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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 12, 2006

**Graham Corporation**

(Exact name of Registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation)	<b>1-8462</b> (Commission File Number)	<b>16-1194720</b> (IRS Employer Identification No.)
<b>20 Florence Avenue, Batavia, New York</b> (Address of principal executive offices)		<b>14020</b> (Zip Code)

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

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On June 12, 2006, William C. Johnson resigned from the position of President and Chief Executive Officer of Graham Corporation (the "Company"). On such date, Mr. Johnson also informed the Board of Directors that he would not seek an additional term as a Director following the expiration of his current term at the 2006 Annual Meeting of Stockholders.

On June 14, 2006, the Company's Board of Directors appointed James R. Lines as the Company's President and Chief Operating Officer. Mr. Lines was also nominated for election as a Director at the 2006 Annual Meeting of Stockholders.

Mr. Lines, age 45, has been with the Company since 1984. Since December 2004, Mr. Lines has been the Company's Vice President and General Manager. Mr. Lines has also held the positions of Vice President of Engineering and Vice President of Sales and Marketing. Prior to his senior management positions, he was an application engineer, sales engineer and product supervisor. Mr. Lines holds a Bachelor of Science degree in Aerospace Engineering from the University of Buffalo.

The Company is a party to an employment agreement with Mr. Lines executed in December 1993 and amended in September 1996. The employment agreement provides that Mr. Lines will receive a minimum base salary and customary benefits. Mr. Lines is also eligible under such employment agreement to receive discretionary bonuses. The employment agreement automatically renews such that it always has a one-year term remaining, unless Mr. Lines or the Company elect not to extend the term further, in which case the term will end on the first anniversary of the date on which notice of such election not to extend is given. If not terminated sooner, the agreement will end on the last day of the month in which Mr. Lines turns 65. The employment agreement also contains a 12-month covenant not to compete or interfere in certain of the Company's business relationships if Mr. Lines resigns for reasons other than a material breach of the agreement by the Company, if Mr. Lines departs from the Company without the approval of the Board of Directors, or if Mr. Lines is discharged for cause. Mr. Lines' employment agreement also provides that, upon dismissal without cause, the Company will (i) pay Mr. Lines compensation due him to the date of termination, including any accrued bonus, (ii) pay Mr. Lines a payment equal to 12 months' base salary, (iii) provide Mr. Lines continuing health care coverage for a period of 36 months following the effective date of termination, and (iv) pay for certain outplacement services. In the event of any sale, merger or any form of business combination affecting the Company, Mr. Lines' Employment Agreement requires the Company to obtain its express written assumption by the acquiring or surviving entity.

**Item 8.01. Other Events.**

On June 15, 2006, the Company issued a press release announcing the resignation of William C. Johnson as its President and Chief Executive Officer and the appointment of James R. Lines as its President and Chief Operating Officer. The Company's press release is attached to this Current Report on Form 8-K as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

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Exhibit No.

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Description

99.1

Press Release dated June 15, 2006 of Graham Corporation announcing the resignation of William C. Johnson as the Company's President and Chief Executive Officer and the appointment of James R. Lines as the Company's President and Chief Operating Officer.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 15, 2006

**Graham Corporation**

By: /s/ J. Ronald Hansen

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



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**Graham Corporation** 20 Florence Avenue Batavia, NY 14020

IMMEDIATE RELEASE

**Graham Corporation Announces James R. Lines Appointed as President and Chief Operating Officer**

***William C. Johnson resigns as President and CEO for personal reasons***

BATAVIA, NY, June 15, 2006 — Graham Corporation (AMEX: GHM) today reported that its Board of Directors has appointed James R. Lines as President and Chief Operating Officer effective June 14, 2006, following its receipt of William C. Johnson's resignation.

Mr. Jerald D. Bidlack, Chairman of Graham Corporation, said, "We are sorry to see Bill go, but appreciate the difficulty of his decision. Over the last 18 months, management and the Board have worked together to measurably improve Graham's operations and to develop a solid strategy to provide the guiding direction for Graham's growth. The management and employees of Graham have fully embraced the changes we have made, and the direction we are headed, as evidenced by the strength of our performance and outlook. We believe that Jim, given the depth of his experience with our products and markets and his knowledge of the Company, can readily execute our plans and provide the leadership to sustain our growth."

