

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

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EXHIBIT INDEX

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Exhibit Number -----	Description of Exhibits -----
<p><S> 10.1</p>	<p><C> Agreement and Release of Claims dated November 29, 2004 between Alvaro Cadena and Graham Corporation</p>

10.2

Letter dated October 29, 2004 from Jerald
D. Bidlack, Chairman of Graham Corporation's
Board of Directors, to William C. Johnson
describing proposed terms of employment

</Table>

AGREEMENT AND GENERAL RELEASE

THIS AGREEMENT made the 29th day of November, 2004 by and between Alvaro Cadena and Graham Corporation ("Graham" or the "Company"), in consideration for the mutual promises contained herein, as follows:

1. Retirement from Positions. Effective November 29, 2004, Mr. Cadena retires from the positions of President, Chief Executive Officer and Director of Graham Corporation and from all offices and directorships held with any subsidiaries and affiliates of Graham. Mr. Cadena will receive base salary earned through that date and accrued benefits
2. Interim Employment Period. The Company will continue to employ Mr. Cadena, as a senior advisor to Graham, through his retirement as an employee at the close of business on December 31, 2004, at the same base salary and with the same benefits as he had immediately prior to November 29, 2004. Mr. Cadena will receive base salary earned through December 31, 2004 and accrued benefits including the cash value of any unused vacation time. It is understood and agreed by the parties that Mr. Cadena will be entitled to a Company matching payment to his 401 (k) account in respect of the year 2004 to the extent provided by the terms of the Graham Corporation Incentive Savings Plan.
3. Consultancy. Beginning January 1, 2005 and continuing until Mr. Cadena reaches the age of 65, the Company will retain Mr. Cadena as an independent consultant, upon the following terms and conditions:
 - a. The Company will pay a consultation fee for the first year beginning January 1, 2005 at a rate equal to Mr. Cadena's annual rate of base compensation as in effect on December 31, 2004 ("Base Amount"); for the second calendar year at 50% of the Base Amount; for the third calendar year at 40% of the Base Amount and for the fourth calendar year at 30% of the Base Amount. Payment in each calendar year shall be in equal monthly installments of the amount payable for that year, except for compensation for the first year, which shall be paid in eighteen (18) equal monthly installments commencing in January 2005. Payment of final six (6) installments of the first year compensation in calendar year 2006 shall not affect the Company's obligation to pay monthly installments of compensation for the second year in 2006 as provided above.
 - b. As a consultant, Mr. Cadena's services shall be as requested by the President and CEO of the Company from time to time and at the convenience of Mr. Cadena, his status being that of an independent contractor. Mr. Cadena shall be available to perform consulting services for one hundred eighty (180) days in the first calendar year; ninety (90) days in the second calendar year; seventy-two (72) days in the third calendar year and fiftyfour (54) days in the fourth calendar year.
 - c. While Mr. Cadena provides consulting services on the premises of the Company, the Company will provide office space and secretarial service. In addition, the Company shall reimburse Mr. Cadena for the reasonable expenses of travel to and from Batavia, New York, in connection with the performance of his duties as consultant and for all reasonable out-of-town travel and other reasonable out-of-town expenses incurred by him on trips taken at the direction of the Company. Nothing in this section or in this Agreement requires Mr. Cadena to undertake any such travel, to which he may agree or may decline, in his sole discretion.
 - d. In his capacity as consultant, Mr. Cadena shall not be required to perform any services while he is ill, disabled or on

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vacation.

- e. The Company will hold harmless and indemnify Mr. Cadena, his executors, administrators or assigns, for any amount which he is or becomes legally obligated to pay because of any claim or claims made against him because of any act or omission or neglect or breach of duty, including any actual or alleged error or misstatement or misleading statement, which he commits or suffers while acting in his capacity as consultant to the Company and solely because of his service as a consultant (collectively, the "Covered Liabilities"). The payments which the Company will be obligated to make hereunder shall include, inter alia, damages, judgments, settlements and costs, cost of investigation and costs of defense of legal actions, claims or proceedings and appeals therefrom, and costs of attachment or similar bonds; provided however, that the Company shall not be obligated to pay fines or other obligations or fees imposed by law or otherwise which it is prohibited by applicable law from paying as indemnity or for any other reason. The Company shall have no obligation to indemnify Mr. Cadena for any of the Covered Liabilities arising in consequence of any illegal acts or omissions on the part of Mr. Cadena during his service as a consultant to the Company.
- f. The Company's obligation to pay the consultancy fee referred to herein shall terminate automatically upon Mr. Cadena's death and such obligation shall not be deemed to run to the Consultant's spouse, estate, heirs, successors, or to any other party, except with respect to accrued and unpaid compensation at the time of death.

