FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark one)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For Quarterly Period Ended September 30, 2002
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ___________ to ___________

Commission File Number 1-8462

GRAHAM CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	16-1194720
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
20 FLORENCE AVENUE, BATAVIA, NEW YORK	14020
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including Area Code - 585-343-2216

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES __X__ NO _____

As of November 8, 2002, there were outstanding 1,648,249 shares of common stock, $.10 per share.

GRAHAM CORPORATION AND SUBSIDIARIES

FORM 10-Q

SEPTEMBER 30, 2002

PART I - FINANCIAL INFORMATION

Unaudited consolidated financial statements of Graham Corporation (the Company) and its subsidiaries as of September 30, 2002 and for the three month and six month periods then ended are presented on the following pages. The financial statements have been prepared in accordance with the Company's usual accounting policies, are based in part on approximations and reflect all normal and recurring adjustments which are, in the opinion of management, necessary to a fair presentation of the results of the interim periods. The March 31, 2002 Consolidated Balance Sheet was derived from the Company's audited financial statements for the year ended March 31, 2002.

This part also includes management's discussion and analysis of the Company's financial condition as of September 30, 2002 and its results of operations for the three and six month periods then ended.

GRAHAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	September 30, 2002	March 31, 2002
<S>	<C>	<C>
Assets		
Current Assets:		
Cash and equivalents	$ 297,000	$ 2,901,000
Investments	8,792,000	2,496,000
Trade accounts receivable	6,103,000	17,053,000
Inventories	8,246,000	8,342,000
Domestic and foreign income taxes receivable	648,000	
Deferred income tax asset	1,110,000	1,218,000
Prepaid expenses and other current assets	599,000	377,000
	25,795,000	32,387,000
Property, plant and equipment, net	9,659,000	9,726,000
Deferred income tax asset	1,805,000	1,585,000
Other assets	2,000	6,000
	$37,261,000	$43,704,000

</TABLE>

GRAHAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (concluded)

<TABLE>
<CAPTION>

<S>	September 30, 2002 <C>	March 31, 2002 <C>
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	$ 1,138,000	$ 1,050,000
Current portion of long-term debt	94,000	85,000
Accounts payable	2,181,000	4,333,000
Accrued compensation	3,430,000	4,444,000
Accrued expenses and other liabilities	1,679,000	1,100,000
Customer deposits	4,447,000	6,704,000
Domestic and foreign income taxes payable		859,000
	12,969,000	18,575,000
Long-term debt	122,000	150,000
Accrued compensation	654,000	680,000
Deferred income tax liability	45,000	41,000
Other long-term liabilities	12,000	11,000
Accrued pension liability	1,156,000	1,398,000
Accrued postretirement benefits	3,276,000	3,213,000
Total liabilities	18,234,000	24,068,000
Shareholders' equity:		
Preferred Stock, $1 par value - Authorized, 500,000 shares		
Common stock, $.10 par value - Authorized, 6,000,000 shares Issued, 1,716,572 shares on September 30, 2002 and March 31, 2002	172,000	172,000
Capital in excess of par value	4,757,000	4,757,000
Retained earnings	17,994,000	18,888,000
Accumulated other comprehensive loss	(1,925,000)	(2,178,000)
	20,998,000	21,639,000
Less:		
Treasury Stock (68,323 shares on September 30, 2002 and March 31, 2002)	(1,161,000)	(1,161,000)
Notes receivable from officers and directors	(810,000)	(842,000)
Total shareholders' equity	19,027,000	19,636,000
	$37,261,000	$43,704,000

</TABLE>

GRAHAM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

<TABLE>
<CAPTION>

	Three Months ended September 30,		Six Months ended September 30,	
<S>	2002 <C>	2001 <C>	2002 <C>	2001 <C>
Net Sales	$11,437,000	$14,082,000	$21,605,000	$23,663,000
Cost and expenses:				
Cost of products sold	9,202,000	10,996,000	17,576,000	18,978,000

