
**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): August 9, 2021

Graham Corporation

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-08462
(Commission
File Number)

16-1194720
(IRS Employer
Identification No.)

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

14020
(Zip Code)

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

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

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

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

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

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

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

Emerging growth company

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

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

James R. Lines Retirement and Severance and Transition Agreement

On August 9, 2021, Graham Corporation (the “Company”) and James R. Lines entered into a Severance and Transition Agreement (“Transition Agreement”) pursuant to which Mr. Lines will resign from his position as the Company’s Chief Executive Officer and as a member of the Board of Directors, and from positions he holds with all Company subsidiaries and affiliates, effective as of the close of business on August 31, 2021 (the “Separation Date”). The Transition Agreement provides that for a period of 18 months following the Separation Date, Mr. Lines will provide certain transition-related services to the Company. The Transition Agreement also provides that the Company will pay Mr. Lines (i) a severance payment in an amount equal to 18 months of Mr. Lines’ base salary, less applicable deductions and withholdings, payable in accordance with the Company’s regular payroll schedule and practices, and (ii) monthly health premiums for a period of 18 months following the Separation Date subject to certain conditions contained in the Transition Agreement.

The foregoing description of the Transition Agreement does not purport to be complete and is qualified in its entirety by reference to the Transition Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Appointment of Daniel Thoren as Chief Executive Officer and Amended and Restated Employment Agreement

On August 9, 2021, the Company and Daniel Thoren, the Company’s President and Chief Operating Officer, entered into an Amended and Restated Employment Agreement (the “Restated Employment Agreement”), effective as of the close of business on August 31, 2021, which amends and restates the Employment Agreement between the Company and Mr. Thoren dated as of June 1, 2021. Pursuant to the terms of the Restated Employment Agreement, Mr. Thoren will become the Company’s President and Chief Executive Officer effective as of the close of business on August 31, 2021.

The Restated Employment Agreement has a term of one year, subject to automatic renewal periods until the Restated Employment Agreement is terminated or Mr. Thoren attains the age of 65. Mr. Thoren’s initial base salary rate pursuant to the Restated Employment Agreement is \$400,000 per year. 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.

The Restated Employment Agreement provides that, upon termination of Mr. Thoren’s employment by the Company without cause, or if Mr. Thoren resigns because of the Company’s material breach of the Restated Employment Agreement, the Company will pay Mr. Thoren compensation due him through the date of termination, including any accrued bonus, and continue his base salary for 12 months following such termination. The Restated 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 Restated Employment Agreement, the Company will make a payment

to Mr. Thoren in an amount equal to 2.5 times the sum of (i) Mr. Thoren's annual salary, and (ii) his target annual bonus at the time of his termination or resignation. If Mr. Thoren's employment with the Company is terminated for any reason, he will be subject to a 12-month covenant not to compete with the Company, not to interfere in certain of the Company's business relationships, and not to disclose confidential information of the Company. The Restated Employment Agreement also contains customary releases, covenants, and confidentiality provisions.

In connection with Mr. Thoren's appointment as the Company's Chief Executive Officer, the Compensation Committee of the Board of Directors of the Company has revised the target bonus levels under the Company's Annual Executive Cash Bonus Program (the "Cash Bonus Program") for the fiscal year ending March 31, 2022 ("Fiscal 2022") at 100% attainment of both Company and personal objectives for Mr. Thoren from 50% to 100% of base salary. Pursuant to the Cash Bonus Program, Mr. Thoren will be eligible to receive anywhere from 0% to 200% of his target bonus level depending on the attainment of such objectives. The performance goal weightings for Mr. Thoren for Fiscal 2022 are as follows: Consolidated Net Income - 40%; Consolidated Bookings - 40%, and Personal Goals - 20%.

