

Company Profile

With world-renowned engineering expertise in vacuum and heat transfer technology, Graham Corporation is a designer, manufacturer and global supplier of ejectors, pumps, condensers, vacuum systems and heat exchangers. Sold either as components or complete system solutions, the principle markets for the Company's equipment include:

- Oil Refining
- Petrochemical
- Power Generation

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

- Refrigeration
- Water Heating
- Metal Refining
- Food Processing
- Pulp and Paper Processing
- Shipbuilding
- Desalination

For over 70 years, Graham has built a reputation for top quality, reliable products and superior 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

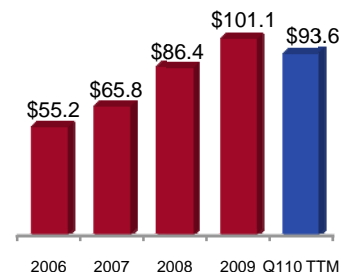
Graham's goal is to be a world-class leader in the design and manufacture of engineered-to-order products for the process industries by:

- Maintaining a strong North American presence while diversifying sales into emerging growth markets, such as Asia and the Middle East
- Growing revenue from aftermarket products
- Cultivating new markets, such as gas-to-liquids
- Maintaining margins with engineering and manufacturing operational efficiency improvements
- Improving capital usage through aggressive cash management

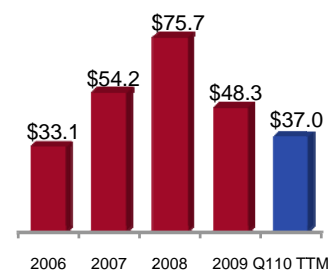
Investment Considerations

- Well-respected global brand with strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, petrochemical and power generation
- No long-term bank debt, cash reserves of \$45.3 million at June 30, 2009, and management of the cash conversion cycle
- Experienced and talented management team

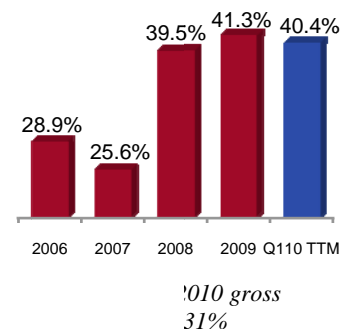
Sales (in millions)



Backlog (in millions)



Gross Profit Margin



Market Data & Financial Highlights

Common Shares Outstanding (millions)	9.8
Market Cap (millions)	\$138
Avg. Daily Volume (12 mos.)	249,205
Recent Price	\$14.08
52-Week Range	\$6.85 - \$50.12
Price to Earnings (TTM)	9.39x
Gross Margin (Q1 10)	41.1%
Operating Margin (Q1 10)	25.0%
Net Margin (Q1 10)	17.5%

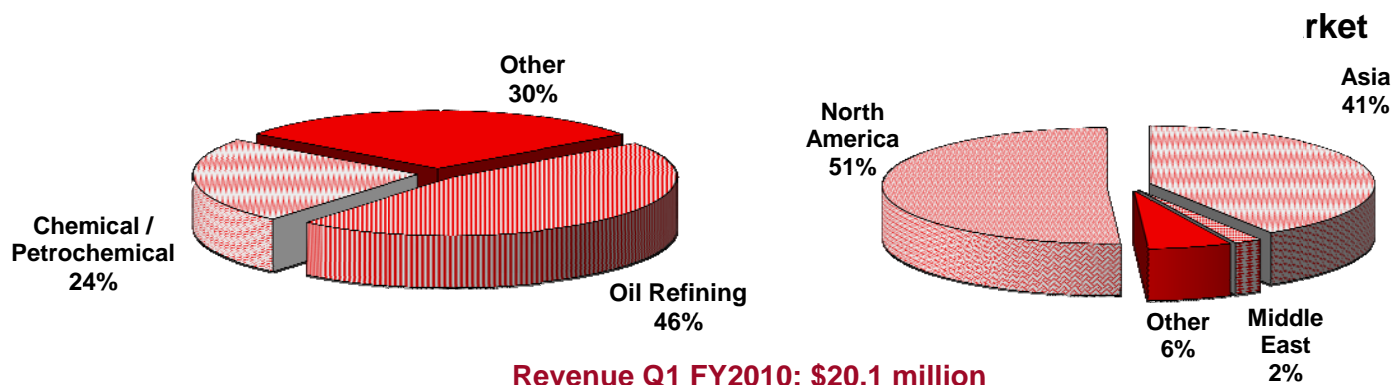
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Financial Highlights

