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**Graham Corporation** 20 Florence Avenue Batavia, NY 14020

IMMEDIATE RELEASE

## **Graham Corporation Awarded \$3 Million in Refinery Orders**

- ***Surface condensers destined for large refinery in Middle East and significant ejector system upgrade at U.S. refinery***
- ***Total orders for Fiscal 2010 third quarter were \$51.6 million, including over \$25 million for new U.S. Navy aircraft carrier***
- ***Prior fiscal year 2010 guidance reaffirmed with revenue expected to be approximately \$60-65 million and gross margin expected to be in the 33-35% range***

BATAVIA, NY, January 6, 2010 – Graham Corporation (NYSE Amex: GHM) a manufacturer of critical equipment for energy, petrochemical and other process industries, today announced that it has been awarded two orders from refinery customers totaling approximately \$3 million.

One order is for an upgrade to an existing Graham ejector system at a U.S. refinery that is being reengineered to expand the refiner's capability to process a wider variety of crude feedstock. The order is expected to ship in the second quarter of Graham's fiscal year 2011, which begins on April 1, 2010.

The second order is for custom-engineered steam surface condensers to be installed at a large oil refinery currently under construction in the Middle East and is Graham's third order related to this project. The two previous orders are currently in backlog. Shipment of the condensers is scheduled for the fourth quarter of fiscal year 2011. With this most-recent order, Graham has now received approximately \$23 million in bookings from major refinery projects that are currently moving forward in the region, although the Company does not expect that additional significant orders will be released for the major refinery projects in that region for the next nine to 18 months.

Graham's total order activity for the third quarter of fiscal year 2010, which ended December 31, 2009, was approximately \$51.6 million. Such amount represents orders received from a variety of markets, including refining, chemical processing, power generation and fertilizer for projects in China, Indonesia, Thailand, India, Mexico, Saudi Arabia and the United States. Included in the \$51.6 million was a very large order, exceeding \$25 million, from Northrop Grumman Shipbuilding for the supply of four steam surface condensers for the U.S. Navy's second aircraft carrier of the *Gerald R. Ford* class, the unnamed CVN 79. Revenue for the large order for the U.S. Navy aircraft carrier is expected to be recognized beginning in fiscal 2012 and is expected to continue to be recognized into fiscal 2014.

Consistent with its prior guidance, Graham continues to expect that revenue for fiscal year 2010, which ends March 31, 2010, will be in the range of \$60 million to \$65 million and gross margin will be in the 33% to 35% range.

James R. Lines, Graham's President and Chief Executive Officer, commented, "Throughout the downturn in our primary industries that began over 18 months ago, Graham's focus has been on strengthening customer relationships in order to identify and win potential orders in an extremely competitive environment. We believe that the recent robust order level and the diversity of end-user markets and geographies are encouraging signs. Because we historically have tended to lag economic

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**January 6, 2010**

recovery by nine to 18 months, we believe that sales over the next few quarters will continue to reflect the sporadic nature of order receipt that began over a year ago. However, we also believe this should be the bottom of the cycle for us, and we expect to begin to see revenue growth during the second half of fiscal 2011.”

**ABOUT GRAHAM CORPORATION**

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. For over 70 years, Graham has built a reputation for top quality, reliable products and high-standards of customer service. Sold either as components or complete system solutions, the principal markets for Graham's equipment are the energy, petrochemical and other process industries. Graham's equipment can be found in diverse applications, such as metal refining, pulp and paper processing, ship-building, water heating, refrigeration, desalination, food processing, pharmaceutical, heating, ventilating and air conditioning.

Graham Corporation's reach spans the globe. Its equipment is installed in facilities from North and South America to Europe, Asia, Africa and the Middle East. Graham routinely posts news and other important information on its website, [www.graham-mfg.com](http://www.graham-mfg.com), where additional comprehensive information on the Company can be found.

**Safe Harbor Regarding Forward Looking Statements**

This press release 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 are identified by words such as “expects,” “estimates,” “projects,” “anticipates,” “believes,” “could,” and other similar words. All statements addressing operating performance, events, or developments that Graham Corporation expects or anticipates will occur in the future, including but not limited to, statements relating to anticipated revenue, profit margins, foreign sales operations, its strategy to build its global sales representative channel, the effectiveness of automation in expanding its engineering capacity, its ability to improve cost competitiveness, customer preferences, changes in market conditions in the industries in which it operates, changes in general economic conditions and customer behavior and its acquisition strategy are forward-looking statements. Because they are forward-looking, they should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties are more fully described in Graham Corporation's most recent Annual and Quarterly Reports filed with the Securities and Exchange Commission, including under the heading entitled “Risk Factors.”

Should one or more of these risks or uncertainties materialize, or should any of Graham Corporation's underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. In addition, undue reliance should not be placed on Graham Corporation's forward-looking statements. Except as required by law, Graham Corporation disclaims any obligation to update or publicly announce any revisions to any of the forward-looking statements contained in this press release.

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