
**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): May 29, 2014

Graham Corporation
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-8462
(Commission
File Number)

16-1194720
(IRS Employer
Identification No.)

20 Florence Avenue, Batavia, New York
(Address of principal executive offices)

14020
(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 Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Fiscal 2015 Annual Stock-Based Long-Term Incentive Award Plan for Senior Executives. On May 29, 2014, the Compensation Committee of the Board of Directors (the “Compensation Committee”) of Graham Corporation (the “Company”) renewed its Annual Stock-Based Long-Term Incentive Award Plan for Senior Executives (the “Restricted Stock Bonus Program”) for the fiscal year ending March 31, 2015 (“Fiscal 2015”) and approved grants of time-vested restricted stock and performance-vested restricted stock thereunder in the amounts set forth below to the Company’s named executive officers. Also on May 29, 2014, the Compensation Committee approved the grant of time-vested restricted stock in the amounts set forth below to the Company’s Directors.

All such grants under the Restricted Stock Bonus Program were made under the Amended and Restated 2000 Graham Corporation Incentive Plan to Increase Shareholder Value (the “Plan”). The time-vested restricted stock vests 33 1/3% per year over three years. The performance-vested restricted stock vests 50% based upon the Company’s achievement of EBITDA margin goals for the fiscal year ended March 31, 2017 (“Fiscal 2017”) and 50% based on the Company’s achievement of consolidated revenue goals for Fiscal 2017. The time-vested restricted stock granted to the Company’s Directors vests on the first anniversary of the date of grant.

The number of shares of time-vested restricted stock and performance-vested restricted stock awarded by the Compensation Committee to the Company’s named executive officers under the Restricted Stock Bonus Program was determined using each such officer’s Long-Term Incentive Percentage (the “L-T Percentage”) in effect for Fiscal 2015. For Fiscal 2015, the L-T Percentage for each of the Company’s named executive officers was as follows: Mr. Lines – 42%; Mr. Glajch – 35%; Mr. Smith – 35%; and Ms. Condamine – 25%. The number of shares of time-vested restricted stock was determined by multiplying 50% of each named executive officer’s base salary in effect on the date of grant by such officer’s L-T Percentage, and then dividing the product by the closing price of the Company’s Common Stock on the NYSE on the date of grant. The number of shares of performance-vested restricted stock was determined by multiplying 50% of each named executive officer’s base salary in effect on the date of grant by such officer’s L-T Percentage, and then dividing the product by the closing price of the Company’s Common Stock on the NYSE on the date of grant. The number of shares of restricted stock awarded to each of the Company’s Directors was determined by dividing \$25,000 by the closing price of the Company’s Common Stock on the NYSE on the date of grant. The closing price of the Company’s Common Stock on the NYSE exchange on May 29, 2014 was \$28.25.

<u>Named Executive Officer</u>	<u>Number of Shares of Time-Vested Restricted Stock Granted (1)</u>	<u>Number of Shares of Performance-Vested Restricted Stock Granted (1)(2)(3)</u>
James R. Lines, President and Chief Executive Officer	2,603	2,603
Jeffrey Glajch, Vice President of Finance and Administration and Chief Financial Officer	1,531	1,531
Alan E. Smith, Vice President of Operations	1,308	1,308
Jennifer R. Condame Controller and Chief Accounting Officer	684	684

- (1) In the event a named executive officer's employment terminates prior to the conclusion of a vesting for reasons other than death or disability, such officer's right to receive any unvested time-vested restricted stock is forfeited.
- (2) The number of shares that will vest following the conclusion of Fiscal 2017 is based upon the Company's achievement of performance criteria. The number of shares set forth above assumes target achievement of such performance criteria. If maximum achievement is realized, the amounts set forth above will double. Once EBITDA margin and consolidated revenue are determined for Fiscal 2017, the actual number of shares to which each named executive officer is entitled will be adjusted accordingly.
- (3) In the event a named executive officer's employment terminates prior to the conclusion of Fiscal 2017 for reasons other than death or disability, such officer's right to receive the performance-vested restricted stock shall be forfeited.

<u>Director</u>	<u>Number of Shares of Time-Vested Restricted Stock Awarded</u>
James J. Barber	885
Helen H. Berkeley	885
Jerald D. Bidlack	885
Alan Fortier	885
James J. Malvaso	885
Gerard T. Mazurkiewicz	885

The Restricted Stock Bonus Program in effect for Fiscal 2015 is attached to this Current Report on Form 8-K as Exhibit 99.1 and the above summary of the Restricted Stock Bonus Program is qualified in its entirety by reference to such Exhibit.

