UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-6747

THE GORMAN-RUPP COMPANY

(Exact name of Registrant as specified in its charter)

Ohio	**34-0253990**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
600 South Airport Road, Mansfield, Ohio	**44903**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(419) 755-1011**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, without par value	**GRC**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
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.

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common shares, without par value, of The Gorman-Rupp Company held by non-affiliates based on the closing sales price as of June 30, 2024 was approximately $741,250,000.

On March 3, 2025, there were 26,227,540 common shares, without par value, of The Gorman-Rupp Company outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of The Gorman-Rupp Company's definitive Notice of 2025 Annual Meeting of Shareholders and related Proxy Statement (to be filed with the Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K) are incorporated by reference into Part III (Items 10-14).

The Gorman-Rupp Company and Subsidiaries

Annual Report on Form 10-K
For the Year Ended December 31, 2024

* Included pursuant to the instructions to Item 401 of Regulation S-K.

PART I

Cautionary Note Regarding Forward-Looking Statements

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, The Gorman-Rupp Company provides the following cautionary statement: this Annual Report on Form 10-K contains various forward-looking statements based on assumptions concerning The Gorman-Rupp Company's operations, future results and prospects. These forward-looking statements are based on current expectations about important economic, political, and technological factors, among others, and are subject to risks and uncertainties, which could cause the actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions.

Such uncertainties include, but are not limited to, our estimates of future earnings and cash flows, general economic conditions and supply chain conditions and any related impact on costs and availability of materials, retention of supplier and customer relationships and key employees, and the ability to service and repay indebtedness. Other factors include, but are not limited to: company specific risk factors including (1) loss of key personnel; (2) intellectual property security; (3) growth through acquisitions; (4) the Company's indebtedness and how it may impact the Company's financial condition and the way it operates its business; (5) acquisition performance and integration; (6) impairment in the value of intangible assets, including goodwill; (7) defined benefit pension plan settlement expense; (8) LIFO inventory method; and (9) family ownership of common equity; and general risk factors including (10) continuation of the current and projected future business environment; (11) highly competitive markets; (12) availability and costs of raw materials and labor; (13) cybersecurity threats; (14) compliance with, and costs related to, a variety of import and export laws and regulations; (15) environmental compliance costs and liabilities; (16) exposure to fluctuations in foreign currency exchange rates; (17) conditions in foreign countries in which The Gorman-Rupp Company conducts business; (18) changes in our tax rates and exposure to additional income tax liabilities; and (19) risks described from time to time in our reports filed with the Securities and Exchange Commission. Except to the extent required by law, we do not undertake and specifically decline any obligation to review or update any forward-looking statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments or otherwise.

ITEM 1. BUSINESS

The Gorman-Rupp Company ("Registrant", "Gorman-Rupp", the "Company", "we" or "our") was incorporated in Ohio in 1934. The Company designs, manufactures and globally sells pumps and pump systems for use in water, wastewater, construction, dewatering, industrial, petroleum, original equipment, agriculture, fire suppression, heating, ventilating and air conditioning ("HVAC"), military and other liquid-handling applications.

PRODUCTS

The Company operates in one business segment, the manufacture and sale of pumps and pump systems. The following table sets forth, for the years 2022 through 2024, the total net sales, income before income taxes and year-end total assets of the Company.

	(Dollars in thousands)		
	2024	**2023**	**2022**
Net sales	$ 659,667	$ 659,511	$ 521,027
Income before taxes	50,493	43,961	13,872
Total assets	858,469	890,358	872,830

The Company's product line consists of pump models ranging in size from 1/4" to nearly 15 feet and ranging in rated capacity from less than one gallon per minute to nearly one million gallons per minute. The types of pumps which the Company produces include self-priming centrifugal, standard centrifugal, magnetic drive centrifugal, axial and mixed-flow, vertical turbine line shaft, submersible, high-pressure booster, rotary gear, rotary vein, diaphragm, bellows and oscillating.

The pumps have drives that range from 1/35 horsepower electric motors up to much larger electric motors or internal combustion engines capable of producing several thousand horsepower. Many of the larger units comprise encased, fully-integrated water and wastewater pumping stations. In certain cases, units are designed for the inclusion of customer-supplied drives.

The Company's larger pumps are sold principally for use in the construction, industrial, water and wastewater handling fields; for flood control; for boosting low residential water pressure; for pumping refined petroleum products, including the ground refueling of aircraft; for fluid control in HVAC applications; and for various agricultural purposes.

The Company's pumps are also utilized for dewatering purposes. Additionally, pumps manufactured for fire suppression are used for sprinkler back-up systems, stand pipes, fog systems and deluge systems at hotels, banks, factories, airports, schools, public buildings and hundreds of other types of facilities throughout the world.

Many of the Company's smallest pumps are sold to customers for incorporation into such products as food processing, chemical processing, medical applications, computer cooling, waste treatment, HVAC equipment, appliances and solar heating.

MARKETING

The Company's pumps are marketed in the United States and worldwide through a broad network of distributors, through manufacturers' representatives (for sales to certain original equipment manufacturers), through third-party distributor catalogs, direct sales, retailers, and e-commerce. The Company regularly seeks alliances with distributors and other partners to further enhance marketing opportunities. Export sales are made primarily through foreign distributors and representatives. The Company has long-standing relationships with many of the leading independent distributors in the markets it serves and provides specialized training programs to distributors on a regular basis with a focus on meeting the world's water and wastewater pumping needs.

During 2024, 2023 and 2022, there were no shipments to any single customer that exceeded 10% of total net sales. Gorman-Rupp continued to actively pursue international business opportunities and, in 2024, shipped its pumps to approximately 140 countries around the world. No sales made to customers in any one foreign country amounted to more than 10% of total net sales for 2024, 2023 or 2022.

COMPETITION

The pump industry is highly fragmented and therefore Gorman-Rupp competes with a large number of businesses. Numerous pump competitors exist as subsidiaries, divisions or departments within significantly larger corporations. The Company also faces increased competition from foreign-sourced pumps in most of the Company's domestic markets.

Most commercial and industrial pumps are specifically designed and engineered for a particular customer's application. The Company believes that proper application, product performance, and quality of delivery and service are its principal methods of competition, and attributes its success to its continued emphasis in these areas. In the sale of products and services, the Company benefits from its large base of previously installed products, which periodically require replacement parts due to the critical application and nature of the products and the conditions under which they operate.

PURCHASING AND PRODUCTION

Substantially all of the materials, supplies, components and accessories used by the Company in the fabrication of its products, including all castings (for which most patterns are made and owned by the Company), structural steel, bar stock, motors, solenoids, engines, seals, and plastic and elastomeric components are purchased by the Company from other suppliers and manufacturers. The Company does not purchase materials under long-term contracts and is not dependent upon a single source for any materials, supplies, components or accessories which are of material importance to its business.

The Company purchases motor components for its large submersible pumps, and motors and engines for its pump systems, from a limited number of suppliers, while motors for its polypropylene bellows pumps and magnetic drive pumps are purchased from several alternative vendors. Products requiring small motors are also sourced from alternative suppliers.

The other production operations of the Company consist of the machining of castings, the cutting, shaping and welding of bar stock and structural members, the design and assembly of electrical control panels, the manufacture of some small motors and a few minor components, and the assembling, painting and testing of its products. The majority of the Company's products are tested prior to shipment.

HUMAN CAPITAL

As of December 31, 2024, the Company employed approximately 1,450 persons, of whom approximately 770 were hourly employees. The majority of the Company's manufacturing operations take place in the United States, as evidenced by 87% of its employees being in the Company's U.S. locations and 13% of its employees being in its international locations.

Our approach is to develop talent from within and supplement with external hires. We invest resources to develop the talent needed to remain a leading designer and manufacturer of pumps and pump systems. We provide our employees with training opportunities and educational benefits to assist in the expansion of their careers and skills. This approach has resulted in a deep understanding among our employee base of our business, products, and customers. We believe that our average tenure of 12 years, as of the end of 2024, reflects both the strong engagement of our employees and our positive workplace culture. Approximately 7% of our employees operate under a collective bargaining agreement. The Company has never experienced a work stoppage.

We provide competitive compensation and benefits programs to help meet the needs of our employees. In addition to salaries, these programs (which vary by country and region) include profit sharing, a 401(k) plan, medical insurance and benefits, health savings accounts, paid time off, and tuition assistance, among others. Certain domestic employees hired prior to January 1, 2008, participate in a defined benefit plan. Employees hired after this date, in eligible locations, participate in an enhanced 401(k) plan instead of the defined benefit plan. To create performance incentives and to encourage share ownership by our employees, we have implemented an employee stock purchase plan, which enables eligible employees worldwide to purchase the Company's common shares at a discount through payroll contributions. Because our business involves the manufacturing of products, many of our employees are unable to work from home. For certain positions, we do provide hybrid work from home options.

The health and safety of our workforce is fundamental to the success of our business. We provide our employees upfront and ongoing safety training to ensure that safety policies and procedures are effectively communicated and implemented. We also provide personal protective equipment to those employees who need it to perform their job functions safely. We have experienced personnel on-site at each of our manufacturing locations who are tasked with environmental, health and personal safety education and compliance.

We are committed to upholding fundamental human rights and believe that all human beings should be treated with dignity, fairness and respect. This commitment is outlined in our Human Rights Policy which applies to all employees worldwide including part time and temporary workers. We communicate our expectation that suppliers also adhere to our Human Rights Policy through our Supplier Code of Conduct. We strive to promote inclusion and diversity in the workplace, engage with our communities, and encourage our suppliers to treat their employees in a manner that respects human rights. We utilize an on-line platform to provide training to all employees worldwide in key areas such as harassment and discrimination prevention, human rights, and our code of conduct. We also internally publicize the availability of an anonymous ethics hotline through which any employee may report any ethics, safety or other employment concerns.

OTHER ASPECTS

Although the Company owns a number of patents, several of which are important to its business, the Company does not consider its business to be materially dependent upon any one or more patents. The Company's patents, trademarks and other intellectual property are adequate for its business purposes.

AVAILABLE INFORMATION

The Company maintains a website accessible through its internet address of www.gormanrupp.com. Gorman-Rupp makes available free of charge on or through www.gormanrupp.com its Annual Report to Shareholders, its annual Proxy Statement, its annual report on Form 10-K, its quarterly reports on Form 10-Q, and its current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after those reports (and any amendments) are electronically filed with or furnished to the Securities and Exchange Commission ("Commission"). However, the information contained on the Company's website is not a part of this Form 10-K or any other report filed with or furnished to the Commission.

A paper copy of the Company's Form 10-K is also available free of charge upon written request to the Company's Corporate Secretary.

ITEM 1A. RISK FACTORS

Gorman-Rupp's business and financial performance are subject to various risks and uncertainties, some of which are beyond its control. In addition to the risks discussed elsewhere in this Form 10-K, the following risks and uncertainties could materially adversely affect the Company's business, prospects, financial condition, results of operations, liquidity and access to capital markets. These risks could cause the Company's actual results to differ materially from its historical experience and from expected results discussed in forward-looking statements made by the Company related to conditions or events that it anticipates may occur in the future.

COMPANY SPECIFIC RISK FACTORS

Loss of key personnel

The Company's success depends to a significant extent on the continued service of its executive management team and the ability to recruit, hire and retain other key management personnel to support the Company's growth and operational initiatives and replace executives who retire or resign. Failure to retain key management personnel and attract and retain other highly-skilled personnel could limit the Company's global growth and ability to execute operational initiatives, or may result in inefficient and ineffective management and operations, which could harm the Company's revenues, operations and product development efforts and could eventually result in a decrease in profitability.

Intellectual property security

The Company possesses a wide array of intellectual property rights, including patents, trademarks, copyrights, and applications for the above, as well as other proprietary information. There is a risk that third parties would attempt to copy, in full or in part, the Company's products, technologies or industrial designs, or to obtain unauthorized access and use of Company technological know-how or other protected intellectual property rights. Also, other companies could successfully develop technologies, products or industrial designs similar to the Company's, and thus potentially compete with the Company. From time to time, the Company has been faced with instances where competitors have infringed or unfairly used its intellectual property or taken advantage of its design and development efforts. The ability to protect and enforce intellectual property rights varies across jurisdictions. Competitors have attempted, and may in the future attempt to copy the Company's products, technologies or industrial designs are becoming more prevalent, particularly in Asia. If the Company is unable to adequately enforce and protect its intellectual property rights, it could adversely affect its revenues and profits and hamper its ability to grow.

Competitors and others may also challenge the validity of the Company's intellectual property or allege that it has infringed their intellectual property, including through litigation. The Company may be required to pay substantial damages if it is determined its products infringe the intellectual property of others. The Company may also be required to develop an alternative, non-infringing product that could be costly and time-consuming, or acquire a license (if available) on terms that are not favorable to it. Regardless of whether infringement claims against the Company are successful, defending against such claims could significantly increase the Company's costs, divert management's time and attention away from other business matters, and otherwise adversely affect the Company's results of operations and financial condition.

Growth through Acquisitions

The Company's historical growth has depended, and its future growth is likely to continue to depend, in part on its acquisition strategy and the successful integration of acquired businesses into existing operations. The Company intends to continue to seek additional domestic and international acquisition opportunities that have the potential to support and strengthen its operations. The Company cannot assure it will be able to successfully identify suitable acquisition opportunities, prevail against competing potential acquirers, negotiate appropriate acquisition terms, obtain financing that may be needed to consummate such acquisitions, complete proposed acquisitions, successfully integrate acquired businesses into existing operations or expand into new markets. In addition, the Company cannot assure that any acquisition, even if successfully integrated, will perform as planned, be accretive to earnings, or prove to be beneficial to the Company's operations and cash flows.

The Company has substantial indebtedness, which may impact the Company's financial condition and the way it operates its business

The Company has substantial indebtedness. Such indebtedness includes senior secured first lien credit facilities comprised of a $370 million term loan facility and a $100 million revolving credit facility, and a $30 million in aggregate principal amount of 6.40% senior secured notes. The indebtedness could have important negative consequences, including:

- higher borrowing costs resulting from fluctuations in our variable benchmark borrowing rates that have adversely affected, and could in the future adversely affect, our interest rates;
- reduced availability of cash for the Company's operations and other business activities after satisfying interest payments and other requirements under the terms of its debt instruments;
- less flexibility to plan for or react to competitive challenges, and a competitive disadvantage relative to competitors that do not have as much indebtedness;
- limiting the Company's ability to undertake mergers or dispositions of assets, or pay dividends;
- difficulty in obtaining additional financing in the future;
- inability to comply with covenants in, and potential for default under, the Company's debt instruments;
- inability to operate our business or to take advantage of business opportunities due to restrictions created from the debt covenants; and
- challenges to repaying or refinancing any of the Company's debt.

The Company's ability to satisfy its debt and other obligations will depend principally upon its future operating performance. As a result, prevailing economic conditions and financial, business, legal and regulatory and other factors, many of which are beyond the Company's control, may affect its ability to make payments on its debt and other obligations.

Acquisition performance and integration

The Company has historically made strategic acquisitions of businesses and may do so in the future in support of its strategy. The success of past and future acquisitions is dependent on the Company's ability to successfully integrate acquired and existing operations. If the Company is unable to integrate acquisitions successfully, its financial results could suffer. Additional potential risks associated with acquisitions are the diversion of management's attention from other business concerns, additional debt leverage, the loss of key employees and customers of the acquired business, the assumption of unknown liabilities, disputes with sellers, and the inherent risk associated with the Company entering new lines of business.

Impairment in the value of intangible assets, including goodwill

The Company's total assets reflect goodwill from acquisitions, representing the excess cost over the fair value of the identifiable net assets acquired, including other indefinite-lived and finite-lived intangible assets. Goodwill and other indefinite-lived intangible assets are not amortized but are reviewed annually for impairment as of October 1 or whenever events or changes in circumstances indicate there may be a possible permanent loss of value using either a quantitative or qualitative analysis. Finite-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recovered through future net cash flows generated by the assets. If future operating performance at one or more of the Company's reporting units were to fall significantly below forecast levels or if market conditions for one or more of its acquired businesses were to decline, the Company could be required to incur a non-cash charge to operating income for impairment. Any impairment in the value of these assets could have an adverse non-cash impact on the Company's reported results of operations.

Defined benefit pension plan settlement expense

The Company sponsors a defined benefit pension plan ("GR Plan") covering certain domestic employees and accrues amounts for funding of its obligations under the plan. The GR Plan allows eligible retiring employees to receive a lump-sum distribution for benefits earned in lieu of annual payments and most of the Company's eligible retirees historically have elected this option. Under applicable accounting rules, if the lump-sum distributions made for a plan year exceed an actuarially-determined threshold of the total of the service cost and interest cost for the plan year, the Company at such point would be required to recognize for that year's results of operations settlement expense for the resulting unrecognized actuarial loss. The Company has been required to make such adjustments in prior periods, and, if such non-cash adjustments are necessary in future periods, they may negatively impact the Company's operating results.

There was no pension settlement charge recorded in 2024 or 2023. In 2022, the Company recorded pre-tax non-cash pension settlement charges of $6.4 million, driven by lump-sum distributions discussed above. See Note 9 to the Consolidated Financial Statements, Pensions and Other Postretirement Benefits.

LIFO inventory method

The majority of the Company's inventories are valued on the last-in, first-out (LIFO) method and stated at the lower of cost or market. Current cost approximates replacement cost, or market, and LIFO cost is determined at the end of each fiscal year based on inventory levels on-hand at current replacement cost and a LIFO reserve. The Company uses the simplified LIFO method, under which the LIFO reserve is determined utilizing the inflation factor specified in the Producer Price Index for Machinery and Equipment – Pumps, Compressors and Equipment, as published by the U.S. Bureau of Labor Statistics. Interim LIFO calculations are based on management's estimate of the expected year-end inflation index and, as such, are subject to adjustment each quarter including the fourth quarter when the inflation index for the year is finalized. If inflation causes the Producer Price Index for Machinery and Equipment – Pumps, Compressors and Equipment to increase in future periods, the LIFO reserve will increase with a corresponding increase to non-cash LIFO expense which may negatively impact the Company's operating results.

In 2024, 2023, and 2022, the Company recorded pre-tax non-cash LIFO expense of $5.1 million, $6.9 million, and $18.0 million, respectively. See Note 4 to the Consolidated Financial Statements, Inventories.

As of December 31, 2024 the Company had a LIFO reserve of $100.2 million, which at the current U.S. Corporate tax rate, represents approximately $21.0 million of income taxes, payment of which is delayed to future dates based upon changes in inventory costs. From time-to-time, discussions regarding changes in U.S. tax laws have included the potential of LIFO being repealed. Should LIFO be repealed, the $21.0 million of postponed taxes, plus any future benefit realized prior to the date of repeal, would likely have to be repaid over some period of time. Repayment of these postponed taxes will reduce the amount of cash that we would have available to fund our operations, working capital, capital expenditures, acquisitions, or general corporate or other business activities. This could materially and adversely affect our business, financial condition and results of operations.

Family ownership of common equity

A substantial percentage of the Company's common shares is held by various members of the Gorman family and their respective affiliates. Because of this concentrated ownership relative to many other publicly-traded companies, the market price of the Company's common shares may be influenced by lower trading volume and therefore more susceptible to price fluctuations than many other companies' shares. If any one or more of the Company's significant shareholders were to sell all or a portion of their holdings of Company common shares at once or within short periods of time, or there was an expectation that such a sale was imminent, then the market price of the Company's common shares could be negatively affected.

GENERAL RISK FACTORS

Continuation of current and projected future business environment

The overall pump industry is cyclical in nature, and some of its business activity is related to general business conditions in the durable goods and capital equipment markets. Demand for most of the Company's products and services is affected by the level of new capital investment and planned maintenance expenditures by its customers. The level of such investment and expenditures by our customers depends, in turn, on factors such as general economic conditions, availability of credit, economic conditions within their respective industries and expectations of future market behavior. Volatility or sustained increases in prices of commodities such as oil and agricultural products can negatively affect the levels of investment and expenditures of certain customers and result in postponement of capital investment decisions or the delay or cancellation of existing orders. Inflationary economic conditions may further increase prices and exacerbate these risks. Any of these developments may negatively impact the Company's sales.

The effects of recent executive actions and executive orders by the President in connection with, among other areas, energy production, trade, immigration and administrative agencies, as well as any tandem regulatory changes pursued by the current administration, are highly uncertain and may adversely impact our business.

Highly competitive markets

Gorman-Rupp sells its products in highly competitive markets. Maintaining and improving the Company's competitive position requires periodic investment in manufacturing, engineering, quality standards, marketing, customer service and support, and distribution networks. Even with such investment, the Company may not be successful in maintaining its competitive position. The Company's competitors may develop products that are superior to its products, or may develop methods of more efficiently and effectively providing products and services, or may adapt more quickly to new technologies or evolving customer requirements. Pricing pressures may require the Company to adjust the prices of its products downward to stay competitive. The Company may not be able to compete successfully with its existing competitors or with new competitors. Failure to compete successfully could negatively impact the Company's sales, operating margins and overall financial performance.

Availability and costs of raw materials and labor

The Company could be adversely affected by raw material price volatility or an inability of its suppliers to meet quality and delivery requirements. We are required to maintain sufficient inventories to accommodate the needs of our customers, often with short lead times. Our business could be adversely affected if we fail to source and maintain adequate inventory levels. Raw material and energy expenses are substantial drivers of costs in the manufacture of pumps and changes in these costs are often unpredictable. While the Company manufactures certain parts and components used in its products, the Company's business requires substantial amounts of raw materials, parts and components to be purchased from suppliers. The availability and prices of raw materials, parts and components purchased from the Company's suppliers may be subject to curtailment or change due to, among other things, suppliers' allocations to other purchasers, interruptions or delays in production or deliveries by suppliers, changes in exchange rates, tariffs, changes in duty rates and changes in other trade barriers and import and export licensing requirements. The effects of international trade conflicts between the U.S. and its global trade partners including, without limitation, China, Mexico and Canada, may have an adverse impact on economic conditions, and commodity and raw materials pricing and availability.

The Company's business depends, in part, upon the adequate recruitment and retention, and continued service of, key managerial, engineering, marketing, sales and technical and operational personnel. Economic conditions may cause an increasingly competitive labor market, which could lead to labor shortages or increased turnover rates within, or increased labor costs to maintain, the Company's employee base.

These considerations may also impact the operations of the Company's suppliers, who may seek to pass along any increased costs to the Company. Inflationary economic conditions and tariffs may further increase these various costs. The Company may not be able to pass along any increased material or labor costs to customers for competitive or other reasons. A change in the availability of, or increases in the costs associated with raw materials, parts and components or labor and workforce could affect our ability to fulfill our customer backlog and materially affect our business, financial condition, results of operations or cash flows.

Cybersecurity threats

Increased global information technology security threats and more sophisticated and targeted computer crime pose a risk to the security of Gorman-Rupp's systems and networks and to the confidentiality, availability, and integrity of its data. While the Company attempts to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of its networks and systems, and the deployment of backup and protective systems, the Company's systems, networks, proprietary information, products, solutions and services remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to liability for damages or the loss of confidential information including as a result of, but not limited to, the compromising of confidential information relating to customer, supplier, or employee data, improper use of the Company's systems and networks, manipulation and destruction of data, defective products, production downtimes and operational disruptions which, in turn, could adversely affect Gorman-Rupp's reputation, competitiveness and results of operations.

