

## PUTTING OUR BRAND TO WORK



### Company Profile

With world-renowned engineering expertise in vacuum and heat transfer technology, Graham Corporation is a global designer, manufacturer, and supplier of custom engineered ejectors, pumps, condensers, vacuum systems, and heat exchangers. Graham Corporation's subsidiary Energy Steel & Supply Co. is a leading code fabrication and specialty machining company dedicated exclusively to the nuclear power industry. Sold either as components or complete system solutions, the principle markets for the Company's equipment include:

- Oil and Gas Refining
- Chemical/Petrochemical
- Nuclear Power Generation
- Other Power Generation

Graham equipment can also be found in diverse product applications, such as:

- Refrigeration
- Water Heating
- Metal Refining
- Food Processing
- Pharmaceutical
- Pulp and Paper Processing
- Shipbuilding
- HVAC
- Desalination
- Alternative Energy

For 75 years, Graham has built a reputation for top quality, reliable products, and high standards of customer service. Its equipment is installed in facilities from North and South America to Europe, Asia, Africa, and the Middle East.

### Graham Vision and Strategy

Graham's goal is to be a world-class leader in the design and manufacture of engineered-to-order products for the process industries by:

- Maintaining a strong North American presence while diversifying sales into emerging growth markets, such as Asia and the Middle East
- Acquiring engineered-to-order product companies to expand geographically and/or diversify products
- Growing revenue from aftermarket products
- Cultivating new markets, such as gas-to-liquids
- Maintaining margins through engineering and manufacturing operational efficiency improvements
- Maintaining a strong balance sheet through aggressive cash management

### Investment Considerations

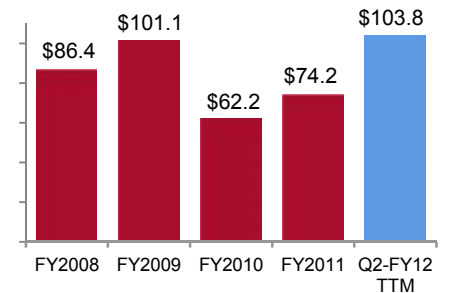
- Well-respected global brand
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, electrical power generation, and chemical processing markets
- Established sales and engineering operations in Asia
- Strong balance sheet, no long-term bank debt; cash and cash equivalents balance of \$33.0 million at September 30, 2011; management of cash and conversion cycle is a priority
- Experienced, talented management team

### Market Data

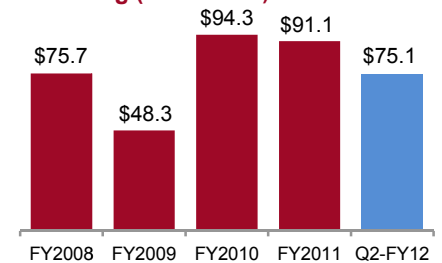
Recent price	\$19.50
52-week range	\$26.30 - \$14.36
Average daily volume (12 month)	42,479
Market capitalization (millions)	\$200.8
Common shares outstanding (millions – at September 30, 2011)	9.91
Institutional ownership	83%

Market data as of October 27, 2011; ownership as of most recent filing

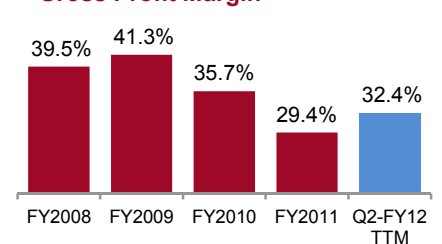
### Sales (in millions)



### Backlog (in millions)



### Gross Profit Margin



### Investor Relations Contact

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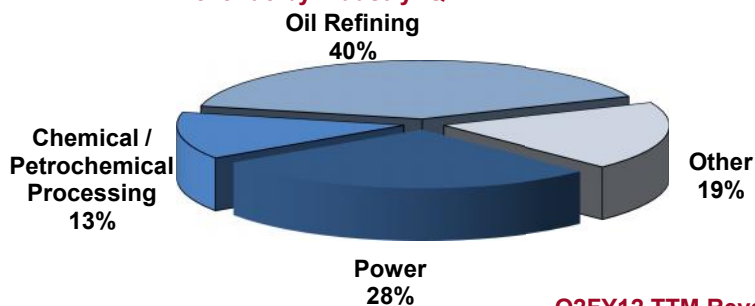
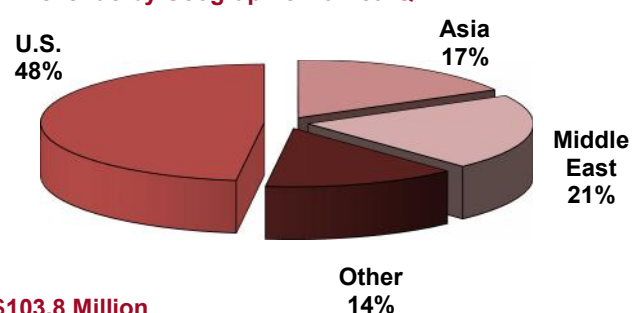
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**Financial Highlights***(in thousands except per share data)*