Fiscal 2014 Annual Executive Cash Bonus Program. On May 29, 2014, the Compensation Committee renewed the Company's Annual Executive Cash Bonus Program (the "Cash Bonus Program") for Fiscal 2015. The objective of the Cash Bonus Program is to compensate the Company's named executive officers for above-average performance through an annual cash bonus related both to Company and individual performance. For Fiscal 2015, the Compensation Committee has set target bonus levels at 100% attainment of both Company and personal objectives as follows: Mr. Lines — 60% of base salary; Mr. Glajch — 35% of base salary; Mr. Smith — 35% of base salary; and Ms. Condamine — 25% of base salary. Each named executive officer may receive anywhere from 0% to 200% of his or her target bonus level depending on the attainment of such objectives. A summary of the performance goal weightings for the Company's named executive officers for Fiscal 2015 is as follows:

<u>Named Executive Officer</u>	<u>Net Income</u>	<u>Bookings</u>	<u>Personal Goals</u>
James R. Lines	60%	20%	20%
Jeffrey Glajch	50%	25%	25%
Alan E. Smith	50%	25%	25%
Jennifer R. Condamine	50%	25%	25%

The Cash Bonus Program in effect for Fiscal 2015 is attached to this Current Report on Form 8-K as Exhibit 99.2 and the above summary of the Cash Bonus Program is qualified in its entirety by reference to such Exhibit.

Fiscal 2014 Named Executive Officer Bonuses. On May 29, 2014, the Compensation Committee approved the payment of cash bonuses to the Company's named executive officers, as set forth below. Such bonuses were approved in accordance with the Company's Annual Executive Cash Bonus Program in effect for the fiscal year ending March 31, 2014 ("Fiscal 2014") and were based on the Company's achievement during Fiscal 2014 of net income and bookings as well as the achievement of personal objectives by each named executive officer during such year.

<u>Named Executive Officer</u>	<u>Total Fiscal 2014 Bonus</u>
James R. Lines	\$ 191,629
Jeffrey Glajch	\$ 78,517
Alan E. Smith	\$ 80,923
Jennifer R. Condamine	\$ 36,018

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On May 29, 2014, the Board of Directors of the Company amended and restated the first paragraph of Section 4.2 of the Company's Amended and Restated By-laws (the "By-Laws"), as follows: "Number; Qualification; Terms of Office. The number of directors constituting the entire Board shall not be less than three (3) nor more than nine (9). Within said limits the number of directors shall be fixed from time to time by resolution adopted by a majority of the entire Board of Directors. Each director shall be at least 21 years of age and no director joining the Board after October 30, 2002 shall serve beyond his or her seventy-fifth birthday; provided, however, that any person serving on the Board on October 30, 2002 shall be eligible for reelection to consecutive additional terms as a director beyond attaining the age of seventy-five."

Except as set forth above, no changes were made to the Company's By-Laws. The full text of the Company's Bylaws, as amended, will be attached the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 as Exhibit 3.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Graham Corporation Annual Stock-Based Long-Term Incentive Award Plan for Senior Executives in effect for the fiscal year ending March 31, 2015.
99.2	Graham Corporation Annual Executive Cash Bonus Program in effect for the fiscal year ending March 31, 2015.

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 4, 2014

Graham Corporation

By: /s/ Jeffrey Glajch

Jeffrey Glajch
Vice President – Finance & Administration and
Chief Financial Officer

GRAHAM CORPORATION

ANNUAL STOCK-BASED LONG-TERM INCENTIVE AWARD PLAN
FOR SENIOR EXECUTIVES

(As Amended and Restated Effective May 29, 2014)