Selling, general and administrative	2,737,000	2,545,000	5,205,000	4,977,000
Interest expense	20,000	32,000	37,000	105,000
	11,959,000	13,573,000	22,818,000	24,060,000
Income (Loss) before income taxes	(522,000)	509,000	(1,213,000)	(397,000)
Provision (Benefit) for income taxes	(169,000)	160,000	(404,000)	(137,000)
Net income (loss)	(353,000)	349,000	(809,000)	(260,000)
Retained earnings at beginning of period	18,432,000	15,974,000	18,888,000	16,583,000
Dividends	(85,000)		(85,000)	
Retained earnings at end of period	$17,994,000	$16,323,000	$17,994,000	$16,323,000
Per Share Data:				
Basic:				
Net income (loss)	$(.21)	$.21	$(.49)	$(.16)
Diluted:				
Net income (loss)	$(.21)	$.21	$(.49)	$(.16)

</TABLE>

GRAHAM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Six Months Ended September 30, 2002	2001
<S>	<C>	<C>
Operating activities:		
Net loss	$ (809,000)	$ (260,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	435,000	490,000
(Gain) Loss on sale of property, plant and equipment	23,000	(10,000)
Loss on sale of investments		28,000
(Increase) Decrease in operating assets:		
Accounts receivable	11,093,000	(964,000)
Inventory, net of customer deposits	(1,998,000)	3,069,000
Prepaid expenses and other current and non-current assets	(208,000)	60,000
Increase (Decrease) in operating liabilities:		
Accounts payable, accrued compensation, accrued expenses and other liabilities	(2,882,000)	(2,229,000)
Accrued compensation, accrued pension liability, and accrued postemployment benefits	(104,000)	143,000
Domestic and foreign income taxes	(1,507,000)	307,000
Deferred income taxes	(68,000)	44,000
Total adjustments	4,784,000	938,000
Net cash provided by operating activities	3,975,000	678,000

</TABLE>

GRAHAM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (concluded)

	Six Months Ended September 30, 2002	2001
Investing activities:		
Purchase of property, plant and equipment	(334,000)	(365,000)
Proceeds from sale of property, plant and equipment	5,000	140,000
Collection of notes receivable from officers and directors	32,000	
Purchase of investments	(17,227,000)	(994,000)
Redemption of investments at maturity	11,000,000	4,877,000
Net cash provided (used) by investing activities	(6,524,000)	3,658,000
Financing activities:		
Decrease in short-term debt	(13,000)	(3,256,000)
Proceeds from issuance of long-term debt		4,785,000
Principal repayments on long-term debt	(47,000)	(5,417,000)
Issuance of common stock		44,000
Net cash used by financing activities	(60,000)	(3,844,000)
Effect of exchange rate changes on cash	5,000	1,000
Net increase (decrease) in cash and equivalents	(2,604,000)	493,000
Cash and equivalents at beginning of period	2,901,000	226,000
Cash and equivalents at end of period	$ 297,000	$ 719,000

GRAHAM CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL INFORMATION / SEPTEMBER 30, 2002

NOTE 1 - INVENTORIES

Major classifications of inventories are as follows:

	9/30/02	3/31/02

<S>	<C>	<C>
Raw materials and supplies	$ 1,796,000	$ 2,257,000
Work in process	14,794,000	13,322,000
Finished products	2,504,000	1,724,000
	19,094,000	17,303,000
Less - progress payments	10,749,000	8,871,000
- inventory reserve	99,000	90,000
	$ 8,246,000	$ 8,342,000

</TABLE>

NOTE 2 - EARNINGS PER SHARE:

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Common shares outstanding includes share equivalent units which are contingently issuable shares. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common and, when applicable, potential common shares outstanding during the period. A reconciliation of the numerators and denominators of basic and diluted earnings (loss) per share is presented below:

<TABLE>
<CAPTION>

	Three months ended September 30,		Six months ended September 30,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Basic earnings (loss) per share				
Numerator:				
Net income (loss)	$(353,000)	$(349,000)	$(809,000)	$(260,000)
Denominator:				
Weighted common shares outstanding	1,648,000	1,635,000	1,648,000	1,633,000
Share equivalent units (SEU) outstanding	16,000	11,000	14,000	11,000
Weighted average shares and SEU's outstanding	1,664,000	1,646,000	1,662,000	1,644,000
Basic earnings (loss) per share	$(.21)	$.21	$(.49)	$(.16)

