

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

**Form S-2**  
**REGISTRATION STATEMENT**  
**Under**  
**THE SECURITIES ACT OF 1933**

**GRAHAM CORPORATION**

*(Exact name of Registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**16-1194720**

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

**20 Florence Avenue**  
**Batavia, New York 14020**  
**(585) 343-2216**

*(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)*

**William C. Johnson**  
**President and Chief Executive Officer**  
**Graham Corporation**  
**20 Florence Avenue**  
**Batavia, New York 14020**  
**(585) 343-2216**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

**Copies to:**

**Daniel R. Kinel, Esq.**  
**Harter, Secrest & Emery LLP**  
**1600 Bausch & Lomb Place**  
**Rochester, New York 14604**  
**(585) 232-6500**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") check the following box:

If the Registrant elects to deliver its latest annual report to security holders, or a complete and legal facsimile thereof, pursuant to Item 11(a)(1) of this Form, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box.

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price Per Share(1)</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Common Stock, \$0.10 par value	99,123	\$39.86	\$3,951,043	\$465.04

(1) Estimated solely for the purpose of computing the registration fee pursuant to Rule 457(c) under the Securities Act, and based on the average of the high and low prices reported on the American Stock Exchange on September 26, 2005.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.**

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement we filed with the SEC is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where such an offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED SEPTEMBER 28, 2005**

**PROSPECTUS**

  
**GRAHAM CORPORATION**  
**99,123 Shares of Common Stock**

We are offering 99,123 shares of our common stock, par value \$0.10 per share, all of which are presently held by us as treasury shares.

The shares of our common stock covered by this prospectus will be sold by us and for our account from time to time at prices related to market prices in privately negotiated transactions consummated off the floor of the American Stock Exchange. We will receive all the proceeds from sales of the shares, less any commissions and discounts we agree to pay to any selling brokers and dealers. We are not required to sell any minimum number of the shares of common stock being offered pursuant to this prospectus.

Our common stock is listed on the American Stock Exchange under the symbol "GHM." On September 27, 2005, the closing price of our common stock on the American Stock Exchange was \$40.00 per share.

**Investing in our common stock involves a high degree of risk. Please see the section entitled "Risk Factors" beginning on page 7 to read about important factors you should consider before buying any of our common stock.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is September 28, 2005

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This prospectus is part of a registration statement that we filed with the United States Securities and Exchange Commission, or SEC, to cover the sale of the common stock we are offering pursuant to this prospectus. This prospectus does not contain all of the information set forth in the registration statement.

This prospectus contains summaries of certain provisions contained in some of the documents described below, under "Available Information and Documents Incorporated By Reference," but you should refer to the actual documents referenced for complete information. All summaries in this prospectus are qualified in their entirety by the actual documents referenced.

We are not making, nor will we make, an offer to sell these shares in any jurisdiction where such an offer or sale is not permitted.

All references in this prospectus to "Graham," the "company," "we," "us," and "our" refer to Graham Corporation, a Delaware corporation, and its subsidiaries.

**AVAILABLE INFORMATION AND  
DOCUMENTS INCORPORATED BY REFERENCE**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document filed by us at the SEC's public reference room at 100 F Street, N.E., Washington, DC, 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings are also available to the public from the SEC's website at [www.sec.gov](http://www.sec.gov) or from our website at [www.graham-mfg.com](http://www.graham-mfg.com). The information on our website does not constitute a part of this prospectus.

In this prospectus, we "incorporate by reference" certain information we have filed with the SEC, which means that we can disclose important information to you by referring to that information. The information incorporated by reference is considered to be a part of this prospectus. The exhibits accompanying the documents we incorporate by reference into this prospectus are not considered to be a part of this prospectus.

We incorporate by reference the documents listed below which have been filed with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934:

- Quarterly Report on Form 10-Q for our quarter ended June 30, 2005;
- Annual Report on Form 10-K/A for our fiscal year ended March 31, 2005;
- Annual Report on Form 10-K for our fiscal year ended March 31, 2005;
- Proxy Statement for our 2005 Annual Meeting of Stockholders filed on June 27, 2005; and
- Current Reports on Form 8-K dated July 12, 2005, July 25, 2005 and July 28, 2005 (except that any information only "furnished" to the SEC pursuant to such Current Reports on Form 8-K are not incorporated by reference into this prospectus).

Upon request, we will deliver, without charge, to each person receiving a copy of this prospectus, a copy of any of the documents referred to above that have been incorporated by reference in this prospectus but not delivered with this prospectus. If you would like a copy of any of such documents, please write or telephone us at the following address:

**Graham Corporation  
20 Florence Avenue  
Batavia, New York 14020  
Attention: Chief Financial Officer  
Telephone: (585) 343-2216**

You should rely only upon the information contained in this prospectus or incorporated by reference into this prospectus. We have not authorized anyone to provide you with different information.

You should not assume that the information in this prospectus, including any information incorporated by reference, is accurate as of any date other than the date of this prospectus. Our business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

**INFORMATION ACCOMPANYING THIS PROSPECTUS**

This prospectus is accompanied by a copy of each of our annual report on Form 10-K for our fiscal year ended March 31, 2005, our annual report on Form 10-K/A for our fiscal year ended March 31, 2005, and our quarterly report on Form 10-Q for our quarter ended June 30, 2005, each of which contains important information regarding our business and operations. Our annual report on Form 10-K for our fiscal year ended March 31, 2005, our annual report on Form 10-K/A for our fiscal year ended March 31, 2005, and our quarterly report on Form 10-Q for our quarter ended June 30, 2005, which are incorporated into this prospectus by reference, are considered part of this prospectus. Such documents should be read in conjunction with this prospectus. The exhibits accompanying such documents are not considered to be part of this prospectus.

## PROSPECTUS SUMMARY

This summary highlights certain information found in greater detail elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in our company discussed under “Risk Factors,” before you decide to buy our common stock.

### About us

We design, manufacture and sell custom-built vacuum and heat transfer equipment. Our products include steam jet ejector vacuum systems, surface condensers for steam turbines, vacuum pumps and compressors, various types of heat exchangers, including helical coil heat exchangers marketed under the Heliflow® name, and plate and frame exchangers. Our products produce a vacuum, condense steam or transfer heat, or perform a combination of these tasks. Our products are available in a variety of metals and non-metallic corrosion resistant materials.

Our products are used in a wide range of industrial process applications, including:

- petroleum refineries;
- chemical plants;
- power generation facilities, such as fossil fuel, nuclear, cogeneration and geothermal power plants;
- pharmaceutical plants;
- plastics plants;
- fertilizer plants;
- breweries;
- titanium plants;
- liquefied natural gas production facilities;
- soap manufacturing plants;
- air conditioning systems;
- food processing plants; and
- other process industries.

### Our customers

Our principal customers include large chemical, petrochemical, petroleum refining and power generating industries, which are end users of our products in their manufacturing, refining and power generation processes, large engineering companies that build installations for such companies, and original equipment manufacturers, who combine our products into their equipment prior to its sale to end users.

Our products are sold using a combination of sales engineers we employ directly, as well as independent sales representatives located worldwide. No part of our business is dependent on a single customer or a few customers, the loss of which would seriously harm our business.

### Our strengths

Our core strengths are as follows:

- We have strong brand recognition. Over the past 70 years, we believe that we have built a reputation for top quality, reliable products and high standards of customer service. As a result, the Graham name is well known by both our existing customers, and many of our potential customers. We believe that recognition of the Graham brand allows us to capitalize on market opportunities in both existing and potential markets.

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- We manufacture high quality products. With over 70 years of engineering expertise, we believe that we are well respected for our knowledge in vacuum and heat transfer technologies. We maintain strict quality control and manufacturing standards in order to manufacture products of the highest quality.
- We have a global presence. Our products are used worldwide, and we have sales representatives located in over 40 major cities and on every continent.
- We believe that we have a solid reputation and strong relationships with our existing customer base, as well as with our key suppliers.

### **Our strategy**

We intend to grow our business and improve our results of operations by implementing the following core strategies:

- Continue to invest in engineering resources and technology in order to advance our market penetration with our vacuum and heat transfer technologies.
- Invest resources to meet the growing demand for our products in the oil refining, petrochemical processing and power generating industries.
- Expand our margin potential by implementing and expanding upon our operational efficiencies through the introduction of lean manufacturing processes and other cost efficiencies.
- Enhance our engineering and manufacturing capacities, especially in connection with the design of our products, in order to be able to more quickly respond to existing and future customer demands.
- Accelerate our bids on available contracts by implementing front-end bid automation and design processes.
- Expand our global sales presence in order to both further penetrate our existing markets and reach additional markets.
- Capitalize on the strength of the Graham brand in order to both win more business in our traditional markets and penetrate other markets.
- Examine acquisition and organic growth opportunities to expand and complement our core business, including opportunities to extend our existing product lines and opportunities to move into complementary product lines.

A more detailed description of both our business and results of operations is contained in our annual report on Form 10-K for our fiscal year ended March 31, 2005, our annual report on Form 10-K/A for our fiscal year ended March 31, 2005, and in our quarterly report on Form 10-Q for our quarter ended June 30, 2005, each of which accompanies this prospectus.

Our principal executive offices and our manufacturing facilities are located at 20 Florence Avenue, Batavia, New York 14020. Our telephone number is (585) 343-2216 and our website address is [www.graham-mfg.com](http://www.graham-mfg.com). Information contained on our website is not a part of this prospectus.

**THE OFFERING**

Securities offered	99,123 shares of our common stock, par value \$0.10 per share.
Stock split	Our board of directors has approved a two-for-one stock split in the nature of a dividend with a record date of September 1, 2005 and a payment date of on or about October 3, 2005. The shares of common stock being offered pursuant to this prospectus will be subject to the stock split and, on or about October 3, 2005, the 99,123 shares being offered hereby will be adjusted to 198,246 shares.
Shares outstanding before this offering	1,799,882 shares (3,599,764 shares after giving effect to our two-for-one stock split).
Shares outstanding after this offering	1,899,005 shares (3,798,010 shares after giving effect to our two-for-one stock split).
Use of proceeds	General corporate and working capital purposes.
Risk factors	An investment in our common stock involves a high degree of risk. You should read the “Risk Factors” section beginning on page 7 of this prospectus (along with the documents incorporated by reference into this prospectus) to ensure that you understand the risks associated with a purchase of our common stock.
Terms of the sale	The terms of sale for the shares of common stock covered by this prospectus will be determined at the time of their sale.
AMEX symbol	“GHM”

## RISK FACTORS

*You should carefully consider the risks described below before making a decision to invest in our common stock being offered pursuant to this prospectus. You should also refer to the other information contained in this prospectus, including the information incorporated by reference, before making an investment decision. Additional risks and uncertainties not currently known to us or that we currently deem immaterial also may impair our business and results of operations.*

*If any of the following events occur, our business could be seriously harmed. In such case, the value of your investment in our common stock may decline and you could lose all or part of your investment.*

### *Risks related to our business*

#### **The industries in which we operate are cyclical, and downturns in such industries may adversely affect our operating results.**

Historically, a substantial portion of our revenue has been derived from sales of our products to companies in the chemical, petrochemical, petroleum refining and power generating industries, or to firms that design and construct facilities for these industries. The core industries in which our products are used are, to varying degrees, cyclical and have historically experienced severe downturns. Although we are currently in an upturn of demand for our products in the petrochemical, petroleum refining and power generating industries, a downturn in one or more of these industries could occur at any time. In the event of such a downturn, we have no way of knowing if, when and to what extent there might be a recovery. A deterioration in any of the cyclical industries we serve would harm our business and operating results because our customers would not likely have the resources necessary to purchase our products nor would they likely have the need to build additional facilities or improve existing facilities.

