
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): October 28, 2020

Graham Corporation

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-8462
(Commission
File Number)

16-1194720
(IRS Employer
Identification No.)

20 Florence Avenue, Batavia, New York
(Address of principal executive offices)

14020
(Zip Code)

Registrant's telephone number, including area code: (585) 343-2216

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	GHM	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

On October 28, 2020, Graham Corporation (the “Company”) entered into a letter agreement (the “Letter Agreement”) with HSBC Bank USA, National Association (“HSBC”), that amended and restated the facility letter dated May 1, 2020, between the Company and HSBC. The Letter Agreement increases the Company’s uncommitted discretionary demand line of credit with HSBC for the issuance of Performance Standby Letters of Credit, as defined in the Letter Agreement (the “Credit Facility”), from \$14,000,000 to \$15,000,000 and secures the Credit Facility with cash collateral. All other terms from the prior facility letter remain materially unchanged.

Also on October 28, 2020, the Company received JPMorgan Chase Bank, N.A.’s (“JPMorgan”) consent (the “Third Amendment to Credit Agreement”) to enter into the Letter Agreement, whereby JPMorgan and the Company agreed to amendments to the credit agreement dated December 2, 2015, as amended, between the Company and JPMorgan to reflect the increase in the Company’s uncommitted discretionary demand line of credit with HSBC to \$15,000,000.

The foregoing summaries of the Letter Agreement and the Third Amendment to Credit Agreement do not purport to be complete, and are qualified in their entirety by reference to the Letter Agreement and the Third Amendment to Credit Agreement, copies of which are filed as exhibits to this Current Report on Form 8-K as Exhibits 10.1 and 10.2, respectively.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Letter Agreement dated October 28, 2020, between the Company and HSBC.</u>
10.2	<u>Third Amendment to Credit Agreement dated October 28, 2020 between the Company and JPMorgan Chase Bank, N.A.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 hereunto duly authorized.

Graham Corporation

Date: November 2, 2020

By: /s/ Jeffrey Glajch

Jeffrey Glajch
Vice President – Finance & Administration and
Chief Financial Officer

**HSBC BANK USA, NATIONAL ASSOCIATION**

452 Fifth Avenue
New York, New York 10018

October 28, 2020

GRAHAM CORPORATION

20 Florence Avenue
Batavia, New York 14020

Ladies and Gentlemen:

HSBC Bank USA, National Association (the "Bank") is pleased to advise you that, subject to the terms and conditions set forth herein, we are prepared to extend to Graham Corporation, a Delaware corporation (the "Company"), an uncommitted discretionary demand line of credit up to an aggregate amount of \$15,000,000.00 to be used solely for Performance standby letters of credit (the "Facility").

This letter agreement amends and restates in its entirety that certain facility letter dated May 1, 2020 (as amended, supplemented or otherwise modified from time to time prior to the date hereof, and referred to herein as the "Existing Line Letter"), between Company and Bank. Nothing in this letter agreement shall constitute a novation or termination of the obligations or liabilities under the Existing Line Letter.

The Facility.

The Facility, is subject to the provisions set forth herein and in the Standard Trade Terms (as may be amended, restated, supplemented or otherwise modified from time to time, the "STT"), which STT can be accessed, read and printed by Company at <http://www.gbm.hsbc.com/gtrfstt> or alternatively Company can request a copy of the STT from Company's Relationship Manager at Bank. Any reference to the "Customer" in the STT shall mean Company. By signing this agreement, Company acknowledges receipt of a copy of the STT and confirms that it has read, understood and accepted such terms and conditions. To the extent that any of the terms of the STT (or any document replacing the STT) conflict with the provisions of this agreement then the terms of this agreement shall prevail.

Additionally each issuance of a letter of credit under the Facility shall be issued only pursuant to Bank's standard form of application (the "Application"). Company shall pay the fees specified in the pricing schedule set forth in Schedule A attached hereto and as applicable, quarterly in arrears, in immediately available funds, to Bank, together with Bank's customary fees and charges specified therein.

