

## 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 73 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.

## Graham Vision and Strategy

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

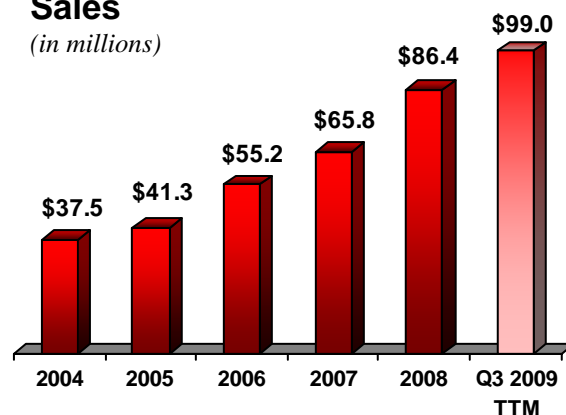
- Maintaining strong North American presence
- Growing aftermarket revenue
- Winning in emerging growth markets, such as Asia and the Middle East and cultivating new markets, such as gas to liquids
- Maintaining margins with engineering and manufacturing operational efficiency improvements
- Improving 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/chemical and power generation
- Top and bottom line growth with record bookings and backlog
- No long-term debt, cash reserves of \$45.4 million and continued reductions in the cash conversion cycle
- Experienced, talented management team

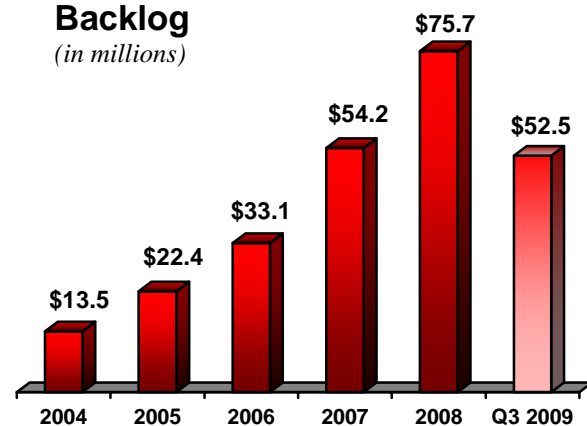
## Sales

(in millions)

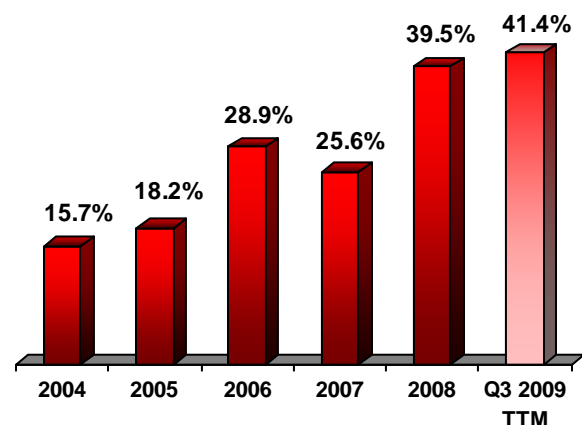


## Backlog

(in millions)



## Gross Profit Margin



## Market Data (as of Feb 9, 2009) & Financial Highlights

Common Shares Outstanding (millions)	10.1	Price to Earnings (TTM)	5.89x
Market Cap (millions)	\$106	Gross Margin (Q3 09 TTM)	41.4%
Avg. Daily Volume (3 mos)	215,429	Operating Margin (Q3 09 TTM)	26.6%
Recent Price	\$10.54	Net Margin (Q3 09 TTM)	18.3%
52-Week Range	\$54.91 – \$6.85	EPS (Q3 09 TTM)	\$1.77
Dividends per Share (annualized)	\$.016		

## Investor Relations Contact

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## Financial Highlights

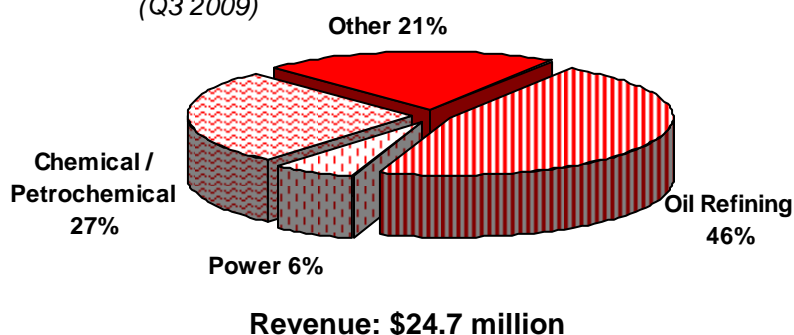
(in thousands except per share data)