In addition, the Compensation Committee has increased Mr. Thoren's Long-Term Incentive Percentage (the "L-T Percentage") under the Company's Annual Stock-Based Long-Term Incentive Award Plan for Senior Executives (the "Restricted Stock Bonus Program") from 50% to 100% and in connection therewith, approved grants to Mr. Thoren under the Restricted Stock Bonus Program of shares of time-vested restricted stock and shares of performance-vested restricted stock. The grants will be made as of September 1, 2021 (the "Effective Date") and the number of shares will be calculated in accordance with the formula contained in the Restricted Stock Bonus Program based on Mr. Thoren's base salary under the Restated Employment Agreement and the closing price of the Company's Common Stock on the NYSE on the Effective Date. The actual number of restricted shares to be granted to Mr. Thoren will be determined by reducing the number of shares calculated under the formula in the Restricted Stock Bonus Plan by the number of shares granted to Mr. Thoren on May 26, 2021 under the Restricted Stock Bonus Plan which were based on his then applicable L-T Percentage of 50%.

There are no family relationships between Mr. Thoren and any of the Company's directors or executive officers. In connection with the Company's acquisition of Barber-Nichols ("BN") on June 1, 2021, the Company assumed a real estate lease with Ascent Properties Group LLC ("APG") for BN's headquarters located in Arvada, Colorado for \$39,667 per month (\$476,000 per year), and an equipment lease with ASC for equipment used by BN in its operations for an additional \$29,397 per month (\$352,761 per year). Mr. Thoren owns 74.7% of ASC. The Company's believes that the foregoing represents the fair market rental values for such facility and equipment.

The foregoing description of the Restated Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the Restated Employment Agreement, which is filed as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

A copy of the press release dated August 10, 2021 announcing the foregoing events is being furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities under such section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Severance and Transition Agreement, dated as of August 9, 2021, between Graham Corporation and James R. Lines</u>
10.2	<u>Amended and Restated Employment Agreement, dated as of August 9, 2021, between Graham Corporation and Daniel Thoren</u>
99.1	<u>Press release dated August 10, 2021</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Graham Corporation

Date: August 10, 2021

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

SEVERANCE AND TRANSITION AGREEMENT

This SEVERANCE AND TRANSITION AGREEMENT (this "Agreement") is made and entered into as of August 9, 2021 (the "Effective Date") by and between Graham Corporation (the "Company") and James R. Lines (the "Executive"). The Company and the Executive are collectively referred to herein as the "Parties."

WHEREAS, the Company and the Executive are parties to that certain Employment Agreement dated August 1, 2006, as amended by that certain Amendment to Employment Agreement dated December 31, 2008 (such Employment Agreement, as amended, is referred to herein as the "Employment Agreement"); and

WHEREAS, the Executive is currently employed as the Company's Chief Executive Officer; and

WHEREAS, the Executive wishes to voluntarily resign from his employment with the Company effective August 31, 2021, and the Company wishes to accept the Executive's resignation and provide severance benefits to the Executive in recognition of his service to the Company; and

WHEREAS, the Company anticipates that it will hire a Chief Executive Officer to perform the duties currently performed by the Executive, beginning on or about the close of business on August 31, 2021; and

WHEREAS, the Parties recognize the importance of the Executive's cooperation and assistance in facilitating the transfer of his knowledge and expertise to the new Chief Executive Officer in order to ensure a smooth transition; and

WHEREAS, in order to effectuate this resignation and transition, the Company and the Executive wish to enter into this Agreement which sets forth the terms that will govern the Executive's resignation from the Company, the transition of his duties, and the post-employment obligations between and among the Parties.

NOW, THEREFORE, in consideration of the foregoing promises and the mutual covenants contained herein, the Parties agree as follows:

1. **Voluntary Resignation.** The Executive shall and does resign from his employment with, and his membership on any Boards or committees of, the Company effective the close of business on August 31, 2021 (the "Separation Date"). If not terminated earlier pursuant to the terms of the Employment Agreement, the Company shall accept the Executive's resignation as of the Separation Date.

