

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 Processing
- 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

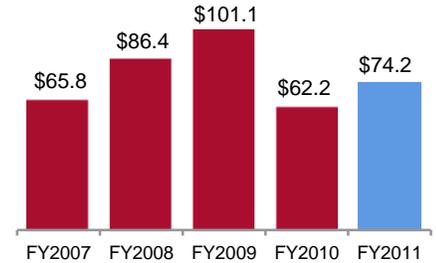
- Well-respected global brand
- Strong reputation for engineering know-how and solutions-oriented problem solving
- Significant global position in diversified markets: oil refining, electrical power generation, and chemical processing markets
- Established sales and engineering operations in Asia
- Strong balance sheet, no long-term bank debt; cash and cash equivalents balance of \$19.6 million at March 31, 2011; management of cash and conversion cycle is a priority
- Experienced, talented management team

Market Data

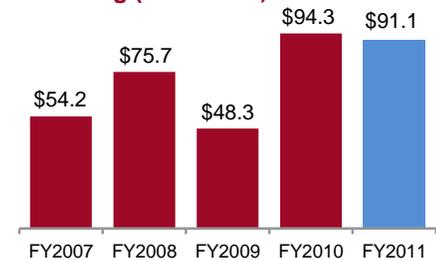
Recent price	\$19.31
52-week range	\$26.30 - \$13.09
Average daily volume (12 month)	63,286
Market capitalization (millions)	\$199
Common shares outstanding (millions – at March 31, 2011)	9.87
Institutional ownership	69%

Market data as of June 29, 2011

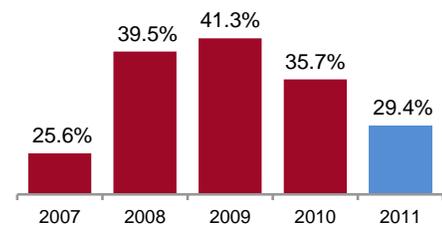
Sales (in millions)



Backlog (in millions)



Gross Profit Margin



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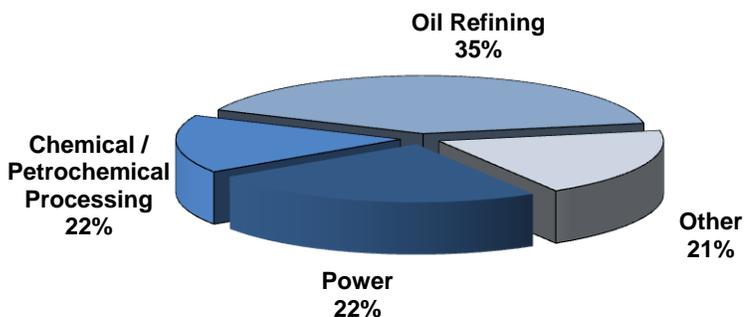
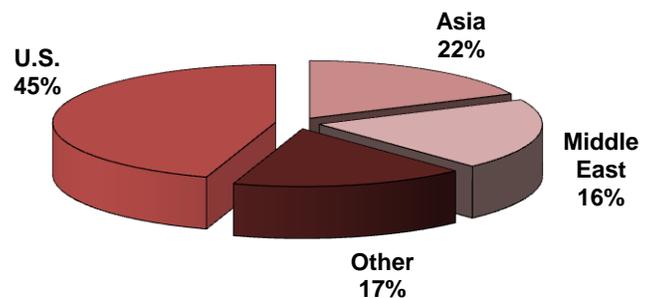
**Financial Highlights***(in thousands except per share data)*

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

	Fourth Quarter Ended March 31,		Fiscal Year Ended March 31,		
	2011	2010	2011	2010	2009
Sales	\$ 25,946	\$ 13,777	\$ 74,235	\$ 62,189	\$101,111
Gross profit	7,903	4,278	21,851	22,231	41,712
Selling, general and administrative	3,894	3,095	13,076	12,093	14,825
Net interest (income) expense and other expense	32	(9)	15	77	148
Income before taxes	3,975	1,192	8,760	10,061	26,739
Net income	2,680	611	5,874	6,361	17,467
Diluted earnings per share	\$ 0.27	\$ 0.06	\$ 0.59	\$ 0.64	\$ 1.71
Weighted average shares outstanding – diluted	9,964	9,950	9,958	9,937	10,195
Gross margin	30.5%	31.1%	29.4%	35.7%	41.3%
Operating margin	15.4%	8.6%	11.8%	16.1%	26.0%
Net margin	10.3%	4.4%	7.9%	10.2%	17.3%

(in thousands)

	March 31, 2011	Mar. 31, 2010	Mar. 31, 2009	Mar. 31, 2008
Current assets	\$ 76,631	\$ 91,672	\$ 72,742	\$ 57,370
Other assets	41,419	17,307	14,182	13,341
Total assets	118,050	108,979	86,924	70,711
Current liabilities	32,628	34,968	23,195	20,372
Capital lease obligations	116	144	31	36
Other liabilities	11,651	4,793	2,587	1,767
Stockholders' equity	73,655	69,074	61,111	48,536
Total liabilities and stockholders' equity	118,050	108,979	86,924	70,711

Revenue by Industry: FY2011**Revenue by Geographic Market: FY2011****Recent Highlights****Q1FY12 TTM Revenue: \$85.6 Million**

- Net sales were \$25.9 million in the fourth quarter of fiscal 2011, an 88% increase over net sales of \$13.8 million in the prior year's fourth quarter and 35% above net sales of \$19.2 million in the trailing third quarter of fiscal 2011. Energy Steel contributed \$5.1 million in net sales in the fiscal 2011 fourth quarter.
- Gross profit was \$7.9 million, or 30.5% of sales, in the fourth quarter of fiscal 2011, compared with \$4.3 million, or 31.1% of sales, in the same period of the prior fiscal year. Gross profit for fiscal 2011 was \$21.9 million, or 29.4% of sales, compared with \$22.2 million, or 35.7% of sales, in the prior fiscal year. The reduction in gross profit percentage resulted from margin compression, as orders received at the down cycle in our markets converted into sales, and the amortization of acquired assets from Energy Steel.
- Operating profit in the fourth quarter of fiscal 2011 was \$4.0 million, more than three times greater than operating profit of \$1.2 million in the prior year's fourth quarter. Operating margin was 15.4% in the reported period compared with 8.6% in the prior fiscal year's fourth quarter.
- Net income was \$2.7 million, or \$0.27 per diluted share, in fiscal 2011's fourth quarter, compared with \$0.6 million, or \$0.06 per diluted share, in the prior-year period.
- International sales, which represented 48% of total sales in the fourth quarter of fiscal 2011 compared with 67% of total sales in fiscal 2010's fourth quarter, were \$12.4 million. International sales were 55% of sales in each of fiscal 2011 and fiscal 2010.

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.