	Third Quarter Ended Dec. 31,		Fiscal Year Ended Mar. 31,		
	2008	2007	2008	2007	2006
Sales	\$ 24,701	\$ 20,625	\$ 86,428	\$ 65,822	\$ 55,208
Gross profit	9,362	8,647	34,162	16,819	15,959
Selling, general and administrative	3,567	3,239	13,074	10,806	10,505
Income before taxes	5,877	5,711	22,104	6,519	5,753
Net income (loss)	3,790	3,763	15,034	5,761	3,586
Diluted earnings (loss) per share – cont. ops	\$ 0.37	\$ 0.37	\$ 1.49	\$ 0.58	\$ 0.38
Weighted average shares outstanding – diluted	10,211	10,124	10,085	9,850	9,336
Gross margin	37.9%	41.9%	39.5%	25.6%	28.9%
Operating margin	23.5%	26.2%	24.4%	9.1%	9.9%
Net margin	15.3%	18.2%	17.4%	8.8%	6.5%

(in thousands)	Dec. 31, 2008	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2006
Current assets	\$ 68,819	\$ 57,370	\$ 36,739	\$ 27,395
Other assets	16,802	13,341	12,139	13,161
Total assets	85,621	70,711	48,878	40,556
Current liabilities	18,543	20,372	16,620	10,616
Capital lease obligations	39	36	56	30
Other liabilities	2,785	1,767	1,548	2,803
Stockholders' equity	64,254	48,536	30,654	27,107
Total liabilities and stockholders' equity	85,621	70,711	48,878	40,556
Book value per share	\$ 6.35	\$ 4.86	\$ 3.15	\$ 2.83
Return on average assets (TTM)	24.5%	25.1%	12.9%	9.7%
Return on average equity (TTM)	33.5%	38.0%	19.9%	16.4%

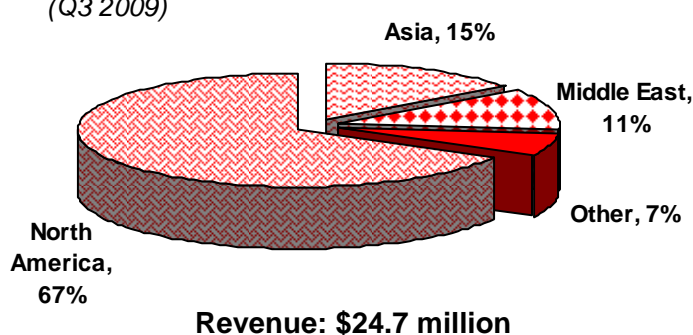
### Revenue by Industry

(Q3 2009)



### Revenue by Geographic Market

(Q3 2009)



## Third Quarter Fiscal Year 2009 Highlights

- Net sales for the first nine months of fiscal 2009 were \$76.3 million, up 19.8% compared with \$63.7 million in the first nine months of fiscal 2008. Gross margin was 42.1% for the nine-month period compared with 39.6% in the same period the prior fiscal year. Higher aftermarket sales, particularly in the first quarter, improved product mix and engineering and manufacturing operating efficiencies all contributed to the year-over-year increase.
- Gross profit was \$9.4 million, or 37.9% of sales, in the third quarter of fiscal 2009, compared with \$8.6 million, or 41.9% of sales, in the same period the prior fiscal year. The decline in margin during the quarter occurred as a result of a contract in process requiring international fabrication that carried a lower margin than those in the same quarter of fiscal 2008. Approximately 8% of manufacturing production hours were outsourced in the third quarter of fiscal 2009.
- Net Income for the first nine months of fiscal 2009 was up 28.1% to \$13.9 million, compared with \$10.8 million in the same period the prior year. On a per share diluted basis, net income grew to \$1.36, a 25.9% increase over \$1.08 in the same period the prior fiscal year.
- Graham's backlog was \$52.5 million at December 31, 2008, down 16.7% compared with \$63.0 million at December 31, 2007. Backlog was reduced by \$1.6 million due to the cancellation of an order for a refinery project.
- Cash, cash equivalents and investments at December 31, 2008, were \$45.4 million, compared with \$36.8 million at March 31, 2008 and \$42.9 million at September 30, 2008. Net cash provided by operating activities was \$7.4 million in the first nine months of fiscal 2009, compared with \$16.0 million in the same period the prior fiscal year. The year-over-year decrease was a result of higher working capital requirements, primarily from an increase in Graham's accounts receivable balance due to the timing of customer billings.

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.