2. **Employment Agreement.** If not terminated earlier pursuant to the terms and conditions of the Employment Agreement, the Employment Agreement shall remain in full force and effect through the Separation Date. If not terminated earlier pursuant to the terms of the Employment Agreement, the Executive's employment with the Company and the Employment Agreement shall terminate on the Separation Date. Notwithstanding the foregoing, this Agreement does not supersede the portions of any agreement or understanding with the Company applicable

to the Executive's conduct after the termination of Executive's employment, including but not limited to the covenants of Executive contained in Section 10 of the Employment Agreement, which shall survive termination of the Employment Agreement and are incorporated herein by reference. For purposes of Section 10 of the Employment Agreement, the Executive acknowledges and agrees that his resignation is for reasons other than a material breach of the Employment Agreement by the Company and that Executive's compliance with the terms of Section 10 of the Employment Agreement following his termination of employment with the Company is a material inducement for the Company to enter into this Agreement and provide the severance benefits described below. The Executive acknowledges and agrees that he has and will receive good and valuable consideration in return for his post-termination covenants. In addition, Section 11 of the Employment Agreement entitled "Indemnification of Executive" shall survive termination of the Employment Agreement and is incorporated herein by reference.

3. **Future Cooperation.** From the Effective Date of this Agreement through the Separation Date, the Executive shall do whatever is reasonably necessary to assure an orderly transition of his knowledge, expertise, work and responsibilities to the Company's succeeding Chief Executive Officer, and to fully cooperate with these efforts. From the Separation Date through the end of the eighteen (18) month period following the Separation Date, the Executive shall, upon reasonable request of the Company, further cooperate with the transition of his knowledge, expertise, work and responsibilities, which may include promptly answering Company inquiries via email or telephone, and may also include brief visits to the Company to assist in the transition of his duties. The Parties agree that the time spent by the Executive on such transition assistance required by this Agreement after the Separation Date: is intended to be *de minimis*; shall not cause the Executive to be employed by the Company; and shall not entitle the Executive to compensation from the Company.

4. **Employee Benefits.** If not terminated earlier pursuant to the terms and conditions of the Employment Agreement, the Executive's employee benefits, including his enrollment in any the Company-provided health insurance or retirement benefits, shall terminate on the Separation Date. If applicable, the Executive shall receive by separate cover information regarding his rights to both health insurance continuation and his retirement benefits, if any. To the extent that the Executive has such rights, nothing in this Agreement shall impair those rights.

5. **Severance Benefits.** Provided that the Executive: continues his employment through the Separation Date; complies with the terms and conditions set forth in the Employment Agreement, including but not limiting to complying with the covenants of the Executive contained in Section 10 of the Employment Agreement; and Executive executes (and does not revoke) a Waiver and General Release acceptable to the Company on or after his final day of employment with the Company; the Company shall provide the Executive with the severance benefits described below, which includes compensation and benefits to which he is not otherwise entitled.

a. The Company shall pay the Executive a severance pay benefit in the gross amount equivalent to eighteen (18) months of the Executive's current base salary, less applicable deductions and withholdings. This severance benefit will be paid in accordance with the Company's regular payroll schedule and practices, commencing on or around the first regular pay period after the Separation Date. If the Executive dies prior to his receipt of the full payment required by this subparagraph, the Company will pay or provide the unpaid balance to the Executive's surviving spouse (or, if that is not possible, to his estate).

b. Provided that the Executive timely elects continuation health insurance coverage under COBRA, for the eighteen (18) month period following the Separation Date, the Company shall pay the entire amount of the Executive's monthly health premiums, subject to the following terms and conditions. The Executive agrees and acknowledges that his continued participation in such benefits is conditioned upon the continued availability of such coverage and is subject to any changes that may be made to such coverage by the Company or applicable insurance companies. The Executive also agrees and acknowledges that the Company is only obligated to make premium payments for continuation of the same types and levels of coverage that the Executive had as of the Separation Date. If (i) the Executive obtains health insurance coverage from a subsequent employer; (ii) the Executive discontinues COBRA continuation coverage; (iii) the Executive dies; and/or (iv) the coverage is cancelled at any point during the eighteen (18) month period, the Company shall have no further obligations under this subsection.

