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): March 3, 2005

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

Delaware	1-8462	16-1194720
(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))

Item 1.01. Entry Into A Material Definitive Agreement

(1) On March 3, 2005 the Compensation Committee of Graham Corporation's Board of Directors and the Board of Directors approved increased annual base salary for three of the Company's named executive officers, as follows:

<Table>
<Caption>

<S> Officer and Title	<C> Salary
J. Ronald Hansen Vice President - Finance and Administration and Chief Financial Officer	$165,000
James R. Lines Vice President and General Manager - Batavia	$163,000
Stephen P. Northrup Vice President and Chief Technology Officer	$155,125

</Table>

(2) On March 3, 2005 the Compensation Committee of Graham Corporation's Board of Directors and the Board of Directors amended the Graham Corporation Outside Directors' Long Term Incentive Plan ("Plan"). The Plan credits Outside Directors, defined as Directors who are not employees of the Company, with Share Equivalent Units ("SEUs") for five fiscal years during the term of such a director's service, subject to the Company's attainment of certain performance objectives. Upon termination of an Outside Director's service, the Director may redeem each SEU for 1 share of Graham Corporation common stock or, alternatively and subject to the discretion of the Company, for the cash equivalent at the closing price of the stock on the American Stock Exchange on the date of termination of service, subject to certain limitations.

Amendments approved on March 3, 2005: (a) change the event triggering a grant of SEUs from attaining $500,000 in consolidated net income for the fiscal year to attaining budgeted consolidated net income for the fiscal year; and (b) provide that the cash redemption value of each SEU upon termination of service shall be the closing market price on the date of termination of service, subject to a limitation to the greater of either (i) the closing market price on the date the SEU was granted, or (ii) sixteen dollars ($16.00) per SEU.

A copy of the amended Plan is filed herewith as Exhibit 10.1.

(c) Exhibits

<Table>
<Caption>

<S> Exhibit Number	<C> Description of Exhibits
10.1	Graham Corporation Outside Directors' Long Term Incentive Plan

</Table>

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: March 8, 2005 By /s/ J. Ronald Hansen

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

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EXHIBIT INDEX

Exhibit Number	Description of Exhibits
10.1	Graham Corporation Outside Directors' Long Term Incentive Plan

EXHIBIT 10.1

GRAHAM CORPORATION

OUTSIDE DIRECTORS'

LONG TERM INCENTIVE PLAN

Revised 10/31/02
and 3/3/05

1. Share Equivalent Units ("SEUs") will be credited to each outside director's "LTIP Account" for each of the first five fiscal years in which Graham Corporation produces consolidated net income in an amount at least equal to the consolidated net income specified in the Company's budget for each such fiscal year during each outside director's service. For purposes of this Plan, an "Outside Director" is a member of the Company's Board of Directors who is not also an employee of the Company.

2. For purposes of the determining the number of SEUs to be credited pursuant to Paragraph 3 hereof, the value of each SEU will be the market value of 1 share of Graham Common Stock on the last day of trading on the American Stock Exchange of the first quarter following a fiscal year for which SEUs are to be credited ("Valuation Date" and such price the "Valuation Date Price").

3. The number of SEUs to be credited will be determined by dividing the value of 1 SEU as determined pursuant to Paragraph 2 above into 10,000.

   Example: Stock at $10.00 on Valuation Date.
   Number of SEUs = 10,000 / 10 = 1,000.

4. Upon termination of a Director's service on the Board, but not before, SEUs will be redeemable for either: (a) a commensurate number of shares of Graham Common Stock; or (b) subject to the prior written consent of Graham Corporation acting in its sole discretion, cash in the amount of the Cash Redemption Value, as hereinafter defined, of the director's SEUs. The Cash Redemption Value of each SEU shall be the market value of 1 share of Graham Common Stock at the closing price on the American Stock Exchange on the date of termination of service; provided, however, that the cash value for each SEU shall not exceed the greater of (a) the Valuation Date Price; or (b) sixteen dollars ($16.00) per share. A Director may elect to take shares (or cash, if consented to by Graham Corporation) at once or to defer it over a period not to exceed 10 years. The lump sum, or the first installment if deferred, must be paid within 30 days of termination of service on the Board.

   (Tax considerations require lump sum payout to occur, and deferred payout period to begin, within 30 days of termination of service.)

5. The number of SEUs credited to each LTIP Account will be adjusted pro rata in the event of any split in the Company's Common Stock.

6. Each outside Director's LTIP Account will be credited annually for dividends paid on the Company's Common Stock during each fiscal year. Dividend credit will be determined for each LTIP Account by (a) multiplying the cumulative dividend for the fiscal year by the number of SEUs held in the account on the last day of the fiscal year; and (b) dividing the value of 1 SEU as of the Valuation Date, as determined in accordance with paragraph 2 hereof, into the product of (a).

   Example: Dividend of $.05/share paid for each quarter of fiscal year. Director holds 3,000 SEUs on last day of fiscal year. Stock at $10.00 on Valuation Date.

   (a) 3,000 x .20 = 600
   (b) Number of SEUs = 600 / 10 = 60