Artificial intelligence presents risks and challenges that can impact our business

Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability or other adverse consequences to our business operations. As with many technological innovations, artificial intelligence presents risks and challenges that could impact our business. We work with vendors that incorporate artificial intelligence tools into their offerings and the providers of these artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection and may inhibit our or our vendors' ability to maintain an adequate level of service and experience. If we, our vendors, or our third-party partners experience an actual or perceived breach or privacy or security incident because of the use of generative artificial intelligence, we may lose valuable intellectual property and confidential information and our reputation and the public perception of the effectiveness of our security measures could be harmed. Further, bad actors around the world use increasingly sophisticated methods, including the use of artificial intelligence, to engage in illegal activities involving the theft and misuse of personal information, confidential information and intellectual property. Any of these outcomes could damage our reputation, result in the loss of valuable property and information and adversely impact our business.

Compliance with, and costs related to, a variety of import and export laws and regulations

The Company is subject to a variety of laws and regulations regarding international operations, including regulations issued by the U.S. Department of Commerce Bureau of Industry and Security and various other domestic and foreign governmental agencies. Actual or alleged violations of import-export laws could result in enforcement actions and/or financial penalties. The Company cannot predict the nature, scope or effect of future regulatory requirements to which our international operations and trading practices might be subject or the manner in which existing laws or regulations might be administered or interpreted. Future legislation or regulations could limit the countries in which certain of our products may be manufactured or sold or could restrict our access to, and increase the cost of obtaining, products from foreign sources.

Environmental compliance costs and liabilities

The Company's operations and properties are subject to numerous domestic and foreign environmental laws and regulations which can impose operating and/or financial sanctions for violations. Moreover, environmental and sustainability initiatives, practices, rules and regulations are under increasing scrutiny of both governmental and non-governmental bodies and may compel the Company to implement changes to its operational practices, standards and expectations and, in turn, increase the Company's compliance costs. Periodically, the Company has incurred, and it expects to continue to incur, operating and capital costs to comply with environmental requirements. The Company monitors its environmental responsibilities, together with trends in the related laws, and believes it is in substantial compliance with current regulations. If the Company incurs increased compliance costs or violates environmental laws or regulations, future environmental compliance expenditures or liabilities could have a material adverse effect on our financial condition, results of operations or cash flows.

Exposure to fluctuations in foreign currency exchange rates

The Company is exposed to fluctuations in foreign currency exchange rates, particularly with respect to the Euro, Canadian Dollar, South African Rand and British Pound. Any significant change in the value of these currencies could affect the Company's ability to sell products competitively and control its cost structure, which could have a material effect on its financial condition, results of operations or cash flows.

Conditions in foreign countries in which the Company conducts business

In 2024, 25% of the Company's net sales were to customers outside the United States. The Company expects its international and export sales to continue to be a significant portion of its revenue. The Company's sales from international operations and export sales, and the availability and prices of certain raw materials, parts, and components, are subject, in varying degrees, to risks inherent to doing business outside the United States. These risks include, but are not limited to, the following, some of which are further addressed in our other Risk Factors:

- Possibility of unfavorable circumstances arising from host country laws or regulations;
- Currency exchange rate fluctuations and restrictions on currency repatriation;
- Potential negative consequences from changes to taxation policies;
- Disruption of operations from labor or political disturbances, or public health crises;
- Changes in tariffs, duty rates, and other trade barriers and import and export licensing requirements;
- Increased costs and risks of developing, staffing and simultaneously managing a number of global operations as a result of distance as well as language and cultural differences; and
- Insurrections, armed conflicts, terrorism or war.

In particular, the effects on the global economy from international trade conflicts between the U.S. and its global trade partners including, without limitation, China, Mexico and Canada, and any escalation or broadening of armed conflicts in Ukraine and the Middle East, including attacks on shipping vessels in key shipping routes, are uncertain. Any of these events or those referenced above could have an adverse impact on the Company's business and operations.

Changes in our tax rates and exposure to additional income tax liabilities

Gorman-Rupp is subject to income and other taxes in the United States federal jurisdiction and various local, state and foreign jurisdictions. The Company's future effective income tax rates could be unfavorably affected by various factors, including changes in the tax rates as well as rules and regulations in relevant jurisdictions. In addition, the amount of income taxes paid is subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. authorities. If these audits result in assessments different from amounts recorded, the Company's future financial results may include unfavorable adjustments.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company recognizes the importance of developing, implementing, and maintaining cybersecurity measures to ensure the security of our information systems and networks and the confidentiality, availability, and integrity of our data.

Risk management and strategy

The Company continues to build its culture of security and has integrated cybersecurity risk management into our broader enterprise risk management process. This integration ensures that cybersecurity considerations are an integral part of our decision-making processes and operational practices. Our information technology department, including employees dedicated to the area of cybersecurity risk management, works closely with our senior management team to continuously evaluate and address cybersecurity risks in alignment with our business objectives and operational needs. Employees within the information technology department that are focused on cybersecurity attend periodic external training to stay current on potential cybersecurity risks and threats and how to best protect the Company from these risks and threats.

The Company provides training to all employees that reinforces the Company's information technology risk and security management policies, standards and practices, as well as the expectation that employees comply with these policies. The training assists employees with identifying potential cybersecurity risks and threats and how to protect the Company's resources and information. This training is mandatory for all employees globally on a periodic basis, and it is supplemented by firmwide internal and external service providers testing initiatives, including frequent phishing tests.

In addition to the employee training program, the Company has created an information security incident response policy and team. The response team includes the Executive Officers of the Company, the Vice President of Information Technology, the Manager of IT Security, the Vice President of Human Resources and other functional and operational area experts as needed. The risks related to cybersecurity, including the effectiveness of our training programs, are monitored on an ongoing basis by our information technology department and external service providers. In addition, to assess the incident response policy, annually the Company conducts cybersecurity incident response training exercises to evaluate the effectiveness of the Company's cybersecurity incident response strategies and tactics.

The Company recognizes the complexity and evolving nature of cybersecurity threats. The Company utilizes a number of third-party software solutions, including full-time external monitoring, that are intended to detect and prevent potential cybersecurity threats. In addition, Gorman-Rupp engages with a range of external experts, including cybersecurity assessors, consultants, and auditors, in evaluating and testing our risk management systems. These external experts leverage their specialized knowledge and insights on cybersecurity to assess and enhance our internal policies and processes through regular audits, threat assessments, and consultation on security enhancements and strategies.

We have not encountered cybersecurity challenges that have materially impaired our operations or financial standing. See Item 1A. Risk Factors – General Risk Factors - Cybersecurity threats.

Governance

The Board of Directors believes that control and management of risk are primary responsibilities of senior management of the Company. As a general matter, the entire Board of Directors is responsible for oversight of this important senior management function. The Audit Committee is responsible to the Board for the organizational oversight of the Company's comprehensive enterprise risk management plan, including cyber risks. The Audit Committee is composed of board members with diverse expertise, including risk management, technology, and finance, equipping them to oversee cybersecurity risks effectively.

Senior management plays a pivotal role in informing the Audit Committee on cybersecurity risks. The information technology department regularly informs the Chief Financial Officer (CFO) of all aspects related to cybersecurity risks and incidents. This ensures that senior management is kept abreast of the cybersecurity posture and potential risks. The senior management team presents updates to the Audit Committee quarterly and, as necessary, to the full Board. These regular reports include detailed updates on the Company's performance preparing for, preventing, detecting, responding to and recovering from cyber incidents, if applicable.

ITEM 2. PROPERTIES

The Company conducts business at plants and offices that are owned or leased and located in the United States and other countries as described below. The following table sets forth the location, approximate size, principal use, markets served, ownership status and utilization of each of our material facilities. Our facilities have the capacity to work three full-time shifts up to seven days per week as well as automated machining running during unstaffed hours, which the Company defines as full utilization. At partial utilization, our facilities are working one fully staffed shift five days per week, supplemented with partial second shifts and running certain automated machining operations during peak periods. We believe we make effective use of our productive capacities at our facilities. We consider our plants, machinery and equipment to be well maintained and in good operating condition. We believe the quality and production capacity of our facilities is sufficient to maintain our competitive position for the foreseeable future.

Properties	Approximate Sq Footage	Principal Use	Markets Served	Owned/ Leased	Utilization
United States					
Bellville, OH	98,000	Manufacturing, R&D	Industrial, OEM	Owned	Partial
Fort Wayne, IN	125,000	Manufacturing, R&D	Industrial, agriculture, construction	Owned	Partial
Glendale, AZ	32,000	Manufacturing, R&D	Industrial, agriculture, municipal, petroleum, OEM	Owned	Partial
Lenexa, KS	142,000	Manufacturing	Industrial, agriculture, construction	Leased	Partial
Lubbock, TX	60,000	Manufacturing	Industrial, agriculture, municipal, petroleum, OEM	Owned	Partial
Mansfield, OH (2 properties)	970,000	Corporate HQ, Manufacturing, R&D	Industrial, construction, municipal, petroleum, OEM	Owned	Partial
Olive Branch, MS	62,000	Manufacturing	Industrial, agriculture, municipal, petroleum, OEM	Owned	Partial
Royersford, PA (2 properties)	120,000	Manufacturing	Industrial, agriculture, construction, municipal, OEM	Owned	Partial
Toccoa, GA	295,000	Manufacturing, R&D	Industrial, fire, municipal	Owned	Partial
Other Countries					
County Westmeath, Ireland	42,000	Manufacturing	Industrial, fire, municipal	Owned	Partial
Waardenburg, The Netherlands	41,000	Manufacturing	Industrial, agriculture, construction, municipal, petroleum, OEM	Owned	Partial
St. Thomas, Ontario, Canada	63,000	Manufacturing	Industrial, agriculture, construction, municipal, petroleum, OEM	Owned	Partial
Johannesburg, South Africa	38,000	Manufacturing	Industrial, agriculture, construction, municipal, petroleum, OEM	Owned	Partial
Namur, Belgium	18,000	Manufacturing	Industrial, agriculture, construction, municipal, petroleum, OEM	Owned	Partial

ITEM 3. LEGAL PROCEEDINGS

For over twenty years, numerous business entities in the pump and fluid-handling industries, as well as a multitude of companies in many other industries, have been targeted in a series of lawsuits in several jurisdictions by various individuals seeking redress to claimed injury as a result of the entities' alleged use of asbestos in their products. Since 2001, the Company and some of its subsidiaries have been involved in this mass-scaled litigation, typically as one of many co-defendants in a particular proceeding. The allegations in the lawsuits involving the Company and/or its subsidiaries have been vague, general and speculative. Most of these lawsuits have been dismissed without advancing beyond the early stage of discovery, some as a result of nominal monetary settlements recommended for payment by the Company's insurers. The claims and related legal expenses generally have been covered by the Company's insurance, subject to applicable deductibles and limitations. Accordingly, this series of lawsuits has not, cumulatively or individually, had a material adverse impact on the Company's consolidated results of operations, liquidity or financial condition, nor is it expected to have any such impact in the future, based on the current knowledge of the Company.

In addition, the Company and/or its subsidiaries are parties in a small number of legal proceedings arising in the ordinary course of business. Management does not currently believe that these proceedings will materially impact the Company's consolidated results of operations, liquidity or financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Jeffrey S. Gorman transitioned from Executive Chairman to Chairman on January 3, 2025. The following table sets forth certain information with respect to the executive officers of the Company as of January 31, 2025:

Name	Age	Office	Date Elected to Executive Office Position
Scott A. King	50	President and Chief Executive Officer	2019
James C. Kerr	62	Executive Vice President and Chief Financial Officer	2017
Brigette A. Burnell	49	Executive Vice President, General Counsel and Corporate Secretary	2014

Mr. King was elected Chief Executive Officer effective January 1, 2022 in addition to his role as President. Mr. King served as President and Chief Operating Officer since January 1, 2021 after previously serving as Vice President and Chief Operating Officer since April 25, 2019. Mr. King also previously served as Vice President of Operations effective March 1, 2018 and as Vice President from April 1, 2017 to February 28, 2018. Mr. King previously held positions with the Gorman-Rupp Pumps USA division of the Company as Vice President and General Manager from January 1, 2014 until March 31, 2017, Vice President of Operations from June 1, 2010 until December 31, 2013, Director of Manufacturing from July 1, 2007 until May 31, 2010 and Manufacturing Manager from November 1, 2004 until June 30, 2007. He has served as a Director of the Company continuously since 2021.

Mr. Kerr was elected Executive Vice President and Chief Financial Officer effective January 1, 2021 after previously serving as Vice President and Chief Financial Officer since March 1, 2018. Mr. Kerr previously served as Chief Financial Officer effective January 1, 2017 and as Vice President of Finance from July 18, 2016 to December 31, 2016. Prior to 2016, Mr. Kerr served as both Executive Vice President and Chief Financial Officer of Jo-Ann Stores from 2006 to 2015 and as Vice President, Controller of Jo-Ann Stores from 1998 to 2006.

Ms. Burnell was elected Executive Vice President, General Counsel and Corporate Secretary effective March 1, 2022 after previously serving as Senior Vice President, General Counsel and Corporate Secretary since January 1, 2021. Ms. Burnell previously served as Vice President, General Counsel and Corporate Secretary effective March 1, 2018, General Counsel effective May 1, 2015, and as Corporate Secretary effective May 1, 2014. Ms. Burnell previously served as Corporate Counsel effective May 1, 2014. Ms. Burnell joined the Company as Corporate Attorney on January 2, 2014. Prior to 2014, Ms. Burnell served as Corporate Counsel of Red Capital Group from 2011 to 2013 and as an Associate at Jones Day from 2002 to 2011.

PART II

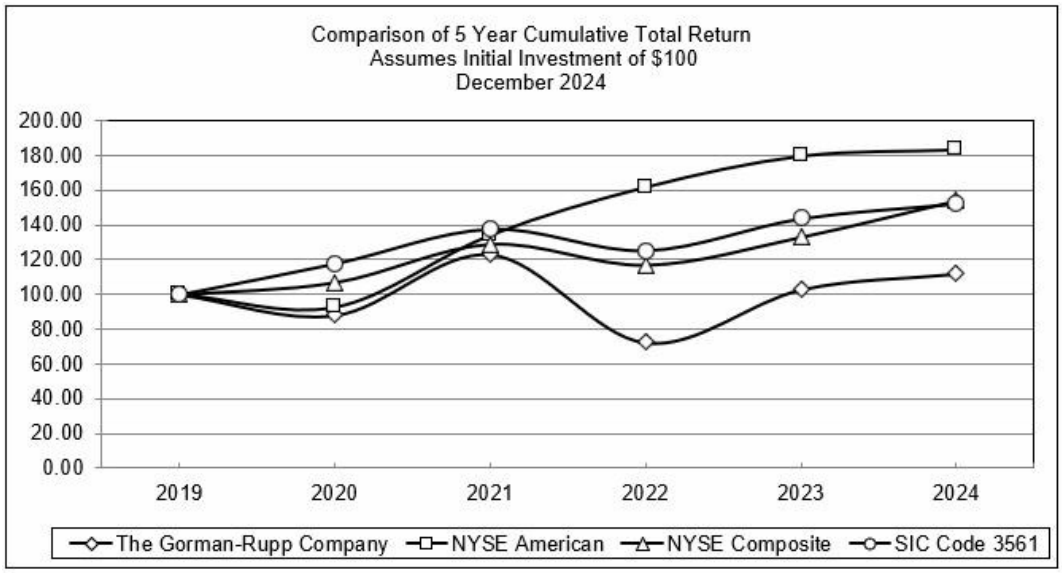
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Common Stock is listed on the New York Stock Exchange under the ticker symbol "GRC". On February 1, 2025, there were 1,534 registered holders of the Company's common shares.

The Company currently expects to continue its exceptional history of paying regular quarterly dividends, and increased annual dividends. However, any future dividends will be reviewed individually and declared by our Board of Directors at its discretion, dependent on an assessment of the Company's financial condition and business outlook at the applicable time.

PERFORMANCE GRAPH

The following stock price performance graph and related table compares the cumulative total returns (assuming reinvestment of dividends) on $100 invested on December 31, 2019 through December 31, 2024 in the Company's common shares, the NYSE Composite Index, the NYSE American Index and a peer group of companies in the SIC Code 3561 Index — Pumps and Pumping Equipment. The stock price performance graph and related table is not necessarily indicative of future investment performance. This graph is not deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the graph shall not be deemed to be incorporated by reference into any prior or subsequent filing by us under the Securities Act of 1933, as amended, or the Exchange Act.



	2019	2020	2021	2022	2023	2024
The Gorman-Rupp Company	100.00	88.13	123.11	72.40	102.89	111.97
NYSE Composite	100.00	106.99	129.12	117.04	133.16	154.20
NYSE American	100.00	92.49	134.26	162.00	179.98	183.58
SIC Code 3561	100.00	117.82	137.83	125.41	143.84	152.38

PURCHASES OF EQUITY SECURITIES

(Amounts in tables in thousands of dollars, except share and per share data)

On October 29, 2021, the Company announced a share repurchase program of up to $50.0 million of the Company's common shares. Shares may be repurchased from time to time by the Company through a variety of methods, which may include open-market transactions, pre-set trading plans designed in accordance with Rule 10b5-1, privately negotiated transactions, accelerated share repurchase transactions, or any combination of such methods. The actual number of shares repurchased will depend on prevailing market conditions, alternative uses of capital and other factors, and will be determined at management's discretion. The Company is not obligated to make any purchases under the program, and the program may be suspended or discontinued at any time. The program does not have an expiration date.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Approximate dollar value of shares that may yet be purchased under the program
October 1 to October 31, 2024	-	-	-	$ 48,067
November 1 to November 30, 2024	-	-	-	48,067
December 1 to December 31, 2024	-	-	-	48,067
Total	-	-	-	$ 48,067

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Amounts in tables in thousands of dollars, except for per share data)

Executive Overview

The Gorman-Rupp Company ("we", "our", "Gorman-Rupp" or the "Company") is a leading designer, manufacturer and international marketer of pumps and pump systems for use in diverse water, wastewater, construction, dewatering, industrial, petroleum, original equipment, agriculture, fire suppression, heating, ventilating and air conditioning (HVAC), military and other liquid-handling applications. The Company attributes its success to long-term product quality, applications and performance combined with timely delivery and service, and continually seeks to develop initiatives to improve performance in these key areas.

We regularly invest in training for our employees, in new product development and in modern manufacturing equipment, technology and facilities all designed to increase production efficiency and capacity and drive growth by delivering innovative solutions to our customers. We believe that the diversity of our markets is a major contributor to the generally stable financial growth we have produced historically.

The Company's backlog of orders was $206.0 million at December 31, 2024 compared to $218.1 million at December 31, 2023, a decrease of 5.6%. Approximately 90% of the Company's backlog of unfilled orders is scheduled to be shipped during 2025, with the remainder principally during the first half of 2026.

Incoming orders for the year ending December 31, 2024, were $659.3 million, an increase of 6.8%, compared to 2023.

On January 24, 2025, the Board of Directors authorized the payment of a quarterly dividend of $0.185 per share, representing the 300th consecutive quarterly dividend to be paid by the Company. During 2024, the Company again paid increased dividends and thereby attained its 52nd consecutive year of increased dividends. These consecutive years of increases continue to position Gorman-Rupp in the top 50 of all U.S. public companies with respect to number of years of increased dividend payments. The regular dividend yield at December 31, 2024 was 1.9%.

The Company currently expects to continue its exceptional history of paying regular quarterly dividends and increased annual dividends. However, any future dividends will be reviewed individually and declared by our Board of Directors at its discretion, dependent on our assessment of the Company's financial condition and business outlook at the applicable time.

Outlook

Strong incoming orders in 2024 and a healthy backlog as of December 31, 2024 position us well to begin the new year. We remain well positioned to benefit from infrastructure spending and the strong demand for flood control and storm water management. We remain focused on delivering long-term profitable growth.

Results of Operations – Year ended December 31, 2024 compared to year ended December 31, 2023:

Net Sales

End Market	2024	2023	$ Change	% Change
Industrial	$ 131,479	$ 136,978	$ (5,499)	(4.0%)
Fire	121,418	143,551	(22,133)	(15.4%)
Agriculture	82,224	83,053	(829)	(1.0%)
Construction	85,149	86,996	(1,847)	(2.1%)
Municipal	100,019	78,528	21,491	27.4%
Petroleum	24,188	23,168	1,020	4.4%
OEM	40,343	37,708	2,635	7.0%
Repair parts	74,847	69,529	5,318	7.6%
Total net sales	$ 659,667	$ 659,511	$ 156	0.1%

Net sales for 2024 were $659.7 million compared to net sales of $659.5 million for 2023, an increase of 0.1% or $0.2 million. The increase in sales was due primarily to the impact of pricing increases taken in the first quarter of 2024.

Sales increased $21.5 million in the municipal market and $5.3 million in the repair market due to domestic flood control and wastewater projects related to increased infrastructure investment, $2.6 million in the OEM market primarily related to computer cooling, and $1.0 million in the petroleum market primarily driven by increased international refueling applications. Offsetting these increases was a decrease of $22.1 million in the fire suppression market primarily resulting from backlog returning to more normal levels. Fire suppression sales in 2023 were up significantly compared to 2022 as the Company was working to return backlog and lead times to normal levels, which resulted in higher 2023 sales and a tougher year-over-year comparison for 2024. Fire suppression incoming orders for 2024 were up 1.5% when compared to 2023. Sales in 2024 also decreased $5.5 million in the industrial market and $1.8 million in the construction market, and $0.8 million in the agriculture market.

Cost of Products Sold and Gross Profit

	2024	2023	$ Change	% Change
Cost of products sold	$ 455,339	$ 463,258	$ (7,919)	(1.7%)
% of Net sales	*69.0%*	*70.2%*		
Gross margin	*31.0%*	*29.8%*		

Gross profit was $204.3 million for 2024, resulting in gross margin of 31.0%, compared to gross profit of $196.3 million and gross margin of 29.8% in 2023. The 120 basis point increase in gross margin included a 200 basis point improvement in cost of material, which consisted of a reduction in LIFO expense of 30 basis points, a favorable impact of 20 basis points related to the amortization of acquired Fill-Rite customer backlog which occurred in 2023 and did not reoccur in 2024, and a 150 basis point improvement from the realization of selling price increases. These improvements were partially offset by an 80 basis point increase in labor and overhead expenses as a percent of sales driven by increased healthcare costs.

Selling, General and Administrative (SG&A) Expenses

	2024	2023	$ Change	% Change
Selling, general and administrative expenses	$ 100,506	$ 96,660	$ 3,846	4.0%
% of Net sales	*15.2%*	*14.7%*		

SG&A expenses were $100.5 million and 15.2% of net sales in 2024 compared to $96.7 million and 14.7% of net sales in 2023. SG&A expenses for 2024 included $1.3 million of refinancing transaction costs and a $1.1 million gain on the sale of a fixed asset. SG&A expenses increased due to healthcare costs, as well as increased selling activity.

Operating Income

	2024	2023	$ Change	% Change
Operating Income	$ 91,443	$ 87,041	$ 4,402	5.1%
% of Net sales	*13.9%*	*13.2%*		

Operating income was $91.4 million for 2024, resulting in an operating margin of 13.9%, compared to operating income of $87.0 million and operating margin of 13.2% in 2023. Operating margin in 2024 increased 70 basis points compared to the same period in 2023 primarily due to improved cost of material, partially offset by increased labor, overhead, and SG&A expenses.

