

GRAHAM CORP
Form 4
May 24, 2010

FORM 4

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

OMB APPROVAL

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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)
05/20/2010

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	05/20/2010		A ⁽¹⁾	5,161 (1)	\$ 0 18,758	D	
Common Stock					5,570	I	See footnote ⁽²⁾

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

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SEC 1474
(9-02)

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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. Amount or Number of Shares
Stock Option (Right to Buy)	\$ 7.976					(3) 06/01/2016	Common Stock	7,500 (3)
Stock Option (Right to Buy)	\$ 6.84					(4) 07/27/2016	Common Stock	3,750 (4)
Stock Option (Right to Buy)	\$ 6.9					(5) 05/31/2017	Common Stock	9,894 (5)
Stock Option (Right to Buy)	\$ 30.875					(6) 05/29/2018	Common Stock	2,532 (6)
Stock Option (Right to Buy)	\$ 15.22					(7) 05/28/2019	Common Stock	5,922 (7)
Stock Option (Right to Buy)	\$ 15.25 (8)	05/20/2010		A	4,638	(8) 05/20/2020	Common Stock	4,638 (8)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LINES JAMES R C/O GRAHAM CORPORATION	X		President and CEO	

20 FLORENCE AVENUE
 BATAVIA, NY 14020

Signatures

/s/ Carole M. Anderson, Attorney-in fact for James R.
 Lines

05/24/2010

__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 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.
- (2) 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.
- (3) This option was previously reported by Mr. Lines and is exercisable pro rata on the first, second, third and fourth anniversaries of the 6/01/06 grant date.
- (4) This option was previously reported by Mr. Lines and is exercisable pro rata on the first, second, third and fourth anniversaries of the 7/27/06 grant date.
- (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 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 exercisable 33 1/3% per year over three years beginning on the first anniversary of the grant date.

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. bgColor=#c0c0c0>□□137,725 2,067,252 _____

- (A) No shares were acquired in 2008 by named executive officers due to option exercises.
- (B) Shares shown in this column are stock awards that vested under the 2005 E-LTIP. All awards granted under the 2005 E-LTIP are subject to a holding period. Executives must retain 50% of net shares for the later of one year or until they achieve their required ownership level.
- (C) The aggregate dollar amount realized upon vesting includes the value of shares used to pay taxes.
- (D) On November 10, 2008, Anne M. Mulcahy, individually and through her Grantor Retained Annuity Trusts, entered into a pre-arranged sales plan in compliance with Rule 10b5-1 of the Securities and Exchange Act of 1934 (Rule 10b5-1 Plan) to sell in 2009 up to 216,667 shares of Xerox stock acquired through the vesting of stock awards.
- (E) On November 7, 2008, Ursula M. Burns entered into a Rule 10b5-1 Plan to sell in 2009 up to 100,000 shares of Xerox stock acquired through the exercise of stock options.
- (F) On November 10, 2008, James A. Firestone entered into a Rule 10b5-1 Plan to sell in 2009 up to 251,500 shares of Xerox stock acquired through the exercise of stock options and the vesting of other stock awards.

Pension Benefits for the 2008 Fiscal Year

The Pension Benefits table below reflects the actuarial present value for the named executive officer's total accumulated benefit as of year end under the pension plans in which they participate. Jean-Noel Machon's benefit is based on a December 31 measurement date and a conversion from euros to dollars at an exchange rate on December 31, 2008 of 1.4097 dollars per euro. See the *Pension Plans* section of the "Compensation Discussion and Analysis" for a description of the U.S. and International pension plans.

PENSION BENEFITS FOR THE 2008 FISCAL YEAR

Name	Plan Name (A)	Number of Years of Credited Service (B)	Present Value of Accumulated Benefit (\$) (C)	Payments During Last Fiscal Year (\$)
Anne M. Mulcahy	Retirement Income Guarantee Plan	30	845,582	□
	Unfunded Supplemental Executive Retirement Plan	30	19,125,828	□
Lawrence A. Zimmerman	Retirement Income Guarantee Plan	6.6	246,218	□
	Unfunded Supplemental Executive Retirement Plan	13.2	4,258,505	□
Ursula M. Burns	Retirement Income Guarantee Plan	27.5	508,945	□
	Unfunded Supplemental Executive Retirement Plan	27.5	3,468,309	□
Jean-Noel Machon	Xerox International Pension Plan	32.25	12,521,540	□
James A. Firestone	Retirement Income Guarantee Plan	10.5	216,284	□
	Unfunded Supplemental Executive Retirement Plan	10.5	1,474,600	□

(A) Pension benefits are provided to the named executive officers under the Retirement Income Guarantee Plan (RIGP), the Unfunded Retirement Income Guarantee Plan (Unfunded RIGP), the Unfunded Supplemental Executive Retirement Plan (SERP) and for Jean-Noel Machon, the Xerox International Pension Plan. For executive officers qualifying for SERP benefits, the Unfunded RIGP benefit is included in the SERP benefit. The Unfunded RIGP benefit would only come into play on a standalone basis should these executive officers leave Xerox before qualifying for the SERP.

(B) Lawrence A. Zimmerman is credited with 2 years of benefit service under the SERP formula for each year of actual Xerox service. His service was accelerated to mitigate the pension impact of joining Xerox later in his career. Anne M. Mulcahy also had been subject to an accelerated accrual but since she has 30 years of service, the accelerated accrual has no impact on her benefit.