(in thousands except per share data)

	First Quarter Ended June 30,		Fiscal Year Ended March 31,		
	2010	2009	2009	2008	2007
Sales	\$ 20,138	\$ 27,647	\$ 101,111	\$ 86,428	\$ 65,822
Gross profit	8,278	12,218	41,712	34,162	16,819
Selling, general and administrative	3,248	3,822	14,825	13,074	10,806
Net interest (income) expense and other expense	(17)	(130)	148	(1,016)	(506)
Income before taxes	5,047	8,526	26,739	22,104	6,519
Net income	3,518	5,684	17,467	15,034	5,761
Diluted earnings per share	\$ 0.35	\$ 0.56	\$ 1.71	\$ 1.49	\$ 0.58
Weighted average shares outstanding – diluted	9,915	10,204	10,195	10,085	9,850
Gross margin	41.1%	44.2%	41.3%	39.5%	25.6%
Operating margin	25.0%	30.4%	26.6%	24.4%	9.1%
Net margin	17.5%	20.6%	17.3%	17.4%	8.8%
	June 30,	Mar. 31,	Mar. 31,	Mar. 31,	
(in thousands)	2009	2009	2008	2007	
Current assets	\$ 73,858	\$ 72,742	\$ 57,370	\$ 36,739	
Other assets	13,999	14,182	13,341	12,139	
Total assets	87,857	86,924	70,711	48,878	
Current liabilities	20,828	23,195	20,372	16,620	
Capital lease obligations	24	31	36	56	
Other liabilities	2,557	2,587	1,767	1,548	
Stockholders' equity	64,448	61,111	48,536	30,654	
Total liabilities and stockholders' equity	87,857	86,924	70,711	48,878	
Book value per share	\$ 6.55	\$ 6.21	\$ 4.86	\$ 3.15	
Return on average assets (TTM)	18.4%	22.2%	25.1%	12.9%	
Return on average equity (TTM)	25.6%	31.9%	38.0%	19.9%	



First Quarter Fiscal Year 2010 Highlights

- Net sales were \$20.1 million in the quarter, down 27.2% compared with net sales of \$27.6 million in the prior year's first quarter. Net income in the first quarter was \$3.5 million, or \$0.35 per diluted share, a decline of 38.1% compared with net income of \$5.7 million, or \$0.56 per diluted share, in the prior year's first quarter.
- For the fiscal 2010 first quarter, sales of condensers advanced 12.0% to \$5.2 million, while ejector sales were down 13.6% to \$8.0 million. Aftermarket, heat exchangers, and pump packages sales combined were down 49.6% to \$6.9 million. Condenser sales in the first quarter of fiscal 2010 were driven by orders won in the first half of the fiscal year ended March 31, 2009, referred to as "fiscal 2009," and resulted primarily from refinery and petrochemical projects.
- U.S. sales declined \$8.3 million, or 44.9%, to \$10.2 million, representing 51% of total sales, in the first quarter of fiscal 2010. By comparison, U.S. sales were \$18.6 million, representing 67% of total sales, in the same quarter of fiscal 2009.
- Gross profit was \$8.3 million, or 41.1% of sales, in the first quarter of fiscal 2010, compared with \$12.2 million, or 44.2% of sales, in the same period of the prior fiscal year. During the quarter, gross profit remained at a historically high level as a result of orders completed that originated prior to the sharp reduction in market demand in the quarter ended December 31, 2008.
- Cash, cash equivalents and investments at June 30, 2009, were \$45.3 million, compared with \$46.2 million at March 31, 2009, and \$45.0 million at June 30, 2008. The decline resulted primarily from the timing of accounts receivable.
- Orders during the first quarter of fiscal 2010 were \$8.8 million, down from \$27.8 million in orders received in the prior year's first quarter and \$20.5 million in the trailing fourth quarter of fiscal 2009.
- Graham's backlog was \$37.0 million at June 30, 2009, down 23.3% from \$48.3 million at March 31, 2009. During the first quarter of fiscal 2010, a \$235 thousand order that had been on hold was returned to active status.

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.