</TABLE>
<TABLE>
<CAPTION>

	Three months ended September 30,		Six months ended September 30,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
Diluted earnings (loss) per share				
Numerator:				
Net income (loss)	$(353,000)	$(349,000)	$(809,000)	$(260,000)
Denominator:				
Weighted average shares and SEU's outstanding	1,664,000	1,646,000	1,662,000	1,644,000
Stock options outstanding		19,000		
Weighted average common and potential common shares outstanding	1,664,000	1,665,000	1,662,000	1,644,000
Diluted earnings (loss) per share	$(.21)	$.21	$(.49)	$(.16)

</TABLE>

All options to purchase shares of common stock at various exercise prices were excluded from the computation of diluted loss per share for the three and six month periods in fiscal year 2003 and the six month period in fiscal year 2002 as the effect would be antidilutive due to the net losses for the periods.

Options to purchase shares of common stock which totaled 138,800 for the three months ended September 30, 2001 were not included in the computation of diluted earnings per share as the effect would be antidilutive due to the options' exercise price being greater than the average market price of the common shares.

NOTE 3 - CASH FLOW STATEMENT

Interest paid was $37,000 and $116,000 for the six months ended September 30, 2002 and 2001, respectively. In addition, income taxes paid (refunded) were $1,171,000 and $(517,000) for the six months ended September 30, 2002 and 2001, respectively.

Non-cash activities during the six months ended September 30, 2002 and 2001 included capital expenditures totaling $22,000 and $70,000, respectively, which were financed through the issuance of capital leases.

NOTE 4 - COMPREHENSIVE INCOME

Total comprehensive income (loss) was $(285,000) and $427,000 for the three months ended September 30, 2002 and 2001, respectively. Other comprehensive income for the three months ended September 30, 2002 and 2001 included foreign currency translation adjustments of $68,000 and $78,000, respectively. Total comprehensive loss for the six months ended September 30, 2002 and 2001 was $556,000 and $181,000, respectively. Other comprehensive income for the six months ended September 30, 2002 and 2001 included foreign currency translation adjustments of $253,000 and $79,000, respectively.

NOTE 5 - SEGMENT INFORMATION

The Company's business consists of two operating segments based upon geographic area. The United States segment designs and manufactures heat transfer and vacuum equipment and the operating segment located in the United Kingdom manufactures vacuum equipment. Operating segment information is presented below:

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Six Months Ended September 30, 2002	Six Months Ended September 30, 2001
Sales from external customers				
U.S.	$10,478,000	$12,153,000	$19,473,000	$20,629,000
U.K.	959,000	1,929,000	2,132,000	3,034,000
Total	$11,437,000	$14,082,000	$21,605,000	$23,663,000
Intersegment sales				
U.S.	$ 9,000		$ 29,000	
U.K.	193,000	$ 247,000	612,000	$ 516,000
Total	$ 202,000	$ 247,000	$ 641,000	$ 516,000
Segment net income (loss)				
U.S.	$ (199,000)	$ 122,000	$ (765,000)	$ (427,000)
U.K.	(145,000)	191,000	(158,000)	109,000
Total segment net income (loss)	$ (344,000)	$ 313,000	$ (923,000)	$ (318,000)

The segment net income (loss) above is reconciled to the consolidated totals as follows:

<TABLE>
<CAPTION>

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Six Months Ended September 30, 2002	Six Months Ended September 30, 2001
Total segment net income (loss)	$ (344,000)	$ 313,000	$ (923,000)	$ (318,000)
Eliminations	(9,000)	36,000	114,000	58,000
Net income (loss)	$ (353,000)	$ 349,000	$ (809,000)	$ (260,000)

</TABLE>

NOTE 6 - STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 144 & 146

During the first quarter of fiscal year 2003, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets." There was no effect on the Company's consolidated financial position, results of operations or cash flows resulting from the adoption of SFAS No. 144 at September 30, 2002.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This Statement is effective for exit or disposal activities initiated after December 31, 2002. The Company does not believe the adoption of this Standard will have a material effect on the Company's consolidated financial position, results of operations or cash flows.