(C) All calculations are based on actual pay.
The benefit formulas and assumptions used to calculate these estimates are as follows:

U.S. Pension Plans

The pay used to calculate the RIGP, Unfunded RIGP and SERP benefits is base pay plus actual short-term incentive payment (incentive payment is considered for the calendar year in which it is paid). The present value of the accumulated benefit is the present value of the benefit payable at the earliest unreduced retirement age (current age for Anne M. Mulcahy and Lawrence A. Zimmerman as they are both eligible to retire with unreduced benefits, and age 60 for Ursula M. Burns and James A. Firestone) based on the following assumptions: all participants are assumed to elect a lump sum from RIGP; SERP benefits which are not available as lump sums are assumed to be paid as 50% Joint and Survivor annuities; pre-retirement FAS 87 discount rate of 6.30%; no pre-retirement mortality or turnover assumed; post retirement FAS 87 discount rate of 6.30%; post-retirement mortality is based on the 2013 Applicable Mortality table, as defined for lump sum calculations

under section 417(e) of the Code. The use of 2013 mortality contemplates future improvement in mortality (i.e. longer life expectancies than based on the Applicable Mortality table without adjustments) and the RP 2000 Mortality table with projection to 2013 for annuitant mortality.

RIGP benefits are determined as the greater of a Highest Average Pay formula benefit (1.4% of highest five-year average pay multiplied by benefit service of up to 30 years), a Cash Balance Retirement Account (CBRA) and a profit sharing account that was transferred to RIGP in 1990. Early retirement benefits under RIGP are available for employees who leave Xerox at age 55 with 10 years of service or later and the Highest Average Pay formula is reduced from age 65 (age 62 with 30 years of service) at 5% per year. The RIGP benefits are generally based on total pay, subject to IRS limits on the compensation that can be reflected in a qualified plan.

Unfunded RIGP benefits are generally determined under the same terms as the RIGP benefit except the pay used in the Highest Average Pay formula is not subject to IRS limits and in years in which pay was deferred under the Deferred Compensation Plan for Executives, this deferred compensation was included for the year it was deferred. Unfunded RIGP also provides for an Unfunded RIGP Cash Balance Retirement Account (CBRA). This Unfunded RIGP CBRA provides pay credits on pay in excess of the IRS limits for years 2003 and later and interest on these pay credits while the Highest Average Pay formula reflects all years of service. The purpose of Unfunded RIGP is to replace benefits that cannot be provided in RIGP due to IRS compensation limits.

SERP benefits are determined under a different formula than RIGP and with the same pay used for Unfunded RIGP. The accrual rate and age at which SERP is available can vary. SERP benefits reflect base pay plus short-term incentive (not subject to any limits) and are determined under a formula that provides a benefit of 1-2/3% of five-year Highest Average Pay less 1-2/3% of Social Security multiplied by benefit service of up to 30 years. This basic formula is subject to the following adjustments: SERP participants (those who are not mid-career hires – see explanation below) are entitled to a minimum benefit of 25% of Highest Average Pay less 25% of Social Security. A total benefit is determined by the SERP formula. The total benefit is offset by the RIGP benefit and the remaining benefit is paid from the SERP and referred to as the SERP benefit.

The SERP includes a mid-career hire benefit that applies to a small group of executives including Lawrence A. Zimmerman. The accrual for a mid-career hire is 150% of the regular SERP accrual for a maximum of 20 years. However, there is no minimum SERP benefit for mid-career hires. The mid-career hire retirement eligibility is age 60 with 5 years of service. Lawrence A. Zimmerman's mid-career accrual and 2 for 1 benefit service credit accounts for \$3,003,149 of the present value noted in the table above.

Anne M. Mulcahy and Lawrence A. Zimmerman are retirement eligible, as noted above, and upon retirement, would receive their SERP benefit as a 50% Joint and Survivor annuity subject to a 6 month delay to comply with section 409A of the Internal Revenue Code. The other named executives covered by the SERP are eligible to commence SERP benefits upon retirement (with a 6 month delay) on or after the attainment of age 60 with 10 years of service. SERP benefits that commence at these ages are not reduced for early commencement. The SERP was originally designed to permit executive officers to retire with unreduced benefits at age 60 (instead of the age 62 with 30 years of service or age 65 provisions in RIGP). The SERP, through the mid-career benefit, also provides a means to mitigate the loss in retirement benefits from a mid-career change in employment for an executive joining Xerox. These features of the SERP support the attraction and retention of our senior leaders.

International Pension Plan

Assumptions used for the Xerox International Pension Plan assume immediate retirement. The conversion terms at retirement for Jean-Noel Machon are fixed and therefore no post-retirement assumptions are required.

The pay used to calculate the Xerox International Pension Plan benefits for Jean-Noel Machon is base pay plus 2/3 of target short-term incentive (not actual) in force at his retirement date. The Plan formula targets a total retirement income of 50% pay when combined with French social security and other mandatory French pension plans. The actuarial present value of the Plan formula benefit is calculated using a conversion factor of 23.281 as of December 31, 2008. Mr. Machon's French pension plans are taken into account in the calculations. If upon retirement, the Plan assets are greater than the actuarial present value of the Plan formula benefit, then the Plan assets will be distributed in lieu of any other benefits under the Xerox International Pension Plan.

Non-Qualified Deferred Compensation

The Non-Qualified Deferred Compensation table discloses named executive officer withdrawals and earnings and fiscal year end balances under the Xerox Corporation Deferred Compensation Plan for Executives.

NON-QUALIFIED DEFERRED COMPENSATION FOR THE 2008 FISCAL YEAR

Name	Executive Contributions in Last FY (\$ (A))	Registrant Contributions in Last FY (\$ (A))	Aggregate Earnings in Last FY (\$ (B))	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE (\$ (C))
Anne M. Mulcahy	0	0	109,752	0	2,731,753
Lawrence A. Zimmerman	0	0	0	0	0
Ursula M. Burns	0	0	16,934	0	342,271
Jean-Noel Machon	0	0	0	0	0
James A. Firestone	0	0	0	0	0

- (A) The Deferred Compensation Plan for Executives was frozen in 2002. Deferrals into the plan have not been permitted since 2001.
- (B) A portion of the amount shown for 2008 under "Aggregate Earnings in the Last Fiscal Year" for Anne M. Mulcahy and Ursula M. Burns is also reported in the Summary Compensation Table as above market interest credited to non-qualified deferred compensation balances from compensation that was deferred prior to 2002 as follows: Anne M. Mulcahy 0 \$5,940; Ursula M. Burns 0 \$916.
- (C) The aggregate balances include a very small amount of previously reported above market earnings in prior fiscal years. Interest is credited at the Prime Rate for a portion of the balances shown above. The portion not credited with the Prime Rate is credited with the Xerox Stock Fund return within the Xerox Corporation Savings Plan. The annualized effective rate for 2008 in the Prime Rate balances is 5.205%. The Xerox Stock Fund return closely matches the change in Xerox stock price over the year.

