

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 energy markets with a goal to double revenue to exceed \$200 million in revenue in the next cycle:

- 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

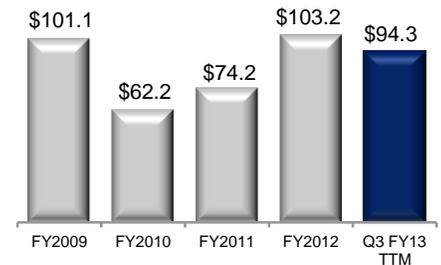
- Well-respected global brand
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, electrical power generation, and chemical processing markets
- Established sales and engineering operations in Asia
- Strong balance sheet, no long-term bank debt; cash and cash equivalents balance of \$28.1 million at December 31, 2012; management of cash and conversion cycle is a priority
- Experienced, talented management team

Market Data

Recent price	\$24.04
52-week range	\$25.04 - \$16.20
Average daily volume (3 month)	35,006
Market capitalization (millions)	\$240.5
Common shares outstanding (at December 31, 2012)	10.0 million
Institutional ownership	68.5%

Market data as of February 13, 2013 (Source: Bloomberg); ownership as of most recent filing

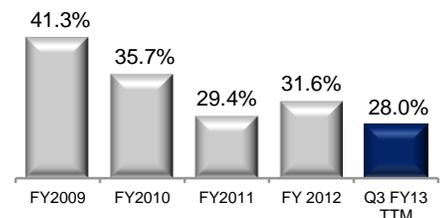
Sales (in millions)



Backlog (in millions)



Gross Profit Margin



Investor Relations Contact

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Financial Highlights

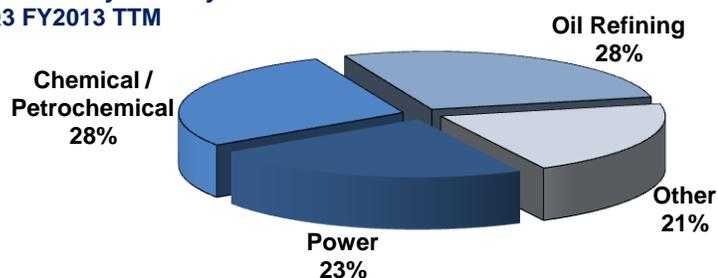
(in thousands except per share data)

	Third Quarter Ended December 31,		Fiscal Year Ended March 31,		
	2012	2011	2012	2011	2010
Sales	\$ 25,633	\$ 24,329	\$ 103,186	\$ 74,235	\$ 62,189
Gross profit	7,128	6,462	32,635	21,851	22,231
Selling, general and administrative	3,188	3,820	15,540	13,076	12,093
Net interest (income) expense and other expense	6	43	418	15	77
Income before taxes	3,934	2,599	16,677	8,760	10,061
Net income	3,047	1,640	10,553	5,874	6,361
Diluted earnings per share	\$ 0.30	\$ 0.16	\$ 1.06	\$ 0.59	\$ 0.64
Weighted average shares outstanding – diluted	10,057	9,991	9,998	9,958	9,937
Gross margin	27.8%	26.6%	31.6%	29.4%	35.7%
Operating margin	15.4%	10.9%	16.6%	11.8%	16.1%
Net margin	11.9%	6.7%	10.2%	7.9%	10.2%

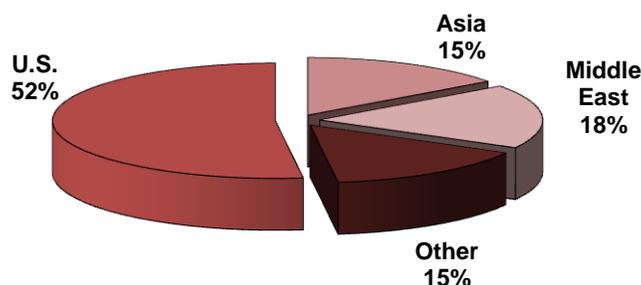
(in thousands)

	December 31, 2012	Mar. 31, 2012	Mar. 31, 2011	Mar. 31, 2010
Current assets	\$ 85,165	\$ 76,978	\$ 77,142	\$ 91,672
Other assets	38,173	37,999	40,929	17,307
Total assets	123,338	114,977	118,071	108,979
Current liabilities	24,976	24,248	32,649	34,968
Capital lease obligations	150	203	116	144
Other liabilities	9,013	8,906	11,651	4,793
Stockholders' equity	89,199	81,620	73,655	69,074
Total liabilities and stockholders' equity	123,338	114,977	118,071	108,979

Revenue by Industry: Q3FY12 TTM

Revenue by Industry:
Q3 FY2013 TTM

Revenue by Geographic Market: Q3FY12 TTM



Q3 FY2013 TTM Revenue: \$94.3 Million

Third Quarter Fiscal Year End 2013 Highlights

- Net sales in the third quarter of fiscal 2013 were \$25.6 million, up 5.4% from net sales of \$24.3 million in the prior-year's third quarter. Net income was \$3.0 million, or \$0.30 per diluted share, compared with \$1.6 million, or \$0.16 per diluted share, in the third quarter of fiscal 2012.
- International sales, which comprised 55% of total sales in the quarter, measurably strengthened by 37%, or \$3.8 million, to \$14.2 million in the fiscal 2013 third quarter compared with the same prior-year period. The growth was driven by increased sales in the Middle East and Asia. Third quarter sales to the U.S. market were \$11.4 million, or 45% of total sales, compared with \$13.9 million in fiscal 2012's third quarter. The decline in U.S. sales was directly related to project delays associated with the naval nuclear propulsion program and new-build nuclear power facilities along with typical variations in geographic sales mix.
- Gross profit was \$7.1 million, or 27.8% of sales, in the third quarter of fiscal 2013 compared with \$6.5 million, or 26.6% of sales, in the same period of the prior fiscal year. The improvements in gross profit and margin reflected orders received approximately nine to twelve months back when market conditions began to improve.
- Cash, cash equivalents and investments at December 31, 2012 were \$55.1 million compared with \$41.7 million at March 31, 2012.
- For fiscal 2013, sales are expected to be approximately \$102.5 million to \$107.5 million, with gross margin expectations between 29% and 31% and SG&A expense in the range of 15.5% to 16.0% 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.