c. The Executive acknowledges that he may not execute and deliver the Waiver and General Release at any time before his employment with the Company ends. In the event that he does so, such execution shall be null and void and the Company may require the Executive to sign a valid Waiver and General Release thereafter as a condition precedent to his receipt of the severance benefits described in this Paragraph 5.

d. Upon signing this Agreement, the Executive acknowledges and agrees that the severance benefits set forth in this Paragraph 5 are provided instead of and in lieu of any benefits the Executive would be eligible to receive under the Employment Agreement or any plan or policy provided to the Company's employees regarding severance pay or benefits. In the event that the Executive makes a claim for benefits under the Employment Agreement or any such severance plan or policy, the Executive expressly agrees that his entitlement to such pay or benefits, if any, shall be reduced by the value of the pay and benefits provided in this Paragraph 5. The Executive further acknowledges and agrees that, in the absence of this Agreement, he is not entitled to the severance pay and benefits set forth in this Paragraph 5.

6. **Company Property.** The Executive agrees that upon his separation from employment with the Company he shall return to the Company any and all documents (and all copies thereof) and other property belonging to the Company that he has in his possession or control, with the exception of any property that the Company specifically authorizes him in writing to retain. The Parties agree to confer in good faith in advance of the Separation Date to jointly identify and list any property of the Company that Executive is authorized to retain. The documents and property to be returned by the Executive include, but are not limited to, all files, correspondence, e-mail, memoranda, notes, notebooks, drawings, records, plans, forecasts, reports, studies, analyses, compilations of data, proposals, agreements, financial information, research and development information, customer information, marketing information, operational and personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, facsimile machines, mobile telephones, laptops, and servers), credit cards, entry cards, identification badges and keys, as well as any materials of any kind which contain or embody any proprietary or confidential information of the Company or its subsidiaries or affiliates (and all reproductions thereof in whole

or in part). The Executive agrees to make a diligent search to locate any such documents, property and information. If the Executive has used any personally-owned computer, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, then no later than the Separation Date, the Executive shall provide the Company with a computer-useable copy of all such information, and then permanently delete and expunge such confidential or proprietary information from those systems.

7. **Confidentiality.** The terms of this Agreement, and the severance pay and benefits being provided under it, are confidential and may not be disclosed by the Executive except that he may disclose this information to his spouse, attorney, accountant, or other professional advisor to whom he must make the disclosure in order for them to render professional services to him. The Executive agrees to instruct them, however, to maintain the confidentiality of this information just as he must.

8. **Remedies.** In the event of a breach or threatened breach by the Executive of this Agreement, the Waiver and General Release, the covenants contained in Section 10 of the Employment Agreement, or any other agreement or understanding with the Company applicable to the Executive's conduct after the termination of Executive's employment, the Company may immediately stop payment of any unpaid severance pay and COBRA continuation insurance premium amounts otherwise due to the Executive until and unless such breach or threatened breach is cured by the Executive to the Company's satisfaction. In the event that any dispute, controversy or claim arises between the Parties out of or in connection with this Agreement (or the Waiver and General Release) and is decided by a court of competent jurisdiction or other binding authority, the prevailing party in such dispute, controversy or claim, shall be entitled to recover from the other party its reasonable attorneys' fees, costs and expenses incurred in its defense or prosecution of such dispute, controversy or claim (including temporary or permanent injunctive relief), in addition to any award of damages.

9. **No Admission of Liability.** The Executive agrees that neither any payment under this Agreement, nor any term or condition of it, shall be construed by either the Executive or the Company, at any time, as an admission of liability or wrongdoing by the Company.

10. **Force Majeure.** Neither party shall be liable for any delay in performance or non-performance in whole or in part to the extent caused by circumstances beyond the reasonable control of the party affected, including, without limitation, natural disaster, intervention by any governmental authority, pandemic, epidemic, labor strikes or shortages or inability to secure transportation services.