	Second Quarter Ended September 30,		Fiscal Year Ended March 31,		
	2011	2010	2011	2010	2009
Sales	\$ 33,595	\$ 15,723	\$ 74,235	\$ 62,189	\$101,111
Gross profit	12,800	5,347	21,851	22,231	41,712
Selling, general and administrative	4,396	3,019	13,076	12,093	14,825
Net interest (income) expense and other expense	170	(9)	15	77	148
Income before taxes	8,234	2,337	8,760	10,061	26,739
Net income	5,468	1,557	5,874	6,361	17,467
Diluted earnings per share	\$ 0.55	\$ 0.16	\$ 0.59	\$ 0.64	\$ 1.71
Weighted average shares outstanding – diluted	10,000	9,977	9,958	9,937	10,195
Gross margin	38.1%	34.0%	29.4%	35.7%	41.3%
Operating margin	25.0%	14.8%	11.8%	16.1%	26.0%
Net margin	16.3%	9.9%	7.9%	10.2%	17.3%

*(in thousands)*

	September 30, 2011	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009
Current assets	\$ 79,450	\$ 76,631	\$ 91,672	\$ 72,742
Other assets	42,234	41,419	17,307	14,182
Total assets	121,684	118,050	108,979	86,924
Current liabilities	26,821	32,628	34,968	23,195
Capital lease obligations	267	116	144	31
Other liabilities	12,029	11,651	4,793	2,587
Stockholders' equity	82,567	73,655	69,074	61,111
Total liabilities and stockholders' equity	121,684	118,050	108,979	86,924

**Revenue by Industry: Q2FY12 TTM****Revenue by Geographic Market: Q2FY12 TTM****Q2FY12 TTM Revenue: \$103.8 Million****Recent Highlights**

- Net sales in the second quarter of fiscal 2012 were \$33.6 million, up from net sales of \$15.7 million in the prior year's second quarter, driven by the oil refining and power markets. Organic sales increased \$10.7 million, or 67.8%, to \$26.4 million. Energy Steel contributed \$7.2 million to net sales and represented 40% of the growth in the quarter.
- Gross profit was \$12.8 million, or 38.1% of sales, in the second quarter of fiscal 2012. Gross profit was \$5.3 million, or 34.0% of sales, in the same period of the prior fiscal year and 32.8% in the trailing first quarter of fiscal 2012.
- Operating profit in the second quarter of fiscal 2012 was \$8.4 million, up from \$2.3 million in the prior-year's second quarter. Operating margin was 25.0% in the reported period, compared with 14.8% in the prior fiscal year's second quarter reflecting the leverage gained on higher sales and the quality of the projects in production.
- Net income was \$5.5 million, or \$0.55 per diluted share, in fiscal 2012's second quarter, compared with \$1.6 million, or \$0.16 per diluted share, in the prior-year period.
- Orders for the second quarter of fiscal year 2012 included two significant orders, one for two surface condensers, both for the Indian market, totaling \$2.4 million and the second for three steam surface condensers, two for the Chinese market and one for the U.S. market, totaling \$4.3 million.

The above contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are subject to risks, uncertainties and assumptions and can be identified by words such as "expects," "estimates," "projects," "anticipates," "believes," "could," and other similar words and expressions. All statements addressing operating performance, events, or developments that Graham expects or anticipates will occur in the future, including but not limited to, statements relating to anticipated revenue, profit margins, foreign operations, Graham's strategies, the effectiveness of automation, Graham's ability to improve its cost competitiveness, customer preferences, changes in market conditions in the industries in which it operates, changes in economic conditions and customer behavior are forward-looking statements and they should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties are more fully described in Graham's most recent Annual and Quarterly Reports filed with the Securities and Exchange Commission, included under the heading entitled "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of Graham's underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. 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 its forward-looking statements.