Previously, the plan allowed for the deferral of base salary (up to 50%) and short-term incentive and performance units (up to 100%) as long as the compensation would have been payable in cash if not deferred. Participants were required to elect the percentage to be deferred, the investment applicable to the amount deferred and the method of payment. Payments to Anne M. Mulcahy and Ursula M. Burns, based on their elections, will commence in the year of retirement (or year following if retirement is after July 1) and will be paid annually for 10 years and 5 years, respectively. Under this plan, there is also an opportunity for in-service hardship withdrawals if approved by the Chief Executive Officer (or by the Board of Directors in the case of a request by the Chief Executive Officer). In the event of a Change in Control, deferred compensation balances will be paid out in a lump sum.

Potential Payments upon Termination or Change in Control

The Company has entered into certain agreements and maintains certain plans that will require the Company to provide compensation to named executive officers in the event of a termination of employment or a change in control. The amount of compensation payable to each named executive officer in each situation effective December 31, 2008 is listed in the table below. The equity awards presented in this table reflect grants not vested as of December 31, 2008 and are based on the December 31, 2008 closing market price of \$7.97. For Jean-Noel Machon, the conversion to dollars is based on an exchange rate on December 31, 2008 of 1.4097 dollars per euro and 1.4479 dollars per British pound.

	Lump Sum Payment in Lieu of Salary Continuance (\$)	Non- Equity Incentive Awards (\$)	Equity Incentive Awards (\$)	Qualified Pension Benefit (\$)	Non- Qualified Pension Benefits (\$)	Healthcare / Life Insurance Benefits (\$)	
Anne M. Mulcahy							
• Voluntary Termination/ Retirement (A)	□	1,980,000	6,102,972	919,746	21,084,587	□	
• Involuntary Termination not for Cause (B)	1,320,000	1,980,000	6,102,972	919,746	21,084,587	□	
• Involuntary or Good Reason Termination after change in Control (CIC) (C)	9,867,000	□	12,921,442	919,746	20,755,372	233,240	
• Death (D)	□	1,980,000	12,921,442	638,828	12,474,229	3,000,000	
Lawrence A. Zimmerman							
• Voluntary Termination/ Retirement (A)	□	710,500	1,546,451	266,867	4,662,855	□	
• Involuntary Termination not For Cause (B)	357,000	710,500	1,546,451	266,867	4,662,855	□	
• Involuntary or Good Reason Termination after change in Control (CIC) (C)	2,849,000	□	3,004,292	266,867	4,697,398	36,216	
• Death (D)	□	710,500	3,004,292	179,690	4,572,330	2,142,000	
Ursula M. Burns							
• Voluntary Termination/ Retirement (A)	□	□	□	420,456	2,173,645	□	
• Involuntary Termination not For Cause (B)	726,923	1,109,375	2,198,477	420,456	2,173,645	□	
• Involuntary or Good Reason Termination after change in Control (CIC) (C)	4,018,750	□	7,167,102	420,456	4,296,433	64,951	1,2
• Death (D)	□	1,109,375	7,167,102	333,019	1,308,658	2,700,000	
Jean-Noel Machon							
• Voluntary Termination/ Retirement (A)	1,545,602	551,485	820,472	□	12,521,540	□	
• Involuntary Termination not For Cause (B)	3,762,803	551,485	820,472	□	12,521,540	□	
• Involuntary or Good Reason Termination after change in Control (CIC) (C)	2,686,398	□	1,584,994	□	12,521,540	13,410	
• Death (D)	3,477,605	□	1,584,994	□	12,521,540	□	
James A. Firestone							
• Voluntary Termination/ Retirement (A)	□	□	□	198,964	802,318	□	
• Involuntary Termination not For Cause (B)	357,000	710,500	1,639,796	198,964	802,318	□	
• Involuntary or Good Reason Termination after change in Control (CIC) (C)	2,849,000	□	4,084,864	198,964	2,653,771	95,368	1,0
• Death (D)	□	710,500	4,084,864	156,808	398,479	2,142,000	

