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): June 1, 2021

Graham Corporation
(Exact name of Registrant as specified in its charter)

Delaware	**1-08462**	**16-1194720**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS 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

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.

Acquisition of Barber-Nichols Inc.

Effective as of June 1, 2021, Graham Corporation (the "Company") entered into a unit purchase agreement (the "Purchase Agreement") with Graham Acquisition I, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company ("Buyer"), and BNI Holdings, Inc., a Colorado corporation ("Seller"), and for certain provisions of the Purchase Agreement, the Seller's Principals, as defined in the Purchase Agreement. Pursuant to the terms of the Purchase Agreement, effective as of June 1, 2021, Seller sold to Buyer, and Buyer purchased from Seller, all of the issued and outstanding membership interests of Barber-Nichols LLC, a Colorado limited liability company ("BNI"), and BNI became a wholly-owned subsidiary of Buyer (the "Acquisition").

Upon the terms and conditions of the Purchase Agreement, the Company acquired BNI for approximately $70.0 million comprised of (i) 610,130 shares of the Company's common stock, par value $0.10 per share (the "Common Stock"), representing a value of approximately $8.8 million and (ii) approximately $61.2 million in cash consideration, subject to $2.0 million withheld in escrow to fund potential adjustments related to working capital and subject to approximately $5.0 million withheld in escrow to fund certain potential indemnification matters.

The Purchase Agreement contains customary representations, warranties, covenants and indemnification provisions made by the Company, Buyer and Seller. The Company also agreed, upon the next vacancy in the Company's board of directors, to use good faith efforts to identify, nominate and recommend for shareholder approval a candidate for its board of directors with experience in the defense and aerospace industries.

In connection with the Acquisition, as of June 1, 2021, Buyer entered into anearn-out agreement (the "Earn-Out Agreement") with Seller. Pursuant to the terms of the Earn-Out Agreement, Seller is eligible to receive up to an additional $14.0 million in cash consideration contingent on the achievement of certain financial performance targets for BNI during the fiscal period beginning April 1, 2023 and ending March 31, 2024.

The foregoing descriptions of the Purchase Agreement and Earn-Out Agreement do not purport to be complete and are qualified in their entirety by reference to the Purchase Agreement and Earn-Out Agreement, which are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form8-K and are incorporated by reference herein.

In connection with the Acquisition, as of June 1, 2021, Buyer entered into an employment agreement with Daniel Thoren which agreement is described in Item 5.02 below and the information contained in such Item 5.02 required to be included in this Item 1.01 is incorporated by reference herein.

In addition, the information set forth under Item 2.03 below is incorporated by reference into this Item 1.01.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The information contained in Item 1.01 of this Current Report on Form8-K is incorporated herein by reference.

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

As of June 1, 2021, the Company and Bank of America ("BofA") entered in a loan agreement (the "BofA Loan Agreement"), pursuant to which the Company entered into a $20.0 million five-year term loan with BofA. The term loan requires monthly principal payments of approximately $166.7 thousand beginning on July 1, 2021 through June 1, 2026, with the remaining principal amount plus all interest due on the maturity date. The interest rate on the term loan is the sum of the Bloomberg Short-Term Bank Yield Index rate (the "BSBY Rate") (adjusted periodically) plus 1.50%.

In addition, pursuant to the BofA Loan Agreement, the Company entered into a revolving credit facility with BofA that provides a $30.0 million line of credit, including letters of credit and bank guarantees, expandable at the Company's option and the bank's approval at any time up to $40.0 million. The agreement has a five-year term. Amounts outstanding under the facility agreement will bear interest at a rate equal to the sum of the BSBY Rate (adjusted periodically) plus 1.50%. Outstanding letters of credit under the agreement are subject to a fee equal to 1.5% per annum of the outstanding undrawn amount of each commercial letter of credit that is not secured by cash and 0.6% of each commercial letter of credit that is secured by cash, in each case payable quarterly in advance.

Under the term loan agreement and revolving credit facility, the Company covenants to maintain a maximum total leverage ratio, as defined in such agreements, of 3.0 to 1.0, a minimum fixed charge coverage ratio, as defined in such agreements, of 1.2 to 1.0, and an asset coverage ratio of 1.0 to 1.0.

As of June 2, 2021, the Company entered into an agreement (the "HSBC Agreement") to amend and restate the letter of credit facility agreement dated October 28, 2020 with HSBC Bank USA, N.A. ("HSBC") and decreased the Company's uncommitted discretionary demand line of credit with HSBC for the issuance of Performance Standby Letters of Credit, as defined in the HSBC Agreement from $15 million to $7.5 million. Borrowings under the HSBC Agreement are secured with cash collateral.

The foregoing description of the BofA Loan Agreement and the HSBC Agreement does not purport to be complete and is qualified in its entirety by reference to the BofA Loan Agreement and the HSBC agreement filed with this Current Report on Form 8-K as Exhibit 10.3 and Exhibit 10.4, respectively, and are incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

Under the terms of the Purchase Agreement, the Company issued Seller or its designees 610,130 shares of restricted Common Stock pursuant to a private-placement exemption from the registration requirements under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). Pursuant to the Purchase Agreement, Seller represented to the Company that it is an "accredited investor" as that term is defined in Regulation D of the Securities Act. Seller confirmed and acknowledged that it had adequate access to information about the Company through the course of negotiations with respect to the Acquisition and was able to evaluate that information. Appropriate legends stating that such shares have not been registered under the Securities Act and may not be offered or sold absent registration or pursuant to an exemption therefrom were affixed to the certificates or book entry statements evidencing such shares.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Employment Agreement with Daniel Thoren

As of June 1, 2021, the Company entered into an employment agreement (the "Thoren Employment Agreement") with Daniel Thoren, age 57, a former employee of BNI. Pursuant to the Thoren Employment Agreement, Mr. Thoren will serve as the Company's President and Chief Operating Officer for a term of one year, subject to automatic renewal periods until the agreement is terminated or Mr. Thoren attains the age of 65. Mr. Thoren will be entitled to an initial base salary rate of $365,000 per year. In addition, if Mr. Thoren remains continuously and actively employed by the Company through June 1, 2023, he will receive a retention bonus equal to $730,000.

Mr. Thoren will be eligible to receive bonuses and awards under the Company's bonus plans or arrangements as may be in effect from time to time, including the Company's Annual Executive Cash Bonus Plan, and may participate in any long-term incentive compensation plan generally made available to similarly situated executive officers of the Company in accordance with and subject to the terms of such plans, including the Company's Annual Stock-Based Long-Term Incentive Award Plan for Senior Executives. Mr. Thoren is also eligible for the Company's standard benefit plans.

The Thoren Employment Agreement provides that, upon termination without cause, or if Mr. Thoren resigns because of the Company's material breach of his employment agreement, the Company will have to pay to him compensation due him through the date of termination, including any accrued bonus, and continue his base salary for 12 months following such termination. The Thoren Employment Agreement also provides that, if following a change in control of the Company, Mr. Thoren's employment is terminated by the Company without cause, or if Mr. Thoren resigns in certain situations set forth in the agreement, the Company will make a payment to Mr. Thoren in an amount equal to 2.5 times the sum of Mr. Thoren's annual salary and his target annual bonus at the time of his termination or resignation.

In addition, if Mr. Thoren's employment with us is terminated for any reason, he will be subject to a12-month covenant not to compete with us, not to interfere in certain of our business relationships, and not to disclose to anyone our confidential information. The Thoren Employment Agreement also contains customary releases, covenants, and confidentiality provisions.

Prior to joining the Company, Mr. Thoren had been employed by BNI since 1991 and served in progressively increasing roles, including his service as BNI's President and Chief Executive Officer from 1997 until May 2021 and Chairman of the Board of Directors of BNI through the date of the Acquisition. There are no family relationships between Mr. Thoren and any of the Company's directors or executive officers and there are no transactions reportable pursuant to Item 404(a) of Regulation S-K promulgated by the Securities and Exchange Commission between the Company and Mr. Thoren.

The foregoing description of the Thoren Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the Thoren Employment Agreement, which is filed as Exhibit 10.5 to this Current Report on Form 8-K and is incorporated herein by reference.

In connection with Mr. Theron's appointment, as of June 1, 2021, James R. Lines, the Company's Chief Executive Officer, will no longer serve as President of the Company.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1*	Unit Purchase Agreement, dated as of June 1, 2021, between Graham Corporation, Graham Acquisition I, LLC, BNI Holdings, Inc., and certain other parties thereto.
10.2	Earn-Out Agreement, dated as of June 1, 2021, between Graham Acquisition, LLC and BNI Holdings, Inc.
10.3**	Loan Agreement, dated as of June 1, 2021, between Graham Corporation and Bank of America, N.A.
10.4**	Agreement, dated as of June 2, 2021, between Graham Corporation and HSBC Bank USA, N.A.
10.5	Employment Agreement, dated as of June 1, 2021, between Graham Corporation and Daniel Thoren.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Certain schedules of this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC or its staff a copy of the omitted schedules upon request.

**Certain schedules of this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally to the SEC or its staff a copy of the omitted schedules upon request.

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: June 3, 2021

By: /s/ Jeffrey Glajch
Jeffrey Glajch
Vice President – Finance & Administration and Chief Financial Officer

Exhibit 10.1

UNIT PURCHASE AGREEMENT

among

Graham Corporation, a Delaware corporation,

Graham Acquisition I, LLC, a Delaware limited liability company

and

BNI Holdings, Inc.

Dated June 1, 2021

Table of Contents

UNIT PURCHASE AGREEMENT

THIS UNIT PURCHASE AGREEMENT (this "**Agreement**") is made and entered into as of June 1, 2021, by and among Graham Corporation, a Delaware corporation ("**Graham**"), Graham Acquisition I, LLC, a Delaware limited liability company ("**Buyer**") and BNI Holdings, Inc., a Colorado corporation ("**Seller**"), and, solely for purposes of Section 5.08, Section 6.01 and Article VII, Gregory Forsha ("**Forsha**"), Kim Huppenthal ("**Huppenthal**"), Matthew Johnson ("**Johnson**"), Matthew Malone ("**Malone**"), Jeffrey Noall ("**Noall**"), Jason Preuss ("**Preuss**"), Jeffrey Shull ("**Shull**"), Daniel Thoren ("**Thoren**"), Debra Vigil ("**Vigil**"), and David Wehrlen ("Wehrlen", collectively with Forsha, Huppenthal, Johnson, Malone, Noall, Preuss, Shull, Thoren and Vigil, "**Seller's Principals**").

RECITALS

A. Prior to Closing, Seller owns 7,871 membership units (the '**Company Units**"), of Barber-Nichols LLC, a Colorado limited liability company (the "**Company**"), which Company Units constitute 100% of the issued and outstanding membership units of the Company.

B. In connection with the Closing, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, all of the Company Units in exchange for the consideration set forth herein.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and upon the terms and subject to the conditions hereinafter set forth, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I
THE TRANSACTION

Section 1.01 Purchase Transaction. On and subject to the terms and conditions of this Agreement, at Closing, Buyer shall purchase from Seller, and Seller shall sell to Buyer, free and clear of all Encumbrances, the Company Units in exchange for the consideration set forth herein.

Section 1.02 Purchase Price. In full consideration of the purchase of the Company Units, at Closing Buyer shall:

(a) deliver to Seller stock certificates evidencing the Graham Stock;

(b) pay and deliver an amount equal to the Estimated Closing Cash Consideration minus the Escrow Amount minus the Working Capital Escrow Amount, to Seller by wire transfer of immediately available funds to one or more accounts that have been designated in writing by Seller pursuant to that certain settlement statement by and between Buyer and Seller dated as of the date hereof;

(c) pay the Escrow Amount plus the Working Capital Escrow Amount to the Escrow Agent;

(d) pay and deliver an amount equal to the Estimated Indebtedness by wire transfer of immediately available funds to the accounts designated by Seller in the Estimated Closing Statement;

(e) pay and deliver an amount equal to the Estimated Transaction Expenses by wire transfer of immediately available funds to the accounts designated by Seller in the Estimated Closing Statement; and

(f) deliver the Earn-Out Agreement.

Seller acknowledges and agrees that Buyer shall be entitled to reduce any cash payments to Seller by all applicable deductions and tax withholdings required to be withheld in respect of the payments pursuant to this Article I.

Section 1.03 Purchase Price; Adjustment.

(a) Estimates. Prior to the date hereof, Seller delivered to Buyer a written statement (the "**Estimated Closing Statement**") in form and substance as set forth on Schedule 1.03 of the Disclosure Schedules, setting forth Seller's good faith estimate as of the Effective Time of, and the components and calculation of, Estimated Working Capital, Estimated Indebtedness (including the intended beneficiaries of such Estimated Indebtedness to be paid at the Closing, and each component thereof), and Estimated Transaction Expenses (including the intended beneficiaries of such Estimated Transaction Expenses to be paid at the Closing, and each component thereof), with the components thereof prepared in accordance with GAAP consistent with Schedule 1.03 of the Disclosure Schedules, together with a certificate signed by Seller to the effect that Estimated Working Capital, Estimated Indebtedness and Estimated Transaction Expenses were determined in good faith in accordance with the provisions of this Agreement. Buyer and its representatives shall have an opportunity to review and comment on the Estimated Closing Statement, which shall be consistent with the agreed to methodology and example set forth on Schedule 1.03 of the Disclosure Schedules and Working Capital calculation consistent with Schedule A-1 and subject to Buyer's approval in good faith. The Estimated Closing Statement, and each component thereof, shall be adjusted as necessary on or prior to the Closing Date to reflect any adjustments reasonably requested by Buyer in good faith and satisfactory to Seller in its reasonable discretion.

(b) Delivery of Closing Statement. Within 90 days after the Closing Date, Graham and Buyer shall cause to be prepared and shall deliver to Seller a statement (the "**Closing Statement**") setting forth in reasonable detail along with reasonable supporting documentation thereto their calculation of the Closing Working Capital, the Closing Indebtedness and the Closing Transaction Expenses, the components thereof prepared in accordance with GAAP. The Closing Statement shall be accompanied by a certificate signed by Graham and Buyer to the effect that the Closing Statement has been prepared in good faith in accordance with the provisions of this Section 1.03.

(c) Cooperation. Each of Seller, Graham and Buyer agrees that it will, and it will use reasonable efforts to cause its respective Affiliates, agents and representatives to, cooperate and assist in the preparation of the Closing Statement and the calculation of the Closing Working Capital, the Closing Indebtedness and the Closing Transaction Expenses, and in the conduct of the reviews and dispute resolution process referred to in this Section 1.03, including, but not limited to, providing Seller and its representatives reasonable access to the books and records of the Company.

(d) Review Period. During the 30-day period following Seller's receipt of the Closing Statement, Seller shall be permitted to review the books and records of the Company and working papers of Buyer relating to the Closing Statement. The Closing Statement and the calculation of the Closing Working Capital, the Closing Indebtedness and the Closing Transaction Expenses shall become final and binding upon the parties on the 30th day following delivery thereof, unless Seller gives written notice of their disagreement with the Closing Statement ("**Notice of Disagreement**") to Buyer prior to such date, which notice, to be valid, must comply with this Section 1.03. Any Notice of Disagreement shall (i) specify in reasonable detail to the extent known by Seller the nature of any disagreement so asserted, and include all supporting schedules, analyses, working papers and other documentation to the extent in Seller's possession, (ii) include only disagreements based on the Closing Working Capital, the Closing Indebtedness or the Closing Transaction Expenses not being calculated in accordance with this Agreement, including but not limited to, this Section 1.03, (iii) specify the line item or items in the calculation of the Closing Working Capital, the Closing Indebtedness or the Closing Transaction Expenses with which Seller disagrees and the amount of each such line item or items as calculated by Seller, and (iv) include Seller's calculation of the Closing Working Capital, the Closing Indebtedness or the Closing Transaction Expenses. Seller and Buyer shall be deemed to have agreed with all items and amounts included in the calculation of the Closing Working Capital, the Closing Indebtedness and the Closing Transaction Expenses delivered pursuant to Section 1.03(b) except such items that are specifically disputed in the Notice of Disagreement and the effect such disputed items may impact other line items or calculations.

(e) Resolution of Disputes. If Seller delivers, in a timely manner, Notice of Disagreement pursuant to Section 1.03(d), then the Closing Statement (as revised in accordance with this Section 1.03(e)), and the resulting calculation of any Closing Working Capital, Closing Indebtedness and Closing Transaction Expenses resulting therefrom, shall become final and binding upon the parties upon (i) the date all matters specified in the Notice of Disagreement are finally resolved in writing by Seller and Buyer and/or (ii) the date all matters specified in the Notice of Disagreement not resolved by Seller and Buyer are finally resolved in writing by the Arbiter. The Closing Statement shall be revised to the extent necessary to reflect any resolution by Seller and Buyer and any final resolution made by the Arbiter in accordance with this Section 1.03(e). During the 30-day period following the delivery of a timely Notice of Disagreement or such longer period as Seller and Buyer shall mutually agree, Seller and Buyer shall seek in good faith to resolve in writing any differences that they may have with respect to the matters specified in the Notice of Disagreement. If, at the end of such 30-day period (or such longer period as mutually agreed by Seller and Buyer), Seller and Buyer have not so resolved such differences, Seller and Buyer shall submit the dispute for resolution to an independent accounting or valuation firm (the "**Arbiter**") for review and resolution of any and all matters which remain in dispute and which were included in the Notice of Disagreement in accordance with this Section 1.03. The Arbiter shall be a mutually acceptable nationally or regionally recognized independent public accounting firm agreed upon by Seller and Buyer in writing; provided, that in the event the parties are not able to mutually agree on an accounting or valuation firm, the Arbiter shall be Grant Thornton LLP. Seller and Buyer shall use reasonable efforts to cause the Arbiter to render a decision resolving the matters in dispute within 30 days following the submission of such matters to the Arbiter, or such longer period as Seller and Buyer shall mutually agree. Seller and Buyer agree that the determination of the Arbiter shall be final and binding upon the parties and that judgment may be entered upon the determination of the Arbiter in any court having jurisdiction over the party against which such determination is to be enforced; provided, that the scope of the disputes to be resolved by the Arbiter is limited to only such items included in the Closing Statement that Seller has properly disputed in the Notice of Disagreement based upon the Closing Working Capital, the Closing Indebtedness or the Closing Transaction Expenses not having been calculated in accordance with this Agreement, including this Section 1.03. The Arbiter shall determine, based solely on written presentations by each of Buyer and Seller and their respective representatives, and not by independent review, only those issues in dispute specifically set forth on the Notice of Disagreement and shall render a written report as to the dispute and the resulting calculation of Closing Working Capital, Closing Indebtedness and Closing Transaction Expenses, which shall be conclusive and binding upon the parties. In resolving any disputed item, the Arbiter: (i) shall be bound by the principles set forth in this Agreement, including this Section 1.03; (ii) shall limit its review to the line items and items specifically set forth in and properly raised in the Notice of Disagreement; and (iii) shall not assign a value to any line item or items greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The fees, costs, and expenses of the Arbiter (i) shall be borne by Seller in the proportion that the aggregate dollar amount of such disputed items so submitted that are unsuccessfully disputed by Seller (as finally determined by the Arbiter) bears to the aggregate dollar amount of such items so submitted and (ii) shall be borne by Buyer in the proportion that the aggregate dollar amount of such disputed items so submitted that are successfully disputed by Seller (as finally determined by the Arbiter) bears to the aggregate dollar amount of such items so submitted. The fees, costs and expenses of Buyer's independent accountants incurred in connection with the preparation of the Closing Statement and review of any Notice of Disagreement shall be borne by Buyer, and the fees, costs and expenses of Seller's independent accountants incurred in connection with their review of the Closing Statement and preparation of any Notice of Disagreement shall be borne by Seller.

(f) Closing Consideration Adjustment.

(i) If the Final Closing Consideration is greater than the Estimated Closing Consideration, then within five (5) Business Days of the determination of all of Final Working Capital, Final Indebtedness and Final Transaction Expenses, Seller and Buyer shall jointly instruct the Escrow Agent to release the Working Capital Escrow Amount to Seller and Buyer shall pay or cause to be paid to Seller an amount equal to such excess by wire transfer of immediately available funds to an account or accounts designated by Seller prior to the date when such payment is due.

(ii) If the Final Closing Consideration is less than the Estimated Closing Consideration, then within five (5) Business Days of the determination of all of Final Working Capital, Final Indebtedness and Final Transaction Expenses, Seller and Buyer shall jointly instruct the Escrow Agent to release from the Working Capital Escrow Amount to Buyer an amount equal to such deficiency by wire transfer of immediately available funds to an account or accounts designated by Buyer prior to the date when such payment is due, and the remaining amount, if any, shall be released to Seller. If the Working Capital Escrow Amount is depleted, Seller shall pay or cause to be paid to Buyer any shortfall by wire transfer of immediately available funds to an account or accounts designated by Buyer prior to the date when such payment is due.

Section 1.04 Escrow Amount. At the Closing, Buyer shall withhold from the Estimated Closing Consideration the amount of $5,000,000 (the "**Escrow Amount**"). The Escrow Amount (less any amounts paid to fund any indemnity claims), shall be paid to Seller on the date that is eighteen (18) months following the Closing, provided, however, that if any claim for indemnification by any Buyer Indemnitee pursuant to this Agreement remains outstanding as of such date, the portion of the Escrow Amount claimed with respect to the claim for indemnification shall not be paid to Seller until final resolution of all such indemnification claims but the undisputed portion to be paid shall be paid to Seller as set forth above.

Section 1.05 Excluded Assets. Seller shall not sell and Buyer shall not purchase the assets of the Company set forth onSchedule 1.05 (collectively, the "**Excluded Assets**"). Seller shall transfer the Excluded Assets (and any related liabilities thereto) from the Company prior to Closing, pursuant to an agreement or other document in form and substance reasonably acceptable to Buyer.

ARTICLE II
CLOSING

Section 2.01 Closing Date. The closing of the transactions contemplated hereby (the "**Closing**") shall take place by electronic transfer of documents (or at such other place as is agreed in writing by Buyer and Seller), or via electronic transmittal of documents, on the date hereof (the "**Closing Date**"). For financial accounting and tax purposes, to the extent permitted by Law, the Closing shall be deemed to have become effective as of 12:01 a.m. on the Closing Date (the "**Effective Time**").

Section 2.02 Closing Deliveries.

(a) Deliveries by Buyer. At the Closing, Buyer shall deliver or cause to be delivered the following to Seller or other Persons as specified below:

(i) the Estimated Closing Consideration in the forms and amounts as set forth in Section 1.02, including but not limited to, stock certificates representing the Graham Stock;

(ii) an executed Escrow Agreement;

(iii) an executed Earn-Out Agreement;

(iv) the Leases;

(v) Executive Employment Agreement with Dan Thoren;

(vi) Executive Employment Agreement with Matt Malone; and

(vii) such other agreements, certificates and documents as may be reasonably requested by Seller to effectuate or evidence the transactions contemplated hereby.

(b) Deliveries by Seller. At the Closing, Seller shall deliver or cause to be delivered the following to Buyer:

(i) units certificate(s), if any, evidencing the Company Units, free and clear of all Encumbrances, duly endorsed in blank or accompanied by unit powers or other instruments of transfer duly executed in blank, with all required transfer tax stamps affixed thereto;

(ii) an executed Escrow Agreement;

(iii) an executed Earn-Out Agreement;

(iv) the Leases;

(v) Executive Employment Agreement with Dan Thoren;

(vi) Executive Employment Agreement with Matt Malone;

(vii) Disclosure Schedules of Seller and the Company;

(viii) letter(s), in form and substance satisfactory to Buyer in its reasonable discretion, from lenders of any Indebtedness (the '**Pay-Off Letters**") (A) stating the aggregate amount of all the outstanding Indebtedness, including a list of all outstanding letters of credit of the Company, as of the Closing Date, and (B) agreeing that if such amount so identified is paid and such letters of credit are terminated at Closing or any time stated thereafter, such prepayment and terminations shall not be subject to any prepayment premiums or penalties or any other fees or expenses associated with payment thereof, and that on such payment and letter of credit terminations all Encumbrances and liens in assets of the Company held by such lenders shall be terminated effective as of the Closing;

(ix) evidence in form and substance satisfactory to Buyer in its sole discretion that all Indebtedness of the Company, including the Stimulus Loans, has been paid in its entirety in accordance with the Pay-Off Letters; provided, however, that the parties hereby acknowledge and agree that Indebtedness may be paid at Closing in accordance with Section 1.02(d);

(x) evidence in form and substance satisfactory to Buyer in its sole discretion that the Company has been released from all obligations under the Tax-Exempt Bonds;

(xi) a certificate of the Secretary (or equivalent officer) of the Company certifying that attached thereto are true and complete copies of (A) the articles of incorporation of the Company, and all amendments thereto, as certified by the Secretary of State of Colorado; and (B) the by-laws of the Company, and all amendments thereto;

(xii) a certificate of good standing dated not more than 10 days prior to the Closing Date from (i) the Secretary of State, attesting to the good standing in Colorado of the Company, and (ii) the secretary of state of each other state attesting to the good standing of the Company in each other state where the Company is qualified to do business, if applicable; and

(xiii) such other agreements, certificates and documents as may be reasonably requested by Buyer to effectuate or evidence the transactions contemplated hereby.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

Section 3.01 Organization. The Company is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Colorado. The Company has all requisite limited liability company power and authority to carry on the Business as currently conducted. True and complete copies of the articles of incorporation, bylaws, certificate of formation, limited liability company operating agreement or other organizational or governance documents of the Company and Seller, all as amended to date, have been previously delivered to Buyer.

Section 3.02 Authority. The executing, delivery, and performance by Seller of this Agreement and each Ancillary Agreement to which Seller is a party, and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all necessary limited liability company action on the part of Seller. This Agreement and each Ancillary Agreement to which Seller is a party has been duly and validly executed and delivered by Seller, and constitutes the valid and binding obligation of Seller, enforceable against Seller in accordance with their respective terms, except as such enforcement shall be limited by bankruptcy, insolvency, moratorium or similar law affecting creditors' rights generally and subject to general principles of equity.

Section 3.03 No Conflict. Except as set forth on Schedule 3.03 of the Disclosure Schedule, the execution, delivery and performance by Seller of this Agreement and the Ancillary Agreements to which Seller is a party, and the consummation by Seller of the transactions contemplated hereby and thereby does not and will not, with or without the giving of notice or the lapse of time, or both, (a) violate any provision of any Law to which Seller or the Company is subject, (b) violate any provision of the articles of incorporation, bylaws or other organizational or governance documents of Seller or the Company, or (c) violate or result in a breach of or constitute a default (or an event which with the passage of time or the giving of notice, or both, constitute a default) under, or require the consent of any third party under, or result in or permit the termination or amendment of any provision of, or result in or permit the acceleration of the maturity or cancellation of performance of any obligation under, or result in the creation or imposition of any Encumbrance of any nature whatsoever upon any of the assets or property of Seller or the Company or give to others any interests or rights therein under, any Material Contract or Permit to which Seller or the Company is a party or by which Seller or the Company may be bound or affected.

Section 3.04 Capitalization; Title to Company Units.

(a) The authorized equity interests of the Company consists of 7,871 membership units, all of which are issued and outstanding and constitute the Company Units. All of the Company Units have been duly authorized, are validly issued, fully paid and non-assessable, and are owned of record and beneficially by Seller, free and clear of all Encumbrances. The Company Units constitute 100% of the issued and outstanding membership interests of the Company.

(b) Except as set forth on Schedule 3.04(b) of the Disclosure Schedule, there are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to the membership interests of the Company or obligating Seller or the Company to issue or sell any membership interests of, or any other interest in, the Company. Except as set forth on Schedule 3.04(b) of the Disclosure Schedule, the Company does not have any outstanding or authorized any unit appreciation, phantom unit, profit participation or similar rights. Except as set forth on Schedule 3.04(b) of the Disclosure Schedule, there are no voting trusts, equityholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Company Units.

Section 3.05 Subsidiaries. The Company does not (i) directly or indirectly own any stock of, equity interest in, or other investment in any other corporation, joint venture, partnership, trust or other Person or (ii) have any subsidiaries or any predecessors in interest by merger, liquidation, reorganization, acquisition or similar transaction.

Section 3.06 Financial Statements; Undisclosed Liabilities. The books of account and related records of the Company fairly reflect in all material respects the Company's assets, liabilities and transactions. Schedule 3.06 of the Disclosure Schedules (the "**Disclosure Schedules**") sets forth the following financial statements (the "**Financial Statements**"): (x) the audited balance sheets of the Company as of December 31, 2019 and 2020 and the related statements of income and stockholder's equity and cash flows for the years ended December 31, 2019 and 2020 ("**Annual Financial Statements**"), and (y) the unaudited internally prepared balance sheet of the Company as of the Balance Sheet Date, and the related statements of income and stockholder's equity and cash flows for the available monthly periods ended on the Balance Sheet Date (the "**Interim Financial Statements**"). The Financial Statements fairly present, in all material respects, the financial position of the Company and the results of its operations and cash flows as of the respective dates and for the respective periods indicated therein and have been prepared in accordance with GAAP, except that the Financial Statements may not contain all footnotes in accordance with GAAP and the Interim Financial Statements are further subject to normal year-end adjustments, none of which are expected to be material in amount or nature. The Financial Statements have been prepared from and are in accordance with the books and records of the Company. The Company does not have any liabilities required to be disclosed in accordance with GAAP except for (a) liabilities reflected on or accrued and reserved against in the Financial Statements, or (b) liabilities incurred in the Ordinary Course of Business after December 31, 2020 (none of which is material or results from, arises out of, or relates to any material breach or violation of, or default under, a contractual obligation or requirement of Law).