Each letter of credit shall have an expiry date (i) not later than twelve (12) months after such letter of credit's date of issuance and (ii) not to occur after the expiration date of the Facility, unless Bank has approved in writing such expiry date in its sole and absolute discretion; provided that (a) if the expiry date of a letter of credit shall occur after the expiration date of the Facility, then within 60



days prior to the expiration date of the Facility (or such shorter period of time as Bank may agree to in writing) or (b) if any LC Obligations (as defined hereinafter) remain outstanding for any reason after the termination or expiration of the Facility, then immediately (but in no event later than one (1) business day after the termination or expiration of the Facility), Company shall either (in the case of clause (a) or (b), as applicable) (x) deliver to, and deposit with, Bank cash collateral in an amount equal to (i) 105% of the stated amount of such letter of credit with respect to clause (a) above or (ii) 105% of the LC Obligations with respect to clause (b) above or (y) cause to be issued an irrevocable standby letter of credit in favor of Bank and issued by a bank or other financial institution acceptable to Bank (in its sole discretion) and in form and substance, and in an amount, acceptable to Bank (in its sole discretion). Such cash collateral and deposits provided under this paragraph shall be held by Bank as collateral for the payment and performance of the LC Obligations. Company hereby grants to Bank and agrees to maintain a first priority security interest in all such cash, deposits accounts and all balances therein and in all proceeds of the foregoing to secure the LC Obligations and other obligations for which the cash collateral was so provided, free and clear of all other security interests and liens. Bank shall have exclusive dominion and control, including the exclusive right of withdrawal, over such deposit account in which the cash collateral is maintained. "LC Obligations" as used herein shall mean, on any date of determination, the aggregate amount of the undrawn stated amount of all outstanding letters of credit issued under the Facility, plus the aggregate amount drawn under letters of credit issued under the Facility for which Bank has not received payment or reimbursement.

General Terms of the Facility.

Borrowings and any other extensions of credit and obligations under the Facility shall be secured by cash collateral maintained in a deposit account with the Bank, as more fully set forth in the security documentation referred to below.

The Facility is subject to annual renewal by Bank in its sole and absolute discretion on July 31st of each year (or if such day is not a business day, then on the next business day thereafter provided, however, THE CONTINUING AVAILABILITY OF THE FACILITY SHALL AT ALL TIMES BE AS DETERMINED BY BANK IN ITS SOLE AND ABSOLUTE DISCRETION. Either of Company or Bank may terminate all or any portion of the Facility at any time. In the event of termination by either party, Company's obligations hereunder and under the STT, the Note and the other documentation entered into in connection with the Facility shall remain in full force and effect until all amounts outstanding under the Facility have been indefeasibly paid in full.

ANYTHING IN THIS AGREEMENT, THE NOTE OR ANY OTHER DOCUMENTS RELATING TO THE FACILITY TO THE CONTRARY NOTWITHSTANDING, THE ENUMERATION IN THIS AGREEMENT, THE NOTE OR IN SUCH OTHER DOCUMENTS OF SPECIFIC OBLIGATIONS TO BANK AND/OR CONDITIONS TO THE AVAILABILITY OF THE FACILITY AND THE NOTE SHALL NOT BE CONSTRUED TO QUALIFY, DEFINE OR OTHERWISE LIMIT BANK'S RIGHT, POWER OR ABILITY, AT ANY TIME, UNDER APPLICABLE LAW, TO MAKE DEMAND FOR PAYMENT OF THE ENTIRE OUTSTANDING PRINCIPAL OF, INTEREST AND OTHER AMOUNTS DUE UNDER THE FACILITY AND THE NOTE OR BANK'S RIGHT NOT TO MAKE ANY EXTENSION OF CREDIT UNDER THE FACILITY AND COMPANY AGREES THAT COMPANY'S BREACH OF OR DEFAULT UNDER ANY SUCH ENUMERATED OBLIGATIONS OR CONDITIONS IS NOT THE ONLY BASIS FOR DEMAND TO BE MADE OR FOR A REQUEST FOR AN



EXTENSION OF CREDIT TO BE DENIED, AS COMPANY'S OBLIGATION TO MAKE PAYMENT SHALL AT ALL TIMES REMAIN A DEMAND OBLIGATION. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, THIS AGREEMENT DOES NOT CREATE A COMMITMENT OR OBLIGATION BY BANK TO EXTEND CREDIT TO COMPANY AND COMPANY ACKNOWLEDGES THAT BANK HAS NO OBLIGATION TO EXTEND ANY CREDIT UNDER THE FACILITY.

