



## 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.

## Expansion Cycle Strategy

- Maintain strong North American presence
- Grow aftermarket revenue
- Win in growing, emerging markets, such as Asia and the Middle East
- Cultivate new markets, such as gas to liquids and biodiesel
- Improve margins with higher production throughput and improved operational efficiency
- Improve capital usage through aggressive cash management

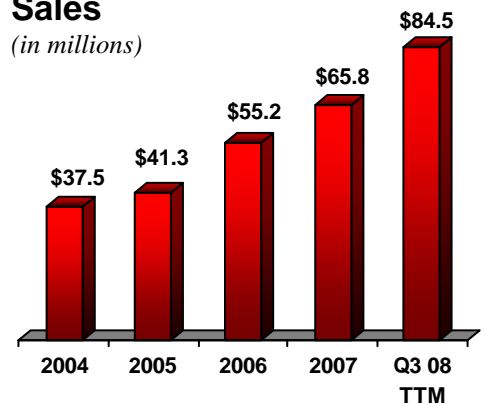
## Investment Considerations

- Well-respected global brand with strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in robust diversified markets: oil refining, petrochemical/chemical and power generation
- Top and bottom line growth with record bookings and backlog
- No long-term debt, cash reserves of \$33.0 million and continued reductions in the cash conversion cycle
- Experienced, talented management team

## Investor Fact Sheet – Q3 Fiscal Year 2008

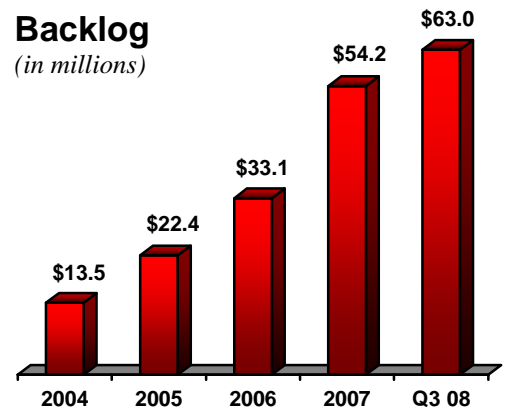
### Sales

(in millions)



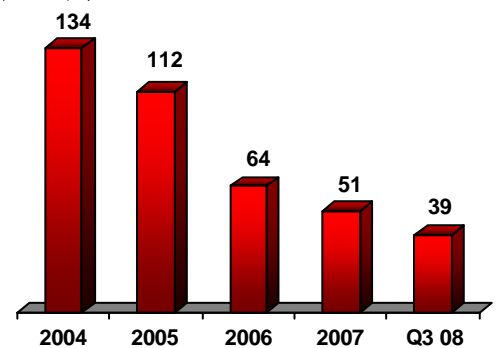
### Backlog

(in millions)



### Cash Conversion Cycle

(in days)



### Market Data (as of February 19, 2008) & Financial Highlights

Common Shares Outstanding (millions)	5.0	Price to Earnings (TTM)	12.3x
Market Cap (millions)	\$175	Gross Margin (Q3 FY 08)	41.9%
Avg. Daily Volume (3 mos)	130,410	Operating Margin (Q3 FY 08)	26.2%
Recent Price	\$35.34	Net Margin (Q3 FY 08)	18.2%
52-Week Range	\$11.11 – \$60.96	EPS (Q3 FY 08)	\$0.74

### Investor Relations Contact

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## Financial Highlights

(in thousands except per share data)

