

GRAHAM CORP  
Form 4  
May 27, 2011

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**LINES JAMES R**

(Last) (First) (Middle)

**C/O GRAHAM CORPORATION, 20 FLORENCE AVENUE**

(Street)

**BATAVIA, NY 14020**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**GRAHAM CORP [GHM]**

3. Date of Earliest Transaction (Month/Day/Year)  
**05/26/2011**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
**President and CEO**

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount or (D) Price			
Common Stock	05/26/2011		A <sup>(1)</sup>	2,612 <sub>(1)</sub> A \$ 0	28,800 <sup>(3)</sup>	D	
Common Stock	05/26/2011		A <sup>(2)</sup>	2,612 <sub>(2)</sub> A \$ 0	31,412	D	
Common Stock					5,570	I	See footnote <sup>(4)</sup>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form**

SEC 1474 (9-02)

displays a currently valid OMB control number.

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Underlying Securities (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	\$ 7.976					06/01/2010	06/01/2016	Common Stock	7,500 <u>(5)</u>
Stock Option (Right to Buy)	\$ 6.84					07/27/2010	07/27/2016	Common Stock	3,750 <u>(5)</u>
Stock Option (Right to Buy)	\$ 6.9					<u>(6)</u>	05/31/2017	Common Stock	9,894 <u>(6)</u>
Stock Option (Right to Buy)	\$ 30.875					<u>(7)</u>	05/29/2018	Common Stock	2,532 <u>(7)</u>
Stock Option (Right to Buy)	\$ 15.22					<u>(8)</u>	05/28/2019	Common Stock	5,922 <u>(8)</u>
Stock Option (Right to Buy)	\$ 15.25					<u>(9)</u>	05/20/2020	Common Stock	4,638 <u>(9)</u>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LINES JAMES R C/O GRAHAM CORPORATION 20 FLORENCE AVENUE BATAVIA, NY 14020	X		President and CEO	

## Signatures

/s/ James R.  
Lines  
05/27/2011

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This time-vested restricted stock award was granted under the Amended and Restated 2000 Graham Corporation Incentive Plan to Increase Shareholder Value in a transaction exempt under Rule 16b-3.  
  
This performance-vested restricted stock award was granted under the Amended and Restated 2000 Graham Corporation Incentive Plan to Increase Shareholder Value in a transaction exempt under Rule 16b-3 and is subject to forfeiture if certain vesting conditions are not met. The number of shares reported assumes target achievement of the performance criteria. If maximum achievement is realized, the number of shares reported would double.
  - (2) Includes 1,730 shares acquired under the Graham Corporation Employee Stock Purchase Plan.
  - (3) Shares held by the trustee of the Graham Corporation Employee Stock Ownership Plan and allocated to Mr. Lines's account, as to which Mr. Lines has sole voting power but no dispositive power, except in limited circumstances.
  - (4) This option was previously reported by Mr. Lines.
  - (5) This option was previously reported by Mr. Lines and is exercisable pro rata on the first, second, third and fourth anniversaries of the 5/31/07 grant date.
  - (6) This option was previously reported by Mr. Lines and is exercisable pro rata on the first, second, third and fourth anniversaries of the 5/29/08 grant date.
  - (7) This option was previously reported by Mr. Lines and is exercisable 33 1/3% per year over three years beginning on the first anniversary of the 5/28/09 grant date.
  - (8) This option was previously reported by Mr. Lines and is exercisable 33 1/3% per year over three years beginning on the first anniversary of the 5/20/10 grant date.
  - (9)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.