So long as any obligations, liabilities or other amounts payable under, arising from, or with respect to the Facility and the related documents shall remain unpaid and the Facility has not been terminated, Company shall furnish to Bank each of the following:

- i. Annual audited financial statements of Company to be received within 120 days from fiscal year end;
- ii. Prompt written notice of any default by Company that shall have occurred beyond any applicable grace period under any other agreement between Company and Bank or any of Bank's affiliates; and
- iii. Such other information, including interim financial statements, concerning Company's business, affairs, or financial condition as Bank may request from time to time.

All payments of principal, interest and fees payable by Company under the Facility shall be made in U.S. dollars, in immediately available funds without set off, counterclaim or withholding at Bank's office at 452 Fifth Avenue, New York, New York 10018 and may be charged to any account Company maintains with Bank.

The Facility is further subject to Bank's receipt in form and substance satisfactory to Bank of the following, in each case, as applicable, duly executed and delivered on behalf of Company by an authorized person thereof:

- i. certified copy of resolutions of Company's board of directors (or equivalent governing body) authorizing Company's execution, delivery and performance of this agreement, the Note and each of the other documents herein referred to;
- ii. signature cards for Company's authorized signatories;
- iii. an executed copy of Bank's standard form of pledge agreement;
- iv. an executed copy of the Application(s) related to the Facility;
- v. an executed copy of Bank's standard form of Trade Finance Services Authorization related to the Facility; and
- vi. all other documents, instruments and other agreements or deliverables requested by Bank.

No amendment, modification or waiver of any provision of this agreement nor any consent to any departure by Bank therefrom shall be effective, irrespective of any course of dealing, unless the same shall be in writing and signed by Bank and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Further, on the date hereof and on and as of the date any extension of credit is made under the Facility, Company makes the representations and warranties, and agrees to the provisions, set forth on Schedule B attached hereto. Each request for an extension of credit under the Facility shall be deemed to be a certification by Company both at the time of such request and at the time the related extension of credit is made that the representations and warranties contained on Schedule B are true and correct at each such time.



This agreement shall be governed by and construed in accordance with the laws of the State of New York. Please note that to the extent any of the terms or provisions of this agreement conflict with those contained in the Note or any of the other above-mentioned documents (other than the STT), the terms and provisions of such Note and of such other documents shall govern.

COMPANY AND BANK AGREE THAT ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT, THE NOTE OR ANY OTHER DOCUMENTS RELATING TO THE FACILITY MAY BE INITIATED AND PROSECUTED IN THE STATE OR FEDERAL COURTS, AS THE CASE MAY BE, LOCATED IN NEW YORK COUNTY, NEW YORK.

EACH OF COMPANY AND BANK HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY OR AGAINST IT IN ANY MATTERS WHATSOEVER, IN CONTRACT OR IN TORT, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE NOTE OR ANY OTHER DOCUMENTS RELATING TO THE FACILITY. COMPANY ALSO HEREBY WAIVES THE RIGHT TO INTERPOSE ANY DEFENSE BASED UPON ANY CLAIM OF LACHES OR SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION, ANY OBJECTION BASED ON FORUM NON CONVENIENS OR VENUE, AND ANY CLAIM FOR INDIRECT, CONSEQUENTIAL, PUNITIVE, INCIDENTAL, EXEMPLARY OR SPECIAL DAMAGES.

Bank hereby notifies Company that pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Pub. L. 107-56, 115 Stat. 272 (Oct. 26, 2001)) (the "USA Patriot Act") and the requirements of 31 C.F.R. Sec. 1010.230 (the "Beneficial Ownership Regulation"), Bank is required to obtain, verify and record information that identifies Company, which information includes the name, address and beneficial ownership of Company and other information that will allow Bank to identify Company in accordance with the USA Patriot Act and the Beneficial Ownership Regulation, and Company agrees to provide such information and any applicable certifications from time to time to Bank.

This agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery by a party of its executed signature page of this agreement, by telecopy, electronic transmission (e.g., a "pdf" or "tif" file transmitted by e-mail) or other electronic means, shall be effective execution and delivery of this agreement by such party, the same as if an original manually executed counterpart were delivered by such party.

[Remainder of page intentionally left blank]



If this agreement is acceptable to you, please sign and return this agreement and the other documents referred to above within two weeks from the date of this agreement.