Mr. Lines has been with Graham since May 1984. Since December 2004, Mr. Lines was Graham's Vice President and General Manager. Mr. Lines has also held the positions of Vice President of Engineering and Vice President of Sales and Marketing. Prior to his senior management positions, he was an application engineer, sales engineer and product supervisor. Mr. Lines holds a Bachelor of Science degree in Aerospace Engineering from the University of Buffalo.

Mr. Lines noted, "I am looking forward to the opportunity to continue to drive the growth and change we are realizing as a Company. Our strategy is to continue to capitalize on the strong growth we are realizing in our major markets and, in order to be well positioned beyond this current cycle, to expand our geographic markets and the industries we serve through organic growth and selective acquisitions designed to mitigate the downside effects of the cyclicity of our markets. We have a strong team that is committed to the execution of this strategy and we expect solid growth in fiscal 2007 and beyond."

Mr. Lines will also stand for election as a Director by Graham's stockholders at its upcoming Annual Meeting on Thursday, July 27, 2006. Mr. Johnson will remain an employee of the Company through July 2006 in order to facilitate the transition.

Mr. Johnson, who joined Graham in November 2004 as President and CEO, commented, "The decision to leave Graham was a very difficult one for me, but important for my family, and I regret having to leave during such exciting times for the Company. I am pleased that the Board has recognized Jim's strong leadership capabilities and the integral role that he has played in defining our strategy for growth, improving our operations, increasing our productivity and capitalizing on the opportunities presented us by our strong markets. Having worked with Jim these past 18 months, I have the utmost confidence that Graham will continue its momentum and success."

**Webcast and Conference Call**

Jerald D. Bidlack, Chairman, Graham Corporation, and James R. Lines, President and COO, will host a conference call and webcast on June 16, 2006 at 10:00 a.m. eastern time to discuss Mr. Lines

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## **Graham Corporation Announces James R. Lines Appointed as President and Chief Operating Officer**

**June 15, 2006**

appointment. The webcast can be accessed at [www.graham-mfg.com](http://www.graham-mfg.com). Participants should go to the website approximately 10 to 15 minutes prior to the scheduled teleconference in order to register and download any necessary audio software. The teleconference can be accessed by calling 719.457.2681 approximately 5 to 10 minutes prior to the call.

A replay of the call will be available through June 23, 2006 at 11:59 p.m. eastern time at 719.457.0820 with passcode 3605453. An archive of the webcast and a transcript of the teleconference will also be available at [www.graham-mfg.com](http://www.graham-mfg.com).

### **ABOUT GRAHAM CORPORATION**

With world-renowned engineering expertise in vacuum and heat transfer technology, Graham Corporation is a designer, manufacturer and global supplier of ejectors, pumps, condensers, vacuum systems and heat exchangers. Over the past 70 years, Graham has built a reputation for top quality, reliable products and high-standards of customer service. Sold either as components or complete system solutions, the principle markets for Graham's equipment are the petrochemical, oil refining and electric power generation industries, including cogeneration and geothermal plants. Graham equipment can be found in diverse applications, such as metal refining, pulp and paper processing, ship-building, water heating, refrigeration, desalination, food processing, drugs, heating, ventilating and air conditioning.

Graham's reach spans the globe. Its equipment is installed in facilities from North and South America to Europe, Asia, Africa and the Middle East. More information regarding Graham can be found at its website: [www.graham-mfg.com](http://www.graham-mfg.com)

### ***Safe Harbor Statement***

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks, uncertainties and assumptions and are identified by words such as "expects," "estimates," "projects," "anticipates," "intends," "believes," "could," and other similar words. All statements addressing operating performance, events, or developments that Graham expects or anticipates will occur in the future, including statements relating to the Graham's anticipated revenues, foreign sales operations, its strategy to build its global sales representative channel and operations, the effectiveness of automation in expanding its engineering capacity, its ability to improve cost competitiveness, customer preferences and changes in market conditions in the industries in which Graham operates, the change in the competitive landscape, and other related factors are forward-looking statements. Because they are forward-looking, they should be evaluated in light of important risk factors and uncertainties. These and other risk factors and uncertainties are more fully described in Graham's Annual and Quarterly Reports filed with the Securities and Exchange Commission. Should one or more of such risks or uncertainties materialize, or should any of Graham's underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. In addition, undue reliance should not be placed on Graham's forward-looking statements. Except as required by law, Graham disclaims any obligation to update or publicly announce any revisions to any of the forward-looking statements contained in this press release.

### **For more information contact:**

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