- (A) Ursula M. Burns and James A. Firestone are not retirement eligible. Assuming voluntary termination on December 31, 2008, there would be no payments due Ursula M. Burns and James A. Firestone other than vested pension benefits and for Ms. Burns, her deferred compensation balance (see Non-Qualified Deferred Compensation table for balances as of December 31, 2008). Anne M. Mulcahy, Lawrence A. Zimmerman and Jean-Noel Machon are retirement eligible. Assuming retirement on December 31, 2008, Anne M. Mulcahy, Lawrence A. Zimmerman and Jean-Noel Machon would be entitled to a short-term incentive (Non-Equity Incentive Award) for 2008 performance. The amount shown above reflects payout at target (actual payout could be higher or lower). In addition, Anne M. Mulcahy, Lawrence A. Zimmerman and Jean-Noel Machon would be eligible to receive pro-rated performance shares based on the number of full months of service from date of grant on the original vesting date under the terms of the E-LTIP, and would receive vested pension benefits. Anne M. Mulcahy would also receive her deferred compensation balance as shown in the Non-Qualified Deferred Compensation table. Jean-Noel Machon would also be eligible for payments in accordance with the collective redundancy program in France. These payments include 12 months of earnings calculated using the last 12 months of actual earnings and paid as a lump sum. This payment would include base salary (\$787,833), short-term incentive based on the previous year's incentive payment (\$597,666), car allowance (\$37,755) and housing allowance (\$122,348).
- (B) Assuming involuntary termination under the terms of the Company's separation policy, Anne M. Mulcahy, Lawrence A. Zimmerman, Ursula M. Burns and James A. Firestone would be eligible for salary continuance payments based on their years of service in accordance with this policy as follows: Anne M. Mulcahy - 52 weeks, Lawrence A. Zimmerman - 26 weeks; Ursula M. Burns - 42 weeks; and James A. Firestone - 26 weeks. The amounts reported in the table above assume salary continuance is paid as a lump sum. In addition, Anne M. Mulcahy, Lawrence A. Zimmerman, Ursula M. Burns, Jean-Noel Machon and James A. Firestone would be entitled to a short-term incentive payment (Non-Equity Incentive Award) for 2008 performance, shown at target. Jean-Noel Machon would also be eligible for payments in accordance with the collective redundancy program in France. These payments include 24 months of earnings calculated using the last 12 months of actual earnings and paid as a lump sum. This payment would include base salary (\$1,575,666), short-term incentive based on the previous year's incentive payment (\$1,195,332), car allowance (\$75,510) and housing allowance (\$244,696). Mr. Machon would also be entitled to receive payment for a six month notice period based on his December 31, 2008 base salary (\$395,857) and six months pro-rated short-term incentive at target (\$275,742). In addition, all of the named executive officers would be entitled to pro-rated performance shares based on the number of full months of service from the date of grant on the original vesting date per the terms of the E-LTIP, their deferred compensation balance, if any, and vested pension benefits.
- (C) Assuming Involuntary or Good Reason Termination in the event of a change in control, per the terms of the change in control agreement and as noted in the section on *Change-in-Control Severance Agreements* in the "Compensation Discussion and Analysis", Anne M.

Mulcahy, Lawrence A. Zimmerman, Ursula M. Burns, Jean-Noel Machon and James A. Firestone would be eligible for a lump sum payment in lieu of compensation continuance in the amount of 2.99 times annual compensation (base pay and short-term incentive) for Anne M. Mulcahy and two times annual compensation for all other named executives, accelerated vesting and payment of unvested performance shares at target and restricted stock units, and accelerated pension benefits under the non-qualified plans (value of benefit paid as a lump sum) consistent with the plan provisions for other employees, deferred compensation balance, if any, excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended, and continuation of certain welfare benefits for a period of 36 months for Anne M. Mulcahy and 24 months for all other named executives.

(D) Following death, the estates, or with respect to certain types of payments and elections made, the spouses for Anne M. Mulcahy, Lawrence A. Zimmerman, Ursula M. Burns and James A. Firestone would be entitled to receive payment of a 2008 short-term incentive, accelerated vesting of performance shares at target and restricted stock units if any, deferred compensation balance, if any, a life insurance benefit, and vested qualified and non-qualified pension benefits. Subject to certain eligibility conditions, the pension death benefit is generally a 50% survivor annuity or if eligible to retire under the SERP, a 100% survivor annuity. Following death, Jean-Noel Machon's estate would be entitled to receive 2.25 times his previous 12 months earnings which would include base salary (\$1,772,624), short-term incentive based on previous year's payment (\$1,344,749), car allowance (\$84,949) and housing allowance (\$275,283). In addition, Mr. Machon's estate would be entitled to accelerated vesting of his performance shares at target and restricted stock units if any, and his vested pension benefit.

41

Termination Following Disability

Assuming termination following disability on December 31, 2008, all named executive officers would be eligible for prorated performance shares based on the number of full months of service from the date of grant, their deferred compensation balance, if any, and vested pension benefits as shown for □Voluntary Termination/Retirement.□ Jean-Noel Machon would be entitled to receive 4.5 times his previous 12 months earnings which would include base salary (\$3,545,249), short-term incentive based on previous year's payment (\$2,689,497), car allowance (\$169,898) and housing allowance (\$550,566), for a total disability payment of \$6,955,210.

Involuntary Termination for Cause

Assuming involuntary termination for cause due to engagement in detrimental activity against the Company, there would be no payments to Anne M. Mulcahy, Lawrence A. Zimmerman, Ursula M. Burns and James A. Firestone other than their deferred compensation balance, if any, and vested qualified pension benefits as shown for □Voluntary Termination/Retirement.□ Jean-Noel Machon would be entitled to the same payments provided to him in the event of his involuntary termination not for cause except he would not receive prorated performance shares. All unvested shares and non-qualified pension benefits would be immediately cancelled upon termination for cause for all named executive officers. See *Compensation Recovery Policy* section of the □Compensation Discussion & Analysis□ for additional information.

Non-Qualified Pension Benefit

In the event of a change in control, the non-qualified pension amounts shown in the table above for Anne M. Mulcahy, Lawrence A. Zimmerman, Ursula M. Burns and James A. Firestone represent the lump sum payments that would be paid for all non-qualified pension benefits. These amounts were calculated as specified in the Unfunded Supplemental Executive Retirement Plan based on the present value of future benefits using the minimum

required interest rate and mortality for qualified plan lump sum payments. These benefits would not be paid as a lump sum without the occurrence of a change in control that conformed to deferred compensation tax regulations. The present value of the benefits payable upon an event other than a change in control represents the present value of the accumulated benefits for each participant. Since these amounts are not paid as lump sums, and for change in control purposes, this present value is already determined using the required section 280G assumptions, these assumptions have been used for this purpose as well to express these benefits as a present value. These present values are based on assumed termination of employment on December 31, 2008. Upon termination, the annual non-qualified benefits for recipients not yet age 55 would be payable at age 65 as a single life annuity.