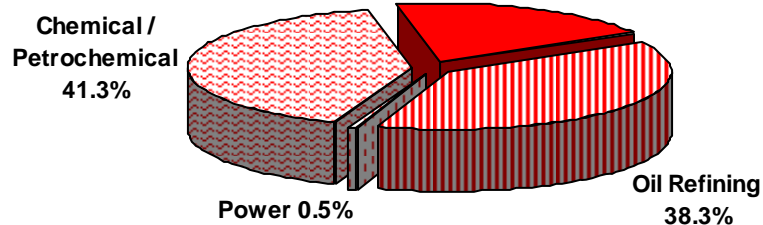
	Third Quarter Ended Dec 31,		Year Ended Mar. 31,		
	2007	2006	2007	2006	2005
Sales	\$ 20,625	\$ 14,500	\$ 65,822	\$ 55,208	\$ 41,333
Gross profit	8,647	3,390	16,819	15,959	7,540
Selling, general and administrative	3,239	2,530	10,338	9,818	7,691
Income (loss) from continuing operations before taxes	5,711	988	6,519	5,753	359
Net income (loss)	3,763	666	5,761	3,586	(2,906)
Diluted earnings (loss) per share – cont. ops	\$ 0.74	\$ 0.14	\$ 1.46	\$ 0.96	\$ 0.09
Weighted average shares outstanding – diluted	5,062	4,922	3,940	3,735	3,433
Gross margin	41.9%	23.4%	25.6%	28.9%	18.2%
Operating margin	26.2%	5.9%	10.1%	11.1%	(0.4)%
Net margin	18.2%	4.6%	8.8%	6.5%	(7.0)%

(in thousands)	Dec 31, 2007	Mar. 31, 2007	Mar. 31, 2006
Current assets	\$ 50,804	\$ 36,739	\$ 27,395
Other assets	11,255	12,139	13,161
Total assets	62,059	48,878	40,556
Current liabilities	16,754	16,620	10,616
Long-term debt	40	56	30
Other liabilities	1,712	1,548	2,803
Stockholders' equity	43,553	30,654	27,107
Total liabilities and stockholders' equity	62,059	48,878	40,556
Book value per share	\$ 8.78	\$ 7.89	\$ 7.07
Return on average assets (TTM)	26.3%	12.9%	9.7%
Return on average equity (TTM)	39.2%	19.9%	16.4%

### Revenue by Industry

(Q3 FY 2008)

Other 19.9%

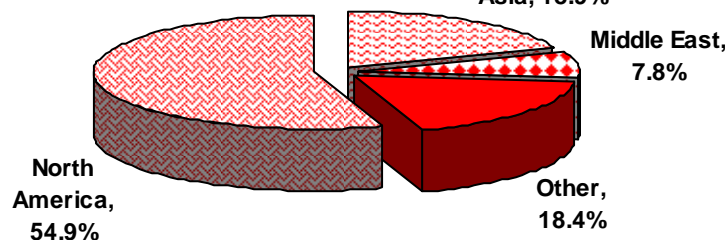


Revenue: \$20.6 million

### Revenue by Geographic Market

(Q3 FY 2008)

Asia, 18.9%



Revenue: \$20.6 million

## Third Quarter Fiscal Year 2008 Highlights

- Revenue for the third quarter of fiscal 2008 was \$20.6 million, a 42% increase compared with revenue of \$14.5 million in the third quarter of fiscal 2007.
- Net income for the third quarter was \$3.8 million, or \$0.74 earnings per diluted share, compared with \$666 thousand, or \$0.14 earnings per diluted share, in the prior year's third quarter. All per share amounts have been adjusted to reflect a five-for-four stock split which was distributed on or about January 3, 2008.
- Cash, cash equivalents and investments at December 31, 2007 were \$33.0 million compared with \$15.1 million as of March 31, 2007 and \$24.1 million as of September 30, 2007. Approximately \$29.9 million is invested in United States government and government-sponsored Moody's AAA rated instruments with maturity periods of 91 to 120 days.
- Domestic sales were 52% of total sales for the third quarter of fiscal 2008 compared with 61% in the same period the prior fiscal year.
- Gross and operating margin was 41.9% and 26.2% in the third quarter of fiscal 2008 compared with 23.4% and 5.9% in the same period in the prior fiscal year, respectively.
- Backlog was at a record level of \$63.0 million as of December 31, 2007, up 32% compared with backlog of \$47.6 million as of December 31, 2006, and up 11% compared with \$56.8 million in backlog as of September 30, 2007. Approximately 50% of the orders in backlog are for refinery project work, 23% for chemical and petrochemical projects and 27% for power and other industrial and commercial applications.

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.