Very truly yours,

HSBC Bank USA, National Association

By: /s/ Joseph W. Burden
Name: Joseph W. Burden
Title: Vice President

AGREED TO AND ACCEPTED:

Graham Corporation

By: /s/ Jeffrey Glajch
Name: Jeffrey Glajch
Title: CFO

SCHEDULE A
Pricing*

Performance Standby	75 basis points per annum, if tenor is less than 24 months from the date of issuance through the maturity date, payable annually 80 basis points per annum, if tenor is 25 to 48 months from the date of issuance through the maturity date, payable annually 85 basis points per annum if tenor is over 48 months from the date of issuance through the maturity date, payable annually - Minimum commission of USD 500
Annual Facility Fee	\$5,000.00
Default Interest	3% plus the Prime Rate

* Please see Annex I to Schedule A, attached hereto, for other relevant fees.

Pricing is subject to change upon thirty (30) days' prior written notice to Company.

Definitions:

“Financial Standby Letter of Credit” means a letter of credit or similar arrangement, issued, confirmed or paid, or in respect of which value is transferred (including acceptance of a draft), by Bank and/or an affiliate of Bank (or correspondent bank), for account of one or more applicants, that represents an irrevocable obligation to a third-party beneficiary: (a) to repay money borrowed by, or advanced to, or for the account of, a second party (the account party); or (b) to make payment on behalf of the account party, in the event that the account party fails to fulfill its obligation to the beneficiary. The determination that a letter of credit or similar arrangement is a Financial Standby Letter of Credit shall be made by Bank in its sole and absolute discretion.

“Performance Standby Letter of Credit” means a letter of credit or similar arrangement, however named or described, other than a Financial Standby Letter of Credit, issued, confirmed or paid, or in respect of which value is transferred (including acceptance of a draft), by Bank and/or an affiliate of Bank (or correspondent bank), for account of one or more applicants, that represents an irrevocable obligation to the beneficiary on the part of the issuer to make payment on account of any default by the account party in the performance of a non-financial or commercial obligation. The determination that a letter of credit or similar arrangement is a Performance Standby Letter of Credit shall be made by Bank in its sole and absolute discretion.



“Prime Rate” means the rate of interest publicly announced by Bank from time to time as its prime rate and is a base rate for calculating interest on certain loans. In no event shall the interest rate under this agreement exceed the maximum rate authorized by applicable law. Any change in the interest rate resulting from a change in the Prime Rate shall be effective on the date of such change.

PRICING SCHEDULE
IMPORT DOCUMENTARY CREDIT (LC)

DC Issuance: Manual	0.25% per Qtr., Min \$150
DC Issuance: Electronic	0.25% per Qtr., Min \$100
Issuance SWIFT	\$75
Amendment: Manual*	\$100
Amendment: Electronic*	\$85
Amendment: Increase / Extension	0.25% per Qtr., Min \$85/\$100
Amendment SWIFT	\$45
Discrepancy**	\$100
Payment Commission:	
Sight	0.25%, Min \$125
Time	0.25%, Min \$150
Acceptance / Deferred Payment	2% Per Annum, Min \$150
Reinstatement / Expired DC	\$100
Overdrawn DC	\$100
DC Cancellation / Unutilized	\$100
Special Handling**	\$50

EXPORT DOCUMENTARY CREDIT

Advise: Manual	\$125
Advise: Electronic	\$100
Amendment: Manual	\$100
Amendment: Electronic	\$75
Discrepancy	\$100
Document Examination / Payment Commission	0.125%, Min \$150
Discount	By Agreement, Min \$200
Confirmation	By Agreement, Min \$200
Acceptance / Deferred Payment Confirmation	By Agreement, 2% P.A., Min \$150
Transfer	0.25%, Min \$300
Assignment of Proceeds	0.25%, Min \$300
Reimbursement	\$75
Back to Back Handling	\$250
DC Cancellation	\$100

* More than five amendments subject to additional \$50 Charge.