GRAHAM CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
September 30, 2002

Results of Operations

Sales decreased 19% in the second quarter of fiscal year 2003 compared to 2002. Sales for the second quarter decreased 14% in the United States and 47% in the United Kingdom compared to 2002. Sales for the six months ended September 30, 2002 declined 9% compared to the same period last year. Sales for the six months ended September 30, 2002 in the United States and the United Kingdom decreased 5% and 23%, respectively, compared to fiscal 2002. The lower sales in the United States are attributable to shipment delays due to customer changes as well as the weak economic condition of the Company's major markets. The decrease in sales levels in the United Kingdom is due to a decline in the sales of offshore and dry pumps and related spare parts.

Cost of sales as a percent of sales for the second quarter 2003 increased slightly to 80% compared to 78% a year ago. In the United States, cost of sales as a percent of sales remained stable at 82%. In the United Kingdom, cost of sales as a percent of sales for the quarter was 71% compared to 63% last year. For the six months, cost of sales as a percent of sales was 81% compared to 80% in fiscal year 2002. For the six month period in the United States, the cost of sales percentage remained unchanged at 84% compared to the same period last year while in the United Kingdom it increased from 66% to 70%. The United Kingdom percentages are a reflection of product mix as prior year sales consisted of spare part sales and engineering fees which carried favorable profit margins.

For the three month and six month periods, selling, general and administrative expenses increased 8% and 5%, respectively, from the same periods in fiscal year 2002. Selling, general and administrative expenses as a percent of sales for the quarters ended September 30, 2002 and 2001 were 24% and 18%, respectively. For the six month period, selling, general and administrative expenses as a percent of sales increased from 21% last year to 24%. The increased expenses are primarily attributable to increased employee costs and a commitment to contribute to a community capital project. Selling, general and administrative expenses as a percent of sales have increased due to the lower sales volume for the current quarter and year-to-date compared to the same periods last year.

Interest expense for the second quarter and six-month period of the current year decreased 39% and 65%, respectively, compared to the prior year. These decreases are reflective of the low levels of borrowing in the United States during the first half of fiscal year 2003 compared to 2002.

The effective income tax rates for the second quarter and six month period in fiscal year 2003 of 32% and 33%, respectively, were relatively consistent with the 2002 effective tax rates of 31% and 35% for the same periods.

Liquidity and Capital Resources

The financial condition of the Company has remained stable and strong during fiscal year 2003. Working capital of $12,826,000 at September 30, 2002 compares to $13,812,000 at March 31, 2002. This working capital decrease reflects a decline in current assets of $6,592,000 and a decrease in current liabilities of $5,606,000. The decrease in current assets related primarily to a significant decline in accounts receivable which was offset by an increase in investments. Account receivable decreased due to the collection of cancellation charges on certain orders for the electric power generating industry that were recorded at March 31, 2002. This cash and cash on hand at year end was invested in short-term government securities. The decrease in current liabilities reflects a decline in accounts payable, accrued compensation, customer deposits and income taxes payable. The decrease in accounts payable and accrued compensation is attributable to timing of inventory purchases at period end and payment of incentive compensation. The reduction in customer deposits is the result of the reclassification of progress payments to offset inventory as the related inventory is purchased. The decrease in income taxes payable is due to the payment of the prior year tax liability as well as the recording of the current year tax benefit. The current ratio at September 30, 2002 is 2.0 compared to 1.7 at March 31, 2002.

Net cash provided by operating activities for the six months was $3,975,000. Net loss, adjusted for depreciation and amortization, used $374,000 of operating cash. Collection of accounts receivable generated cash flow of $11,093,000 while the decline in customer deposits and paydown of current liabilities and income taxes utilized cash of $6,387,000. Net cash used for investing activities for the first half of the year of $6,524,000 resulted primarily from the purchase of short-term investments. Capital expenditures were $334,000 compared to $365,000 for the same period last year. There were major commitments for capital expenditures of $250,000 as of September 30, 2002.