Other Payments

Similar to other employees of the Company, U.S. executives who are retirement eligible, based on age and actual years of service, would receive retiree health care benefits. Anne M. Mulcahy and Lawrence A. Zimmerman would be eligible for retiree health care benefits if they separated from Xerox on December 31, 2008. Also, like other employees, the named executive officers would be eligible for payment of all earned and accrued but unused vacation due as of the date of the separation (or last day worked prior to salary continuance if applicable) under the terms of the Company's vacation policy.

42

Equity Compensation Plan Information

The Equity Compensation Plan Information table provides information as of December 31, 2008, with respect to shares of Xerox common stock that may be issued under our existing equity compensation plans, including the 2004 Performance Incentive Plan; 2004 Directors Plan; the Xerox Corporation Long-Term Incentive Plan (1991 Plan); the Xerox Corporation 1996 Non-Employee Director Stock Option Plan (1996 Plan); the Xerox Corporation 1998 Employee Stock Option Plan (1998 Plan); the Xerox Mexicana, S.A. de C.V. Executive Rights Plan (Mexico Plan); and the Xerox Canada Inc. Executive Rights Plan (Canada Plan).

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	A Number of Securities to be Issued upon Exercise of Outstanding Options and Rights	B Weighted- Average Exercise Price of Outstanding Options and Rights (\$)	C Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column A)
Equity Compensation Plans Approved by			
Shareholders(1)	43,956,568	15.4877	26,857,029(3)
Equity Compensation Plans Not Approved by			
Shareholders(2)	1,228,526	15.3672	0(3)
Total	45,185,094(4)	15.4844	26,857,029(5)

(1) Consists of the 2004 Performance Incentive Plan, 2004 Directors Plan, 1991 Plan, 1996 Plan and 1998 Plan.

(2) Consists of the Mexico Plan and the Canada Plan.

(3) The 1998 Plan was discontinued as of May 21, 2003; and the 1991 Plan, 1996 Plan, Mexico Plan and Canada Plan were discontinued as of May 20, 2004. No further grants can be made under these plans. Any shares that are cancelled, forfeited, or lapse under the 2004

Performance Incentive Plan, 1991 Plan, 1998 Plan, Mexico Plan and Canada Plan become available again for issuance under the 2004 Performance Incentive Plan. Any shares that are cancelled, forfeited or lapse under the 2004 Directors Plan become available again for issuance under the 2004 Directors Plan.

(4) There are an additional 21,415,743 full-value shares of stock and units outstanding as of 2008 fiscal year end.

(5) Any full-value shares issued in connection with the 2004 Performance Incentive Plan and the 2004 Directors Plan are counted against this limit at the rate of 1.667 shares for each one (1) share issued. As anticipated, if all remaining shares are issued as full-value shares, approximately 16,110,995 shares would be available for issuance as of December 31, 2008.

Xerox Mexicana, S.A. de C.V. Executive Rights Plan

The Mexico Plan, which was discontinued in May 2004 following shareholder approval of the 2004 Performance Incentive Plan, provided for the granting of stock rights for the purpose of advancing the interests of Xerox Corporation and shareholders by providing the General Director or Executive Director and other employees with a proprietary interest in the growth and performance of the Company and incentives for continued service.

Xerox Canada Inc. Executive Rights Plan

The Canada Plan, which was discontinued in May 2004 following shareholder approval of the 2004 Performance Incentive Plan, provided for the granting of stock rights and other related vehicles for the purpose of advancing the interests of Xerox Corporation and shareholders by providing the President or a Vice President of Xerox Canada Inc. and other employees with a proprietary interest in the growth and performance of the Company and incentives for continued service.

Indemnification Actions

The Company's by-laws provide for indemnification of officers and directors to the full extent permitted by New York law. Consistent with these by-laws, in connection with *In re Xerox Corporation Securities Litigation*; *Carlson v. Xerox Corporation, et al.*; *In re Xerox Corp. ERISA Litigation*; *Florida State Board of Administration, et al. v. Xerox Corporation, et al.*; and *National Union Fire Insurance Company v. Xerox Corporation, et al.*, the Company has advanced counsel fees and other reasonable fees and expenses, actually and necessarily incurred by the present and former directors and officers who are involved, and the Company has advanced, since the previous report to shareholders as to these fees and expenses, an aggregate of approximately \$5,094,300. Each of the individuals is required, in accordance with the requirements of the Business Corporation Law of the State of New York (BCL), to execute an undertaking to repay such expenses if they are finally found not to be entitled to indemnification under the Company's by-laws and the BCL.

Directors and Officers Liability Insurance and Indemnity

On August 18, 2008, the Company renewed its policies for directors and officers liability insurance. The policies are issued by Federal Insurance Company, XL Specialty Insurance Company, St. Paul Mercury Insurance Company, Twin City Fire Insurance Company, Houston Casualty Company, Arch Specialty Insurance Company, ACE American Insurance Company and Allied World Assurance Company. The policies expire August 18, 2009, and the total annual premium is approximately \$3.5 million.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Act requires the Company's directors, executive officers and persons who own more than ten percent of the common stock of the Company, to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership of common stock of the Company. Directors, officers and greater than ten percent shareholders are required by the regulations of the SEC to furnish the Company with copies of all

Section 16(a) reports they file. Based solely on review of the copies of such reports furnished to the Company or written representations that no other reports were required to be filed with the SEC, the Company believes that all reports for the Company's directors and executive officers that were required to be filed under Section 16 of the Securities Exchange Act of 1934 during the fiscal year ended December 31, 2008 were timely filed except as follows: Mr. Hunter, Russell Peacock and Rhonda Seegal were each late filing one Form 4 reporting one transaction.

PROPOSAL 2 □ RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected PricewaterhouseCoopers LLP (PwC), an independent registered public accounting firm, to act as independent auditors of the Company for 2009. Representatives of the firm are expected to be at the meeting to respond to appropriate questions and to make a statement, if they wish.