** To be charged to the account of the beneficiary.

STANDBY DOCUMENTARY CREDIT (SBLC)

Issuance: Manual	\$200
Issuance: Electronic	\$150
Issuance SWIFT	\$75
Commission	By Agreement or 2% P.A., Min \$500
Consultation / Structuring	\$500
Amendment: Manual	\$150
Amendment: Electronic	\$135
Amendment: Increase / Extension	By Agreement or 2% P.A., Min \$100
Amendment SWIFT	\$45
Auto Increase / Decrease	\$100
Rescission of Draw	\$100
Confirmation	By Agreement, Min \$250
Payment Commission	0.25%, Min \$150
Transfer	0.25%, Min \$300
Assignment of Proceeds	0.25%, Min \$300
Advise	\$250
Amendment Advise	\$100
Cancellation	\$150
Evergreen	\$200

DOCUMENTARY COLLECTIONS

Import Collection	0.125%, Min \$100
Export Collection	0.125%, Min \$100
Direct Sends Collection	\$100
Bills Purchased	By Agreement, Min \$100
Protest Commission	\$150 + Costs
Document Safekeeping	\$50/Mo. after 30 days
Cancellation	\$100

MISCELLANEOUS CHARGES

Shipping Guarantee / Airway Release	0.25%, Min \$150
Unredeemed SG / AR	\$75 / Mo. after 30 days
Registered Mail	\$20
Courier: Domestic	\$30
Courier: International	\$100
SWIFT	\$50
Fax	\$15
Wire Transfer Fee	\$25
Urgent Handling	\$150

Prices are subject to change with notification. Additional fees may apply for non-standard service.

Effective as of August 2019

INTERNAL

SCHEDULE B
Representations and Warranties

Anti-money Laundering

Company represents and warrants that each of Company and its subsidiaries is in compliance, in all material respects, with all applicable anti-money laundering rules and regulations.

Sanctions

Company represents and warrants that none of Company, any of its subsidiaries, or any director, officer, employee, agent, or affiliate of Company or any of its subsidiaries, is an individual or entity ("Person") that is, or is owned or controlled by Persons that are: (i) the target of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, the Hong Kong Monetary Authority or other relevant sanctions authority (collectively, "Sanctions") or (ii) located, organized or resident in a country or territory that is the target of Sanctions, including, currently, the Crimea region, Cuba, Iran, North Korea and Syria. Company will not, directly or indirectly, use the proceeds of the Facility, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is the target of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Facility, whether as underwriter, advisor, investor, or otherwise).

Anti-Bribery and Corruption

Company represents and warrants that none of Company, nor to the knowledge of Company, any director, officer, agent, employee, affiliate or other Person acting on behalf of Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such Persons of any applicable anti-bribery law, including but not limited to, the United Kingdom Bribery Act 2010 (the "UK Bribery Act") and the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"). Furthermore, Company represents and warrants that Company and, to the knowledge of Company, its affiliates have conducted their businesses in compliance with the UK Bribery Act, the FCPA and similar laws, rules or regulations and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith. No part of the proceeds of the Facility will be used, directly or indirectly, for any payments that could constitute a violation of any applicable anti-bribery law.

USA Patriot Act and Beneficial Ownership Regulation

Company represents and warrants that any information, documentation or certification provided by Company as required by the USA Patriot Act, the Beneficial Ownership Regulation or any other anti-money laundering rules and regulations is true and correct in all respects.

**THIRD AMENDMENT TO
CREDIT AGREEMENT**

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment") dated as of October 28, 2020 is entered into by and among Graham Corporation, a Delaware corporation (the "Borrower"), the other Loan Parties party hereto, the Lenders party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent ("Administrative Agent").

RECITALS

WHEREAS, the Borrower, the Lenders and Administrative Agent are parties to that certain Credit Agreement dated as of December 2, 2015 (as amended, and as the same may be further amended, modified, supplemented or restated from time to time, the "Existing Credit Agreement," and as the Existing Credit Agreement is amended and modified by this Amendment, the "Credit Agreement"); and

WHEREAS, Energy Steel & Supply Co. was originally a party to the Existing Credit Agreement but has since been sold and released therefrom; and

WHEREAS, the parties hereto desire to amend certain provisions of the Existing Credit Agreement on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

**SECTION 1
INCORPORATION OF RECITALS; DEFINED TERMS**

The Borrower acknowledges that the Recitals set forth above are true and correct and an integral part of this Amendment. The Recitals set forth above (including the defined terms therein) are hereby incorporated into this Amendment by reference. All other capitalized terms used in this Amendment without definition shall have the same meanings herein as are ascribed to such terms in the Existing Credit Agreement.