11. **Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Executive may not assign this Agreement or any interest herein, in whole or in part, without the prior written consent of the Company, and if any such assignment is made without such consent, this Agreement shall be voidable at the sole discretion of the Company upon such assignment.

12. **Governing Law and Legal Proceedings.** This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the conflict of law principles 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. The Executive hereby irrevocably consents to the personal jurisdiction of those courts and irrevocably waives any claim that such a forum is improper or inconvenient. If any provision of this Agreement should be deemed unenforceable, the remaining provisions shall, to the extent possible, be carried into effect, taking into account the general purpose and intent of this Agreement.

13. **Binding Nature.** The rights and benefits of the Company under this Agreement shall be transferable to, or enforceable by or against, the Company's successors and assigns. The Executive agrees that this Agreement also binds all persons who might assert a legal right or claim on his behalf, such as his heirs, personal representatives, and assigns, now and in the future.

14. **Counterparts.** This Agreement may be signed by the parties in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

15. **Scope of Agreement.** The Executive agrees that no promise, inducement, or other agreement not expressly contained or referred to in this Agreement has been made conferring any benefit upon him, and that this Agreement and the Employment Agreement constitute the sole and entire agreement of the Parties, and supersede all prior agreements and understandings between the Company and the Executive, and cannot be modified or changed by any oral or verbal promise or statement.

16. **Voluntary Agreement.** The Executive agrees that he is voluntarily signing this Agreement, that he has not been pressured into agreeing to its terms and that he had enough information to decide whether to sign it. If, for any reason, the Executive believes that this Agreement is not entirely voluntary, or if he believes that he does not have enough information, then he should not sign this Agreement.

17. **Attorney Consultation.** The Executive is advised to consult with an attorney of his choice before signing this Agreement. By signing this Agreement, the Executive acknowledges that he has had an opportunity to do so and has done so.

*[remainder of page intentionally omitted
signature page follows]*

IN WITNESS WHEREOF, the Company and the Executive, intending to be bound by the terms and conditions hereof, have duly executed this Agreement as of the Effective Date.

GRAHAM CORPORATION

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

By: /s/ James R. Lines
Name: James R. Lines

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into as of the close of business on August 31, 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 amend and restate that certain Employment Agreement dated as of June 1, 2021 between the Company and the Executive, and enter into this Agreement to describe the employment relationship and obligations of the parties that will be effective as of the close of business on August 31, 2021.

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 Chief Executive 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 Chief Executive Officer and shall report directly to the Company's Board of Directors (the "Board"). 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 Board. The Executive's office shall be located at the Company's place of business in Arvada, Colorado; provided that the Executive is required to provide the services contemplated by this Agreement from the Company's office in Batavia, New York to the extent necessary to effectively perform his duties. In addition, 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 *£.e.*, the close of business on August 31, 2021), 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 \$400,000.00 per annum, payable on a bi-weekly basis in equal installments of \$15,384.62 each, subject to such deductions and withholdings as may be required by law. Periodically, 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 in the amount of \$730,000.00 (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 the six-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 and non-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
signature page follows]*

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 Amended and Restated Employment Agreement of Daniel Thoren]



Graham Corporation " 20 Florence Avenue " Batavia, NY 14020

IMMEDIATE RELEASE

Graham Corporation Appoints Daniel J. Thoren as President and Chief Executive Officer

After 37 years of service, James R. Lines announces plans to retire

BATAVIA, NY, August 10, 2021 – [Graham Corporation](#) (NYSE: GHM), a global business that designs, manufactures and sells critical equipment for the defense, energy and chemical/petrochemical industries, today announced that its Board of Directors has appointed Daniel J. Thoren as its President and Chief Executive Officer, effective September 1, 2021. Mr. Thoren will also join the Board of Directors upon assuming the new role.

Mr. Thoren currently serves as Graham's President and Chief Operating Officer. He will succeed James R. Lines, who plans to retire from the Company and step down from the Board of Directors.