Interest Expense

	2024	2023	$ Change	% Change
Interest Expense	$ 33,621	$ 41,273	$ (7,652)	(18.5%)
% of Net sales	*5.1%*	*6.3%*		

Interest expense was $33.6 million for 2024 compared to $41.3 million in 2023. The decrease in interest expense was due to a series of debt refinancing transactions the Company completed on May 31, 2024 as well as a decrease in outstanding debt. In addition to reducing interest expense, the refinancing also extended and staggered the Company's debt maturities. The Company upsized, amended, and extended the existing Senior Term Loan Facility from $350.0 million to $370.0 million, amended and extended the existing $100.0 million revolving Credit Facility, and issued $30.0 million in new 6.40% Senior Secured Notes. The proceeds from these transactions, as well as $10.0 million of cash on hand, were used to retire the Company's $90.0 million unsecured Subordinated Credit Facility.

Other Income (Expense), net

	2024	2023	$ Change	% Change
Other income (expense), net	$ (7,329)	$ (1,807)	$ (5,522)	(305.6%)
% of Net sales	*(1.1%)*	*(0.3%)*		

Other income (expense), net was $7.3 million of expense for 2024 compared to $1.8 million of expense in 2023. Other expense for 2024 included a $4.4 million write-off of unamortized previously deferred debt financing fees and a $1.8 million prepayment fee related to the early retirement of the unsecured Subordinated Credit Facility.

Net Income

	2024	2023	$ Change	% Change
Income before income taxes	$ 50,493	$ 43,961	$ 6,532	14.9%
% of Net sales	*7.7%*	*6.7%*		
Income taxes	$ 10,378	$ 9,010	$ 1,368	15.2%
Effective tax rate	*20.6%*	*20.5%*		
Net income	$ 40,115	$ 34,951	$ 5,164	14.8%
% of Net sales	*6.1%*	*5.3%*		
Earnings per share	$ 1.53	$ 1.34	$ 0.19	14.2%
Adjusted earnings per share	$ 1.75	$ 1.37	$ 0.38	27.7%

Net income was $40.1 million, or $1.53 per share, for 2024 compared to net income of $35.0 million, or $1.34 per share, for 2023. Adjusted earnings per share for 2024 were $1.75 per share compared to $1.37 per share for 2023. Adjusted earnings per share is a non-GAAP financial measure, please see "Non-GAAP Financial Information" below.

The Company's effective tax rate was 20.6% for 2024 compared to 20.5% for 2023. We expect our effective tax rate for 2025 to be between 20.0% and 22.0%.

Results of Operations – Year ended December 31, 2023 compared to year ended December 31, 2022:

Information pertaining to fiscal year 2022 was included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 beginning on page 15 under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," which was filed with the SEC on March 8, 2023.

Non-GAAP Financial Information:

This discussion of Results of Operations includes certain non-GAAP financial data and measures such as adjusted earnings, adjusted earnings per share, and adjusted earnings before interest, taxes, depreciation and amortization. Adjusted earnings is earnings excluding non-cash pension settlement charges, one-time acquisition costs, amortization of step up in value of acquired inventories, amortization of customer backlog, write-off of unamortized previously deferred debt financing fees, and refinancing costs. Adjusted earnings per share is earnings per share excluding non-cash pension settlement charges per share, one-time acquisition costs per share, amortization of step up in value of acquired inventories per share, amortization of customer backlog per share, write-off of unamortized previously deferred debt financing fees, and refinancing costs. Adjusted earnings before interest, taxes, depreciation and amortization is net income (loss) excluding interest, taxes, depreciation and amortization, adjusted to exclude non-cash pension settlement charges, one-time acquisition costs, amortization of step up in value of acquired inventories, amortization of customer backlog, write-off of unamortized previously deferred debt financing fees, refinancing costs, and non-cash LIFO expense. Management utilizes these adjusted financial data and measures to assess comparative operations against those of prior periods without the distortion of non-comparable factors. The inclusion of these adjusted measures should not be construed as an indication that the Company's future results will be unaffected by unusual or infrequent items or that the items for which the Company has made adjustments are unusual or infrequent or will not recur. Further, the impact of the LIFO inventory costing method can cause results to vary substantially from company to company depending upon whether they elect to utilize LIFO and depending upon which method they may elect. The Gorman-Rupp Company believes that these non-GAAP financial data and measures also will be useful to investors in assessing the strength of the Company's underlying operations from period to period. These non-GAAP financial measures are not intended to replace GAAP financial measures, and they are not necessarily standardized or comparable to similarly titled measures used by other companies. Provided below is a reconciliation of adjusted earnings, adjusted earnings per share, and adjusted earnings before interest, taxes, depreciation and amortization.

	2024	2023	2022
Adjusted earnings:			
Reported net income – GAAP basis	$ 40,115	$ 34,951	$ 11,195
Pension settlement charge	-	-	5,216
One-time acquisition costs	-	-	5,752
Amortization of step up in value of acquired inventories	-	-	1,141
Amortization of acquired customer backlog	-	863	1,231
Write-off of unamortized previously deferred debt financing fees	3,506	-	-
Refinancing costs	2,413	-	-
Non-GAAP adjusted earnings	$ 46,034	$ 35,814	$ 24,535

	2024	2023	2022
Adjusted earnings per share:			
Reported earnings per share - GAAP basis	$ 1.53	$ 1.34	$ 0.43
Pension settlement charge	-	-	0.20
One-time acquisition costs	-	-	0.22
Amortization of step up in value of acquired inventories	-	-	0.04
Amortization of acquired customer backlog	-	0.03	0.05
Write-off of unamortized previously deferred debt financing fees	0.13	-	-
Refinancing costs	0.09	-	-
Non-GAAP adjusted earnings per share	$ 1.75	$ 1.37	$ 0.94

	2024	2023	2022
Adjusted earnings before interest, taxes, depreciation and amortization:			
Reported net income - GAAP basis	$ 40,115	$ 34,951	$ 11,195
Interest expense	33,621	41,273	19,240
Provision for income taxes	10,378	9,010	2,677
Depreciation and amortization	27,897	28,496	21,158
Non-GAAP earnings before interest, taxes, depreciation and amortization	112,011	113,730	54,270
Pension settlement charge	-	-	6,427
One-time acquisition costs	-	-	7,088
Amortization of step up in value of acquired inventories	-	-	1,406
Amortization of acquired customer backlog	-	1,085	1,517
Write-off of unamortized previously deferred debt financing fees	4,438	-	-
Refinancing costs	3,055	-	-
Non-cash LIFO expense	5,142	6,891	18,041
Non-GAAP adjusted earnings before interest, taxes, depreciation and amortization	$ 124,646	$ 121,706	$ 88,749

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from operations and borrowings under our revolving credit facility. Cash and cash equivalents totaled $24.2 million at December 31, 2024. The Company had $98.9 million of borrowing capacity available under the revolving credit facility after deducting $1.1 million in outstanding letters of credit primarily related to customer orders. See Note 5 - Financing Arrangements in the Notes to our Consolidated Financial Statements.

As of December 31, 2024, the Company had $340.8 million in debt outstanding due in 2029 and $30.0 million due in 2031. The Company was in compliance with its debt covenants, including limits on additional borrowings and maintenance of certain operating and financial ratios, at December 31, 2024.

Capital expenditures in 2024 were $14.3 million and consisted primarily of machinery and equipment and building improvements. Capital expenditures for 2025, which are expected to consist principally of machinery and equipment purchases, are estimated to be approximately $20.0 million and are expected to be financed through cash from operations. During 2024, 2023 and 2022, the Company financed its capital improvements and working capital requirements principally through internally generated funds.

The Company contributed $5.1 million to its defined benefit pension plans in 2024 and expects to contribute up to $2.9 million to its defined benefit pension plan in 2025.

Financial Cash Flow

	Year Ended December 31,		
	2024	2023	2022
Beginning of period cash and cash equivalents	$ 30,518	$ 6,783	$ 125,194
Net cash provided by operating activities	69,830	98,225	13,685
Net cash used for investing activities	(11,866)	(20,163)	(545,673)
Net cash received from (used for) financing activities	(63,137)	(54,527)	414,113
Effect of exchange rate changes on cash	(1,132)	200	(536)
Net increase (decrease) in cash and cash equivalents	(6,305)	23,735	(118,411)
End of period cash and cash equivalents	$ 24,213	$ 30,518	$ 6,783

The decrease in cash provided by operating activities in 2024 compared to 2023 was primarily due to the timing of deferred revenue and customer deposits and accrued liabilities and expenses. The increase in cash provided by operating activities in 2023 compared to 2022 was primarily due increased earnings before depreciation, amortization, and LIFO expense, and improved cash flow from working capital management.

During 2024, net cash used for investing activities of $11.9 million consisted primarily of $14.3 million used for capital expenditures, largely related to machinery and equipment partially offset by $2.5 million in proceeds from the sale of property, plant, and equipment. During 2023, net cash used for investing activities of $20.2 million consisted primarily of $20.8 million used for capital expenditures, largely related to machinery and equipment. During 2022, net cash used for investing activities of $545.7 million consisted primarily of $528.0 million for the acquisition of Fill-Rite and $18.0 million for capital expenditures, largely related to machinery and equipment.

During 2024, net cash used for financing activities of $63.1 million consisted primarily of net payments on bank borrowings of $43.0 million and dividend payments of $19.0 million. During 2023, net cash used for financing activities of $54.5 million consisted primarily of net payments on bank borrowings of $34.5 million, dividend payments of $18.4 million and $1.0 million of payments in the surrender of common shares to cover taxes upon the vesting of stock awards. During 2022, net cash received from financing activities of $414.1 million consisted primarily of proceeds from the Senior Secured Term Loan Facility of $350.0 million, $90.0 million from the unsecured Subordinated Credit Facility, and $17.0 million from the revolving Credit Facility. Partially offsetting these proceeds were debt issuance fees paid of $15.2 million, dividend payments of $17.9 million, payments on borrowings of $8.9 million and share repurchases of $0.9 million during 2022.

Maturities of long-term debt in the next five fiscal years, and the remaining years thereafter, are as follows:

2025	2026	2027	2028	2029	Thereafter	Total
$ 18,500	$ 23,125	$ 32,375	$ 37,000	$ 229,750	$ 30,000	$ 370,750

The Company was in compliance with its debt covenants, including limits on additional borrowings and maintenance of certain operating and financial ratios at December 31, 2024 and December 31, 2023. We believe we have adequate liquidity from funds on hand and borrowing capacity to execute our financial and operating strategy, as well as comply with debt obligations and financial covenants for at least the next 12 months.

The Company currently expects to continue its exceptional history of paying regular quarterly dividends and increased annual dividends. However, any future dividends will be reviewed individually and declared by our Board of Directors at its discretion, dependent on our assessment of the Company's financial condition and business outlook at the applicable time.

The Board of Directors has authorized a share repurchase program of up to $50.0 million of the Company's common shares, of which approximately $48.1 million has yet to be repurchased. The actual number of shares repurchased will depend on prevailing market conditions, alternative uses of capital and other factors, and will be determined at management's discretion. The Company is not obligated to make any purchases under the program, and the program may be suspended or discontinued at any time.

Contractual Obligations

Capital commitments in the table below include contractual commitments to purchase machinery and equipment that have been approved by the Board of Directors. The capital commitments do not represent the entire anticipated purchases in the future but represent only those substantive items for which the Company is contractually obligated as of December 31, 2024. Also, the Company has operating leases and financing leases for certain offices, manufacturing facilities, land, office equipment and automobiles. Rental expenses relating to these leases were $3.6 million in 2024, $2.8 million in 2023, and $1.4 million in 2022.

The following table summarizes the Company's contractual obligations at December 31, 2024:

	Payment Due By Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Capital commitments	$ 3,506	$ 3,161	$ 345	$ -	$ -
Leases	38,762	2,774	4,532	3,628	27,828
Total	$ 42,268	$ 5,935	$ 4,877	$ 3,628	$ 27,828

Critical Accounting Policies

The accompanying Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States. When more than one accounting principle, or the method of its application, is generally accepted, management selects the principle or method that is appropriate in the Company's specific circumstances. Application of these accounting principles requires management to make estimates about the future resolution of existing uncertainties; as a result, actual results could differ from these estimates.

In preparing these Consolidated Financial Statements, management has made its best estimates and judgments of the amounts and disclosures included in the Consolidated Financial Statements, giving due regard to materiality. The Company does not believe there is a great likelihood that materially different amounts would be reported under different conditions or using different assumptions pertaining to the accounting policies described below.

Revenue Recognition

The Company accounts for revenue in accordance with Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers," under which the unit of account is a performance obligation. Substantially all of our revenue is derived from fixed-price customer contracts and the majority of our customer contracts have a single performance obligation. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer. For customer contracts with multiple performance obligations, the Company allocates revenue to each performance obligation based on its relative standalone selling price, which is generally determined based on standalone selling prices charged to customers or using expected cost plus margin.

The transaction price for a customer contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the Company's performance obligation is satisfied. All of the Company's performance obligations, and associated revenue, are generally satisfied at a point in time, with the exception of certain highly customized pump products, which are satisfied over time as work progresses.

Accounting for long-term contracts involves the use of various techniques to estimate total contract revenue and costs. For long-term contracts, the Company estimates the profit on a contract as the difference between the total estimated revenue and expected costs to complete a contract and recognizes that profit as performance obligations are satisfied. Contract estimates are based on various assumptions to project the outcome of future events that could span longer than one year. These assumptions include labor productivity and availability, the complexity of the work to be performed, the cost and availability of materials and the performance of subcontractors as applicable.

As a significant change in one or more of these estimates could affect the profitability of our contracts, the Company reviews and updates its contract-related estimates regularly. Adjustments in estimated profit on contracts are accounted for under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date on a contract is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance are recognized using the adjusted estimate.

Inventories and Related Allowance

Inventories are valued at the lower of cost or market value and have been reduced by an allowance for excess and obsolete inventories. The estimated allowance is based on a variety of factors, including historical inventory usage and management evaluations. Historically, the Company has not experienced substantive write-offs due to obsolescence. The Company uses the last-in, first-out (LIFO) method for the majority of its inventories.

Pension Plans and Other Postretirement Benefit Plans

The Company recognizes the obligations associated with its defined benefit pension plans and defined benefit health care plans in its Consolidated Financial Statements. The measurement of liabilities related to its pension plans and other postretirement benefit plans is based on management's assumptions related to future events including interest rates, return on pension plan assets, rate of compensation increases and health care cost trend rates. Actual pension plan asset performance will either reduce or increase pension losses included in accumulated other comprehensive loss, which ultimately affects net income. The discount rates used to determine the present value of future benefits are based on estimated yields of investment grade fixed income investments.

The discount rates used to value pension plan obligations were 5.3% at December 31, 2024 and 4.7% at December 31, 2023. The discount rates used to value postretirement obligations were 5.4% at December 31, 2024 and 4.9% at December 31, 2023. The discount rates were determined by constructing a zero-coupon spot yield curve derived from a universe of high-quality bonds as of the measurement date. The expected rate of return on pension assets is designed to be a long-term assumption that will be subject to year-to-year variability. The rate for 2024 was 7.2% and for 2023 was 6.2%. Actual pension plan asset performance will either reduce or increase unamortized losses included in Accumulated other comprehensive loss, which will ultimately affect net income. The assumed rate of compensation increase was 3.5% in both 2024 and 2023.

Substantially all eligible retirees elect to take lump sum settlements of their pension plan benefits. When interest rates are low, this subjects the Company to the risk of exceeding an actuarial threshold computed on an annual basis and triggering a GAAP-required non-cash pension settlement loss, which occurred in 2022.

The assumption used for the rate of increase in medical costs over the next five years was 4.8% in 2024 and 5.0% in 2023.

Goodwill and Other Intangibles

The Company accounts for goodwill in a purchase business combination as the excess of the cost over the fair value of net assets acquired. Business combinations can also result in other intangible assets being recognized. Amortization of intangible assets, if applicable, occurs over their estimated useful lives.

Goodwill is tested annually for impairment as of October 1, or whenever events or changes in circumstances indicate there may be a possible permanent loss of value in accordance with ASC 350, "Intangibles - Goodwill and Other."

Goodwill is tested for impairment at the reporting unit level and is based on the net assets for each reporting unit, including goodwill and intangible assets. The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing a quantitative impairment assessment is unnecessary.

In assessing the qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we identify and assess relevant drivers of fair value and events and circumstances that may impact the fair value and the carrying amount of the reporting unit. The identification of relevant events and circumstances and how these may impact a reporting unit's fair value or carrying amount involves significant judgments and assumptions. The judgments and assumptions include the identification of macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, Company-specific events and share price trends and making the assessment on whether each relevant factor will impact the impairment test positively or negatively and the magnitude of any such impact.

When performing a quantitative assessment of goodwill impairment if necessary, or in years where we elect to do so, a discounted cash flow model is used to estimate the fair value of each reporting unit, which considers forecasted cash flows discounted at an estimated weighted-average cost of capital. The forecasted cash flows are based on the Company's long-term operating plan and the weighted-average cost of capital is an estimate of the overall after-tax rate of return. Other valuation techniques including comparative market multiples are used when appropriate. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the respective reporting units.

The Company performed qualitative analyses as of October 1, 2024 and 2023 for all of its reporting units except for National Pump Company ("National") and Fill-Rite, concluding that it was more likely than not that the fair value of the reporting units exceeded the respective carrying amounts.

The Company performed a quantitative impairment analysis as of October 1, 2024 for National and Fill-Rite reporting units and concluded that the fair value of each reporting unit exceeded its carrying value and therefore was not impaired. A sensitivity analysis was performed for each reporting unit, assuming a hypothetical 100 basis point decrease in the expected long-term growth rate or a hypothetical 100 basis point increase in the weighted average cost of capital, and both scenarios independently yielded an estimated fair value above carrying value. If National or Fill-Rite fail to experience growth or revise their long-term projections downward, they could be subject to impairment charges in the future. Goodwill relating to the National reporting unit is $13.6 million, or 1.6% of the Company's December 31, 2024 total assets, and goodwill relating to the Fill-Rite reporting unit is $230.7 million, or 26.9% of the Company's December 31, 2024 total assets. See Note 10 to the Consolidated Financial Statements, Goodwill and Other Intangible Assets.

Other indefinite-lived intangible assets primarily consist of trademarks and trade names. The fair value of these assets is also tested annually for impairment as of October 1, or whenever events or changes in circumstances indicate there may be a possible permanent loss of value. The fair value of these assets is determined using a royalty relief methodology similar to that employed when the associated assets were acquired, but using updated estimates of future sales, cash flows and profitability. For 2024 and 2023, the fair value of all indefinite lived intangible assets exceeded the respective carrying values.

Finite-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recovered through future net cash flows generated by the assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to future net undiscounted cash flows estimated to be generated by such assets. The Company was not aware of any events or changes in circumstances that indicate the carrying value of its finite-lived assets may not be recoverable. See Note 10 to the Consolidated Financial Statements, Goodwill and Other Intangible Assets.

Acquisitions

The Company allocates the purchase price of its acquisitions to the assets acquired, liabilities assumed, and noncontrolling interests based upon their respective fair values at the acquisition date. The Company utilizes management estimates and inputs from an independent third-party valuation firm to assist in determining these fair values.

The Company uses the income, market or cost approach (or a combination thereof) for the valuation as appropriate. The valuation inputs in these models and analyses are based on market participant assumptions. Management values property, plant and equipment using the cost approach supported where available by observable market data, which includes consideration of obsolescence. Management values acquired intangible assets using the relief from royalty method or excess earnings method, which are forms of the income approach supported by observable market data for peer companies. The significant assumptions used to estimate the value of the acquired intangible assets include discount rates and certain assumptions that form the basis of future cash flows (such as revenue growth rates, EBITDA margins, customer attrition rates, and royalty rates), which are considered Level 3 assets as the assumptions are unobservable inputs developed by the Company. Acquired inventories are recorded at fair value. For certain items, the carrying value is determined to be a reasonable approximation of fair value based on information available to the Company.

The excess of the acquisition price over estimated fair values is recorded as goodwill. Goodwill is adjusted for any changes to acquisition date fair value amounts made within the measurement period. Acquisition-related transaction costs are recognized separately from the business combination and expensed as incurred. See Note 2 to the Consolidated Financial Statements, Acquisitions.

Other Matters

Certain transactions with related parties occur in the ordinary course of business and are not considered to be material to the Company's consolidated financial position, net income or cash flows.

The Company does not have any off-balance sheet arrangements, financings or other relationships with unconsolidated "special purpose entities."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to various market risks, including changes in foreign currency exchange rates and interest rates. Exposure to foreign exchange rate risk is due to certain costs and revenue being denominated in currencies other than one of the Company's subsidiaries functional currency. The Company is also exposed to market risk as the result of changes in interest rates which may affect the cost of financing. We continually monitor these risks and regularly develop appropriate strategies to manage them. Accordingly, from time to time, we may enter into certain derivative or other financial instruments. These financial instruments are used to mitigate market exposure and are not used for trading or speculative purposes.

Interest Rate Risk

The results of operations are exposed to changes in interest rates primarily with respect to borrowings under the Company's Senior Term Loan Facility and Credit Facility. Borrowings under the Senior Term Loan Facility and Credit Facility may be made either at (i) a base rate plus the applicable margin, which ranges from 0.50% to 1.25%, or at (ii) an Adjusted Term SOFR Rate, plus the applicable margin, which ranges from 1.5% to 2.25%. At December 31, 2024, the Company had $340.8 million in borrowings under the Senior Term Loan Facility and no borrowings under the Credit Facility. As of December 31, 2024, the applicable interest rates under the Senior Secured Credit Agreement were Adjusted Term SOFR plus 2.0%. See Note 5 - Financing Arrangements in the notes to our Consolidated Financial Statements.

To reduce the exposure to changes in the market rate of interest, effective October 31, 2022, the Company entered into interest rate swap agreements for a portion of the Senior Term Loan Facility. Terms of the interest rate swap agreements require the Company to receive a fixed interest rate and pay a variable interest rate. The interest rate swap agreements are designated as a cash flow hedge, and as a result, the mark-to-market gains or losses will be deferred and included as a component of accumulated other comprehensive income (loss) and reclassified to interest expense in the period during which the hedged transactions affect earnings. See "Derivative Financial Instruments" and "Interest Rate Derivatives" in the Notes to our Consolidated Financial Statements.

The Company estimates that a hypothetical increase of 100 basis points in interest rates would increase interest expense by approximately $1.9 million on an annual basis.

Foreign Currency Risk

The Company's foreign currency exchange rate risk is limited primarily to the Euro, Canadian Dollar, South African Rand and British Pound. The Company manages its foreign exchange risk principally through invoicing customers in the same currency as is used in the market of the source of products. The foreign currency transaction gains (losses) for 2024, 2023 and 2022 were $(0.4) million, $(0.4) million and $0.2 million, respectively, and are reported within Other (expense) income, net on the Consolidated Statements of Income.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of The Gorman-Rupp Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Gorman-Rupp Company (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 3, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fill-Rite Goodwill Impairment Analysis

Description of the Matter	At December 31, 2024, the Company's total goodwill was $257.6 million, of which, $230.7 million related to the Fill-Rite reporting unit. As discussed in Note 1 and Note 10 of the consolidated financial statements, goodwill is tested for impairment at least annually on October 1 at the reporting unit level, or when events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company performed a quantitative analysis for the annual impairment testing of the Fill-Rite reporting unit using both a market approach and a discounted cash flow model to estimate the fair value of the reporting unit. Auditing the Company's Fill-Rite quantitative goodwill impairment analysis was complex and highly judgmental due to the significant estimation required in determining the fair value of the reporting unit. In particular, the fair value estimate using the discounted cash flow model was sensitive to significant assumptions such as the discount rate, discrete revenue growth rates, and profitability assumptions. Elements of these significant assumptions are forward-looking and could be affected by future economic conditions and/or changes in customer preferences.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Fill-Rite reporting unit goodwill impairment analysis process, including controls over the significant assumptions mentioned above. To test the estimated fair value used in the Fill-Rite reporting unit goodwill impairment analysis, we performed audit procedures that included, among others, assessing the fair value methodologies and testing the significant assumptions discussed above and the underlying data used in the analysis. For example, we compared the significant assumptions used by management to current industry and economic trends, changes to the Company's business model, and other relevant factors, as applicable. We assessed the historical accuracy of management's estimates. We also performed sensitivity analyses of significant assumptions, including the discount rate, discrete revenue growth rates, and profitability assumptions, to evaluate the changes in fair value that would result from changes in the assumptions and the potential impact on the Company's conclusion of whether the goodwill was impaired. In addition, we involved our valuation specialist to assist with our evaluation of the methodology used by the Company and significant assumptions, including the discount rate.

