

Company Profile

With world-renowned engineering expertise in vacuum and heat transfer technology, Graham Corporation is a designer, manufacturer and global supplier of custom-engineered 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
- 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

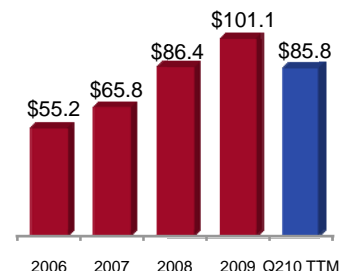
Investment Considerations

- Well-respected global brand 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 \$54.7 million at September 30, 2009; management of the cash conversion cycle is a priority
- Experienced and talented management team

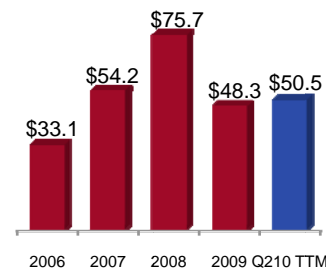
Market Data & Financial Highlights

Common Shares Outstanding (<i>millions</i>)	9.845
Market Cap (<i>millions</i>)	\$151
Avg. Daily Volume (<i>12 mos.</i>)	188.397
Recent Price	\$15.37
52-Week Range	\$18.27 - \$6.85
Price to Earnings (TTM)	12.6x
Gross Margin (Q2 10)	36.3%
Operating Margin (Q2 10)	17.5%
Net Margin (Q2 10)	12.0%*

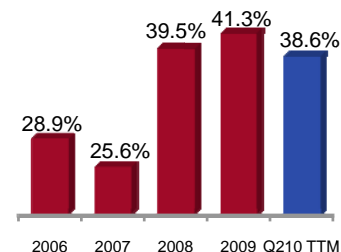
Sales (in millions)



Backlog (in millions)



Gross Profit Margin



Investor Relations Contact

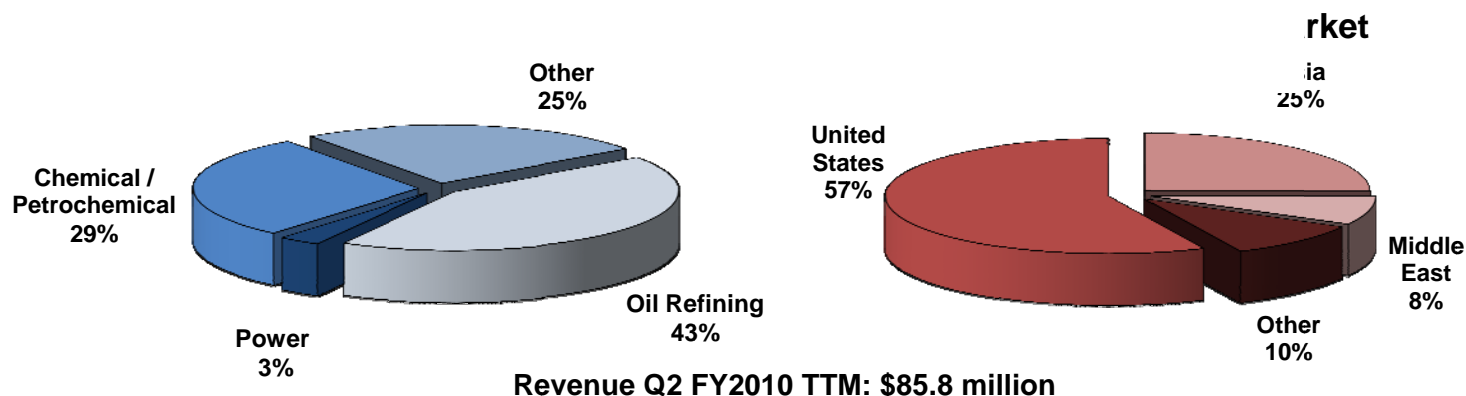
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*Guidance provided as of October 30, 2009 and is not being updated with the fact sheet.

