



## 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 principal 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

Over the past 71 years, Graham Corporation 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.

## Investment Considerations

- Well-respected global brand
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position: oil refining, electrical power generation and chemical processing markets
- Established sales and engineering operations in Asia
- Customers rely on Graham's product consistency and reliability
- Experienced, talented team

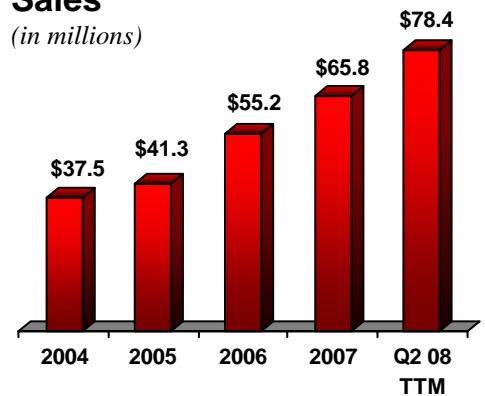
## Strategy

- Expand sales and engineering operations to serve emerging economies, especially Asia and the Middle East.
- Enlarge engineering and manufacturing capacity through automation, efficiency and outsourcing.
- Leverage global strength to develop a broader international footprint.

## Investor Fact Sheet – Q2 Fiscal Year 2008

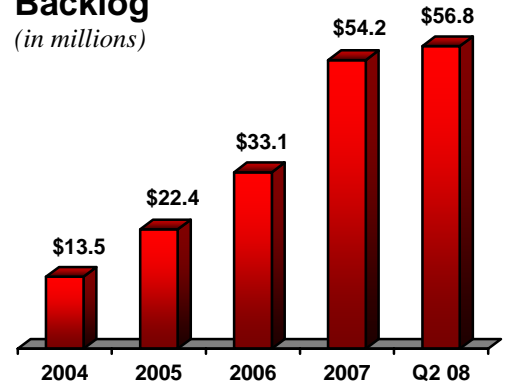
### Sales

(in millions)



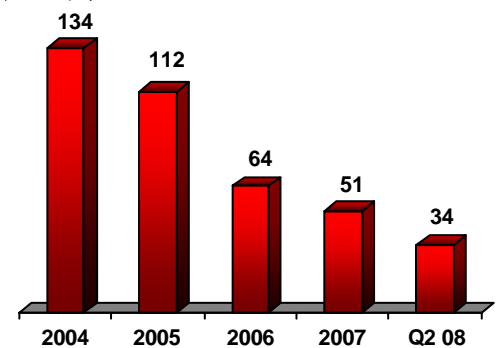
### Backlog

(in millions)



### Cash Conversion Cycle

(in days)



### Market Data (as of October 30, 2007) & Financial Highlights

Common Shares Outstanding (millions).....	3.9	Price to Earnings (TTM).....	21.6x
Market Cap (millions).....	\$240	Gross Margin (Q2 FY 08).....	42.9%
Avg. Daily Volume (3 mos).....	82,157	Operating Margin (Q2 FY 08).....	29.1%
Recent Price.....	\$60.75	Net Margin (Q2 FY 08).....	19.2%
52-Week Range.....	\$12.67 – \$63.65	EPS (Q2 FY 08).....	\$1.10

### Investor Relations Contact

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## Financial Highlights

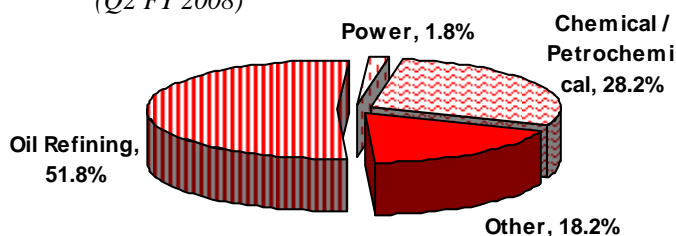
(in thousands except per share data)