/s/ Ernst & Young LLP
We have served as the Company's auditor since at least 1967, but we are unable to determine the specific year.

Cleveland, Ohio
March 3, 2025

The Gorman-Rupp Company

Consolidated Statements of Income

(Dollars in thousands, except share and per share amounts)	Year Ended December 31, 2024	2023	2022
Net sales	$ 659,667	$ 659,511	$ 521,027
Cost of products sold	455,339	463,258	390,090
Gross profit	204,328	196,253	130,937
Selling, general and administrative expenses	100,506	96,660	83,117
Amortization expense	12,379	12,552	7,637
Operating income	91,443	87,041	40,183
Interest expense	(33,621)	(41,273)	(19,240)
Other income (expense), net	(7,329)	(1,807)	(7,071)
Income before income taxes	50,493	43,961	13,872
Provision from income taxes	10,378	9,010	2,677
Net income	$ 40,115	$ 34,951	$ 11,195
Earnings per share	$ 1.53	$ 1.34	$ 0.43
Average number of shares outstanding.	26,219,291	26,174,174	26,089,976

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

(Dollars in thousands)	Year Ended December 31, 2024	2023	2022
Net income	$ 40,115	$ 34,951	$ 11,195
Cumulative translation adjustments	(3,024)	931	(2,768)
Cash flow hedging activity, net of tax	966	(452)	(617)
Pension and postretirement medical liability adjustments, net of tax	1,552	(942)	9,241
Other comprehensive income (loss)	(506)	(463)	5,856
Comprehensive income	$ 39,609	$ 34,488	$ 17,051

See notes to consolidated financial statements.

The Gorman-Rupp Company
Consolidated Balance Sheets

(Dollars in thousands)	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 24,213	$ 30,518
Accounts receivable, net	87,636	89,625
Inventories, net	99,205	104,156
Prepaid and other	9,773	11,812
Total current assets	220,827	236,111
Property, plant and equipment, net	131,822	134,872
Other assets	23,838	24,841
Other intangible assets, net	224,428	236,813
Goodwill	257,554	257,721
Total assets	$ 858,469	$ 890,358
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 24,752	$ 23,886
Payroll and employee related liabilities	20,982	20,172
Commissions payable	6,438	10,262
Deferred revenue and customer deposits	6,840	12,521
Current portion of long-term debt	18,500	21,875
Accrued expenses	10,015	11,960
Total current liabilities	87,527	100,676
Pension benefits	6,629	11,500
Postretirement benefits	22,178	22,786
Long-term debt, net of current portion	348,097	382,579
Other long-term liabilities	20,238	23,358
Total liabilities	484,669	540,899
Equity:		
Common shares, without par value:		
Authorized - 35,000,000 shares;		
Outstanding – 26,227,540 shares at December 31, 2024 and 26,193,998 shares at December 31, 2023 (after deducting treasury shares of 821,256 and 854,798, respectively), at stated capital amounts	5,126	5,119
Additional paid-in capital	9,360	5,750
Retained earnings	384,757	363,527
Accumulated other comprehensive loss	(25,443)	(24,937)
Total equity	373,800	349,459
Total liabilities and equity	$ 858,469	$ 890,358

See notes to consolidated financial statements.

The Gorman-Rupp Company
Consolidated Statements of Cash Flows

(Dollars in thousands)	Year Ended December 31, 2024	2023	2022
Cash flows from operating activities:			
Net income	$ 40,115	$ 34,951	$ 11,195
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	27,897	28,496	21,158
LIFO expense	5,142	6,891	18,041
Pension expense	2,715	3,604	9,985
Contributions to pension plan	(5,089)	(2,250)	(2,250)
Stock based compensation	4,008	3,252	2,957
Amortization of debt issuance fees	6,405	3,014	1,717
Deferred income tax charge (benefit)	(1,417)	(414)	(1,086)
Gain on sale of property, plant, and equipment	(1,195)	-	-
Other	387	1,335	(128)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable, net	1,180	3,752	(13,954)
Inventories, net	(2,031)	559	(32,772)
Accounts payable	1,222	(1,518)	(2,250)
Commissions payable	(3,603)	9	2,051
Deferred revenue and customer deposits	(5,636)	5,773	(2,329)
Accrued expenses and other	(1,801)	6,316	(954)
Income taxes	2,129	1,226	1,907
Benefit obligations	(598)	3,229	397
Net cash provided by operating activities	69,830	98,225	13,685
Cash flows from investing activities			
Capital additions	(14,319)	(20,835)	(17,986)
Acquisitions	-	-	(527,993)
Proceeds from sale of property, plant, and equipment	2,453	-	-
Other	-	672	306
Net cash used for investing activities	(11,866)	(20,163)	(545,673)
Cash flows from financing activities:			
Cash dividends	(19,009)	(18,447)	(17,872)
Treasury share repurchases	(267)	(1,029)	(918)
Proceeds from bank borrowings	400,000	5,000	457,000
Payments to banks for borrowings	(443,000)	(39,500)	(8,750)
Debt issuance fees	(746)	-	(15,217)
Other	(115)	(551)	(130)
Net cash provided by (used for) financing activities	(63,137)	(54,527)	414,113
Effect of exchange rate changes on cash	(1,132)	200	(536)
Net increase (decrease) in cash and cash equivalents	(6,305)	23,735	(118,411)
Cash and cash equivalents:			
Beginning of year	30,518	6,783	125,194
End of period	$ 24,213	$ 30,518	$ 6,783

See notes to consolidated financial statements.

The Gorman-Rupp Company

Consolidated Statements of Equity

(Dollars in thousands, except share and per share amounts)	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Dollars				
Balances December 31, 2021	26,103,661	$ 5,099	$ 1,838	$ 353,369	$ (30,330)	$ 329,976
Net income				11,195		11,195
Other comprehensive income					5,856	5,856
Stock based compensation	15,750	3	2,896	58		2,957
Treasury share repurchases	(24,546)	(5)	(822)	(91)		(918)
Cash dividends - $0.69 per share				(17,872)		(17,872)
Balances December 31, 2022	26,094,865	5,097	3,912	346,659	(24,474)	331,194
Net income				34,951		34,951
Other comprehensive loss					(463)	(463)
Stock based compensation	135,238	30	2,727	496		3,253
Treasury share repurchases	(36,105)	(8)	(889)	(132)		(1,029)
Cash dividends - $0.71 per share				(18,447)		(18,447)
Balances December 31, 2023	26,193,998	5,119	5,750	363,527	(24,937)	349,459
Net income				40,115		40,115
Other comprehensive loss					(506)	(506)
Stock based compensation	40,890	9	3,849	150		4,008
Treasury share repurchases	(7,348)	(2)	(239)	(26)		(267)
Cash dividends - $0.73 per share				(19,009)		(19,009)
Balances December 31, 2024	26,227,540	$ 5,126	$ 9,360	$ 384,757	$ (25,443)	$ 373,800

See notes to consolidated financial statements.

Note 1 – Summary of Significant Accounting Policies

General Information and Basis of Presentation

The Gorman-Rupp Company is a leading designer, manufacturer and international marketer of pumps and pump systems for use in diverse water, wastewater, construction, dewatering, industrial, petroleum, original equipment, agriculture, fire suppression, heating, ventilating and air conditioning (HVAC), military and other liquid-handling applications.

The Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated. Earnings per share are calculated based on the weighted-average number of common shares outstanding.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents and Short-Term Investments

The Company considers highly liquid instruments with maturities of 90 days or less to be cash equivalents. The Company periodically makes short-term investments for which cost approximates fair value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the historical carrying amount net of allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts for expected losses from the failure of its customers to make required payments for products delivered. The Company estimates this allowance based on knowledge of the financial condition of customers, review of historical receivables and reserve trends, current economic conditions in the company's major markets and geographies, and other relevant information.

The allowance for doubtful accounts was $1.1 million at December 31, 2024 and $0.7 million at December 31, 2023.

Inventories

The majority of the Company's inventories are valued on the last-in, first-out (LIFO) method and stated at the lower of cost or market. All other inventories are stated at the lower of cost or net realizable value with cost determined using the first-in, first-out (FIFO) method. Cost components include materials, inbound freight costs, labor and allocations of fixed and variable overheads on an absorption costing basis.

The costs for approximately 67% and 66% of inventories at December 31, 2024 and 2023, respectively, were determined using the last-in, first-out (LIFO) method. Current cost approximates replacement cost, or market, and LIFO cost is determined at the end of each fiscal year based on inventory levels on-hand at current replacement cost and a LIFO reserve. The Company uses the simplified LIFO method, under which the LIFO reserve is determined utilizing the inflation factor specified in the Producer Price Index for Machinery and Equipment – Pumps, Compressors and Equipment, as published by the U.S. Bureau of Labor Statistics. Interim LIFO calculations are based on management's estimate of the expected year-end inflation index and, as such, are subject to adjustment each quarter including the fourth quarter when the inflation index for the year is finalized. When inflation increases, the LIFO reserve and non-cash expense increase.

Property, plant and equipment

Property, plant and equipment are stated on the basis of cost. Repairs and maintenance costs are expensed as incurred. Depreciation for property, plant and equipment assets is computed using the straight-line method over the estimated useful lives of the assets and is included in Cost of products sold and Selling, general and administrative expenses based on the use of the assets. Depreciation expense was $15.5 million, $15.9 million, and $13.3 million for 2024, 2023, and 2022, respectively.

Depreciation of property, plant and equipment is determined based on the following lives:

	Years
Buildings	20 - 50
Machinery and equipment	5 - 15
Software	3 - 5

Property, plant and equipment consist of the following:

	2024	2023
Land	$ 6,116	$ 6,214
Buildings	123,199	121,517
Machinery and equipment	229,624	227,567
	358,939	355,298
Less accumulated depreciation	(227,117)	(220,426)
Property, plant and equipment, net	$ 131,822	$ 134,872

Property, plant and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying amount may not be recovered through future net cash flows generated by the assets. Impairment losses may be recorded when the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts based on the excess of the carrying amounts over the estimated fair value of the assets. The Company was not aware of any events or changes in circumstances that indicated the carrying value of its property, plant and equipment may not be recoverable.

Goodwill and Identifiable Intangible Assets

Goodwill

Goodwill represents the excess of the cost of acquired businesses over the fair value of tangible assets and identifiable intangible assets purchased and liabilities assumed.

Goodwill is reviewed annually for impairment as of October 1 or whenever events or changes in circumstances indicate there may be a possible permanent loss of value using either a quantitative or qualitative analysis. For certain reporting units, the Company performs a quantitative analysis using both a market-based approach and a discounted cash flow model to estimate the fair value of our reporting units. This process requires significant judgements, including estimation of future cash flows, which is dependent on internal forecasts. The Company may otherwise elect to perform a qualitative analysis when deemed appropriate. A qualitative analysis may be performed by assessing certain trends and factors, including projected market outlook and growth rates, forecasted and actual sales and operating profit margins, discount rates, industry data and other relevant qualitative factors. These trends and factors are compared to, and based on, the assumptions used in the most recent quantitative assessment.

No impairment charges were recognized in any of the Company's reporting units in 2024, 2023, or 2022. See Note 10 to the Consolidated Financial Statements, Goodwill and Other Intangible Assets.

Identifiable intangible assets

The Company's primary identifiable intangible assets include customer relationships, technology and drawings, and trade names and trademarks. Identifiable intangible assets with finite lives are amortized and those identifiable intangible assets with indefinite lives are not amortized. Amortization for finite-lived intangible assets is computed using the straight-line method over the estimated useful lives of the assets and is included in Cost of products sold and Selling, general and administrative expenses based on the use of the assets. Amortization of finite-lived intangible assets is determined based on the following lives:

	Years
Technology and drawings	13 - 20
Customer relationships	9 - 20
Other intangibles	2 - 18

Identifiable intangible assets that are subject to amortization are evaluated for impairment whenever events or changes in circumstances indicate the carrying amount may not be recovered through future net cash flows generated by the assets. Impairment losses may be recorded when the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts based on the excess of the carrying amounts over the estimated fair value of the assets. The Company was not aware of any events or changes in circumstances that indicated the carrying value of its finite-lived intangible assets may not be recoverable.

Identifiable intangible assets not subject to amortization are tested for impairment annually or more frequently if events warrant. The fair value of these assets is determined using a royalty relief methodology similar to that employed when the associated assets were acquired, but using updated estimates of future sales, cash flows and profitability. For 2024, 2023 and 2022, the fair value of indefinite lived intangible assets exceeded their carrying values.

For additional information about goodwill and other intangible assets, see Note 10 to the Consolidated Financial Statements, Goodwill and Other Intangible Assets.

Acquisitions

The Company allocates the purchase price of its acquisitions to the assets acquired, liabilities assumed, and noncontrolling interests based upon their respective fair values at the acquisition date. The Company utilizes management estimates and inputs from an independent third-party valuation firm to assist in determining these fair values.

The Company uses the income, market or cost approach (or a combination thereof) for the valuation as appropriate. The valuation inputs in these models and analyses are based on market participant assumptions. Management values property, plant and equipment using the cost approach supported where available by observable market data, which includes consideration of obsolescence. Management values acquired intangible assets using the relief from royalty method or excess earnings method, which are forms of the income approach supported by observable market data for peer companies. The significant assumptions used to estimate the value of the acquired intangible assets include discount rates and certain assumptions that form the basis of future cash flows (such as revenue growth rates, EBITDA margins, customer attrition rates, and royalty rates), which are considered Level 3 assets as the assumptions are unobservable inputs developed by the Company. Acquired inventories are recorded at fair value. For certain items, the carrying value is determined to be a reasonable approximation of fair value based on information available to the Company.

The excess of the acquisition price over estimated fair values is recorded as goodwill. Goodwill is adjusted for any changes to acquisition date fair value amounts made within the measurement period. Acquisition-related transaction costs are recognized separately from the business combination and expensed as incurred. See Note 2 to the Consolidated Financial Statements, Acquisitions.

Revenue Recognition

The Company recognizes revenue when it transfers control of promised goods or services to its customers in an amount that reflects the consideration to which it expects to be entitled to in exchange for those goods or services.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct product or service to a customer, and is the unit of account in ASC 606. The transaction price for a customer contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the Company's performance obligation is satisfied. For product sales, other than long-term construction-type contracts, the Company recognizes revenue once control has passed at a point in time, which is generally when products are shipped. Payments received for product sales typically occur following delivery and the satisfaction of the performance obligation based upon the terms outlined in the contracts. Substantially all of our customer contracts are fixed-price contracts and the majority of our customer contracts have a single performance obligation, as the promise to transfer the individual products or services is not separately identifiable from other promises in the contract. For customer contracts with multiple performance obligations, the Company allocates revenue to each performance obligation based on its relative standalone selling price, which is generally determined based on standalone selling prices charged to customers or using expected cost plus margin.

All of the Company's performance obligations, and associated revenue, are generally transferred to customers at a point in time, with the exception of certain highly customized pump products, which are transferred to the customer over time.

The Company offers standard warranties for its products to ensure that its products comply with agreed-upon specifications in its contracts. For standard warranties, these do not give rise to performance obligations and represent assurance-type warranties.

Shipping and handling activities related to products sold to customers, whether performed before or after the customer obtains control of the products, are generally accounted for as activities to fulfill the promise to transfer the products and not as a separate performance obligation.

Contract Estimates

Accounting for long-term contracts involves the use of various techniques to estimate total contract revenue and costs. For long-term contracts, the Company estimates the profit on a contract as the difference between the total estimated revenue and expected costs to complete a contract and recognizes that profit as performance obligations are satisfied. Contract estimates are based on various assumptions to project the outcome of future events that could span longer than one year. These assumptions include labor productivity and availability, the complexity of the work to be performed, the cost and availability of materials, and the performance of subcontractors as applicable.

As a significant change in one or more of these estimates could affect the profitability of our contracts, the Company reviews and updates its contract-related estimates regularly. Adjustments in estimated profit on contracts are accounted for under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date on a contract is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance are recognized using the adjusted estimate.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Consolidated Balance Sheets. For certain highly customized pump products, revenue is recognized over time before the customer is invoiced, resulting in contract assets. Sometimes the Company receives advances or deposits from its customers before revenue is recognized, resulting in contract liabilities. These contract assets and liabilities are reported on the Consolidated Balance Sheets as a component of Other assets and Deferred revenue and customer deposits, respectively, on a contract-by-contract basis at the end of each reporting period.

Income Taxes

Income tax expense includes United States federal, state, local and international income taxes. Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial reporting and the tax basis of existing assets and liabilities and for loss carryforwards. The tax rate used to determine the deferred tax assets and liabilities is the enacted tax rate for the year and manner in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

The Company accounts for the global intangible low-taxed income ("GILTI") tax in the period in which it is incurred.

Pension and Other Postretirement Benefits

The Company sponsors a defined benefit pension plan covering certain domestic employees. Additionally, the Company sponsors defined contribution pension plans made available to all domestic and Canadian employees.

The Company also sponsors a non-contributory defined benefit postretirement health care plan that provides health benefits to certain domestic and Canadian retirees and their spouses. The Company funds the cost of these benefits as incurred.

The determination of the Company's obligation and expense for pension and other postretirement benefits is dependent on its selection of certain assumptions used by actuaries in calculating such amounts, which are described in Note 9, Pensions and Other Postretirement Benefits. The Company recognizes the funded status of its defined benefit pension plan as an asset or liability in the Consolidated Balance Sheets and recognizes the change in the funded status in the year in which the change occurs through accumulated other comprehensive loss in the Consolidated Balance Sheets.

Concentration of Credit Risk

The Company generally does not require collateral from its customers and has a very good collection history. There were no sales to a single customer that exceeded 10% of total net sales for the years ended December 31, 2024, 2023 or 2022.

Shipping and Handling Costs

The Company classifies all amounts billed to customers for shipping and handling as revenue and reflects related shipping and handling costs in Cost of products sold. Shipping and handling costs that are not billable to customers are included in selling, general and administrative expenses.

Advertising

The Company expenses all advertising costs as incurred, which for the years ended December 31, 2024, 2023 and 2022 totaled $4.5 million, $4.3 million, and $3.3 million, respectively.

Product Warranties

A liability is established for estimated future warranty and service claims based on historical claims experience and specific product failures. The Company expenses warranty costs directly to Cost of products sold. Changes in the Company's product warranty liability are:

	2024	2023	2022
Balance at beginning of year	$ 2,269	$ 1,973	$ 1,637
Provision	3,017	3,655	1,590
Acquired	-	-	646
Claims	(3,076)	(3,359)	(1,900)
Balance at end of year	$ 2,210	$ 2,269	$ 1,973

Stock based compensation

Expense is recognized for all awards of stock-based compensation by allocating the aggregate grant date fair value over the vesting period. No expense is recognized for any stock options, restricted or deferred shares or restricted stock units ultimately forfeited because the recipients fail to meet vesting requirements. The Company accounts for forfeitures as they occur, rather than estimating expected forfeitures. Refer to Note 13 – Stock based Compensation to the consolidated financial statements for additional details.

Foreign Currency Translation

Assets and liabilities of the Company's operations outside the United States which are accounted for in a functional currency other than U.S. dollars are translated into U.S. dollars using year-end exchange rates. Revenues and expenses are translated at weighted-average exchange rates effective during the year. Foreign currency translation gains and losses are included as a component of Accumulated other comprehensive loss within Equity.

Gains and losses resulting from foreign currency transactions, the amounts of which are not material, are included in Other (expense) income, net.

Fair Value

The carrying value of Cash and cash equivalents, Accounts receivable and Accounts payable approximates fair value based on the short-term nature of these instruments. The carrying value of long term debt, including the current portion, approximates fair value as the variable interest rates approximate rates available to other market participants with comparable credit risk and interest rates as of December 31, 2024 were approximately the same as interest rates at the time the fixed rate agreement was entered. The Company does not recognize any non-financial assets at fair value.

Derivative Financial Instruments

The Company uses interest rate swap agreements to partially reduce risks related to floating rate financing agreements that are subject to changes in the market rate of interest. Terms of the interest rate swap agreements require the Company to receive a variable interest rate and pay a fixed interest rate. The Company's interest rate swap agreements and its variable rate financings are predominately based upon an Adjusted Term SOFR Rate. For cash flow hedges, the Company formally assesses, both at inception and on a quarterly basis thereafter, whether the designated derivative instrument is highly effective in offsetting changes in cash flows of the hedged item. Changes in the fair value of interest rate swap agreements that are effective as hedges are recorded in Accumulated other comprehensive income (AOCI). Deferred gains or losses are reclassified from AOCI to the Consolidated Statements of Operations in the same period as the gains or losses from the underlying transactions are recorded and are generally recognized in interest expense. The Company discontinues hedge accounting prospectively when the derivative is not highly effective as a hedge, the underlying hedged transaction is no longer probable, or the hedging instrument expires, or is sold, terminated or exercised.

Cash flows from hedging activities are reported in the Consolidated Statements of Cash Flows in the same classification as the hedged item, generally as a component of cash flows from operations.

New Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standard Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). All recently issued ASUs were assessed and determined either to be not applicable or are expected to have minimal impact on the Company's Consolidated Financial Statements.

The FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, requiring public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. The Company adopted ASU 2023-07 during the year ended December 31, 2024. See Note 11 - Business Segment Information in the accompanying notes to the consolidated financial statements for further detail.

The FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The standard is intended to enhance the transparency and decision usefulness of income tax disclosures. This amendment modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold, (2) the amount of income taxes paid, net of refunds received, disaggregated by federal, state, and foreign taxes, as well as individual jurisdictions in which income taxes paid is equal to or greater than 5 percent of total income taxes paid, (3) the income or loss from continuing operations before income tax expense or benefit disaggregated between domestic and foreign, and (4) income tax expense or benefit from continuing operations disaggregated by federal, state and foreign. The standard is effective for annual periods beginning after December 15, 2024. The standard should be applied on a prospective basis, while retrospective application is permitted. The Company does not anticipate the adoption to have a material impact on the Company's financial disclosures.

The FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40). The standard is intended to enhance the transparency of business expenses in commonly presented expense captions. This amendment requires entities to disclose the following amounts in each relevant income statement expense caption (1) purchases of inventory, (2) employee compensation, (3) depreciation, and (4) intangible asset amortization. Entities are also required to disclose the total amount of selling expense and the entities definition of selling expenses. The standard is effective for annual periods beginning after December 15, 2026. The standard should be applied on a prospective basis, while retrospective application is permitted. The Company is evaluating the impact of the standard on the Company's financial disclosures.

Note 2 - Acquisitions

On May 31, 2022, the Company acquired the assets of Fill-Rite and Sotera ("Fill-Rite"), a division of Tuthill Corporation, for cash consideration of $528.0 million. The transaction was funded with new debt consisting of $350.0 million from the secured Senior Term Loan Facility, $90.0 million from the unsecured Subordinated Credit Facility, $5.0 million from the revolving Credit Facility, and $83.0 million of cash on hand. Refer to "Note 5 – Financing Arrangements" for further details related to the financing completed as part of the transaction.