Purpose	The purpose of this Annual Stock-Based Long-Term Incentive Award Plan for Senior Executives (the “Plan”) is to motivate the senior executive officers of Graham Corporation (the “Company”) to increase shareholder value by providing them long-term stock-based awards for above-average Company performance.
Administration	The Plan will be administered by the Compensation Committee of the Board of Directors of the Company (the “Committee”), which shall have final and conclusive authority to administer and interpret the Plan.
Eligibility	Eligible employees will include the President and Chief Executive Officer and such officer’s direct reports, subject to the approval by the Committee of such participation.
Award Periods	Annual awards under the Plan will be based on the fiscal year of the Company, beginning with its April 1, 2014 through March 31, 2015 fiscal year (each, a “Fiscal Year”).
Awards	<p>Unless the Committee determines otherwise, annual awards under the Plan for the Fiscal Year that commences in 2014 and each subsequent Fiscal Year will consist of shares of time-vesting restricted stock (“Time-Vested Restricted Stock”) and shares of performance-vesting restricted stock (“Performance-Vested Restricted Stock,” and together with Time-Vested Restricted Stock, “Restricted Stock”), which awards will be issued under the Amended and Restated 2000 Graham Corporation Incentive Plan to Increase Shareholder Value, or a successor plan thereto (the “Incentive Plan”), and will be subject to the terms thereof.</p> <p><u>Time-Vested Restricted Stock.</u></p> <p>Unless the Committee determines otherwise, Time-Vested Restricted Stock will vest as follows: one-third of the shares on the first anniversary of the date of grant, an additional one-third of the shares on the second anniversary of the date of grant and the remaining one-third of the shares on the third anniversary of the date of grant.</p> <p>The number of shares of Time-Vested Restricted Stock to be issued to an eligible employee for a Fiscal Year will be determined by multiplying 50 percent (or such other percentage as may be determined by the Committee) of the eligible employee’s base salary in effect for the Odd Fiscal Year by such employee’s Target L-T Incentive Percentage, and then dividing by the value of a share of stock on the date of grant, rounded to the nearest whole number.</p>

Performance-Vested Restricted Stock.

Unless the Committee determines otherwise, Performance-Vested Restricted Stock will vest on the third anniversary of the date of grant, depending on the satisfaction of the performance goal matrixes for the three-year period commencing with the Fiscal Year, which matrixes will be determined by the Committee and announced prior to the commencement of such Fiscal Year. In determining the performance for the three-year period commencing with a Fiscal Year, the Committee shall have the discretion to include or exclude any extraordinary events that positively or negatively affected the Company's financial performance for the Fiscal Year.

The number of shares of Performance-Vested Restricted Stock to be issued to an eligible employee for a Fiscal Year will be determined by multiplying 50 percent (or such other percentage as may be determined by the Committee) of the eligible employee's base salary in effect for the Fiscal Year by such employee's Target L-T Incentive Percentage, and then dividing by the value of a share of stock on the date of grant, rounded to the nearest whole number.

Effect of Certain Events.

Notwithstanding any other provision of the Plan, the following terms shall apply to all Restricted Stock awarded under the Plan:

- Upon the death of an eligible employee, any outstanding Time-Vested Restricted Stock awarded under the Plan will vest in full, and any outstanding Performance-Vesting Restricted Stock will vest pro-rata based on the satisfaction of the applicable performance goals through the end of the quarter immediately preceding the date of death.
- Upon the Disability (as such term is defined by the Incentive Plan) of an eligible employee, any outstanding Time-Vested Restricted Stock awarded under the Plan will vest in full, and any outstanding Performance-Vesting Restricted Stock will vest pro-rata based on the satisfaction of the applicable performance goals through the end of the quarter immediately preceding the date of Disability.
- Except as otherwise provided by the Plan or by the Committee, the unvested portion of Restricted Stock awarded under the Plan will terminate upon the termination or resignation of an eligible employee's employment.

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- Unless the Committee determines otherwise, upon the termination of an eligible employee for cause (as such term shall be defined by the Committee), the unvested portion of all Restricted Stock awarded under the Plan will terminate.

Payment Annual awards for a Fiscal Year will be approved by the Committee prior to the commencement of the Fiscal Year and will be issued as soon as practicable after approval.

Section 409A The Plan and the Restricted Stock awarded thereunder, are intended to qualify for an exemption from Section 409A of the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated and other official guidance issued thereunder, and shall be administered and interpreted consistent with such intention.

Amendment & Termination The Plan may be amended or terminated by the Committee at any time. No eligible employee will have any right to an award under the Plan until such award is approved by the Committee.

Neither the existence of the Plan nor the grant of an award in any year shall give an eligible employee any right to an award or similar award in future years or any right to continue such eligible employee's employment relationship with the Company. All eligible employees shall remain subject to discharge to the same extent as if the Plan were not in effect.

EXHIBIT A

TARGET L-T INCENTIVE PERCENTAGES

Position	Target L-T Incentive %
President and Chief Executive Officer	42%
Vice President, Finance and Administration and Chief Financial Officer	35%
Vice President of Operations	35%
Chief Accounting Officer	25%

Notwithstanding the foregoing, the Committee shall have the discretion to specify a different Target L-T Incentive Percentage for a given position or employee for a given Fiscal Year.

GRAHAM CORPORATION**ANNUAL EXECUTIVE CASH BONUS PLAN**

(As Amended and Restated Effective May 29, 2014)

Summary

The objective of this Annual Executive Cash Bonus Plan (the "Plan") is to compensate the Chief Executive Officer and his direct reports for above-average performance through annual bonuses related to both Company and individual performance.