Management expects that the cash flow from operations and lines of credit will provide sufficient resources to fund the fiscal year 2003 cash requirements.

The long-term debt to equity ratio remained stable at 1% on September 30, 2002 and March 31, 2002. The total liabilities to assets ratio is 49% compared to 55% at March 31, 2002. These ratios are reflective of the Company's ability to maintain a strong balance sheet while experiencing depressed market conditions.

New Orders and Backlog

New orders for the second quarter were $11,294,000 compared to $12,099,000 for the same period last year. Prior to intercompany eliminations, new orders in the United States were $9,912,000 compared to $11,592,000 for the same period in fiscal 2002. New orders in the United Kingdom were $1,932,000 compared to $881,000 for the same quarter last year.

New Orders and Backlog (concluded)

For the first half of the fiscal year new orders were $19,434,000 compared to $31,285,000 for the comparable six month period of fiscal 2002. Prior to eliminations, new orders in the United States were $17,016,000 for the six month period compared to $29,134,000 for the same period last year and new orders in the United Kingdom were $3,146,000 compared to $2,613,000 in fiscal 2002. The decline in new order activity in the United States is due to difficulty encountered by customers in obtaining financing for capital projects, over capacity in the petrochemical and chemical markets and limited capital spending in the chemical, petrochemical and refining industries due to mergers and acquisitions. The increase in new orders in the United Kingdom is attributable primarily to the increase in the foreign currency exchange rate used to convert to U.S. dollars.

Backlog of unfilled orders at September 30, 2002 is $34,452,000, compared to $35,365,000 at this time a year ago and $36,529,000 at March 31, 2002. Prior to eliminations, current backlog in the United States of $33,227,000 compares to $35,713,000 at March 31, 2002 and $33,254,000 at September 30, 2001. Current backlog in the United Kingdom of $1,714,000 compares to $1,180,000 at March 31, 2002 and $2,521,000 at September 30, 2001. The current backlog is reflective of the new order levels. Included in backlog at September 30, 2002 and 2001 is $11,159,000 and $10,567,000, respectively, of orders that have been suspended and are with customers operating directly or indirectly in the financially pressured electric power generating business and/or whose financial condition has eroded. The current backlog, with the exception of the suspended orders, is scheduled to be shipped during the next twelve months and represents orders from traditional markets in the Company's established product lines.

Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to changes in interest rates, foreign currency exchange rates and equity prices which may adversely impact its results of operations and financial position. The assumptions applied in preparing quantitative disclosures regarding interest rate, foreign exchange rate and equity price risk are based upon volatility ranges experienced in relevant historical periods, management's current knowledge of the business and market place, and management's judgment of the probability of future volatility based upon the historical trends and economic conditions of the business.

The Company is exposed to interest rate risk primarily through its borrowing activities. Risk associated with interest rate fluctuations on debt is managed by holding interest bearing debt to the absolute minimum and assessing the risks and benefits for incurring long-term debt. Based upon variable rate debt outstanding at September 30, 2002 and 2001, a 1% change in interest rates would impact annual interest expense by $11,000 and $9,000, respectively.

Quantitative and Qualitative Disclosures about Market Risk (continued)

Over the past three years, Graham's international consolidated sales exposure approximates 36% of annual sales. Operating in world markets involves exposure to movements in currency exchange rates. Currency movements can affect sales in several ways. Foremost is the ability to competitively compete for orders against competition having a relatively weaker currency. Business lost due to this cannot be quantified. Secondly, cash can be adversely impacted by the conversion of sales in foreign currency to local currency. The substantial portion of Graham's sales are collected in the local currencies. For both the three and six month periods ended September 30, 2002 sales in foreign currencies were 2% of total sales and 3% of total sales for the same periods in fiscal year 2002. At certain times, the Company may enter into forward foreign exchange agreements to hedge its exposure against unfavorable changes in foreign currency values on significant sales contracts negotiated in foreign currencies.

Graham has limited exposure to foreign currency purchases. During the three month periods ended September 30, 2002 and 2001, purchases in foreign currencies were 3% and 4% of cost of goods sold, respectively. For the first half of fiscal year 2003 and 2002, purchases in foreign currencies were 4% and 3% of cost of goods sold, respectively. At certain times, forward foreign exchange contracts may be utilized to limit currency exposure.