#### **Our international sales operations are subject to uncertainties that could harm our business.**

We believe that revenue from the sale of our products outside the United States will continue to account for a material portion of our total revenue for the foreseeable future. For the year ended March 31, 2005, our sales to geographic regions were as follows: 61% — United States; 15% — Asia; 9% — Canada; 7% — Mexico and South America; 4% — Middle East; and 4% — various other regions. No sales to the Middle East were to Libya, Iran, Sudan or Syria. We have invested significant resources in developing and maintaining our international sales operations and presence and we intend to continue to make such investments in the future. Our international sales operations are subject to numerous risks, including:

- it may be difficult to enforce agreements and collect receivables through some foreign legal systems;
- foreign customers may have longer payment cycles than customers in the United States;
- tax rates in some foreign countries may exceed those of the United States and foreign earnings may be subject to withholding requirements or the imposition of tariffs, exchange controls or other restrictions;
- general economic and political conditions in the countries where we sell our products may have an adverse effect on our sales in those countries or not be favorable to our growth strategy;
- foreign governments may adopt regulations or take other actions that could directly or indirectly harm our business and growth strategy; and
- it may be difficult to enforce intellectual property rights in some foreign countries.

Any one of the above could harm our business and results of operations. In addition, we are exposed to the risk of currency fluctuations between the dollar and the currencies of the countries in which we sell our products to the extent that such sales are not based on dollars. As such, fluctuations in currency exchange rates which cause the value of the dollar to increase could have an adverse effect on the profitability of our business. While we enter into currency exchange rate hedges from time to time to mitigate these types of fluctuations, we cannot remove all fluctuations or hedge all exposures and our earnings are impacted by changes in currency exchange rates.

**If we fail to introduce enhancements to our existing products or to keep abreast of technological changes in our markets, our business and results of operations could be adversely effected.**

Although technologies in the vacuum and heat transfer areas are well-established, we believe our future success depends in part on our ability to enhance our existing products and develop new products in order to continue to meet customer demands. Our failure to introduce new or enhanced products on a timely and cost-competitive basis, or the development of processes that make our existing technologies or products obsolete, could harm our business and results of operations.

**The loss of any of our senior executive officers or our inability to hire additional qualified management personnel could harm our business.**

We are dependent to a large degree on the services of William C. Johnson, our president and chief executive officer, J. Ronald Hansen, our vice president of finance and administration and chief financial officer, James R. Lines, our vice president and general manager, and Stephen P. Northrup, our vice president and chief technology officer. Our operations may suffer if we were to lose the services of any of our senior executive officers. With the exception of Mr. Lines, we do not maintain key person insurance on any of our senior executive officers.

In addition, competition for qualified management in our industry is intense. Many of the companies with which we compete for management personnel have greater financial and other resources than we do or are located in geographic areas which may be considered by some to be more desirable places to live. If we are not able to retain qualified management personnel or if a significant number of them were to leave our employ, our business could be harmed.

**Our business is highly competitive. If we are unable to successfully implement our business strategy, we risk losing market share to current and future competitors.**

Some of our present and potential competitors have or may have substantially greater financial, marketing, technical or manufacturing resources. Our competitors may also be able to respond more quickly to new technologies or processes and changes in customer demands. They may also be able to devote greater resources to the development, promotion and sale of their products than we can. In addition, our current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties that increase their ability to address the needs of our existing customers. If we cannot compete successfully against current or future competitors, our business will be harmed.

**If we are unable to make necessary capital investments, our business may be harmed.**

In order to remain competitive, we need to invest continuously in research and development, manufacturing, customer service and support, and marketing. From time to time we also have to adjust the prices of our products to remain competitive. We may not have available sufficient financial or other resources to continue to make investments necessary to maintain our competitive position.

**If third parties infringe our intellectual property or if we were to infringe the intellectual property of third parties, we may expend significant resources enforcing or defending our rights or suffer competitive injury.**

Our success depends in part on our proprietary technology. We rely on a combination of patent, copyright, trademark, trade secret laws and confidentiality provisions to establish and protect our proprietary rights. If we fail to successfully enforce our intellectual property rights, our competitive position could suffer. We may also be required to spend significant resources to monitor and police our intellectual property rights. Similarly, if we were to infringe on the intellectual property rights of others, our competitive position could suffer. Furthermore, other companies may develop technologies that are similar or superior to our technologies, duplicate or reverse engineer our technologies or design around our patents.



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In some instances, litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products infringe their intellectual property rights. Any litigation or claims brought by or against us, whether with or without merit, could result in substantial costs to us and divert the attention of our management, which could harm our business and results of operations. In addition, any intellectual property litigation or claims against us could result in the loss or compromise of our intellectual property and proprietary rights, subject us to significant liabilities, require us to seek licenses on unfavorable terms, prevent us from manufacturing or selling certain products or require us to redesign certain products, any of which could harm our business and results of operations.

### **A decrease in supply or increase in cost of the materials used in our products could harm our profitability.**

Any restrictions on the supply or the increase in the cost of the materials used by us in manufacturing our products could significantly reduce our profit margins. Efforts to mitigate restrictions on the supply or price increases of materials by entering into long-term purchase agreements, by implementing productivity improvements or by passing cost increases on to our customers may not be successful. Our profitability depends largely on the price and continuity of supply of the materials used in the manufacture of our products, which in many instances are supplied by a limited number of sources.

### **We face potential liability from asbestos exposure and similar claims.**

We are a defendant in several lawsuits alleging illnesses from exposure to asbestos or asbestos-containing products and seeking unspecified compensatory and punitive damages. We cannot predict with certainty the outcome of these lawsuits or whether we could become subject to any similar, related or additional lawsuits in the future. In addition, because some of our products are used in systems that handle toxic or hazardous substances, any failure or alleged failure of our products in the future could result in litigation against us. Any litigation brought against us, whether with or without merit, could result in substantial costs to us as well as divert the attention of our management, which could harm our business and results of operations.

### **Changes in accounting standards, legal requirements and American Stock Exchange listing standards, or our inability to comply with any existing requirements or standards, could adversely affect our operating results.**

Extensive reforms relating to public company financial reporting, corporate governance and ethics, American Stock Exchange listing standards and oversight of the accounting profession have been implemented over the past several years. Compliance with the new rules, regulations and standards that have resulted from such reforms has increased our accounting and legal costs and has required significant management time and attention. In the event that additional rules, regulations or standards are implemented or any of the existing rules, regulations or standards to which we are subject undergo additional material modification, we could be forced to spend significant financial and management resources to ensure our continued compliance, which could have an adverse effect on our results of operations. In addition, although we believe that we are in full compliance with all such existing rules, regulations and standards, should we be or become unable to comply with any of such rules, regulations and standards, as they presently exist or as they may exist in the future, our results of operations could be adversely effected and the market price of our common stock could decline.

### *Risks related to the ownership of our common stock*

### **Provisions contained in our certificate of incorporation, bylaws and our stockholder rights plan could impair or delay stockholders' ability to change our management and could discourage takeover transactions that our stockholders might consider to be in their best interests.**

Provisions of our certificate of incorporation and bylaws, as well as our stockholder rights plan, could impede attempts by our stockholders to remove or replace our management and could discourage others from initiating a potential merger, takeover or other change of control transaction, including a potential transaction

at a premium over the market price of our common stock, that our stockholders might consider to be in their best interests. For example:

- **We could issue shares of preferred stock with terms adverse to our common stock.** Under our certificate of incorporation, our board of directors is authorized to issue shares of preferred stock and to determine the rights, preferences and privileges of such shares without obtaining any further approval from the holders of our common stock. Up to 440,000 of such undesignated shares of preferred stock are presently eligible for issuance. We could issue shares of preferred stock with voting and conversion rights that adversely affect the voting power of the holders of our common stock, or that have the effect of delaying or preventing a change in control of our company.
- **We maintain a stockholder rights, or “poison pill,” plan.** Our stockholder rights plan has the effect of discouraging any person or group that wishes to acquire 15% or more of our common stock from doing so without obtaining our agreement because such acquisition would cause such person or group to suffer substantial dilution. Such plan may have the effect of discouraging a change in control transaction that our stockholders would otherwise consider to be in their best interests.
- **Only a minority of our directors may be elected in a given year.** Our bylaws provide for a classified board of directors, with only one-third of our board elected each year. This provision makes it more difficult to effect a change of control because at least two annual stockholder meetings are necessary to replace a majority of our directors.
- **Our bylaws contain advance notice requirements.** Our bylaws provide that any stockholder who wishes to bring business before an annual meeting of our stockholders or to nominate candidates for election as directors at an annual meeting of our stockholders must deliver advance notice of their proposals to us before the meeting. Such advance notice provisions may have the effect of making it more difficult to introduce business at stockholder meetings or nominate candidates for election as director.
- **Our certificate of incorporation requires supermajority voting to approve a change of control transaction.** 75% of our outstanding shares entitled to vote are required to approve any merger, consolidation, sale of all or substantially all of our assets and similar transactions if the other party to such transaction owns 5% or more of our shares entitled to vote. In addition, a majority of the shares entitled to vote not owned by such 5% or greater stockholder are also required to approve any such transaction.
- **Amendments to our certificate of incorporation require supermajority voting.** Our certificate of incorporation contains provisions that make its amendment require the affirmative vote of both 75% of our outstanding shares entitled to vote and a majority of the shares entitled to vote not owned by any person who may hold 50% or more of our shares unless the proposed amendment was previously recommended to our stockholders by an affirmative vote of 75% of our board. This provision makes it more difficult to implement a change to our certificate of incorporation that stockholders might otherwise consider to be in their best interests without approval of our board.
- **Amendments to our bylaws require supermajority voting.** Although our board of directors is permitted to amend our bylaws at any time, our stockholders may only amend our bylaws upon the affirmative vote of both 75% of our outstanding shares entitled to vote and a majority of the shares entitled to vote not owned by any person who owns 50% or more of our shares. This provision makes it more difficult for our stockholders to implement a change they may consider to be in their best interests without approval of our board.

**Our stock price may be volatile because of factors beyond our control.**

The market price of our common stock may fluctuate significantly in response to a number of factors, many of which are beyond our control, including:

- variations in our revenue and operating results from quarter to quarter;
- developments or downturns in the industries in which we do business;

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- our ability to obtain and/or maintain securities analyst coverage;
- changes in securities analysts' recommendations or estimates of our financial performance;
- changes in market valuations of companies similar to ours;
- announcements by our competitors of significant contracts, new offerings, acquisitions, commercial relationships, joint ventures or capital commitments; and
- general economic conditions.

In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. A securities class action lawsuit against us, regardless of its merit, could result in substantial costs to us and divert the attention of our management, which in turn could harm our business and results of operations.

### **This offering will result in additional shares of our common stock being registered, which may depress the market price of our common stock.**

As of September 14, 2005, the number of outstanding shares of our common stock freely tradable on the American Stock Exchange was approximately 1,799,882 (3,599,764 as adjusted to reflect our stock split). After giving effect to this offering, the number of outstanding shares of our common stock will increase to 1,899,005 (3,798,010 as adjusted to reflect our stock split).

Because the sale of the shares of our common stock in this offering will increase the number of our freely tradeable shares, the issuance of such shares could have a depressive effect on the market price of our common stock.

**PRICE RANGE OF OUR COMMON STOCK**

Our common stock is traded on the American Stock Exchange under the symbol "GHM". The following table shows the high and low per share prices of our common stock for the periods indicated, as reported by the American Stock Exchange. The following table does not take into account the effect on the price of our common stock of our two-for-one stock split with a record date of September 1, 2005 and a payment date of on or about October 3, 2005.