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Mr. Cadena acknowledges that the Company's undertaking to engage him as a consultant, upon the terms hereinabove described, is offered freely and without obligation in consideration for Mr. Cadena entering into this Agreement and General Release (the "Agreement"), including a release of all claims for age discrimination pursuant to the Age Discrimination in Employment Act and any local age discrimination laws.

4. Medical and Dental Benefits. Until Mr. Cadena reaches age 65 the Company shall continue to provide him with the same medical and dental benefits to which he would have been entitled had he continued until age 65 as an officer and employee of the Company, and in the same manner. If before Mr. Cadena attains the age of 65 the Company changes its medical or dental benefits in a way that would have affected Mr. Cadena had he remained an officer and employee of the Company, any such change shall apply to him. In no case shall the medical and dental benefits so provided be less in terms of coverage than what the Company provides to its president and chief executive officer.
5. Life Insurance. No later than December 31, 2004 Mr. Cadena may elect to convert the company-paid term life insurance policy currently provided for him to a policy owned by him. Mr. Cadena will be responsible for paying all premiums on such policy commencing with the effective date of the conversion. The Company will pay Mr. Cadena five thousand dollars (\$5,000.00) in each calendar year through the calendar year in which he reaches age 65, which Mr. Cadena may apply toward the payment of life insurance premiums.
6. Stock Options. For purposes of all stock option agreements between the Company and Mr. Cadena with respect to stock options currently exercisable by him, expiration shall be as provided for in the case of retirement and Mr. Cadena's retirement shall be deemed effective at the close of business on December 31, 2004. Consequently, all currently exercisable Stock Options granted to Mr. Cadena by the Company shall remain exercisable for either two or three years, in accordance with the terms of each stock option agreement respectively, as described on Schedule A annexed hereto.
7. Retirement. The terms and conditions of Mr. Cadena's entitlement to benefits under the Retirement Income Plan of Graham Corporation ("Retirement Plan") are and will be as set forth in such plan and are not amended by this Agreement. It is acknowledged and agreed that for purposes of the Retirement Plan Mr. Cadena's last day as an employee of the Company is December 31, 2004.
8. Confidentiality. Mr. Cadena understands and agrees that he may not use or disclose any proprietary information of Graham including, but not limited to product and service information,

financial and pricing information, data processing and communication information, marketing and business plans and other know-how and trade secrets regarding the business of Graham, including but not limited to any knowledge or information with respect to confidential or secret processes, formulas, discoveries, inventions, machinery, plans, design information of any kind, devices or material of the Company or any of its subsidiaries or affiliates or with respect to any confidential or secret engineering development or research work of the Company or any of its subsidiaries or affiliates or with respect to any other

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confidential or secret aspect including, without limitation, any lists of the customers of the Company or any of its subsidiaries or affiliates, all of which are valuable to Graham and constitutes confidential information.

9. Non-Competition. Mr. Cadena agrees that during the period of his consultancy and for a period of 12 months thereafter, he will not, except upon the Company's prior written consent, directly or indirectly, own, manage, operate, join, control, or participate in, or derive any benefit whatsoever from or be connected as an officer, employee, consultant, partner, stockholder (other than as stockholder in a corporation listed on a national securities exchange) or otherwise in any business or enterprise which is engaged in the manufacture or sale and design of vacuum and heat transfer equipment or pumps for process industries which is in competition with the business of the Company, nor shall he render assistance or advice to any person, firm or enterprise which is so engaged.
10. Remedies. Mr. Cadena acknowledges that in the event of a breach of sections 6 or 7 of this Agreement, monetary damages alone may not offer adequate protection of the Companies rights or sufficient remedy to the Company and that the Company therefore has the right to bring an action in a court of competent jurisdiction to obtain injunctive relief in order to secure its rights under sections 6 and 7.
11. Release by the Company. The Company, intending to be legally bound, hereby IRREVOCABLY RELEASES, ACQUITS AND FOREVER DISCHARGES Mr. Cadena from any and all causes of actions, suits, debts, claims, liabilities, obligations and demands whatsoever, in law or in equity that the Company might have as of the date hereof (or might have had prior to the date hereof) against Mr. Cadena, of whatever kind or nature, whether known or unknown, in respect of his employment with the Company, provided, however, that notwithstanding any other provision hereof, the Company does not waive claims with respect to or arising out of any illegal acts or omissions on the part of Mr. Cadena during his service and in his capacity as an officer or director of the Company.
12. Release by Mr. Cadena. Mr. Cadena, intending to be legally bound, on behalf of himself and his heirs, executors, assigns, affiliates, representatives and agents, hereby IRREVOCABLY RELEASES, ACQUITS AND FOREVER DISCHARGES the Company, its directors, officers, employees, agents or successors from any and all claims, of whatever kind or nature, whether known or unknown, arising out of his employment with or departure from the Company, including, but not limited to: (i) claims Mr. Cadena may have under any federal, state or local labor, employment, discrimination, human rights, civil rights, wage/hour, pension, or tort law, statute, order, rule, regulation or public policy, including but not limited to, those arising under the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the National Labor Relations Act, the Fair Labor Standards Act, the Occupational Safety and Health Act of 1970, the Americans With Disabilities Act of 1990, the Civil Rights Acts of 1964 and 1991, the Civil Rights Act of 1866, the Employee Retirement Income Security Act of 1974, the Rehabilitation Act of