Foreign operations produced net income (loss) in the second quarter of 2003 and 2002 of $(145,000) and $191,000, respectively, and $(158,000) and $109,000 for the six month periods ended September 30, 2002 and 2001, respectively. As currency exchange rates change, translations of the income statements of our U.K. business into U.S. dollars affects year-over-year comparability of operating results. The Company does not hedge translation risks because cash flows from U.K. operations are mostly reinvested in the U.K. A 10% change in foreign exchange rates would have impacted the second quarter results by approximately $14,000 and $19,000 in fiscal year 2003 and 2002, respectively, and $16,000 and $11,000 for the six months ended September 30, 2002 and 2001, respectively.

The Company has a Long-Term Incentive Plan which provides for awards of share equivalent units (SEU) for outside directors based upon the Company's performance. The outstanding SEU's are recorded at fair market value thereby exposing the Company to equity price risk. Gains and losses recognized due to market price changes are included in the quarterly results of operations. Based upon the SEU's outstanding at September 30, 2002 and 2001 and the respective quarter end market price per share, a 50% to 75% change in the respective quarter end market price of the Company's common stock would positively or negatively impact the Company's second quarter operating results by $67,000 to $103,000 for 2003 and $44,000 to $66,000 for 2002. In the second quarters of 2003 and 2002, the income, net of taxes, recorded due to the decrease in the stock price was not significant. Assuming required net income of

$500,000 to award SEU's is met and SEU's are granted to the five outside directors in accordance with the plan over the next five years, based upon the September 30, 2002 market price of the Company's stock of $8.50 per share, a 50% to 75% change in the stock price would positively or negatively impact the Company's operating results by $99,000 to $148,000 in 2004 and $104,000 to $155,000 in 2005, 2006, 2007 and 2008.

Critical Accounting Policies

The following discussion addresses the most critical accounting policies, which are those that are most important to the portrayal of the financial condition and results, and that require judgment.

Revenue Recognition

Percentage-of-Completion - The Company recognizes revenue and all related costs on contracts with a duration in excess of three months and with revenues of $1,000,000 and greater using the percentage-of-completion method. The percentage-of-completion is determined by relating actual labor incurred to-date to management's estimate of total labor to be incurred on each contract. Contracts in progress are reviewed monthly, and sales and earnings are adjusted in current accounting periods based on revisions in contract value and estimated costs at completion.

Completed Contract - Contracts with values less than $1,000,000 are accounted for on the completed contract method. The Company recognizes revenue and all related costs on these contracts upon substantial completion or shipment to the customer. Substantial completion is consistently defined as at least 95% complete with regard to direct labor hours. Customer acceptance is generally required throughout the construction process and the Company has no further obligations under the contract after the revenue is recognized.

Use of Estimates - We have made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses in preparing our financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Forward Looking

Certain statements contained in this document, that are not historical facts, constitute "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements, in general, predict, forecast,

Forward Looking (concluded)

indicate or imply future results, performance or achievements and generally use words so indicative. The Company wishes to caution the reader that numerous important factors which involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and prices, and other factors discussed in the Company's filing with the Securities and Exchange Commission, in the future, could affect the Company's actual results and could cause its actual consolidated results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company.

GRAHAM CORPORATION AND SUBSIDIARIES
FORM 10-Q
SEPTEMBER 30, 2002
PART II - OTHER INFORMATION

Item 4. Controls and Procedures

a. Disclosure controls and procedures. Within 90 days before filing this report, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Our disclosure controls and procedures are the controls and other procedures that we designed to ensure that we record, process, summarize and report in a timely manner the information we must disclose in reports that we file with or submit to the SEC. Alvaro Cadena, our Chief Executive Officer, and J. Ronald Hansen, our Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Messrs. Cadena and Hansen concluded that, as of the date of their evaluation, our disclosure controls were effective.

b. Internal controls. Since the date of the evaluation described above, there have not been any significant changes in our internal accounting controls or in other factors that could significantly affect those controls.