	<u>High</u>	<u>Low</u>
<b>Fiscal year ended March 31, 2002</b>		
First Quarter	\$ 12.80	\$ 7.80
Second Quarter	12.35	7.25
Third Quarter	14.80	7.80
Fourth Quarter	12.35	9.75
<b>Fiscal year ended March 31, 2003</b>		
First Quarter	11.00	9.05
Second Quarter	9.40	8.10
Third Quarter	10.30	6.84
Fourth Quarter	9.20	7.50
<b>Fiscal year ended March 31, 2004</b>		
First Quarter	9.20	7.06
Second Quarter	9.65	8.35
Third Quarter	10.58	8.65
Fourth Quarter	11.70	10.00
<b>Fiscal year ended March 31, 2005</b>		
First Quarter	11.95	10.70
Second Quarter	12.00	10.95
Third Quarter	14.79	11.40
Fourth Quarter	17.80	12.77
<b>Fiscal year ending March 31, 2006</b>		
First Quarter	\$ 27.49	\$ 16.55

The last reported price for our common stock on the American Stock Exchange on September 27, 2005, was \$40.00 per share.

As of September 14, 2005 there were approximately 1,450 holders of shares of our common stock.

**DIVIDEND POLICY**

We have declared cash dividends of \$0.05 (adjusted to \$0.025 per share to reflect our stock split) per share on our common stock quarterly since September 30, 2002. There can be no assurance that we will pay cash dividends in any future period or that the level of cash dividends paid by us will remain constant.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This prospectus and the documents incorporated into this prospectus by reference include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from

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any future results implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the current economic environment affecting us and the markets we serve;
- our sources of revenue and anticipated revenue, including the contribution from the growth of new products and markets;
- our plans for future products and services and for enhancements of existing products and services;
- our estimates regarding our liquidity and capital requirements;
- our ability to attract or retain customers;
- the outcome of any existing or future litigation; and
- our intellectual property.

Forward-looking statements are usually accompanied by words such as “anticipate,” “believe,” “estimate,” “may,” “intend,” “expect” and similar expressions. Important factors that could cause our actual results to differ materially from our forward-looking statements are set forth in this prospectus under the heading “Risk Factors” and in the documents incorporated into this prospectus by reference. Our forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. Our actual results could differ materially from historical results or those implied by the forward-looking statements contained in this prospectus.

You should not place undue reliance on these forward-looking statements. Except as required by law, we undertake no obligation to update or announce any revisions to our forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise.

### **USE OF PROCEEDS**

We will receive all of the net proceeds from sales of the shares. We intend to use these proceeds (which, if all of the common stock being offered hereby is sold, would be approximately \$3,964,920, less any applicable discounts and commissions to which we may agree, based on the closing price per share of our common stock on the American Stock Exchange of \$40.00 on September 27, 2005) for general corporate and working capital purposes, including, but not limited to, the purchase of computer software and manufacturing equipment we believe may be necessary or desirable for us to retain our competitive position. No portion of the proceeds from the sale of the shares being offered pursuant to this prospectus has been earmarked for a particular purpose.

Pending our use of the net proceeds, we intend to invest such net proceeds in short-term direct obligations of the United States or federal agencies, in each case with maturities of less than one year, short-term certificates of deposit or other time deposits with banks, or corporate bonds with a Moody’s or Standard and Poor’s investment grade rating.

### **PLAN OF DISTRIBUTION**

We plan to sell the common stock being registered pursuant to this prospectus at negotiated prices related to market prices in privately negotiated transactions consummated off the floor of the American Stock Exchange. No period of time has been fixed within which the shares must be offered or sold.

We may sell some or all of the shares directly to purchasers without the assistance of any broker-dealer. We may also sell some or all of the shares in transactions involving broker-dealers, who may act as agent or acquire the shares as principal. As of the date of this prospectus, we have not entered into any agreement or understanding with any broker-dealer regarding the sale of any of the shares. Any broker-dealer participating in these transactions as agent may receive commissions from us (and, if the broker-dealer acts as agent for the purchaser of those shares, from such purchaser as well). A broker-dealer may also agree with us to sell a

specified number of shares at a stipulated price per share and, to the extent unable to do so acting as an agent for us, to purchase as principal any unsold shares at the price required to fulfill its commitment to us. A broker-dealer who acquires shares as a principal may thereafter resell those shares from time to time in transactions at market prices prevailing at the time of sale in the case of transactions consummated on the floor of the American Stock Exchange, or at negotiated prices related to the market price in the case of privately negotiated transactions consummated off the floor of the American Stock Exchange, and may pay to or receive from the purchasers of such shares commissions in connection with such resales.

Any broker-dealer that is involved in selling the shares may be deemed to be an “underwriter” within the meaning of the Securities Act, in connection with such sales. In such event, any commissions received by such broker-dealer and any profit on the resale of the shares purchased by such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act.

At the time a particular offer is made, if required, a supplement to this prospectus will be distributed or a post-effective amendment to the registration statement will be filed that will set forth the number of shares being offered and the terms of the offering, including the purchase price, public offering price, name(s) of any agents, broker-dealers, any discounts, commissions and other items constituting compensation from us and any discounts, commissions or concessions allowed or reallocated or paid to broker-dealers.

Under applicable rules of the Securities Exchange Act of 1934, as amended, any person engaged in a distribution of the shares may be limited in its ability to engage in market making activities with respect to our common stock prior to the commencement of the distribution.

If required in order to comply with state securities laws, we will sell the shares only through registered or licensed broker-dealers. In addition, in some states the common stock may not be sold unless it has been registered with the state or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We will maintain the effectiveness of the registration statement of which this prospectus is a part for so long as, in our sole opinion, we deem it necessary to accomplish our purposes.

## DESCRIPTION OF SECURITIES

Our authorized capital stock is 6,500,000 shares, consisting of 6,000,000 shares of common stock, \$0.10 par value, and 500,000 shares of preferred stock, \$1.00 par value, of which 60,000 shares have been designated series A junior participating preferred stock.

### Common Stock

As of September 14, 2005, we had 1,899,005 shares of our common stock issued and outstanding (or 3,798,010 shares of common stock after giving effect to our two-for-one stock split in the nature of a dividend with a record date of September 1, 2005 and a payment date on or about October 3, 2005). Subject to the rights of any preferred stock we may then have outstanding, the holders of our common stock are entitled to receive dividends as may be declared from time to time by our board of directors out of funds legally available for the payment of dividends.

The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of the stockholders and do not have cumulative voting rights. Except as described below or otherwise provided by law, at all meetings of stockholders, all matters are determined by a vote of the holders of a majority of the number of votes eligible to be cast by the holders of the outstanding shares of our stock (including both common stock and preferred stock) present at the meeting and entitled to vote. Directors are elected by a plurality of the votes cast by each class of shares entitled to vote at a meeting of stockholders, present at the meeting and entitled to vote in the election. We maintain a classified board of directors, with one-third of our board being elected in any given year.

Pursuant to our certificate of incorporation, certain actions require a 75% supermajority vote, including certain extraordinary transactions (such as certain mergers, consolidations or the sale of all or substantially all

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of our assets) and the removal of directors. A 75% supermajority vote is also required for any amendment to our certificate of incorporation, unless recommended to our stockholders by the affirmative vote of 75% of our entire board of directors. Unless amended by our board of directors or by vote of our stockholders upon a proposal recommended by our entire board of directors, an amendment to our bylaws also requires a 75% supermajority vote. If more than 50% of our stock is owned by any corporation, person or other entity, certain actions also require the affirmative vote of a majority of the holders of our shares entitled to vote which are not owned by such majority stockholder. Please also see the first risk factor of the section of this prospectus entitled “Risk Factors — Risks related to the ownership of our common stock”.

If we are liquidated, dissolved or wound up, the holders of our common stock are entitled to receive a pro rata portion of all of our assets available for distribution to our stockholders after we pay liquidation preferences to holders of any outstanding shares of our series A junior participating preferred stock or any other class of preferred stock that may then be outstanding. Our outstanding shares of common stock are fully paid and non-assessable. The holders of our common stock have no preemptive, conversion or redemption rights.

As of September 14, 2005, an aggregate of 85,490 shares of our common stock were reserved for issuance under our stock option plans in connection with exercisable options.

### **Preferred Stock**

**Series A junior participating preferred stock.** As of the date of this prospectus, 60,000 shares of our preferred stock have been designated as series A junior participating preferred stock, and are available for issuance under our stockholder rights plan, as described in “Stockholder rights plan” below. No series A junior participating preferred stock has been issued or are outstanding. The remaining undesignated 440,000 shares of our preferred stock may be issued as a class, without series or, if so determined from time to time by the board of directors, in one or more series. See “Blank check preferred stock” below.

If any of our series A junior participating preferred stock is issued, each share will entitle the holder to one hundred votes on all matters submitted to a vote of our stockholders (two hundred votes after giving effect to our stock split), subject to further adjustment to protect against dilution.

When issued, each share of our series A junior participating preferred stock will also entitle the holder to quarterly dividends, if declared by our board of directors out of funds legally available for such purpose. Such dividends will accrue and be cumulative. If we declare a dividend or distribution on our common stock (other than a dividend payable in shares of our common stock), we will immediately be required to declare a dividend or distribution on any issued and outstanding series A junior participating preferred stock. Whenever dividends to the holders of series A junior participating preferred stock are in arrears, our ability to declare or pay dividends, or make any other distributions, on our common stock (or on any other stock that ranks junior to, or on parity with, our series A junior participating preferred stock, as to dividends or upon liquidation, dissolution or winding up), and our ability to redeem or purchase or otherwise acquire for consideration shares of any such stock, will be prohibited or restricted.

At any time that any shares of our series A junior participating preferred stock are issued and outstanding, our certificate of incorporation may not be amended in any manner, nor may our board of directors take any action, which would materially alter or change the powers, preferences or special rights of the series A junior participating preferred stock so as to affect them adversely without the affirmative vote of the holders of at least three-fourths of the outstanding shares of series A junior participating preferred stock, voting together as a single class.

**Blank check preferred stock.** Our board of directors is authorized to determine, fix, alter or revoke any and all of the rights, preferences, privileges and restrictions and other terms of our undesignated preferred stock, including voting powers, liquidation preferences, dividend rights, conversion rights, rights and terms of redemption and other rights, privileges, preferences and restrictions as shall be set forth in the board’s resolutions providing for the issuance of such preferred stock. Our board of directors may issue shares of preferred stock with voting and conversion rights that could adversely affect the voting power of the holders of

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our common stock and which may have the effect of delaying, deferring or preventing a change in control of our company. No further approval by our stockholders is needed to authorize our issuance of undesignated shares of our preferred stock.

### **Stockholder Rights Plan**

We adopted a stockholder rights plan in 2000. Under this plan, one share purchase right has been attached to each share of our issued and outstanding shares of common stock. When and if these rights become exercisable, each right entitles the holder of a share of our common stock to purchase from us one one-hundredth (1/100) interest in a share of series A junior participating preferred stock at a price of \$45, subject to adjustment to protect against dilution (including an adjustment which will be made to give effect to our stock split). These rights become exercisable if a person or group of affiliated persons, referred to as an acquiring person, either acquires 15% or more of our outstanding common stock, or commences a tender offer for 15% or more of our outstanding common stock.

In the event that someone becomes an acquiring person, each holder of a share purchase right, other than any rights beneficially owned by the acquiring person (i.e., the person whose ownership of 15% or more common stock caused the share purchase rights to become exercisable), will have the right to receive upon exercise a number of shares of our common stock having a market value of twice the purchase price of the share purchase right. In the event that we are acquired in a merger or other business combination transaction, or 50% or more of our consolidated assets or earning power is sold, each holder of a share purchase right, other than any rights beneficially owned by an acquiring person, will have the right to receive, upon exercise, a number of shares of common stock of the acquiring corporation that at the time of the transaction has a market value of two times the purchase price of the share purchase right.

