



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

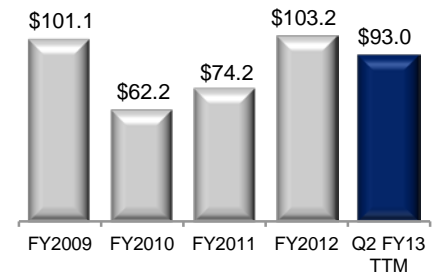
- Well-respected global brand
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, electrical power generation, and chemical processing markets
- Established sales and engineering operations in Asia
- Strong balance sheet, no long-term bank debt; cash and cash equivalents balance of \$24.4 million at September 30, 2012; management of cash and conversion cycle is a priority
- Experienced, talented management team

Market Data

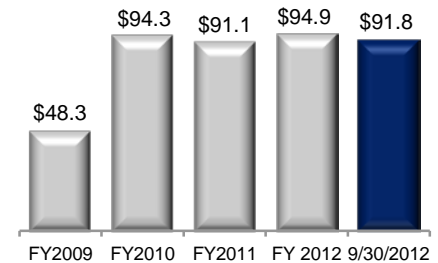
Recent price	\$17.25
52-week range	\$25.04 - \$16.20
Average daily volume (3 month)	24,217
Market capitalization (millions)	\$164.6
Common shares outstanding (at September 30, 2012)	10.0 million
Institutional ownership	68.0%

Market data as of November 14, 2012 (Source: Bloomberg); ownership as of most recent filing

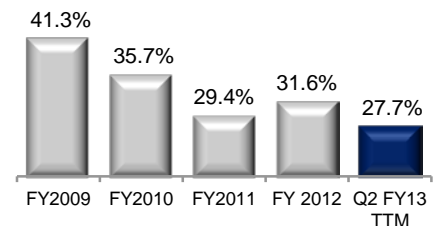
Sales (in millions)



Backlog (in millions)



Gross Profit Margin



Investor Relations Contact

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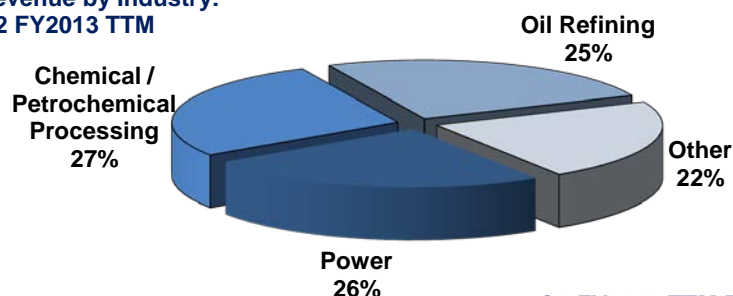
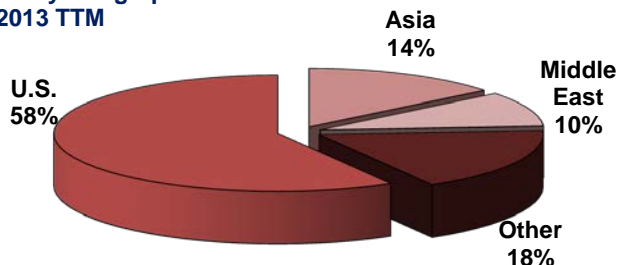
Financial Highlights

(in thousands except per share data)

	Second Quarter Ended September 30,		Fiscal Year Ended March 31,		
	2012	2011	2012	2011	2010
Sales	\$ 25,902	\$ 33,595	\$ 103,186	\$ 74,235	\$ 62,189
Gross profit	7,913	12,800	32,635	21,851	22,231
Selling, general and administrative	4,436	4,396	15,540	13,076	12,093
Net interest (income) expense and other expense	(384)	170	418	15	77
Income before taxes	3,861	8,234	16,677	8,760	10,061
Net income	2,615	5,468	10,553	5,874	6,361
Diluted earnings per share	\$ 0.26	\$ 0.55	\$ 1.06	\$ 0.59	\$ 0.64
Weighted average shares outstanding – diluted	10,054	10,000	9,998	9,958	9,937
Gross margin	30.5%	38.1%	31.6%	29.4%	35.7%
Operating margin	13.4%	25.0%	16.6%	11.8%	16.1%
Net margin	10.1%	16.3%	10.2%	7.9%	10.2%

(in thousands)

	September 30, 2012	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Current assets	\$ 81,856	\$ 76,978	\$ 77,142	\$ 91,672
Other assets	37,935	37,999	40,929	17,307
Total assets	119,791	114,977	118,071	108,979
Current liabilities	24,655	24,248	32,649	34,968
Capital lease obligations	170	203	116	144
Other liabilities	8,980	8,906	11,651	4,793
Stockholders' equity	85,986	81,620	73,655	69,074
Total liabilities and stockholders' equity	119,791	114,977	118,071	108,979

Revenue by Industry:
Q2 FY2013 TTMRevenue by Geographic Market:
Q2 FY2013 TTM

Q2 FY2013 TTM Revenue: \$93.0 Million

First Quarter Fiscal Year End 2013 Highlights

- Net sales in the second quarter of fiscal 2013 were \$25.9 million, down 23% from net sales of \$33.6 million in the prior year's second quarter, as the prior year period benefited from the conversion to sales of a large Middle East refinery project. Net income was \$2.6 million, or \$0.26 per diluted share, compared with \$5.5 million, or \$0.55 per diluted share, in the second quarter of fiscal 2012.
- Second quarter sales to the U.S. market were \$15.3 million, or 59% of total sales, compared with \$17.8 million, or 53% of total sales, in the same prior-year period. International sales declined \$5.2 million year-over-year to \$10.6 million, a result of lower sales in Asia, the Middle East and Canada. Last year's second quarter included a large oil refinery project for the Middle East that had been won during the strength of the last up cycle.
- Orders during the second quarter of fiscal 2013 were \$25.6 million, an increase of 30% from orders of \$19.7 million in the trailing first quarter of fiscal 2013 and up 9% from \$23.5 million during the second quarter of fiscal 2012. Compared with the same prior-year period, orders from the refining market increased by \$6.6 million to \$9.4 million, power market orders were up by \$0.7 million to \$6.7 million and orders from other industrial and commercial markets increased by \$1.7 million to \$5.4 million. Orders from the chemical/petrochemical market were down by \$6.9 million to \$4.1 million.
- Cash, cash equivalents and investments at September 30, 2012 were \$46.9 million compared with \$41.7 million at March 31, 2012.
- For fiscal 2013, sales are expected to be approximately \$105 million to \$115 million, with gross margin expectations between 29% and 31% and SG&A expense in the range of 16% to 17% of sales.

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.