Principal Auditor Fees and Services

Aggregate fees for professional services rendered for the Company by PwC were (\$ in millions):

	2008	2007
Audit Fees	\$ 19.0	\$ 22.7
Audit Related Fees	2.1	2.0
Tax Fees	1.5	1.3
All Other Fees	□	□
Total Fees	\$ 22.6	\$ 26.0

Audit fees were for professional services rendered for the audits of the consolidated financial statements of the Company in accordance with standards of the Public Company Accounting Oversight Board, statutory and subsidiary audits, assistance with review of documents filed with the SEC, consents, comfort letters and other services required to be performed by our independent auditors.

44

Audit Related fees were for assurance and related services associated with employee benefit plan audits, information systems control reviews, due diligence reviews, special reports pursuant to agreed upon procedures or international reporting requirements and other attest services.

Tax fees were primarily for services related to tax compliance.

All Other fees are primarily associated with attendance at accounting seminars, benchmarking services and research materials.

In accordance with the Audit Committee Charter, all of the foregoing audit and non-audit fees paid to, and the related service provided by, PwC were pre-approved by the Audit Committee.

Audit Committee Report

The responsibilities of the Audit Committee are discussed under "Committee Functions, Membership and Meetings" on page 7 and can also be found on our website at www.xerox.com/corporategovernance. Management is responsible for the Company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an audit of the Company's consolidated financial statements and the effectiveness of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. Consistent with the foregoing, the Audit Committee has:

- Reviewed and discussed the audited consolidated financial statements of the Company for the year ended December 31, 2008, including the specific disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations", with the management of the Company and PwC including the Company's key accounting policies and use of estimates;

- Discussed with PwC the matters required to be discussed by SAS 61, SAS 89 and SAS 90; and
- Received the written disclosures and the letter from PwC required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and has discussed with PwC that firm's independence.

Based upon the foregoing review and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's 2008 Annual Report to Shareholders and in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 for filing by the Company with the SEC.

Richard J. Harrington, Chairman
Glenn A. Britt
William Curt Hunter
Robert A. McDonald

The Board of Directors recommends a vote

FOR

the ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the year 2009

45

OTHER MATTERS

Other Actions at Meeting

The Board of Directors does not intend to present any other matters at this meeting. The Board has not been informed that any other person intends to present any other matter for action at this meeting. If any other matters properly come before the meeting, the persons named in the accompanying proxy intend to vote the proxies in accordance with their best judgment.

Information About this Solicitation of Proxies

In addition to the solicitation of proxies by mail, certain of our employees may solicit proxies without extra remuneration. We also will request brokerage houses, nominees, custodians and fiduciaries to forward soliciting material to the beneficial owners of stock held of record and will reimburse such person for the cost of forwarding the material. We have engaged Georgeson Inc. to handle the distribution of soliciting material to, and the collection of proxies from, such entities. We will pay Georgeson Inc. a fee of \$12,000 plus reimbursement of out-of-pocket expenses for this service. We will bear the cost of all proxy solicitation.

Confidential Voting

As a matter of policy, we keep confidential proxies, ballots and voting tabulations that identify individual shareholders. Such documents are available for examination only by the inspector of election and certain of our employees and our transfer agent who are associated with processing proxy cards and tabulating the vote. The vote of any shareholder is not disclosed except in a contested proxy solicitation or as may be necessary to meet legal requirements.

Communication With Non-Management Directors by Interested Parties

Under the Corporate Governance Guidelines, the Company provides a process for interested parties to send communications to the Board of Directors. The Corporate Governance Guidelines provide that interested parties desiring to communicate with the non-management Directors regarding the Company may directly contact the

Chairman of the Corporate Governance Committee at the address as it appears on the Company's website at www.xerox.com/about-xerox/citizenship/corporate-governance/guidelines.

Multiple Shareholders Having the Same Address

If you and other residents at your mailing address own shares of common stock through a broker, you may have received a notice from the broker notifying you that your household will be sent only one Annual Report and Proxy Statement. If you did not return the "opt-out" card attached to such notice you were deemed to have consented to such process. The broker or other holder of record will send at least one copy of the Annual Report and Proxy Statement to your address. You may revoke your consent at any time by calling (800) 542-1061. The revocation will be effective 48 hours after receiving your telephone notification. In any event, the Company will send a copy of the Annual Report and Proxy Statement to you if you address your written request to Xerox Corporation, Shareholder Services, P.O. Box 4505, Norwalk, CT 06856-4505 or call Shareholder Services at (203) 849-2315. If you are receiving multiple copies of annual reports and proxy statements at your address and would like to receive only one copy in your household, please contact us at this same address and telephone number.

Availability of Additional Information

Copies of the 2008 Annual Report of the Company have been distributed to shareholders (unless you have consented to electronic delivery). Additional copies and additional information, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (Form 10-K) filed with the SEC are available without charge from Xerox Corporation, P.O. Box 4505, Norwalk, Connecticut 06856-4505, Attention: Corporate Secretary. The Annual Report, Proxy Statement and Form 10-K are also available on the Company's website at www.xerox.com/corporategovernance or <http://www.edocumentview.com/XRX>. Shareholders can receive proxy statements, annual reports, and other shareholder materials via electronic delivery. Registered shareholders (if you have your stock in certificate form) can sign up for electronic delivery at <http://www.eTree.com/Xerox>. Beneficial shareholders (if you hold your shares through a broker or financial institution) can sign up for electronic delivery at <http://enroll.icsdelivery.com/xrx>.

Notice and Access

Pursuant to rules adopted by the SEC, the Company has elected to provide access to its proxy materials over the Internet. Accordingly, Notice of Internet Availability of Proxy Materials (Notice) is being sent to the Company's shareholders of record and beneficial owners. The Notice contains instructions on how to access the proxy materials over the Internet and how to request a printed copy of the proxy materials, as well as how shareholders may request to receive proxy materials in printed form by mail, or electronically by email, on an ongoing basis.