We may redeem the share purchase rights under our stockholder rights plan for \$.01 per right at any time prior to the acquisition of beneficial ownership of 15% or more of our outstanding shares of common stock by an acquiring person.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Mellon Investor Services, LLC, 111 Founders Plaza, East Hartford, Connecticut 06108.

## **LIMITATIONS ON LIABILITY AND INDEMNIFICATION MATTERS**

We are a Delaware corporation. The corporate law of the state of Delaware empowers a corporation to indemnify, subject to certain limitations, any person who is a party to any action, suit, or proceeding brought or threatened by reason of the fact that such person was a director or officer of the corporation, or is or was serving as such with respect to another entity at the request of the corporation. Delaware law also provides that a corporation may purchase insurance on behalf of any of its directors and officers.

Delaware law further enables a corporation to provide in its certificate of incorporation for the elimination or limitation of the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. However, no such provision can eliminate or limit a director's liability: (i) for any breach of director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (iii) for unlawful payment of dividends or unlawful stock purchases or redemptions; or (iv) for any transaction from which the director derived an improper personal benefit.

Our certificate of incorporation provides that, to the fullest extent permitted by Delaware law that: (i) our directors shall not be liable to us or to any of our stockholders for monetary damages for a breach of their fiduciary duties as a directors; and (ii) that our directors and officers shall be indemnified by us against any liabilities incurred by them in their capacities as directors or officers, including the payment by us of expenses incurred in the defense of a proceeding in advance of its final disposition. Our certificate of incorporation also provides that such rights to indemnification shall not be exclusive of any other right which a director or officer



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of ours may have under any statute, provision of our certificate of incorporation, bylaw, agreement, vote of our stockholders or disinterested directors or otherwise.

We maintain indemnification agreements with our directors as well as with our chief executive officer. These agreements provide that we shall pay on behalf of such directors and such officer any amount which any of them becomes legally obligated to pay because of any claim or because of any act or omission or neglect or breach of duty, including any actual or alleged error, misstatement or misleading statement, which such person commits or suffers while acting in his or her official capacity on our behalf, and solely because of his or her status as a director or officer of ours. The payments we are obligated to make under such indemnification agreements include damages, judgments, settlements, and certain costs and expenses (including attorneys fees). Notwithstanding the preceding, among other limitations, we shall not be obligated to make any indemnification payments in contravention of applicable law.

We provide directors' and officers' liability insurance coverage for our directors and officers.

The effect of the above-described provisions and agreements is to indemnify our directors and certain officers against all costs and expenses incurred by them in connection with any action, suit or proceeding in which they are involved by reason of their affiliation with us, to the fullest extent permitted by law.

Currently, we are not aware of any pending litigation or proceeding involving any of our directors or officers in which indemnification would be required or permitted. Furthermore, we are not aware of any threatened litigation or proceeding which may result in a claim for such indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of ours based on the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy and is, therefore, unenforceable.

### **LEGAL MATTERS**

The validity of our common stock being offered pursuant to this prospectus will be passed upon for us by Harter, Secrest & Emery LLP, Rochester, New York.

### **EXPERTS**

The consolidated financial statements and related financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K for the fiscal year ended March 31, 2005 have been audited by Deloitte & Touche, LLP, an independent registered public accounting firm, as stated in their reports (which reports express an unqualified opinion and include an explanatory paragraph relating to the change in accounting method for construction-type contracts in 2005), which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell and seeking offers to buy, shares of our common stock only in those jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock.



# **GRAHAM CORPORATION**

**99,123 Shares of Common Stock**

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**PROSPECTUS**

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Subject to completion, dated September 28, 2005

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**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution**

The following table sets forth the costs and expenses in connection with the sale and distribution of the securities being registered hereby, other than underwriting discounts and commissions. All of the amounts shown are estimates except the Securities and Exchange Commission registration fees.

	<b>To be Paid by the Registrant</b>
SEC registration fee	\$ 465
State registration fees	\$ 1,500
Accounting fees and expenses	\$ 30,000
Legal fees and expenses	\$ 25,000
Transfer Agent and registrar fee	\$ 2,500
Printing and engraving expenses	\$ 2,500
Miscellaneous expenses	\$ 5,000
Total	<u>\$ 66,965</u>

**Item 15. Indemnification of Directors and Officers**

Section 145 of the Delaware General Corporation Law (the "DGCL") empowers a corporation to indemnify, subject to the standards set forth therein, any person who is a party to any action in connection with any action, suit, or proceeding brought or threatened by reason of the fact that the person was a director, officer, employee or agent of the corporation, or is or was serving as such with respect to another entity at the request of the corporation. The DGCL also provides that a corporation may purchase insurance on behalf of any such director, officer, employee or agent.

Section 102(b)(7) of the DGCL enables a corporation to provide in its certificate of incorporation for the elimination or limitation of the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Any such provision cannot eliminate or limit a director's liability: (1) for any breach of director's duty of loyalty to the corporation or its stockholders; (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (3) under Section 174 of the DGCL (which imposes liability on directors for unlawful payment of dividends or unlawful stock purchase or redemption); or (4) for any transaction from which the director derived an improper personal benefit.

Article Fourteenth of the Registrant's Certificate of Incorporation (the "Certificate of Incorporation") provides that, to the fullest extent permitted by the DGCL, a director of the Registrant shall not be liable to the Registrant or to any of its stockholders for monetary damages for breach of fiduciary duty as a director. Article Fourteenth of the Certificate of Incorporation also provides that a director or officer of the Registrant shall be indemnified by the Registrant against any liabilities incurred in his capacity as a director or officer, such indemnification to include payment by the Registrant of expenses incurred in defending a proceeding in advance of its final disposition, to the fullest extent permitted by the DGCL or as may be provided by written agreement with the Registrant. The Certificate of Incorporation also provides that such rights to indemnification shall not be exclusive of any other right which a director or officer may have under any statute, provision of the Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

The Registrant maintains indemnification agreements with its directors and with its chief executive officer. These agreements provide that the Registrant shall pay on behalf of such directors and such officer any amount which any such director or officer becomes legally obligated to pay because of any claim or claims made against him or her or because of any act or omission or neglect or breach of duty, including any actual or

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alleged error or misstatement or misleading statement, which such person commits or suffers while acting in his or her capacity as a director or officer of the Registrant, and solely because of his or her status as a director or officer of the Registrant. The payments which the Registrant is obligated to make under such indemnification agreements include damages, judgments, settlements, and certain costs and expenses (including attorneys fees and costs of attachment or similar bonds). Notwithstanding the preceding, among other limitations, the Registrant shall not be obligated to make any indemnification payments in contravention of applicable laws.

The Registrant provides directors' and officers' liability insurance coverage for its directors and officers.

The effect of the above-described provisions and agreements is to indemnify the directors and certain officers of the Registrant against all costs and expenses of liability incurred by them in connection with any action, suit or proceeding in which they are involved by reason of their affiliation with the Registrant, to the fullest extent permitted by law.

### **Item 16. Exhibits**

The following exhibits are filed with this Registration Statement:

<b>Exhibit Number</b>	<b>Exhibit Title</b>
*4.1	Certificate of Incorporation, as amended, of Graham Corporation.
4.2	Bylaws of Graham Corporation (filed as Exhibit 3(ii) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 and incorporated herein by reference).
4.3	Stockholder Rights Plan of Graham Corporation (filed as Exhibit 99.3 to the Registrant's Form 8-A filed on September 15, 2000 and incorporated herein by reference).
4.4	Amended and Restated Credit Facility Agreement between Graham Corporation and Bank of America, N.A. dated as of July 12, 2005, including form of Amended and Restated Revolving Line Note (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated July 12, 2005 and incorporated herein by reference).
*5.1	Form of Opinion of Harter, Secrest & Emery LLP.
10.1	1989 Stock Option and Appreciation Rights Plan of Graham Corporation (filed with the Registrant's Proxy Statement for its 1990 Annual Meeting of Stockholders and incorporated herein by reference).
10.2	1995 Graham Corporation Incentive Plan to Increase Stockholder Value (filed with the Registrant's Proxy Statement for its 1996 Annual Meeting of Stockholders and incorporated herein by reference).
10.3	2000 Graham Corporation Incentive Plan to Increase Stockholder Value (filed with the Registrant's Proxy Statement for its 2001 Annual Meeting of Stockholders and incorporated herein by reference).
10.4	Long-Term Stock Ownership Plan of Graham Corporation (filed with the Registrant's Proxy Statement for its 2000 Annual Meeting of Stockholders and incorporated herein by reference).
10.5	Graham Corporation Outside Directors' Long-Term Incentive Plan (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated March 3, 2005 and incorporated herein by reference).
10.6	Employment Contracts between Graham Corporation and Named Executive Officers (filed as Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and Exhibit 10.2 to Registrant's Current Report on Form 8-K dated November 29, 2004 and incorporated herein by reference).
10.7	Senior Executive Severance Agreements with Named Executive Officers (filed as Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and incorporated herein by reference).
10.8	Form of Director Indemnification Agreement (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2004 and incorporated herein by reference).
10.9	Indemnification Agreement dated January 19, 2005 between William C. Johnson and Graham Corporation (filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K dated January 19, 2005 and incorporated herein by reference).

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<u>Exhibit Number</u>	<u>Exhibit Title</u>
*13.1	2005 Annual Report to Stockholders (includes the Registrant's Annual Report on Form 10-K for its fiscal year ended March 31, 2005 filed on June 23, 2005, as amended by the Registrant's Annual Report on Form 10-K/A filed on September 22, 2005, each of which (excluding exhibits thereto) is incorporated herein by reference).
*13.2	Graham Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (filed by the Registrant on August 3, 2005 and (excluding exhibits thereto) incorporated herein by reference).
*23.1	Consent of Deloitte & Touche LLP.
*23.2	Form of consent of Harter, Secrest & Emery LLP (contained in Exhibit 5.1 above).
24	Power of Attorney (included on signature page hereof).

\* filed herewith

### **Item 17. Undertakings**

The undersigned Registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

2. That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. The undersigned Registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered, to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

5. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the foregoing provisions, or

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otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

6. The undersigned Registrant hereby undertakes that:

(a) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the registration statement as of the time it was declared effective.

(b) For the purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-2 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Batavia, State of New York, on September 28, 2005.

**GRAHAM CORPORATION**

By: \_\_\_\_\_ /s/ William C. Johnson  
William C. Johnson  
*President and Chief Executive Officer*

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints William C. Johnson and J. Ronald Hansen, jointly and severally, his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William C. Johnson</u> William C. Johnson	President, Chief Executive Officer and Director (Principal Executive Officer)	September 28, 2005
<u>/s/ J. Ronald Hansen</u> J. Ronald Hansen	Chief Financial Officer (Principal Financial and Accounting Officer)	September 28, 2005
<u>/s/ Jerald D. Bidlack</u> Jerald D. Bidlack	Director	September 28, 2005
<u>/s/ Helen H. Berkeley</u> Helen H. Berkeley	Director	September 28, 2005
<u>/s/ William C. Denninger</u> William C. Denninger	Director	September 28, 2005
<u>/s/ H. Russel Lemcke</u> H. Russel Lemcke	Director	September 28, 2005

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ James J. Malvaso</u> James J. Malvaso	Director	September 28, 2005
<u>/s/ Cornelius S. Van Rees</u> Cornelius S. Van Rees	Director	September 28, 2005



**Exhibit Index**

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10.2	1995 Graham Corporation Incentive Plan to Increase Stockholder Value (filed with the Registrant's Proxy Statement for its 1996 Annual Meeting of Stockholders and incorporated herein by reference).
10.3	2000 Graham Corporation Incentive Plan to Increase Stockholder Value (filed with the Registrant's Proxy Statement for its 2001 Annual Meeting of Stockholders and incorporated herein by reference).
10.4	Long-Term Stock Ownership Plan of Graham Corporation (filed with the Registrant's Proxy Statement for its 2000 Annual Meeting of Stockholders and incorporated herein by reference).
10.5	Graham Corporation Outside Directors' Long-Term Incentive Plan (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated March 3, 2005 and incorporated herein by reference).
10.6	Employment Contracts between Graham Corporation and Named Executive Officers (filed as Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and Exhibit 10.2 to Registrant's Current Report on Form 8-K dated November 29, 2004 and incorporated herein by reference).
10.7	Senior Executive Severance Agreements with Named Executive Officers (filed as Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and incorporated herein by reference).
10.8	Form of Director Indemnification Agreement (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2004 and incorporated herein by reference).
10.9	Indemnification Agreement dated January 19, 2005 between William C. Johnson and Graham Corporation (filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K dated January 19, 2005 and incorporated herein by reference).
*13.1	2005 Annual Report to Stockholders (includes the Registrant's Annual Report on Form 10-K for its fiscal year ended March 31, 2005 filed on June 23, 2005, as amended by the Registrant's Annual Report on Form 10-K/A filed on September 22, 2005, each of which (excluding exhibits thereto) is incorporated herein by reference).
*13.2	Graham Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (filed by the Registrant on August 3, 2005 and (excluding exhibits thereto) incorporated herein by reference).
*23.1	Consent of Deloitte & Touche LLP.
*23.2	Form of consent of Harter, Secrest & Emery LLP (contained in Exhibit 5.1 above).
24	Power of Attorney (included on signature page hereof).