Section 3.07 Absence of Certain Changes or Events. Except as set forth on Schedule 3.07 of the Disclosure Schedules, since December 31, 2020, the Company has conducted its business only in the Ordinary Course of Business and there has not been a Material Adverse Effect. Without limiting the foregoing, except as set forth on Schedule 3.07 of the Disclosure Schedules, since December 31, 2020, the Company has not (a) issued, purchased or redeemed any of its equity securities, or granted or issued any option, warrant or other right to purchase or acquire any such equity securities, (b) incurred or discharged any liabilities, except liabilities incurred or discharged in the Ordinary Course of Business, (c) encumbered any of its properties or assets, tangible or intangible, except for Encumbrances incurred in the Ordinary Course of Business, (d) (i) granted any increase in the salaries (other than normal increases for employees averaging not in excess of five percent (5%) per annum made in the Ordinary Course of Business) or other compensation or benefits payable or to become payable to, or any advance (excluding advances for ordinary business expenses consistent with past practice) or loan to, any officer, director, shareholder, member, partner, employee or independent contractor of the Company, (ii) made any payments to any pension, retirement, profit-sharing, bonus or similar plan except payments in the Ordinary Course of Business made pursuant to the Benefit Plans, (iii) granted or made any other payment of any kind to or on behalf of any officer, director, member, partner, shareholder, employee or independent contractor other than payment of base compensation and benefits and reimbursement for reasonable expenses in the Ordinary Course of Business or (iv) adopted, amended or terminated any employee benefit plan (including any Benefit Plan) or any stay bonus, retention bonus, transaction bonus or change in control bonus plan or arrangement, other than, in any case, amendments required by applicable Law or in connection with the transactions contemplated hereby, (e) suffered any adverse change or, to the knowledge of Seller, received any threat of any adverse change in any of its relations with, or any loss or, to the knowledge of Seller, threat of loss of, any of the suppliers, clients, distributors, customers or employees that are material to the Business, including any adverse loss or change as a result of the transactions contemplated by this Agreement, (f) disposed of or has failed to keep in effect any rights in, to or for the use of any Permit material to the Business, (g) changed any method of keeping of their respective books of account or accounting practices, except for changes required by GAAP, (h) disposed of or failed to keep in effect any rights in, to or for the use of any of the Intellectual Property material to the Business, (i) sold, transferred or otherwise disposed of any assets, properties or rights of the Business, except inventory sold in the Ordinary Course of Business, (j) entered into any transaction, Material Contract or event outside the Ordinary Course of Business or with Seller or any partner, shareholder, member, officer, director or other Affiliate of the Company, except in connection with the transactions contemplated hereby, (k) made nor authorized any capital expenditure outside of the 2021 Capital Expenditure Plan provided by Company, (l) changed or modified in any manner its existing credit,

collection and payment policies, procedures and practices with respect to accounts receivable and accounts payable, respectively, including acceleration of collections of receivables, failure to make or delay in making collections of receivables (whether or not past due), acceleration of payment of payables or failure to pay or delay in payment of payables, (m) incurred any material damage, destruction, theft, loss or business interruption, (n) made any declaration, payment or setting aside for payment of any distribution (whether in equity or property) with respect to any securities or interests of the Company, except in accordance with this Agreement, (o) made (except as consistent with past practice) or revoked any Tax election or settled or compromised any material Tax liability with any Taxing Authority, or (p) waived or released any material right or claim of the Company or incurred any modifications, amendments or terminations of any Material Contracts which are in the aggregate materially adverse to the Company or the Business.

Section 3.08 Title, Condition and Sufficiency of Assets.

(a) The Company has good and valid title to, or a valid leasehold or licensed interest in, all property and other assets used by it in the operation of the Business, reflected in the Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold, consumed or otherwise disposed of in the Ordinary Course of Business since the Balance Sheet Date, free and clear of all Encumbrances, except for Permitted Encumbrances.

(b) Except as set forth on Schedule 3.08(b) of the Disclosure Schedules, the buildings, plants, structures, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company material to the operations of the Business as currently conducted, or as installed by the Company in the new expansion building, are in a condition and repair (except for ordinary wear and tear and routine maintenance in the Ordinary Course of Business), are adequate for the purposes for which they are presently used in the conduct of the Business currently conducted, and are usable in a manner consistent with their current use, and comply in all material respects with all applicable Laws. The buildings, plants, structures, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company currently owned, licensed or leased by the Company constitute all of the assets, properties and rights necessary for the operation of the Business as the Business is currently conducted. Except as set forth on Schedule 3.08(b) of the Disclosure Schedules, no other Person other than the Company owns any assets, properties and rights used in the Business, other than assets owned by third parties and used in the Business pursuant to a Material Contract identified on Schedule 3.13 of the Disclosure Schedules.

Section 3.09 Real Property.

(a) The Company will not own any real property as of the Closing Date.

(b) Schedule 3.09(b) of the Disclosure Schedules sets forth a true, correct and complete list of all written or oral leases, subleases, or other occupancies of real property used by the Company (collectively, the "**Leases**") to which the Company is a party or will be a party as of the Closing Date (as lessee, sublessee, licensee or otherwise) (collectively, the "**Leased Real Property**") including with respect to such Leases, the parties to the lease, the term of the lease, the current expiration date of the lease, the renewal options, the current base rent, and any regular monthly payments included as additional rent. The Company does not operate its Business at any location other the Leased Real Property. Seller has delivered to Buyer a true, correct and complete copy of the Leases and all amendments, modifications and supplemental agreements thereto. Each of the Leases is in full force and effect and is binding and enforceable against the Company and, to the knowledge of Seller, each of the other parties thereto, in accordance with its terms and has not been modified or amended since the date of delivery to Buyer.

(c) Except as set forth on Schedule 3.09(c) of the Disclosure Schedules, there are no Encumbrances affecting the Leased Real Property, other than Permitted Encumbrances. No party to any Lease has sent written notice to the other claiming that such party is in default thereunder. To the knowledge of Seller, there has not occurred any event which would constitute a breach of or default in the performance of any covenant, agreement

or condition contained in any Lease, nor to the knowledge of Seller has there occurred any event which with the passage of time or the giving of notice or both would constitute such a breach or default. To the knowledge of Seller, there is no current or pending event or circumstance that would permit the termination of any Lease or the increase of any liabilities or restrictions of the Company under any Lease. Neither the Company nor Seller has received any written notice from the other party to any Lease of the termination or proposed termination thereof. No construction, alteration or other leasehold improvement work with respect to any Lease remains to be paid for or to be performed by the Company. The Company does not have any outstanding obligations to provide deposits, letters of credit or other credit enhancements to retain its rights under any Lease or otherwise operate the Business at the Leased Real Property.

(d) The Company presently enjoys peaceful and undisturbed possession of the Leased Real Property. No Person other than the Company has any right to use, occupy, or lease any of the Leased Real Property. Neither the Company nor Seller has received written notice of any eminent domain, condemnation or other similar proceedings pending or to the knowledge of Seller threatened against the Company with respect to, or otherwise affecting any portion of, the Leased Real Property. The current use of the Leased Real Property in the conduct of the Business does not violate any Lease in any respect. To the knowledge of Seller, there is no violation of any covenant, condition, restriction, easement or order of any Authority having jurisdiction over the Leased Real Property or the use or occupancy thereof. To the knowledge of the Seller, the Leased Real Property is in compliance in all respects with all applicable building, zoning, subdivision, health and safety and other land use and similar applicable Laws, rules and regulations, permits, licenses and certificates of occupancy affecting the Leased Real Property, and neither the Company nor Seller has received any written notice of any violation or claimed violation by the Company of any such Laws, rules and regulations with respect to the Leased Real Property which have not been resolved or for which any obligation of the Company remains to be fulfilled, including but not limited to payments of monetary damages, fines or penalties, or completion of any remedial or corrective measures. The Leased Real Property is adequately served by proper utilities, sufficient parking and other building services necessary for its current use and for compliance with all applicable Laws, rules, regulations, permits, licenses and certificates of occupancy.

(e) Each use of the Leased Real Property by the Company is and has been valid, permitted and conforming uses in accordance with the current zoning classification of the Leased Real Property, and there are no outstanding variances or special use permits affecting the Leased Real Property or their uses.

(f) Except as set forth on Schedule 3.09(f) of the Disclosure Schedule, the transaction contemplated by this Agreement does not constitute an assignment of the Company's rights under any Lease, and does not require the consent of any Person under any Lease.

(g) The Leased Real Property is in good repair, ordinary wear and tear excepted, and fit for the purposes for which it is presently used. The Company has rights of egress and ingress with respect to the Leased Real Property that are sufficient for it to conduct its Business as presently conducted consistent with past practice.

Section 3.10 Accounts Receivable.

(a) All of the Company's accounts and notes receivable reflected on the Balance Sheet and the accounts and notes receivable arising after the date thereof (collectively, the "**Accounts Receivable**") represent amounts receivable for products actually delivered or services actually provided (or, in the case of non-trade accounts or notes represent amounts receivable in respect of other bona-fide business transactions), have arisen in the Ordinary Course of Business and have been or will be billed and are generally due within 30 days after such billing. Except as set forth on Schedule 3.10(a) of the Disclosure Schedules, to the knowledge of Seller, all of the Accounts Receivable are and will be fully collectible within 90 days after billing, net of the reserves shown on the Balance Sheet (or in the books of the Company if such Accounts Receivable were created after the Balance Sheet Date). The reserve for bad debts shown on the Balance Sheet or, with respect to Accounts Receivable arising after the Balance Sheet Date, in the books of the Company, have been determined in accordance with GAAP, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in footnotes. To the knowledge of Seller, there is no contest, claim, or right of set-off under any Material Contract with any obligor of a material Account Receivable relating to the amount or validity of such Account Receivable.

(b) Except as set forth on Schedule 3.10(b) of the Disclosure Schedules, since December 31, 2020, there have not been any write-offs as uncollectible of the Company's accounts receivable except for write-offs in the Ordinary Course of Business and not in excess of $50,000.00 in the aggregate.

Section 3.11 Inventory. Except as disclosed on Schedule 3.11 of the Disclosure Schedules, (i) all of the inventory of the Company, including that reflected in the Balance Sheet, is valued at the actual cost value, except as disclosed in the Balance Sheet; (ii) all of the inventory of the Company reflected in the Balance Sheet and all inventories acquired since the Balance Sheet Date consist of items that are marketable and fit for their particular use, are not defective and are of a quality and quantity usable and saleable in the Ordinary Course of Business within a reasonable period of time and at normal profit margins, and all of the raw materials and work in process inventory of the Company reflected on the Balance Sheet and all such inventories acquired since the Balance Sheet Date can reasonably be expected to be consumed in the Ordinary Course of Business within a reasonable period of time, net of the reserves shown on the Balance Sheet; and (iii) none of the inventory of the Company is obsolete, net of the reserves shown on the Balance Sheet. Since the Balance Sheet Date, the inventory of the Company has been purchased or manufactured in the Ordinary Course of Business and consistent with reasonably anticipated requirements of the customers of the Company.

Section 3.12 Intellectual Property.

(a) Schedule 3.12(a)(i) of the Disclosure Schedules sets forth a list of all Intellectual Property (defined below) registrations and applications for registration that are owned by or held in the name of the Company, specifying as to each such item, as applicable, (i) the item (with respect to trademarks), or title (with respect to all other items), (ii) the owner of the item, (iii) the jurisdiction in which the item is issued or registered or in which any application for issuance or registration has been filed, including the respective issuance, registration or application number and (iv) the date of application and issuance or registration of the item (the "**Owned Intellectual Property**"). Except as set forth on Schedule 3.12(a)(ii) of the Disclosure Schedules, (A) each item of Owned Intellectual Property is valid and in full force and effect and each item of Owned Intellectual Property and Intellectual Property owned by the Company is owned by the Company free and clear of all Encumbrances and other claims, including any claims of joint ownership or inventorship, (B) the registrations and applications for registration of the Owned Intellectual Property are held of record in the Company's name, and (C) none of the Owned Intellectual Property is the subject of any opposition or nullity proceedings or interferences, or any proceeding contesting its validity, inventorship, enforceability or the Company's ownership thereof. All issuance, renewal, maintenance and other payments that are or have become due as of the date hereof with respect to the Owned Intellectual Property have been timely paid by or on behalf of the Company. The Company has complied in all material respects with its duty of candor and disclosure to the United States Patent and Trademark Office and any relevant foreign patent office with respect to all Owned Intellectual Property filed by or on behalf of the Company and have made no material misrepresentations in such applications. Schedule 3.12(a)(iii) sets forth a true and complete list of all Intellectual Property licensed to the Company and the license or agreement pursuant to which the Company obtained a license to such Intellectual Property. Except as set forth on Schedule 3.12(a)(iii) of the Disclosure Schedules: (u) the Company owns or possesses adequate licenses or other valid rights to use all patents, patent applications (including any provisional applications, divisionals, continuations or continuations in part), trademarks, service marks, trade dress, registered trademarks, trademark applications and all goodwill associated therewith, copyrights, copyright applications, copyright registrations, copyrightable works of authorship, industrial designs, software, databases, data compilations, domain names, know-how, trade secrets, product formulas, inventions, rights-to-use and other industrial and intellectual property rights (collectively, "**Intellectual Property**"), excluding in all cases commercially available licenses considered "over the counter", "off the shelf", "click to use" or similar designations necessary for the conduct of the Business as currently conducted, (v) to the knowledge of Seller, neither the conduct of the Business of the Company nor any product or service offered by the Company infringes, misappropriates, dilutes or conflicts with, and has not conflicted with any Intellectual Property of any other Person, (w) neither the Company nor Seller has received any written notices

alleging that the conduct of the Business, including the marketing, sale and distribution of the products and services of the Business, infringes, dilutes, misappropriates or otherwise violates any Person's Intellectual Property (including, for the avoidance of doubt, any cease and desist letter or offer of license), (x) no current or former employee of the Company and no other Person owns or has any proprietary, financial or other interest, direct or indirect, in whole or in part, and including any rights to royalties or other compensation, in any of Intellectual Property owned or purported to be owned by the Company, (y) there is no agreement or other contractual restriction affecting the use by the Company of any of the Intellectual Property owned or purported to be owned by the Company, and (z) Seller is not aware of any infringement, dilution, misappropriation or other violation of any of the Intellectual Property owned or purported to be owned by the Company by any Person within the past six (6) years, and neither the Company nor Seller has asserted or threatened any claim or objection against any Person for any such infringement or misappropriation .

(b) Except as set forth on Schedule 3.12(b) of the Disclosure Schedules, the information technology systems owned, leased, licensed or otherwise used in the conduct of the Business, including all computer software, hardware, firmware, process automation systems and telecommunications systems used in the Business (the "**IT Systems**") perform reliably and to the knowledge of Seller is in conformance with the documentation and specifications for such systems. The Company has taken commercially reasonable steps to ensure that the IT Systems do not contain any viruses, "worms," back door, trojan horse, malware, spyware, adware, ransomware, disabling or malicious code, or other anomalies that would materially impair the functionality of the IT Systems. To the knowledge of Seller, the products, services and computer systems offered, owned or licensed by the Company do not contain any viruses, "worms," back door, trojan horse, malware, spyware, adware, ransomware, disabling or malicious code, or other anomalies that are intended to materially impair their intended performance or otherwise permit unauthorized access to hamper, delete or damage any computer system, software, network or data. The Company has taken commercially reasonable steps to provide for the backup, archival and recovery of the critical business data of the Company. The Company has taken commercially reasonable measures to maintain the confidentiality and value of all trade secrets. None of the Company's trade secrets or confidential information have been disclosed by the Company to, or, to the knowledge of Seller, discovered by, any other Person except pursuant to non-disclosure agreements or to Persons entitled to receive such trade secrets or other confidential information that are legally obligated to maintain their confidentiality. Neither the Company nor Seller has received written notice that, or otherwise has knowledge that, any employee, consultant or agent of the Company is in default or breach of any employment agreement, non-disclosure agreement, assignment of invention agreement or similar agreement relating to the protection, ownership, development, use or transfer of Intellectual Property owned by the Company. Except as set forth in Schedule 3.12(b), each employee and consultant of the Company has executed a written agreement expressly assigning to the Company, all right, title and interest in any Intellectual Property invented, created, developed, conceived or reduced to practice during the term of such employee's employment or consultant's service relationship and related to the work performed by such person for the Company, and all Intellectual Property rights therein. To the knowledge of Seller, each item of Intellectual Property owned or licensed by the Company will be owned or available for use by the Company, as applicable, immediately following the Closing on substantially identical terms and conditions as it was immediately prior to the Closing.

Section 3.13 Material Contracts.

(a) Schedule 3.13(a) of the Disclosure Schedules contains a complete and accurate list of all Material Contracts (classified (i) through (xiv), as applicable, based on the definition of Material Contracts). As used in this Agreement, "**Material Contracts**" means all Contracts material to the operations of the Business as currently conducted of the following types to which the Company is a party or by which the Company or any of its respective properties or assets is bound: (i) any real property leases; (ii) any labor or employment-related agreements; (iii) any joint venture and limited partnership agreements; (iv) mortgages, indentures, loan or credit agreements, security agreements and other agreements and instruments relating to the borrowing of money or extension of credit; (v) agreements for the sale, lease or license of goods or products or performance of services by or with the top twenty (20) vendors and top twenty (20) customers (or any group of related vendors or customers) by annual revenue; (vi) lease agreements for machinery and equipment, motor vehicles, aircraft or furniture and office

equipment or other personal property by or with any vendor or customer (or any group of related vendors or customers); (vii) agreements restricting in any manner the right of the Company to compete with any other Person, or restricting the right of the Company to sell to or purchase from any other Person; (viii) agreements between the Company and any of its Affiliates; (ix) guaranties, performance, bid or completion bonds, surety and appeal bonds, return of money bonds, and surety or indemnification agreements; (x) custom bonds and standby letters of credit; (xi) any license agreement or other agreements to which the Company is a party regarding any Intellectual Property of others, excluding "over the counter", "off the shelf" and "click to use" software; (xii) powers of attorney; (xiii) any agreements with any sales representatives, consultants, agents or other representatives of the Company (including sales commission agreements or arrangements); and (xiv) each other agreement or contract to which the Company is a party or by which either the Company or its respective assets are otherwise bound which is material to its Business, operation and financial condition.

(b) Each Material Contract is valid, binding and enforceable against the Company and the other parties thereto in accordance with its terms and is in full force and effect. Except as set forth in Schedule 3.13(b) of the Disclosure Schedules, the Company, and, to the knowledge of Seller, each of the other parties thereto, have performed in all material respects all obligations required to be performed by them under, and to the knowledge of Seller, are not in material default under, any of such Material Contracts and to the knowledge of Seller no event has occurred which, with notice or lapse of time, or both, would constitute such a material default. Neither the Company nor Seller has received any written claim from any other party to any Material Contract that the Company has breached any obligations to be performed by it thereunder, or is otherwise in default or delinquent in performance thereunder. Seller has furnished to Buyer a true and complete copy of each Material Contract required to be disclosed on Schedule 3.13(a) of the Disclosure Schedules.

Section 3.14 Litigation. Except as set forth in Schedule 3.14 of the Disclosure Schedules, there is no, and during the last five (5) years there has not been any, dispute, claim, action, suit, proceeding, review, arbitration or investigation before any Authority ("**Litigation**") pending or, to the knowledge of Seller, threatened against the Company or Seller, any of their respective properties or assets or (to the extent the Company may have an obligation to provide indemnification or may otherwise become liable) any of its respective shareholders, members, officers, directors or employees. Except as set forth in Schedule 3.14 of the Disclosure Schedules, the Company is not a party to or bound by any outstanding orders, rulings, judgments, settlements, arbitration awards or decrees (or agreement entered into or any administrative, judicial or arbitration award with any Authority) with respect to or affecting the properties, assets, personnel or Business of the Company. Seller has provided Buyer with a list setting forth any settlement agreements occurring since January 1, 2016 regarding actual or threatened Litigation binding on the Company.

Section 3.15 Compliance with Laws; Permits.

(a) The Company has been and is in compliance in all material respects with all applicable Laws. Set forth on Schedule 3.15(a) of the Disclosure Schedules are all governmental or other industry permits, registrations, certificates, certifications, exemptions, licenses, franchises, consents, approvals and authorizations ("**Permits**") necessary for the conduct of the Business as presently conducted, including in connection with the new expansion, each of which the Company validly possesses and is in full force and effect. Except as set forth in Schedule 3.15(a) of the Disclosure Schedules, no notice, citation, summons or order has been issued, no complaint has been filed and served on the Company, no penalty has been assessed and written notice thereof given, and to Seller's knowledge no investigation or review is pending or, to the knowledge of Seller, threatened with respect to the Company, by any Authority with respect to any alleged (i) violation by the Company of any Law, or (ii) failure by the Company to have any Permit required in connection with the conduct of the Business.

(b) Without limiting the generality of Section 3.15(a), except as set forth in Schedule 3.15(b) of the Disclosure Schedules, the Company has been and is in compliance in all material respects with all applicable Export Controls. Except as set forth in Schedule 3.15(b), the Company has not made any voluntary or other disclosure to any Authority with respect to any actual or alleged irregularity, misstatement or omission or other potential violation arising under or relating to the requirements of Export Controls and, with respect to any such

disclosures, the Company has complied in all material respects with any and all conditions included in any response from such Authority. No proceeding or notice has been filed or commenced against the Company alleging any failure to comply with any Export Controls.

Section 3.16 Environmental Matters. Except as set forth in Schedule 3.16 of the Disclosure Schedules:

(a) The Company has conducted, and is conducting its operations and the Business, and has occupied and operated the Leased Real Property in compliance in all material respects with all Environmental Laws. The Company holds and has been and is in compliance in all material respects with all Permits required under Environmental Laws for the operation of the Company, the conduct of the Business as previously and currently conducted or the occupancy and operation of the Leased Real Property ("**Environmental Permits**"), and all such Environmental Permits are in full force and effect. Schedule 3.15(a) of the Disclosure Schedules lists all Environmental Permits.

(b) Neither the Company nor Seller has received any written notice, citation, summons, order or complaint, no penalty has been assessed or is pending or, to the knowledge of Seller, threatened by any third party (including any Authority) with respect to the Company, the Business, the Leased Real Property or any other real property and relating to or arising from, (i) the use, possession, generation, treatment, manufacture, processing, management, handling, storage, recycling, transport, discharge, disposal, release or threatened release of, and/or exposure to, Hazardous Substances by the Company, (ii) any non-compliance with Environmental Laws or Environmental Permits by the Company or (iii) failure to hold any Environmental Permits by the Company. Neither the Company nor Seller has received any request for information, notice of claims, demand or other notification that the Company has or may have any liability under Environmental Laws.

(c) To the knowledge of Seller, neither the Leased Real Property nor any other property currently or formerly owned, operated, occupied, leased or otherwise used by the Company is listed or proposed for listing on any list maintained by any Authority of contaminated or potentially contaminated sites, and to the knowledge of Seller, no Hazardous Substances generated, disposed, released or otherwise handled by or on behalf of the Company has come to be located at any site identified on any such list or has otherwise resulted in liability under Environmental Laws.

(d) To the knowledge of Seller, there are no underground storage tanks, above ground storage tanks, asbestos containing materials or PCB-containing equipment located at, on or under the Leased Real Property. To the knowledge of Seller, there were no underground storage tanks, above ground storage tanks, asbestos containing materials or PCB-containing equipment located at, on or under any property formerly owned, operated, occupied, leased or otherwise used by the Company during the time of the Company's ownership, operation, occupation, lease or use of such property. To the knowledge of Seller, any underground storage tanks, above ground storage tanks or wastewater treatment systems at the Leased Real Property or any other property currently or formerly owned, operated, occupied, leased or otherwise used by the Company that have been removed or closed have been removed or closed in compliance in all material respects with all applicable Environmental Laws and Environmental Permits, and there are no outstanding or contingent liabilities under Environmental Laws with respect to any such tanks or wastewater treatment systems.

(e) Except as set forth on Schedule 3.16 of the Disclosure Schedule, no Hazardous Substances have been released, spilled, leaked, discharged, disposed of, pumped, poured, emitted, emptied, injected, leached, dumped or allowed to escape by the Company in violation of any Environmental Laws and there are no Hazardous Substances in an uncontained state or in a condition representing a threat of a release at, on, about, under or from the Leased Real Property. No Hazardous Substances were released, spilled, leaked, discharged, disposed of, pumped, poured, emitted, emptied, injected, leached, dumped or allowed to escape at any other property currently or formerly owned, operated, occupied, leased or otherwise used by the Company during the time of the Company's ownership, operation, occupation, lease or use of such property.

(f) All environmental reports, inspections, investigations, studies, audits, tests, reviews or other analysis, evaluations, assessments, sample results, and all correspondence or other documentation related to any of the foregoing ("**Environmental Documents**") pertaining to the Company, the Business, the Leased Real Property or any other property currently or formerly owned, operated, leased or otherwise used by the Company in the possession or control of the Company or Seller have been provided or made available to Buyer, and all such Environmental Documents are set forth in Schedule 3.16 of the Disclosure Schedules.

(g) Neither the Company nor Seller knows of or has any reason to know of any facts or circumstances related to environmental matters concerning the Company, the Business, the Leased Real Property or any other property currently or formerly owned, operated, leased or otherwise used by the Company that could result in any liabilities or responsibilities for the Company pursuant to Environmental Laws, and the Company has not assumed, by Material Contract, law or otherwise, any liability or responsibility pursuant to Environmental Laws for any environmental conditions, including, but not limited to, conditions or contamination related to any disposal, discharge or release of, or exposure to, any Hazardous Substances.

Section 3.17 Employee Benefit Matters.

(a) Schedule 3.17(a) of the Disclosure Schedules lists all "employee benefit plans," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and all other employee benefit, retirement, pension, profit sharing, bonus, stock, restricted stock, stock option, stock purchase, equity-based, profits interest, phantom equity, employment, service, retainer, compensation, consulting, change in control, welfare, health (including medical, dental and vision), Code Section 125 "cafeteria" or "flexible" benefit, life (including all individual life insurance policies as to which the Company is the owner, the beneficiary or both), disability, death benefit, group insurance, hospitalization, savings, deferred compensation, incentive compensation, paid time off, severance, salary continuation, retention, indemnification and fringe benefit and perquisite (including but not limited to benefits relating to automobiles, clubs, vacation, child care, parenting, sabbatical, sick leave, and tuition reimbursement) agreements, arrangements, plans, programs, Material Contracts, policies, or practices, whether written or oral, qualified or nonqualified, funded or unfunded, which is maintained, contributed to, or required to be contributed to by the Company or any ERISA Affiliate for the benefit of any current or former employee, officer, director, member, partner or independent contractor of the Company or with respect to which the Company or any ERISA Affiliate may have any liability, whether contingent or otherwise (the "**Benefit Plans**"). In the case of each "employee welfare benefit plan" as defined in Section 3(1) of ERISA, Schedule 3.17(a) discloses whether such plan is (i) unfunded, (ii) funded through a "welfare benefit fund," as such term is defined in Code Section 419(e), or other funding mechanism or (iii) insured.

(b) As applicable, with respect to each Benefit Plan, Seller has delivered or made available to Buyer true and complete copies of (i) all plan documents (including all amendments and modifications thereof) and in the case of an unwritten Benefit Plan, a list thereof, (ii) the current summary plan description and each summary of material modifications thereto, (iii) the most recent IRS determination, advisory or opinion letter, (iv) all funding and administrative arrangement documents, including trust agreements, insurance contracts, custodial agreements, investment manager agreements and service agreements, (v) for the three most recent years, the filed Form 5500 for each Benefit Plan required to file Form 5500, including all schedules thereto and financial statements with attached opinions of independent accountants; (vi) the most recent coverage and nondiscrimination test under the Code with respect to any Benefit Plan that is intended to be tax qualified under Code Section 401(a) and for which such tests apply; and (vii) all communications, records, notices and filings received from or sent to the IRS, Department of Labor or Pension Benefit Guaranty Corporation in the last three years.

(c) The Company and each ERISA Affiliate is in compliance in all material respects with the provisions of ERISA, the Code and all other Laws applicable to the Benefit Plans (including all applicable aspects of the Patient Protection and Affordable Care Act, as amended, and the Health Insurance Portability and Accountability Act of 1996, as amended). Each Benefit Plan has been maintained, operated and administered in compliance in all material respects with its terms and any related documents or agreements and the applicable

provisions of ERISA, the Code and all other Laws. Neither the Company nor any ERISA Affiliate has incurred, and to the knowledge of Seller, neither could reasonably be expected to incur an employer shared responsibility penalty under Section 4980H of the Code. The Company and each ERISA Affiliate has timely and accurately satisfied its reporting obligations under Sections 6055 and 6056 of the Code. None of Seller, the Company, any ERISA Affiliate, nor any Benefit Plan fiduciary has, with respect to the Benefit Plans, engaged in a breach of fiduciary duty or a non-exempt "prohibited transaction" as such term is defined in Code Section 4975 or Section 406 of ERISA.

(d) No Benefit Plan provides for or continues medical or health benefits, or life insurance or other welfare benefits (through insurance or otherwise) for any Person or any dependent or beneficiary of any Person beyond termination of service or retirement other than coverage mandated by Law, and neither the Company nor any ERISA Affiliate has made a written or oral promise, or any communication that could reasonably be expected to promise, to any Person to provide any such benefits.

(e) No Benefit Plan is (or at any time has been), and neither the Company nor any ERISA Affiliate has ever contributed to, or been required to contribute to, or has any liability (contingent or otherwise) under or with respect to, and no current or former employees of the Company or any ERISA Affiliate currently participate or ever have participated (in connection with their employment for the Company or an ERISA Affiliate) in any employee benefit plan that is (i) subject to Part 3, Subtitle B of Title I of ERISA, Title IV of ERISA or Code Section 412, (ii) a "multiemployer plan" (as defined in Section 3(37) of ERISA), (iii) a "multiple employer plan" as described in Section 413(c) of the Code, (iv) a "voluntary employees' beneficiary association" (as defined in Section 501(c)(9) of the Code), or (v) a "multiple employer welfare arrangement" (as defined in Section 3(40)(A) of ERISA).

(f) To the knowledge of Seller, all Benefit Plans which are "employee pension benefit plans" within the meaning of Section 3(2) of ERISA and which are intended to meet the qualification requirements of Code Section 401(a) now meet, and at all times since their inception have met, the requirements for such qualification, and the related trusts are now, and at all times since their inception have been, exempt from taxation under Code Section 501(a). To the knowledge of Seller, each Benefit Plan or the prototype/volume submitter plan related thereto that is intended to be qualified under Code Section 401(a) has received a favorable determination letter (or an opinion or advisory letter on which it is entitled to rely) from the IRS that such Benefit Plan or the prototype/volume submitter plan related thereto is qualified under Code Section 401(a). To the knowledge of Seller, each Benefit Plan that is intended to be qualified under Code Section 401(a) has been timely amended to reflect the provisions of all statutory or regulatory changes requiring amendments for which the deadline for amendment has passed. To the knowledge of Seller, no event has occurred that will or could give rise to the revocation of any applicable determination letter or the loss of the right to rely on any applicable opinion or advisory letter, or the disqualification or loss of tax-exempt status of any such Benefit Plan or trust under Code Sections 401(a) or 501(a).

(g) Except as set forth on Schedule 3.17(g) of the Disclosure Schedule, Seller's execution of, and performance of the transactions contemplated by, this Agreement will not (either alone or upon the occurrence of any additional or subsequent events) (i) constitute an event under any Benefit Plan or related agreement, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting (other than acceleration of vesting due to the termination of a qualified retirement plan as required under this Agreement), distribution, increase in benefits, or other obligation to fund benefits with respect to any Person or (ii) result in the triggering or imposition or any restrictions or limitations on the right of Seller, the Company or any ERISA Affiliate to amend or terminate any Benefit Plan (or result in any adverse consequence for so doing). The execution of this Agreement, and performance of the transactions contemplated hereby, will not (either alone or upon the occurrence of any additional or subsequent events) result in any payment or benefit that will or may be made by the Company that may be characterized as "excess parachute payment," within the meaning of Code Section 280G(b)(1). The Company does not have any liability or obligation to make a payment that is not deductible under Code Section 280G. No Person is entitled to receive any additional payment (including any tax gross-up or other payment) as a result of the imposition of the excise taxes required by Code Section 4999.