The Company accounted for the Fill-Rite Transaction in accordance with ASC 805, Business Combinations. The results of operations for Fill-Rite from the acquisition date going forward are included in the Company's Consolidated Statements of Income. Fill-Rite had $87.4 million in net sales and $6.4 million in operating income that was included in the Company's consolidated financial statements for the year ended December 31, 2022. Operating income for the year ended December 31, 2022 included $1.4 million of inventory step up amortization and $1.5 million of acquired customer backlog amortization in addition to the $7.0 million in amortization on customer relationships and developed technology. Operating income for the year ended December 31, 2023 included $1.1 million of acquired customer backlog amortization and $12.0 million in amortization on customer relationships and developed technology.

Under the acquisition method of accounting, the assets and liabilities have been recorded at their respective estimated fair values as of the date of completion of the acquisition and reported into the Company's Consolidated Balance Sheets. The following table presents the fair value of assets acquired and liabilities assumed. No adjustments were made to the preliminary purchase price allocation, which was finalized during the second quarter of 2023:

Accounts receivable	$	21,273
Inventory		12,214
Customer backlog (amortized within one year)		2,600
Other current assets		914
Property, plant, and equipment		24,505
Customer relationships (amortized over 20 years)		200,900
Technology (amortized over 20 years)		39,800
Tradenames (indefinite-lived)		10,700
Goodwill		230,688
Total assets acquired	$	543,594
Current liabilities assumed		(15,601)
Allocated purchase price	$	527,993

For tax purposes, the Fill-Rite acquisition was treated as an asset purchase. As such, the Company received a step up in tax basis of the net Fill-Rite assets, equal to the purchase price, including goodwill which is deductible for tax purposes.

The transaction costs related to the acquisition approximated $7.1 million for the year ended December 31, 2022. These costs were expensed as incurred and recorded within selling, general, and administrative expenses.

The following is supplemental pro-forma net sales, operating income, net income, and earnings per share had the Fill-Rite Acquisition occurred as of January 1, 2021 (in millions):

		2022
Net sales	$	586,101
Operating income	$	57,248
Net income	$	15,264
Earnings per share	$	0.59

The supplemental pro forma information presented above is being provided for information purposes only and may not necessarily reflect the future results of operations of the Company or what the results of operations would have been had the Company owned and operated Fill-Rite since January 1, 2021.

Note 3 – Revenue

Disaggregation of Revenue

The following tables disaggregate total net sales by end market and geographic location:

End Market	2024	2023	2022
Industrial	$ 131,479	$ 136,978	$ 100,826
Fire	121,418	143,551	121,001
Agriculture	82,224	83,053	57,703
Construction	85,149	86,996	60,557
Municipal	100,019	78,528	69,726
Petroleum	24,188	23,168	16,464
OEM	40,343	37,708	34,820
Repair parts	74,847	69,529	59,930
Total net sales	$ 659,667	$ 659,511	$ 521,027

Geographic Location	2024	2023	2022
United States	$ 491,516	$ 497,387	$ 381,306
Foreign countries	168,151	162,124	139,721
Total net sales	$ 659,667	$ 659,511	$ 521,027

International sales represented approximately 25% of total net sales for 2024, 25% for 2023 and 27% for 2022, and were made to customers in many different countries around the world.

On December 31, 2024, the Company had $206.0 million of remaining performance obligations, also referred to as backlog. The Company expects to recognize as revenue substantially all of its remaining performance obligations within one year.

The Company's contract assets and liabilities as of December 31, 2024 and 2023 were as follows:

	2024	2023
Contract assets	$ 390	$ -
Contract liabilities	$ 6,840	$ 12,521

Revenue recognized for the year ended December 31, 2024 that was included in the contract liability balance at December 31, 2023 was $11.0 million. Revenue recognized for the year ended December 31, 2023 that was included in the contract liability balance at December 31, 2022 was $6.0 million.

Note 4 – Inventories

LIFO inventories are stated at the lower of cost or market and all other inventories are stated at the lower of cost or net realizable value. Replacement cost approximates current cost and the excess over LIFO cost was approximately $100.2 million and $95.1 million at December 31, 2024 and 2023, respectively. Allowances for excess and obsolete inventory totaled $6.8 million at December 31, 2024 and $7.9 million at December 31, 2023.

Pre-tax LIFO expense was $5.1 million, $6.9 million, and $18.0 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Inventories are comprised of the following:

	2024	2023
Raw materials and in-process	$ 36,897	$ 37,037
Finished parts	46,375	52,458
Finished products	15,933	14,661
Total net inventories	$ 99,205	$ 104,156

Note 5 – Financing Arrangements

Debt consisted of:

	2024	2023
Senior Secured Credit Agreement	$ 340,750	$ 323,750
Credit Facility	-	-
6.40% Note Agreement	30,000	-
Subordinated Credit Agreement	-	90,000
Total debt	370,750	413,750
Unamortized discount and debt issuance fees	(4,153)	(9,296)
Total debt, net	366,597	404,454
Less: current portion of long-term debt	(18,500)	(21,875)
Total long-term debt, net	$ 348,097	$ 382,579

Maturities of long-term debt in the next five fiscal years, and the remaining years thereafter, are as follows:

2025	2026	2027	2028	2029	Thereafter	Total
$ 18,500	$ 23,125	$ 32,375	$ 37,000	$ 229,750	$ 30,000	$ 370,750

Amended and Restated Senior Secured Credit Agreement

On May 31, 2024, the Company entered into an Amended and Restated Senior Secured Credit Agreement (the "Amended and Restated Senior Credit Agreement") with several lenders, which amended, extended, and restated the Company's existing Senior Secured Credit Agreement, dated as of May 31, 2022. The Amended and Restated Senior Credit Agreement provides for a term loan facility in an aggregate principal amount of $370 million (the "Senior Term Loan Facility"), a revolving credit facility in an aggregate principal amount of up to $100 million (the "Credit Facility"), a letter of credit sub-facility in the aggregate available amount of up to $30 million, as a sublimit of the Credit Facility, and a swing line sub-facility in the aggregate available amount of up to $20 million, as a sublimit of the Credit Facility. The obligations of the Company under the Amended and Restated Senior Credit Agreement are secured by a first priority lien on substantially all of its personal property, and guaranteed by certain of the Company's direct, wholly-owned subsidiaries (the "Guarantors"), which guarantees are secured by a first priority lien in substantially all of the Guarantors' personal property.

The Amended and Restated Senior Credit Agreement has a maturity date of May 31, 2029, with the Senior Term Loan Facility requiring quarterly installment payments commencing on September 30, 2024 and continuing on the last day of each consecutive December, March, June and September thereafter.

At the option of the Company, borrowings under the Senior Term Loan Facility and under the Credit Facility bear interest at either a base rate or at an Adjusted Term SOFR Rate (as defined in the Amended and Restated Senior Credit Agreement), plus the applicable margin, which ranges from 0.5% to 1.25% for base rate loans and 1.50% to 2.25% for Adjusted Term SOFR Rate loans. The applicable margin is based on the Company's total leverage ratio. At December 31, 2024, the applicable interest rate under the Amended and Restated Senior Secured Credit Agreement was Adjusted Term SOFR plus 2.00%.

The Amended and Restated Senior Credit Agreement requires the Company to maintain a consolidated total net leverage ratio not to exceed 4.50 to 1.00 for each of the four consecutive fiscal quarter periods ending June 30, 2024 and September 30, 2024, decreasing to 4.25 to 1.00 for each of the four consecutive quarters ending December 31, 2024 and March 31, 2025, decreasing to 4.00 to 1.00 for each of the four consecutive fiscal quarter periods ending June 30, 2025 and September 30, 2025, and decreasing to 3.50 to 1.00 for the four consecutive fiscal quarter periods ending December 31, 2025 and each of the four consecutive fiscal quarter periods ending thereafter.

The Amended and Restated Senior Credit Agreement requires the Company to maintain an interest coverage ratio of not less than 3.00 to 1.00 for any four consecutive fiscal quarter period.

The Amended and Restated Senior Credit Agreement contains customary affirmative and negative covenants, including among others, limitations on the Company and its subsidiaries with respect to the incurrence of liens and indebtedness, dispositions of assets, mergers, transaction with affiliates, and the ability to make or pay dividends in excess of certain thresholds.

The Amended and Restated Senior Credit Agreement also contains customary provisions requiring certain mandatory prepayments, including, among others, prepayments of the net cash proceeds from any non-ordinary course sale of assets, and net cash proceeds of any non-permitted indebtedness.

6.40% Note Agreement

On May 31, 2024, the Company entered into a Note Agreement (the "6.40% Note Agreement") whereby the Company issued $30.0 million aggregate principal amount of 6.40% senior secured notes (the "6.40% Notes"). The Company's obligations under the 6.40% Notes are secured by a first priority lien on substantially all of its personal property, and guaranteed by each of the Guarantors, which guarantees are secured by a first priority lien in substantially all of the Guarantors' personal property. The liens granted under the 6.40% Notes are equal in priority to those granted pursuant to the Amended and Restated Senior Credit Agreement.

The 6.40% Note Agreement has a maturity date of May 31, 2031 and interest is payable semiannually on the last day of May and November in each year, commencing with November 30, 2024.

The 6.40% Note Agreement includes representations, warranties, covenants and events of default, substantially consistent with those contained in the Amended and Restated Senior Credit Agreement.

Subordinated Credit Agreement

On May 31, 2024, using the proceeds from the upsized Amended and Restated Senior Secured Credit Agreement and the issuance of the 6.40% Notes, as well as approximately $10.0 million of cash on hand, the Company repaid in full all outstanding indebtedness and terminated all commitments and obligations under its unsecured subordinated credit agreement (the "Subordinated Credit Agreement"), dated as of May 31, 2022.

The Company's payment to the lenders under the Subordinated Credit Agreement was approximately $91.8 million, which included a make-whole payment of approximately $1.8 million. This amount satisfied all of the Company's obligations under the Subordinated Credit Agreement, which would have matured on December 1, 2027.

Other

In 2024, the Company expensed $1.3 million of transaction related fees and recorded a non-cash charge of $4.4 million to write-off unamortized previously deferred transaction fees related to both the Subordinated Credit Agreement and a portion of the existing Senior Term Loan Facility.

In 2024, the Company incurred total issuance costs of approximately $0.7 million related to the Amended and Restated Senior Secured Credit Agreement and the 6.40% Note Agreement. These costs are being amortized to interest expense over the respective terms.

Total cash interest paid was $33.6 million in 2024, $35.9 million in 2023, and $17.4 million in 2022.

The Company was in compliance with all debt covenants as of December 31, 2024, 2023 and 2022.

Interest Rate Derivatives

In the fourth quarter of 2022, the Company entered into interest rate swaps that hedge interest payments on its Senior Term Loan Facility. All swaps have been designated as cash flow hedges. The following table summarizes the notional amounts, related rates and remaining terms of interest swap agreements as of December 31:

	Notional Amount		Average Fixed Rate		
	2024	2023	2024	2023	Term
Interest rate swaps	$ 150,938	$ 161,875	4.1%	4.1%	Extending to May 2027

The fair value of the Company's interest rate swaps was a payable of $0.1 million as of December 31, 2024 and a payable of $1.4 million as of December 31, 2023. The fair value was based on inputs other than quoted prices in active markets for identical assets that are observable either directly or indirectly and therefore considered level 2. The mark-to-market effect of interest rate swap agreements that are considered effective as hedges has been included in Accumulated other comprehensive loss. The interest rate swap agreements held by the Company on December 31, 2024 are expected to continue to be effective hedges.

The following table summarizes the fair value of derivative instruments as of December 31, as recorded in the Consolidated Balance Sheets:

	2024	2023
Current Assets:		
Prepaid and Other	$ 70	$ 955
Long-term liabilities:		
Other long-term liabilities	(204)	(2,355)
Total derivatives	$ (134)	$ (1,400)

The following table summarizes total gains (losses) recognized on derivatives in Accumulated Other Comprehensive Income (Loss) for the years ended December 31, 2024, 2023 and 2022:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives		
	2024	2023	2022
Interest rate swaps	$ 3,058	$ 1,039	$ (809)

The effects of derivative instruments on the Company's Consolidated Statements of Results of Operations for the years ended December 31, 2024, 2023 and 2022 are as follows:

Location of Gain (Loss) Reclassed from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassed from AOCI into Income (Effective Portion)		
	2024	2023	2022
Interest expense	$ 1,791	$ 1,630	$ -

Note 6 – Leases

The Company is currently a lessee under a number of operating leases and finance leases for certain offices, manufacturing facilities, land, office equipment and automobiles, none of which are material to its operations. The Company's leases generally have remaining lease terms of 1 year to 5 years, some of which include options to extend the leases for up to 5 years, and some of which include options to terminate the leases within one year. The Company entered into 20 year lease agreement for a commercial and industrial building in Lenexa, Kansas to replace its existing building in 2023. These leases do not have significant rent escalation holidays, concessions, leasehold improvement incentives, or other build-out clauses. Further, the leases do not contain contingent rent provisions.

Supplemental information related to leases and the Company's Consolidated Financial Statements is as follows:

	2024	2023
Components of lease costs:		
Operating lease costs	$ 2,385	$ 1,829
Short-term lease costs	1,089	897
Finance lease costs	141	131
Total lease costs	$ 3,615	$ 2,857

	2024	2023
Weighted average remaining lease term (years):		
Operating leases	12.7	12.5
Finance leases	4.0	3.4
Weighted average discount rate:		
Operating leases	7.62%	7.48%
Finance leases	3.25%	3.25%

	December 31, 2024		
	Operating Leases	Financing Leases	Total Leases
Other assets - right-of-use assets	$ 18,998	$ 490	$ 19,488
Lease liabilities included in:			
Accrued expenses - current portion of lease liabilities	$ 1,190	$ 120	$ 1,310
Other long-term liabiltiies - non-current portion of lease liabilities	18,780	380	19,160
Total lease liabilities	$ 19,970	$ 500	$ 20,470

	December 31, 2023		
	Operating Leases	Financing Leases	Total Leases
Other assets - right-of-use assets	$ 20,126	$ 110	$ 20,236
Lease liabilities included in:			
Accrued expenses - current portion of lease liabilities	$ 960	$ 60	$ 1,020
Other long-term liabiltiies - non-current portion of lease liabilities	19,750	60	19,810
Total lease liabilities	$ 20,710	$ 120	$ 20,830

Maturities of lease liabilities as of December 31, are as follows:

	2024		2023
2025	$ 2,774	2024	$ 2,501
2026	2,536	2025	2,261
2027	1,996	2026	2,969
2028	1,919	2027	1,691
2029	1,709	2028	1,639
Thereafter	27,828	Thereafter	29,491
Total lease payments	38,762	Total lease payments	40,552
Less: Interest	(18,292)	Less: Interest	(19,722)
Present value of lease liabilities	$ 20,470	Present value of lease liabilities	$ 20,830

Note 7 – Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss as reported in the Consolidated Balance Sheets are:

	Currency Translation Adjustments	Deferred Gain (Loss) on Cash Flow Hedging	Pension and OPEB Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at December 31, 2021	$ (7,851)	$ -	$ (22,479)	$ (30,330)
Reclassification adjustments	-	(43)	8,519	8,476
Current period benefit (charge)	(2,768)	(766)	3,610	76
Income tax benefit	-	192	(2,888)	(2,696)
Balance at December 31, 2022	(10,619)	(617)	(13,238)	(24,474)
Reclassification adjustments	-	(1,630)	1,423	(207)
Current period benefit (charge)	931	1,039	(2,667)	(697)
Income tax benefit	-	139	302	441
Balance at December 31, 2023	(9,688)	(1,069)	(14,180)	(24,937)
Reclassification adjustments	-	(1,791)	1,424	(367)
Current period benefit (charge)	(3,024)	3,058	611	645
Income tax benefit	-	(301)	(483)	(784)
Balance at December 31, 2024	$ (12,712)	$ (103)	$ (12,628)	$ (25,443)

Note 8 – Income Taxes

The components of Income before income taxes are:

	2024	2023	2022
United States	$ 38,548	$ 34,763	$ 6,270
Foreign countries	11,945	9,198	7,602
Total	$ 50,493	$ 43,961	$ 13,872

The components of income tax expense are:

	2024	2023	2022
Current expense:			
Federal	$ 8,223	$ 6,735	$ 1,581
Foreign	2,121	1,591	1,264
State and local	1,451	1,098	918
	$ 11,795	$ 9,424	$ 3,763
Deferred expense (benefit):			
Federal	$ (1,476)	$ (206)	$ (565)
Foreign	87	196	147
State and local	(28)	(404)	(668)
	(1,417)	(414)	(1,086)
Income tax expense	$ 10,378	$ 9,010	$ 2,677

The reconciliation between income tax expense and the amount computed by applying the statutory federal income tax rate to income before income taxes is:

	2024	2023	2022
Income taxes at statutory rate	$ 10,603	$ 9,232	$ 2,913
State and local income taxes, net of federal tax benefit	1,094	620	282
Tax credits	(1,608)	(1,208)	(627)
Uncertain tax positions	19	(34)	(99)
Valuation allowance	30	(72)	(85)
GILTI/FDII	512	368	608
Foreign rate differential	(300)	(145)	(186)
Other	28	249	(129)
Income tax expense	$ 10,378	$ 9,010	$ 2,677

The Company made income tax payments of $10.2 million, $7.9 million, and $4.5 million in 2024, 2023, and 2022, respectively.

Deferred income tax assets and liabilities consist of:

	December 31,	
	2024	2023
Deferred tax assets:		
Inventories	$ 1,392	$ 520
Accrued liabilities	3,390	3,011
Postretirement health benefits obligation	5,526	5,600
Pension obligation	1,351	2,386
Lease liabilities	4,861	4,916
Capitalized R&D	3,124	2,041
Interest	12,884	8,703
Other	1,190	1,155
Total deferred tax assets	33,718	28,332
Valuation allowance	(420)	(390)
Net deferred tax assets	33,298	27,942
Deferred tax liabilities		
Depreciation and amortization	(27,935)	(22,923)
Leases - right of use assets	(4,627)	(4,922)
Total deferred tax liabilities	(32,562)	(27,845)
Net deferred tax assets (liabilities)	$ 736	$ 97

The Company had state tax credit carryforwards of $0.4 million and $0.3 million as of December 31, 2024 and 2023, respectively, which will expire incrementally between 2025 and 2036.

The Company had valuation allowances of $0.4 million at each of December 31, 2024 and 2023, against certain of its deferred tax assets. ASC 740, Income Taxes, requires that a valuation allowance be recorded against deferred tax assets when it is more likely than not that some or all of a Company's deferred tax assets will not be realized based on available positive and negative evidence.

Total unrecognized tax benefits were $0.7 million at each of December 31, 2024 and 2023. The total amount of unrecognized tax benefits that, if ultimately recognized, would reduce the Company's annual effective tax rate were $0.6 million at each of December 31, 2024 and 2023. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense for all periods presented. The Company accrued approximately $0.2 million for the payment of interest and penalties at each of December 31, 2024, 2023 and 2022.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2024	2023	2022
Balance at beginning of year	$ 704	$ 754	$ 808
Additions based on tax positions related to the current year	217	180	117
Reductions due to lapse of applicable statute of limitations	(192)	(230)	(171)
Balance at end of year	$ 729	$ 704	$ 754

The Company is subject to income taxes in the U.S. federal and various state, local and foreign jurisdictions. Income tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for the years before 2019.

Note 9 – Pensions and Other Postretirement Benefits

The Company sponsors a defined benefit pension plan ("GR Plan") covering certain domestic employees. Benefits are based on each covered employee's years of service and compensation. The GR Plan is funded in conformity with the funding requirements of applicable U.S. regulations. The GR Plan was closed to new participants effective January 1, 2008. Employees hired after this date, in eligible locations, participate in an enhanced 401(k) plan instead of the defined benefit pension plan. Employees hired prior to this date continue to accrue benefits.

Additionally, the Company sponsors defined contribution pension plans made available to all domestic and Canadian employees. Total contributions to the plans were $4.8 million for 2024, $4.3 million for 2023, and $3.0 million for 2022.

Upon the Company's acquisition of the assets of Fill-Rite and Sotera ("Fill-Rite"), a division of Tuthill Corporation, as of June 1, 2022, the Company established a defined benefit pension plan for certain Fill-Rite employees ("Fill-Rite Plan"). The Fill-Rite Plan was frozen on January 31, 2024 and terminated on April 30, 2024. The assets of the Fill-Rite Plan were distributed to employees in 2024. Participants in the Fill-Rite Plan now participate in the Company's enhanced 401(k) plan.

The Company also sponsors a non-contributory defined benefit postretirement health care plan that provides medical benefits to certain domestic and Canadian retirees and eligible spouses and dependent children. The Company funds the cost of these benefits as incurred. For measurement purposes, and based on maximum benefits as defined by the plan, a 5.0% annual rate of increase in the per capita cost of covered health care benefits for all retirees was assumed in estimating the projected postretirement benefit obligation at December 31, 2024, which is expected to remain constant going forward. A 5.1% percent annual rate of increase was assumed in estimating the projected benefit obligation at December 31, 2023 and in calculating 2024 periodic benefit cost.

The Company recognizes the obligations associated with its defined benefit pension plans and defined benefit postretirement health care plan in its Consolidated Financial Statements. The following table presents the plans' funded status as of the measurement date, December 31, reconciled with amounts recognized in the Company's Consolidated Balance Sheets:

	Pension Plans		Postretirement Plan	
	2024	2023	2024	2023
Accumulated benefit obligation at end of year	$ 49,918	$ 50,114	$ 23,758	$ 24,276
Change in projected benefit obligation:				
Benefit obligation at beginning of year	$ 62,149	$ 55,930	$ 24,276	$ 23,954
Service cost	1,998	2,180	851	835
Interest cost	2,737	2,652	1,123	1,196
Plan Changes	-	-	(394)	-
Settlement	(1)	-	-	-
Benefits paid	(2,589)	(1,646)	(2,084)	(1,796)
Settlement Payments	(455)	-	-	-
Effect of foreign exchange	-	-	(23)	6
Actual expenses	(150)	(161)	-	-
Actuarial (gain)/loss	(1,930)	3,194	9	81
Benefit obligation at end of year	$ 61,759	$ 62,149	$ 23,758	$ 24,276
Change in plan assets:				
Plan assets at beginning of year	$ 50,649	$ 46,600	$ -	$ -
Actual return on plan assets	2,586	3,606	-	-
Employer contributions	5,089	2,250	2,084	1,796
Benefits paid	(2,589)	(1,646)	(2,084)	(1,796)
Settlement Payments	(455)	-	-	-
Actual expenses	(150)	(161)	-	-
Plan assets at end of year	$ 55,130	$ 50,649	$ 0	$ 0
Funded status at end of year	$ (6,629)	$ (11,500)	$ (23,758)	$ (24,276)

	Pension Plans		Postretirement Plan	
	2024	2023	2024	2023
Amounts recognized in the Consolidated Balance Sheets consist of:				
Current liabilities	$ -	$ -	$ (1,580)	$ (1,490)
Noncurrent liabilities	(6,629)	(11,500)	(22,178)	(22,786)
Total assets (liabilities)	$ (6,629)	$ (11,500)	$ (23,758)	$ (24,276)
Amounts recognized in Accumulated other comprehensive loss consist of:				
Net actuarial loss	$ 16,559	$ 19,084	$ 252	$ (236)
Deferred tax (benefit) expense	(4,202)	(4,803)	19	135
After tax actuarial loss	$ 12,357	$ 14,281	$ 271	$ (101)

Components of net periodic benefit cost:

	2024	2023	2022
Pension Plans			
Service cost	$ 1,998	$ 2,180	$ 2,400
Interest cost	2,737	2,652	2,326
Expected return on plan assets	(3,450)	(2,695)	(2,892)
Recognized actuarial loss	1,455	1,461	1,724
Settlement loss	-	-	6,427
Net periodic benefit cost	$ 2,740	$ 3,598	$ 9,985
Other changes in pension plan assets and benefit obligations recognized in other comprehensive loss:			
Net (gain) loss	(2,524)	822	(7,726)
Total expense recognized in net periodic benefit cost and other comprehensive income	$ 216	$ 4,420	$ 2,259
Postretirement Plan			
Service cost	$ 851	$ 835	$ 1,146
Interest costs	1,123	1,196	760
Prior service cost recognition	(75)	(995)	(1,128)
Recognized actuarial loss (gain)	(31)	(38)	368
Net periodic benefit cost	$ 1,868	$ 998	$ 1,146
Other changes in postretirement plan assets and benefit obligations recognized in other comprehensive loss:			
Net loss (gain)	$ (279)	$ 1,114	$ (4,317)
Total expense (benefit) recognized in net periodic benefit cost and other comprehensive income	$ 1,589	$ 2,112	$ (3,171)

The components of net periodic benefit cost other than the service cost component are included in Other income (expense), net in the Consolidated Statements of Income.