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\* filed herewith

CERTIFICATE OF INCORPORATION

OF

GRAHAM CORPORATION

\* \* \* \* \*

FIRST: The name of the Corporation is GRAHAM CORPORATION.

SECOND: The address of its registered office in the State of Delaware is No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 2,500,000 shares, of which 500,000 shares shall be shares of Preferred Stock having a par value of \$1.00 each (hereinafter called Preferred stock) and 2,000,000 shares shall be shares of Common Stock having a par value of \$0.10 each (hereinafter called Common Stock).

Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock as

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Preferred Stock of one or more series and in connection with the creation of any such series to fix by the resolution or resolutions providing for the issue of shares thereof the designation, powers, preferences, and relative, participating, optional, or other special rights of such series, and the qualifications, limitations, or restrictions thereof. Such authority of the Board of Directors with respect to each such series shall include, but not be limited to, the determination of the following:

(a) the distinctive designation of, and the number of shares comprising, such series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) the dividend rate or amount of such series, the conditions and dates upon which such dividends shall be payable, the relation which such dividends shall bear to the dividends payable on any other class or classes or any other series of any class or classes of stock, and whether such dividends shall be cumulative, and if so, from which date or dates for such series;

(c) whether or not the shares of such series shall be subject to redemption by the Corporation and the times, prices, and other terms and conditions of such redemption;

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(d) whether or not the shares of such series shall be subject to the operation of a sinking fund or purchase fund to be applied to the purchase or redemption of such shares and if such a fund be established, the amount thereof and the terms and provisions relative to the application thereof;

(e) whether or not the shares of such series shall be convertible into or exchangeable for shares of any other class or classes, or of any other series of any class or classes of stock of the Corporation and if provision be made for conversion or exchange, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchange;

(f) whether or not the shares of such series shall have voting rights, in addition to the voting rights provided by law, and if they are to have such additional voting rights, the extent thereof;

(g) the rights of the shares of such series in the event of any liquidation, dissolution, or winding up of the Corporation or upon any distributions of its assets; and

(h) any other powers, preferences, and relative, participating, optional, or other special rights of the shares of such series, and

qualifications, limitations, or restrictions thereof, to the full extent now or

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hereafter permitted by law and not inconsistent with the provisions hereof.

All shares of any one series of preferred Stock shall be identical in all respects except as to the dates from which dividends thereon shall be cumulative. All series of the Preferred Stock shall rank equally and be identical in all respects except as otherwise provided in the resolution or resolutions providing for the issue of any series of Preferred Stock.

Whenever dividends upon the Preferred Stock at the time outstanding, to the extent of the preference to which such stock is entitled, shall have been paid in full or declared and set apart for payment for all past dividend periods, and after the provisions for any sinking or purchase fund or funds for any series of Preferred Stock shall have been complied with, the Board of Directors may declare and pay dividends on the Common Stock, payable in cash, stock, or otherwise, and the holders of shares of Preferred Stock shall not be entitled to share therein, subject to the provisions of the resolution or resolutions creating any series of Preferred stock.

In the event of any liquidation, dissolution, or winding up of the Corporation or upon the distribution of the assets of the Corporation, all assets and funds of the Corporation remaining, after the payment to the holders of the Preferred Stock of the full preferential amounts to which they shall be entitled as provided in the resolution or resolutions creating any series thereof, shall be divided and distributed among the

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holders of the Common Stock ratably, except as may otherwise be provided in any such resolution or resolutions. Neither the merger or consolidation of the Corporation with another corporation nor the sale or lease of all or substantially all the assets of the Corporation shall be deemed to be a liquidation, dissolution, or winding up of the Corporation or a distribution of its assets.

Except as otherwise required by law or provided by a resolution or resolutions of the Board of Directors creating any series of Preferred Stock, the holders of Common Stock shall have the exclusive power to vote and shall have one vote in respect of each share of such stock held and the holders of Preferred Stock shall have no voting power whatsoever. Except as otherwise provided in such a resolution or resolutions, the authorized shares of any class or classes may be increased or decreased by the affirmative vote of the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote.

FIFTH: The name and mailing address of each incorporator is as follows:

<TABLE>	
<CAPTION>	
NAME	MAILING ADDRESS
----	-----
<S>	<C>
Cornelius S. Van Rees	40 Wall Street, New York, NY 10005
Edward A. Bacon, Jr.	40 Wall Street, New York, NY 10005

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SIXTH: Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

SEVENTH: The books of the corporations may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation.

EIGHTH: Any or all of the Directors may be removed at any time, but only for cause, by the Shareholders at any meeting of Shareholders, called for the purpose, by the affirmative vote of 75% of the shares of the Corporation entitled to vote and, if a corporation, person or other entity owns more than 50% of the shares of the Corporation entitled to vote, by the affirmative vote of the holders of a majority of the shares of the Corporation entitled to vote and not owned by the majority shareholder.

NINTH: The percentage of the votes cast at any meeting of shareholders that shall be necessary for the transaction of any business shall be as required by law and by the following provisions, and any purported shareholder action not in compliance herewith and any purported transaction not in compliance herewith, shall be void.

(a) Except as set forth in paragraph (b) of this Article NINTH:

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- (i) any merger or consolidation of the Corporation with or into any other corporation;
- (ii) any sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation to or with any other corporation, person or other entity; or
- (iii) the issuance or disposition by the Corporation of any of its securities to any other corporation, person or other entity in exchange for cash, securities or other assets, or a combination thereof

shall require the affirmative vote of the holders of

- (iv) 75% of the shares of the Corporation entitled to vote, and
- (v) a majority of the shares of the Corporation entitled to vote which are not owned by such other corporation, person or entity,

if, as of the record date for the determination of shareholders entitled to notice thereof and to vote thereon, such other corporation, person or entity which is a party to such transaction is the owner of 5% or more of the shares of the Corporation entitled to vote. Such affirmative vote shall be required notwithstanding the fact that no vote may be required or that some lesser percentage may be specified by law or in any agreement with any national securities exchange.

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(b) The provisions of paragraph (a) of this Article NINTH shall not apply to any transaction in which the Corporation and one or more subsidiaries of the Corporation are the only parties, nor to any other transaction described in clauses (i), (ii) or (iii) of paragraph (a) of this Article if

- (i) the Board of Directors of the Corporation shall have approved the transaction between the Corporation and the other corporation, person or entity with whom the transaction is proposed prior to the time such other corporation, person or entity shall have become the owner of 5% of the shares of the Corporation entitled to vote; or
- (ii) the transaction is approved prior to its consummation by the affirmative vote of two-thirds of the Directors who are not involved with or representing the corporation, person or entity with whom the transaction is proposed.

TENTH: The By-laws of the Corporation may not be amended except (a) by the Board of Directors, (b) by the Shareholders voting upon a proposal recommended by the affirmative vote of 75% of the entire Board of Directors, or (c) by the affirmative vote of (i) the holders of 75% of the shares of the

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Corporation entitled to vote and (ii) if any corporation, person, or other entity owns more than 50% of the shares of the Corporation entitled to vote, the holders of a majority of the shares of the Corporation entitled to vote and not owned by the majority shareholder.

ELEVENTH: Unless recommended to the Shareholders by the affirmative vote of 75% of the entire Board of Directors, the affirmative vote of the holders of 75% of the shares of the Corporation entitled to vote shall be required for any amendment of this Certificate of Incorporation by the Shareholders, and, if a corporation, person or other entity owns more than 50% of the shares of the Corporation entitled to vote, such amendment shall also require the affirmative vote of the holders of a majority of the shares of the Corporation entitled to vote and not owned by the majority shareholder.

TWELFTH:

(a) The Board of Directors of the Corporation shall have the power and duty to determine, on the basis of information then known to it, (i) whether any corporation, person or other entity owns 5% or more of the shares of the Corporation entitled to vote, or is an "affiliate" or an "associate" (as defined below) of another, (ii) whether any proposed sale, lease, exchange, or other disposition of part of the assets of the Corporation involves substantially all of the assets of the Corporation, and (iii) whether any approval by Shareholders or Directors of the Corporation, purporting to comply with the requirements of

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this Certificate of Incorporation, the By-Laws of the Corporation, or applicable law, is substantially consistent with the transaction to which it relates. Any such determination by the Board of Directors shall be conclusive and binding for all purposes of this Certificate of Incorporation.

(b) For purposes of determining ownership of the Corporation's shares under Articles EIGHTH through TWELFTH of this Certificate of Incorporation,

- (i) a corporation, person or other entity shall be deemed to be the owner of any shares of the Corporation registered in its name on the books of the Corporation and of any shares of the Corporation (1) which it has the right to acquire pursuant to any agreements, or upon exercise of conversion rights, warrants or options or otherwise, or (2) which are beneficially owned, directly, or indirectly (including shares deemed owned through application of clause (1) above), by any other corporation, person or other entity (x) with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of shares of the Corporation or (y) which is its "affiliate" or "associate" as those terms

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were defined in rule 12b-2 of the General Rules and Regulations of the Securities Exchange Act of 1934 as in effect on March 25, 1976,

- (ii) "shares of the Corporation entitled to vote" shall mean such shares as are entitled to vote generally in the election of Directors, considered as one class, and
- (iii) the shares of the Corporation entitled to vote shall include any shares deemed owned through the application of clauses (1) and (2) of paragraph (i) above but shall not include any other shares that may be issuable by the Corporation pursuant to any agreement, or upon the exercise of conversion rights, warrants, options, or otherwise.

THIRTEENTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under

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the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

WE, THE UNDERSIGNED, being each of the incorporators hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, hereby declaring and certifying that

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this is our act and deed and the facts herein stated are true, and accordingly have hereunto set our hands this 4th day of March, 1983.

INCORPORATOR:

/s/ Cornelius S. Van Rees

-----  
(Signature)

Cornelius S. Van Rees  
40 Wall Street  
New York, New York 10005

INCORPORATOR:

/s/ Edward A. Bacon, Jr.