(h) There are no pending or, to the knowledge of Seller, threatened litigation, actions, suits, disputes, or claims by or on behalf of any Benefit Plan, any employee or beneficiary covered under any Benefit Plan, any Authority with respect to a Benefit Plan, or otherwise involving any Benefit Plan (other than routine claims for benefits). No Benefit Plan is under audit, or to the knowledge of Seller inquiry, review or investigation by any Authority and, to the knowledge of Seller, no such audit, inquiry, review or investigation is threatened. To the knowledge of Seller, there are no facts which could give rise to any material liability in the event of any such audit, inquiry, review, investigation, action, suit or other proceeding.

(i) Each of the Benefit Plans can be terminated at any time in the sole discretion of the plan sponsor, without any additional contribution to such Benefit Plan or the payment of any additional compensation or amount or acceleration of any benefits (other than accelerated vesting with respect to tax-qualified retirement plans, which shall not require any additional contribution to be made). Except as set forth on Schedule 3.17(i) of the Disclosure Schedule, to the knowledge of Seller, nothing prohibits the distribution of all amounts under any Benefit Plan subject to Code Sections 401(a), 403(a) or 403(b) or requires any delay in such distributions (subject to the thirty (30) day notice period required by the Treasury Regulations), provided that such Benefit Plan is terminated by the plan sponsor prior to Closing.

(j) Each Benefit Plan that constitutes a "non-qualified deferred compensation plan" within the meaning of Code Section 409A, complies in all material respects (and has at all relevant times complied) in both form and operation with the requirements of Code Section 409A so that no amounts paid pursuant to any such Benefit Plan is subject to tax under Code Section 409A; and none of the Company, Seller or any ERISA Affiliate is or has been required to report any Taxes due as a result of a failure of a Benefit Plan to comply with Code Section 409A. With respect to each such Benefit Plan, none of the Company, Seller or any ERISA Affiliate has any indemnity obligation for any Taxes or interest imposed or accelerated under Code Section 409A.

(k) All contributions (including all employer contributions and employee salary reduction contributions) and premium payments which are or have been due have been paid to or with respect to each Benefit Plan within the time required by law. All required payments, premiums, contributions, reimbursements, or accruals for all periods ending prior to or as of the Closing Date shall have been made or will be properly accrued on the books and records of the Company as of the Closing Date and each ERISA Affiliate as of the Balance Sheet Date for amounts properly due or required to be accrued as of such date and otherwise as of the Closing Date.

Section 3.18 Taxes.

(a) Except as set forth in Schedule 3.18(a)(i) of the Disclosure Schedules, (i) Seller and the Company have timely filed or caused to be filed with the appropriate federal, state, local and foreign governmental entity (individually or collectively, "**Taxing Authority**") all Tax Returns required to be filed with respect to the Company and have timely paid or remitted in full or caused to be paid or remitted in full all Taxes required to be paid with respect to the Company (whether or not shown due on any Tax Return); (ii) all Tax Returns are true, correct and complete in all material respects; and (iii) there are no liens for Taxes upon the Company or its respective assets, except liens for current Taxes not yet due and payable. Except as set forth on Schedule 3.18(a)(ii) of the Disclosure Schedules, neither Seller nor the Company has granted any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any Taxes. The Company and Seller have disclosed on their Tax Returns all positions taken therein with respect to the Company that could give rise to a substantial understatement of Tax within the meaning of Section 6662 of the Code.

(b) Except as set forth on Schedule 3.18(b) of the Disclosure Schedules, there is no action, suit, proceeding, investigation, audit, claim, assessment or judgment now pending against Seller or the Company, in respect of any Tax, and no notification of an intention to examine, request for information related to Tax matters or notice of deficiency or proposed adjustment for any amount of Tax has been received by Seller or the Company. No Taxing Authority with which neither Seller nor the Company files Tax Returns has claimed that the Company is or may be subject to taxation by that Taxing Authority.

(c) The Company has withheld and paid to the proper Taxing Authority all Taxes that it was required to withhold and pay, and has properly completed and timely filed all information returns or reports, including IRS Forms 1099 and W-2, that are required to be filed and has, in all respects, accurately reported all information required to be included on such returns or reports.

(d) There is no Tax sharing or allocation agreement, arrangement or Contract with any Person pursuant to which the Company would have liability for Taxes of another Person following the Closing. The Company (i) has not been a member of an affiliated group under Section 1504(a) of the Code or any similar group defined under a similar provision of state, local, or non-U.S. law (other than a group the common parent of which was the Company), or (ii) does not have any liability for Taxes of another Person under Section 1.1502-6 of the Treasury Regulations (or any similar provision or state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(e) Neither Seller nor the Company is, or has been, a party to any "listed transaction," as defined in Section 6707A(c)(2) of the Code and Section 1.6011-4(b)(2) of the Treasury Regulations.

(f) Except as set forth on Schedule 3.18(f) of the Disclosure Schedules, the Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any action taken by Seller with respect to the Company prior to the Closing Date: (A) to change in method of accounting for a taxable period (or portion thereof) ending on or prior to the Closing Date; (B) to enter into a "closing agreement," as described in Code Section 7121 (or any corresponding provision of state, local, or non-U.S. income Tax law); (C) with respect to any intercompany transaction, as defined in Section 1.1502-13 of the Treasury Regulations, or any excess loss account, as defined in Section 1.1502-19 of the Treasury Regulations, (or any corresponding provision of state, local or non-U.S. income Tax law); (D) to elect installment sale or open transaction made on or prior to the Closing Date; (E) prepaid amount received on or prior to the Closing Date; or (F) to make an election under Code Section 108(i).

(g) The Company has collected all sales tax in the ordinary course of business and remitted such sales tax amount to the applicable Authority, or has collected sales tax exemption certificates from all entities from which the Company does not collect sales tax.

(h) The Company has not distributed the stock of another Person, or had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code Section 355 or Code Section 361.

(i) The Company has never (i) had a permanent establishment in any country other than the country under the Law of which it is organized, as defined in any applicable treaty or convention between such country and the jurisdiction of the entity's incorporation or formation or (ii) engaged in activities in any jurisdiction other than the jurisdiction under the Law of which it is organized that would subject it to taxation by such jurisdiction.

(j) Neither the Company nor Seller has entered into any closing agreement or requested any private letter ruling, technical advice memoranda or similar agreements or rulings relating to Taxes or Tax items with any Authority with respect to the Company.

(k) Neither the Company nor Seller is a "foreign person" as that term is used in Treasury Regulation Section 1.1445-2.

(l) Neither the Company nor Seller has received, directly or indirectly, any Tax credits, grants, subsidies, loan guarantees, or other forms of preferential treatment or assistance from any Authority with respect to the Company. The consummation of the transactions contemplated by this Agreement will not result in the loss of any Tax holiday, Tax abatement or similar Tax benefit.

(m) Seller is, and since its formation has been, an "S corporation" (as defined in Section 1361(a) of the Code and any corresponding or similar provision of state, local and foreign income Tax law applicable to Seller). The Company (i) is, and at all times since the conversion of the Company from a Colorado corporation to a Colorado limited liability company, disregarded as an entity separate from Seller within the meaning of Treasury Regulation Section 301.7701-3 (and any corresponding or similar provision of state, local, and foreign income Tax law applicable to the Company), (ii) was, and at all times since the contribution of its equity to Seller until the conversion of the Company from a Colorado corporation to a Colorado limited liability company, a "qualified subchapter S subsidiary" of Seller within the meaning of Section 1361(b)(3)(B) of the Code (and any corresponding or similar provision of state, local and foreign income Tax law applicable to the Company), and (iii) was at all times since January 1, 2015, until the contribution of its equity to Seller, an "S corporation" (as defined in Section 1361(a) of the Code and any corresponding or similar provision of state, local and foreign income Tax Law applicable to the Company).

Section 3.19 Consents. Except as set forth on Schedule 3.19 of the Disclosure Schedules, no consent, approval, or authorization of, or exemption by, or filing with, any Authority or other Person is required to be obtained or made by the Company or Seller in connection with the execution, delivery, and performance by Seller of this Agreement, or any Ancillary Agreement to which Seller is a party or the taking by the Company or Seller of any other action contemplated hereby or thereby.

Section 3.20 Employee Relations.

(a) Schedule 3.20(a) of the Disclosure Schedules sets forth a true and complete list setting forth the name, position, job location, salary or wage rate, commission status, bonuses and other incentive compensation, date of hire, full- or part-time status, active or leave status, overtime "exempt" or "non-exempt" status and the basis for each employee classified as exempt (e.g., Administrative, Executive, Professional, etc.), for each employee or individual service provider of the Company as of the date hereof (including any individual absent due to short-term disability, family or medical leave, military leave or other approved absence). Other than as required by applicable Law, the Company is not party to any management, employment, consulting or other agreements with any individual providing for: (i) employment for a defined period of time; (ii) employment on an other than "at-will" basis; or (iii) for termination, change-in-control, severance, or any benefits following termination of employment.

(b) The Company is not: (i) a party to or otherwise bound by any collective bargaining or other type of union agreement or group bargaining relationship, (ii) a party to, involved in or, to the knowledge of Seller, threatened by, any material labor dispute or material unfair labor practice charge, or (iii) currently negotiating any collective bargaining agreement. The Company has not experienced any strike, walkout, picketing, work stoppage, or other material labor dispute during the last three (3) years. To the knowledge of Seller, no organizational effort is presently being made or is currently threatened by or on behalf of any labor union, or employee group or organization, with respect to any group of employees of the Company and no such activities have occurred within the last three (3) years.

(c) The Company has been and is in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, unemployment insurance, worker's compensation, equal employment opportunity, employment discrimination and immigration control. Except as disclosed on Schedule 3.20(c) of the Disclosure Schedules, there are no outstanding claims against the Company or the Benefit Plans (other than routine claims for benefits under such plans), whether under Law, regulation, Contract, policy or otherwise, asserted by or on behalf of any present or former employee or job applicant of the Company on account of or for any alleged violation of any applicable Laws respecting labor, employment and employment practices, terms and conditions of employment, including claims for (i) overtime pay, other than overtime pay for work done in the current payroll period, (ii) wages or salary for a period other than the current payroll period, (iii) any amount of vacation pay (including paid time off) or pay in lieu of vacation time off (including paid time off), other than vacation time off or pay (including paid time off) in lieu thereof earned in or in respect of the current fiscal year, (iv) any amount of severance pay or

similar termination benefits, (v) unemployment insurance benefits, other than claims in the Ordinary Course of Business, (vi) workers' compensation or disability benefits, other than in the Ordinary Course of Business, (vii) any violation of any statute, ordinance, order, rule or regulation relating to employment terminations, layoffs, or discipline, (viii) any violation of any statute, ordinance, order, rule or regulation relating to employee "whistleblower" or "right-to-know" rights and protections, (ix) any violation of any statute, ordinance, order, rule or regulations relating to the employment obligations of federal contractors or subcontractors, (x) any violation of any regulation relating to minimum wages or maximum hours of work, or (xi) unfair labor practices, and to the knowledge of the Company and Seller, no such claims have not been asserted. No Person (including any Authority) has asserted any claims against the Company or any of its respective predecessors under or arising out of any regulation relating to equal opportunity employment, discrimination, harassment, or occupational safety in employment or employment practices.

(d) The Company has properly classified all employees, leased employees, consultants, independent contractors and all other Persons providing services to the Company for all purposes (including, without limitation, for all Tax purposes and for purposes related to eligibility to participate in or accrue a benefit under the Benefit Plans), and has withheld and paid all applicable Taxes and made all appropriate filings in connection with services provided by such Persons to the Company. Schedule 3.20(d) of the Disclosure Schedules sets forth a complete and accurate list of all independent contractors and consultants currently engaged by the Company, along with the position, date of retention and rate of remuneration for each such independent contractor or consultant.

(e) The Company has properly classified all employees as "exempt" or "non-exempt" under the Fair Labor Standards Act and similar state, local or foreign Law.

(f) The Company has not conducted any mass layoffs or plant closings as defined by the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar state, local or foreign Law.

(g) The most recent written policies and manuals of the Company applicable to employees are listed on Schedule 3.20(g) of the Disclosure Schedules, and accurate and complete copies of all such written personnel policies and manuals have been made available to Buyer. The Company is and has been in compliance in all material respects with the policies and manuals set forth on Schedule 3.20(g) of the Disclosure Schedules and any employment Contracts applicable to the Company.

(h) All inspection reports, workplace audits or written equivalents, made under any occupational health and safety Laws during the last three (3) years are listed on Schedule 3.20(h) of the Disclosure Schedules, and copies thereof have been provided to Buyer. There are no outstanding inspection orders or written equivalents under any occupational health and safety Laws which relate to the Company, nor any pending or, to the knowledge of Seller, threatened charges or claims under occupational health and safety Laws.

(i) During the last three (3) years, (i) no allegations of retaliation, sexual harassment, sexual misconduct, or discrimination or harassment based upon any other applicable legally protected classification, have been made against any director, manager or supervisor of the Company and (ii) there are no actions, suits, investigations or proceedings pending or, to the knowledge of Seller, threatened related to any allegations of retaliation, sexual harassment, sexual misconduct, or discrimination or harassment based upon any other applicable legally protected classification by any director, manager or supervisor of the Company. The Company has not entered into any settlement agreements during the last three (3) years related to allegations of retaliation, sexual harassment, sexual misconduct, or discrimination or harassment based upon any other applicable legally protected classification by any director, manager or supervisor of the Company.

Section 3.21 Transactions with Related Parties. Except as described in Schedule 3.21 of the Disclosure Schedules, since January 1, 2017, neither Seller nor any current or former stockholder, officer or director of Seller or the Company has or had:

(a) any contractual or other claims, express or implied, of any kind whatsoever against the Company;

(b) any interest in any property or assets used by the Company, other than as a stockholder;

(c) any direct or indirect ownership or other interest in any competitor of the Company, other than passive investments in a publicly traded company; or

(d) engaged in or are engaging in any other material transaction with the Company (other than employment relationships at the salaries disclosed in the Disclosure Schedules or as a stockholder, officer or director of the Company).

Except as described in Schedule 3.21 of the Disclosure Schedules, no current or former stockholder, officer or director of Seller, the Company, nor any Affiliate of such Person, has outstanding any loan, guarantee or other obligation of borrowed money made to or from the Company.

Section 3.22 Insurance. Schedule 3.22(i) of the Disclosure Schedules contains a complete and correct list of all policies and Contracts for insurance (including coverage amounts and expiration dates) of which the Company is the owner, insured or beneficiary, or covering the Company's properties or assets. All such policies are outstanding and in full force and effect. The Company is not in default with respect to any provision contained in any such policy, nor has the Company failed to give any notice or present any claim under any such policy in a timely fashion or in the manner or detail required by the policy. Except as set forth on Schedule 3.22(ii) of the Disclosure Schedules: (a) all of such coverages are provided on a "claims made" (as opposed to "occurrence") basis; (b) there are no outstanding claims under such policies; (c) there are no premiums or claims due under such policies which remain unpaid; (d) no notice of cancellation or non-renewal with respect to, or disallowance (other than reservation of rights by the insurer) of any material claim under, any such policy has been received; and (e) the Company has not been refused any insurance, nor has any of its coverages been limited by any insurance carrier to which it has applied for insurance or with which has carried insurance.

Section 3.23 Brokers. Neither Seller nor the Company has retained, nor is Seller or the Company obligated for any commission, fee or expense to, any broker, finder or investment banking firm to act on their behalf in connection with the transactions contemplated by this Agreement or the Ancillary Agreements and, to the knowledge of Seller, no other Person is entitled to receive any brokerage commission, finder's fee or other similar compensation in connection with the transactions contemplated by this Agreement and the Ancillary Agreements as a result of or in connection with the actions of the Company, Seller or its officers or directors.

Section 3.24 Relationship with Significant Customers. Neither the Company nor Seller has received any written or oral communication or notice from any Significant Customer stating that, or otherwise has any reason the believe that, any Significant Customer (a) has ceased, or will cease, to use the products or services of the Company, (b) has substantially reduced, or will substantially reduce, the use of such products or services at any time, or (c) will otherwise materially and adversely modify its business relationship with the Company (whether as a result of the consummation of the transactions contemplated hereby or otherwise). "Significant Customer" means the top 10 customers of the Company, by dollar volume of sales, for the first four (4) months of 2021 and for each of the fiscal years ended December 31, 2020 and December 31, 2019, as set forth on Schedule 3.24 of the Disclosure Schedules.

Section 3.25 Relationship with Significant Suppliers. Neither the Company nor Seller has received any written or oral communication or notice from any Significant Supplier stating that, or otherwise has any reason the believe that, any Significant Supplier, (a) will stop, materially decrease the rate of, or materially and adversely change the terms (whether related to payment, price or otherwise) with respect to, supplying materials, products or services to Company (whether as a result of the consummation of the transactions contemplated hereby or otherwise) or (b) will otherwise materially and adversely modify its business relationship with the Company. "Significant Supplier" means the top 10 suppliers to the Company, by dollar volume of purchase, for the first four (4) months of 2021 and for each of the fiscal years ended December 31, 2020 and December 31, 2019, as set forth on Schedule 3.25 of the Disclosure Schedules.

Section 3.26 Product Liability; Warranty. Neither the Company nor any other Person has agreed to become or otherwise be responsible for consequential damages or, except as may be set forth in a Material Contract or as disclosed in Schedule 3.26 of the Disclosure Schedules, made any express warranties to third parties with respect to any equipment or other products created, manufactured, sold, distributed, leased or licensed, or any services rendered, by the Company which are still outstanding other than the Company's standard warranty, a copy of which is included in Schedule 3.26 of the Disclosure Schedules. To the knowledge of Seller, there are no design, manufacturing or other latent defects with respect to any such products. Except as set forth on Schedule 3.26, the Company has not modified or expanded its warranty obligation to any customer beyond that set forth in the Company's standard warranty. Except as disclosed in Schedule 3.26 of the Disclosure Schedules, there are no and during the last five (5) years there have not been any material disputes or controversies involving any customer, distributor, supplier or any other Person regarding the quality, merchantability or safety of or defect in, or involving a claim of breach of warranty which has not been fully resolved with respect to any service performed or equipment, vehicles or other products purchased, sold or leased by the Company.

Section 3.27 Investment Representations.

(a) Seller is an "Accredited Investor" as defined in Regulation D of the Securities Act. Seller has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring the Graham Stock.

(b) Seller and each person to whom Seller intends to transfer the Graham Stock is acquiring the Graham Stock for its own account for investment purposes and not with a view toward the resale thereof; provided, however, that nothing contained herein shall constitute an agreement by Seller or any person to whom Seller intends to transfer the Graham Stock to hold the Graham Stock for any particular length of time.

(c) Seller confirms that it was not formed for the sole purpose of acquiring the Graham Stock.

(d) Seller acknowledges that it, and each person to whom Seller intends to transfer the Graham Stock has received Grahams most recently filed Annual Report on Form 10-K, its most recently filed Quarterly Report on Form10-Q, its Current Reports on Form8-K filed since the date of its most recently filed Form 10-Q, its most recently filed Proxy Statement with respect to an annual meeting of stockholders, and its most recent Annual Report to Stockholders, and has had an opportunity to request and review the documents incorporated by reference therein.

(e) Seller confirms that Graham has made available to Seller and each Seller's Principal the opportunity to ask questions of the officers and management employees of Graham and to acquire additional information about the business and financial condition of Graham. Seller acknowledges that it and Seller's Principals have been provided access as and to the extent they have requested to the records, facilities and management personnel of Graham and that they have reviewed, to the extent they deem necessary or appropriate, the books, records, files and other documents of Graham. Seller acknowledges that Graham is not making any representations or warranties as to the future prospects and profitability of Graham.

(f) Seller confirms that it is not acquiring the Graham Stock as the result of any form of general solicitation or general advertising relating to the sale of the Graham Stock by Graham.

(g) Seller acknowledges that, because the Graham Stock has not been registered under the Securities Act, or any state securities law, Seller must bear the economic risk of holding the Graham Stock and the Graham Stock cannot be sold or transferred without registration under the Securities Act or an exemption therefrom.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

Section 4.01 Organization. Graham is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to carry on its business as it is now being conducted, and to execute, deliver, and perform this Agreement and each Ancillary Agreement to which it is a party, and to consummate the transactions contemplated hereby and thereby. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to carry on its business as it is now being conducted, and to execute, deliver, and perform this Agreement and each Ancillary Agreement to which it is a party, and to consummate the transactions contemplated hereby and thereby.

Section 4.02 Authority. The execution, delivery, and performance by Graham and Buyer of this Agreement and each Ancillary Agreement to which Graham and Buyer are a party, and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Graham and Buyer. This Agreement and each Ancillary Agreement to which Graham and Buyer are a party has been duly and validly executed and delivered by Graham and Buyer and constitutes the valid and binding obligation of Graham and Buyer, enforceable against Graham and Buyer in accordance with their respective terms, except as such enforcement shall be limited by bankruptcy, insolvency, moratorium or similar law affecting creditors' rights generally and subject to general principles of equity.

Section 4.03 Capitalization.

(a) As of the date hereof (for the avoidance of doubt, before giving effect to the issuance and delivery of the Graham Stock, the authorized capital stock of Graham consists of 25,500,000 shares of common stock, par value $0.10 per share (the "Common Stock") and 500,000 shares of preferred stock, par value $1.00 per share (the "Preferred Stock"), of which approximately 9,949,925 shares of Common Stock and no shares of Preferred Stock are issued and outstanding as of the Closing Date, and Graham has not entered into any binding commitment to issue Preferred Stock as of the Closing Date. Buyer is a wholly owned subsidiary of Graham.

(b) The shares of Graham Stock to be issued by Graham in connection with the transactions contemplated by this Agreement, upon issuance in accordance with the terms of this Agreement, will be duly authorized and validly issued by Graham and such shares of Graham Stock will be fully paid and nonassessable free and clear of all Encumbrances, other than Encumbrances imposed by applicable securities laws and any stock exchange on which the Common Stock is listed.

Section 4.04 No Conflict. The execution, delivery, and performance by Graham and Buyer of this Agreement and each Ancillary Agreement to which Graham and Buyer are a party, and the consummation by Graham and Buyer of the transactions contemplated hereby and thereby, does not and will not, with or without the giving of notice or the lapse of time, or both, (a) violate any provision of Law to which Graham or Buyer is subject, (b) violate any provision of the certificate of incorporation, bylaws, articles of organization, limited liability company agreement or other governance documents of Graham and Buyer or (c) violate or result in a breach of or constitute a default (or an event which might, with the passage of time or the giving of notice, or both, constitute a default) under, or require the consent of any third party under, or result in or permit the termination or amendment of any provision of, or result in or permit the acceleration of the maturity or cancellation of performance of any obligation under, or result in the creation or imposition of any Encumbrance of any nature whatsoever upon any assets or property of Buyer or give to others any interests or rights therein under any Contract or Permit to which Graham or Buyer is a party or by which either may be bound or affected; except, in each case, for violations, breaches, defaults, required consents, terminations, accelerations, Encumbrances or rights that in the aggregate would not materially hinder or impair the ability of Graham or Buyer to perform its obligations hereunder or the consummation of the transactions contemplated hereby.

Section 4.05 SEC Filings; Financial Statements.

(a) The reports, registration statements and definitive proxy statements filed by Graham with the SEC, including any documents incorporated therein by reference (the "SEC Reports") are publicly available from

the SEC. All SEC Reports required to be filed by Graham in the twelve (12) months prior to the date of this Agreement were filed in a timely manner. As of their respective dates, the SEC Reports: (i) were prepared in accordance with and complied with the requirements of the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such SEC Reports, in each case in all material respects; and (ii) did not at the time they were filed (and if amended or superseded by a filing prior to the date of this Agreement then as so amended or superseded) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) Each set of financial statements (including, in each case, any related notes thereto) contained in SEC Reports complied as to form in all material respects with the published rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in such SEC Reports or as permitted by Form 10-Q of the Exchange Act) and each fairly presents in all material respects the financial position of Graham at the respective dates thereof and the results of its operations and cash flows for the periods indicated, except that the unaudited interim financial statements are subject to the limitation set forth in the notes thereto and were or are subject to normal adjustments which were not or are not expected to have a Material Adverse Effect on Graham taken as a whole.

Section 4.06 Consents. No consent, approval, or authorization of, or exemption by, or filing with, any Authority is required to be obtained or made by Buyer in connection with the execution, delivery and performance by Buyer of this Agreement or any Ancillary Agreement to which Buyer is a party or the taking by Buyer of any other action contemplated hereby or thereby.

Section 4.07 Brokers. Neither Graham nor Buyer has retained, nor is Graham or Buyer obligated for any commission, fee or expense to, any broker, finder or investment banking firm to act on its behalf in connection with the transactions contemplated by this Agreement or the Ancillary Agreements and, to the knowledge of Graham or Buyer, no other Person is entitled to receive any brokerage commission, finder's fee or other similar compensation in connection with the transactions contemplated by this Agreement and the Ancillary Agreements.

ARTICLE V
COVENANTS

Section 5.01 Confidentiality. Except for the benefit of Buyer and its affiliates, Seller shall keep confidential and not disclose to any other Person or use for its own benefit or the benefit of any other Person (excluding Buyer and its affiliates) any confidential or proprietary information, technology, know-how, trade secrets (including all results of research and development), product formulas, industrial designs, franchises, inventions or other intellectual property regarding the Company or the Business ("**Confidential Information**") in its possession or control. The obligations of Seller under this Section 5.01 shall not apply to Confidential Information which (i) is or becomes generally available to the public without breach of the commitment provided for in this Section; or (ii) is required to be disclosed by Law; provided, however, that, in any such case, Seller shall notify Buyer as early as reasonably practicable prior to disclosure to allow Buyer or the Company to take appropriate measures to preserve the confidentiality of such Confidential Information.

Section 5.02 Post-Closing Employment Agreements. Buyer may, in its sole discretion, offer employment agreements to certain management personnel to be identified by Buyer. All such individuals shall be entitled to participate in Graham's bonus and incentive stock plans on the same terms as Graham's other employees.

Section 5.03 Post-Closing Board Matters. Upon the next retirement of a director of Graham following the Closing, the Nominating and Governance Committee of Graham will identify and consider candidates having experience in the Defense and Aerospace Industries, and use good faith efforts to nominate and recommend for shareholder election as a director of Graham a candidate with such experience.

Section 5.04 Retention of Outside Advisor. Buyer will use commercially reasonable efforts to retain Admiral Tom Kearney (Ret.) to provide business development and strategic positioning guidance to both the Company and Buyer until such time as Graham determines, in its reasonable discretion, that such guidance is less valuable than the remuneration paid.

Section 5.05 Non-Disparagement. Each party agrees that it shall not, and shall cause each of its Affiliates not to, at any time, in any written or oral communications with the press or other media, any customer, client, stakeholder, investor or supplier of the other party, or its Affiliates, or any other Person, criticize, ridicule, or make or encourage any other Person to make any public statement that disparages, is derogatory of, or is negative toward the personal or business reputation, conduct or practices of the other party, any of its Affiliates, or any of their then current or former respective officers, directors, employees, representatives, agents or attorneys.

Section 5.06 Further Assurances. From time to time after the Closing, Buyer shall, at the request of Seller or Seller's Principals, execute and deliver any further instruments or documents and take all such further action as Seller or Seller's Principals may reasonably request in order to evidence the consummation of the transactions contemplated hereby. From time to time after the Closing, Seller shall, at the request of Graham or Buyer, execute and deliver any further instruments or documents and take all such further action as Graham or Buyer may reasonably request in order to evidence the consummation of the transactions contemplated hereby.

Section 5.07 Employee Benefits Transition Covenants.

(a) Seller shall present evidence satisfactory to Buyer that it has caused the Company to take the necessary action prior to Closing to terminate the Barber-Nichols Inc. Employees' Profit Sharing 401(k) Plan (the "**401(k) Plan**") effective immediately prior to and contingent upon the Closing. Buyer shall cause the Company to liquidate the 401(k) Plan's trust in a timely fashion in accordance with plan terms and to complete all required filings. The Company employees who remain employed after Closing may roll account balances from the 401(k) Plan (including participant loan promissory notes, subject to the following sentence) to a qualified plan sponsored by Buyer or one of Buyer's Affiliates. Seller will cause the Company to take such pre-Closing actions as are reasonably requested by Graham or the Buyer to ensure that such loans will not default as a result of the transaction if a timely rollover election is made, and the Company and Seller and Buyer will accommodate the loan rollover process for loans which, as of the date of the rollover, are not in default; provided, however, that any such rollover shall be subject to such administrative rules and procedures as may be mutually agreeable, the terms of the plans and receipt of a timely participant election.

(b) By way of clarification, nothing contained in this Section 5.07 shall (i) be treated as an amendment to any particular employee benefit plan of Buyer or the Company, (ii) obligate Buyer or any of its Affiliates to (A) maintain any particular benefit plan or arrangement or (B) retain the employment of any particular employee, (iii) prevent Buyer or any of its Affiliates from amending or terminating any particular benefit plan or arrangement, or (iv) give any third party the right to enforce any of the provisions of this Agreement.

Section 5.08 Agreement Not to Compete.

(a) For a period of three (3) years from and after the Closing Date (such period of time hereinafter referred to as the "**Restricted Period**"), neither Seller nor any Seller's Principal and any person or entity controlled by the Seller or Seller's Principal (each, a "**Controlled Entity**"), shall not, whether as owner, stockholder, member, manager, part-owner, partner, director, officer, trustee, employee, agent or consultant, or in any other capacity, directly or indirectly, engage or participate in any business, organization or entity located in, or doing business anywhere in the world that is a Direct Competitor to the Company (defined below). A "**Direct Competitor**" is defined as any business, organization or entity engaged in the Business. Notwithstanding this Section 5.08, Seller and each Seller's Principal may make a passive investment in any publicly-traded company or entity in an amount not to exceed five percent (5%) of the voting stock of any such company or entity.

(b) Seller and each Seller's Principal agrees that (i) if either Seller, any Seller's Principal or any Controlled Entity breaches or threatens to breach any provision of this Section 5.08, the damage to Buyer and its affiliates will be substantial, although difficult to ascertain, and money damages will not afford an adequate remedy, and (ii) if either Seller, any Seller's Principal or any Controlled Entity is in breach of this Agreement, or threatens a breach of this Agreement, Buyer shall be entitled in its own right and/or on behalf of one or more of its affiliates, in addition to all other rights and remedies as may be available at law or in equity, to injunctive and other equitable relief to prevent or restrain a breach of this Agreement.