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1973, the Family and Medical Leave Act of 1993, and the Equal Pay Act of 1963, (ii) those arising under common law and (iii) any other local, state or federal law or regulation as of the date this Agreement is signed, provided, however, that notwithstanding any other provision hereof, Mr. Cadena does not waive claims: (a) with respect to enforcement of this Agreement; (b) with respect to vested benefits which he may have under any employee benefit plans maintained by the Company and in which he is a participant; or (c) that may arise after the date this Agreement is executed and which are based upon Graham's acts or omissions after that date.

13. Acknowledgement of Effect of Release. Mr. Cadena acknowledges and confirms that he understands that, by signing

this Agreement, HE WAIVES ANY RIGHT HE MAY HAVE HAD TO PURSUE OR BRING A LAWSUIT OR MAKE ANY LEGAL CLAIM AGAINST THE COMPANY in respect of his employment with the Company. Mr. Cadena further acknowledges and confirms that he understands that, by signing this Agreement, HE IS SPECIFICALLY RELEASING ALL CLAIMS HE MAY HAVE AGAINST THE COMPANY UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT, AS AMENDED, 29 U.S.C. 621 et seq., which statute may provide him with substantial rights and protections.

14. Prior Agreements. All stock option agreements between the Company and Mr. Cadena in effect on the date hereof shall remain effective in accordance with their respective terms, as the same may be affected by Section 5 of this Agreement. Agreements between the Company and Mr. Cadena with respect to indemnifying him for acts or omissions committed while an officer or director of the Company similarly shall remain effective in accordance with their respective terms. Otherwise this Agreement shall expressly supercede and render void any and all prior agreements between Mr. Cadena and the Company, including without limitation the Employment Agreement dated September 26, 1996 and the Senior Executive Severance Agreement dated July 28, 1995.
15. Cooperation. Mr. Cadena agrees that, during the period during which he is paid as a consultant to the company as contemplated in Section 3 of this Agreement, he shall cooperate with Graham in investigating, preparing or testifying with respect to any threatened or pending claim, action or proceeding, whether investigative, administrative, civil or criminal, involving or affecting Graham. Mr. Cadena will receive no additional compensation for his time, but will be reimbursed for his reasonable expenses in connection with these activities in accordance with Graham's expense reimbursement policies and procedures.
16. Advice of Counsel. Mr. Cadena acknowledges that the Company has advised him to consult with his own legal counsel in connection with the review, negotiation and execution of this Agreement and that neither the Company nor any of its directors, officers, employees or representatives has made any statement to Mr. Cadena that he has construed, or is relying upon, as legal, tax or financial advice. Mr. Cadena confirms that he has had sufficient time and opportunity to consult with an attorney representing him prior to executing this Agreement.

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17. Time for Review; Revocation. Mr. Cadena acknowledges and confirms that: (a) he had at least 21 days from the date this Agreement was given to him within which to consider whether to enter into this Agreement; however, after having an opportunity to consult with legal counsel, he has freely and voluntarily elected to execute and deliver this Agreement prior to the expiration of such 21-day consideration period; (b) he may revoke this Agreement within seven (7) days after he executes it by providing written notification of such revocation to the Company's Chairman; (c) this Agreement will not be enforceable, unless and until the seven day revocation period has expired without being revoked. Mr. Cadena further acknowledges that by entering into this Agreement, he understands all of the provisions thereof and its binding legal effect and is voluntarily entering into this Agreement.
18. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements or understandings between the parties, except as otherwise provided herein with respect to stock option agreements.
19. Notices. Any notices required or permitted hereunder shall be in writing and may be delivered by U.S. Mail, by facsimile (with the original sent by U.S. Mail), by a courier service of national reputation or personally. Notice shall be deemed given upon receipt. Notice shall be sent:

If to Mr. Cadena:
32 Founders Green
Pittsford, N.Y. 14534
Fax: 585-218-4162

If to the Company:
Graham Corporation
20 Florence Avenue
Batavia, N.Y. 14020
Attention: Chairman of the Board
Fax: 585-343-1177

with a copy to:
Smith Law Office, P.C
7 State Street
Pittsford, N.Y. 14534
Attention: William A. Smith, Jr., Esq.
Fax: 585-385-1886

20. Severability and Enforcement. The provisions in this Agreement are severable, and if any provision is determined by a court of competent jurisdiction to be prohibited or unenforceable, the remaining provisions shall nevertheless be binding and enforceable. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York, without regard to the of conflict of laws provisions thereof.

