

PUTTING OUR BRAND TO WORK



Company Profile

With world-renowned engineering expertise in vacuum and heat transfer technology, Graham Corporation is a global designer, manufacturer, and supplier of custom engineered ejectors, pumps, condensers, vacuum systems, and heat exchangers. Graham Corporation's subsidiary Energy Steel & Supply Co. is a leading code fabrication and specialty machining company dedicated exclusively to the nuclear power industry. Sold either as components or complete system solutions, the principle markets for the Company's equipment include:

- Oil and Gas Refining
- Chemical/Petrochemical
- Nuclear Power Generation
- Other Power Generation

Graham equipment can also be found in diverse product applications, such as:

- Refrigeration
- Water Heating
- Metal Refining
- Food Processing
- Pharmaceutical
- Pulp and Paper
- Shipbuilding
- HVAC
- Desalination
- Alternative Energy

For 75 years, Graham 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

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
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, electrical power generation, and chemical processing markets
- Established sales and engineering operations in Asia
- Strong balance sheet, no long-term bank debt; cash and cash equivalents balance of \$25.2 million at June 30, 2011; management of cash and conversion cycle is a priority
- Experienced, talented management team

Market Data

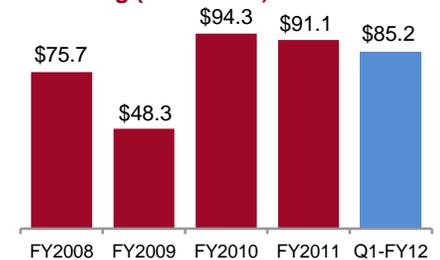
Recent price	\$16.69
52-week range	\$26.30 - \$14.26
Average daily volume (12 month)	47,182
Market capitalization (millions)	\$165
Common shares outstanding (millions – at June 30, 2011)	9.90
Institutional ownership	83%

Market data as of September 6, 2011; ownership as of most recent filing

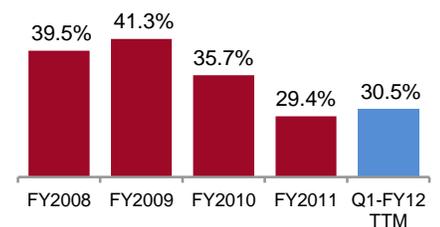
Sales (in millions)



Backlog (in millions)



Gross Profit Margin



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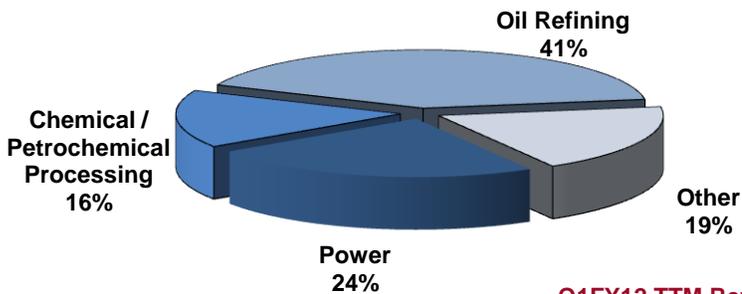
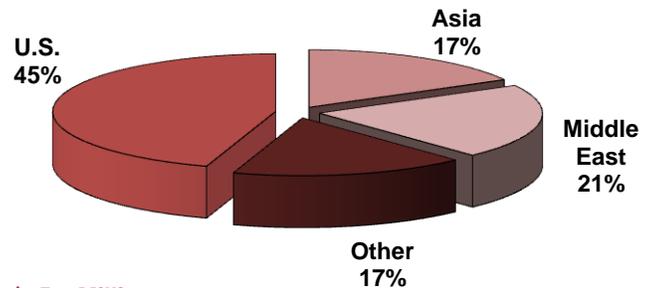
**Financial Highlights***(in thousands except per share data)*

Sales	
Gross profit	
Selling, general and administrative	
Net interest (income) expense and other expense	
Income before taxes	
Net income	
Diluted earnings per share	
Weighted average shares outstanding – diluted	
Gross margin	
Operating margin	
Net margin	

	First Quarter Ended June 30,		Fiscal Year Ended March 31,		
	2011	2010	2011	2010	2009
Sales	\$ 25,012	\$ 13,351	\$ 74,235	\$ 62,189	\$101,111
Gross profit	8,197	3,850	21,851	22,231	41,712
Selling, general and administrative	3,701	2,567	13,076	12,093	14,825
Net interest (income) expense and other expense	(1)	(9)	15	77	148
Income before taxes	4,497	1,292	8,760	10,061	26,739
Net income	3,016	878	5,874	6,361	17,467
Diluted earnings per share	\$ 0.30	\$ 0.09	\$ 0.59	\$ 0.64	\$ 1.71
Weighted average shares outstanding – diluted	9,981	9,962	9,958	9,937	10,195
Gross margin	32.8%	28.8%	29.4%	35.7%	41.3%
Operating margin	18.0%	9.6%	11.8%	16.1%	26.0%
Net margin	12.1%	6.6%	7.9%	10.2%	17.3%

(in thousands)

	June 30, 2011	Mar. 31, 2011	Mar. 31, 2010	Mar. 31, 2009
Current assets	\$ 76,427	\$ 76,631	\$ 91,672	\$ 72,742
Other assets	41,768	41,419	17,307	14,182
Total assets	118,195	118,050	108,979	86,924
Current liabilities	29,380	32,628	34,968	23,195
Capital lease obligations	188	116	144	31
Other liabilities	11,792	11,651	4,793	2,587
Stockholders' equity	76,835	73,655	69,074	61,111
Total liabilities and stockholders' equity	118,195	118,050	108,979	86,924

Revenue by Industry: Q1FY12 TTM**Revenue by Geographic Market: Q1FY12 TTM****Q1FY12 TTM Revenue: \$85.8 Million****Recent Highlights**

- Net sales in the first quarter of 2012 were \$25.0 million, an 87% increase over net sales of \$13.4 million in the prior year's first quarter, with organic sales increasing \$7.8 million, or 58%. Energy Steel contributed \$3.9 million to net sales in fiscal 2012's first quarter.
- Gross profit was \$8.2 million, or 32.8% of sales, in the first quarter of fiscal 2012. Gross profit was \$3.9 million, or 28.8% of sales, in the same period of the prior fiscal year and 30.5% in the trailing fourth quarter of fiscal 2011.
- Operating profit in the first quarter of fiscal 2012 was \$4.5 million, 250% greater than the operating profit of \$1.3 million in the prior year's first quarter. The operating margin was 18.0% in the reported period compared with 9.6% in the prior fiscal year's first quarter.
- Net income was \$3.0 million, or \$0.30 per diluted share, in fiscal 2012's first quarter, compared with \$0.9 million, or \$0.09 per diluted share, in the prior-year period.
- International sales, which grew 76% to \$13.8 million and were driven by expansion in the Middle East and South America, represented 55% of total sales in the first quarter of fiscal 2012 compared with 59% in the first quarter of fiscal year ended March 31, 2011 ("fiscal 2011"). Sales for Energy Steel, which represented 15% of total sales in the quarter, were substantially all in the U.S.

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.