ARTICLE VI
TAX MATTERS

Section 6.01 Tax Indemnification. Seller and Seller's Principals (in accordance with Section 7.04) shall indemnify, defend and hold harmless the Company and Buyer from and against the entirety of any Losses the Company or Buyer may suffer resulting from, arising out of, relating to, in the nature of or caused by each and all of the following: (a) any and all Taxes (or the non-payment thereof) of the Company for all taxable periods ending on or before the Closing Date, and the portion through the end of the Closing Date for any taxable period that includes (but does not end on) the Closing Date (the "**Pre-Closing Tax Period**"), (b) any and all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company (or any predecessor of the Company) is or was a member on or prior to the Closing Date, including pursuant to Section 1.1502-6 of the Treasury Regulations or any analogous or similar state, local or foreign law or regulation, (c) any and all Taxes of any Person (other than the Company) imposed on the Company as a transferee or successor, by contract or pursuant to any law, rule or regulation, which Taxes relate to an event or transaction occurring before the Closing Date, and (d) any and all Taxes imposed upon the Company related to any actions taken by Seller following Closing related to amounts payable under this Agreement or any Ancillary Agreement, together with any costs of preparing and filing Tax Returns related to such actions. Notwithstanding the foregoing, Seller shall have no obligation and Graham and the Buyer shall indemnify Seller and the owners of the Company and Sellers for any Pre-Closing Period from and against any Losses, including but not limited to the gross up for any Taxes due and owing consisting of, or relating to, Income Taxes resulting from (x) any elections made or amended tax returns by the Company, Graham or the Buyer with respect to the Company that results in any increase in Taxes being owed for any Pre-Closing Period by the Company or its owners, (y) an election under Section 338 of the Code with respect to Buyer's acquisition of Company Units pursuant to this Agreement or any other tax treatment resulting in the transactions contemplated hereby being taxed or taxable as an asset transaction or deemed asset transaction, or (z) any breach by Buyer of Section 6.06 of this Agreement; provided, however, that in the case of clauses (a), (b) and (c) above, Seller shall be liable only to the extent that such Taxes are in excess of the amount taken into account in determining the adjustments set forth in Section 1.03(f). Buyer shall pay to Seller the amounts due pursuant to clause (y), less the amounts payable to Graham pursuant to Section 1.03(f) which remain unpaid, above within ten (10) Business Days after final determination of the Allocation pursuant to Section 6.08, which payment will fully satisfy Buyer and Graham's obligations pursuant to clause (y). Notwithstanding anything to the contrary herein, the total of all indemnification obligations of Seller, Buyer, Graham or the Company pursuant to this Section 6.01 shall not be limited as specified in Article VI.

Section 6.02 Straddle Period. In the case of any taxable period that includes (but does not end on) the Closing Date (a "**Straddle Period**"), the amount of any Taxes based on or measured by income or receipts of the Company for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity in which the Company holds a beneficial interest shall be deemed to terminate at such time), and the amount of other Taxes of the Company for a Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period.

Section 6.03 Transfer Taxes. Sales taxes, transfer taxes, stamp taxes, conveyance taxes, intangible taxes, documentary recording taxes, license and registration fees, recording fees and any similar taxes or fees

incurred in connection with the consummation of the transactions contemplated by this Agreement (the "**Transfer Taxes**") shall be borne by Buyer. Buyer and Seller shall cooperate with each other in any mutually agreeable, reasonable and lawful arrangement designed to minimize any applicable Transfer Taxes.

Section 6.04 Cooperation on Tax Matters. Graham, Buyer, the Company and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as is practicable, such information and assistance relating to the Company (including without limitation access to books and records) as is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any Taxing Authority, and the prosecution or defense of any claim, suit or proceeding relating to any Tax. Buyer and Seller shall retain all books and records of the Company with respect to Taxes (including Income Taxes) for any period up to and including the Closing Date, pertaining to the Company, for at least seven (7) years following the Closing Date. At the end of such period, each party shall provide the others with at least thirty (30) days prior written notice before destroying such books and records of the Company, during which period the party receiving such notice can elect to take possession, at its own expense, of such books and records. Buyer and Seller further agree, upon request, to use their best efforts to obtain any certificate or other document from any Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby). Buyer and Seller further agree, upon request, to provide the other with all information that either may be required to report pursuant to Code Section 6043, or Code Section 6043A, or Treasury Regulations promulgated thereunder.

Section 6.05 Responsibility for Filing Tax Returns. Seller shall prepare or cause to be prepared and file or cause to be filed all income Tax Returns for the Company that are to be filed after the Closing Date with respect to all Pre-Closing Tax periods that end on or prior to the Closing Date, including but not limited to the short income Tax year ending on the Closing Date (the "**Seller Tax Returns**"). Seller shall permit Buyer to review and comment on each such Seller Tax Return and make such revisions to such Seller Tax Returns as are reasonably requested by Buyer in good faith. Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Company, except for Seller Tax Returns, that are filed after the Closing Date. Buyer shall permit Seller to review and comment on each such Tax Return relating to a Straddle Period or any period prior to Closing described in the preceding sentence prior to filing and shall make such revisions to such Tax Returns as are reasonably requested by Seller.

Section 6.06 Amended Returns and Retroactive Elections. To the extent any action would result in an indemnified Tax under Section 6.01, Buyer shall not, and shall not cause or permit the Company to (i) amend any Tax Returns filed with respect to any tax year ending on or before the Closing Date or (ii) make any Tax election that has retroactive effect to any such year, in each such case without the prior written consent of Seller, such consent not to be unreasonably withheld; provided, however if any amended income Tax Return is not otherwise required by applicable Law or by an Authority, the Buyer shall indemnify and hold harmless the Seller and each of the shareholders of the Seller and Company from the amount of all Losses in connection therewith, including but not limited to any increase in income Taxes and all costs and expenses of filing any amended income Tax Returns.

Section 6.07 Tax-Sharing Agreements. All tax-sharing agreements or similar agreements with respect to or involving the Company shall be terminated as of the Closing Date and, after the Closing Date, the Company shall not be bound thereby or have any liability thereunder.

Section 6.08 Allocation. No later than sixty (60) days following the determination of the Final Closing Consideration as finally determined pursuant to Section 1.03, Buyer shall prepare and provide to Seller a proposed allocation of the Final Closing Consideration (along with other items of consideration for United States federal income Tax purposes) among the assets of the Company in accordance with Section 1060 of the Code and the principles set forth in Schedule 6.08 of the Disclosure Schedules (as finally determined, and subject to any further amendment, in each case pursuant to this Section 6.08 (the "**Allocation**"). Buyer and Seller shall report, act and file Tax Returns in all respects and for all purposes consistent with the Allocation. Seller shall timely and properly prepare, execute, file and deliver all such documents, forms and other information as Buyer may reasonably request

to prepare the Allocation. In case of any adjustment to the Final Closing Consideration (of any other item of consideration for United States federal income Tax purposes) requiring an amendment to the Allocation, Buyer shall promptly amend the Allocation in accordance with the principles set forth in this Section 6.08 and provide such amended allocation to Seller. Buyer and Seller agree not to take (and to cause the Company not to take) any position, in connection with any Tax Return, audit or similar proceeding related to Taxes, that is inconsistent with the Allocation.

ARTICLE VII
SURVIVAL AND INDEMNIFICATION

Section 7.01 Survival. The covenants and agreements in this Agreement or in any Ancillary Agreement shall survive the Closing. The representations and warranties under this Agreement or in any Ancillary Agreement shall survive for twenty-four (24) months after the Closing Date; provided, however, that (i) the representations and warranties set forth in Section 3.01 and Section 4.01 (Organization), Section 3.02 and Section 4.02 (Authority), Section 3.04 (Capitalization; Title to Company Units), Section 4.03 ("Capitalization"), Section 3.05 (Subsidiaries), Section 3.08(a) (Title of Assets), Section 3.18 (Taxes), Section 3.23 and Section 4.07 (Brokers) (collectively, the "**Fundamental Representations**"), shall survive the Closing without limitation; and (ii) the representations and warranties set forth in Section 3.16(a) (Environmental Matters) and Section 3.17(a) (Employee Benefit Matters), shall survive the Closing for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days. No action or claim for Losses resulting from any breach of warranty shall be brought or made after the expiration of the survival period applicable to such representation or warranty (as provided in this Section), except that such time limitation shall not apply to claims which have been properly asserted and which are the subject of a written notice setting forth in reasonable detail the basis for such claim with specific reference to the representation or warranty claimed to have been breached from Seller to Buyer or from Buyer to Seller, as may be applicable, prior to the expiration of such survival period.

Section 7.02 General Indemnification.

(a) Subject to the limitations in Article VII of this Agreement, Seller and Seller's Principals (in accordance with Section 7.04) shall indemnify, defend and hold harmless Graham and Buyer and their respective directors, officers, Affiliates, employees, agents and representatives (collectively, the "**Buyer Indemnitees**"), from and against all Losses that are incurred or suffered by any of them in connection with or resulting from each of the following:

(i) any misrepresentation or breach of, or inaccuracy in, any representation or warranty made by Seller in Article III of this Agreement;

(ii) any breach of any covenant made by Seller in this Agreement or any Ancillary Agreement;

(iii) any Indebtedness;

(iv) the Tax-Exempt Bonds;

(v) any Transaction Expense;

(vi) any Seller Environmental Liabilities;

(vii) the Pre-Closing Restructuring;

(viii) any Excluded Assets;

(ix) any warranty claim made by any third party pursuant to any warranty provided by the Company with respect to any equipment or other products created, manufactured, sold, distributed, leased or licensed, or any services rendered, by the Company prior to the Closing Date, other than claims under the Company's standard warranty other than any claim arising from the Specified Warranty;

(x) the Specified Warranty; or

(xi) the enforcement by the Buyer Indemnitees of their indemnification rights under this Agreement provided that (1) the Indemnifying Party agrees that Buyer Indemnitee is entitled to such indemnification rights or (2) a court of competent jurisdiction has determined that Buyer Indemnitee is entitled to such indemnification rights.

(b) Subject to the limitations in Article VII of this Agreement, Graham and Buyer shall indemnify, defend and hold harmless Seller, its officers, directors and each of Seller's stockholders ("**Seller Indemnities**") from and against all Losses that are incurred or suffered by any of them in connection with or resulting from each of the following:

(i) any misrepresentation or breach of any representation or warranty made by Graham or Buyer in this Agreement or any Ancillary Agreement;

(ii) any breach of any covenant, including but not limited to the obligation to make a payment to Seller to be made by Graham or Buyer in this Agreement or any Ancillary Agreement; or

(iii) the enforcement by Seller Indemnitees of its indemnification rights under this Agreement (1) the Indemnifying Party agrees that Seller Indemnitee is entitled to such indemnification rights or (2) a court of competent jurisdiction has determined that Seller Indemnitee is entitled to such indemnification rights.

(c) Notwithstanding the foregoing and subject to the proviso at the end of this paragraph and the terms of this Article VII, (i) Seller shall not be obligated to provide any indemnification for Losses (y) pursuant to claims (other than Third Party Claims) for breaches of representations and warranties (other than Fundamental Representations) under Section 7.02(a)(i) and (z) pursuant to warranty claims under Section 7.02(a)(ix) and Section 7.02(a)(x), unless and until the aggregate amount of Losses incurred by Buyer with respect to such breaches of representations and warranties or warranty claims exceeds $350,000.00 (the "**Threshold**"), in which case Seller will be liable for all Losses in excess of the Threshold, and (ii) Buyer shall not be obligated to provide any such indemnification for Losses pursuant to claims (other than Third Party Claims) for breaches of representations and warranties (other than Fundamental Representations) under Section 7.02(b)(i), unless the aggregate amount of Losses incurred by Seller with respect to such breaches of representations and warranties exceeds the Threshold, in which case Buyer will be liable for all Losses in excess of the Threshold. The maximum aggregate obligation of (i) Seller for Losses pursuant to claims for breaches of representations and warranties (other than Fundamental Representations) under Section 7.02(a)(i) and warranty claims under Section 7.02(a)(ix) and Section 7.02(a)(x), and (ii) Buyer for Losses pursuant to claims for breaches of representations and warranties (other than Fundamental Representations) under Section 7.02(b)(i) shall not exceed $7,000,000 (the "**Cap**"); provided, however, in the event Buyer makes any claim for indemnification pursuant to Section 7.02(a)(x), the Cap shall be increased by an additional $1,000,000 for a total Cap of $8,000,000. Neither the Threshold nor the Cap shall apply to Losses arising in respect of claims for misrepresentations and breach of the Fundamental Representations.

(d) In no event shall the limitations set forth in Section 7.02(c) apply to Losses suffered or incurred by any Indemnified Party as a result of, or arising out of, (i) the matters set forth in Section 7.02(a)(ii) through Section 7.02(a)(xi) or Section 7.02(b)(ii) through Section 7.02(b)(iii), or (ii) any fraud or intentional misrepresentation by a party.

(e) The representations and warranties in this Agreement and the Ancillary Agreements shall not be affected or diminished by, and no right of indemnification hereunder shall be limited by reason of any investigation or audit conducted before or after the Closing or the knowledge of any party of any breach of a representation, warranty, covenant or agreement by the other party at any time, or the decisions of any party to complete the Closing.

(f) For purposes of calculating the amount of any Losses incurred in connection with any breach of warranty, any and all references to material or Material Adverse Effect (or other correlative terms) shall be disregarded.

Section 7.03 Process for Indemnification.

(a) A party entitled to indemnification hereunder shall herein be referred to as an "**Indemnified Party**." A party obligated to indemnify an Indemnified Party hereunder shall herein be referred to as an "**Indemnifying Party**." As soon as is reasonable (but in all events within fifteen (15) days) after an Indemnified Party either (i) receives notice of any claim or the commencement of any action by any third party which such Indemnified Party reasonably believes may give rise to a claim for indemnification from an Indemnifying Party hereunder (a "**Third Party Claim**") or (ii) sustains any Loss not involving a Third Party Claim or action which such Indemnified Party reasonably believes may give rise to a claim for indemnification from an Indemnifying Party hereunder, such Indemnified Party shall, if a claim in respect thereof is to be made against an Indemnifying Party under this Article VII, notify such Indemnifying Party in writing of such claim, action or Loss, as the case may be setting forth in reasonable detail the nature of the claim and the potential amount of such Loss, to the extent known; provided, however, that failure to notify Indemnifying Party shall not relieve Indemnifying Party of its indemnity obligation, except to the extent Indemnifying Party is actually prejudiced in its defense of the action by such failure; and provided, further, the Indemnifying Party shall not be liable for the costs and expenses of the Indemnified Party unless and until written notice is provided to the Indemnifying Party of such claim. Any such notification must be in writing and must state in reasonable detail the nature and basis of the claim, action or Loss, to the extent known. Except as provided in this Section 7.03, Indemnifying Party shall have the right using counsel reasonably acceptable to the Indemnified Party, to contest, defend, litigate or settle any such Third Party Claim which involves (and continues to involve) solely monetary damages; provided that the Indemnifying Party shall have notified the Indemnified Party in writing of its intention to do so within 15 days of the Indemnified Party having given notice of the Third Party Claim to the Indemnifying Party; provided, further, that (1) the Indemnifying Party expressly agrees in such notice to the Indemnified Party that, as between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be solely obligated to fully satisfy and discharge the Third Party Claim subject to any limitation with respect to indemnification included in this Agreement; (2) the Third Party Claim is not, in the reasonable judgment of the Indemnified Party, likely to result in Losses that will exceed the Cap; (3) if reasonably requested to do so by the Indemnified Party, the Indemnifying Party shall have made reasonably adequate provision to ensure the Indemnified Party of the financial ability of the Indemnifying Party to satisfy the full amount of any adverse monetary judgment that may result from such Third Party Claim; (4) assumption by the Indemnifying Party of such Third Party Claim could not reasonably be expected to cause a material adverse effect on the Indemnified Party's business, and (5) the Indemnifying Party shall diligently contest the Third Party Claim (the conditions set forth in clauses (1), (2), (3), (4) and (5) being collectively referred to as the "**Litigation Conditions**"). The Indemnified Party shall have the right to participate in, and to be represented by counsel (at its own cost and expense) in any such contest, defense, litigation or settlement conducted by the Indemnifying Party; provided, that the Indemnified Party shall be entitled to reimbursement therefor if the Indemnifying Party shall lose its right to contest, defend, litigate and settle the Third Party Claim.

(b) The Indemnifying Party, if it shall have assumed the defense of any Third Party Claim as provided in this Agreement, shall not consent to a settlement of, or the entry of any judgment arising from, any such Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, enter into any compromise or settlement which commits the Indemnified Party to take, or to

forbear to take, any action or which does not provide for a complete release by such third party of the Indemnified Party. The Indemnified Party shall have the sole and exclusive right to settle any Third Party Claim, on such terms and conditions as it deems reasonably appropriate, to the extent such Third Party Claim involves equitable or other non-monetary relief. All expenses (including attorneys' fees) incurred by the Indemnifying Party in connection with the foregoing shall be paid by the Indemnifying Party. No failure by an Indemnifying Party to acknowledge in writing its indemnification obligations under this Article VII shall relieve it of such obligations to the extent such obligations exist.

(c) If an Indemnified Party is entitled to indemnification against a Third Party Claim, and the Indemnifying Party fails to accept a tender of, or assume the defense of, a Third Party Claim pursuant to this Section 7.03, the Indemnifying Party shall not be entitled, and shall lose its right, to contest, defend, litigate and settle such a Third Party Claim, and the Indemnified Party shall have the right, without prejudice to its right of indemnification hereunder, in its discretion exercised in good faith, to contest, defend and litigate such Third Party Claim, and may settle such Third Party Claim either before or after the initiation of litigation, at such time and upon such terms as the Indemnified Party deems fair and reasonable, provided that at least ten (10) days prior to any such settlement, written notice of its intention to settle is given to the Indemnifying Party. If, pursuant to this Section 7.03, the Indemnified Party so contests, defends, litigates or settles a Third Party Claim for which it is entitled to indemnification hereunder, the Indemnified Party shall be reimbursed on a monthly basis by the Indemnifying Party for the reasonable attorneys' fees and other third party expenses of contesting, defending, litigating and/or settling the Third Party Claim which are incurred from time to time.

Section 7.04 Method of Indemnification. Notwithstanding anything to the contrary in this Agreement, with respect to any indemnification to which any Buyer Indemnitee is entitled under this Agreement as a result of any Losses it may suffer, once a Loss is finally determined to be payable pursuant to the terms of Section 6.01 or this Article VII, any payment with respect to such Loss shall be paid first by the release of the amount of such Loss from the Escrow Amount to such Buyer Indemnitee, which release shall be at the time and in the manner set forth in the Escrow Agreement. In the event that the remaining Escrow Amount is insufficient to satisfy such Loss in full, such Buyer Indemnitee may offset such Losses from any payment to Seller which Seller may become entitled pursuant to the terms of the Earn-Out Agreement. In the event that any amount of such Loss remains unsatisfied, such Buyer Indemnitee shall have direct recourse to Seller, in which case Seller shall pay in cash to such Buyer Indemnitee the amount of such Loss which remains unsatisfied within fifteen (15) Business Days of such final determination by wire transfer of immediately available funds. In the event that any amount of such Loss remains unsatisfied, such Buyer Indemnitee shall have direct recourse to Seller's Principals, on a several and not joint basis (with such several liability determined in accordance with each Seller's Principals' pro rata share of the Final Closing Consideration), in which case Seller's Principals shall pay in cash to such Buyer Indemnitee the amount of such Loss which remains unsatisfied within thirty (30) Business Days of such final determination by wire transfer of immediately available funds. The Parties hereto agree that should Seller and/or Seller's Principals not make full payment of any such obligations within thirty (30) Business Day period, any amount payable shall accrue interest from and including the end of such thirty (30) Business Day period and including the date such payment has been made at a rate per annum equal to eight percent (8%). Such interest shall be calculated daily on the basis of a 365-day year and the actual number of days elapsed.

Section 7.05 Insurance. All Losses sought by Indemnified Party hereunder shall be net of any insurance proceeds actually received by Indemnified Party with respect to such indemnification claim (net of any third party costs of recovery actually paid). If any such proceeds are received by an Indemnified Party (or any of its Affiliates) with respect to any Losses after an Indemnifying Party has made a payment to the Indemnified Party with respect thereto, the Indemnified Party (or such Affiliate) shall promptly pay to the Indemnifying Party the amount of such proceeds, benefits or recoveries (up to the amount of the Indemnifying Party's payment).

Section 7.06 Right of Offset. Without limiting any other remedies available at law or in equity, Buyer shall first set off against the Escrow Amount until such Escrow Amount is exhausted then against any payments due and owing from Buyer to Seller to the extent Buyer has suffered a Loss after a final determination has been made with respect to a timely claim made by Buyer for indemnity against Seller under this Article VII.

Section 7.07 Remedies Exclusive. The remedies provided in this Article VII shall be the sole and exclusive remedies of any Indemnified Party related to any and all Losses incurred because of or resulting from or arising out of this Agreement and any Ancillary Agreements; provided, however, that nothing contained in this Article VII shall be deemed to limit or restrict in any manner (a) any rights or remedies which any Indemnified Party has, or might have, at law or in equity based on fraud or intentional and willful misrepresentation, or (b) any Person's right to seek and obtain any equitable relief to which any Person shall be entitled.

Section 7.08 Tax Treatment. Any indemnification payments under this Article VII shall be treated for Tax purposes as adjustments to the Final Closing Consideration to the extent permitted by applicable Law.

ARTICLE VIII
MISCELLANEOUS

Section 8.01 Interpretive Provisions.

(a) Whenever used in this Agreement, (i) "including" (or any variation thereof) means including without limitation and (ii) any reference to gender shall include all genders.

(b) The parties acknowledge and agree that (i) each party and its counsel have reviewed the terms and provisions of this Agreement and have contributed to its drafting, (ii) the normal rule of construction, to the effect that any ambiguities are resolved against the drafting party, shall not be employed in the interpretation of it, and (iii) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto and not in favor of or against any party, regardless of which party was generally responsible for the preparation of this Agreement.

Section 8.02 Entire Agreement. This Agreement (including the Disclosure Schedules and the exhibits attached hereto) together with the Ancillary Agreements constitute the sole understanding and agreement of the parties with respect to the subject matter hereof.

Section 8.03 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto; provided however, that this Agreement may not be assigned by Seller without the prior written consent of Buyer or be assigned by Buyer without the prior written consent of Seller, except that Buyer may, at its election and provided it and Graham remain liable for the obligations hereunder, assign this Agreement to any Affiliate of Buyer, and Buyer or any such assignee may make a collateral assignment of its rights (but not its obligations) under this Agreement to any lender providing financing to Buyer in connection with the Closing.

Section 8.04 Headings. The headings of the Articles, Sections, and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

Section 8.05 Modification and Waiver. No amendment, modification, or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the parties hereto, except that any of the terms or provisions of this Agreement may be waived in writing at any time by the party that is entitled to the benefits of such waived terms or provisions. No single waiver of any of the provisions of this Agreement shall be deemed to or shall constitute, absent an express statement otherwise, a continuous waiver of such provision or a waiver of any other provision hereof (whether or not similar). No delay on the part of any party in exercising any right, power, or privilege hereunder shall operate as a waiver thereof.

Section 8.06 Expenses. Except as otherwise expressly provided herein, each of the parties hereto shall bear the expenses incurred by that party incident to this Agreement and the transactions contemplated hereby, including all fees and disbursements of counsel and accountants retained by such party, whether or not the transactions contemplated hereby shall be consummated.

Section 8.07 Notices. Any notice, request, instruction, or other document to be given hereunder by any party hereto to any other party shall be in writing and shall be given by delivery in person, by electronic mail, by electronic facsimile transmission, by overnight courier or by registered or certified mail, postage prepaid (and shall be deemed given when delivered if delivered by hand, when delivered if delivered by electronic mail, when transmission confirmation is received if delivered by facsimile during normal business hours, one Business Day after deposited with an overnight courier service if delivered by overnight courier and three days after mailing if mailed), as follows:

to Seller, to:

BNI Holdings, Inc.
c/o Barber Nichols, Inc.
6325 W 55th Ave
Arvada, Colorado 80002
Attn: Jeff Shull
Email: jeff.shull@comcast.net
Telephone No.: (303) 421-8111

with a copy to:

Minor & Brown, P.C.
650 South Cherry Street, Suite 1100
Denver, Colorado 80246
Attn: Lisa A. D'Ambrosia
Email: ldambrosia@mb-law.law
Telephone No.: (303) 320-1053

to Buyer to:

Graham Corporation
20 Florence Ave
Batavia, New York 14020
Attention: Jeffrey Glajch
Email: jglajch@graham-mfg.com
Telephone No.: (585) 815-4820

with a copy to:

Harter Secrest & Emery LLP
1600 Bausch & Lomb Place
Rochester, New York 14604
Attention: Gregory Coughlin, Esq.
Email: gcoughlin@hselaw.com
Telephone No.: (585) 231-1152

or at such other address for a party as shall be specified by like notice.

Section 8.08 Governing Law; Consent to Jurisdiction. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware applicable to agreements made and to be performed wholly within that jurisdiction. Each party hereto, for itself and its successors and assigns, irrevocably agrees that any suit, action or proceeding arising out of or relating to this Agreement may be instituted only in the United States District Court located in Wilmington, Delaware or in the absence of jurisdiction, the state courts located in Wilmington, Delaware, and generally and unconditionally accepts and irrevocably submits to the exclusive jurisdiction of the aforesaid courts and irrevocably agrees to be bound by any final judgment rendered

thereby from which no appeal has been taken or is available in connection with this Agreement. Each party, for itself and its successors and assigns, irrevocably waives any objection it may have now or hereafter to the laying of the venue of any such suit, action or proceeding, including any objection based on the grounds of forum non conveniens, in the aforesaid courts. Each of the parties, for itself and its successors and assigns, irrevocably agrees that all process in any such proceedings in any such court may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to it at its address set forth in Section 8.07 or at such other address of which the other parties shall have been notified in accordance with the provisions of Section 8.07, such service being hereby acknowledged by the parties to be effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

Section 8.09 Public Announcements. Neither Seller nor Buyer shall make any public statements, including any press releases, with respect to this Agreement and the transactions contemplated hereby without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed) except as may be required by Law. If a public statement is required to be made by Law, the parties shall consult with each other in advance as to the contents and timing thereof.

Section 8.10 No Third Party Beneficiaries. This Agreement is intended and agreed to be solely for the benefit of the parties hereto and their permitted successors and assigns, and no other party shall be entitled to rely on this Agreement or accrue any benefit, claim, or right of any kind whatsoever pursuant to, under, by, or through this Agreement.

Section 8.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument.

Section 8.12 Delivery by Facsimile and Email. This Agreement and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com), shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto shall raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of this Agreement and each such party forever waives any such defense.

ARTICLE IX
CERTAIN DEFINITIONS

Section 9.01 Defined Terms. The following terms shall have the following meanings:

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

"Ancillary Agreement" means any agreement, exhibit, schedule, statement, document or certificate executed or delivered in accordance with, in connection with or required by this Agreement, and any other agreement or certificate specifically identified as an Ancillary Agreement for purposes of this Agreement.

"Authority" means the United States of America or any other nation, any state or other political subdivision thereof, or any entity, agency, court or authority (foreign, federal, state or local) exercising executive, legislative, judicial, regulatory or administrative functions of government or any arbitrator or mediator.

"Balance Sheet" means the balance sheet of the Company as of the Balance Sheet Date, as set forth in the Financial Statements.

"Balance Sheet Date" means April 30, 2021.

"Base Amount" means $61,150,616.00.

"Business" means the business of designing, engineering and manufacturing turbomachinery for the aerospace, defense and energy industries.

"Business Day" means any day other than a day on which banks in New York, New York are required or authorized to be closed.

"Closing Indebtedness" means the Indebtedness as set forth on the Closing Statement.

"Closing Transaction Expenses" means the Transaction Expenses as set forth on the Closing Statement.

"Closing Working Capital" means the Working Capital of the Company as set forth on the Closing Statement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contract" means any written or legally binding oral contract, lease, license, loan or credit agreement, bond, debenture, note, mortgage, indenture, supply agreement, sale or purchase order, or any other legally binding agreement or commitment.

"Control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of stock, as trustee or executor, by contract or credit arrangement or otherwise;

"EAR" means the U.S. Department of Commerce's Export Administration Regulations, codified at 15 CFR Parts730-774.

"Earn-Out Agreement" means that certain Earn-Out Agreement by and between Buyer and Seller, dated as of the date hereof.

"Encumbrances" means all liens, charges, mortgages, pledges, security interests or other encumbrances of any kind, excluding the Permitted Encumbrances.

"Environmental Laws" means all federal, state or local laws, rules, regulations, ordinances, codes, common law, judgments, orders, consent agreements, or legally-binding requirements relating to (i) pollution or the protection of the environment (including air, surface and subsurface water, drinking water supplies, surface and subsurface land, the interior of any building or building component, soil and natural resources) or human health (including without limitation occupational health and safety) or (ii) Hazardous Substances, including all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any Hazardous Substance.

"ERISA Affiliate" means any Person, trade or business (whether or not incorporated) that is a member of a "controlled group of corporations" with, or is under "common control" with, or is a member of the same "affiliated service group" with the Company, as defined in Section 414 of the Code, or is otherwise required to be aggregated with the Company under Section 414(o) of the Code.

"Escrow Agent" means Bank of America, National Association.

"Escrow Agreement" means that certain Escrow Agreement by and among Graham, Buyer, Seller and Escrow Agent, dated as of the date hereof.

"Estimated Closing Cash Consideration" means an amount equal to the total of (a) the Base Amount, minus (b) the amount, if any, by which Estimated Working Capital is less than Target Working Capital, plus (c) the amount, if any, by which Estimated Working Capital is greater than Target Working Capital, minus (d) the Estimated Indebtedness minus (e) the Estimated Transaction Expenses.

"Estimated Closing Consideration" means the Estimated Closing Cash Consideration plus the Graham Stock.

"Estimated Indebtedness" means the Indebtedness as set forth on the Estimated Closing Statement.

"Estimated Transaction Expenses" means the Transaction Expenses as set forth on the Estimated Closing Statement.

"Estimated Working Capital" means the Working Capital as set forth on the Estimated Closing Statement.

"Export Controls" means all applicable Laws related to export control, trade, foreign economic sanctions and customs including, without limitation, the Export Administration Act, EAR, Arms Export Control Act, ITAR, the International Emergency Economic Powers Act, the Trading with the Enemy Act and the Foreign Asset Control Regulations and any rules and regulations issued under any of the foregoing and all trade regulations administered and enforced by any Authority related to the regulation of exports, re-exports or foreign transfers, releases, shipment, transmissions or similar foreign transfers of goods, technology, software or services.

"Final Closing Consideration" means the Graham Stock plus an amount equal to the total of (a) the Base Amount, minus (b) to the extent the Final Working Capital is less than the Estimated Working Capital, the corresponding proportional dollar-for-dollar Purchase Price reduction, plus (c) to the extent the Final Working Capital is greater than the Estimated Working Capital, the corresponding proportional dollar-for-dollar Purchase Price increase, minus (d) the Final Indebtedness, minus (e) the Final Transaction Expenses.

"Final Indebtedness" means the Closing Indebtedness, (x) as shown in the Closing Statement if no Notice of Disagreement with respect thereto is duly and timely delivered pursuant to Section 1.03 or (y) if such a Notice of Disagreement is so delivered, as agreed by Seller and Buyer pursuant to Section 1.03 or (z) if such Notice of Disagreement is so delivered and in the absence of such agreement, as shown in the Arbiter's calculation delivered pursuant to Section 1.03.

"Final Transaction Expenses" means the Closing Transaction Expenses, (x) as shown in the Closing Statement if no Notice of Disagreement with respect thereto is duly and timely delivered pursuant to Section 1.03 or (y) if such a Notice of Disagreement is so delivered, as agreed by Seller and Buyer pursuant to Section 1.03 or (z) if such Notice of Disagreement is so delivered and in the absence of such agreement, as shown in the Arbiter's calculation delivered pursuant to Section 1.03.