James J. Malvaso, Graham's Board Chairman, commented, "We first met Dan in 2019 when we were evaluating the acquisition of Barber-Nichols ("BN"), which we completed on June 1, 2021. Dan has proven his strong leadership skills through the rapid growth of BN and, since joining Graham, has demonstrated a robust vision for the future of the Company. Dan had built a strong leadership bench at BNI enabling this succession plan to be another key benefit of our transformative acquisition. We are excited to have him take charge of the next phase of Graham's future.

"On behalf of the entire board, I thank Jim for more than 37 years of service to Graham and the notable contributions he made as leading the organization over 15 years. Under his leadership, Graham has improved its cash generation, expanded into more geographic and end markets, with the Navy being particularly noteworthy, and created more flexible and efficient production processes while building a strong culture of quality. We appreciate his support through the transition and wish him the very best in his retirement."

Mr. Lines commented, "It has been an honor and privilege to serve as the president and chief executive officer of Graham. I value the relationships developed through the years with our employees, customers, and shareholders, and, I appreciate the support the board of directors has provided all these years. I am excited about Graham's future under Dan's leadership and look forward to watching the Company transform into a leading defense industry supplier while further advancing our energy business. We have enhanced our strong leadership team with the BNI acquisition, and I expect that, supported by our tremendously talented team of employees, they will propel Graham to new heights."

Mr. Thoren commented, "I believe these are incredible times for Graham as we work to transform the business and pivot toward growth. I am excited to lead the team as we expand our defense business, develop new products and capture a larger share of the defense and energy markets we serve. I am looking forward to working with our combined team and the Board to drive value for customers and shareholders."

Dan Thoren became Graham's President and Chief Operating Officer in June 2021. Prior to that, Mr. Thoren served as Barber Nichols' President and CEO since 1997 and more than quadrupled the size

Graham Corporation Appoints Daniel J. Thoren as President and Chief Executive Officer

August 10, 2021

Page 2 of 2

of the business in that time. From 1991 to 1997, he held Senior Engineer and Engineering management posts at the company. Mr. Thoren earned a B.S. degree in Mechanical Engineering from the University of Wyoming and a M.S. degree in Organizational Management from the University of Colorado, Denver.

ABOUT GRAHAM CORPORATION

Graham is a global business that designs, manufactures and sells critical equipment for the energy, defense, aerospace, medical, technology, automotive and chemical/petrochemical industries. The Graham and Barber-Nichols' global brands are built upon world-renowned engineering expertise in vacuum and heat transfer, cryogenics, and turbomachinery technologies, as well as the Company's responsive and flexible service and unsurpassed quality.

Graham routinely posts news and other important information on its website, www.graham-mfg.com, where additional comprehensive information on Graham Corporation and its subsidiaries can be found.

Safe Harbor Regarding Forward Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Forward-looking statements are subject to risks, uncertainties and assumptions and are identified by words such as "expects," "estimates," "confidence," "projects," "typically," "outlook," "anticipates," "indicates," "believes," "appears," "could," "opportunities," "seeking," "plans," "aim," "pursuit," "look towards" and other similar words. All statements addressing operating performance, events, or developments that Graham Corporation expects or anticipates will occur in the future, including but not limited to, expected expansion and growth opportunities within its defense and energy markets, anticipated revenue, the timing of conversion of backlog to sales, market presence, profit margins, tax rates, foreign sales operations, its ability to improve cost competitiveness and productivity, customer preferences, changes in market conditions in the industries in which it operates, the effect on its business of volatility in commodities prices, including, but not limited to changes in general economic conditions and customer behavior, forecasts regarding the timing and scope of the economic recovery in its markets, its acquisition and growth strategy are forward-looking statements. Because they are forward-looking, they should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties are more fully described in Graham Corporation's most recent Annual Report filed with the Securities and Exchange Commission, included under the heading entitled "Risk Factors."

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

For more information, contact:

Jeffrey F. Glajch
Vice President - Finance and CFO
Phone: (585) 343-2216
jglajch@graham-mfg.com

Deborah K. Pawlowski
Kei Advisors LLC
Phone: (716) 843-3908
dpawlowski@keiadvisors.com

###