-----  
(Signature)

Edward A. Bacon, Jr.  
40 Wall Street  
New York, New York 10005

CERTIFICATE OF AMENDMENT

OF

RESTATED CERTIFICATE OF INCORPORATION

Graham Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That a meeting of the Board of Directors of Graham Corporation held on March 14, 1986, resolutions were duly adopted setting forth a proposed amendment to the Restated Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Restated Certificate of Incorporation of this corporation be amended by changing Article 4, paragraph 1 thereof so that, as amended said Article shall be and read as follows:

"The total number of shares of all classes of stock which the corporation shall have authority to issue is 3,500,000 shares, of which 500,000 shares shall be shares of Preferred Stock having a par value of \$1.00 each (hereinafter called Preferred Stock) and 3,000,000 shares shall be shares of Common Stock having a par value of \$0.10 each (hereinafter called Common Stock)."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of said corporation was duly called and held on May 27, 1986, upon notice in accordance with Section 222 of the General Corporation Law of

the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Graham Corporation has caused this certificate to be signed by Frederick D. Berkeley its Chairman of the Board of Directors, and attested by Cornelius S. Van Rees, its Secretary, this 1st day of July, 1986.

By: /s/ Frederick D. Berkeley

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Chairman of the Board of Directors

ATTEST:

By: /s/ Cornelius S. Van Rees

-----  
Secretary

CERTIFICATE OF AMENDMENT  
OF  
RESTATED CERTIFICATE OF INCORPORATION

Graham Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That a meeting of the Board of Directors of Graham Corporation held on February 26, 1987, resolutions were duly adopted setting forth a proposed amendment to the Restated Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Restated Certificate of Incorporation of this corporation be amended by adding an Article Fourteen, said Article to be as follows:

"FOURTEENTH

Section 1. To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, a director of this corporation shall not be liable to the corporation or to any of its stockholders for monetary damages for breach of fiduciary duty as a director.

Any repeal or modification of the foregoing paragraph by the stockholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

Section 2. A director or officer of this corporation shall be indemnified by the corporation against any liabilities incurred in his capacity as a director or officer, such indemnification to include payment by the corporation of expenses incurred in defending a proceeding in advance of its final disposition, to the fullest extent permitted by the Delaware General Corporation Law or as may be provided by written agreement with the corporation.

The right to indemnification conferred in this Section, including the payment of expenses incurred in defending a proceeding in advance of its final disposition, shall not be exclusive of any other right which a director or officer may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of said corporation was duly called and held on June 29, 1987, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

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IN WITNESS WHEREOF, said Graham Corporation has caused this certificate to be signed by Frederick D. Berkeley, its Chairman of the Board of Directors, and attested by Cornelius S. Van Rees, its Secretary, this 20th day of July, 1987.

GRAHAM CORPORATION

By /s/ Frederick D. Berkeley

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Frederick D. Berkeley  
Chairman of the Board of Directors

ATTEST:

By: /s/ Cornelius S. Van Rees

-----  
Cornelius S. Van Rees  
Secretary

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CERTIFICATE FOR RENEWAL AND REVIVAL

OF

CERTIFICATE OF INCORPORATION

OF

GRAHAM CORPORATION

\* \* \* \* \*

GRAHAM CORPORATION, a corporation organized under the laws of Delaware, the Certificate of Incorporation of which was filed in the office of the Secretary of State on the 7th day of March, 1983, the Certificate of Incorporation of which was voided for non-payment of taxes, now desires to procure a restoration, renewal and revival of its Certificate of Incorporation, and hereby certifies as follows:

1. The name of this corporation is GRAHAM CORPORATION

2. Its registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle and the name of its registered agent at such address is The Corporation Trust Company.

3. The date when the restoration, renewal, and revival of the Certificate of Incorporation of this company is to commence is the 29th day of February, 1988, same being prior to

the date of the expiration of the Certificate of Incorporation. This renewal and revival of the Certificate of Incorporation of this corporation is to be perpetual.

4. This corporation was duly organized under the Laws of the State of Delaware and carried on the business authorized by its Certificate of Incorporation until the 1st day of March, 1988, at which time its Certificate of Incorporation became inoperative and void for non-payment of taxes and this Certificate for Renewal and Revival is filed by authority of the duly elected directors of the corporation in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, said GRAHAM CORPORATION, in compliance with Section 312 of Title 8 of the Delaware Code, has caused this Certificate to be signed by Alvin L. Snyder, its last and acting Vice President, and attested by Cornelius S. Van Rees, its last and acting Secretary, this thirtieth day of August, 1988.

GRAHAM CORPORATION

By /s/ Alvin L. Snyder

-----  
Its Last and Acting  
Vice President

ATTEST:

By: /s/ Cornelius S. Van Rees

-----  
Its Last and Acting  
Secretary

CERTIFICATE OF AMENDMENT

OF RESTATED CERTIFICATE OF INCORPORATION OF

GRAHAM CORPORATION

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Graham Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That a meeting of the Board of Directors of Graham Corporation held on February 23, 1990, resolutions were duly adopted setting forth a proposed amendment to the Restated Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Restated Certificate of Incorporation of this corporation be amended by changing Article 4, paragraph 1 thereof so that, as amended said Article shall be and read as follows:

"The total number of shares of all classes of stock which the corporation shall have authority to issue is 6,500,000 shares, of which 500,000 shares shall be shares of Preferred Stock having a par value of \$1.00 each (hereafter called Preferred Stock) and 6,000,000 shares shall be shares of Common Stock having a par value of \$0.10 each (hereinafter called Common Stock)."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of said corporation was duly called and held on May 17, 1990 upon

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notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Graham Corporation has caused this certificate to be signed by Frederick D. Berkeley, its Chairman of the Board of Directors, and attested by Cornelius S. Van Rees, its Secretary, this 17th day of May, 1990.

GRAHAM CORPORATION

By /s/ Frederick D. Berkeley

-----  
Frederick D. Berkeley  
Chairman of the Board of Directors

ATTEST:

By: /s/ Cornelius S. Van Rees

-----  
Secretary

CERTIFICATE OF MERGER

OF

GRAHAM MANUFACTURING CO., INC.

INTO

GRAHAM CORPORATION

The undersigned corporation DOES HEREBY CERTIFY:

FIRST: That the name and state of incorporation of each of the constituent corporations of the merger is as follows:

<TABLE> <CAPTION> NAME	STATE OF INCORPORATION
- - - - -	-----
<S> GRAHAM MANUFACTURING CO., INC.	<C> New York
GRAHAM CORPORATION	Delaware

</TABLE>

SECOND: That an Agreement of Merger between the parties to the merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of section 252 of the General Corporation Law of Delaware.

THIRD: That the name of the surviving corporation of the merger is GRAHAM CORPORATION, a Delaware corporation.

FOURTH: That the Certification of Incorporation of GRAHAM CORPORATION, a Delaware corporation which is surviving the merger, shall be the Certificate of Incorporation of the surviving corporation.

FIFTH: That the executed Agreement of Merger is on file at an office of the surviving corporation, the address of which is 20 Florence Avenue, Batavia, New York 14020.

SIXTH: That a copy of the Agreement of Merger will be furnished by the surviving corporation, on request and without cost, to any stockholder of any constituent corporation.

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SEVENTH: The authorized capital stock of each foreign corporation which is a party to the merger is as follows:

<TABLE>  
<CAPTION>

CORPORATION	CLASS	NUMBER OF SHARES	PAR VALUE PER SHARE OR STATEMENT THAT SHARES ARE WITHOUT PAR VALUE
<S> Graham Manufacturing Co., Inc.	<C> Common	<C> 1,000	<C> \$0.10

EIGHTH: That this Certificate of Merger shall be effective on January 1, 1999.

Dated: December 22, 1998

GRAHAM CORPORATION

By /s/ A. Cadena

-----  
A. Cadena  
President & Chief Executive Officer

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF SERIES A JUNIOR PARTICIPATING PREFERRED STOCK OF GRAHAM CORPORATION

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

We, Alvaro Cadena, and Cornelius S. Van Rees, being the President and Chief Executive Officer and the Secretary, respectively, of GRAHAM CORPORATION, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "CORPORATION"), in accordance with the provisions of Sections 103 and 151 thereof, DO HEREBY CERTIFY:

That, pursuant to the authority conferred upon the board of directors of the Corporation (the "BOARD") by the Certificate of Incorporation of the Corporation, the Board at a meeting duly called and held on July 27, 2000, at which a quorum was present and acting throughout, duly adopted the following resolution creating a series of sixty thousand (60,000) shares of Preferred Stock, par value ONE DOLLAR (\$1.00) per share, designated "Series A Junior Participating Preferred Stock":

RESOLVED, that, pursuant to the authority vested in the Board in accordance with the provisions of its Certificate of Incorporation, a series of preferred stock of the Corporation to be designated "Series A Junior Participating Preferred Stock," par value ONE DOLLAR (\$1.00) per share (the "PREFERRED STOCK"), be, and it hereby is, created, the designations and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations and restrictions thereof, to be as follows:

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

SECTION 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock," par value ONE

DOLLAR (\$1.00) per share, and the number of shares constituting such series shall be sixty thousand (60,000). Such number of shares may be increased or decreased by resolution of the Board; provided, that no decrease shall reduce the number of shares of Series A Junior Participating Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Junior Participating Preferred Stock.

## SECTION 2. Dividends and Distributions.

(a) Subject to the rights of the holders of any shares of any series of preferred stock (or any similar stock) ranking prior and superior to the Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock, in preference to the holders of Common Stock, par value TEN CENTS (\$0.10) per share (the "COMMON Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year

(each such date being referred to herein as a "QUARTERLY DIVIDEND PAYMENT DATE"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) ONE DOLLAR (\$1.00) or (b) subject to the provision for adjustment hereinafter set forth, one hundred (100) times the aggregate per share amount of all cash dividends, and one hundred (100) times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (a) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided, that in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of ONE DOLLAR (\$1.00) per share on the Series A Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than sixty (60) days prior to the date fixed for the payment thereof.

SECTION 3. Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to one hundred (100) votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in any other resolution creating a series of preferred stock or any similar stock, in any amendment to the Certificate of Incorporation of the Corporation or bylaw, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) Except as set forth herein, or as otherwise provided by law, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

#### SECTION 4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

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(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board) to all holders of such shares upon such terms as the Board, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 5. Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of

preferred stock subject to the conditions and restrictions on issuance set forth herein, in a resolution of the Board, in the Certificate of Incorporation of the Corporation, or in any other Certificate of Amendment creating a series of preferred stock or any similar stock or as otherwise required by law.

SECTION 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (a) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received the greater of (i) ONE HUNDRED DOLLARS (\$100.00) per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to one hundred (100) times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (b) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except distributions made ratably on the Series A Junior Participating Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number

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of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under the proviso in clause (a) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 7. Consolidation, Merger, Etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to one hundred (100) times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 8. No Redemption. The shares of Series A Junior Participating Preferred Stock shall not be redeemable, except as otherwise provided herein.

SECTION 9. Rank. The Series A Junior Participating Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all other series of the Corporation's preferred stock.

SECTION 10. Amendment. At any time that any shares of Series A Preferred Stock are outstanding, the Certificate of Incorporation of the Corporation shall not be amended in any manner, nor shall the Board take any action, which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least three-fourths (3/4) of the outstanding shares of Series A Junior Participating Preferred Stock, voting together as a single class.

SECTION 11. Fractional Shares. Series A Junior Participating Preferred Stock may be issued in fractions of a share, which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

IN WITNESS WHEREOF, Graham Corporation has caused this certificate to be executed by its President and Chief Executive Officer and by its Secretary this 29th day of August, 2000.