Eligibility and Participation

1. Eligible employees shall include the Chief Executive Officer and his direct reports. "Direct reports" means (a) the Vice President, Finance and Administration and Chief Financial Officer, (b) the Vice President of Operations, (c) the Chief Accounting Officer and (d) such other employees of the Company selected by the Chief Executive Officer to participate in this plan, subject to the approval by the Compensation Committee of such participation.
2. Target participation levels shall be established by the Compensation Committee before the start of each fiscal year.
3. Newly hired or promoted employees are eligible for participation in the Plan upon employment unless otherwise determined by the Chief Executive Officer for direct reports and by the Compensation Committee in the case of the Chief Executive Officer.
4. Participants who voluntarily terminate employment or whose employment is involuntarily terminated, in each case, for any reason before the end of the fiscal year shall receive no bonus except as approved by the Compensation Committee, in its sole discretion.

Establishment and Level of Goals

1. Financial goals shall be set during the annual budgeting process and shall be approved by the Board of Directors along with the annual budget.
2. Individual goals shall be set on or before the annual budget. The Chairman of the Compensation Committee shall approve individual goals for the Chief Executive Officer. The Chief Executive Officer shall approve individual goals for direct reports. The Chairman of the Compensation Committee or Chief Executive Officer, as applicable, shall determine the number and weighting of goals.

Payment Calculation

At the end of each fiscal year, the Compensation Committee shall determine the extent to which the applicable financial goals and individual goals have been satisfied and the corresponding goal payout factors. The Compensation Committee shall then determine each Participant's preliminary payout value, which shall be the Participant's Target Participation Level multiplied by the product of each performance goal's weighting times its payout factor. The Compensation Committee may then adjust each Participant's preliminary payout value, either upwards or downwards, in the Compensation Committee's sole discretion, to determine each Participant's final payout value.

The final payout values, as determined by the Compensation Committee, will be paid to Participant's as soon as practicable after the end of the fiscal year, but in no event later than 75 days immediately following the end of the fiscal year.

Other Considerations

1. Participants who change position during the fiscal year shall receive bonus on a pro rated basis.
2. Special awards may be made to any executive or employee who has made an extraordinary contribution to the Company during the year. Such awards must be recommended in writing by the Chief Executive Officer to the Chairman of the Compensation Committee and may be approved by the Compensation Committee.
3. Extraordinary events that either positively or negatively affect financial performance may be included or excluded in financial calculations at the discretion of the Compensation Committee.
4. Nothing herein shall be construed to limit or affect the normal and usual powers of management, including right to terminate any individual at any time.
5. The Compensation Committee shall have final and conclusive authority on the existence and administration of this plan.
6. In the event of death, a Participant's designated beneficiary will be entitled to the Participant's plan benefits. If the Participant has not designated a beneficiary, the Participant's beneficiary or beneficiaries will be determined in accordance with the Participant's will. If there is no will, the beneficiary or beneficiaries shall be determined by the laws of descent and distribution in the state in which the Participant was a resident at the time of death.

Section 409A

The Plan and the compensation payable thereunder are intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated and other official guidance issued thereunder, and shall be administered and interpreted consistent with such intention.

ANNUAL EXECUTIVE CASH BONUS PLAN

2015 FISCAL YEAR TERMS

Target Participation Levels

<u>Position</u>	<u>% Base Pay</u>
President and Chief Executive Officer	60%
Vice President, Finance and Administration and Chief Financial Officer	35%
Vice President of Operations	35%
Chief Accounting Officer	25%

Goal Weightings

<u>Position</u>	<u>Consol. Net Income</u>	<u>Consol. Bookings</u>	<u>Personal Goals</u>
President and Chief Executive Officer	60%	20%	20%
Vice President, Finance and Administration and Chief Financial Officer	50%	25%	25%
Vice President of Operations	50%	25%	25%
Chief Accounting Officer	50%	25%	25%

Bookings is defined as new orders received by the corporation and entered into backlog during fiscal year 2015, defined as April 1, 2014 through March 31, 2015. The bookings calculation for bonus purposes shall be consolidated bookings for Batavia, NY, Lapeer, MI and Suzhou, PRC, plus new orders that may be received by a company acquired by the corporation during the fiscal year. For an acquired company only new bookings subsequent to an acquisition apply.

Net Income shall be based upon year-end results.

Currency exchange rates will be calculated monthly at a fixed rate to eliminate currency fluctuations from incentive calculations.