REQUIREMENTS FOR SUBMISSION OF PROXY PROPOSALS, NOMINATION OF DIRECTORS AND OTHER BUSINESS

Shareholder Proposals for 2010 Meeting

We expect to hold our 2010 Annual Meeting of Shareholders during the second half of May and to issue our Proxy Statement for that meeting during the first half of April.

Under the SEC proxy rules, if a shareholder wants us to include a proposal in our Proxy Statement and form of proxy for the 2010 Annual Meeting of Shareholders, the proposal must be received by us at P.O. Box 4505, Norwalk, Connecticut 06856-4505, Attention: Corporate Secretary, no later than December 10, 2009.

Under our by-laws, any shareholder wishing to make a nomination for director or wishing to introduce any business at the 2010 Annual Meeting of Shareholders must give the Company advance notice as described in the by-laws. To be timely, we must receive your notice for the 2010 Annual Meeting at our offices mentioned above no earlier than November 10, 2009 and no later than December 10, 2009. Nominations for director must be accompanied by written consent to being named in the Proxy Statement as a nominee and to serving as a director if elected.

Corporate Governance Committee □ Director Nomination Process

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The Corporate Governance Committee considers candidates for Board membership recommended by Board members, management, shareholders and others (see below). There are no specific minimum qualifications that the Corporate Governance Committee believes must be met by candidates. The Corporate Governance Guidelines require that a substantial majority of the Board should consist of independent directors. Any management representation should be limited to top Company management. Nominees are to be selected on the basis of, among other things, broad perspective, integrity, independence of judgment, experience, expertise, diversity, ability to make independent analytical inquiries, understanding of the Company's business environment and willingness to devote adequate time and effort to Board responsibilities. Members should represent a predominance of business backgrounds and bring a variety of experiences and perspectives to the Board. Shareholders who wish to recommend individuals for consideration by the Corporate Governance Committee may do so by submitting a written recommendation to the Secretary of the Company, P.O. Box 4505, Norwalk, Connecticut 06856-4505. Submissions must include sufficient biographical information concerning the recommended individual, including age, employment and board memberships (if any), for the Corporate Governance Committee to consider. The submission must be accompanied by a written consent by the nominee to stand for election if nominated by the Board and to serve if elected by the shareholders. Recommendations received by December 10, 2009, will be considered for nomination at the 2010 Annual Meeting of Shareholders.

By order of the Board of Directors,

Don H. Liu
Senior Vice President, General Counsel and Secretary
April 9, 2009

002CS18007

Electronic Voting Instructions

**You can vote by Internet or telephone!
Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on May 21, 2009 (9:00 a.m., Central Time, May 19, 2009 for ESOP participants).

Vote by Internet

- Log on to the Internet and go to **www.envisionreports.com/XRX**
- Follow the steps outlined on the secured website.

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.
- Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

X

Xerox Corporation Annual Meeting of Shareholders Proxy Card

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

A Election of Directors **The Board of Directors recommends a vote FOR all the nominees listed.**

1. Nominees:	For	Against	Abstain	For	Against	Abstain
01 - Glenn A. Britt				02 - Ursula M. Burns		03 - Richard J. Harr
04 - William Curt Hunter				05 - Robert A. McDonald		06 - Anne M. Mulca
07 - N.J. Nicholas, Jr.				08 - Charles Prince		09 - Ann N. Reese
10 - Mary Agnes Wilderotter						

B Proposal **The Board of Directors recommends a vote FOR Proposal 2.**

2.	For	Against	Abstain
Ratification of the selection of PricewaterhouseCoopers LLP as Company's independent registered public accounting firm for 2009.			

Note: Such other business as may properly come before the meeting or any adjournment thereof.

Meeting Attendance
Mark box to the right if you plan to attend the Annual Meeting.

C **Authorized Signatures** **This section must be completed for your vote to be counted. Date and Sign Below**

Please sign below exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If signing in the name of a corporation or partnership, please sign full corporate or partnership name and indicate title of authorized signatory.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

/ /

Receive Proxy Materials
Electronically

Your e-mail address can now help save the environment. Vote online and register for electronic communications with the eTree® program and we'll have a tree planted on your behalf. Electronic delivery saves Xerox a significant portion of the costs associated with printing and mailing annual meeting materials, and Xerox encourages shareholders to take advantage of the 24/7 access, quick delivery and reduced mail volume they will gain by consenting to electronic delivery. If you consent to electronic delivery of meeting materials, you will receive an e-mail with links to all annual meeting materials and to the online proxy voting site for every annual meeting. To sign up for electronic delivery and have a tree planted on your behalf, please provide your e-mail address while voting online, or register at www.eTree.com/xerox.

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

Proxy Xerox Corporation

**ANNUAL MEETING OF SHAREHOLDERS
9:00 A.M. THURSDAY, MAY 21, 2009
XEROX CORPORATE HEADQUARTERS
45 GLOVER AVENUE
NORWALK, CONNECTICUT, 06856**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
FROM SHAREHOLDERS OF COMMON STOCK**

The undersigned appoints RICHARD J. HARRINGTON, ANNE M. MULCAHY and MARY AGNES WILDEROTTER, and each of them (or if more than one are present, a majority of those present), as proxies for the undersigned, with full power of substitution, to represent the undersigned and to vote the shares of Common Stock of Xerox Corporation which the undersigned is entitled to vote at the above annual meeting and at all adjournments thereof (a) in accordance with the following ballot and (b) in accordance with their best judgment in connection with such other business as may come before the meeting.

SIGNED PROXIES RETURNED WITHOUT SPECIFIC VOTING DIRECTIONS WILL BE VOTED IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS.