GRAHAM CORPORATION

By: /s/ Alvaro Cadena

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Name: Alvaro Cadena  
Title: President and Chief Executive Officer

By: /s/ Cornelius S. Van Rees

-----  
Name: Cornelius S. Van Rees  
Title: Secretary

Form of Opinion of Harter, Secrest & Emery LLP

[Letterhead of Harter, Secrest & Emery LLP]

September \_\_\_\_, 2005

Graham Corporation  
20 Florence Avenue  
Batavia, New York 14020

Ladies and Gentlemen:

We have acted as counsel to Graham Corporation, a Delaware corporation (the "Company"), in connection with the Company's Registration Statement on Form S-2 under the Securities Act of 1933, as amended, (Registration No. 333-\_\_\_\_) (such Registration Statement, as it may be amended from time to time, is referred to herein as the "Registration Statement") with respect to the registration of 99,123 shares of the Company's Common Stock, par value \$0.10 per share (the "Securities"), to be adjusted to 198,246 shares following the completion by the Company of a two-for-one stock split in the nature of a dividend with a record date of September 1, 2005 and a payment date of on or about October 3, 2005.

We have examined such corporate records, other documents and questions of law as we have considered necessary or appropriate for the purpose of this opinion.

In our examination of the corporate records and other documents, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents. Our opinions set forth below are limited to the General Corporation Law of the State of Delaware.

Based on the foregoing, we advise you that, in our opinion, after the Securities and Exchange Commission has declared the Registration Statement to be effective and when the applicable provisions of the "Blue Sky" or other state securities laws shall have been complied with, the Securities, when sold, will be legally issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and the reference to this firm under the caption "Legal Matters" in the Prospectus contained therein. This consent is not to be construed as an admission that we are a party whose consent is required to be filed with the Registration Statement under the provisions of the Securities Act of 1933, as amended, or the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder.

Very truly yours,





	continuing operations	restated*	restated*					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<b>Operating Results</b>								
Revenue .....	\$41,333	\$37,508	\$44,511	\$47,396	\$44,433	\$38,728	\$52,978	\$56,206
\$14,257 \$51,487								
Gross profit .....	7,540	5,890	7,297	10,077	9,796	9,964	14,872	18,083
4,080 15,463								
Selling, general and administrative .....	7,691	7,805	8,178	10,439	9,494	8,943	11,843	12,367
3,071 11,122								
Income (loss) from continuing operations .....	296	(832)	148	2,305	195	(833)	2,369	3,766
621 3,102								
Diluted earnings (loss) per share from continuing operations .....	\$ 0.17	\$ (0.51)	\$ 0.09	\$ 1.38	\$ 0.12	\$ (0.55)	\$ 1.46	\$ 2.21
\$ 0.38 \$ 1.93								
Weighted average shares outstanding - diluted .....	1,717	1,647	1,672	1,671	1,613	1,523	1,619	1,700
1,623 1,611								
<b>Year-End Financial Position</b>								
Total assets .....	\$33,529	\$35,740	\$38,323	\$43,704	\$36,608	\$34,596	\$34,136	\$37,030
\$31,224 \$30,494								
Long-term debt .....	44	93	127	150	682	1,948	505	859
2,764 1,442								
Shareholders' equity .....	16,578	18,102	18,836	19,636	17,137	17,092	16,712	17,775
12,538 11,915								
Book value per share .....	\$ 9.76	\$ 10.92	\$ 11.43	\$ 11.92	\$ 10.52	\$ 11.36	\$ 10.99	\$ 10.54
\$ 7.90 \$ 7.52								
<b>Other Year-End Data</b>								
Working capital .....	\$11,204	\$11,652	\$12,822	\$13,812	\$11,162	\$12,397	\$11,989	\$12,459
\$10,300 \$ 8,239								
Depreciation .....	768	793	797	955	926	998	983	905
249 892								
Capital expenditures .....	224	249	799	688	1,124	711	1,189	1,400
237 1,291								
Backlog as of March 31 .....	\$22,376	\$13,482	\$16,843	\$26,815	\$27,326	\$24,302	\$15,438	\$28,199
\$22,348 \$25,578								

- \* Restated to reflect discontinued operations and the change in accounting for revenue recognition.
- \*\* Data for 1997 is for the three-month transition period ending March 31, 1997. Financial data for 1996 is for respective 12 months ending December 31.

(Line graphs)

	Revenue \$ in millions	Backlog \$ in millions	Income (loss) from Continuing Operations \$ in thousands
<S>	<C>	<C>	<C>
2005	41,333	22,376	296
2004	37,508	13,482	(832)
2003	44,511	16,843	148
2002	47,396	26,815	2,305
2001	44,433	27,326	195
2000	38,728	24,302	(833)

#### LETTER TO THE SHAREHOLDERS

"The strength of Graham's brand, our skilled team, and the measures we are taking to improve our business gives us confidence in our outlook."

Dear Fellow Shareholders,

Fiscal 2005 was a year of change and progress for Graham Corporation. In the short few months that I have been here, I have had the opportunity to personally validate what you likely already know:

- Our brand carries significant weight with our customers around the

world.

- Our engineering know-how and solutions-oriented problem solving is well respected in the engineering community.
- We have a strong position in the global oil refining, electrical power generating and chemical processing markets.
- Our manufacturing expertise is relied on heavily by our customers for the consistency and reliability we provide with our products.
- We have an excellent, talented team at Graham.

These qualities provide a solid foundation from which we can face a more challenging, yet opportunity-filled future.

In fiscal 2005, sales increased 10% to \$41.3 million. The year was a tale of two halves. In the first half of the year, our primary markets were sluggish, and we were still feeling the effects of higher raw material prices, such as steel, in fixed price contracts that were being built. In the latter half of the year, we tightened the controls necessary to mitigate the material cost escalations, and we began to see new orders for vacuum systems and condensers pick up as a growing demand in our key markets had translated into some sizable orders. Based on the current level of inquiry, we anticipate this trend continuing through 2006 and into 2007.

Income from continuing operations was \$296 thousand, or \$0.17 per diluted share. This was a marked improvement from a loss of \$832 thousand, or \$(0.51) per diluted share, in fiscal 2004. The improvement reflected the leverage we gained from higher sales, increased selling prices and improved product mix. We expect margins will improve as sales improve. However, I believe we have the opportunity to strengthen our ability to contribute to the bottom line by improving operational efficiencies and implementing automation through information technology throughout our operations.

#### CONVERGING REVENUE DRIVERS

Our markets have significantly improved over the last year as a result of several factors:

- Global growth, especially in Asia, has raised the demand for oil and oil products driving the need for more oil refineries.
- Higher oil prices have made heavier crude oil with higher sulfur content more attractive as a raw material, driving the need for more sophisticated vacuum processes to reduce the sulfur content.
- More demanding requirements for vehicle emissions that are effective in 2006 and 2007 are adding to the need for improvements to the sulfur reducing process in oil refineries.
- Continued global growth increases the need for electricity, therefore driving power

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generation development.

- The demand for plastics and related products is driving capacity expansions for ethylene plants in both Asia and the Middle East.

Our products are used by these industries for these processes. For the near term, we are in an enviable position of being a market leader among end-users such as ExxonMobil, Chevron and Shell, as well as with engineering procurement contractors such as Bechtel Corporation, KBR and original equipment manufacturers such as Elliott Ebara Turbomachinery Corporation. We cannot be content, however, and must remain competitive while continuing to provide the sophisticated engineering support, quality product and reliable service our customers expect.

(Line graph)

#### CAPITAL EXPENDITURES (\$ in thousands)

Year	Expenditure
2000	\$ 711
2001	\$1124
2002	\$ 688

2003	\$ 799
2004	\$ 249
2005	\$ 224
2006E	\$2000

(Pie chart)

2005 TOTAL CAPITALIZATION

<TABLE>	
<S>	
Total current liability	32.5%
Total long-term debt	0.1%
Accrued compensation, pension and other	18.0%
Total Shareholder Equity	49.4%
</TABLE>	

TRANSFORMATION FOR LONG-TERM MARKET ADVANTAGE

**Lean manufacturing:** We have the opportunity to strengthen our margins by improving operational efficiencies, supply chain management and inventory reduction. By implementing lean manufacturing, we believe we can shorten cycle times, have customer demand pull product through our facility and have suppliers provide inventory on demand. We expect these efforts will help us to realize higher margins during strong business cycles and reduce the severity of the impact of down cycles.

**Automated design and quote processes:** We believe having the ability to quickly engineer, manufacture, and communicate highly-customized solutions is a value proposition which is a key attribute for growing market share. Our customers are demanding drawings at the time of order, or within weeks of order placement. This requires a design system capable of capturing data during the quoting phase and delivering a near complete solution at time of quote that is closely coupled to our manufacturing processes. We plan to reduce the time to generate designs and better capture, retain and re-employ the wealth of customized equipment designs we create.

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**Information management:** With our new technologies, we expect to be able to create a streamlined flow of order data from initial bid to the shop floor. As a result, we should improve the sales of our products by offering faster response to customer inquiries with engineering details, specific cost information and itemized delivery information. We believe that applying computer programming technology from initial bid through to the shop floor will enable us to better capture the real costs of our business.

**Reorganized business structure:** In order to focus our business and drive efficiencies, we have reorganized the company into five business groups - Condensers, Ejectors, Pumps, Spare Parts, Heat Exchangers. The reorganization included an evaluation of each of the business units, and as a result, our UK pump manufacturing operation was discontinued. We have re-engineered our business model for pumps and have been successful in lowering our total cost to better serve our customers and position Graham for future growth in this key business segment. By re-engineering our business model, we believe our capture ratio for vacuum systems and pumps will increase due to our better overall cost position.

**Expanding marketing and sales presence:** We have taken steps to increase our presence in Asia and the Middle East by adding full-time sales coverage in both regions in order to capitalize on the enormous potential we believe is available in these regions. Our goal is to work with local sales representatives and fabricators to optimize the ability of Graham to serve the local customer base and export to more markets. We are also evaluating our approach to South America, recognizing that growing economies will demand energy and power.

CONFIDENT OUTLOOK

The strength of Graham's brand, our skilled team, and the measures we are taking to strengthen our future gives us confidence in our outlook. Generally, a solid industrial cycle, such as the one we are currently in, could last three to five years. We believe there is potential for this one to last longer because of the driving force of the growing Asian economy. The cycle itself, however, could have major fluctuations within it. Our objective is to maximize this cycle and position the Company for such fluctuations or a downturn.

The employees of Graham consider the Graham brand a promise to our customers and shareholders. That promise is excellence in everything we do and a commitment to maintaining high standards in business ethics and business integrity. We are focused on transforming Graham into a stronger, growing business.

Sincerely,

/s/ William C. Johnson

-----  
William C. Johnson  
President and CEO  
June 28, 2005

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"We believe having the ability to quickly engineer, manufacture and communicate highly customized solutions is a value proposition which is key for growing market share."

#### A CONVERSATION WITH MANAGEMENT

By transforming processes, we can improve our operational effectiveness and reduce our cost structure while solidly positioning Graham to remain successful in an ever-changing, competitive market.

Jim Lines, Vice President and General Manager

#### EXPANDING OUR GLOBAL PRESENCE

Our geographic sales growth strategy is designed to address expanding opportunities in our export markets. We are the beneficiaries of the current surge in planned capital spending by refining, petrochemical and power companies in both our domestic and export markets. Historically, our success has been built on the oil refining, petrochemical and power generation markets, which represent approximately 60-70% of our sales. These industries are seeing significant activity, particularly in Asia, the Middle East, Western Canada and the Latin America region. Graham has a rich history of proven installations in these regions. We believe we have a competitive advantage with these industries because of our 'engineering answers' sales strategy.

Although China is not a new market for us, we are expanding our presence there. We have established a sales office in China and are aggressively pursuing the development of a strong sales representative network throughout the region. Our objective is to establish effective and broad-reaching sales channels, develop relationships with key decision-makers and local fabricators, and win a greater share of the business. In Europe, we appointed a sales management team to reconnect with engineering, procurement and construction contractors and process licensors following a recent decision to discontinue our UK pump business. European contractors, process licensors and turbomachinery equipment manufacturers are active in the Asian, Middle East and Latin American planned expansions. Maintaining our presence and developing a network of sales representatives will help extend Graham's reach into these regions.