Financial Highlights

(in thousands except per share data)

	Second Quarter Ended Sept 30,		Fiscal Year Ended March 31,		
	2009	2008	2009	2008	2007
Sales	\$ 16,108	\$ 23,915	\$ 101,111	\$ 86,428	\$ 65,822
Gross profit	5,854	10,499	41,712	34,162	16,819
Selling, general and administrative	3,032	3,931	14,825	13,074	10,806
Net interest (income) expense and other expense	114	(170)	148	(1,016)	(506)
Income before taxes	2,708	6,738	26,739	22,104	6,519
Net income	1,468	4,412	17,467	15,034	5,761
Diluted earnings per share	\$ 0.15	\$ 0.43	\$ 1.71	\$ 1.49	\$ 0.58
Weighted average shares outstanding – diluted	9,937	10,249	10,195	10,085	9,850
Gross margin	36.3%	43.9%	41.3%	39.5%	25.6%
Operating margin	17.5%	27.5%	26.6%	24.4%	9.1%
Net margin	9.1%	18.4%	17.3%	17.4%	8.8%
	Sept 30,	Mar. 31,	Mar. 31,	Mar. 31,	
(in thousands)	2009	2009	2008	2007	
Current assets	\$ 74,635	\$ 72,742	\$ 57,370	\$ 36,739	
Other assets	14,149	14,182	13,341	12,139	
Total assets	88,784	86,924	70,711	48,878	
Current liabilities	20,094	23,195	20,372	16,620	
Capital lease obligations	17	31	36	56	
Other liabilities	2,724	2,587	1,767	1,548	
Stockholders' equity	65,949	61,111	48,536	30,654	
Total liabilities and stockholders' equity	88,784	86,924	70,711	48,878	
Book value per share	\$ 6.70	\$ 6.21	\$ 4.86	\$ 3.15	
Return on average assets (TTM)	14.4%	22.2%	25.1%	12.9%	
Return on average equity (TTM)	19.5%	31.9%	38.0%	19.9%	



Second Quarter Fiscal Year 2010 Highlights

- Net sales were \$16.1 million in the fiscal 2010 second quarter, a decline of \$7.8 million, or 32.6%, compared with net sales of \$23.9 million in the second quarter of the fiscal year which ended March 31, 2009.
- Net income in the fiscal 2010 second quarter was \$1.5 million, or \$0.15 per diluted share, a decline of 66.7% compared with net income of \$4.4 million, or \$0.43 per diluted share, in the same period last year. Excluding a \$0.5 million, or \$0.05 per share charge for R&D tax credits, net income was \$1.9 million, or \$0.19 per diluted share.
- U.S sales represented 50% of total sales in the second quarter of fiscal 2010 and 63% of total sales in the same quarter of fiscal 2009. International sales during the second quarter represented 50% of total sales, compared with 37% of total sales, during the same quarter of fiscal 2009.
- Sales to Asia increased appreciably, but were more than offset by declines in sales to all other regions, with largest sales decreases occurring in Canada and Western Europe.
- Gross profit was \$5.9 million, or 36.3% of sales, in the second quarter of fiscal 2010, compared with \$10.5 million, or 43.9% of sales, in the same period of the prior fiscal year.
- Cash, cash equivalents and investments at September 30, 2009, were \$54.7 million compared with \$45.3 million at June 30, 2009 and \$46.2 million at March 31, 2009. The increase resulted primarily from the timing of accounts receivable.
- Orders during the second quarter of fiscal 2010 were \$29.6 million compared with orders of \$17.5 million and \$8.8 million in the prior year's second quarter and the trailing first quarter of fiscal 2010, respectively. International orders were \$23.4 million, or 79% of total orders, while domestic orders were \$6.2 million, or 21% of total orders.
- Graham's backlog was \$50.5 million at September 30, 2009, down 27.6% from \$69.7 million at the end of last year's fiscal second quarter, but 36.2% above backlog of \$37.0 million at June 30, 2009.

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.