Item 5. Other Information

The Company's chief executive officer and chief financial officer have furnished to the SEC the certification with respect to this Form 10-Q that is required by Section 906 of the Sarbanes-Oxley Act of 2002.

Item 6. Exhibits and Reports on Form 8-K.

a. See index to exhibits.

b. A Form 8-K was filed on August 6, 2002 and included item 9. No financial statements were required to be filed as part of the report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GRAHAM CORPORATION

/s/J.R. Hansen

J. R. Hansen
Vice President Finance and
Administration / CFO (Principal
Accounting Officer)

Date 11/11/02

INDEX OF EXHIBITS

(2) Plan of acquisition, reorganization, arrangement, liquidation or succession

Not applicable.

(4) Instruments defining the rights of security holders, including indentures

(a) Equity securities

The instruments defining the rights of the holders of Registrant's equity securities are as follows:

Certificate of Incorporation, as amended of Registrant (filed as Exhibit 3(a) to the Registrant's annual report on Form 10-K for the fiscal year ended December 31, 1989, and incorporated herein by reference.)

By-laws of registrant, as amended (filed as Exhibit 3.2(ii) to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by referenced.)

Stockholder Rights Plan of Graham Corporation (filed as Item 5 to Registrant's current report filed on Form 8-K on August 23, 2000 and Registrant's Form 8-A filed on September 15, 2000, and incorporated herein by reference.)

(b) Debt securities

Not applicable.

(10) Material Contracts

1989 Stock Option and Appreciation Rights Plan of Graham Corporation (filed on the Registrant's Proxy Statement for its

1990 Annual Meeting of Stockholders and incorporated herein by reference.)

1995 Graham Corporation Incentive Plan to Increase Shareholder Value (filed on the Registrant's Proxy Statement for its 1996 Annual Meeting of Stockholders and incorporated herein by reference.)

2000 Graham Corporation Incentive Plan to Increase Shareholder Value (filed on the Registrant's Proxy Statement for its 2001 Annual Meeting of Stockholders and incorporated herein by reference.)

Graham Corporation Outside Directors' Long-Term Incentive Plan (filed as Exhibit 10.3 to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

Index to Exhibits (continued)
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Employment Contracts between Graham Corporation and Named Executive Officers (filed as Exhibit 10.4 to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

Senior Executive Severance Agreements with Named Executive Officers (filed as Exhibit 10.5 to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

Long-Term Stock Ownership Plan of Graham Corporation (filed on the Registrant's Proxy Statement for its 2000 Annual Meeting of Stockholders and incorporated herein by reference.)

(11) Statement re-computation of per share earnings

Computation of per share earnings is included in Note 2 of the Notes to Financial Information.

(15) Letter re-unaudited interim financial information

Not applicable.

(18) Letter re-change in accounting principles

Not Applicable.

(19) Report furnished to security holders

None.

(22) Published report regarding matters submitted to vote of security holders

The 2001 Annual Meeting of Stockholders of Graham Corporation was held on July 25.

The individuals named below were reelected to serve on the Company's Board of Directors:

	Votes For	Votes Withheld
H. Russel Lemcke	1,587,920	30,887
Cornelius S. Van Rees	1,585,287	33,520

Helen H. Berkeley, Alvaro Cadena, Jerald D. Bidlack and Philip S. Hill all continue as directors of the Company.

The appointment of Deloitte & Touche LLP as independent auditors was ratified, with 1,592,386 shares voting for, 23,474 shares voting against, and 2,947 shares abstaining.

(23) Consents of experts and counsel

Not applicable.

Index to Exhibits (concluded)
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(24) Power of Attorney

Not applicable.

(99) Additional exhibits

None.

CERTIFICATIONS

I, Alvaro Cadena, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Graham Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3 Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly presents in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/Alvaro Cadena

Date: 11/11/02 ________________________________

Alvaro Cadena
Chief Executive Officer

I, J. Ronald Hansen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Graham Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3 Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly presents in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/J. Ronald Hansen

Date: 11/11/02

J. Ronald Hansen
Chief Financial Officer