"Final Working Capital" means the Closing Working Capital, (x) as shown in the Closing Statement if no Notice of Disagreement with respect thereto is duly and timely delivered pursuant to Section 1.03 or (y) if such a Notice of Disagreement is so delivered, as agreed by Seller and Buyer pursuant to Section 1.03 or (z) if such Notice of Disagreement is so delivered and in the absence of such agreement, as shown in the Arbiter's calculation delivered pursuant to Section 1.03.

"GAAP" means United States generally accepted accounting principles consistently applied by such Person throughout the relevant periods.

"Graham" means Graham Corporation, a Delaware corporation.

"Graham Stock" means such number of shares of Common Stock as shall equal $8,849,384.00 (as valued at the average of the closing prices thereof on the New York Stock Exchange for the ten (10) Business Days immediately prior to the Closing); provided, however, that no fraction of a share will be issued by virtue of the transactions contemplated by this Agreement. In the event that Seller would receive a fractional share, Buyer will pay the cash value of such fractional share to Seller.

"Hazardous Substances" means any and all hazardous or toxic substances, materials, and wastes, solid wastes, industrial wastes, pollutants, contaminants, polychlorinated biphenyls, asbestos, volatile and semi-volatile organic compounds, oil, petroleum products and fractions thereof, radioactive materials and wastes, and any and all other chemicals, substances, materials or wastes (i) defined or designated as hazardous, extremely hazardous or immanently hazardous under any Environmental Law, (ii) to which any federal state or local authority requires environmental investigation, monitoring, reporting or remediation, or (iii) otherwise regulated under any Environmental Law.

"Income Taxes" means (i) all income taxes (including any tax on or based upon net income, or gross income, or income as specially defined, or earnings, or profits, or selected items of income, earnings, or profits) and all gross receipts or windfall profit taxes or other taxes, fees, assessments, or charges of any kind whatsoever with respect to income, together with any interest and any penalties, additions to tax or additional amounts.

"Indebtedness" means all principal, interest, premiums, penalties or other obligations related to (a) all indebtedness of the Company for borrowed money, (b) all obligations (contingent or otherwise) of the Company for the deferred purchase price of property or services (other than trade accounts payable in the Ordinary Course of Business) (including notes payable to the sellers of such property or services), (c) all other obligations of the Company evidenced by notes, bonds, debentures or other similar debt instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Company, (e) all obligations of the Company as lessee or lessees under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of the Company under acceptance, letter of credit or similar facilities, (g) all obligations owing pursuant to factoring agreements for accounts receivable, (h) all obligations in respect of unfunded pensions, (i) all obligations of the type referred to in clauses (a) through (h) above guaranteed directly or indirectly in any manner by the Company, or in effect guaranteed directly or indirectly by the Company through an agreement (1) to pay or purchase such obligations or to advance or supply funds for the payment or purchase of such obligations, (2) to purchase or sell or lease (pursuant to a capital lease as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payments over time of such obligations or to assure the holder of such obligations against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss; provided, that such Indebtedness referred under this clause (i) is of the type that would be reflected as debt on a balance sheet prepared in accordance with GAAP, (j) all obligations of the type referred to in clauses (a) through (i) above secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any lien on property (including accounts and Contract rights) owned by the Company, even though such Person has not assumed, become liable for or guaranteed the payment of such Indebtedness, (k) all liabilities of the Company under or in connection with any accrued bonuses, deferred compensation bonuses and accrued paid time off (including all related taxes, including the employer's share of any payroll Taxes attributable to such amounts and any amounts payable pursuant to Section 280G of the Code (or any corresponding provision of Law) or to offset or gross up any Person for any excise Taxes, income Taxes or other Taxes related to such amounts), in each case, to the extent not included in Working Capital, (l) any unfunded capital expenditures committed to in connection with a Contract by the Company except for the Leases and that certain Equipment Lease Agreement by and between the Company and Ascent Properties Group LLC, dated as of March 1, 2021 and further excluding anticipated (uncommitted) expenditures as set forth in the capital expenditure plan attached hereto as Schedule 9.01 of the Disclosure Schedules, and (m) all accrued but unpaid interest (or interest equivalent) to the date of determination, and all prepayment premiums or penalties payable upon repayment of any items of Indebtedness of the type referred to in clauses (a) through (j) above.

"IRS" means the Internal Revenue Service.

"ITAR" means the U.S. Department of State's International Traffic In Arms Regulations, codified at 22 CFR Parts120-130.

"knowledge", "to the knowledge" or "known" and words of similar import means (i) the actual knowledge of a natural person or, with respect to a Person that is not a natural person, the actual knowledge of the officers and management of such Person, in each case after due inquiry of persons responsible for such information of such Person, or (ii) a Person could reasonably have acquired actual knowledge of such fact or matter after due inquiry of persons responsible for such information of such Person.

"Laws" means any federal, state or local law (including, without limitation, principles of common law), statute, ordinance, regulation, Permit, certificate, judgment, order, award or other legally enforceable determination, decision or requirement of any Authority.

"Leases" means (i) that certain Lease Agreement to be entered into by and between Ascent Properties Group LLC, as landlord, and the Company, as tenant, relating to that certain real property located at 6350 West 56th Avenue, Arvada, Colorado 80002 and (ii) that certain Lease Agreement to be entered into by and between Prime Ventures, LLC, as landlord, and the Company, as tenant, relating to that certain real property located at 6325, 6435 & 6450 West 55th Avenue, Arvada, Colorado 80002.

"Losses" means any and all losses, liabilities, damages, penalties, obligations, awards, fines, deficiencies, demands, interest, claims (including third party claims whether or not meritorious), third-party costs and expenses whatsoever (including reasonable attorneys', consultants' and other professional fees and disbursements of every kind, nature and description) resulting from, arising out of or incident to any matter for which indemnification is provided under this Agreement, but shall not include any fees charged by the parties for their time or opportunity cost or that of their employees who are not hired for the specific purpose of prosecuting the claim for such Losses; provided, further, Losses shall not include punitive damages.

"Material Adverse Effect" means any circumstance or event which, individually or in the aggregate, is or would reasonably be expected to be material and adverse to the business, properties, operations, financial condition, or results of operations of the Company taken as a whole.

"Ordinary Course of Business" means, with respect to the Company, the ordinary course of business consistent with the Company's past custom and practice (including with respect to quantity and frequency).

"Permitted Encumbrances" means (i) statutory liens for Taxes not yet due and payable or the validity or amount of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established on the Interim Financial Statements in accordance with GAAP; (ii) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the Ordinary Course of Business and securing sums that are not yet due and payable or the validity or amount of which is being contested in good faith by appropriate proceedings, and for which adequate reserves have been established on the Interim Financial Statements in accordance with GAAP and do not otherwise constitute a breach of or an event of default under any lease; (iii) the terms and conditions of over-the-counter software licenses, (iv) encumbrances created by the express terms and conditions of the Leases and personal property and operating equipment leases as set forth in the Disclosure Schedules, and (v) encumbrances of public record in connection with the Leased Real Estate, provided that the same are not materially adverse to the conduct of the Business as currently conducted.

"Person" means an individual, corporation, partnership, association, limited liability company, trust, unincorporated organization, other entity or group (as group is defined in Section 13(d)(3) of the Securities Exchange Act of 1934).

"Pre-Closing Restructuring" means the formation and organization of Seller and the contribution of the Company Units by Seller's Principals to Seller.

"Seller Environmental Liabilities" means any and all losses, claims, demands, liabilities, causes of action, damages, costs and expenses, fines or penalties (including without limitation reasonable attorney fees and other defense costs), known or unknown, foreseen or unforeseen, whether contingent or otherwise, fixed or absolute, present or future asserted against and ultimately incurred by the Company or Buyer arising out of or related to (a) any environmental condition to the extent existing or occurring on or prior to the Closing Date or resulting from facts, circumstances or events to the extent existing or occurring on or prior to the Closing Date, including without limitation, (i) the presence, disposal, discharge, release or other handling or management of, or exposure to, prior to the Closing Date of Hazardous Substances at, on, in or under any the Leased Real Property or other property currently or formerly owned, operated, leased or otherwise used by the Company (including, for the avoidance of doubt, any post-Closing migration or movement of pre-Closing contamination but specifically excluding effects of continuing discharge, disposal or release of, or exposure to, any Hazardous Substances that is present, discharged, disposed or released following the Closing Date), or (ii) the off-site or on-site transportation, storage, treatment, recycling, other handling, discharge, disposal or release of Hazardous Substances by or on behalf of the Company or any Person under the Company's or Seller's control prior to the Closing Date; (b) any violation of, or liability under, any Environmental Law or any Environmental Permit existing or occurring prior to the Closing Date (including without limitation costs and expenses incurred or required to bring the Leased Real Property, the Company or the Business into compliance with all applicable Environmental Laws and Environmental Permits and any fines, penalties and defense costs incurred by the Company or the Buyer) with respect to the Company, the Business, the Leased Real Property or any other property currently or formerly owned, operated, leased or otherwise used by the Company prior to the Closing Date; or (c) any environmental condition or any violation of, or liability under, Environmental Laws or Environmental Permits with respect to the Leased Real Property that arise out of, relate to, or result from any acts or omissions of the Company, Seller, their Affiliates or any other Person under their control prior to the Closing Date. Notwithstanding the foregoing, Seller Environmental Liabilities shall not include any liabilities or obligations arising out of or related to conditions at or in the vicinity of the Leased Real Property to the extent such conditions were caused by migration to the Leased Real Property of Hazardous Substances disposed, discharged or released on adjacent or nearby properties by Persons other than the Company, Seller, their Affiliates or any other Persons under their control.

"Specified Warranty" means the potential warranty claim set forth onSchedule 3.26 for Job BSS-14823.

"Stimulus Loan" means any funds received by the Company pursuant to the Coronavirus Aid, Relief and Economic Security Act, including any Paycheck Protection Program loan/grant or Economic Injury Disaster Loan, and any Contracts related to such Stimulus Loans.

"Target Working Capital" means $10,000,000.00.

"Tax" means (i) any federal, state, local ornon-U.S. income, gross receipts, sales, use, ad valorem, transfer, franchise, license, withholding, payroll, employment, excise, severance, stamp, occupation, property taxes (real or personal), including unpaid property taxes, taxes on windfall profits tax, alternative or add-on minimum taxes, custom duty taxes, profits, capital stock, premium, social security taxes (or similar), unemployment taxes, disability taxes, estimated taxes, or any other tax of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts, whether disputed or not, and (ii) any obligation to indemnify or otherwise assume or succeed to any liability described in clause (i) hereof of any other Person whether by contract or under common law doctrine of de facto merger and successor liability or otherwise for actions taken prior to the Closing Date.

"Tax Return" means any return, report, information return or other document (including any related or supporting information or any amended return) filed or required to be filed with any Taxing Authority in connection with the determination, assessment, or collection of any Tax paid or payable by the Company or the administration of any laws, regulations, or administrative requirements relating to any such Tax.

"Tax-Exempt Bonds" means those certain (i) Colorado Housing and Financing Authority Economic Development Revenue Note (Barber-Nichols Inc. Manufacturing Facility Project) Series 2020A and (ii) Colorado Housing and Financing Authority Economic Development Revenue Note (Barber-Nichols Inc. Manufacturing Facility Project) Series 2020B, each made by the Colorado Housing and Financing Authority to Kansas City Financial Corporation, an affiliate of UMB Bank.

"Transaction Expenses" means (without duplication), (i) the collective amount payable by, or liabilities of the Company incurred prior to and as of the Closing or Seller that were incurred by the Company prior to and as of the Closing or Seller (if any) to outside legal counsel, accountants, advisors, brokers and other Persons in connection with the transactions contemplated by this Agreement or otherwise arising by consummation of the transactions contemplated hereby, including 100% of the costs and expenses of obtaining any third party consents (including customer consents), and (ii) all liabilities of the Company prior to and as of the Closing Date under or in connection with any severance arrangements, stay bonuses, incentive bonuses, transaction bonuses, termination and change of control arrangements, and similar obligations that are triggered in whole or in part by the consummation of the transactions contemplated by this Agreement (including all related Taxes, including the employer's share of any payroll Taxes attributable to such amounts and any amounts payable pursuant to Section 280G of the Code (or any corresponding provision of Law) or to offset or gross-up any Person for any excise Taxes, income Taxes or other Taxes related to the foregoing items).

"Treasury Regulations" means the regulations promulgated by the Department of the Treasury under the Code.

"Working Capital" means the excess of (i) the sum of the Company's current assets determined in accordance with GAAP applied on a basis consistent with the accounting principles and policies used in the preparation of the Interim Financial Statements, over (ii) the sum of the Company's current liabilities determined in accordance with GAAP applied on a basis consistent with the accounting principles and policies used in the preparation of the Interim Financial Statements. A sample calculation of Working Capital is set forth on Schedule A-1 and Working Capital shall be calculated in a manner consistent therewith.

"Working Capital Escrow Amount" means $2,000,000.00.

[*Signature page follows*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

GRAHAM ACQUISITION I, LLC

By: /s/ Jeffrey Glajch
Name: Jeffrey Glajch
Title: Vice President

GRAHAM CORPORATION

By: /s/ Jeffrey Glajch
Name: Jeffrey Glajch
Title: Vice President - Finance & Administration, Chief Financial Officer and Corporate Secretary

BNI HOLDINGS, INC.

By: /s/ Jeffrey Shull
Name: Jeffrey Shull
Title: President

Solely for purposes of Section 5.08, Section 6.01 and Article VII hereof:

/s/ Gregory Forsha
Gregory Forsha

/s/ Kim Huppenthal
Kim Huppenthal

/s/ Matthew Johnson
Matthew Johnson

/s/ Matthew Malone
Matthew Malone

/s/ Jeffrey Noall
Jeffrey Noall

/s/ Jason Preuss
Jason Preuss

/s/ Jeffrey Shull
Jeffrey Shull

/s/ Daniel Thoren
Daniel Thoren

/s/ Debra Vigil
Debra Vigil

/s/ David Wehrlen
David Wehrlen

Exhibit 10.2

EARN-OUT AGREEMENT

THIS EARN OUT AGREEMENT (this "**Agreement**"), is made and entered into as of June 1, , 2021, by and between Graham Acquisition I, LLC, a Delaware limited liability company ("**Buyer**"), and BNI Holdings, Inc., a Colorado corporation ("**Seller**"). Capitalized terms not otherwise defined in this Agreement shall have the meaning ascribed to them in that certain Stock Purchase Agreement by and among Buyer, Seller and the Seller's Principals named therein dated as of the date hereof (the "**Purchase Agreement**").

RECITALS

A. Seller owns 7,871 membership units (the "**Company Units**"), of Barber-Nichols, LLC, a Colorado limited liability company (the "**Company**"), which Company Units constitute 100% of the issued and outstanding membership interests of the Company.

B. The Company is engaged in the business of designing, engineering and manufacturing turbomachinery for the aerospace, defense and energy industries. (the "**Business**").

C. As a condition to the consummation of the transactions contemplated by the Purchase Agreement, the Purchase Agreement provides that the parties shall enter this Agreement, pursuant to which Seller shall be eligible to receive as part of the Final Closing Consideration in connection with the sale of the Company Units certain performance-based payments from Buyer if certain performance conditions are satisfied (the "**Earn-Out Consideration**") with respect to the Business as owned and operated by the Company and Buyer on a stand-alone basis.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and upon the terms and subject to the conditions hereinafter set forth, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I
EARN OUT CONSIDERATION

Section 1.01 Defined Terms. The following terms shall have the following meanings:

"EBITDA" means the audited net income before interest, income taxes, depreciation and amortization of the Business for such period, determined in a manner consistent with the practices, principles, judgments and methodologies set forth on Exhibit A.

"Earn-Out Payment" means:

(i) if EBITDA generated by the Company during Fiscal Year 2024 is less than $8,750,000, then $0;

(ii) if EBITDA generated by the Company during Fiscal Year 2024 is equal to or greater than $8,750,000, then the amount determined by the following formula:

$7,000,000 + (A* - $8,750,000) X (7.00/2.25)
*Note: A = Actual EBITDA achieved by BNI per Section 1.01(i) & (ii)

Potential Earnout Examples for Reference Purposes:

1. EBITDA = $8,000,000
$7,000,000 + ($8,750,000 - $8,750,000) x (7.00/2.25)
$7,000,000 + (0) x (7.00/2.25)
Earnout = $0.00

2. EBITDA = $8,750,000
$7,000,000 + ($8,750,000 - $8750,000) x (7.00/2.25)
$7,000,000 + ($0) x (7.00/2.25)
$7,000,000 + $0
Earnout = $7,000,000

3. EBITDA = $9,000,000
$7,000,000 + ($9,000,000 - $8,750,000) x (7.00/2.25)
$7,000,000 + ($250,000) x (7.00/2.25)
$7,000,000 + $777,778
Earnout = $7,777,778

4. EBITDA = $10,000,000
$7,000,000 + ($10,000,000 - $8,750,000) x (7.00/2.25)
$7,000,000 + ($1,250,000) x (7.00/2.25)
$7,000,000 + $3,888,889
Earnout = $10,888,889

5. EBITDA = $11,000,000
$7,000,000 + ($11,000,000 - $8,750,000) x (7.00/2.25)
$7,000,000 + ($2,250,000) x (7.00/2.25)
$7,000,000 + $7,000,00
Earnout = $14,000,000

6. EBITDA = $11,500,000
$7,000,000 + ($11,500,000 - $8,750,000) x (7.00/2.25)
$7,000,000 + ($2,750,000) x (7.00/2.25)
$7,000,000 + $8,555,525
Earnout = $14,000,000 (not to exceed $14,000,000 per agreement)

Where A = the EBITDA (as defined herein) generated by the Business as operated by Buyer (or an affiliate or successor thereof) during Fiscal Year 2024; provided, however, that in no event shall the Earn-Out Payment exceed $14,000,000.

"Fiscal Year 2024" means the 12-month period commencing on April 1, 2023, and ending on March 31, 2024.

"Measurement Date" means the last day of Fiscal Year 2024.

"Measurement Period" means the period of time beginning as of April 1, 2023 and ends on March 31, 2024.

Section 1.02 Generally; Conditions.

(a) On the terms and subject to the conditions set forth in this Agreement, Seller shall be eligible to receive theEarn-Out Consideration. Subject to the satisfaction of the conditions set forth herein, Buyer shall pay to Seller the Earn-Out Payment. The Earn-Out Consideration, if any, would consist of a single payment in the form of a wire transfer of immediately available funds to one or more accounts that have been designated in writing by Seller.

(b) Buyer shall pay to Seller the Earn-Out Payment if, and only if, the Business as operated by Buyer (or an affiliate or successor thereof), generates EBITDA equal to or in excess of $8,750,000 during Fiscal Year 2024.

Section 1.03 Calculation and Payment of Earn-Out Payment Amount.

(a) Within a period of twenty (20) calendar days following Buyer's completion and audit committee approval of final financial statements for the Business for Fiscal Year 2024 (which shall be prepared not more than ninety (90) days following the end of such fiscal year), Buyer will deliver to Seller (i) a calculation of EBITDA for the Business during Fiscal Year 2024 as of the Measurement Date; (ii) a statement as to whether Seller is entitled to the Earn-Out Payment; and (iii) a calculation by Buyer of its calculation of the Earn-Out Payment. To the extent that Buyer determines Seller is due an Earn-Out Payment based upon Buyer's calculation in accordance with this section, such payment shall be made (i) within ten (10) Business Days of the delivery of the calculation of such payment to the Shareholders, subject to any subsequent adjustment if necessary, and (ii) in accordance with Section 1.03 below. If any payment date hereunder falls on a day that is a Saturday, Sunday or holiday on which Buyer is closed, such payment shall be due on the next day on which Buyer is open for business.

(b) The parties agree that any dispute as to the calculation of theEarn-Out Payment Amount shall be resolved in accordance with the procedures set forth in Section 1.03(d)-(e) of the Purchase Agreement by replacing "Closing Statement" with "Earn-Out Calculation". Any adjustment to the Earn-out Payment shall be paid by Buyer to Shareholders within ten (10) Business Days following final resolution of such payment.

ARTICLE II
ADDITIONAL COVENANTS AND ACKNOWLEDGMENTS

Section 2.01 Commercially Reasonable Efforts. In consideration of the opportunity pursuant to this Agreement to earn the Earn-Out Consideration, Seller agrees to use its commercially reasonable efforts to promote the interests of Buyer, the Company and the Business during the periods of time covered by this Agreement. Buyer and the Company agree to use commercially reasonable efforts to promote the interests of the Business and EBITDA of the Business and in carrying out Buyer's obligations under this Agreement.

Section 2.02 Right of Setoff. Seller acknowledges and agrees that any and all amounts of theEarn-Out Payment owed pursuant to this Agreement shall be subject to the right of set-off in favor of Buyer set forth in Section 7.04 of the Purchase Agreement.

Section 2.03 Covenants of Buyer as to Operation During the Measurement Period.

(a) Buyer will maintain the Business as a separate enterprise within Buyer's corporate structure;

(b) Buyer will provide sufficient working capital for operation of the Business throughout the Measurement Period;

(c) Buyer will operate the Business in good faith and maintain a normalized cost and expense load so as not to burden the Business; and

(d) Buyer will maintain separate financial information regarding the Business throughout the Measurement Period.

ARTICLE III
GENERAL PROVISIONS

Section 3.01 Interpretive Provisions.

(a) Whenever used in this Agreement, (i) "including" (or any variation thereof) means including without limitation and (ii) any reference to gender shall include all genders.

(b) The parties acknowledge and agree that (i) each party and its counsel have reviewed the terms and provisions of this Agreement and have contributed to its drafting, (ii) the normal rule of construction, to the effect that any ambiguities are resolved against the drafting party, shall not be employed in the interpretation of it, and (iii) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto and not in favor of or against any party, regardless of which party was generally responsible for the preparation of this Agreement.

Section 3.02 Entire Agreement. This Agreement constitutes the sole understanding and agreement of the parties with respect to the subject matter hereof.

Section 3.03 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto; provided however, that this Agreement may not be assigned by Seller without the prior written consent of Buyer or be assigned by Buyer without the prior written consent of Seller, except that Buyer may, at its election and provided it remains liable for its obligations hereunder, assign this Agreement to any Affiliate of Buyer, and Buyer or any such assignee may make a collateral assignment of its rights (but not its obligations) under this Agreement to any lender providing financing to Buyer in connection with the Closing.

Section 3.04 Headings. The headings of the Articles, Sections, and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

Section 3.05 Modification and Waiver. No amendment, modification, or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the parties hereto, except that any of the terms or provisions of this Agreement may be waived in writing at any time by the party that is entitled to the benefits of such waived terms or provisions. No single waiver of any of the provisions of this Agreement shall be deemed to or shall constitute, absent an express statement otherwise, a continuous waiver of such provision or a waiver of any other provision hereof (whether or not similar). No delay on the part of any party in exercising any right, power, or privilege hereunder shall operate as a waiver thereof.

Section 3.06 Expenses; Seller's Taxes. Except as otherwise expressly provided herein, each of the parties hereto shall bear the expenses incurred by that party incident to this Agreement and the transactions contemplated hereby, including all fees and disbursements of counsel and accountants retained by such party, whether or not the transactions contemplated hereby shall be consummated. Seller shall be responsible for all taxes incurred by Seller as a result of this Agreement and neither Buyer nor the Company will be required to withhold any payments made hereunder except as may be required by law.

Section 3.07 Notices. Each notice, report, demand, waiver, consent and other communication required or permitted to be given hereunder will be in writing and will be sent in accordance with Section 8.07 of the Purchase Agreement.

Section 3.08 Governing Law; Consent to Jurisdiction. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware applicable to agreements made and to be performed wholly within that jurisdiction. Each party hereto, for itself and its successors and assigns, irrevocably agrees that any suit, action or proceeding arising out of or relating to this Agreement may be instituted only in the United States District Court located in Denver, Colorado or in the absence of jurisdiction, the state courts located in the Wilmington, Delaware, and generally and unconditionally accepts and irrevocably submits to the exclusive jurisdiction of the aforesaid courts and irrevocably agrees to be bound by any final judgment rendered thereby from which no appeal has been taken or is available in connection with this Agreement. Each party, for itself and its successors and assigns, irrevocably waives any objection it may have now or hereafter to the laying of the venue of any such suit, action or proceeding, including any objection based on the grounds of forum non conveniens, in the aforesaid courts. Each of the parties, for itself and its successors and assigns, irrevocably agrees that all process in any such proceedings in any such court may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to it at its address set forth in Section 8.07 of the Purchase Agreement or at such other address of which the other parties shall have been notified in accordance with the provisions of Section 8.07 of the Purchase Agreement, such service being hereby acknowledged by the parties to be effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

Section 3.09 Public Announcements. Neither Seller nor Buyer shall make any public statements, including any press releases, with respect to this Agreement and the transactions contemplated hereby without the prior written consent of the other party (which consent shall not be unreasonably withheld) except as may be required by Law. If a public statement is required to be made by Law, the parties shall consult with each other in advance as to the contents and timing thereof.

Section 3.10 No Third Party Beneficiaries. This Agreement is intended and agreed to be solely for the benefit of the parties hereto and their permitted successors and assigns, and no other party shall be entitled to rely on this Agreement or accrue any benefit, claim, or right of any kind whatsoever pursuant to, under, by, or through this Agreement.

Section 3.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument.

Section 3.12 Delivery by Facsimile and Email. This Agreement and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com), shall

be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto shall raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of this Agreement and each such party forever waives any such defense.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

Graham Acquisition I, LLC

By: /s/ Jeffrey Glajch
Name: Jeffrey Glajch
Title: Vice President

BNI Holdings, Inc.

By: /s/ Jeffrey Shull
Name: Jeffrey Shull
Title: President

EXHIBIT A

EBITDA METHODOLOGIES

EBITDA shall be determined in accordance with GAAP (as defined in the Purchase Agreement) as a stand-alone Company, applied consistent with the Plante Moran audited financial statement and the accounting standards and accounting methodologies in effect and used at the time of Closing by the Company, including, but not limited to, cost accounting; provided, however, that the revenue-recognition policy will be the recently implement revenue-recognition policy of the Company.

Notwithstanding the forgoing, for purposes of the calculation of EBITDA for this Agreement, the following items shall be adjustments to EBITDA:

1. all general management fees and corporate overhead costs shall be added back to EBITDA, except those fees specifically supporting Barber Nichols as mutually agreed to by the parties in writing prior to March 31, 2023;

2. all shared services and allocated costs, such marketing, HR, accounting, IT, and insurance, shall be reasonably allocated to the Company consistent with comparable historical costs of the Company incurred prior to the Closing Date and/or as a percentage of revenue as mutually agreed to by the parties in writing prior to March 31, 2023; any expansion of these costs for direct business purposes (e.g. IT costs necessary to support U.S. Navy requirements) will be excluded from the adjustment to EBITDA. Market and business expansion expenses to which BNI is the benefactor will also be excluded from adjustments to EBITDA.

3. all costs and expenses for capital improvements shall be limited to those capital improvements solely for the benefit of the Business; and

4. All payments under retention bonuses which were agreed at the time of the acquisition of BNI by Graham, to employees of the business, shall be added back to EBITDA. Any subsequent retention bonus agreements will not be added back to EBITDA. [Note – for example, in 2023/2024, if BNI decides to offer someone a retention bonus, this should not be added back]

BANK OF AMERICA

LOAN AGREEMENT

This Loan Agreement ("Agreement") dated as of June 1, 2021, is between **Bank of America, N.A.** (the "Bank") and **Graham Corporation** (the "Borrower").

1. definitions

In addition to the terms which are defined elsewhere in this Agreement, the following terms have the meanings indicated for the purposes of this Agreement:

1.1 "Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

1.2 "Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

1.3 "Guarantor" means any person, if any, providing a guaranty with respect to the obligations hereunder.

1.4 "Obligor" means the Borrower and any Guarantor.

1.5 "Pledgor" means any person, if any, providing a pledge of collateral with respect to the obligations hereunder.

1.6 "Related Party" means each of the Obligors and their respective subsidiaries.

2. facility no. 1 line of credit amount and terms

A. Line of Credit Amount.

(a) During the availability period described below, the Bank will provide a line of credit to the Borrower (the "Line of Credit"). The amount of the Line of Credit (the "Facility No. 1 Commitment") is Thirty Million and 00/100 Dollars ($30,000,000). The Borrower shall have the option to request an increase to the Facility No. 1 Commitment by an additional Ten Million and 00/100 Dollars ($10,000,000) which increase may be approved by the Bank in its sole discretion.

(b) This is a revolving line of credit. During the availability period, the Borrower may repay principal amounts and reborrow them.

(c) The Borrower agrees not to permit the principal balance outstanding to exceed the Facility No. 1 Commitment. If the Borrower exceeds this limit, the Borrower will immediately pay the excess to the Bank upon the Bank's demand.

B. Availability Period.

The Line of Credit is available between the date of this Agreement and June 1, 2026, or such earlier date as the availability may terminate as provided in this Agreement (the "Facility No. 1 Expiration Date").

C. Repayment Terms.

(a) The Borrower will pay interest on July 1, 2021, and then on the same day of each month thereafter until payment in full of all principal outstanding under this facility. The amount of each interest payment shall be the amount of accrued interest on the Line of Credit as of the interest payment date or such earlier accrual date as indicated on the billing statement for such interest payment.

(b) The Borrower will repay in full all principal, interest or other charges outstanding under this Agreement no later than the Facility No. 1 Expiration Date.

(c) The Borrower may prepay the Line of Credit in full or in part at any time. The prepayment will be applied to the most remote payment of principal due under this Agreement.

D. Interest Rate.

(a) During the availability period, the interest rate is a rate per year equal to the sum of (i) the greater of the BSBY Rate (Adjusted Periodically) or the Index Floor, plus (ii) 1.5 percentage point(s). For the purposes of this paragraph, "Index Floor" means 0 percent.

(b) The interest rate will be adjusted on July 1, 2021 (the "Initial Adjustment Date") and remain fixed until the first day of each succeeding month (each an "Adjustment Date"). If the Adjustment Date in any particular month would otherwise fall on a day that is not a banking day then, at the Bank's option, the Adjustment Date for that particular month will be the first banking day immediately following thereafter.