We are also evaluating other regions including South America, South Africa and Canada. In South America, we have the potential to establish an office and improve our sales representative network, similar to our approach in China and Europe.

Our ultimate goal is to grow the business beyond our current customer base in order to maximize sales during the up cycles and have a broader, global sales presence to minimize the down cycles, which capital equipment businesses are subject to endure.

Steve Northrup, Vice President and Chief Technology Officer

#### TRANSFORMING PROCESSES THROUGH INFORMATION SYSTEMS

The seed for the development of Graham's strong brand name in the markets it serves is its top-notch engineering expertise, which through the years, consistently developed and delivered complex system solutions to meet each customer's unique requirements.

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Our job-specific approach to the design and development of engineered solutions in an engineer-to-order environment has evolved in sophistication as our engineering skills have advanced over more than 70 years. However, we have not historically employed computer systems that fully capture, leverage and improve our intellectual property and expertise. That is why we have embarked on an ambitious program to automate the bid proposal and job design processes to fully engage a lean manufacturing philosophy.

To automate the sales and design processes, we are scrutinizing every internal process by completing detailed workflow analysis and process mappings. We are looking at every aspect of the sales and engineering processes, from initial

customer contact and proposal preparation to job drawings and production design. The detailed information captured for each job will feed into our manufacturing processes. With this automation, we can optimize our inventory control program and improve our production planning and scheduling system.

We expect the impact to the customer experience to be great. We can increase our value for our customers by reducing cycle times, leveraging our expertise and providing superior project management through increased consistency and accuracy for each job.

This investment in our information management systems should measurably improve our operational effectiveness and reduce our cost structure while solidly positioning Graham to remain successful in an ever-changing, competitive market.

Ron Hansen, Vice President of Finance and Administration and Chief Financial Officer

#### ACCOUNTABILITY AND ENHANCED UNDERSTANDING

As Graham is undergoing significant transformation in its processes through automation, we are defining the characteristics we must have for us to grow and succeed well beyond this current strong cycle. The upgrade of our systems and increased use of automation in our processes from bid through delivery is designed to give us an improved ability to define the metrics that will keep us on track with our vision for growth. Going forward, we recognize that we cannot be dependent only on the industrial cycle to achieve profitability.

Transformation includes accountability. Internally, we are defining specific metrics to monitor and objectives to achieve that are associated with leaning our manufacturing process and improving cash management. These include the level of inventory turn, which has room for improvement, and shortened cycle time from purchase order to delivery. The automation efforts should help to strengthen our material procurement functions by better defining material needs at the time of submitting a proposal.

We fully recognize the need to be accountable to our shareholders. The markets in which we operate tend to be highly cyclical, leaving us vulnerable on the top line. Increasing our emphasis on spares and broadening our sales network is intended to help to mitigate this problem. Where we can provide greater understanding for our investors is in our earnings power and its sustainability. Our goal in 2006, as we implement our new systems and transform our business, is to expand our disclosure in order to improve transparency for the investment community.

#### ENGINEERING ANSWERS

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BUSINESS UNIT	PRODUCT DESCRIPTION	APPLICATION
Condensers	Surface and direct contact condensers which handle steam from a turbine that drives a compressor or pump. Also manages steam from a turbine-generator for power generation.	<ul style="list-style-type: none"> <li>- Oil refineries</li> <li>- Petrochemical processing</li> <li>- Power plants</li> <li>- Cogeneration power plants</li> <li>- Geothermal power plants</li> </ul>
Ejectors	Ejectors are placed in single or multiple stages with process condensers to create vacuum in order to change pressure in a process.	<ul style="list-style-type: none"> <li>- Oil refineries</li> <li>- Petrochemical processing</li> <li>- Fertilizer production plants</li> <li>- Steel mills</li> <li>- Edible oil production plants</li> </ul>
Pumps	Mechanical vacuum pumps can be independent or part of an ejector system to create vacuum for a process.	<ul style="list-style-type: none"> <li>- Pharmaceutical production plants</li> <li>- Seawater deaeration</li> <li>- Food production plants</li> <li>- Petrochemical processing</li> <li>- Power generation plants</li> <li>- Ground water remediation</li> </ul>
Heat Exchangers: Heliflow(R), Plate Exchangers, MicroMix	Used to heat, cool, condense or boil fluids	<ul style="list-style-type: none"> <li>- Clean steam generators</li> <li>- Compressors</li> <li>- Seal cooling device</li> <li>- Vent condensers</li> <li>- Natural gas heaters</li> <li>- Boiler blowdown</li> <li>- Process sample coolers</li> <li>- Supercritical water oxidation</li> <li>- Cryogenic vaporization</li> <li>- Waste heat recovery</li> <li>- Water heaters</li> </ul>

- Cooling tower isolation
- Heat pumps
- Thermal storage systems

After-Market: Consultative problem solving and replacement All heat transfer and vacuum and  
 Spare Parts part supplier. products systems.  
 </TABLE>

EXPANDING MARKET CHANNELS

<TABLE>  
 <CAPTION>  
 GEOGRAPHIC MARKETS MARKET STRATEGY  
 -----  
 <S> <C>  
 North America - Provide consultative engineering  
 - Maximize broad distribution and representative network  
 - Pursue new opportunities in these mature markets, such  
 as: refinery revamps due to EPA ultra low sulfur  
 regulations; refinery revamps  
 </TABLE>

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<TABLE>  
 <S> <C>  
 due to low quality high sour crude; and large  
 after-market opportunities that few competitors serve  
 well  
 - Develop acquisition opportunities  
 Europe and the - Expand sales operations in Europe and the Middle East  
 Middle East - Provide on-site, in-country consultative engineering  
 service for Engineer Procurement Contractors who  
 represent customers and projects located throughout  
 the world  
 Asia - Expand Graham presence in Asia  
 - Build equipment representation network in rapidly  
 developing regions  
 - Target new customers who are designing and building  
 oil refineries and power generation facilities  
 South America - Evaluate representative network potential  
 - Identify new customer potential  
 </TABLE>

GRAHAM CORPORATION MANAGEMENT

WILLIAM C. JOHNSON

President and Chief Executive Officer

Mr. Johnson joined Graham Corporation in November 2004. Previously, he was Senior Vice President and General Manager for ESAB Welding and Cutting Equipment, a global welding and cutting equipment manufacturer. His career has included extensive experience in the manufacturing sector, including General Manager of the ABB Distribution Transformer Division from 1996 to 1999 as well as other senior management positions within the ABB organization. Mr. Johnson earned his Bachelor of Science degree in Ceramic Engineering from Alfred University in Alfred, New York and his MBA from Rollins College in Winter Park, Florida. He was an officer in the United States Navy from 1985 to 1990, serving in the submarine fleet.

JAMES R. LINES

Vice President and General Manager

Mr. Lines joined Graham Corporation in May 1984. Other management positions at Graham previously held by Mr. Lines included Vice President of Engineering and Vice President of Sales and Marketing. Prior to his various senior management roles, Mr. Lines was an application engineer, sales engineer and product supervisor. Mr. Lines has had numerous articles published regarding the use, operation and troubleshooting of vacuum and heat transfer equipment. He earned a Bachelor of Science degree in Aerospace Engineering from University of Buffalo in Buffalo, New York.

J. RONALD HANSEN

Vice President of Finance and Administration, and CFO

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Mr. Hansen joined Graham Corporation in May 1993. Previously, he was the Vice President of Finance and CFO of Al Tech Specialty Steel Corporation. He was employed with Al Tech Specialty Corporation since October 1979. Following graduation from the University of Notre Dame, with honors, Mr. Hansen began his career with Deloitte & Touche, LLP and became a partner with Alpern, Rosenthal & Company, a large regional CPA firm. Mr. Hansen is a certified public accountant.

STEPHEN P. NORTHRUP

Vice President and Chief Technology Officer

Mr. Northrup began his career with Graham Corporation in 1973 working in the Engineering and R&D departments designing large heat exchangers for nuclear power plants and developing new products. In 1981, he became the Plant Manager of the Batavia, New York facility and Vice President Operations in 1986. He expanded Graham's heavy fabrication and machining facilities to streamline large fabrication operations, introducing advanced CNC machinery and large multiple spindle drilling machines. In 1995, he held the position of Vice President Engineering and is currently Vice President and Chief Technology Officer. Mr. Northrup graduated from Clarkson University with a BSME degree. He has been a member of ASME for over 30 years and involved in a number of other professional organizations.

#### BOARD OF DIRECTORS

Jerald D. Bidlack (1,2,3,4,5)  
Chairman  
Director since 1985  
President  
Griffin Automation, Inc.

Helen H. Berkeley (2,3,4)  
Director since 1998  
Private Investor

William C. Denninger (2,3)  
Director since 2003  
Senior Vice President-Finance and Chief Financial Officer  
Barnes Group, Inc.

William C. Johnson (1)  
Director since 2004  
President and Chief Executive Officer  
Graham Corporation

H. Russel Lemcke (1,3,4)  
Director since 1996  
President  
H. Russel Lemcke Group, Inc.

James J. Malvaso (4,5)  
Director since 2003

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President and Chief Executive Officer  
The Raymond Corporation

Cornelius S. Van Rees (1,2,4,5)  
Corporate Secretary  
Director since 1969  
Retired Partner  
Thacher Proffitt & Wood, Attorneys-at-Law

- 1 - Executive Committee
- 2 - Employee Benefits Committee
- 3 - Audit Committee
- 4 - Compensation Committee
- 5 - Nominating Committee

#### GRAHAM CORPORATION SHAREHOLDER INFORMATION

##### ANNUAL MEETING

The 2005 Annual Meeting of shareholders will be held on Thursday, July 28, 2005 at 11:00 a.m. at the Holiday Inn-Airport, 911 Brooks Avenue, Rochester, NY.

##### TRANSFER AGENT AND REGISTRAR

For services such as change of address, replacement of lost certificates, and changes in registered ownership, or for inquiries to your account, contact:

Mellon Investor Services LLC  
85 Challenger Road  
Ridgefield Park, NJ 07660  
(800) 288-9541  
www.melloninvestor.com

#### INVESTOR RELATIONS

Investors, stock brokers, security analysts and others seeking information about Graham Corporation should contact:

J. Ronald Hansen  
Vice President of Finance and Administration, and CFO  
Phone: (585) 343-2216  
Email: rhansen@graham-mfg.com

Additional information is available on our website at: [www.graham-mfg.com](http://www.graham-mfg.com)

INDEPENDENT AUDITORS  
Deloitte & Touche LLP  
2200 Chase Square  
Rochester, NY 14604

Stock Exchange Listing

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AMEX: GHM

#### FORWARD LOOKING STATEMENT

Certain statements contained in this report, including, without limitation, statements containing the words "believes," "anticipates," "intends," "expects" and words of similar import, constitute "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may include projections of revenues, income or loss, capital expenditures, capital structure, or other financial items, statements regarding our plans and objectives for future operations, statements of future economic performance, statements of the assumptions underlying or relating to any of the foregoing statements, and other statements which are other than statements of historical fact.

Statements made through this report are based on current estimates of future events, and we have no obligation to update or correct these estimates. Readers are cautioned that any such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially as a result of these various factors.

Graham Corporation  
20 Florence Avenue  
Batavia, NY 14020  
(585) 343-2216  
www.graham-mfg.com

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-2 of our reports dated June 15, 2005, relating to the consolidated financial statements and financial statement schedule of Graham Corporation (which reports express an unqualified opinion and include an explanatory paragraph relating to the change in accounting method for construction-type contracts in 2005), appearing in the Annual Report on Form 10-K of Graham Corporation for the year ended March 31, 2005, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Deloitte & Touche LLP

September 27, 2005