**SECTION 2
AMENDMENT TO EXISTING CREDIT AGREEMENT**

2.1 Amendments to Negative Covenants.

- (a) Section 6.01 of the Existing Credit Agreement is hereby amended by amending and restating clause (k) in its entirety to read as set forth below:

(k) a line of credit from HSBC, N.A. to Borrower in the maximum principal amount of \$15,000,000.00 (the "HSBC Debt").

SECTION 3
REPRESENTATIONS AND WARRANTIES

The Loan Parties hereby represent and warrant to the Administrative Agent and the Lenders that:

3.1 Due Authorization, etc. The execution and delivery of this Amendment by the Loan Parties and the performance of each Loan Party's obligations hereunder are duly authorized by all necessary corporate or limited liability company action, do not require any filing or registration with or approval or consent of any governmental agency or authority, do not and will not conflict with, result in any violation of or constitute any default under any provision of its articles of organization, or operating agreement or that of any of the Loan Parties' Subsidiaries or any material agreement or other document binding upon or applicable to it or any of its Subsidiaries (or any of their respective properties) or any material law or governmental regulation or court decree or order applicable to it or any of its Subsidiaries, and will not result in or require the creation or imposition of any Lien in any of its properties or the properties of any of its Subsidiaries pursuant to the provisions of any agreement binding upon or applicable to it or any of its Subsidiaries.

3.2 Validity. This Amendment has been duly executed and delivered by the Loan Parties and, together with the Credit Agreement, constitutes a legal, valid and binding obligation of the Loan Parties, enforceable against the Loan Parties in accordance with its terms subject, as to enforcement only, to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforceability of the rights of creditors generally.

3.3 Existing Representations and Warranties. Each of the Loan Parties hereby represents and warrants to Administrative Agent and the Lenders that, as of the date of this Amendment, the representations and warranties contained in Article III of the Existing Credit Agreement are true and correct on the date of this Amendment, except to the extent that such representations and warranties solely relate to an earlier date.

SECTION 4
CONDITIONS PRECEDENT

This Amendment shall become effective upon satisfaction of all of the following conditions precedent:

4.1 Receipt of Documents: The Administrative Agent and the Required Lenders shall have received all of the following, each in form and substance satisfactory to the Administrative Agent and the Required Lenders:

-
- (a) Amendment. A counterpart original of this Amendment duly executed by the Loan Parties party hereto;
- (b) Other. Such other documents as the Administrative Agent may reasonably request.

SECTION 5
MISCELLANEOUS

5.1 Documents Remain in Effect. Except as specified in Section 2 of this Amendment and in this paragraph, the Existing Credit Agreement and the other Loan Documents remain in full force and effect and each of the Loan Parties hereby ratifies, adopts and confirms its representations, warranties, agreements and covenants contained in, and obligations and liabilities under, the Existing Credit Agreement, as amended by this Amendment, and the other Loan Documents.

5.2 Reference to Credit Agreement. On and after the effective date of this Amendment, each reference in the Existing Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import, and each reference to the “Credit Agreement” in any Loan Documents, or other agreements, documents or other instruments executed and delivered pursuant to the Existing Credit Agreement, shall mean and be a reference to the Credit Agreement.

5.3 No Waiver. Except as specifically set forth in Section 2 of this Amendment, this Amendment does not constitute a waiver or consent of any other terms or provisions of the Credit Agreement and the Credit Parties are under no obligation to grant any waiver or consent in the future. Any waiver, consent or modification of the Credit Agreement shall be valid only if documented in a writing executed in accordance with the Credit Agreement, and then only to the extent specifically set forth in such writing. The manner of execution and delivery of this letter shall not establish a course of dealing between the Credit Parties and the Loan Parties in respect of the Loans. The Credit Parties reserve all rights and remedies provided under the Loan Documents and applicable law.

5.4 Headings. Headings used in this Amendment are for convenience of reference only, and shall not affect the construction of this Amendment.