(c) The BSBY Rate (Adjusted Periodically) is a rate of interest equal to the rate per annum equal to the BSBY Screen Rate as determined for each Adjustment Date two (2) Business Days prior to the Adjustment Date (for delivery on the first day of such interest period) with a term of one month; provided that if such rate is not published on such determination date then the rate will be the BSBY Screen Rate on the first Business Day immediately prior thereto. "BSBY Screen Rate" means the Bloomberg Short-Term Bank Yield Index rate ("BSBY") administered by Bloomberg Index Services Limited and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Bank from time to time). If the BSBY Rate is not available at such time for any reason or the Bank makes the determination to incorporate or adopt a new interest rate to replace the BSBY Rate in credit agreements, then the Bank may replace the BSBY Rate with an alternate interest rate and adjustment, if applicable, as reasonably selected by the Bank, giving due consideration to any evolving or then existing conventions for such interest rate and adjustment (any such successor interest rate, as adjusted, the "Successor Rate"). In connection with the implementation of the Successor Rate, the Bank will have the right, from time to time, in good faith to make any conforming, technical,

administrative or operational changes to this Agreement as may be appropriate to reflect the adoption and administration thereof and, notwithstanding anything to the contrary herein or in any other loan document, any amendments to this Agreement implementing such conforming changes will become effective upon notice to the Borrower without any further action or consent of the other parties hereto. A "Business Day" is a day other than a Saturday or a Sunday on which banks are open for business in the State of New York. If at any time the BSBY Rate (Adjusted Periodically) is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

(d) Each prepayment of an amount bearing interest at the rate provided by this paragraph, whether voluntary, by reason of acceleration or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid, and a prepayment fee as described below. A "prepayment" is a payment of an amount on a date other than an Adjustment Date.

(e) The prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of a prepayment on a date other than an Adjustment Date, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain the amount prepaid or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by the Bank in connection with the foregoing.

E. Letters of Credit.

(a) As a subfacility under the Line of Credit, during the availability period, the Bank agrees from time to time to issue or cause an affiliate to issue commercial and standby letters of credit for the account of the Borrower and/or its subsidiaries (each a "Letter of Credit," and collectively "Letters of Credit"); provided however, that the aggregate drawn and undrawn amount of all outstanding Letters of Credit shall not at any time exceed Ten Million and 00/100 Dollars ($10,000,000). The form and substance of each Letter of Credit shall be subject to approval by the Bank, in its sole discretion. Each Letter of Credit shall be issued for a term, as designated by the Borrower, provided that the aggregate drawn and undrawn amount of all outstanding Letters of Credit having an expiry date longer than three (3) years shall not exceed One Million Dollars ($1,000,000). The undrawn amount of all Letters of Credit shall be reserved under the Line of Credit and such amount shall not be available for borrowings. Each Letter of Credit shall be subject to the additional terms and conditions of the Letter of Credit agreements, applications and any related documents required by the Bank in connection with the issuance of Letters of Credit. At the option of the Bank, any drawing paid under a Letter of Credit may be deemed an advance under the Line of Credit and shall be repaid by the Borrower in accordance with the terms and conditions of this Agreement applicable to such advances; provided however, that if advances under the Line of Credit are not available, for any reason, at the time any drawing is paid, then the Borrower shall immediately pay to the Bank the full amount drawn, together with interest from the date such drawing is paid to the date such amount is fully repaid by the Borrower, at the rate of interest applicable to advances under the Line of Credit. In such event the Borrower agrees

that the Bank, in its sole discretion, may debit any account maintained by the Borrower with the Bank for the amount of any such drawing. The Borrower agrees to deposit in a cash collateral account with the Bank an amount equal to the aggregate outstanding undrawn face amount of all letters of credit which remain outstanding on the Facility No. 1 Expiration Date. The Borrower grants a security interest in such cash collateral account to the Bank. Amounts held in such cash collateral account shall be applied by the Bank to the payment of drafts drawn under such letters of credit and to the obligations and liabilities of the Borrower to the Bank, in such order of application as the Bank may in its sole discretion elect.

(b) The Borrower shall pay the a non-refundable fee equal to 1.5% per annum of the outstanding undrawn amount of each commercial letter of credit that is not secured by cash and 0.6% of each commercial letter of credit that is secured by cash, in each case payable quarterly in advance, calculated on the basis of the face amount outstanding on the day the fee is calculated.

3. facility no. 2: variable rate term loan amount and terms

A. Loan Amount.

The Bank agrees to provide a term loan to the Borrower in the amount of Twenty Million and 00/100 Dollars ($20,000,000.00) (the "Facility No. 2 Commitment").

B. Availability Period.

The loan is available in one disbursement from the Bank on the date of this Agreement.

C. Repayment Terms.

(a) The Borrower will pay interest on July 1, 2021, and then on the same day of each month thereafter until payment in full of all principal outstanding under this facility.

(b) The Borrower will repay principal in equal installments of One Hundred Sixty Six Thousand Six Hundred Sixty Six and 67/100 Dollars ($166,666.67), representing a ten (10) year amortization period, beginning on July 1, 2021, and on the same day of each month thereafter, and ending on June 1, 2026, (the "Repayment Period"). In any event, on the last day of the Repayment Period, the Borrower will repay the remaining principal balance plus all interest then due in a final balloon payment.

(c) The Borrower may prepay the loan in full or in part at any time. The prepayment will be applied to the most remote payment of principal due under this Agreement.

D. Interest Rate.

(a) The interest rate is a rate per year equal to the sum of (i) the greater of the BSBY Rate (Adjusted Periodically) or the Index Floor, plus (ii) 1.5 percentage point(s). For the purposes of this paragraph, "Index Floor" means 0 percent.

(b) The interest rate will be adjusted on the Initial Adjustment Date and remain fixed until the next Adjustment Date. If the Adjustment Date in any particular month would otherwise fall on a day that is not a banking day then, at the Bank's option, the Adjustment Date for that particular month will be the first banking day immediately following thereafter.

(c) The BSBY Rate (Adjusted Periodically) is a rate of interest equal to the rate per annum equal to the BSBY Screen Rate as determined for each Adjustment Date two (2) Business Days prior to the Adjustment Date (for delivery on the first day of such interest period) with a term of one month; provided that if such rate is not published on such determination date then the rate will be the BSBY Screen Rate on the first Business Day immediately prior thereto. "BSBY Screen Rate" means the Bloomberg Short-Term Bank Yield Index rate ("BSBY") administered by Bloomberg Index Services Limited and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Bank from time to time). If the BSBY Rate is not available at such time for any reason or the Bank makes the determination to incorporate or adopt a new interest rate to replace the BSBY Rate in credit agreements, then the Bank may replace the BSBY Rate with an alternate interest rate and adjustment, if applicable, as reasonably selected by the Bank, giving due consideration to any evolving or then existing conventions for such interest rate and adjustment (any such successor interest rate, as adjusted, the "Successor Rate"). In connection with the implementation of the Successor Rate, the Bank will have the right, from time to time, in good faith to make any conforming, technical, administrative or operational changes to this Agreement as may be appropriate to reflect the adoption and administration thereof and, notwithstanding anything to the contrary herein or in any other loan document, any amendments to this Agreement implementing such conforming changes will become effective upon notice to the Borrower without any further action or consent of the other parties hereto. A "Business Day" is a day other than a Saturday or a Sunday on which banks are open for business in the State of New York. If at any time the BSBY Rate (Adjusted Periodically) is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

(d) Each prepayment of an amount bearing interest at the rate provided by this paragraph, whether voluntary, by reason of acceleration or otherwise, will be accompanied by the amount of accrued interest on the amount prepaid, and a prepayment fee as described below. A "prepayment" is a payment of an amount on a date other than an Adjustment Date.

(e) The prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of a prepayment on a date other than an Adjustment Date, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain the amount prepaid or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by the Bank in connection with the foregoing.

4. collateral

A. Personal Property.

The personal property listed below now owned or owned in the future by the parties listed below will secure the Borrower's obligations to the Bank under this Agreement or, if the collateral is owned by a Guarantor, will secure the guaranty, if so indicated in the security agreement. The collateral is further defined in security agreement(s) executed by the owners of the collateral.

(a) Equipment and fixtures owned by Borrower and Guarantors.

(b) Inventory owned by Borrower and Guarantors.

(c) Receivables owned by Borrower and Guarantors.

(d) Patents, trademarks and other general intangibles owned by Borrower and Guarantors.

5. loan administration and fees

A. Fees.

The Borrower will pay to the Bank the fees set forth on Schedule A.

B. Collection of Payments; Payments Generally.

(a) Regularly scheduled interest and principal payments will be made by debit to a deposit account, if direct debit is provided for in this Agreement or is otherwise authorized by the Borrower. For regularly scheduled interest and principal payments not made by direct debit and for all other payments, such payments will be made by such other method as may be permitted by the Bank.

(b) Each disbursement by the Bank and each payment by the Borrower will be evidenced by records kept by the Bank which will, absent manifest error, be conclusively presumed to be correct and accurate and constitute an account stated between the Borrower and the Bank.

(c) All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff.

C. Borrower's Instructions.

Subject to the terms, conditions and procedures stated elsewhere in this Agreement, the Bank may honor instructions for advances or repayments and any other instructions under this Agreement given by the Borrower (if an individual), or by any one of the individuals the Bank reasonably believes is authorized to sign loan agreements on behalf of the Borrower, or any other individual(s) designated by any one of such authorized signers (each an "Authorized Individual"). The Bank may honor any such instructions made by any one of the Authorized Individuals, whether such instructions are given in writing or by telephone, telefax or Internet and intranet websites designated by the Bank with respect to separate products or services offered by the Bank.

D. Direct Debit.

(a) The Borrower agrees that on the due date of any amount due under this Agreement, the Bank will debit the amount due from deposit account number owned by Borrower, or such other of the Borrower's accounts with the Bank as designated in writing by the Borrower (the "Designated Account"). Should there be insufficient funds in the Designated Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by the Borrower.

E. Banking Days.

Unless otherwise provided in this Agreement, a banking day is a day other than a Saturday, Sunday or other day on which commercial banks are authorized to close, or are in fact closed, in the state where the Bank's lending office is located, and, if such day relates to amounts bearing interest at an offshore rate (if any), means any such day on which dealings in dollar deposits are conducted among banks in the offshore dollar interbank market. All payments and disbursements which would be due or which are received on a day which is not a banking day will be due or applied, as applicable, on the next banking day.

F. Additional Costs.

The Borrower will pay the Bank, on demand, for the Bank's costs or losses arising from any Change in Law which are allocated to this Agreement or any credit outstanding under this Agreement. The allocation will be made as determined by the Bank, using any reasonable method. The costs include, without limitation, the following:

(a) any reserve or deposit requirements (excluding any reserve requirement already reflected in the calculation of the interest rate in this Agreement); and

(b) any capital requirements relating to the Bank's assets and commitments for credit.

"Change in Law" means the occurrence, after the date of this Agreement, of the adoption or taking effect of any new or changed law, rule, regulation or treaty, or the issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives issued in connection with that Act, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

G. Interest Calculation.

Except as otherwise stated in this Agreement, all interest and fees, if any, will be computed on the basis of a360-day year and the actual number of days elapsed. This results in more interest or a higher fee than if a 365-day year is used. Installments of principal which are not paid when due under this Agreement shall continue to bear interest until paid. To the extent that any calculation of interest or any fee required to be paid under this Agreement shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

H. Default Rate.

Upon the occurrence of any default or after maturity or after judgment has been rendered on any obligation under this Agreement, all amounts outstanding under this Agreement, including any unpaid interest, fees, or costs, will at the option of the Bank bear interest at a rate which is 6.0 percentage point(s) higher than the rate of interest otherwise provided under this Agreement. This may result in compounding of interest. This will not constitute a waiver of any default.

I. Taxes.

If any payments to the Bank under this Agreement are made from outside the United States, the Borrower will not deduct any foreign taxes from any payments it makes to the Bank. If any such taxes are imposed on any payments made by the Borrower (including payments under this paragraph), the Borrower will pay the taxes and will also pay to the Bank, at the time interest is paid, any additional amount which the Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such taxes had not been imposed. The Borrower will confirm that it has paid the taxes by giving the Bank official tax receipts (or notarized copies) within thirty (30) days after the due date.

J. Overdrafts.

At the Bank's sole option in each instance, the Bank may do one of the following:

(a) The Bank may make advances under this Agreement to prevent or cover an overdraft on any account of the Borrower with the Bank. Each such advance will accrue interest from the date of the advance or the date on which the account is overdrawn, whichever occurs first, at the interest rate described in this Agreement. The Bank may make such advances even if the advances may cause any credit limit under this Agreement to be exceeded.

(b) The Bank may reduce the amount of credit otherwise available under this Agreement by the amount of any overdraft on any account of the Borrower with the Bank.

This paragraph shall not be deemed to authorize the Borrower to create overdrafts on any of the Borrower's accounts with the Bank.

6. conditions

Before the Bank is required to extend any credit to the Borrower under this Agreement, it must receive any documents and other items it may reasonably require, in form and content acceptable to the Bank, including any items specifically listed below.

A. Authorizations.

If the Borrower or any other Obligor is anything other than a natural person, evidence that the execution, delivery and performance by the Borrower and/or such Obligor of this Agreement and any instrument or agreement required under this Agreement have been duly authorized.

B. Governing Documents.

If required by the Bank, a copy of the Borrower's organizational documents.

C. KYC Information.

(a) Upon the request of the Bank, the Borrower shall have provided to the Bank, and the Bank shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act.

(b) If the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, it shall have provided a Beneficial Ownership Certification to the Bank if so requested.

D. Guaranties.

(a) At closing, guaranties signed by GHM Acquisition Corp., Graham Acquisition I, LLC and Barber-Nichols, LLC.

(b) Within one hundred twenty (120) days of closing, guaranties from Graham India Private Ltd. and Graham Vacuum and Heat Transfer Technology (Suzhou) Co., Ltd., each pursuant to that certain post-closing agreement among Borrower, Guarantors and Bank dated on even date herewith.

E. Security Agreements.

Signed original security agreements covering the personal property collateral which the Bank requires.

F. Perfection and Evidence of Priority.

Evidence that the security interests and liens in favor of the Bank are valid, enforceable, properly perfected in a manner acceptable to the Bank and prior to all others' rights and interests, except those the Bank consents to in writing.

G. Landlord Agreement.

For any personal property collateral located on real property which is subject to a mortgage or deed of trust or which is not owned by the Borrower (or the grantor of the security interest), an agreement from the owner of the real property and the holder of any such mortgage or deed of trust.

H. Payment of Fees.

Payment of all fees, expenses and other amounts due and owing to the Bank. If any fee is not paid in cash, the Bank may, in its discretion, treat the fee as a principal advance under this Agreement or deduct the fee from the loan proceeds.

I. Repayment of Other Credit Agreement.

(a) Evidence that the existing credit agreement between the Borrower and JPMorgan Chase Bank, N.A., as administrative agent, has been repaid and cancelled on or before the first disbursement under this Agreement.

(b) Evidence that any outstanding credit agreement to which Barber-Nichols, LLC was obligated as a borrower has been repaid and cancelled on or before the first disbursement of this Agreement.

J. Good Standing.

Certificates of good standing for the Borrower and domestic Guarantors from its state of formation and from any other state in which the Borrower is required to qualify to conduct its business.

K. Legal Opinion.

A written opinion from the Borrower's legal counsel, covering such matters as the Bank may require. The legal counsel and the terms of the opinion must be acceptable to the Bank.

L. Insurance.

Evidence of insurance coverage, as required in the "Covenants" section of this Agreement.

7. representations and warranties

When the Borrower signs this Agreement, and until the Bank is repaid in full, the Borrower makes the following representations and warranties. Each request for an extension of credit constitutes a renewal of these representations and warranties as of the date of the request:

A. Formation.

If the Borrower is anything other than a natural person, it is duly formed and existing under the laws of the state or other jurisdiction where organized.

B. Authorization.

This Agreement, and any instrument or agreement required under this Agreement, are within the Borrower's powers, have been duly authorized, and do not conflict with any of its organizational papers.

C. Beneficial Ownership Certification.

The information included in the Beneficial Ownership Certification most recently provided to the Bank, if applicable, is true and correct in all respects.

D. Good Standing.

In each state or other jurisdiction in which the Borrower does business, it is properly licensed, in good standing, and, where required, in compliance with fictitious name (e.g. trade name or d/b/a) statutes.

E. Government Sanctions.

(a) The Borrower represents that no Obligor, nor any affiliated entities of any Obligor, including in the case of any Obligor that is not a natural person, subsidiaries nor, to the knowledge of the Borrower, any owner, trustee, director, officer, employee, agent, affiliate or representative of the Borrower or any other Obligor is an individual or entity ("Person") currently the subject of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), nor is the Borrower or any other Obligor located, organized or resident in a country or territory that is the subject of Sanctions.

(b) The Borrower represents and covenants that it will not, directly or indirectly, use the proceeds of the credit provided under this Agreement, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

F. Financial Information.

All financial and other information that has been or will be supplied to the Bank taken as a whole is sufficiently complete to give the Bank accurate knowledge of the Borrower's (and any other Obligor's) financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to the Bank, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Borrower (or any other Obligor). If the Borrower is comprised of the trustees of a trust, the above representations shall also pertain to the trustor(s) of the trust.

G. Lawsuits.

There is no lawsuit, tax claim or other dispute pending or threatened against the Borrower or any other Obligor which, if lost, would impair the Borrower's or such Obligor's financial condition or ability to repay its obligations as contemplated by this Agreement or any other agreement contemplated hereby, except as have been disclosed in writing to the Bank prior to the date of this Agreement.

H. Other Obligations.

The Borrower and each Related Party is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, except as have been disclosed in writing to the Bank prior to the date of this Agreement.

I. Tax Matters.

The Borrower has no knowledge of any pending assessments or adjustments of income tax for itself or for any Related Party for any year and all taxes due have been paid, except as have been disclosed in writing to the Bank prior to the date of this Agreement.

J. Collateral.

All collateral required in this Agreement is owned by the grantor of the security interest free of any title defects or any liens or interests of others, except those which have been approved by the Bank in writing.

K. No Event of Default.

There is no event which is, or with notice or lapse of time or both would be, a default under this Agreement.

L. Location of Pledgor.

(a) The jurisdiction of Borrower's formation is Delaware and it's chief executive office is listed on its signature page to this Agreement.

(b) The jurisdiction of GHM Acquisition Corp.'s formation is Delaware and it's chief executive office is the same as Borrower's.

(c) The jurisdiction of Graham Acquisition I, LLC's formation is Delaware and it's chief executive office is the same as Borrower's.

(d) The jurisdiction of Barber-Nichols, LLC's formation is Colorado and its chief executive office is 6325 W. 55th Ave, Arvada, Colorado 80002.

M. ERISA Plans.

(a) Each Plan (other than a multiemployer plan) is in compliance in all material respects with ERISA, the Code and other federal or state law, including all applicable minimum funding standards and there have been no prohibited transactions with respect to any Plan (other than a multiemployer plan), which has resulted or could reasonably be expected to result in a material adverse effect.

(b) With respect to any Plan subject to Title IV of ERISA:

(i) No reportable event has occurred under Section 4043(c) of ERISA which requires notice.

(ii) No action by the Borrower or any ERISA Affiliate to terminate or withdraw from any Plan has been taken and no notice of intent to terminate a Plan has been filed under Section 4041 or 4042 of ERISA.

(c) The following terms have the meanings indicated for purposes of this Agreement:

(i) "Code" means the Internal Revenue Code of 1986, as amended.

(ii) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(iii) "ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code.

(iv) "Plan" means a plan within the meaning of Section 3(2) of ERISA maintained or contributed to by the Borrower or any ERISA Affiliate, including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

N. No Plan Assets.

The Borrower represents that, as of the date hereof and throughout the term of this Agreement, no Borrower or Guarantor, if any, is (1) an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (2) a plan or account subject to Section 4975 of the Internal Revenue Code of 1986 (the "Code"); (3) an entity deemed to hold "plan assets" of any such plans or accounts for purposes of ERISA or the Code; or (4) a "governmental plan" within the meaning of ERISA.

O. Enforceable Agreement.

This Agreement is a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, and any instrument or agreement required under this Agreement, when executed and delivered, will be similarly legal, valid, binding and enforceable.

P. No Conflicts.

This Agreement does not conflict with any law, agreement, or obligation by which the Borrower or any other Obligor is bound.

Q. Permits, Franchises.

Each Related Party possesses all permits, memberships, franchises, contracts and licenses required and all trademark rights, trade name rights, patent rights, copyrights, and fictitious name rights necessary to enable it to conduct the business in which it is now engaged.

R. Insurance.

The Borrower and each Related Party has obtained, and maintained in effect, the insurance coverage required in the "Covenants" section of this Agreement.

8. covenants

The Borrower agrees, so long as credit is available under this Agreement and until the Bank is repaid in full, the Borrower shall, and shall cause each Related Party:

A. Use of Proceeds.

(a) For Facility No. 1, to use the proceeds of the credit extended under this Agreement working capital and general business purposes.

(b) For Facility No. 2, to use the proceeds to purchase 100% of the stock of Barber-Nichols, Inc., predecessor in interest to Barber-Nichols, LLC.

B. Financial Information.

To provide the following financial information and statements in form and content acceptable to the Bank, and such additional information as requested by the Bank from time to time. The Bank reserves the right, upon written notice to the Borrower, to require the Borrower to deliver financial information and statements to the Bank more frequently than otherwise provided below, and to use such additional information and statements to measure any applicable financial covenants in this Agreement.

(a) Within 120 days of the fiscal year end**,** the annual financial statements of Borrower, certified and dated by an authorized financial officer. These financial statements must be audited (with an opinion satisfactory to the Bank) by a Certified Public Accountant ("CPA") acceptable to the Bank. The statements shall be prepared on a consolidated basis.

(b) Within 45 days after each period's end (excluding the last period in each fiscal year), quarterly financial statements of Borrower, certified and dated by an authorized financial officer. These financial statements may be company-prepared. The statements shall be prepared on a consolidated basis.

(c) Promptly, upon sending or receipt, copies of any management letters and correspondence relating to management letters, sent or received by the Borrower to or from the Borrower's auditor. If no management letter is prepared, the Bank may, in its discretion, request a letter from such auditor stating that no deficiencies were noted that would otherwise be addressed in a management letter.

(d) Within 120 days of the end of each fiscal year, a compliance certificate of the Borrower, signed by an authorized financial officer and setting forth (i) the information and computations (in sufficient detail) to establish compliance with all financial covenants at the end of the period covered by the financial statements then being furnished and (ii) whether there existed as of the date of such financial statements and whether there exists as of the date of the certificate, any default under this Agreement applicable to the party submitting the information and, if any such default exists, specifying the nature thereof and the action the party is taking and proposes to take with respect thereto.

(e) Within 45 days of the end of each quarter (excluding the last period in each fiscal year), a compliance certificate of the Borrower, signed by an authorized financial officer and setting forth (i) the information and computations (in sufficient detail) to establish compliance with all financial covenants at the end of the period covered by the financial statements then being furnished and (ii) whether there existed as of the date of such financial statements and whether there exists as of the date of the certificate, any default under this Agreement applicable to the party submitting the information and, if any such default exists, specifying the nature thereof and the action the party is taking and proposes to take with respect thereto.

(f) The operating budget of the Borrower, in form and content acceptable to the Bank, within 120 days after the end of each fiscal year, which shall include, but not be limited to, an income statement, balance sheet, cash flow statement and capital budget.

(g) Promptly upon the Bank's request, such other books, records, statements, lists of property and accounts, budgets, forecasts or reports as to the Borrower and as to each other Obligor as the Bank may request.

(h) Documents required to be delivered pursuant to (a) and (b) above may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR); or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which access the Bank has; provided that: (A) upon written request by the Bank to the Borrower, the Borrower shall deliver paper copies of such documents to the Bank until a written request to cease delivering paper copies is given by the Bank and (B) the Borrower shall notify the Bank of the posting of any such documents and provide to the Bank through Electronic System electronic versions (i.e., soft copies) of such documents. The Bank shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above.

C. Funded Debt to EBITDA Ratio.

To maintain on a consolidated basis a ratio of Funded Debt to EBITDA not exceeding 3.0:1.0, which ratio may be increased to 3.25:1.0 upon the election of Borrower by written notice to the Bank prior to or within 30 days following a Permitted Acquisition for the twelve (12) months immediately following the closing of such Permitted Acquisition by Borrower.

"Funded Debt" means all outstanding liabilities for borrowed money and other interest-bearing liabilities, including current and long term debt (including issued letters of credit that are not secured by cash), less the non-current portion of Subordinated Liabilities; provided that for the avoidance of doubt, "Funded Debt" shall not include operating lease liabilities or letters of credit that are secured by cash.

"EBITDA" means net income, less income or plus loss from discontinued operations (including unusual and infrequent items, agreed to at the sole discretion of the Bank), plus income taxes, plus interest expense, plus depreciation, depletion, and amortization. This ratio will be calculated at the end of each reporting period for which the Bank requires financial statements**,** using the results of the twelve-month period ending with that reporting period.

"Permitted Acquisitions" means the acquisition of all or substantially all of the equity interests of a person or entity (an "Acquisition") by Borrower or a subsidiary of Borrower where:

(a) the business or division acquired is for use, or the person acquired is engaged, in the businesses which are similar or related to the businesses engaged in by the Borrower on the date of this Agreement or are otherwise reasonably incidental or complementary thereto;

(b) immediately before and after giving effect to such Acquisition, no default shall exist under Section 10 of this Agreement or any event which, with the giving of notice or passage of time or both, would constitute an event of default under Section 10 below;

(c) immediately before such Acquisition, the Borrower's Funded Debt to EBITDA Ratio on a pro forma basis after giving effect to such acquisition(s) is equal to or less than 3.0 to 1.0:

(d) if a new subsidiary is formed or acquired as a result of or in connection with the Acquisition, such subsidiary shall become a guarantor.

"Subordinated Liabilities" means liabilities subordinated to the Borrower's obligations to the Bank by law or, if by contract, in a manner acceptable to the Bank in its sole discretion.

D. Basic Fixed Charge Coverage Ratio.

To maintain on a consolidated basis a Basic Fixed Charge Coverage Ratio of at least 1.2:1.0.

"Basic Fixed Charge Coverage Ratio" means the ratio of (a) the sum of EBITDA minus maintenance capital expenditures, to (b) the sum of interest expense, the current portion of long term debt and the current portion of capitalized leased obligations, plus cash taxes paid and cash dividends paid.

"EBITDA" means net income, less income or plus loss from discontinued operations (including unusual and infrequent items, agreed to at the sole discretion of the Bank), plus income taxes, plus interest expense, plus depreciation, depletion, and amortization.

This ratio will be calculated at the end of each reporting period for which the Bank requires financial statements, using the results of the twelve-month period ending with that reporting period. The current portion of long-term liabilities will be measured as of the date twelve (12) months prior to the current financial statement.

E. Dividends and Distributions.

Not to declare or pay any dividends (except dividends paid in capital stock), redemptions of stock or membership interests, distributions and withdrawals (as applicable) to its owners while any default exists under Section 10 of this Agreement, or would result from such dividend or payment.

F. Bank as Principal Depository.

To maintain, within a commercially reasonable time following the closing of this Agreement, the Bank or one of its affiliates as its principal depository bank, including for the maintenance of business, cash management, operating and administrative deposit accounts.

G. Other Debts.

Not to have outstanding or incur any direct or contingent liabilities or lease obligations (other than those to the Bank or to any affiliate of the Bank), or become liable for the liabilities of others, without the Bank's written consent. This does not prohibit:

(a) Acquiring goods, supplies, or merchandise on normal trade credit.

(b) Liabilities, lines of credit and leases in existence on the date of this Agreement disclosed in writing to the Bank in the Borrower's most recent financial statement.

(c) Liabilities listed on Schedule 8.7(c) to this Agreement.

(d) Liabilities in connection with letters of credit that are secured by cash.

(e) A Line of Credit from HSBC Bank USA, National Association to the Borrower in the maximum principal amount of $15,000,000.

(f) Purchase money indebtedness in connection with equipment purchased in the ordinary course of Borrower's business in an aggregate amount not to exceed One Million Dollars ($1,000,000) outstanding at one time.

(g) Additional debts and lease obligations for business purposes not contemplated by the above provisions which do not exceed a total principal amount of One Million Dollars ($1,000,000) outstanding at any one time.

H. Other Liens.

Not to create, assume, or allow any security interest or lien (including judicial liens) on property each Related Party now or later owns without the Bank's written consent. This does not prohibit:

(a) Liens and security interests in favor of the Bank or any affiliate of the Bank.

(b) Liens for taxes not yet due.

(c) Liens outstanding on the date of this Agreement disclosed in writing to the Bank.

(d) Additional purchase money security interests in assets acquired after the date of this Agreement, if the total principal amount of debts secured by such liens does not exceed One Million Dollars ($1,000,000) at any one time**.**

(e) Cash collateral to secure letters of credit.

(f) Liens listed on Schedule 8.8(f) to this Agreement.

I. Maintenance of Assets.

(a) Not to sell, assign, lease, transfer or otherwise dispose of any part of any Related Party's business or any Related Party's assets except (i) inventory and obsolete, worn out or surplus equipment or property sold in the ordinary course of such Related Party's business, (ii) accounts (other than under factoring agreements) in the connection with the compromise, settlement or collection thereof, and (iii) other assets (other than equity interests in a subsidiary unless all equity interests of the subsidiary are sold) the disposition of which is not otherwise permitted hereunder, in an amount not to exceed $250,000 in fair market value thereof per year.

(b) Not to sell, assign, lease, transfer or otherwise dispose of any assets for less than fair market value, or enter into any agreement to do so.

(c) Not to enter into any sale and leaseback agreement covering any of its fixed assets, except for any such sale of any fixed or capital assets that is made for cash consideration in an amount not less than the fair value of such fixed or capital asset and is consummated within 90 days after such Related Party acquires or completes the construction of such fixed or capital asset.

(d) To maintain and preserve all rights, privileges, and franchises any Related Party now has.

(e) To make any repairs, renewals, or replacements to keep each Related Party's properties in good working condition.

(f) To execute and deliver such documents as the Bank deems necessary to create, perfect and continue the security interests contemplated by this Agreement.

J. Investments.

Not to have any existing, or make any new, investments in any individual or entity, or make any capital contributions or other transfers of assets to any individual or entity, except for:

(a) Existing investments disclosed to the Bank in writing prior to the date of this Agreement.

(b) Investments in any of the following:

(i) certificates of deposit;

(ii) U.S. treasury bills and other obligations of the federal government;

(iii) readily marketable securities (including commercial paper, but excluding restricted stock and stock subject to the provisions of Rule 144 of the Securities and Exchange Commission).

(c) Investments listed on Schedule 8.10(c) to this Agreement.

(d) Intercompany loans to other Obligors and guarantees of obligations of other Obligors which do not in the aggregate exceed One Million Dollars ($1,000,000) outstanding at any one time.

(e) Investments that do not exceed an aggregate amount of Two Hundred Fifty Thousand Dollars ($250,000) outstanding at any one time.

K. Loans.

Not to make any loans, advances or other extensions of credit to any individual or entity, except for:

(a) Existing extensions of credit disclosed to the Bank in writing prior to the date of this Agreement.

(b) Extensions of credit to each Related Party's current subsidiaries or affiliates.

(c) Extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business to non-affiliated entities.

(d) Loans or advances made to employees on an arms-length basis in the ordinary course of business consistent with past practices for travel and entertainment expenses, relocation costs and similar expenses not to exceed $250,000 outstanding at any one time.

(e) Extensions of credit listed on Schedule 8.11(e) to this Agreement.

(f) Permitted Acquisitions.

(g) Extensions of credit that do not exceed an aggregate amount of One Hundred Thousand Dollars ($100,000) outstanding at any one time.