There was no pension settlement charges recorded in 2024 or 2023. In 2022, the Company recorded pre-tax non-cash pension settlement charges of $6.4 million driven by lump-sum distributions discussed above. These charges were the result of lump-sum payments to retirees which exceeded the GR Plan's actuarial service and interest cost thresholds.

The prior service cost is amortized on a straight-line basis over the average estimated remaining service period of active participants. The unrecognized actuarial gain or loss in excess of the greater of 10% of the benefit obligation or the market value of plan assets is also amortized on a straight-line basis over the average estimated remaining service period of active participants.

	Pension Plans		Postretirement Plan	
	2024	2023	2024	2023
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate	5.32%	4.69%	5.41%	4.86%
Rate of compensation increase	3.50%	3.50%	-	-
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:				
Discount rate	4.69%	4.89%	4.86%	5.16%
Expected long-term rate of return on plan assets	7.20%	6.20%	-	-
Rate of compensation increase	3.50%	3.50%	-	-

To enhance the Company's efforts to mitigate the impact of the GR Plan on its financial statements, the Company utilizes a liability driven investing model to more closely align assets with liabilities based on when the liabilities are expected to come due. Currently, based on 2024 funding levels, equities may comprise between 5% and 35% of the GR Plan's market value. Fixed income investments may comprise between 49% and 70% of the GR Plan's market value. Alternative investments may comprise between 3% and 13% of the GR Plan's market value. Cash and cash equivalents (including all senior debt securities with less than one year to maturity) may comprise between 0% and 20% of the GR Plan's market value.

Financial instruments included in pension plan assets are categorized into a fair value hierarchy of three levels, based on the degree of subjectivity inherent in the valuation methodology. Level 1 assets are based on unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets. Level 2 assets are valued at inputs other than quoted prices in active markets for identical assets that are observable either directly or indirectly for substantially the full term of the assets. Level 3 assets are valued based on unobservable inputs for the asset (i.e., supported by little or no market activity). These inputs include management's own assessments about the assumptions that market participants would use in pricing assets (including assumptions about risk). The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables set forth by asset class the fair value of plan assets for the years ended December 31, 2024 and 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Plan Assets at December 31, 2024
Equity	$ 14,262	$ -	$ -	$ 14,262
Fixed income	10,458	18,608	-	29,066
Mutual funds	3,529	-	-	3,529
Money funds and cash	8,272	-	1	8,273
Total fair value of Plan assets	$ 36,521	$ 18,608	$ 1	$ 55,130

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Plan Assets at December 31, 2023
Equity	$ 13,660	$ -	$ -	$ 13,660
Fixed income	8,913	18,579	-	27,492
Mutual funds	3,684	-	-	3,684
Money funds and cash	2,047	3,766	-	5,813
Total fair value of Plan assets	$ 28,304	$ 22,345	$ -	$ 50,649

Contributions

The Company expects to contribute up to $2.9 million to the GR Plan in 2025.

Expected future benefit payments

The following benefit payments are expected to be paid as follows based on actuarial calculations:

	2025	2026	2027	2028	2029	Thereafter
Pension	$ 9,933	$ 3,016	$ 4,136	$ 4,730	$ 4,860	$ 31,123
Postretirement	1,622	1,698	1,747	1,808	1,896	11,481

For measurement purposes and based on maximum benefits as defined by the plan, a 5.1% annual rate of increase in the per capita cost of covered health care benefits for all retirees was assumed as of December 31, 2024 and 5.0% in 2023 and is expected to remain constant going forward.

A one percentage point change in the assumed rate of return on the GR Plan assets is estimated to have an approximate $0.5 million effect on net periodic benefit cost. Additionally, a one percentage point increase in the discount rate is estimated to have a $1.2 million decrease in net periodic benefit cost, while a one percentage point decrease in the discount rate is estimated to have a $1.5 million increase in net periodic benefit cost.

Note 10 – Goodwill and Other Intangible Assets

Changes in the carrying value of goodwill and other intangible asset during 2024:

Historical Cost of Intangible Assets	December 31, 2023	Foreign Currency	December 31, 2024
Customer relationships	$ 208,579	$ (56)	$ 208,523
Technology and drawings	46,547	(8)	46,539
Other intangibles	1,997	-	1,997
Total finite-lived intangible assets	257,123	(64)	257,059
Trade names	13,224	-	13,224
Goodwill	257,721	(167)	257,554
Total	$ 528,068	$ (231)	$ 527,837

The major components of Goodwill and other intangible assets are:

	2024		2023	
	Historical Cost	Accumulated Amortization	Historical Cost	Accumulated Amortization
Finite-lived intangible assets:				
Customer relationships	$ 208,523	$ 33,533	$ 208,579	$ 23,468
Technology and drawings	46,539	10,325	46,547	8,069
Other intangibles	1,997	1,997	1,997	1,997
Total finite-lived intangible assets	257,059	45,855	257,123	33,534
Trade names and trademarks	13,224	-	13,224	-
Goodwill	257,554	-	257,721	-
Total	$ 527,837	$ 45,855	$ 528,068	$ 33,534

Amortization of intangible assets was $12.4 million, $12.6 million and $7.6 million in 2024, 2023 and 2022, respectively. The following table summarizes the future estimated amortization expense relating to our intangible assets as of December 31, 2024 (in thousands):

2025	2026	2027	2028	2029	Thereafter	Total
$ 12,365	$ 12,318	$ 12,281	$ 12,255	$ 12,255	$ 149,730	$ 211,204

For 2024, the Company used a quantitative analysis for the annual goodwill impairment testing as of October 1 for its National Pump Company (“National”) and Fill-Rite reporting units. The fair values of these reporting units was estimated using both a discounted cash flow model and a market-based approach. The discounted cash flow model considered forecasted cash flows discounted at an estimated weighted-average cost of capital. The forecasted cash flows were based on the Company’s long-term operating plan and a terminal value was used to estimate the cash flows beyond the period covered by the operating plan. The weighted-average cost of capital is an estimate of the overall after-tax rate of return required by equity and debt market holders of a business enterprise. The market-based approach considers market prices of corporations engaged in the same or similar line of business. These analyses require the exercise of significant judgments, including judgements about appropriate discount rate, discrete revenue growth rates, and profitability assumptions. Sensitivity analyses were performed around these assumptions in order to assess the reasonableness of the assumptions and the resulting estimated fair values.

The results of these goodwill impairment tests indicated that no impairment existed at National or Fill-Rite. The Company’s annual impairment analysis performed as of October 1, 2024 concluded that the fair value of both National and Fill-Rite exceeded carrying value. Sensitivity analyses were performed for the National and Fill-Rite reporting units, assuming a hypothetical 100 basis point decrease in the expected long-term growth rate or a hypothetical 100 basis point increase in the weighted average cost of capital, and both scenarios independently yielded estimated fair values above carrying value for both the National and Fill-Rite reporting units. If National or Fill-Rite fails to experience growth or revises its long-term projections downward, they could be subject to impairment charges in the future. Goodwill relating to the National reporting unit is $13.6 million, or 1.6% of the Company’s December 31, 2024 total assets and goodwill relating to the Fill-Rite reporting unit is $230.7 million, or 26.9% of the Company’s December 31, 2024 total assets.

For 2024, for all other reporting units, the Company used a qualitative analysis for goodwill impairment testing as of October 1. This qualitative assessment included consideration of current industry and market conditions and circumstances as well as any mitigating factors that would most affect the fair value of the Company and these reporting units. Based on the assessment and consideration of the totality of the facts and circumstances, including the business environment in the fourth quarter of 2024, the Company determined that it was not more likely than not that the fair value of the Company or these reporting units is less than their respective carrying amounts. As such, no goodwill impairments for these reporting units were recorded for the year ended December 31, 2024.

Other indefinite-lived intangible assets primarily consist of trademarks and trade names. The fair value of these assets is also tested annually for impairment as of October 1, or whenever events or changes in circumstances indicate there may be a possible permanent loss of value. The fair value of these assets is determined using a royalty relief methodology similar to that employed when the associated assets were acquired, but using updated estimates of future sales, cash flows and profitability. For 2024 and 2023 the fair value of all indefinite lived intangible assets exceeded the respective carrying values.

Finite-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recovered through future net cash flows generated by the assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to future net undiscounted cash flows estimated to be generated by such assets. The Company was not aware of any events or changes in circumstances that indicate the carrying value of its finite-lived intangible assets may not be recoverable.

Note 11 – **Business Segment Information**

The Company operates in one business segment comprising the design, manufacture and sale of pumps and pump systems. The Company's products are used in water, wastewater, construction, industrial, petroleum, original equipment, agriculture, fire suppression, heating, ventilation and air conditioning (HVAC), military and other liquid-handling applications.

The pumps and pump systems are marketed in the United States and worldwide through a broad network of distributors, through manufacturers' representatives (for sales to many original equipment manufacturers), through third-party distributor catalogs, and by direct sales. International sales are made primarily through foreign distributors and representatives.

The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information presented on a consolidated basis. The CODM uses consolidated operating income and net income to assess financial performance and allocate resources. These financial metrics are used by the CODM to make key operating decisions, such as the allocation of capital between reinvestment in the business, the payment of dividends, paying down debt, and/or acquisitions. The measure of segment assets is reported on the balance sheet as total consolidated assets.

The following table presents selected financial information with respect to the Company's single operating segment for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Net sales	$ 659,667	$ 659,511	$ 521,027
Less			
Cost of material	315,240	328,731	279,290
Labor	82,012	78,898	65,376
Overhead	58,087	55,629	45,424
Selling	48,908	45,212	35,599
General and administrative	51,598	51,448	47,518
Amortization expense	12,379	12,552	7,637
Operating income	91,443	87,041	40,183
Other income (expense):			
Interest expense	(33,621)	(41,273)	(19,240)
Other income (expense)	(7,329)	(1,807)	(7,071)
Income before income taxes	50,493	43,961	13,872
Provision from income taxes	10,378	9,010	2,677
Net income	$ 40,115	$ 34,951	$ 11,195

The Company sells to approximately 140 countries around the world. The Company attributes revenues to individual countries based on the customer location to which finished products are shipped. The following tables disaggregate total net sales by geographic location:

Geographic Location	2024	2023	2022
United States	$ 491,516	$ 497,387	$ 381,306
Foreign countries	168,151	162,124	139,721
Total net sales	$ 659,667	$ 659,511	$ 521,027

As of the years ending December 31, 2024 and 2023, 90.2% and 89.5%, respectively, of the Company's long-lived assets were located in the United States. For the years ended December 31, 2024 and 2023, no individual foreign country held more than 10% of consolidated long-lived assets nor was responsible for more than 10% of consolidated revenue.

Note 12 – Common Share Repurchases

During the years ended December 31, 2024 and December 31, 2023, the Company repurchased 7,348 and 36,105 shares for $0.3 million and $1.0 million, respectively, in the surrender of common shares to cover taxes in connection with the vesting of stock awards. The shares repurchased to cover taxes were not part of the share purchase program. As of December 31, 2024, the Company had $48.1 million available for repurchase under the share repurchase program.

Note 13 – Stock Based Compensation

On April 25, 2024, the shareholders of the Company approved the 2024 Omnibus Incentive Plan ("2024 Plan"), which replaced the 2015 Omnibus Incentive Plan ("2015 Plan") and 2016 Non-Employee Directors' Compensation Plan (the "Directors' Plan"). The 2024 Incentive Plan reserves for issuance under equity awards 800,000 common shares together with the 424,771 shares and the 14,500 shares that were then-remaining available under the 2015 Plan and the Directors' Plan, respectively, at the time the 2024 Plan was approved. Under the 2024 Plan, the Company is authorized to grant restricted stock, restricted stock units, performance-based awards, stock options, stock appreciation rights, and other share based awards. At December 31, 2024, there were 1,222,717 common shares available for future grant under the 2024 Plan.

Restricted Stock Units ("RSUs") and Performance Share Units ("PSUs")

The Company has awarded Restricted Stock Units ("RSU's) and Performance Stock Units ("PSU's") under the Plans. The following table summarizes RSU and PSU activity for the year ended December 31, 2024 under all Plans:

	Number of Units	Weighted Average Fair Value
Balance at beginning of the year	233,420	$ 31.57
Units granted	151,991	35.92
Units vested	(40,890)	32.56
Units forfeited	(20,110)	32.02
Balance at the end of year	324,411	$ 33.45

RSUs are valued at the closing market price of the Company's common shares on the grant date. The majority of RSUs vest in annual installments over a period of three years. The Company issues common shares from treasury upon the vesting of RSUs. The remaining weighted average vesting period of all non-vested RSUs is 0.8 years as of December 31, 2024.

PSUs are valued at the closing market price of the Company's common shares on the grant date. PSUs vest after three years in amounts determined based on the Company's achievement of appropriate performance metrics over a two-year performance period. The Company issues common stock from treasury upon the vesting of PSUs. The remaining weighted average vesting period of all non-vested PSUs is 1.1 years as of December 31, 2024.

Stock-Based Compensation Expense

Expense is recognized for all awards of stock-based compensation by allocating the aggregate grant date fair value over the vesting period. No expense is recognized for any RSUs or PSUs ultimately forfeited because recipients fail to meet vesting requirements. The Company recognized stock based compensation expense of $4.0 million, $3.3 million, and $3.0 million for the year ended December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, total unrecognized stock-based compensation expense related to non-vested RSUs and PSUs was $5.0 million, which is expected to be recognized over a weighted average period of approximately 1.4 years.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. The Company's disclosure controls and procedures are also designed to ensure that information required to be disclosed in Company reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to the Company's management, including the principal executive officer and the principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

An evaluation was carried out under the supervision and with the participation of the Company's management, including the principal executive officer and the principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report on Form 10-K. Based on the evaluation, the principal executive officer and the principal financial officer have concluded that the Company's disclosure controls and procedures were effective as of December 31, 2024.

Report of Management on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and affected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO Criteria).

Based on its evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2024.

The independent registered public accounting firm of Ernst & Young LLP that has audited the consolidated financial statements included in this annual report on Form 10-K, has also issued an attestation report on the Company's internal control over financial reporting as of December 31, 2024. This report is included on the following page.

/s/ Scott A. King
Scott A. King
President and Chief Executive Officer

/s/ James C. Kerr
James C. Kerr
Executive Vice President and Chief Financial Officer

March 3, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of The Gorman-Rupp Company

Opinion on Internal Control Over Financial Reporting

We have audited The Gorman-Rupp Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Gorman-Rupp Company (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2024 consolidated financial statements of the Company and our report dated March 3, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Cleveland, Ohio
March 3, 2025

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the last fiscal quarter of the year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the quarter end December 31, 2024, no director or officer of the Company adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading agreement, each as defined in Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Attention is directed to the sections captioned "Election of Directors," "Board of Directors and Board Committees," "Audit Committee Report," "Beneficial Ownership of Shares," "Delinquent Section 16(a) Reports" and "Insider Trading Policies and Procedures" in the Company's definitive Notice of 2025 Annual Meeting of Shareholders and related Proxy Statement (as filed with the SEC pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K), which are incorporated herein by this reference.

With respect to Executive Officers, attention is directed to Part I of this Form 10-K.

The Company has adopted a Code of Ethics that applies to its Directors, officers and all employees. The Code of Ethics is set forth as an exhibit to this Form 10-K. In addition, the Code of Ethics is posted on the Company's website accessible through its Internet address of www.gormanrupp.com (under the heading "Governance & Leadership" and the sub-heading "Governance Documents"), including any amendments.

ITEM 11. EXECUTIVE COMPENSATION

Attention is directed to the sections "Board of Directors and Board Committees," "Executive Compensation," "Compensation Discussion and Analysis," "Pension Benefits," "Summary Compensation Table," "Grants of Plan Based Awards," "Outstanding Equity Awards at December 31, 2024," "Non-Employee Director Compensation," "Risk Oversight," "Compensation Committee Interlocks and Insider Participation," "Compensation Committee Report," and "CEO Pay Ratio" in the Company's definitive Notice of 2025 Annual Meeting of Shareholders and related Proxy Statement (as filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K), which are incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Attention is directed to the section "Beneficial Ownership of Shares" and "Election of Directors" in the Company's definitive Notice of 2025 Annual Meeting of Shareholders and related Proxy Statement (as filed with the SEC pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K), which are incorporated herein by this reference.

Equity Compensation Plan Information

The following table provides information as of December 31, 2024 about the Company's common shares that may be issued upon exercise of options, warrants and rights granted, and shares remaining available for issuance, under all of the Company's existing equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options warrants and rights	Weighted average exercise price of outstanding options warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders	-	$ -	1,222,717(1)
Equity compensation plans not approved by shareholders	-	n/a	-
Total	-	$ -	1,222,717

(1) This amount reflects shares reserved for issuance pursuant to restricted stock unit and performance share awards outstanding at December 31, 2024. The amount of performance shares reserved, for purposes of this table, assumes the maximum amount of shares will be earned under such awards, even though the actual payout under such awards may be less than maximum.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Attention is directed to the section "Board of Directors and Board Committees" and "Related Party Transactions" in the Company's definitive Notice of 2025 Annual Meeting of Shareholders and related Proxy Statement (as filed with the SEC pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K), which is incorporated herein by this reference. The Company has no relationships or transactions required to be reported by Item 404 of Regulation S-K.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Attention is directed to the section "Ratification of Appointment of Independent Registered Public Accounting Firm" in the Company's definitive Notice of 2025 Annual Meeting of Shareholders and related Proxy Statement (as filed with the SEC pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K), which is incorporated herein by this reference. Information about aggregate fees billed to the Company by its independent registered public accounting firm, Ernst & Young LLP, Cleveland, Ohio (PCAOB ID No. 42) will be included in the above referenced section of the Company's definitive Notice of 2025 Annual Meeting of Shareholders and related Proxy Statement under the caption "Fees Paid to Auditors" and that information is incorporated herein by this reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) The Index to Consolidated Financial Statements of the Registrant under Item 8 of this Report is incorporated herein by reference as the list of Financial Statements required as part of this Report.

(2) All financial statement schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.

(3) Exhibits — The exhibit list in the Exhibit Index is incorporated by reference as the list of exhibits required as part of this Report.

ANNUAL REPORT ON FORM 10-K

THE GORMAN-RUPP COMPANY

For the Year Ended December 31, 2024

EXHIBIT INDEX

Exhibit Number	Description
(3)(4)(a)	Amended Articles of Incorporation, as amended (A)
(3)(4)(b)	Amended Regulations (B)
(4)(a)	Description of Securities Registered Under the Exchange Act
(10)(a)	Form of Indemnification Agreement
(10)(b)	The Gorman-Rupp Company 2015 Omnibus Incentive Plan (C)#
(10)(c)	Form of Performance Share Grant Agreement under the 2015 Omnibus Incentive Plan (D)#
(10)(d)	Form of Restricted Stock Unit Grant Agreement under the 2015 Omnibus Incentive Plan (E)#
(10)(e)	The Gorman-Rupp Company 2024 Omnibus Incentive Plan (F)
(10)(f)	Form of Restricted Stock Unit Grant Agreement under the 2024 Omnibus Incentive Plan (G)
(10)(g)	Form of Performance Share Grant Agreement under the 2024 Omnibus Incentive Plan (H)
(10)(h)	Form of Director Restricted Stock Agreement under the 2024 Omnibus Incentive Plan (I)
(10)(i)	Amended and Restated Senior Secured Credit Agreement, dated as of May 31, 2024 (J)
(10)(j)	Pledge and Security Agreement, dated as of May 31, 2024
(10)(k)	Note Agreement, dated as of May 31, 2024 (K)
(10)(l)	Form of 6.40% Senior Secured Note Due May 31, 2031 (included as Exhibit A to the Note Agreement filed herewith as Exhibit 10(k))
(14)	Code of Ethics
(19)	The Gorman-Rupp Company Insider Trading Policy
(21)	Subsidiaries of the Company
(23)	Consent of Independent Registered Public Accounting Firm
(24)	Powers of Attorney
(31) (a)	Certification of Chief Executive Officer (Section 302 of the Sarbanes-Oxley Act of 2002)
(31) (b)	Certification of Chief Financial Officer (Section 302 of the Sarbanes-Oxley Act of 2002)
(32)	Certification Pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(97)	The Gorman-Rupp Company Clawback Policy
(101.INS)	Inline XBRL Instance Document
(101.SCH)	Inline XBRL Taxonomy Extension Schema Document
(101.CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase Document
(101.DEF)	Inline XBRL Taxonomy Extension Definition Linkbase Document
(101.LAB)	Inline XBRL Taxonomy Extension Label Linkbase Document
(101.PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase Document
(104)	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(A) Incorporated herein by this reference from Exhibit (3)(4)(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.
(B) Incorporated herein by this reference from Exhibit (3)(ii)(4) of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.
(C) Incorporated herein by this reference from Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 28, 2015.
(D) Incorporated herein by this reference from Exhibit 10.1 of the Company's Current Report on Form 8-K filed on February 25, 2022.
(E) Incorporated herein by this reference from Exhibit 10.2 of the Company's Current Report on Form 8-K filed on February 25, 2022.
(F) Incorporated herein by this reference from Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 30, 2024.
(G) Incorporated herein by this reference from Exhibit 10.2 of the Company's Current Report on Form 8-K filed on April 30, 2024.
(H) Incorporated herein by this reference from Exhibit 10.3 of the Company's Current Report on Form 8-K filed on April 30, 2024.
(I) Incorporated herein by this reference from Exhibit 10.4 of the Company's Current Report on Form 8-K filed on April 30, 2024.
(J) Incorporated herein by this reference from Exhibit 10.1 of the Company's Current Report on Form 8-K filed on June 3, 2024.
(K) Incorporated herein by this reference from Exhibit 10.2 of the Company's Current Report on Form 8-K filed on June 3, 2024.