NOTICE TO PARTICIPANTS IN THE EMPLOYEE STOCK OWNERSHIP PLAN

This card also constitutes voting instructions for participants in the Xerox Corporation Employee Stock Ownership Plan. A Participant who signs on the reverse side hereby instructs State Street Bank & Trust Company, Trustee, to vote all the shares of Common Stock of Xerox Corporation allocated to his or her Stock Account and a proportion of the shares of such Common Stock held in the ESOP Trust for which no instructions have been received in accordance with the following direction. ESOP participants must vote by 9:00 a.m., Central Time, Tuesday, May 19, 2009.

**IMPORTANT ANNUAL SHAREHOLDERS MEETING
INFORMATION YOUR VOTE COUNTS!**

Xerox Corporation Shareholders Meeting Notice

Important Notice Regarding the Availability of Proxy Materials for the Xerox Corporation Shareholders Meeting to be Held on May 21, 2009

Under new Securities and Exchange Commission rules, you are receiving this notice that the proxy materials for the annual shareholders meeting are available on the Internet. Follow the instructions below to view the materials and vote online or request a copy. The items to be voted on and location of the annual meeting are on the reverse side. Your vote is important!

This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting. The proxy statement and annual report to shareholders are available at:

www.envisionreports.com/XRX

Easy Online Access A Convenient Way to View Proxy Materials and Vote

When you go online to view materials, you can also vote your shares.

Step 1: Go to **www.envisionreports.com/XRX** to view the materials.

Step 2: Click on **Cast Your Vote or Request Materials**.

Step 3: Follow the instructions on the screen to log in.

Step 4: Make your selection as instructed on each screen to select delivery preferences and vote.

When you go online, you can also help the environment by consenting to receive electronic delivery of future materials.

Obtaining a Copy of the Proxy Materials If you want to receive a paper or e-mail copy of these documents, you must request one. There is no charge to you for requesting a copy. Please make your request for a copy as instructed on the reverse side on or before May 11, 2009 to facilitate timely delivery.

Xerox Corporation Shareholders Meeting Notice

Xerox Corporation Annual Meeting of Shareholders will be held on Thursday, May 21, 2009 at the Xerox Corporation Corporate Headquarters, at 45 Glover Avenue, Norwalk, Connecticut, 06856 at 9:00 a.m. Eastern Time.

Proposals to be voted on at the meeting are listed below along with the Board of Directors' recommendations.

The Board of Directors recommends that you vote **FOR** the following proposals:

1. Nominees.

- 01 - Glenn A. Britt
- 02 - Ursula M. Burns
- 03 - Richard J. Harrington
- 04 - William Curt Hunter
- 05 - Robert A. McDonald
- 06 - Anne M. Mulcahy
- 07 - N.J. Nicholas, Jr.
- 08 - Charles Prince
- 09 - Ann N. Reese
- 10 - Mary Agnes Wilderotter

2. Ratification of the selection of PricewaterhouseCoopers LLP as Company's independent registered public accounting firm for 2009.

Note: Such other business as may properly come before the meeting or any adjournment thereof.

PLEASE NOTE - YOU CANNOT VOTE BY RETURNING THIS NOTICE. To vote your shares you must vote online or request a paper copy of the proxy materials to receive a proxy card. If you wish to attend and vote at the meeting, please bring this notice with you.

Directions to the Xerox Corporation 2009 Annual Meeting of Shareholders - 45 Glover Avenue, Norwalk, CT 06850

From the Merritt Parkway (CT15)

North Bound - From NYC

Take exit 39B to merge onto US-7 N toward Norwalk/Danbury
Turn right at Grist Mill Rd/US-7 (signs for US-7/Wilton/Danbury)
Turn right at Glover Ave.
Turn right at 45 Glover Ave. and follow the driveway to the front of the building

From the Merritt Parkway (CT15)

South Bound - From New Haven

Take exit 40B toward US-7/Danbury
Turn left at Creeping Hemlock Dr
Go diagonally across Main St. onto Glover Ave.
Go over railroad tracks, bearing right on Glover Ave.
Turn left at 45 Glover Ave. and follow the driveway to the front of the building

From I-95

North Bound - From NYC

Take exit 15 to merge onto US-7 N toward Norwalk/Danbury
Turn right at Grist Mill Rd/US-7 (signs for US-7/Wilton/Danbury)
Turn right at Glover Ave.
Turn right at 45 Glover Ave. and follow the driveway to the front of the building

From I-95

South Bound - From New Haven

Take exit 15 to merge onto US-7 N toward Norwalk/Danbury
Turn right at Grist Mill Rd/US-7 (signs for US-7/Wilton/Danbury)
Turn right at Glover Ave.
Turn right at 45 Glover Ave. and follow the driveway to the front of the building

Here's how to order a copy of the proxy materials and select a future delivery preference:

Explanation of Responses:

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Paper copies: Current and future paper delivery requests can be submitted via the telephone, Internet or e-mail options below.

E-mail copies: Current and future e-mail delivery requests must be submitted via the Internet following the instructions below. If you request an e-mail copy of current materials you will receive an e-mail with a link to the materials.

PLEASE NOTE: You must use the numbers in the shaded bar on the reverse side when requesting a set of proxy materials.

è **Internet** ☐ Go to www.envisionreports.com/XXR Click Cast Your Vote or Request Materials. Follow the instructions to log in and order a paper or e-mail copy of the current meeting materials and submit your preference for e-mail or paper delivery of future meeting materials.

è **Telephone** ☐ Call us free of charge at 1-866-641-4276 using a touch-tone phone and follow the instructions to log in and order by mail a paper copy of the materials for the meeting. You can also submit a preference to receive a paper copy for future meetings.

è **E-mail** ☐ Send e-mail to investorvote@computershare.com with ☐Proxy Materials Xerox☐ in the subject line. Include in the message your full name and address, plus the three numbers located in the shaded bar on the reverse, and state in the e-mail that you want a paper copy of the meeting materials. You can also state your preference to receive a paper copy for future meetings.

To facilitate timely delivery, all requests for a paper copy of the proxy materials must be received by May 11, 2009.