	Second Quarter Ended Sep 30,		Year Ended Mar. 31,		
	2007	2006	2007	2006	2005
Sales	\$ 23,060	\$ 15,903	\$ 65,822	\$ 55,208	\$ 41,333
Gross profit	9,897	3,224	16,819	15,959	7,540
Selling, general and administrative	3,174	2,392	10,338	9,818	7,691
Income (loss) from continuing operations before taxes	6,721	830	6,519	5,753	359
Net income (loss)	4,422	563	5,761	3,586	(2,906)
Diluted earnings (loss) per share – cont. ops	\$ 1.10	\$ 0.14	\$ 1.46	\$ 0.96	\$ 0.09
Weighted average shares outstanding – diluted	4,012	3,945	3,940	3,735	3,433
Gross margin	42.9%	20.3%	25.6%	28.9%	18.2%
Operating margin	29.1%	5.2%	10.1%	11.1%	(0.4)%
Net margin	19.2%	3.5%	8.8%	6.5%	(7.0)%

(in thousands)	Sep 30, 2007	Mar. 31, 2007	Mar. 31, 2006
Current assets	\$ 45,634	\$ 36,739	\$ 27,395
Other assets	9,244	12,139	13,161
Total assets	54,878	48,878	40,556
Current liabilities	15,209	16,620	10,616
Long-term debt	45	56	30
Other liabilities	1,675	1,548	2,803
Stockholders' equity	37,949	30,654	27,107
Total liabilities and stockholders' equity	54,878	48,878	40,556
Book value per share	\$ 9.70	\$ 7.89	\$ 7.07
Return on average assets (TTM)	22.3%	12.9%	9.7%
Return on average equity (TTM)	33.9%	19.9%	16.4%

### Revenue by Industry

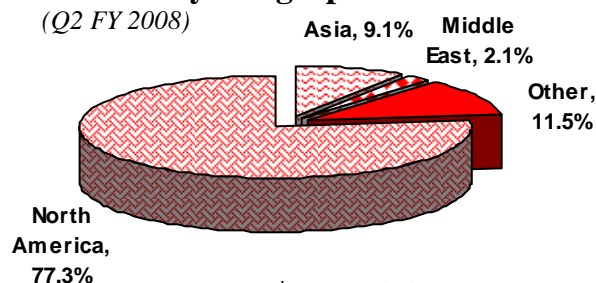
(Q2 FY 2008)



Revenue: \$23.1 million

### Revenue by Geographic Market

(Q2 FY 2008)



Revenue: \$23.1 million

## Second Quarter Fiscal Year 2008 Highlights

- Revenue for the second quarter of fiscal 2008 was \$23.1 million, a 45% increase compared with revenue of \$15.9 million in the second quarter of fiscal 2007. Sales growth for the second quarter primarily resulted from continued strong demand for ejector systems in the global refinery market, particularly for North American refinery capacity expansions and revamps to handle changing crude feedstock supplies.
- Net income in the second quarter improved to \$4.4 million, or \$1.10 per diluted share, compared with \$563 thousand, or \$0.14 per diluted share, in the prior year period.
- Cash, cash equivalents and investments at September 30, 2007 were \$24.1 million compared with \$15.1 million as of March 31, 2007 and \$20.2 million as of June 30, 2007.
- Gross margin for the second quarter of fiscal 2008 improved to 42.9% compared with 20.3% in the same prior year period. Gross margin also increased 950 basis points sequentially from the first quarter of fiscal 2008. Productivity gains in both engineering and manufacturing contributed to the improvement in gross margin both year-over-year and quarter-to-quarter.
- Operating margin was 29.1% in the second quarter compared with 5.2% in the same prior year period and 19.1% in the first quarter of fiscal 2008.
- At September 30, 2007, backlog was \$56.8 million, 26% higher than backlog of \$45.0 million at September 30, 2006. Approximately \$50.0 million of orders in backlog are expected to convert to sales within the next twelve months.

This fact sheet contains "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements concerning future revenue, earnings and cost debt reduction, involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries, conditions affecting the Company's customers and suppliers, competitor responses to the Company's products and services, the overall market acceptance of such products and services, the Company's ability to renegotiate its senior debt, and other factors disclosed in the Company's periodic reports filed with the Securities and Exchange Commission. The Company assumes no obligation to update the forward-looking information.