L. Change of Management.

Not to make any substantial change in the present executive or management personnel of the Borrower.

M. Change of Ownership.

Not to cause, permit, or suffer any change in capital ownership such that there is a material change, as determined by the Bank in its sole discretion in the direct or indirect capital ownership of the Borrower.

N. Additional Negative Covenants.

Not to, without the Bank's written consent:

(a) (i) Enter into any consolidation, merger, or other combination, except that a subsidiary of the Borrower may merge into the Borrower, and a Loan Party may merge with or into another Loan Party, or (iii) become a partner in a partnership, a member of a joint venture, or a member of a limited liability company.

(b) Acquire or purchase a business or its assets, other than Permitted Acquisitions.

(c) Engage in any business activities substantially different from the Borrower's present business.

(d) Liquidate or dissolve any Obligor's business.

(f) With respect to any Obligor which is a business entity, adopt a plan of division or divide itself into two or more business entities (pursuant to a "plan of division" under Section 18-217 of the Delaware Limited Liability Company Act or a similar arrangement under any other applicable state statute).

(g) Voluntarily suspend its business for more than five (5) days in any thirty (30) day period.

O. Notices to Bank.

To promptly notify the Bank in writing of:

(a) Any event of default under this Agreement, or any event which, with notice or lapse of time or both, would constitute an event of default.

(b) Any change in any Obligor's name, legal structure, principal residence, or name on any driver's license or special identification card issued by any state (for an individual), state of registration (for a registered entity), place of business, or chief executive office if the Obligor has more than one place of business.

P. Insurance.

(a) General Business Insurance. To maintain insurance satisfactory to the Bank as to amount, nature and carrier covering property damage (including loss of use and occupancy) to any of the Obligor's properties, business interruption insurance, public liability insurance including coverage for contractual liability, product liability and workers' compensation, and any other insurance which is usual for such Obligor's business. Each policy shall include a cancellation clause in favor of the Bank.

(b) Insurance Covering Collateral. To maintain all risk property damage insurance policies (including without limitation windstorm coverage, flood coverage, and hurricane coverage as applicable) covering the tangible property comprising the collateral. Each insurance policy must be in an amount acceptable to the Bank. The insurance must be issued by an insurance company acceptable to the Bank and must include a lender's loss payable endorsement in favor of the Bank in a form acceptable to the Bank.

(c) Evidence of Insurance. Upon the request of the Bank, to deliver to the Bank a copy of each insurance policy, or, if permitted by the Bank, a certificate of insurance listing all insurance in force.

Q. Compliance with Laws.

To comply with the requirements of all laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to cause a material adverse change in any Obligor's business condition (financial or otherwise), operations or properties, or ability to repay the credit, or, in the case of the Controlled Substances Act, result in the forfeiture of any material property of any Obligor.

R. Books and Records.

To maintain adequate books and records, including complete and accurate records regarding all Collateral.

S. Audits.

To allow the Bank and its agents to inspect the Borrower's properties and examine, audit, and make copies of books and records at any time. If any of the Borrower's properties, books or records are in the possession of a third party, the Borrower authorizes that third party to permit the Bank or its agents to have access to perform inspections or audits and to respond to the Bank's requests for information concerning such properties, books and records.

T. Perfection of Liens.

To help the Bank perfect and protect its security interests and liens, and reimburse it for related costs it incurs to protect its security interests and liens.

U. Cooperation.

To take any action reasonably requested by the Bank to carry out the intent of this Agreement.

V. Patriot Act; Beneficial Ownership Regulation.

Promptly following any request therefor, to provide information and documentation reasonably requested by the Bank for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act and the Beneficial Ownership Regulation.

W. Subsidiary Guaranties and Collateral.

(a) Guarantors. The Borrower will cause each of its subsidiaries whether newly formed, after acquired or otherwise existing to promptly (and in any event within thirty (30) days after such subsidiary is formed or acquired (or such longer period of time as agreed to by the Bank in its reasonable discretion)) become a Guarantor hereunder by way of execution of a Guaranty, in form and substance satisfactory to the Bank. In connection therewith, the Borrower shall give notice to the Bank not less than ten (10) days prior to creating a subsidiary (or such shorter period of time as agreed to by the Bank in its reasonable discretion), or acquiring the equity interests of any other person. In connection with the foregoing, the Borrower shall deliver to the Bank, with respect to each new Guarantor, such other documents and agreements as reasonably required by the Bank, including, without limitation, resolutions, organizational documents and incumbency certificates with respect to such new Guarantor.

(b) Collateral. The Borrower will cause each Guarantor's tangible and intangible personal property now owned or hereafter acquired by it to be subject at all times to a first priority, perfected lien (subject to liens permitted hereunder) in favor of the Bank to secure the obligations incurred under this Agreement or otherwise in connection with this Agreement or any Guaranty. The Borrower shall provide opinions of counsel and any filings and deliveries reasonably necessary in connection therewith to perfect the security interests therein, all in form and substance reasonably satisfactory to the Bank.

(c) Further Assurances. At any time upon request of the Bank, promptly execute and deliver any and all further instruments and documents and take all such other action as the Bank may deem necessary or desirable to maintain in favor of the Bank, liens and insurance rights on the collateral required to be delivered hereby that are duly perfected in accordance with the requirements hereof, all other documents executed in connection herewith and all applicable laws.

X. Asset Coverage Ratio.

To maintain an Asset Coverage Ratio of at least 1.0:1.0 at all times.

"Asset Coverage Ratio" means the ratio of Margined Assets to the outstanding principal balance under the line of credit. "Margined Assets" means the sum of (a) 80% of accounts receivable, net of bad debt reserve, as shown on the most recent balance sheet of the Borrower prepared in accordance with GAAP as delivered to Bank; plus (b) 50% of inventory (or, if less, raw materials and finished goods) as shown on such balance sheet, but in no event greater than the amount determined under clause (a) plus (c) 50% of gross machinery and equipment.

9.	hazardous substances

A. Indemnity Regarding Hazardous Substances.

The Borrower will indemnify and hold harmless the Bank from any loss or liability the Bank incurs in connection with or as a result of this Agreement, which directly or indirectly arises out of the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of a hazardous substance which in each case had a material adverse effect on the business, operations or assets of the Borrower or the collectability of the loans and advances made by the Bank hereunder, other than losses or liabilities arising out of the gross negligence, fraud or willful misconduct of the Bank. This indemnity will apply whether the hazardous substance is on, under or about the Borrower's property or operations or property leased to the Borrower. The indemnity includes but is not limited to attorneys' fees (including the reasonable estimate of the allocated cost of in-house counsel and staff). The indemnity extends to the Bank, its parent, subsidiaries and all of their directors, officers, employees, agents, successors, attorneys and assigns.

B. Compliance Regarding Hazardous Substances.

The Borrower represents and warrants that the Borrower has complied with all current and future laws, regulations and ordinances or other requirements of any governmental authority relating to or imposing liability or standards of conduct concerning protection of health or the environment or hazardous substances.

C. Notices Regarding Hazardous Substances.

Until full repayment of the loan, the Borrower will promptly notify the Bank in writing of any threatened or pending investigation of the Borrower or its operations by any governmental agency under any current or future law, regulation or ordinance pertaining to any hazardous substance.

D. Site Visits, Observations and Testing.

The Bank and its agents and representatives will have the right at any reasonable time, after giving reasonable notice to the Borrower, to enter and visit any locations where the collateral securing this

Agreement (the "Collateral") is located for the purposes of observing the Collateral, taking and removing environmental samples, and conducting tests. The Borrower shall reimburse the Bank on demand for the costs of any such environmental investigation and testing once per year per location. The Bank will make reasonable efforts during any site visit, observation or testing conducted pursuant to this paragraph to avoid interfering with the Borrower's use of the Collateral. The Bank is under no duty to observe the Collateral or to conduct tests, and any such acts by the Bank will be solely for the purposes of protecting the Bank's security and preserving the Bank's rights under this Agreement. No site visit, observation or testing or any report or findings made as a result thereof ("Environmental Report") (i) will result in a waiver of any default of the Borrower; (ii) impose any liability on the Bank; or (iii) be a representation or warranty of any kind regarding the Collateral (including its condition or value or compliance with any laws) or the Environmental Report (including its accuracy or completeness). In the event the Bank has a duty or obligation under applicable laws, regulations or other requirements to disclose an Environmental Report to the Borrower or any other party, the Borrower authorizes the Bank to make such a disclosure. The Bank may also disclose an Environmental Report to any regulatory authority, and to any other parties as necessary or appropriate in the Bank's judgment. The Borrower further understands and agrees that any Environmental Report or other information regarding a site visit, observation or testing that is disclosed to the Borrower by the Bank or its agents and representatives is to be evaluated (including any reporting or other disclosure obligations of the Borrower) by the Borrower without advice or assistance from the Bank.

"Hazardous substance" means any substance, material or waste that is or becomes designated or regulated as "toxic," "hazardous," "pollutant," or "contaminant" or a similar designation or regulation under any current or future federal, state or local law (whether under common law, statute, regulation or otherwise) or judicial or administrative interpretation of such, including without limitation petroleum or natural gas.

E. Continuing Obligation.

The Borrower's obligations to the Bank under this Article, except the obligation to give notices to the Bank, shall survive termination of this Agreement and repayment of the Borrower's obligations to the Bank under this Agreement.

10. default and remedies

If any of the following events of default occurs, the Bank may do one or more of the following without prior notice except as required by law or expressly agreed in writing by Bank: declare the Borrower in default, stop making any additional credit available to the Borrower, and require the Borrower to repay its entire debt immediately. If an event which, with notice or the passage of time, will constitute an event of default has occurred and is continuing, the Bank has no obligation to make advances or extend additional credit under this Agreement. In addition, if any event of default occurs, the Bank shall have all rights, powers and remedies available under any instruments and agreements required by or executed in connection with this Agreement, as well as all rights and remedies available at law or in equity. If an event of default occurs under the paragraph entitled "Bankruptcy/Receivers," below with respect to any Obligor, then the entire debt outstanding under this Agreement will automatically be due immediately.

A. Failure to Pay.

The Borrower fails to make (i) a principal or interest payment under this Agreement when due, or (ii) any other payment hereunder when due, and such failure shall continue for a period of five (5) days.

B. Other Bank Agreements.

(a) (i) Any default occurs under any other document executed or delivered in connection with this Agreement, including without limitation, any note, guaranty, subordination agreement, mortgage or other collateral agreement, (ii) any Obligor purports to revoke or disavow any guaranty or collateral agreement provided in connection with this Agreement; (iii) any representation or warranty made by any Obligor is false when made or deemed to be made; or (iv) any default occurs under any other agreement the Borrower (or any Obligor) or any of the Borrower's related entities or affiliates has with the Bank or any affiliate of the Bank.

(b) If, in the Bank's opinion, any breach under subparagraph (a)(iv) above is capable of being remedied but the applicable document does not provide a cure or remedy period, the breach will not be considered an event of default under this Agreement for a period of twenty (20) days after earlier of (x) the date that the Borrower knew or should have known of the default, and (y) the date on which the Bank gives written notice of the default to the Borrower.

C. Cross-default.

Any default occurs under any agreement in connection with any credit any Obligor or any of the Borrower's related entities or affiliates has obtained from anyone else or which any Obligor or any of the Borrower's related entities or affiliates has guaranteed if the default is not cured within "thirty (30)" days.

D. False Information.

The Borrower or any other Obligor has given the Bank false or misleading information or representations.

E. Bankruptcy/Receivers.

Any Obligor or any general partner of any Obligor files a bankruptcy petition, a bankruptcy petition is filed against any of the foregoing parties, or any Obligor, or any general partner of any Obligor makes a general assignment for the benefit of creditors; or a receiver or similar official is appointed for a substantial portion of any Obligor's business; or the business is terminated, or such Obligor is liquidated or dissolved.

F. Lien Priority.

The Bank fails to have an enforceable first lien (except for any prior liens to which the Bank has consented in writing) on or security interest in any property given as security for this Agreement (or any guaranty).

G. Judgments.

Any judgments or arbitration awards are entered against any Obligor in an aggregate amount of Five Hundred Thousand Dollars ($500,000) or more.

H. Material Adverse Change.

A material adverse change occurs, or is reasonably likely to occur, in any Obligor's business condition (financial or otherwise), operations or properties, or ability to repay its obligations as contemplated hereunder or under any document executed in connection with this Agreement.

I. Government Action.

Any government authority takes action that the Bank believes materially adversely affects any Obligor's financial condition or ability to repay.

J. ERISA Plans.

A reportable event occurs under Section 4043(c) of ERISA, or any Plan termination (or commencement of proceedings to terminate a Plan) or the full or partial withdrawal from a Plan under Section 4041 or 4042 of ERISA occurs; provided such event or events could reasonably be expected, in the judgment of the Bank, to have a material adverse effect.

K. Covenants.

Any default in the performance of or compliance with any obligation, agreement or other provision contained in this Agreement (other than those specifically described as an event of default in this Article), and with respect to any such default that by its nature can be cured, such default shall continue for a period of thirty (30) days from its occurrence.

L. Forfeiture.

A judicial or nonjudicial forfeiture or seizure proceeding is commenced by a government authority and remains pending with respect to any property of Borrower or any part thereof, on the grounds that the property or any part thereof had been used to commit or facilitate the commission of a criminal offense by any person, including any tenant, pursuant to any law, including under the Controlled Substances Act or the Civil Asset Forfeiture Reform Act, regardless of whether or not the property shall become subject to forfeiture or seizure in connection therewith.

11. enforcing this agreement; miscellaneous

A. GAAP.

Except as otherwise stated in this Agreement, all financial information provided to the Bank and all financial covenants will be made under generally accepted accounting principles, consistently applied.

If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth herein, and either the Borrower or the Bank shall so request, the Borrower and the Bank shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

B. Governing Law.

Except to the extent that any law of the United States may apply, this Agreement shall be governed and interpreted according to the laws of New York (the "Governing Law State"), without regard to any choice of law, rules or principles to the contrary. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of the Bank under federal law.

C. Venue and Jurisdiction.

The Borrower agrees that any action or suit against the Bank arising out of or relating to this Agreement shall be filed in federal court or state court located in the Governing Law State. The Borrower agrees that the Bank shall not be deemed to have waived its rights to enforce this section by filing an action or suit against the Borrower or any Obligor in a venue outside of the Governing Law State. If the Bank does commence an action or suit arising out of or relating to this Agreement, the Borrower agrees that the case may be filed in federal court or state court in the Governing Law State. The Bank reserves the right to commence an action or suit in any other jurisdiction where any Borrower, any other Obligor, or any Collateral has any presence or is located. The Borrower consents to personal jurisdiction and venue in such forum selected by the Bank and waives any right to contest jurisdiction and venue and the convenience of any such forum. The provisions of this section are material inducements to the Bank's acceptance of this Agreement.

D. Successors and Assigns.

This Agreement is binding on the Borrower's and the Bank's successors and assignees. The Borrower agrees that it may not assign this Agreement without the Bank's prior consent. The Bank may sell participations in or assign this loan and the related loan documents, and may exchange information about the Borrower and any other Obligor (including, without limitation, any information regarding any hazardous substances) with actual or potential participants or assignees. If a participation is sold or the loan is assigned, the purchaser will have the right of set-off against the Borrower.

E. Waiver of Jury Trial.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (a) CERTIFIES

THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER DOCUMENTS CONTEMPLATED HEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION AND (c) CERTIFIES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE.

F. Waiver of Class Actions.

The terms "Claim" or "Claims" refer to any disputes, controversies, claims, counterclaims, allegations of liability, theories of damage, or defenses between Bank of America, N.A., its subsidiaries and affiliates, on the one hand, and the other parties to this Agreement, on the other hand (all of the foregoing each being referred to as a "Party" and collectively as the "Parties"). Whether in state court, federal court, or any other venue, jurisdiction, or before any tribunal, the Parties agree that all aspects of litigation and trial of any Claim will take place without resort to any form of class or representative action. Thus the Parties may only bring Claims against each other in an individual capacity and waive any right they may have to do so as a class representative or a class member in a class or representative action. **THIS CLASS ACTION WAIVER PRECLUDES ANY PARTY FROM PARTICIPATING IN OR BEING REPRESENTED IN ANY CLASS OR REPRESENTATIVE ACTION REGARDING A CLAIM.**

G. Expenses.

(a) The Borrower shall pay to the Bank immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees, expended or incurred by the Bank in connection with (i) the negotiation and preparation of this Agreement and any related agreements, the Bank's continued administration of this Agreement and such related agreements, and the preparation of any amendments and waivers related to this Agreement or such related agreements, (ii) filing, recording and search fees, appraisal fees, field examination fees, title report fees, and documentation fees with respect to any collateral and books and records of the Borrower or any other Obligor, (iii) the Bank's costs or losses arising from any changes in law which are allocated to this Agreement or any credit outstanding under this Agreement, and (iv) costs or expenses required to be paid by the Borrower or any other Obligor that are paid, incurred or advanced by the Bank.

(b) The Borrower will indemnify and hold the Bank harmless from any loss, liability, damages, judgments, and costs of any kind ("Indemnified Expenses") relating to or arising directly or indirectly out of (i) this Agreement or any document required hereunder, (ii) any credit extended or committed by the Bank to the Borrower hereunder, and (iii) any litigation or proceeding related to or arising out of this Agreement, any such document, or any such credit, including, without limitation, any act resulting from (A) the Bank complying with instructions the Bank reasonably believes are made by any Authorized Individual and (B) the Bank's reliance on any Communication executed using an Electronic Signature, or in the form of an Electronic Record, that the Bank reasonably believes is made by any Authorized Individual, other than Indemnified Expenses arising out of the gross negligence, fraud or willful misconduct of the Bank. This paragraph will survive this Agreement's termination, and will benefit the Bank and its officers, employees, and agents.

(c) The Borrower shall reimburse the Bank for any reasonable costs and attorneys' fees incurred by the Bank in connection with (a) the enforcement or preservation of the Bank's rights and remedies and/or the collection of any obligations of the Borrower which become due to the Bank and in connection with any "workout" or restructuring, and (b) the prosecution or defense of any action in any way related to this Agreement, the credit provided hereunder or any related agreements, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by the Bank or any other person) relating to the Borrower or any other person or entity.

H. Set-Off.

Upon and after the occurrence and during the continuation of an event of default under this Agreement, (a) the Borrower hereby authorizes the Bank at any time without notice and whether or not the Bank shall have declared any amount owing by the Borrower to be due and payable, to set off against, and to apply to the payment of, the Borrower's indebtedness and obligations to the Bank under this Agreement and all related agreements, whether matured or unmatured, fixed or contingent, liquidated or unliquidated, any and all amounts owing by the Bank to the Borrower, and in the case of deposits, whether general or special (except trust and escrow accounts), time or demand and however evidenced, and (b) pending any such action, to hold such amounts as collateral to secure such indebtedness and obligations of the Borrower to the Bank and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as the Bank, in its sole discretion, may elect. The Borrower hereby grants to the Bank a security interest in all deposits and accounts maintained with the Bank to secure the payment of all such indebtedness and obligations of the Borrower to the Bank.

I. One Agreement.

This Agreement and any related security or other agreements required by this Agreement constitute the entire agreement between the Borrower and the Bank with respect to each credit subject hereto and supersede all prior negotiations, communications, discussions and correspondence concerning the subject matter hereof. In the event of any conflict between this Agreement and any other agreements required by this Agreement, this Agreement will prevail.

J. Notices.

Unless otherwise provided in this Agreement or in another agreement between the Bank and the Borrower, all notices required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page of this Agreement, or sent by facsimile to the fax number(s) listed on the signature page, or to such other addresses as the Bank and the Borrower may specify from time to time in writing (any such notice a "Written Notice"). Written Notices shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in

the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, or (iii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. In lieu of a Written Notice, notices and/or communications from the Bank to the Borrower may, to the extent permitted by law, be delivered electronically (i) by transmitting the communication to the electronic address provided by the Borrower or to such other electronic address as the Borrower may specify from time to time in writing, or (ii) by posting the communication on a website and sending the Borrower a notice to the Borrower's postal address or electronic address telling the Borrower that the communication has been posted, its location, and providing instructions on how to view it (any such notice, an "Electronic Notice"). Electronic Notices shall be effective when the communication, or a notice advising of its posting to a website, is sent to the Borrower's electronic address.

K. Headings.

Article and paragraph headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

L. Counterparts.

This Agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original, and all of which when taken together shall constitute one and the same Agreement. Delivery of an executed counterpart of this Agreement (or of any agreement or document required by this Agreement and any amendment to this Agreement) by telecopy or other electronic imaging means shall be as effective as delivery of a manually executed counterpart of this Agreement; provided, however, that the telecopy or other electronic image shall be promptly followed by an original if required by the Bank.

M. Borrower/Obligor Information; Reporting to Credit Bureaus.

The Borrower authorizes the Bank at any time to verify or check any information given by the Borrower to the Bank, check the Borrower's credit references, verify employment, and obtain credit reports and other credit bureau information from time to time in connection with the administration, servicing and collection of the loans under this Agreement. The Borrower agrees that the Bank shall have the right at all times to disclose and report to credit reporting agencies and credit rating agencies such information pertaining to the Borrower and all other Obligors as is consistent with the Bank's policies and practices from time to time in effect.

N. Customary Advertising Material.

The Borrower consents to the publication by the Bank of customary advertising material relating to the transactions contemplated hereby using the name, product photographs, logo or trademark of the Borrower.

O. Acknowledgement Regarding Any Supported QFCs.

To the extent that this Agreement and any document executed in connection with this Agreement (collectively, "Loan Documents") provide support, through a guarantee or otherwise, for any Swap

Contract or any other agreement or instrument that is a QFC (such support, "QFC Credit Support", and each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the Governing Law State and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States.

(b) As used in this paragraph, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the

foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

P. Amendments.

This Agreement may only be amended by a writing signed by the parties hereto; which, to the extent expressly agreed to by the Bank in its discretion, may include being amended by an Electronic Record signed by the parties hereto using Electronic Signatures pursuant to the terms of this Agreement.

Q. Electronic Records and Signatures.

This Agreement and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Agreement (each a "Communication"), including Communications required to be in writing, may, if agreed by the Bank, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Borrower agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the Borrower to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Bank. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of the Bank's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Obligor without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

R. Limitation of Interest and Other Charges.

If, at any time, the rate of interest, together with all amounts which constitute interest and which are reserved, charged or taken by the Bank as compensation for fees, services or expenses incidental to the making, negotiating or collection of the loan evidenced hereby, shall be deemed by any competent court of law, governmental agency or tribunal to exceed the maximum rate of interest permitted to be charged by the Bank to the Borrower under applicable law, then, during such time as such rate of interest would be deemed excessive, that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest so permitted shall be deemed a voluntary prepayment of principal. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof; provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Agreement shall be governed by such new law as of its effective date.

[Signature Page Follows]

Signature Page

The Borrower executed this Agreement as of the date stated at the top of the first page, intending to create an instrument executed under seal.

Bank:

Bank of America, N.A.

By: /s/ Matthew Smith
Name: Matthew Smith
Title: Senior Vice President

Borrower:

Graham Corporation

By: /s/ Jeffrey Glajch
Name: Jeffrey Glajch
Title: Vice President, CFO and Secretary

Prepared by: **Phillips Lytle LLP**

Address where notices to
the Bank are to be sent:

Bank of America
Gateway Village-900 Building
NC1-026-06-06
900 W. Trade St
Charlotte, NC 28255

Address where notices to
the Borrower are to be sent:

Graham Corporation
20 Florence Ave.
Batavia, NY 14020

USA Patriot Act Notice.

Federal law requires Bank of America, N.A. (the "Bank") to provide the following notice. The notice is not part of the foregoing agreement or instrument and may not be altered. Please read the notice carefully.

(1) USA PATRIOT ACT NOTICE

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account or obtains a loan. The Bank will ask for the Borrower's legal name, address, tax ID number or social security number and other identifying information. The Bank may also ask for additional information or documentation or take other actions reasonably necessary to verify the identity of the Borrower, guarantors or other related persons.

SCHEDULE A

FEES

(a) Facility No. 1 and No. 2 Loan Fee.

The Borrower agrees to pay a loan fee for Facility No. 1 and Facility No. 2 in the amount of One Hundred Thousand and 00/100 Dollars ($100,000.00). This fee is due on the date of this Agreement.

(b) Waiver Fee.

If the Bank, at its discretion, agrees to waive or amend any terms of this Agreement, the Borrower will, at the Bank's option, pay the Bank a fee for each waiver or amendment in an amount advised by the Bank at the time the Borrower requests the waiver or amendment. Nothing in this paragraph shall imply that the Bank is obligated to agree to any waiver or amendment requested by the Borrower. The Bank may impose additional requirements as a condition to any waiver or amendment.

(c) Late Fee.

To the extent permitted by law, the Borrower agrees to pay a late fee in an amount not to exceed four percent (4%) of any payment that is more than fifteen (15) days late; provided that such late fee shall be reduced to two percent (2%) of any required principal and interest payment that is not paid within fifteen (15) days of the date it is due if the loan is secured by a mortgage on an owner-occupied residence. The imposition and payment of a late fee shall not constitute a waiver of the Bank's rights with respect to the default.

(d) Returned Payment Fee.

The Bank, in its discretion, may collect from the Borrower a returned payment fee each time a payment is returned or if there are insufficient funds in the designated account when a payment is attempted through automatic payment.

(e) Letter of Credit Fees.

Unless otherwise agreed in writing, the Borrower agrees to pay to the Bank, the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Bank relating to Letters of Credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(f) Unused Commitment Fee.

The Borrower agrees to pay a fee on any difference between the Facility No. 1 Commitment and the amount of credit it actually uses, determined by the daily amount of credit outstanding during the specified period. The fee will be calculated at 0.25% per year. This fee is due on July 1, 2021, and on the same day of each following month until the expiration of the availability period.

HSBC BANK USA, NATIONAL ASSOCIATION
Attention: CMB Loan Service Team
95 Washington Street, Atrium 2SE
Buffalo, New York 14203

June 2, 2021

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, it is prepared to extend to Graham Corporation, a Delaware corporation (the "Company"), an uncommitted discretionary demand line of credit up to an aggregate amount of $7,500,000.00 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 October 28, 2020, between the Company and Bank (the "Existing Line Letter"). Nothing in this letter agreement shall constitute a novation or a 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 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. Notwithstanding anything herein or in the STT to the contrary, unless otherwise expressly provided for herein, Company's obligations under this agreement with respect to all extensions of credit in respect of the Facility made by Bank shall be payable in the same currency as such extensions of credit. For the avoidance of doubt, Company shall convert payment to Bank into the same currency in which the extension of credit was made by Bank to Customer.

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

Each letter of credit ("LC") issued by Bank under the Facility shall have an expiry date acceptable to Bank, which shall generally be not later than twelve (12) months after such LC's date of issuance

and set forth in the applicable Application. At Company's request, Bank may include in the LC an auto-extension (evergreen) provision for one or more automatic extensions of the LC's expiry date, subject to Bank in its discretion stopping any future extensions by sending notice to the LC beneficiary (by the period of time specified in the LC) that Bank has elected not to extend such LC for any further period. If for any reason the Facility shall terminate or shall no longer be scheduled to renew on an annual basis, then not later than the earlier to occur of (i) termination of the Facility or (ii) 91 days prior the scheduled maturity or termination of the Facility (or such shorter period of time as Bank may agree to in writing), Company shall either (a) deliver to, and deposit with, Bank cash collateral in an aggregate amount not less than 105% of the maximum amount that may be drawn under any contingency under each then outstanding LC or (b) cause another bank or other financial institution acceptable to Bank (in its sole discretion) to issue to Bank one or more irrevocable LCs (in form and substance, and in an amount, acceptable to Bank in its sole discretion) to reimburse Bank for any drawings under each such LC. Any such cash collateral and deposits provided shall be held under Bank's exclusive dominion and control (including the exclusive right of withdrawal) as collateral for the payment and performance of all LC Obligations (as defined below). Company hereby grants to Bank and agrees to maintain a first priority perfected security interest in all such cash, deposit accounts, balances therein, and all proceeds of any and all of the foregoing to secure the LC Obligations, free and clear of all other security interests, liens, charges, or other encumbrances. As used herein, "LC Obligations" means all present and future obligations of Company under or in respect of this agreement, the Applications, or the LCs, whether due or to become due, absolute or contingent, matured or unmatured, joint, several or independent, including interest accruing at the rate provided for in any agreement with Bank on or after the commencement of any bankruptcy or insolvency proceeding in respect of Company, whether or not such interest is allowed or allowable.

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 31" of each year (or if such day is not a business day, then on the next business day thereafter provided, however, **THE CONTINUING AVAILABILITY AND THE AMOUNT OF THE FACILITY SHALL AT ALL TIMES BE AS DETERMINED BY BANK IN ITS SOLE AND ABSOLUTE DISCRETION. BANK MAY REDUCE THE AMOUNT AVAILABLE UNDER THE FACILITY AT ANY TIME WITHOUT NOTICE TO COMPANY.** Either of Company or Bank may terminate all or any portion of the Facility at any time provided that upon Company's termination all outstanding amounts shall be immediately due and payable under the Facility with cash or other collateral put in place for any Trade Facility as set forth above. 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.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE NOTE OR ANY OTHER DOCUMENTS RELATING TO THE FACILITY, NEITHER THE ENUMERATION IN THIS AGREEMENT, THE NOTE OR IN SUCH OTHER DOCUMENTS OF SPECIFIC OBLIGATIONS OR COVENANTS TO BANK NOR ANY CONDITIONS TO THE AVAILABILITY OF THE FACILITY SHALL BE CONSTRUED TO QUALIFY, DEFINE OR OTHERWISE LIMIT (X) BANK'S RIGHT, POWER OR

ABILITY, AT ANY TIME, UNDER APPLICABLE LAW, TO MAKE DEMAND FOR PAYMENT OF THE ENTIRE OUTSTANDING PRINCIPAL, INTEREST AND OTHER AMOUNTS DUE UNDER OR WITH RESPECT TO THE FACILITY OR (Y) BANK'S RIGHT NOT TO MAKE ANY EXTENSION OF CREDIT UNDER THE FACILITY. COMPANY AGREES THAT COMPANY'S BREACH OF, OR DEFAULT UNDER, ANY SUCH ENUMERATED OBLIGATIONS OR FAILURE TO SATISFY ANY CONDITIONS IS NOT THE ONLY BASIS FOR DEMAND TO BE MADE, AS COMPANY'S OBLIGATION TO MAKE PAYMENT SHALL AT ALL TIMES REMAIN A DEMAND OBLIGATION, OR FOR A REQUEST FOR AN EXTENSION OF CREDIT TO BE DENIED BY BANK_ NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER THIS AGREEMENT NOR ANY OTHER DOCUMENT OR LNSTRUMENT EXECUTED IN CONNECTION WITH THE FACILITY CREATES OR IMPLIES A COMMITMENT OR AN 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, fees and expenses 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 Attention: CMB Loan Service Team, 95 Washington Street, Atrium 2SE, Buffalo, New York 14203 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. an executed copy of this agreement and the Note;

ii. an executed copy of Bank's standard form of pledge agreement;

iii. 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 or executed in connection with the Facility;

iv. signature cards for Company's authorized signatories;

v. executed copy of the Application(s) related to the Facility and 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.