21. Amendment. This Agreement may be amended only by a writing executed by the Company and by Mr. Cadena.

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IN WITNESS WHEREOF the parties have executed this agreement as of the day and year first above written.

/s/ Alvaro Cadena

Alvaro Cadena

GRAHAM CORPORATION

by /s/ Jerald D. Bidlack

Jerald D. Bidlack
Chairman of the Board

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SCHEDULE A
 TO AGREEMENT AND GENERAL RELEASE BETWEEN
 ALVARO CADENA AND GRAHAM CORPORATION
 DATED NOVEMBER 29, 2004

<Table>
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DATE	PLAN	OPTIONS GRANTED	EXERCISE PRICE	OPTIONS CURRENTLY EXERCISABLE	ORIGINAL EXPIRATION DATE	POST 11/29/04 EXPIRATION DATE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
10/23/97	1995	7,500	\$21.438	7,500	10/23/07	11/29/06
10/26/98	1995	6,000	\$7.500	6,000	10/26/08	11/29/06
10/28/99	1989	7,015	\$7.750	7,015	10/28/09	11/29/06
11/2/00	1995	6,000	\$11.000	6,000	11/2/10	11/29/07
7/26/01	1995	6,000	\$11.700	6,000	7/26/11	11/29/07
10/31/02	2000	6,000	\$7.500	6,000	10/31/12	11/29/07
10/24/03	1995	2,400	\$8.800	2,400	10/24/13	11/29/07
10/24/03	2000	3,600	\$8.800	3,600	10/24/13	11/29/07
		-----		-----		
	TOTALS	44,515		44,515		

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GRAHAM CORPORATION
20 Florence Avenue
Batavia, NY 14020
(585) 343-2216

October 29, 2004

Mr. William C. Johnson
1202 Claremont Avenue
Florence, SC 29501

Dear Bill:

Please consider this letter as our formal offer for you to join Graham Corporation in the position of President and CEO. All of us on the Board of Directors feel you are the right person for the job and look forward to working with you as you help lead the company in a highly successful profitable growth direction. Our offer to you is as follows:

Starting base salary will be \$235,000 per year and this will be reviewed annually.

An annual cash bonus will be paid based upon achievement of established target levels. Presently, the plan offers up to 45% of base salary if certain returns on capital employed and personal goals are attained.

Options for 18,000 shares of Graham stock will be awarded at the time of hire. Thereafter, awards of additional options will be considered at the discretion of the Stock Option Committee. Historically, these have averaged 6,000 shares annually for the CEO.

Three weeks of paid vacation will be earned annually. This will increase to four weeks after five years of employment.

Participation in the company Blue Cross - Community Blue medical plan. This requires a partial co-pay for all employees.

Participation in the company paid defined contribution pension plan. The company pays 3.25% of base salary into the plan up to a government imposed limit of \$210,000 per year and the employee has several discretionary investment options. The plan becomes 100% cliff vested after five years of employment.

Participation in the company 401K plan, which provides up to a 2% annual match if certain profitability goals are attained.

Company paid term life insurance in the amount of \$500,000.

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GRAHAM CORPORATION

Participation in a long-term disability program after six months of employment, with a maximum payout of \$7,500 per month.

Reimbursement of relocation costs for moving from Florence, SC to the Batavia, NY area, in accordance with Graham's corporate relocation policy guidelines.

Company paid golf membership in the Stafford Country Club, if desired.

Severance payment of one year's base salary in the unlikely event of termination, except for cause.

No company cars are provided to Graham employees.

Once again, Bill, we look forward to your joining Graham and please feel free to contact me at 716-674-2300 should any questions arise or further information be desired. Also, please feel free to contact Ron Hansen should any clarification be desired concerning the above referenced fringe benefit plans. If

you are in agreement with the above, please sign a copy of this offer and fax it to my attention at 716-674-2309.

With best regards,

Accepted by,

/s/ Jerald D. Bidlack

Jerald D. Bidlack
Chairman

/s/ William C. Johnson

William C. Johnson