5.5 Counterparts. This Amendment may be executed in any number of counterparts, and by the parties hereto on the same or separate counterparts, and each such counterpart, when executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment. The words “executed,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Amendment and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable

law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

5.6 Expenses. Each of the Loan Parties agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Administrative Agent and the Lenders (including reasonable fees, charges and disbursements of Administrative Agent's attorneys) in connection with the preparation, negotiation, execution, delivery and administration of this Amendment and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. In addition, each Loan Party agrees to pay, and save the Administrative Agent and the Lenders harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of this Amendment, the borrowings under the Credit Agreement, and the execution and delivery of any instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith, in each case to the same extent required under the Credit Agreement. All obligations provided in this Section 5.6 shall survive any termination of this Amendment or the Credit Agreement.

5.7 Governing Law. This Amendment shall be a contract made under and governed by the internal laws of the State of New York. Wherever possible, each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable laws, but if any provision of this Amendment shall be prohibited by or invalid under such laws, such provisions shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

5.8 Successors. This Amendment shall be binding upon each Loan Party, each Credit Party, and their respective successors and assigns, and shall inure to the benefit of each Loan Party, each Credit Party, and the successors and assigns of each Credit Party.

5.9 Oral Agreements Not Binding. Except as set forth herein, as of the date this Amendment is executed, there are no offers outstanding from the Administrative Agent or the Lenders to the Borrower with respect to the amendments and other agreements set forth herein. Any prior offer by the Administrative Agent or the Lenders, whether oral or written is hereby rescinded in full. There are no oral agreements between Administrative Agent or the Lenders, on the one hand, and the Loan Parties, on the other hand; any agreements concerning the Administrative Agent's and the Lenders' liabilities are expressed only in this Amendment, the Credit Agreement and the existing Loan Documents.

5.10 Release. Each Loan Party hereby acknowledges and agrees that: (a) neither it nor any of its respective Subsidiaries has any claim or cause of action against Administrative Agent or any other Secured Party (or any of the directors, officers, employees, agents, attorneys or consultants of any of the foregoing) and (b) the Administrative Agent and the other Secured Parties have heretofore properly performed and satisfied in a timely manner all of their obligations to each Loan Party, and all of their respective Subsidiaries and Affiliates. Notwithstanding the foregoing, the Administrative Agent and the other Secured Parties wish (and the Loan Parties agree) to eliminate any possibility that any past conditions, acts, omissions, events or circumstances would

impair or otherwise adversely affect any of their rights, interests, security and/or remedies. Accordingly, for and in consideration of the agreements contained in this Amendment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Loan Party (for itself and its Subsidiaries and Affiliates and the successors, assigns, heirs and representatives of each of the foregoing) (collectively, the "Releasors") does hereby fully, finally, unconditionally and irrevocably release, waive and forever discharge the Administrative Agent and the other Secured Parties, together with their respective Affiliates, and each of the directors, officers, employees, agents, attorneys and consultants of each of the foregoing (collectively, the "Released Parties"), from any and all debts, claims, allegations, obligations, damages, costs, attorneys' fees, suits, demands, liabilities, actions, proceedings and causes of action, in each case, whether known or unknown, contingent or fixed, direct or indirect, and of whatever nature or description, and whether in law or in equity, under contract, tort, statute or otherwise, which any Releasor has heretofore had or now or hereafter can, shall or may have against any Released Party by reason of any act, omission or thing whatsoever done or omitted to be done, in each case, on or prior to the date hereof directly arising out of, connected with or related to this Amendment, the Credit Agreement or any other Loan Document, or any act, event or transaction related or attendant thereto, or the agreements of Administrative Agent and the other Secured Parties contained therein, or the possession, use, operation or control of any of the assets of any Loan Party, or the making of any Loans or other advances, or the management of such Loans or other advances or the Collateral. Each Loan Party represents and warrants that it has no knowledge of any claim by any Releasor against any Released Party or of any facts or acts or omissions of any Released Party which on the date hereof would be the basis of a claim by any Releasor against any Released Party which would not be released hereby.

[signature page attached]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to Credit Agreement to be duly executed and delivered by their respective authorized officers as of the date first above written.

GRAHAM CORPORATION, a Delaware corporation

By: /s/ Jeffrey Glajch
Name: Jeffrey Glajch
Title: Chief Financial Officer

JPMORGAN CHASE BANK, N.A., individually, and as
Administrative Agent, Swingline Lender and Issuing Bank

By: /s/ Elizabeth A. Jordan
Name: Elizabeth A. Jordan
Title: Authorized Officer

[Signature page to Third Amendment to Credit Agreement]