Unless expressly stated otherwise in this agreement, 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" 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 F. Glajch
Title: Chief Financial Officer

SCHEDULE A
Facility Pricing*

.

Performance Standby (Tenor of 1 year or less)	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 the 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 the 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.

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.

Exhibit 10.5

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into as of June 1, 2021 by and between Graham Corporation, a Delaware corporation with its principal place of business at 20 Florence Avenue, Batavia, New York 14020 (the "Company"), and Daniel Thoren, with a business address at 6325 West 55th Ave, Arvada, CO 80002 (the "Executive").

WHEREAS, the Company and the Executive desire to enter into this Agreement to describe the employment relationship and obligations of the parties.

NOW, THEREFORE, the parties hereto, intending to be legally bound and in consideration of the mutual covenants herein contained, agree as follows:

1. **Employment**. The Company hereby agrees to employ the Executive and the Executive hereby accepts employment as the President and Chief Operating Officer of the Company, upon the terms and conditions hereinafter set forth.

2. **Duties**.

(a) The Executive shall have authority and responsibility for the efficient and effective functioning of the Company as the Company's President and Chief Operating Officer, and shall report directly to the Company's Chief Executive Officer. The Executive shall perform such duties generally consistent with Executive's title and as may from time to time be required of the Executive by the Company's Chief Executive Officer or the Board of Directors (the "Board") of the Company. The Executive's office shall be located at the Company's place of business in Arvada, Colorado. The Executive agrees to travel to the extent reasonably necessary for the performance of Executive's duties. The Executive shall devote Executive's full time to the business and affairs of the Company and shall use Executive's best efforts, skill and ability in performing Executive's duties on behalf of the Company.

(b) The Executive agrees that the Company, in its discretion, may apply for and procure in its own name and for its own benefit, life insurance on the life of the Executive in any amount or amounts considered advisable, and that Executive shall have no right, title or interest therein. The Executive further agrees to submit to any medical or other examination and to execute and deliver any application or other instrument in writing, reasonably necessary to effectuate such insurance, provided such actions do not materially harm the Executive's ability to otherwise obtain or retain personal life insurance.

3. **Term**.

(a) Except as otherwise provided in this Agreement to the contrary, this Agreement shall be and remain in effect during the period of employment (the "Term") established under this Section 3.

(b) Except as provided in Section 3(c), beginning on the effective date of this Agreement, the Term shall be for one year and shall be automatically extended for one additional day for each day (such that while this Agreement is in effect the remaining Term shall never be

less or greater than one year) that this Agreement is in effect, unless either the Company, or the Executive, respectively, elects not to extend the Term further by giving written notice to the other party, in which case the Term shall end on the first anniversary of the date on which such written notice is given; provided, however, that in any event, the Term shall end on the last day of the month in which the Executive attains the age of 65.

(c) Notwithstanding anything herein contained to the contrary, (i) this Agreement may be terminated during the Term as provided for herein and (ii) nothing in this Agreement shall mandate or prohibit a continuation of the Executive's employment following the expiration of the Term upon such terms and conditions as the Company and the Executive may mutually agree upon.

4. **Base Compensation**. As the base compensation for all services to be rendered by the Executive to the Company, the Company agrees to pay to the Executive, and the Executive shall accept, a salary at a rate of $365,000.00 per annum, payable on a bi-weekly basis in equal installments of $14,038.46 each, subject to such deductions and withholdings as may be required by law. Periodically, the Chief Executive Officer and the Board will review the salary of the Executive, taking into consideration such factors as the Executive's performance and such other matters as it deems relevant and, in its discretion alone, may increase the salary of the Executive to such rate as the Board deems proper; provided that the Company shall in no event be required to grant any such increase.

5. **Incentive Compensation**.

(a) **Bonus**. The Executive shall be eligible to receive bonuses and awards under the Company's bonus plans or arrangements as may be in effect from time to time, including the Company's Annual Executive Cash Bonus Plan, as may be from time to time determined by the Board or a committee thereof.

(b) **Long-Term Incentive Compensation**. The Executive shall be eligible to participate in any long-term incentive compensation plan generally made available to similarly situated executive officers of the Company in accordance with and subject to the terms of such plans, including the Company's Annual Stock-Based Long-Term Incentive Award Plan for Senior Executives, as may from time to time be determined by the Board of a committee thereof.

(c) **Retention Bonus.** In consideration for entering into this Agreement (including the restrictive covenants set forth in this Agreement), and if the Executive remains continuously and actively employed by the Company through June 1, 2023 (the "Retention Date"), the Executive shall receive a single lump sum payment equal to two (2) years of the Executive's Base Salary as in effect on the effective date of this Agreement (the "Retention Bonus"). The Retention Bonus shall be less applicable deductions and withholdings, and shall be paid within thirty (30) days of the Retention Date.

(d) **Other Compensation**. The Company may, upon recommendation of the Board or a committee thereof, award to the Executive such other bonuses and compensation as it deems appropriate and reasonable.

6. **Benefits**. During the term of this Agreement, the Company shall provide the following benefits to the Executive:

(a) **Medical**. The Company will provide the Executive health coverage for Executive and Executive's family in accordance with the Company's health and medical insurance plans, as the same may be in effect from time to time. The Executive shall be responsible for paying the employee portion of the premiums for such health and medical insurance plans.

(b) **Vacation**. The Executive shall be entitled to vacation in accordance with the Company's general vacation policies and practices as may be in effect from time to time. The Company acknowledges that the Executive's employment term with Barber-Nichols, Inc. will be added to the Executive's employment term with the Company for purposes of determining the Executive's entitlement to vacation.

(c) **General Benefits**. The Executive shall be entitled to participate in all employee benefit plans and arrangements of the Company that may be in effect from time to time and as may from time to time be made available to the other similarly situated executive officers of the Company, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company acknowledges that the Executive's employment term with Barber-Nichols, Inc. will be added to the Executive's employment term with the Company for purposes of determining the Executive's entitlement to such benefits.

(d) **No Limitation of Company's Rights**. Nothing in this Section 6 shall be construed to limit or restrict the complete discretion of the Company to amend, modify or terminate any employee benefit plan or plans of the Company where such action generally affects plan participants or employees, including the Executive.

(e) **Insurance**. The Company shall provide Executive with $2,500 per annum for the purpose of Executive procuring a term insurance policy that names such person(s) of Executive's choosing as beneficiary(ies).

7. **Travel Expenses**. The Company shall pay or reimburse the Executive for all reasonable and necessary traveling and other expenses incurred or paid by the Executive in connection with the performance of Executive's duties under this Agreement upon presentation of expense statements or vouchers and such other supporting information as the Company may from time to time reasonably request.

8. **Termination**. This Agreement shall terminate prior to the Term expiration date, hereinabove set forth, in the event that the Executive shall die or the Board shall reasonably determine that the Executive has become disabled, or if the Executive's employment shall be terminated for cause or without cause, as hereinafter provided.

(a) **Disability**. The Board may determine that the Executive has become disabled, for purposes of this Agreement, in the event that the Executive shall fail, because of illness or incapacity, to render for three successive months, or for shorter periods aggregating three months or more in any period of twelve months, services of the character contemplated by this Agreement; and thereupon this Agreement and all rights of the Executive hereunder shall be deemed to have been terminated as of the end of the calendar month in which such determination is made.

(b) **For Cause**. The Board may dismiss the Executive for cause in the event that it determines that there has been willful misconduct by the Executive in connection with the performance of Executive's duties hereunder, or any other conduct on the part of the Executive which has been materially injurious to the Company; and thereupon this Agreement shall terminate effective upon the delivery to the Executive of 30-day written notice that the Board has made such determination. For purposes of this Agreement, "cause" shall be determined only by a good faith finding thereof by the Board, which shall afford the Executive the opportunity to appear before it prior to finalizing any such determination.

(c) **Without Cause**. The Executive may resign without cause at any time upon 30 days' written notice to the Company, in which event the Company's obligation to compensate him ceases on the effective date of Executive's termination except as to amounts due to him under Section 8(c)(i). The Company may dismiss the Executive without cause at any time upon 30-days' written notice to the Executive. In the event that the Company dismisses the Executive other than for cause, or if the Executive resigns because of a material breach of this Agreement by the Company (which Executive may do only if such breach remains materially uncured after the Executive has provided 30 days prior written notice to the Board), and the Executive's dismissal or resignation qualifies as a "separation from service" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other official guidance issued thereunder (collectively, "Section 409A"), then the Company shall provide to the Executive:

(i) payment of the compensation due to him through the effective date of the termination of the Executive's employment, within ten business days following such effective date of the termination of the Executive's employment;

(ii) continuation of the Executive's salary for twelve months following the effective date of the termination of the Executive's employment at the higher of the rate specified in Section 4 or the Executive's then-current annualized salary, which salary continuation shall be paid monthly in accordance with the Company's regular payroll practices; and

(iii) payment of any Accrued Bonus (as defined below), to be paid as soon as administratively practicable after thesix-month anniversary of the effective date of the termination of the Executive's employment. Accrued Bonus shall mean any amount of bonus with respect to any year prior to the year in which dismissal without cause occurs ("Prior Bonus Year") calculable by applying the formula prescribed by the Company's incentive compensation plan as it existed on December 31 of such Prior Bonus Year and employing in the application of such formula the goals, ratios and weighting percentages and other variable figures which the Bonus Plan calls for the Company's Board or any committee thereof to determine annually ("Bonus Plan Variables") which the Company's Board of Directors or any committee thereof adopted for purposes of the Bonus Plan prior to December 31 of such Prior Bonus Year. Notwithstanding any other provision of this Section, no Accrued Bonus shall be payable pursuant to this Section 8(c) for any Prior Bonus Year with respect to which a bonus amount was paid to and accepted by the Executive.

Notwithstanding anything to the contrary, to the extent that any payments under Section 8(c) are subject to a six-month waiting period under Section 409A, any such payments that would be payable before the expiration of six months following the Executive's separation from service but for the operation of this sentence shall be made during the seventh month following the Executive's separation from service.

(d) In the event that the provisions of Section 8(c) are triggered, the Executive shall resign from all offices and directorships of the Company and of all subsidiaries and affiliates of the Company, upon payment to the Executive of the amount referred to in Section 8(c)(i).

(e) **Release of Claims**. The Company's obligation to provide the payments under this Section 8 is conditioned upon the Executive's execution of an enforceable release of all claims (and upon the expiration of all applicable rescission periods contained in such release) and Executive's compliance with all provisions of this Agreement. If the Executive chooses not to execute such a release (or rescinds such release) or fails to comply with these provisions, then the Company's obligation to compensate him ceases on the effective date of Executive's termination except as to amount due to him under Section 8(c)(i).

(f) **Return of Confidential Documentation**. Upon termination of Executive's employment for any reason whatsoever, the Executive shall return to the Company all working papers, computer equipment, notebooks, strategic plans and other confidential documents and information, in any form whatsoever.

9. **Change in Control**.

(a) **Continuation by Executive of Employment Pending Change in Control**. In the event a person begins a tender or exchange offer, circulates a proxy to stockholders, or takes other steps seeking to effect a Change in Control (as hereinafter defined), the Executive agrees that he will not voluntarily leave the employ of the Company, and will render the services contemplated in this Agreement, until such person has either abandoned or terminated his or its efforts to effect a Change in Control or until three months after a Change in Control has occurred.

(b) **Post-Change in Control Termination Benefits**. In addition to the benefits otherwise payable to the Executive (other than Sections 8(c)(ii) and (iii)) pursuant to this Agreement, upon the event of a Termination (as hereinafter defined) of the Executive's employment with the Company within two years after a Change in Control

(i) The Company will pay to the Executive as compensation for services rendered to the Company a lump sum (subject to any applicable payroll or other taxes required to be withheld) in an amount equal to 2.5 multiplied by the sum of (i) the Executive's salary at the rate in effect at the time of the Executive's termination of employment, and (ii) the target amount of the Executive's bonus under the Annual Executive Cash Bonus Plan (or successor plan thereto in effect at the time of the Executive's termination of employment) for the fiscal year that includes the date of the Executive's termination of employment. The payment shall be made as soon as

administratively practicable after the six-month anniversary of the effective date of the termination of the Executive's employment. In the event the Executive dies prior to receiving the lump sum payment, but following the occurrence of any event requiring the Company to make the payment required by this Section 9(b)(i), the payment provided for by this Section 9(b)(i) shall be paid to the Executive's estate as soon as administratively practicable after the date of the Executive's death. The payment under this Section 9(b)(i) shall be made in lieu of the payments provided for by Sections 8(c)(ii) and (iii).

(ii) The Company shall accelerate and make immediately exercisable in full any unvested stock options or shares of restricted stock that the Executive then holds. Accelerated stock options shall be exercisable by the Executive in accordance with their terms.

(iii) The Company shall pay and provide to the Executive (or, in the event of his death, to his estate) as soon as administratively practicable after the six-month anniversary of the effective date of the termination of the Executive's employment (or, in the event of his death, as soon as administratively practicable after the date of his death), a lump sum payment in an amount equal to the excess, if any, of:

(1) the value of the aggregate benefits to which he would be entitled under any and all qualified andnon-qualified defined contribution pension plans maintained by, or covering employees of, the Company if he were 100 percent vested thereunder, such benefits to be determined as of the date of termination of employment; or

(2) the value of the benefits to which he is actually entitled under such defined contribution pension plans as of the date of his termination.

(iv) The Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, nor shall any payments under this Agreement be reduced on account of any compensation, benefits or service credits for benefits from any employment that the Executive may obtain following his Termination.

(v) The Company's obligation to provide the payments under this Section 9(b) is conditioned upon the Executive's execution of an enforceable release of all claims (and upon the expiration of all applicable rescission periods contained in such release) and his compliance with all provisions of this Agreement. If the Executive chooses not to execute such a release (or rescinds such release) or fails to comply with these provisions, then the Company's obligation to compensate him ceases on the effective date of his termination except as to amount due to him under Section 8(c)(1).

(vi) The Company will provide continuation of the health and medical coverage described in Section 6(a) for a period of 18 months following the effective date of the termination of the Executive's employment.

(c) **Definitions**.

(i) For the purposes of this Agreement, the term "Change in Control" shall mean:

(1) the reorganization, merger or consolidation of the Company with one or more individuals, corporations, partnerships, associations, joint-stock companies, trusts, estates, unincorporated organizations or any other business organizations ("Persons"), other than a transaction following which at least 51% of the ownership interests of the institution resulting from such transaction are owned by Persons who, immediately prior to such transaction, owned at least 51% of the outstanding voting share of the Company;

(2) the acquisition of more than 25% of the voting shares of the Company by any Person or Persons acting in concert;

(3) the acquisition of substantially all of the assets of the Company by any Person or Persons acting in concert; or

(4) the occurrence of any event if, immediately following such event, at least 50% of the members of the Board do not belong to any of the following groups:

(A) individuals who were members of the Board on August 11, 2020; or

(B) individuals who first became members of the Board after August 11, 2020 either:

(1) upon election to serve as a member of the Board by the affirmative vote of a majority of the members of the Board, or a nominating committee thereof, in office at the time of such first election; or

(2) upon election by the stockholders of the Company to serve as a member of the Board, but only if nominated for election by affirmative vote of a majority of the members of the Board, or a nominating committee thereof, in office at the time of such first nomination.

For purposes of this definition, "Person" shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an estate, an unincorporated organization and any other business organization.

(ii) For the purposes of this Section 9, the term "Termination" shall mean termination by the Company of the employment of the Executive with the Company (including its subsidiaries) for any reason other than death, disability or cause (as defined

herein), or resignation of the Executive, that qualifies as a "separation from service" for purposes of Section 409A, upon the occurrence of either of the following events:

(1) A change in the nature or scope of the Executive's authority from that prior to a Change in Control, a reduction in the Executive's total compensation (including all and any base compensation, bonuses, incentive compensation and benefits of any kind or nature whatsoever) from that prior to a Change in Control, or failure of the Company to make any increase in compensation to which the Executive may be entitled under any employment agreement, or a change requiring the Executive to perform services other than in Arvada, Colorado or in any location more than thirty miles distant from Arvada, Colorado by road, except for required travel on the Company's business to an extent substantially consistent with the Executive's present business travel obligations; or

(2) A reasonable determination (as defined below) by the Executive that, as a result of a Change in Control and a change in circumstances thereafter significantly affecting his position, he is unable to exercise the authority, powers, function or duties attached to his position.

(iii) Termination of employment by the Executive in his "reasonable determination" shall mean termination based on:

(1) subsequent to a Change in Control of the Company, and without the Executive's express written consent, the assignment to him of any duties inconsistent with his positions, duties, responsibilities and status with the Company immediately prior to a Change in Control, or a change in the Executive's reporting responsibilities, titles, or offices as in effect immediately prior to a Change in Control, or any removal of the Executive from or any failure to re-elect him to any of such positions, except in connection with the termination of his employment for cause, disability or retirement or as a result of his death or by the Executive other than in a reasonable determination; or

(2) subsequent to a Change in Control of the Company, a reduction by the Company in the Executive's base salary as in effect on the date hereof or as the same may be increased from time to time, or failure of the Company to make an increase in compensation to which the Executive may be entitled under any employment agreement; or

(3) subsequent to a Change in Control of the Company, a failure by the Company to continue any bonus plans in which the Executive is presently entitled to participate (the "Bonus Plans") as the same may be modified from time to time but substantially in the forms currently in effect, or a failure by the Company to continue the Executive as a participant in the Bonus Plans on at least the same basis as he presently participates in accordance with the Bonus Plans; or

(4) subsequent to a Change in Control of the Company, the failure by the Company to continue in effect (subject to such changes as may be

required by law from time to time) any benefit or compensation plan, stock ownership plan, stock purchase plan, stock option plan, life insurance plan, health-and-accident plan or disability plan in which the Executive is participating at the time of Change in Control of the Company (or plans providing him with substantially similar benefits), the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce his benefits under any of such plans or deprive him of any material fringe benefit enjoyed by him at the time of the Change in Control, or the failure by the Company to provide him with the number of paid vacation days to which he is then entitled in accordance with the Company's normal vacation policy in effect on the date hereof; or

(5) prior to a Change in Control of the Company, the failure by the Company to obtain the assumption of the agreement to perform this Agreement by any successor as contemplated in Section 17.

(d) **Golden Parachute Limitation.**

(i) In the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any payment by the Company under this Section 9(d) to or for the benefit of the Executive would be nondeductible by the Company for federal income tax purposes because of the provisions concerning "excess parachute payments" in Section 280G of the Code, then the total amount of all payments under this Section 9(d) shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 9(d), the "Reduced Amount" shall be the amount that maximizes the total amount of the payments without causing any payment to be nondeductible by the Company because of Section 280G of the Code.

(ii) If the Auditors determine that any payment under this Section 9(d) would be nondeductible by the Company because of Section 280G of the Code, then the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Executive may then elect, in his sole discretion, which and how much of the payments shall be eliminated or reduced (as long as after such election the aggregate present value of the payments equals the Reduced Amount) and shall advise the Company in writing of his election within ten days of receipt of notice. If no such election is made by the Executive within such ten-day period, then the Company may elect which and how much of the payments under this Section 9(d) shall be eliminated or reduced (as long as after such election the aggregate present value of the payments equals the Reduced Amount) and shall notify the Executive promptly of such election. All determinations made by the Auditors under this Section 9(d) shall be binding upon the Company and the Executive and shall be made within 60 days of the date when a payment becomes payable.

As a result of uncertainty in the application of Section 280G of the Code at the time of an initial determination by the Auditors hereunder, it is possible that payments will have been made by the Company that should not have been made (an "Overpayment") or that additional payments that will not have been made by the Company could have been made

(an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive that the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Executive which he or she shall repay to the Company, together with interest at the applicable federal rate provided in Section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent that such payment would not reduce the amount subject to taxation under Section 4999 of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Executive, together with interest at the applicable federal rate provided in Section 7872(f)(2) of the Code.

(e) Notwithstanding anything to the contrary, to the extent that any payments under Section 9 are subject to a six-month waiting period under Section 409A, any such payments that would be payable before the expiration of six months following the Executive's separation from service but for the operation of this sentence shall be made during the seventh month following the Executive's separation from service.

10. **Covenants of Executive**. The Executive acknowledges that: (i) the business of the Company and its affiliates, as currently conducted and as conducted from time to time throughout the term of this Agreement (collectively, the "Business"), is conducted by and is proposed to be conducted by the Company on a world-wide basis (the "Company's Market"); (ii) the Business involves providing design, engineering and manufacture of certain vacuum and heat transfer equipment, including but not limited to steam condensers, steam jet ejectors, shell and tube heat exchangers, plate and frame heat exchangers, Heliflow heat exchangers, liquid ring vacuum pumps and rotary piston pumps, and further involves the design and production of turbomachinery for aerospace, cryogenic, defense, and commercial applications; (iii) the Company has developed trade secrets and confidential information concerning the Business; and (iv) the agreements and covenants contained in this Section 10 are essential to protect the Business. In order to induce the Company to enter into this Employment Agreement, the Executive covenants and agrees that:

(a) **Agreement Not To Compete**. For a period of 12 months after the termination of Executive's employment with the Company for any reason (such period of time hereinafter referred to as the "Restricted Period"), neither the Executive nor any entity of which 20 percent or more of the beneficial ownership is held by the Executive or a person related to the Executive by blood or marriage ("Controlled Entity") will, anywhere in the Company's Market, directly or indirectly own, manage, operate, control, invest or acquire an interest in, or otherwise engage or participate in, whether as a proprietor, partner, stockholder, director, officer, member manager, employee or otherwise any business which competes in the Company's Market with the Business, without the prior written consent of the Company. Notwithstanding any other provisions of this Agreement, the Executive may make a passive investment in any publicly-traded company or entity in an amount not to exceed five percent of the voting stock of any such company or entity.

(b) **Agreement Not To Interfere in Business Relationships**.

(i) During the Restricted Period, neither the Executive nor any Controlled Entity will directly or indirectly solicit, induce or influence any customer, or any other person which has a business relationship with the Company or any affiliate, or which had on the date of this Agreement such a relationship with the Company or any affiliate, to discontinue or reduce the extent of such relationship with the Company or any affiliate in the Company's Market.

(ii) During the Restricted Period, neither the Executive nor any Controlled Entity will (1) directly or indirectly recruit, solicit or otherwise induce or influence any stockholder or employee of the Company or any of its affiliates to discontinue such employment or other relationship with the Company or any affiliate, or (2) employ or seek to employ, or cause any business which competes in the Company's Markets to employ or seek to employ for any reason, any person who is then (or was at any time within six months prior to the date the Executive or such business employs or seeks to employ such person) employed by the Company or any affiliate without the prior written consent of the Company.

(c) **Non-Disparagement**. During and after the Term, the Executive and any Controlled Entity shall not publicly disparage: the Company; the Company's predecessors, successors, subsidiaries, related entities, and all of their members, shareholders, officers, directors, agents, attorneys, employees, or board members; or the Company's customers. Nothing in this Section 10(c) precludes the Executive from making truthful statements in connection with (i) a disclosure required by law, regulation, or order of a court or governmental agency, (ii) the filing of a good faith report or participation in a proceeding related to an alleged violation of any applicable law, regulation, or order of a court or governmental agency, or (iii) any governmental, quasi-governmental or administrative or judicial inquiry or court proceeding. During and after the Term, the Company shall not and it shall cause its directors and officers not to publicly disparage the Executive.

(d) **Confidentiality**. During and after the Term, neither the Executive nor any Controlled Entity will directly or indirectly disclose to anyone, or use or otherwise exploit for the Executive's or any Controlled Entity's own benefit or for the benefit of anyone other than the Company, any confidential information, including, without limitation, any confidential "know-how", trade secrets, customer lists, details of customer contracts, pricing policies, operational methods, marketing plans or strategies, product development techniques or plans, business acquisition plans and new personnel acquisition plans of the Company or any affiliate related to the Business or any portion or phase of any scientific, engineering or technical information, design, process, procedure, formula, improvement, discovery, invention, machinery or device of the Company or any affiliate, whether or not in written or tangible form (all of the preceding is hereinafter referred to as "Confidential Information"). The term "Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that becomes generally available to the public or the Company's competitors other than as a result of a disclosure by the Executive or a Controlled Entity or any agent or other representative thereof. Neither the Executive nor any Controlled Entity shall have any obligation hereunder to keep confidential any Confidential Information to the extent disclosure is required by law, or determined in good faith

by the Executive to be necessary or appropriate to comply with any legal or regulatory order, regulation or requirement; provided, however, that in the event disclosure is required by law, the Executive or the Controlled Entity concerned shall provide the Company with prompt advance written notice of such requirement so that the Company may seek an appropriate protective order. It is understood that in any new employment, the Executive may use Executive's ordinary skill and non-confidential knowledge, even though said skill and non-confidential knowledge may have been gained at the Company. The Executive's obligations under this Section 10(d) shall be in addition to, not in substitution for, any common law fiduciary duties the Executive has to the Company regarding information acquired during the course of Executive's employment.

(e) **Intellectual Property**. The Executive shall communicate to the Company full information concerning all inventions, improvements, discoveries, formulas, processes, systems of organization, management procedures, software or computer applications (hereinafter, collectively, "Intellectual Property") made or conceived by him either solely or jointly with others while in the employ of the Company, whether or not perfected during Executive's period of employment and which shall be within the existing or contemplated scope of the Company's business during Executive's employment. The Executive will assist the Company and its nominees in every way at the Company's expense in obtaining patents for such Intellectual Property as may be patentable in any and all countries and the Executive will execute all papers the Company may desire and assignments thereof to the Company or its nominees and said Intellectual Property shall be and remain the property of the Company and its nominees, if any, whether patented or not or assigned or not.

(f) **Survival of Covenants**. In the event of a termination of this Agreement, the covenants and agreements contained in this Section 10 shall survive, shall continue thereafter, and shall not expire unless and except as expressly set forth in this Section.

(g) **Remedies**. The parties to this Agreement agree that (i) if either the Executive or any Controlled Entity breaches any provision of this Section 10, the damage to the Company and its affiliates will be substantial, although difficult to ascertain, and money damages will not afford an adequate remedy, and (ii) if either the Executive or any Controlled Entity is in breach of this Agreement, or threatens a breach of this Agreement, the Company shall be entitled in its own right and/or on behalf of one or more of its affiliates, in addition to all other rights and remedies as may be available at law or in equity, to (1) injunctive and other equitable relief to prevent or restrain a breach of this Agreement and (2) may require the breaching party to pay damages as the result of any transactions constituting a breach hereof.

(h) **Notice of Immunity**. The Executive understands that under the Defend Trade Secrets Act of 2016 (the "Act'), an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The Executive further understands that under the Act, an individual who files a lawsuit for retaliation by a company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

11. **Indemnification of Executive**. In the event the Executive is terminated for any reason, (a) the Company will hold harmless and indemnify the Executive for all third party claims, actions or other proceedings against the Executive initiated either prior to the termination of employment or thereafter which relate to duties performed in good faith by the Executive while employed by the Company; and (b) the Company will retain the Executive as named insured under any directors' and officers' insurance policies it may have, for acts of the Executive during the time Executive served as an officer of the Company. Additionally, all reasonable legal and other costs incurred by the Executive to defend Executive will be paid by the Company, as the Executive is billed for such costs, within ten days of periodic submission to the Company of statements of charges of attorneys and statements of other expenses incurred by the Executive in connection with such defense.

12. **Effect of Waiver**. The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach thereof.

13. **Notice**. Any and all notices provided for herein shall be in writing and shall be physically delivered or mailed by registered or certified mail, return receipt requested to the parties at their respective addresses set forth hereinabove. Either party may from time to time designate a different address for notices to be sent to such party by giving the other party due notice of such different address.

14. **Modification and Assignment**. This Agreement shall not be modified or amended except by an instrument in writing signed by the parties hereto. This Agreement and all of its terms and conditions shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns, including but not limited to any corporation or other entity with or into which the Company is merged or consolidated or any other successor of the Company. The Executive agrees that Executive will not and may not assign, transfer or convey, pledge or encumber this Agreement or Executive's right, title or interest therein, or Executive's power to execute the same or any monies due or to become due hereunder, this Agreement being intended to secure the personal services of the Executive, and the Company shall not recognize any such assignment, transfer, conveyance, pledge or encumbrance.

15. **Applicable Law**. This Agreement and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of New York, without giving effect to the conflict of laws provisions thereof. Any action or proceeding brought by either party against the other arising out of or related to the Agreement shall be brought only in a state court of competent jurisdiction located in the County of Monroe, State of New York or the Federal District Court for the Western District of New York located in Monroe County, New York and the parties hereby consent to the personal jurisdiction and venue of said courts.

16. **Prior Agreements**. This Agreement shall supersede any prior employment agreement, arrangement or understanding between the Company and the Executive, without limitation, and shall be effective from the date specified hereinabove.

17. **Business Combinations**. In the event of any sale, merger or any form of business combination affecting the Company, including without limitation the purchase of assets or any other form of business combination, the Company will obtain the express written assumption of this Agreement by the acquiring or surviving entity from such combination, and failure of the Company to obtain such an assumption will constitute a breach of this Agreement, entitling the Executive to all payments and other benefits to be provided in the event of termination without cause provided in Section 8.

18. **Section 409A**. This Agreement is intended to comply with Section 409A of the Code to the extent its provisions are subject to that law. The parties agree that they will negotiate in good faith regarding amendments necessary to bring this Agreement into compliance with the terms of that Section or an exemption therefrom as interpreted by guidance issued by the Internal Revenue Service, taking into account any limitations on amendments imposed by Section 409A or Internal Revenue Service guidance. The parties further agree that to the extent the terms of this Agreement fail to qualify for exemption from or satisfy the requirements of Section 409A, this Agreement may be operated in compliance with Section 409A pending amendment to the extent authorized by the Internal Revenue Service. In such circumstances the Company and the Executive will administer the Agreement in a manner which adheres as closely as possible to the existing terms and intent of the Agreement while complying with Section 409A.

19. **Headings**. The section headings of this Agreement are for convenience of reference only and are not to be considered in the interpretation of the terms and conditions of this Agreement.

20. **Invalidity or Unenforceability**. If any term or provision of this Agreement is held to be invalid or unenforceable, for any reason, such invalidity or unenforceability shall not affect any other term or provision hereof and this Agreement shall continue in full force and effect as if such invalid or unenforceable term or provision (to the extent of the invalidity or unenforceability) had not been contained herein. If any court determines that any provision of Section 10 hereof is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the scope or duration of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable.

21. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which for all purposes shall be deemed to be an original.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement as of the day and year first above written.

GRAHAM CORPORATION

By: /s/ Jeffrey F. Glajch
Name: Jeffrey F. Glajch
Title: Vice President - Finance & Administration, Chief Financial Officer and Corporate Secretary

By: /s/ Daniel Thoren
Name: Daniel Thoren

[Signature Page to the Employment Agreement of Daniel Thoren]