

Adopted on March 2, 2006

GRAHAM CORPORATION
CHARTER OF THE
EMPLOYEE BENEFITS COMMITTEE
OF THE BOARD OF DIRECTORS

Membership

Members of the Employee Benefits Committee (the “Benefits Committee”) of the Board of Directors (the “Board”) of Graham Corporation (the “Company”) shall be appointed by the Board. The Benefits Committee shall consist of at least three (3) directors of the Company.

Meetings, Structure and Procedures

The Benefits Committee shall meet at least two (2) times per year. One Benefits Committee member shall serve as the Committee Chair and the Board shall determine which member shall be the Chair. The Benefits Committee will meet at such times and places as determined by the Chair, or as may be requested by any two (2) Benefits Committee members, upon three (3) days notice to each member personally, by mail or by written telecommunication. In addition, the Benefits Committee shall meet at such other times as it deems necessary or desirable to fulfill its responsibilities.

The agenda of each Benefits Committee meeting will be prepared under the direction of the Chair and, whenever practicable, circulated to each Benefits Committee member prior to the meeting date. The Chair will preside, when present, at all Benefits Committee meetings.

A majority of the Benefits Committee shall constitute a quorum. Any action required or permitted to be taken at any Benefits Committee meeting may be taken without a meeting if all members of the Benefits Committee consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Benefits Committee. Members of the Benefits Committee may participate in a Benefits Committee meeting by conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting by these means shall constitute presence in person at the meeting.

Minutes shall be prepared for all meetings of the Benefits Committee to document the Benefits Committee's discharge of its responsibilities. The minutes shall be circulated in draft form to all Benefits Committee members, and shall be approved as presented or as modified at a subsequent Benefits Committee meeting.

Purpose

The Benefits Committee is a named fiduciary with respect to the employee benefit plans of the Company that are subject to the Employee Retirement Income Security Act of 1974, as amended (the “ERISA Plans”). The Benefits Committee serves as the plan administrator of the ERISA Plans and oversees the operation, administration, investments and compliance of the Company’s ERISA Plans. The Benefits Committee is expressly authorized to delegate its

administrative and other duties to subcommittees which may consist of any combination of directors and employees of the Company, as permitted by applicable laws, rules and regulations.

Authority and Responsibilities

The Benefits Committee shall:

1. Administer the ERISA Plans and establish such rules and regulations in connection therewith as it determines to be necessary or appropriate.
2. Conclusively make all determinations necessary or appropriate for the administration of the ERISA Plans, including without limitation determinations as to eligibility to participate, eligibility for benefits, and other benefits claims.
3. Construe, interpret, and supplement the ERISA Plans whenever necessary or appropriate to carry out their intent and purpose and to facilitate their administration.
4. Provide for the bonding of all fiduciaries, ERISA Plan officials and other similar persons at least to the extent required by ERISA.
5. Prepare, file with the appropriate governmental agencies, furnish or make available to appropriate participants, alternate payees, and beneficiaries, any statements, reports, descriptions, registrations and other documents as may be required pursuant to ERISA, or cause such filings to be prepared and made.
6. Review the assets, liabilities and investment performance of the ERISA Plans.
7. Review and approve the investment policies for the relevant ERISA Plans.
8. Evaluate the performance of the investments under the relevant ERISA Plans in accordance with applicable investment policy.
9. Review the investment objectives, risk characteristics, historical performance, expenses and other characteristics related to the investments maintained under the relevant ERISA Plans at such intervals as are prudent, taking into account relevant facts and circumstances.
10. Select the investment funds that are from time to time to be offered as investment options under the Company's 401(k) ERISA Plan.
11. Select, remove, evaluate and enter into contracts with investment managers under applicable ERISA Plans.
12. Select and oversee the custody of assets under applicable ERISA Plans.
13. Allocate and delegate to others from time to time such of its duties for management of ERISA Plan assets as it may determine.
14. Appoint or remove one or more independent fiduciaries (including without limitation investment advisors) or other independent service providers to provide

such services and perform such functions in furtherance of the Benefits Committee's duties and responsibilities as the Benefits Committee determines in its discretion.

15. Have the authority to engage and compensate independent counsel, accountants and other advisors, as the Benefits Committee deems necessary or appropriate to carry out its duties.
16. Have full access to any relevant records of the Company and request any employee of the Company or other person to meet with the Benefits Committee or its consultants.
17. At least annually, review and assess the adequacy of this Charter and conduct a performance evaluation of the Benefits Committee. The Benefits Committee shall recommend any proposed changes to the Board for approval.

General

The Benefits Committee is also charged with such other tasks and responsibilities as are consistent with this Charter, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated by the Securities and Exchange Commission and the American Stock Exchange Company Guide.