Management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE GORMAN-RUPP COMPANY

*By: /s/ BRIGETTE A. BURNELL
Brigette A. Burnell
Attorney-In-Fact

Date: March 3, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

*SCOTT A. KING Scott A. King	President and Chief Executive Officer and Director (Principal Executive Officer)
*JAMES C. KERR James C. Kerr	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
*JEFFREY S. GORMAN Jeffrey S. Gorman	Chairman
*DONALD H. BULLOCK, JR. Donald H. Bullock Jr.	Director
*M. ANN HARLAN M. Ann Harlan	Director
*CHRISTOPHER H. LAKE Christopher H. Lake	Director
*SONJA K. MCCLELLAND Sonja K. McClelland	Director
*VINCENT K. PETRELLA Vincent K. Petrella	Director
*KENNETH R. REYNOLDS Kenneth R. Reynolds	Director

* The undersigned, by signing her name hereto, does sign and execute this Annual Report on Form 10-K on behalf of The Gorman-Rupp Company and on behalf of each of the above-named Officers and Directors of The Gorman-Rupp Company pursuant to Powers of Attorney executed by The Gorman-Rupp Company and by each such Officer and Director and filed with the Securities and Exchange Commission.

March 3, 2025

By: /s/ BRIGETTE A. BURNELL
Brigette A. Burnell
Attorney-In-Fact

Exhibit 4(a)

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The Gorman-Rupp Company (the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: its common shares, without par value (the "Common Shares").

The following is a summary of the terms and provisions of the Company's Common Shares. The rights of the holders of the Common Shares are governed by the Ohio Revised Code, the Company's Amended Articles of Incorporation, as amended ("Articles of Incorporation") and the Company's Amended Code of Regulations ("Regulations"), each of which is filed as an exhibit to the Annual Report on Form 10-K of which this exhibit is a part, and each of which may be amended from time to time. The following summary is qualified by reference to the Articles of Incorporation, the Regulations and applicable provisions of Ohio law.

Certain provisions of the Ohio Revised Code, the Articles of Incorporation and Regulations summarized in the following paragraphs may have an anti-takeover effect. This may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in its best interests, including those attempts that might result in a premium over the market price for the shares held by such shareholder.

Common Shares

Under the Articles of Incorporation, the Company's authorized capital stock consists of 35,000,000 Common Shares.

The holders of the Common Shares are entitled to one vote for each share on all matters upon which shareholders have the right to vote and, upon proper notice, are entitled to cumulative voting rights in the election of directors. The Common Shares do not have any preemptive rights, are not subject to redemption and do not have the benefit of any sinking fund. Holders of the Common Shares are entitled to receive such dividends as the Company's directors from time to time may declare out of funds legally available therefor. In the event of the Company's liquidation, holders of the Common Shares are entitled to share in any of the Company's assets remaining after satisfaction in full of the Company's liabilities and satisfaction of such dividend and liquidation preferences as may be possessed by the holders of other classes of securities the Company may have outstanding in the future.

The transfer agent and registrar for the Common Shares is Broadridge Corporate Issuer Solutions, Inc.

Ohio Control Share Acquisition Statute

The Ohio Control Share Acquisition Statute requires the prior authorization of the shareholders of certain corporations in order for any person to acquire, either directly or indirectly, shares of that corporation that would entitle the acquiring person to exercise or direct the exercise of 20% or more of the voting power of that corporation in the election of directors or to exceed specified other percentages of voting power. In the event an acquiring person proposes to make such an acquisition, the person is required to deliver to the corporation a statement disclosing, among other things, the number of shares owned, directly or indirectly, by the person, the range of voting power that may result from the proposed acquisition and the identity of the acquiring person. Within 10 days after receipt of this statement, the corporation must call a special meeting of shareholders to vote on the proposed acquisition. The acquiring person may complete the proposed acquisition only if the acquisition is approved by the affirmative vote of the holders of at least a majority of the voting power of all shares entitled to vote in the election of directors represented at the meeting excluding the voting power of all "interested shares." Interested shares include any shares held by the acquiring person and those held by officers and directors of the corporation as well as by certain others, including many holders commonly characterized as arbitrageurs. The Ohio Control Share Acquisition Statute does not apply to a corporation if its articles of incorporation or code of regulations state that the statute does not apply to a corporation. Neither the Articles of Incorporation nor the Regulations of the Company contain a provision opting out of this statute.

Ohio Interested Shareholder Statute

Chapter 1704 of the Ohio Revised Code prohibits certain corporations from engaging in a "chapter 1704 transaction" with an "interested shareholder" for a period of three years after the date of the transaction in which the person became an interested shareholder, unless, among other things:

- the articles of incorporation expressly provide that the corporation is not subject to the statute (we have not made this election); or
- the board of directors of the corporation approves the chapter 1704 transaction or the acquisition of the shares before the date the shares were acquired.

After the three-year moratorium period, the corporation may not consummate a chapter 1704 transaction unless, among other things, it is approved by the affirmative vote of the holders of at least two-thirds of the voting power in the election of directors and the holders of a majority of the voting shares, excluding all shares beneficially owned by an interested shareholder or an affiliate or associate of an interested shareholder, or the shareholders receive certain minimum consideration for their shares. A chapter 1704 transaction includes certain mergers, sales of assets, consolidations, combinations and majority share acquisitions involving an interested shareholder. An interested shareholder is defined to include, with limited exceptions, any person who, together with affiliates and associates, is the beneficial owner of a sufficient number of shares of the corporation to entitle the person, directly or indirectly, alone or with others, to exercise or direct the exercise of 10% or more of the voting power in the election of directors after taking into account all of the person's beneficially owned shares that are not then outstanding.

Mergers, Acquisitions, Share Purchases and Certain Other Transactions

The Ohio Revised Code requires approval of mergers, dissolutions, dispositions of all or substantially all of a corporation's assets and majority share acquisitions and combinations involving issuance of shares representing one-sixth or more of the voting power of the corporation immediately after the consummation of the transaction (other than so-called "parent-subsidiary" mergers), by two-thirds of the voting power of a corporation, unless the articles of incorporation specify a different proportion (but not less than a majority). The Articles of Incorporation of the Company do not specify a voting power proportion different than that specified by Ohio law in connection with the approval of these transactions.

Amendments to Constituent Documents

Ohio law permits the adoption of amendments to articles of incorporation if those amendments are approved at a meeting held for that purpose by the holders of shares entitling them to exercise two-thirds of the voting power of the corporation, or a lesser, but not less than a majority, or greater vote as specified in the articles of incorporation. The Articles of Incorporation of the Company do not specify a voting power proportion different than that specified by Ohio law in connection with the approval of amendments to the Articles of Incorporation.

Ohio law permits adoption of amendments to regulations by an affirmative vote of the majority of shares entitled to vote or by written consent from holders of two-thirds of the shares entitled to vote or by written consent or vote of a greater or lesser proportion as provided in the articles of incorporation or regulations but not less than the majority of voting power. The Regulations of the Company may be amended by the Company's shareholders by the affirmative vote of a majority of the voting power of the Company at a meeting held for that purpose, or without a meeting by the affirmative written consent of a majority of the voting power of the Company.

Exhibit 10(a)

INDEMNIFICATION AGREEMENT

This Indemnification Agreement, dated as of _____, 20__ (this "Agreement"), is made by and between The Gorman-Rupp Company, an Ohio corporation (the "Company"), and _____ ("Indemnitee").

RECITALS:

A. Federal legislation and rules adopted by the Securities and Exchange Commission and the national securities exchanges have imposed additional disclosure and corporate governance obligations on directors and officers of public companies and have exposed such directors and officers to additional and substantially broadened civil liabilities, and significantly greater risk of criminal proceedings, with attendant defense costs and potential fines and penalties.

B. The Company's Board of Directors (the "Board") has determined that enhancing the ability of the Company to retain and attract as directors and officers the most capable persons is in the best interests of the Company and that the Company therefore should seek to assure such persons that they are provided with adequate protection through indemnification and insurance coverage against risks of claims and actions against them arising out of their service to and activities on behalf of the Company.

C. Indemnitee is a director and/or officer of the Company and Indemnitee's willingness to begin or continue to serve in such capacity or capacities is predicated, in substantial part, upon the Company's willingness to indemnify Indemnitee in accordance with the principles reflected above, to the fullest extent permitted by the laws of the state of Ohio, and upon the other undertakings set forth in this Agreement.

D. Therefore, in recognition of the need to provide Indemnitee with contractual protection against personal liability, in order to procure Indemnitee's initial or continued service as a director and/or officer of the Company and to enhance Indemnitee's ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company's Amended Articles of Incorporation or Amended Regulations (collectively, the "Constituent Documents"), any change in the composition of the Board or any change-in-control or business combination transaction relating to the Company), or any change in the Indemnitee's status through retirement, resignation or other termination of service, the Company wishes to provide in this Agreement for the indemnification of, and the advancement of Expenses (as defined in Section 1(f)), to Indemnitee as set forth in this Agreement and for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

(a) "Change in Control" means the occurrence after the date of this Agreement of any of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Sections 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the combined voting power of the then-outstanding Voting Stock of the Company unless the change in relative beneficial ownership of such Person results solely from a reduction in the aggregate number of outstanding shares of Voting Stock of the Company; *provided*, *however*, that, for purposes of this Section 1(a)(i), the following acquisitions shall not constitute a Change in Control: (1) any acquisition of Voting Stock of the Company directly from the Company that is approved by a majority of the Incumbent Directors, (2) any acquisition of Voting Stock of the Company by the Company or any Subsidiary, and (3) any acquisition of Voting Stock of the Company by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; or

(ii) a majority of the directors of the Company are not Incumbent Directors; or

(iii) the consummation of a reorganization, merger or consolidation, unless immediately following such reorganization, merger or consolidation, all of the individuals and entities who were the beneficial owners of Voting Stock of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 51% of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such transaction; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, or sale or other disposition of all or substantially all of the assets of the Company.

(b) "Claim" means (i) any threatened, asserted, pending or completed claim, demand, action, suit or proceeding, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; and (ii) any threatened, pending or completed inquiry or investigation, whether made, instituted or conducted by or on behalf of the Company or any other person, including any federal, state or other court or governmental entity or agency and any committee or other representative of any corporate constituency, that Indemnitee determines might lead to the institution of any such claim, demand, action, suit or proceeding.

(c) "Controlled Affiliate" means any corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit, that is directly or indirectly controlled by the Company. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity or enterprise, whether through the ownership of voting securities, through other voting rights, by contract or otherwise; provided that direct or indirect beneficial ownership of capital stock or other interests in an entity or enterprise entitling the holder to cast 20% or more of the total number of votes generally entitled to be cast in the election of directors (or persons performing comparable functions) of such entity or enterprise shall be deemed to constitute control for purposes of this definition.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(e) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(f) "Expenses" means reasonable attorneys' and experts' fees and expenses and all other reasonable costs and expenses paid or payable in connection with investigating, defending, being a witness in or otherwise participating in (including on appeal), or preparing to investigate, defend, be a witness in or otherwise participate in (including on appeal), any Claim, and any amounts paid in settlement prior to a final, nonappealable judgment or conviction.

(g) "Incumbent Directors" means the individuals who, as of the date hereof, are directors of the Company and any individual becoming a director of the Company subsequent to the date hereof whose election, nomination for election by the Company's shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors.

(h) "Indemnifiable Claim" means any Claim based upon, arising out of or resulting from (i) any actual, alleged or suspected act or failure to act, whether before, on or after the date of this Agreement, by Indemnitee in his or her capacity as a director, officer, employee or agent of the Company or as a director, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit (including any employee benefit plan or related trust), as to which Indemnitee is or was serving at the request of the Company as a director, officer, employee, member, manager, trustee or agent, (ii) any actual, alleged or suspected act or failure to act, whether before, on or after the date of this Agreement, by Indemnitee in respect of any business, transaction, communication, filing, disclosure or other activity of the Company or any other entity or enterprise referred to in clause (i) of this sentence, or (iii) Indemnitee's status as a current or former director, officer, employee or agent of the Company or as a current or former director, officer, employee, member, manager, trustee or agent of the Company or any other entity or enterprise referred to in clause (i) of this sentence or any actual, alleged or suspected act or failure to act by Indemnitee in connection with any obligation or restriction imposed upon Indemnitee by reason of such status. In addition to any service at the actual request of the Company, for purposes of this Agreement, Indemnitee shall be deemed to be serving or to have served at the request of the Company as a director, officer, employee, member, manager, trustee or agent of another entity or enterprise if Indemnitee is or was serving as a director, officer, employee, member, manager, trustee or agent of such entity or enterprise and (i) such entity or enterprise is or at the time of such service was a Controlled Affiliate, (ii) such entity or enterprise is or at the time of such service was an employee benefit plan (or related trust) sponsored or maintained by the Company or a Controlled Affiliate, or (iii) the Company or a Controlled Affiliate directly or indirectly caused or authorized Indemnitee to be nominated, elected, appointed, designated, employed, engaged or selected to serve in such capacity.

(i) "Indemnifiable Losses" means any and all Losses relating to, arising out of or resulting from any Indemnifiable Claim.

(j) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company (or any Subsidiary) or Indemnitee (or any immediate family member of Indemnitee) in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other named (or, as to a threatened matter, reasonably likely to be named) party to the Indemnifiable Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(k) "Losses" means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other) and amounts paid in settlement, including all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing.

(l) "ORC" means the Ohio Revised Code.

(m) "Subsidiary" means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding Voting Stock.

(n) "Voting Stock" means securities entitled to vote generally in the election of directors (or similar governing bodies).

2. Indemnification Obligation. Subject to Section 8, the Company shall indemnify, defend and hold harmless Indemnitee, to the fullest extent permitted or required by the laws of the State of Ohio in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted or required indemnification, against any and all Indemnifiable Claims and Indemnifiable Losses. Notwithstanding the foregoing, Indemnitee shall not be entitled to indemnification pursuant to this Agreement:

(a) in connection with any Claim initiated by Indemnitee against the Company or any director or officer of the Company (i) unless the Company has joined in or consented to the initiation of such Claim or (ii) except for a Claim initiated by Indemnitee pursuant to Section 4 or Section 21, in which case Indemnitee shall be entitled to indemnification to the extent set forth in Section 4 or Section 21, as the case may be;

(b) if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law;

(c) for the disgorgement of profits arising from the purchase or sale by Indemnitee of securities of the Company in violation of Section 16(b) of the Exchange Act; or

(d) for Indemnitee's reimbursement to the Company of any bonus or other incentive-based or equity-based compensation previously received by Indemnitee or payment of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Company's securities may be traded, and any Company policy adopted pursuant to such law, rules or regulations.

3. Advancement of Expenses. Indemnitee shall have the right to advancement by the Company, prior to the final disposition of any Indemnifiable Claim, of any and all Expenses relating to, arising out of or resulting from any Indemnifiable Claim actually and reasonably paid or incurred by Indemnitee. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct. Without limiting the generality or effect of the foregoing, within five business days after any request by Indemnitee, the Company shall, in accordance with such request (but without duplication), (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses; provided that Indemnitee shall repay, without interest any amounts actually advanced to Indemnitee that, at the final disposition of the Indemnifiable Claim to which the advance related, were in excess of amounts paid or payable by Indemnitee in respect of Expenses relating to, arising out of or resulting from such Indemnifiable Claim. For purposes of obtaining payments of Expenses in advance of final disposition, the Indemnitee shall submit to the Company a sworn request for advancement of Expenses substantially in the form of Exhibit A attached hereto and made a part hereof (subject to Indemnitee filling in the blanks therein and selecting from among the bracketed alternatives therein, the "Undertaking"), averring that the Indemnitee has reasonably incurred or will reasonably incur actual Expenses in defending an Indemnifiable Claim. The Undertaking need not be secured and the Company must accept the Undertaking without reference to Indemnitee's ability to repay the Expenses. Unless at the time of the Indemnitee's act or omission at issue, the Constituent Documents prohibit such advances by specific reference to ORC Section 1701.13(E)(5)(a) or unless the only liability asserted against the Indemnitee in the subject action, suit or proceeding is pursuant to ORC Section 1701.95, if the Indemnitee is, or at the time of such act or omission was, a director of the Company, the Indemnitee shall be eligible to execute Part A of the Undertaking by which the Indemnitee undertakes to: (i) repay such amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company; and (ii) reasonably cooperate with the Company concerning the action, suit, proceeding or claim. In all cases, the Indemnitee shall be eligible to execute Part B of the Undertaking by which the Indemnitee undertakes to repay such amount if it ultimately is determined that the Indemnitee is not entitled to be indemnified by the Company under this Agreement or otherwise. In the event that the Indemnitee is eligible to and does execute both Part A and Part B of the Undertaking, the Expenses which are paid by the Company pursuant thereto shall be required to be repaid by the Indemnitee only if the Indemnitee is required to do so under the terms of both Part A and Part B of the Undertaking. In no event shall Indemnitee's right to the payment, advancement or reimbursement of Expenses pursuant to this Section 3 be conditioned upon any undertaking that is less favorable to Indemnitee than, or that is in addition to, the undertakings set forth in Exhibit A.

4. Indemnification for Additional Expenses. Without limiting the generality or effect of the foregoing, the Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within five business days of such request, any and all Expenses actually and reasonably paid or incurred by Indemnitee in connection with any Claim made, instituted or conducted by Indemnitee in each case to the fullest extent permitted or required by the laws of the State of Ohio in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted or required indemnification, reimbursement or advancement of such Expenses for (a) indemnification or payment, advancement or reimbursement of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Indemnifiable Claims, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless in each case of whether Indemnitee ultimately is determined to be entitled to such indemnification, reimbursement, advance or insurance recovery, as the case may be; provided, however, that Indemnitee shall return, without interest, any such advance of Expenses (or portion thereof) which remains unspent at the final disposition of the Claim to which the advance related.

5. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to the Indemnitee for any reason whatsoever, other than where it is determined, pursuant to a final disposition of such Indemnifiable Claim or Indemnifiable Loss in accordance with Section 8, that Indemnitee is not entitled to indemnification by the Company with respect to such Indemnifiable Claim or Indemnifiable Loss, the Company, in lieu of indemnifying Indemnitee, may, in the exclusive discretion of the Incumbent Directors, contribute to the payment of any and all Indemnifiable Claims or Indemnifiable Losses, in such proportion as the Incumbent Directors determine is fair and reasonable in light of all of the circumstances.

6. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Indemnifiable Loss, but not for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

7. Procedure for Notification. To obtain indemnification under this Agreement in respect of an Indemnifiable Claim or Indemnifiable Loss, Indemnitee shall submit to the Company a written request, including a brief description (based upon information then available to Indemnitee) of such Indemnifiable Claim or Indemnifiable Loss. If, at the time of the receipt of such request, the Company has directors' and officers' liability insurance in effect under which coverage for such Indemnifiable Claim or Indemnifiable Loss is reasonably likely to be available, the Company shall give prompt written notice of such Indemnifiable Claim or Indemnifiable Loss to the applicable insurers in accordance with the procedures set forth in the applicable policies. The Company shall provide to Indemnitee a copy of such notice delivered to the applicable insurers, and copies of all subsequent correspondence between the Company and such insurers regarding the Indemnifiable Claim or Indemnifiable Loss, in each case substantially concurrently with the delivery or receipt thereof by the Company. The failure by Indemnitee to timely notify the Company of any Indemnifiable Claim or Indemnifiable Loss shall not relieve the Company from any liability hereunder unless, and only to the extent that, the Company did not otherwise learn of such Indemnifiable Claim or Indemnifiable Loss and such failure results in forfeiture by the Company of substantial defenses, rights or insurance coverage.

8. Determination of Right to Indemnification.

(a) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Indemnifiable Claim or any portion thereof or in defense of any issue or matter therein, including through a dismissal without prejudice, Indemnitee shall be indemnified against all Indemnifiable Losses relating to, arising out of or resulting from such Indemnifiable Claim in accordance with Section 2 and no Standard of Conduct Determination (as defined in Section 8(b)) shall be required. In the event that a matter as to which there has been a dismissal without prejudice is later revived in the same or similar form, that matter will be treated as a new Claim for all purposes of this Agreement.

(b) To the extent that the provisions of Section 8(a) are inapplicable to an Indemnifiable Claim that shall have been finally disposed of (including by way of resolution, disposition or other outcome short of dismissal or final judgment), any determination of whether Indemnitee has satisfied any applicable standard of conduct under Ohio law that is a legally required condition precedent to indemnification of Indemnitee hereunder against Indemnifiable Losses relating to, arising out of or resulting from such Indemnifiable Claim (a "Standard of Conduct Determination") shall be made as follows: (i) if a Change in Control shall not have occurred, or if a Change in Control shall have occurred but Indemnitee shall have requested that the Standard of Conduct Determination be made pursuant to this clause (i), (A) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (B) if such Disinterested Directors so direct, by a majority vote of a committee of Disinterested Directors designated by a majority vote of all Disinterested Directors, or (C) if no such Disinterested Directors are available or if so directed by a majority vote of all Disinterested Directors, by Independent Counsel; and (ii) if a Change in Control shall have occurred and Indemnitee shall not have requested that the Standard of Conduct Determination be made pursuant to clause (i), by Independent Counsel. Indemnitee will cooperate with the person or persons making such Standard of Conduct Determination, including providing to such person or persons, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within five business days of such request, any and all reasonable costs and expenses (including reasonable attorneys' and experts' fees and expenses) incurred by Indemnitee in so cooperating with the person or persons making such Standard of Conduct Determination.

(c) The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under Section 8(b) to be made as promptly as practicable. If (i) the person or persons empowered or selected under Section 8 to make the Standard of Conduct Determination shall not have made a determination within 30 days after the later of (A) receipt by the Company of written notice from Indemnitee advising the Company of the final disposition of the applicable Indemnifiable Claim (the date of such receipt being the "Notification Date") and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, that is permitted under the provisions of Section 8(e) to make such determination and (ii) Indemnitee shall have fulfilled his/her obligations set forth in the second sentence of Section 8(b), then Indemnitee shall be deemed to have satisfied the applicable standard of conduct; provided that such 30-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person or persons making such determination in good faith requires such additional time for the obtaining or evaluation of documentation and/or information relating thereto.

(d) If (i) Indemnitee shall be entitled to indemnification hereunder against any Indemnifiable Losses pursuant to Section 8(a), (ii) no determination of whether Indemnitee has satisfied any applicable standard of conduct under Ohio law is a legally required condition precedent to indemnification of Indemnitee hereunder against any Indemnifiable Losses, or (iii) Indemnitee has been determined or deemed pursuant to Section 8(b) or (c) to have satisfied any applicable standard of conduct under Ohio law which is a legally required condition precedent to indemnification of Indemnitee hereunder against any Indemnifiable Losses, then the Company shall pay to Indemnitee, within five business days after the later of (x) the Notification Date in respect of the Indemnifiable Claim or portion thereof to which such Indemnifiable Losses are related, out of which such Indemnifiable Losses arose or from which such Indemnifiable Losses resulted and (y) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) above shall have been satisfied, an amount equal to the amount of such Indemnifiable Losses.

(e) If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 8(b)(i), the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 8(b)(ii), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within five business days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 1(j), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences and clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 8(e) to make the Standard of Conduct Determination shall have been selected within 30 days after the Company gives its initial notice pursuant to the first sentence of this Section 8(e) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 8(e), as the case may be, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person or firm selected by the court or by such other person as the court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 8(b).

9. Presumption of Entitlement. In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct, and the Company may overcome such presumption only by its adducing clear and convincing evidence to the contrary. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by the Indemnitee in the state or federal courts in Ohio. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct shall be a defense to any Claim by Indemnitee for indemnification or reimbursement or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

10. No Adverse Presumption. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable standard of conduct or that indemnification hereunder is otherwise not permitted.

11. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Constituent Documents, or the substantive laws of the Company's jurisdiction of incorporation, any other contract or otherwise (collectively, "Other Indemnity Provisions"); provided, however, that (a) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will be deemed to have such greater right hereunder and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder.

12. Liability Insurance and Funding. For the duration of Indemnitee's service as a director and/or officer of the Company, and thereafter for so long as Indemnitee shall be subject to any pending or possible Indemnifiable Claim, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to cause to be maintained in effect policies of directors' and officers' liability insurance providing coverage for directors and/or officers of the Company that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. The Company shall provide Indemnitee with a copy of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials, and shall provide Indemnitee with a reasonable opportunity to review and comment on the same.

13. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the related rights of recovery of Indemnitee against other persons or entities (other than Indemnitee's successors), including any entity or enterprise referred to in clause (i) of the definition of "Indemnifiable Claim" in Section 1(h). Indemnitee shall execute all papers reasonably required to evidence such rights (all of Indemnitee's reasonable Expenses, including attorneys' fees and charges, related thereto to be reimbursed by or, at the option of Indemnitee, advanced by the Company).

14. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Indemnifiable Losses to the extent Indemnitee has otherwise actually received payment (net of Expenses incurred in connection therewith) under any insurance policy, the Constituent Documents and Other Indemnity Provisions or otherwise (including from any entity or enterprise referred to in clause (i) of the definition of "Indemnifiable Claim" in Section 1(h)) in respect of such Indemnifiable Losses otherwise indemnifiable hereunder. Indemnitee shall be obligated to repay to the Company any such duplicate payment if actually made.

15. Defense of Claims. The Company shall be entitled to participate in the defense of any Indemnifiable Claim or to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee; provided that if Indemnitee believes, after consultation with counsel selected by Indemnitee, that (a) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict, (b) the named parties in any such Indemnifiable Claim (including any impleaded parties) include both the Company and Indemnitee and Indemnitee shall conclude that there may be one or more legal defenses available to Indemnitee that are different from or in addition to those available to the Company, or (c) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, then Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any particular Indemnifiable Claim) at the Company's expense. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Indemnifiable Claim effected without the Company's prior written consent. The Company shall not, without the prior written consent of the Indemnitee, effect any settlement of any threatened or pending Indemnifiable Claim to which the Indemnitee is, or could have been, a party unless such settlement solely involves the payment of money and includes a complete and unconditional release of the Indemnitee from all liability on any claims that are the subject matter of such Indemnifiable Claim. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement; provided that Indemnitee may withhold consent to any settlement that does not provide a complete and unconditional release of Indemnitee.

16. Successors and Binding Agreement.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise, and including any holding company as described in ORC 1701.802(A)) to all or substantially all of the business or assets of the Company, by agreement in customary form and substance, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including any person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise, and including any holding company as described in ORC 1701.802(A) (and such successor will thereafter be deemed the "Company" for purposes of this Agreement), but shall not otherwise be assignable or delegable by the Company.

(b) This Agreement shall inure to the benefit of and be enforceable by the Indemnitee's personal or legal representatives, executors, administrators, heirs, distributees, legatees and other successors.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 16(a) and 16(b). Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder shall not be assignable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by the Indemnitee's will or by the laws of descent and distribution, and, in the event of any attempted assignment or transfer contrary to this Section 16(c), the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

(d) To the extent that any agreement exists between the Indemnitee and the Company related to the subject matter of this Agreement, this Agreement supersedes in its entirety the relevant provisions of such agreement.

17. Notices. For all purposes of this Agreement, all communications, including notices, consents, requests or approvals, required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when hand delivered or dispatched by electronic facsimile or electronic mail transmission (with receipt thereof confirmed orally or electronically), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid or one business day after having been sent for next day delivery by a nationally recognized overnight courier service, addressed to the Company (to the attention of the Secretary of the Company) and to Indemnitee at the applicable address shown on the signature page hereto, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

18. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by and construed in accordance with the substantive laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the state and Federal courts in Ohio for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state or Federal courts in Ohio.

19. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent, and only to the extent, necessary to make it enforceable, valid or legal. In the event that any court or other adjudicative body shall decline to reform any provision of this Agreement held to be invalid, unenforceable or otherwise illegal as contemplated by the immediately preceding sentence, the parties thereto shall take all such action as may be necessary or appropriate to replace the provision so held to be invalid, unenforceable or otherwise illegal with one or more alternative provisions that effectuate the purpose and intent of the original provisions of this Agreement as fully as possible without being invalid, unenforceable or otherwise illegal.

20. Miscellaneous. No provision of this Agreement may be waived, modified or discharged unless such waiver, modification or discharge is agreed to in writing signed by Indemnitee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement.

21. Legal Fees and Expenses. It is the intent of the Company that Indemnitee not be required to incur legal fees and or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder. Accordingly, without limiting the generality or effect of any other provision hereof, if it should appear to Indemnitee that the Company has failed to comply with any of its obligations under this Agreement (including its obligations under Section 3) or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, the Company irrevocably authorizes the Indemnitee from time to time to retain counsel of Indemnitee's choice, and the reasonable costs and expenses of such counsel shall be the obligation of the Company as hereafter provided, to advise and represent Indemnitee in connection with any such interpretation, enforcement or defense, including the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, shareholder or other person affiliated with the Company, in any jurisdiction.

22. Certain Interpretive Matters. Unless the context of this Agreement otherwise requires, (a) "it" or "its" or words of any gender include each other gender, (b) words using the singular or plural number also include the plural or singular number, respectively, (c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement, (d) the terms "Article," "Section," "Annex" or "Exhibit" refer to the specified Article, Section, Annex or Exhibit of or to this Agreement, (e) the terms "include," "includes" and "including" will be deemed to be followed by the words "without limitation" (whether or not so expressed), and (f) the word "or" is disjunctive but not exclusive. Whenever this Agreement refers to a number of days, such number will refer to calendar days unless business days are specified and whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non-business day, then such period or date will be extended until the immediately following business day. As used herein, "business day" means any day other than Saturday, Sunday or a United States federal holiday.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together shall constitute one and the same agreement.

[Signature page follows.]

IN WITNESS WHEREOF, Indemnitee has executed and the Company has caused its duly authorized representative to execute this Agreement as of the date first above written.

THE GORMAN-RUPP COMPANY

By: _____
Name:
Title:

INDEMNITEE

_____
Name:

Address:_____
_____
_____

[FORM OF UNDERTAKING]
UNDERTAKING

STATE OF)
) SS:
COUNTY OF)

The undersigned, _____, being first duly sworn, does depose and say as follows:

1. This Undertaking is submitted pursuant to the Indemnification Agreement, dated _____, 20__, between The Gorman-Rupp Company, an Ohio corporation (the "Company"), and the undersigned (the "Indemnification Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Indemnification Agreement.

2. The undersigned hereby requests [payment], [advancement], [reimbursement] by the Company of Expenses which the undersigned [has incurred] [reasonably expects to incur] in connection with the following Indemnifiable Claim:_____.

3. Part A (if eligible pursuant to Section 3 of the Indemnification Agreement)

The undersigned hereby undertakes to (a) repay all amounts paid pursuant hereto if it is proved by clear and convincing evidence in a court of competent jurisdiction that the undersigned's action or failure to act which is the subject of the matter described herein involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company and (b) reasonably cooperate with the Company concerning the action, suit, proceeding or claim.

_____
(Signature of Indemnitee)

[Indemnitee Name]

4. Part B

The undersigned hereby undertakes to repay all amounts paid pursuant hereto if it ultimately is determined that the undersigned is not entitled to be indemnified by the Company under the aforesaid Indemnification Agreement or otherwise with respect to the Indemnifiable Claim.

_____
(Signature of Indemnitee)

[Indemnitee Name]

Subscribed and sworn to before me, a Notary Public in and for said County and State, this day of _____, 20__. _____

[Seal]
My commission expires the _____ day of _____, 20__.

Exhibit 10(j)

AMENDED AND RESTATED PLEDGE AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED PLEDGE AND SECURITY AGREEMENT (as it may be amended, restated, supplemented or otherwise modified from time to time, this "Security Agreement") is entered into as of May 31, 2024 by and among THE GORMAN-RUPP COMPANY, an Ohio corporation (the "Company"), the Subsidiaries of the Company listed on the signature pages hereto (together with the Company, the "Initial Grantors," and together with any additional Subsidiaries, whether now existing or hereafter formed or acquired which become parties to this Security Agreement from time to time, by executing a Supplement hereto in substantially the form of Annex I, the "Grantors"), and JPMORGAN CHASE BANK, N.A., a national banking association, in its capacity as collateral agent (the "Collateral Agent") for the benefit of the Secured Parties.

PRELIMINARY STATEMENT

WHEREAS, the Company, certain of the other Grantors, JPMorgan Chase Bank, N.A., in its capacity as administrative agent (in such capacity, the "Administrative Agent") and the Lenders from time to time party thereto are parties to that certain Senior Secured Credit Agreement dated as of May 31, 2022 (as it may be amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement");

WHEREAS, the Company, the Grantors, the Lenders and the Administrative Agent have agreed to amend and restate the Existing Credit Agreement pursuant to that certain Amended and Restated Senior Secured Credit Agreement, dated as of the date hereof (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Lenders have severally agreed to extend credit to the Company pursuant to the Credit Agreement;

WHEREAS, JPMorgan Chase Bank, N.A. has been appointed as Collateral Agent pursuant to that certain Intercreditor and Collateral Agency Agreement, dated as of the date hereof, by and among the Administrative Agent, on its behalf and on behalf of the Lenders, the Collateral Agent and each of the "Noteholders" party thereto (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement");

WHEREAS, the Grantors have previously entered into that certain Pledge and Security Agreement dated as of May 31, 2022 (as amended, restated, supplemented or otherwise modified prior to the date hereof (the "Existing Security Agreement");

WHEREAS, the Grantors and the Collateral Agent have agreed to amend and restate the Existing Security Agreement in its entirety pursuant to this Security Agreement;

WHEREAS, the Company, certain of the other Grantors, and the Purchasers listed on the Purchaser Schedule attached thereto that are party to the Note Agreement, dated as of the date hereof (as such agreement may be amended, restated, supplemented or otherwise modified from time to time, the "Note Agreement");

WHEREAS, pursuant to the Note Agreement, the Company has issued its 6.40% senior secured promissory notes due May 31, 2031 in an aggregate principal amount of $30,000,000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, collectively, the "Senior Notes"; the Note Agreement, the Senior Notes, the Note Documents, the Credit Agreement and the Loan Documents (as each may be amended, restated, supplemented or otherwise modified from time to time), collectively, the "Senior Indebtedness Documents");

WHEREAS, each Grantor other than the Company is a direct or indirect Subsidiary of the Company and each Grantor is affiliated with each other Grantor;

WHEREAS, the proceeds of credit extended under the Credit Agreement and the Senior Notes issued and sold under the Note Agreement will be used in part to enable the Company to make valuable transfers to the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Company and the other Grantors are engaged in interrelated businesses, and each Grantor will derive substantial direct and indirect benefit from extensions of credit under the Credit Agreement and the issuance and sale of the Senior Notes under the Note Agreement; and

WHEREAS, each Grantor is entering into this Security Agreement in order to induce the Lenders to enter into and extend credit to the Company under the Credit Agreement and the Noteholders to purchase the Senior Notes under the Note Agreement and to secure the Secured Obligations that it has agreed to guaranty pursuant to the Senior Indebtedness Documents.

ACCORDINGLY, the Grantors and the Collateral Agent, on behalf of the Secured Parties, hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1. Terms Defined in the Intercreditor Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Intercreditor Agreement.

1.2. Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Security Agreement are used herein as defined in the UCC.

1.3. Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the first paragraph hereof and in the Preliminary Statement, the following terms shall have the following meanings:

"Account Control Agreement" means an agreement, in form and substance satisfactory to the Collateral Agent, among any Grantor, a banking institution, securities intermediary or other Person holding such Grantor's funds or securities, and the Collateral Agent with respect to collection and control of all deposits, securities, balances and other assets held in a deposit account or securities account maintained by such Grantor with such banking institution, securities intermediary or other Person.

"Account Debtor" shall have the meaning set forth in Article 9 of the UCC.

"Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Applicable IP Office" means the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency within or, solely in the case of Section 4.7, outside the United States.

"Article" means a numbered article of this Security Agreement, unless another document is specifically referenced.

"Chattel Paper" shall have the meaning set forth in Article 9 of the UCC.

"Collateral" shall have the meaning set forth in Article II.

"Collateral Access Agreement" means any landlord waiver or other agreement, in form and substance satisfactory to the Collateral Agent, between the Collateral Agent and any third party (including any bailee, consignee, customs broker, or other similar Person) in possession of any Collateral or any landlord of any real property where any Collateral is located, as such landlord waiver or other agreement may be amended, restated, supplemented or otherwise modified from time to time.

"Commercial Tort Claims" means the commercial tort claims as defined in Article 9 of the UCC, including each commercial tort claim specifically described on Exhibit I.

"Confirmatory Grant" shall have the meaning set forth in Section 3.11(e).

"Control" shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the UCC.

"Copyrights" means all rights, title and interests (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to copyrights and all mask works, database and design rights, whether or not registered or published, all registrations and recordations thereof and all applications in connection therewith.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Deposit Accounts" shall have the meaning set forth in Article 9 of the UCC.

"Documents" shall have the meaning set forth in Article 9 of the UCC.

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Equipment" shall have the meaning set forth in Article 9 of the UCC.

"Equity Interests" shall have the meaning set forth in each of the Credit Agreement and the Note Agreement.

"Event of Default" means an event described in Section 5.1.

"Excluded Property" shall have the meaning set forth in each of the Credit Agreement and the Note Agreement.

"Exhibit" refers to a specific exhibit to this Security Agreement, unless another document is specifically referenced.

"Farm Products" shall have the meaning set forth in Article 9 of the UCC.

"Fixtures" shall have the meaning set forth in Article 9 of the UCC.

"General Intangibles" shall have the meaning set forth in Article 9 of the UCC.

"Goods" shall have the meaning set forth in Article 9 of the UCC.

"Governmental Authority" shall have the meaning set forth in each of the Credit Agreement and the Note Agreement.

"Indebtedness" shall have the meaning set forth in each of the Credit Agreement and the Note Agreement.

"Industrial Designs" means all right, title and interest (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to registered industrial designs and industrial design applications.

"Insolvency Event" shall have the meaning set forth in Section 7.22.

"Instruments" shall have the meaning set forth in Article 9 of the UCC.

"Intellectual Property" means all rights, title and interests in or relating to intellectual property and industrial property arising under any Requirement of Law and all IP Ancillary Rights relating thereto, including all Copyrights, Patents, Industrial Designs, Software, Trademarks, Internet Domain Names, Trade Secrets and IP Licenses.

"Intercompany Indebtedness" shall have the meaning set forth in Section 7.22.

"Internet Domain Name" means all right, title and interest (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to internet domain names.

"Inventory" shall have the meaning set forth in Article 9 of the UCC.

"Investment Property" shall have the meaning set forth in Article 9 of the UCC.

"IP Ancillary Rights" means, with respect to any Intellectual Property, as applicable, all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, reexaminations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and Liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property throughout the world, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, in each case, all rights to obtain any other IP Ancillary Right throughout the world.

"IP License" means all contractual obligations (and all related IP Ancillary Rights), whether written or oral, granting any right, title and interest in or relating to any Intellectual Property.

"Letter-of-Credit Rights" shall have the meaning set forth in Article 9 of the UCC.

"Liabilities" means all claims, actions, suits, judgments, damages, losses, liability, obligations, responsibilities, fines, penalties, sanctions, costs, fees, Taxes, commissions, charges, disbursements and expenses (including those incurred upon any appeal or in connection with the preparation for and/or response to any subpoena or request for document production relating thereto), in each case of any kind or nature (including interest accrued thereon or as a result thereto and fees, charges and disbursements of financial, legal and other advisors and consultants), whether joint or several, whether or not indirect, contingent, consequential, actual, punitive, treble or otherwise.

"Lien" shall have the meaning set forth in each of the Credit Agreement and the Note Agreement.

"Loan Documents" shall have the meaning given to such term in the Credit Agreement.

"Material Adverse Effect" shall have the meaning set forth in each of the Credit Agreement and the Note Agreement.

"Material Intellectual Property" means Intellectual Property that is owned by or licensed to a Grantor and material to the conduct of such Grantor's business.

"Note Documents" shall have the meaning given to the term "Transaction Documents" in the Note Agreement.

"Noteholders" shall mean each of the Purchasers listed on the Purchaser Schedule to the Note Agreement and their successors and assigns.

"Obligor" shall have the meaning set forth in Section 7.22.

"Patents" means all rights, title and interests (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to letters patent and applications therefor.

"Permitted Encumbrances" shall mean a Lien that is a "Permitted Encumbrance" as defined in, and under, both the Credit Agreement and the Note Agreement.

"Pledged Collateral" means all Instruments, Securities and other Investment Property of the Grantors, whether or not physically delivered to the Collateral Agent pursuant to this Security Agreement.

"Receivables" means the Accounts, Chattel Paper, Documents, Investment Property, Instruments and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"Required Secured Parties" shall have the meaning given to the term "Required Creditors" in the Intercreditor Agreement.

"Requirement of Law" shall have the meaning set forth in each of the Credit Agreement and the Note Agreement.

"Section" means a numbered section of this Security Agreement, unless another document is specifically referenced.

"Secured Obligations" shall have the meaning given to the term "Obligations" in the Intercreditor Agreement.

"Secured Parties" shall have the meaning given to the term "Creditors" in the Intercreditor Agreement.

"Securities Account" has the meaning set forth in Article 8 of the UCC.

"Security" shall have the meaning set forth in Article 8 of the UCC.

"Security Agreement Supplement" means any Security Agreement Supplement to this Security Agreement in substantially the form of Annex I hereto executed by an entity that becomes a Grantor under this Security Agreement after the date hereof.

"Software" means (a) all computer programs, including source code and object code versions, (b) all data, databases and compilations of data, whether machine readable or otherwise, and (c) all documentation, training materials and configurations related to any of the foregoing.

"Stock Rights" means (a) all dividends, instruments or other distributions and any other right or property which the Grantors shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest and any right to receive earnings, in which the Grantors now have or hereafter acquire any right, issued by an issuer of such Equity Interest, and (b) in connection with the pledge of Equity Interests of a Person consisting of membership interests in a limited liability company or partnership interests, (i) all rights of the applicable Grantor (whether as a member, a manager, a partner, in its individual capacity or otherwise) under any operating agreement, any partnership agreement or any similar document of such Person (in any such case, as it may be amended, restated, supplemented or otherwise modified from time to time), including, without limitation, the right to vote, obtain information or participate in the management of such Person's business, (ii) all options and warrants or other rights entitling the applicable Grantor to purchase Equity Interests in such Person, (iii) all capital of the applicable Grantor in such Person, including without limitation its capital account and its interest in (or allocation of) the profits, losses, income, gains, deductions, credits or similar items of such Person, (iv) all distributions, dividends, cash, instruments, Investment Property, General Intangibles and other property from time to time received, receivable or otherwise distributed to the applicable Grantor in respect of, or in exchange for, any or all of the foregoing, and (v) all other proceeds of the foregoing.

"Supporting Obligations" shall have the meaning set forth in Article 9 of the UCC.

"Trade Secrets" means all right, title and interest (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to proprietary, confidential and/or non-public information, however documented, including but not limited to confidential ideas, know-how, concepts, methods, processes, formulae, reports, data, customer lists, mailing lists, business plans and all other trade secrets.

"Trademarks" means all rights, title and interests (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and, in each case, all goodwill associated therewith, all registrations and recordations thereof and all applications in connection therewith.

"UCC" means the Uniform Commercial Code, as in effect from time to time, of the State of New York or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection or priority of, or remedies with respect to, Collateral Agent's or any other Secured Party's Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II
GRANT OF SECURITY INTEREST

Each Grantor hereby pledges, assigns and grants to the Collateral Agent, on behalf of and for the benefit of the Secured Parties, a security interest in all of its right, title and interest in, to and under the following assets of such Grantor, whether now owned by or owing to, or hereafter acquired by or arising in favor of, such Grantor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, such Grantor, and regardless of where located (all of which will be collectively referred to as the "Collateral"), which Collateral is intended to constitute all personal property and other assets of such Grantor:

(i) all Accounts;
(ii) all Chattel Paper;
(iii) all Copyrights, Patents and Trademarks;
(iv) all Documents;
(v) all Equipment;
(vi) all Fixtures;
(vii) all General Intangibles;
(viii) all Goods;
(ix) all Instruments;
(x) all Inventory;

(xi) all Investment Property;
(xii) all cash or cash equivalents;
(xiii) all letters of credit, Letter-of-Credit Rights and Supporting Obligations;
(xiv) all Deposit Accounts with any bank or other financial institution;
(xv) all Commercial Tort Claims;
(xvi) all Farm Products;
(xvii) all Stock Rights; and
(xviii) all accessions to, substitutions for and replacements, proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing;

to secure the prompt and complete payment and performance of the Secured Obligations. Notwithstanding the foregoing or anything herein or in any other Senior Indebtedness Document to the contrary, in no event will the Collateral include any Excluded Property at any time.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Each of the Initial Grantors represents and warrants, and each Grantor that becomes a party to this Security Agreement pursuant to the execution of a Security Agreement Supplement represents and warrants (after giving effect to supplements, if any, to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement), to the Collateral Agent and the Secured Parties that:

3.1. Title, Authorization, Validity, Enforceability, Perfection and Priority. Such Grantor has good and valid rights in or the power to transfer the Collateral owned by it and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1(e), and has full power and authority to grant to the Collateral Agent the security interest in such Collateral pursuant hereto. The execution and delivery by such Grantor of this Security Agreement has been duly authorized by proper organizational proceedings of such Grantor, and this Security Agreement constitutes a legal valid and binding obligation of such Grantor and creates a security interest which is enforceable against such Grantor in all Collateral it now owns or hereafter acquires, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. When financing statements have been filed in the appropriate offices against such Grantor in the locations listed on Exhibit H, the Collateral Agent will have a fully perfected first priority security interest in the Collateral owned by such Grantor in which a security interest may be perfected by the filing of a financing statement under the UCC, subject only to Liens permitted under Section 4.1(e).

3.2. Type and Jurisdiction of Organization, Organizational and Identification Numbers. The type of entity of such Grantor, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number are set forth on Exhibit A.

3.3. Principal Location. Such Grantor's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), is disclosed in Exhibit A; such Grantor has no other places of business except those set forth in Exhibit A.

3.4. Collateral Locations. All of such Grantor's locations where Collateral is located are listed on Exhibit A except with respect to castings, which are located at various foundries where Inventory is manufactured. All of said locations are owned by such Grantor except for locations (i) which are leased by such Grantor as lessee and designated in Part VII(b) of Exhibit A and (ii) at which Inventory is held in a public warehouse or is otherwise held by a bailee or on consignment by such Grantor as designated in Part VII(c) of Exhibit A.

3.5. Deposit Accounts and Securities Accounts. All of such Grantor's Deposit Accounts and Securities Accounts, other than Deposit Accounts and Securities Accounts that constitute Excluded Property, are listed on Exhibit B.

3.6. Exact Names. Such Grantor's name in which it has executed this Security Agreement is the exact name as it appears in such Grantor's organizational documents, as amended, as filed with such Grantor's jurisdiction of organization. Such Grantor has not, during the past five years, been known by or used any other corporate or fictitious name, or been a party to any merger or consolidation, or been a party to any acquisition.

3.7. Letter-of-Credit Rights and Chattel Paper. Exhibit C lists all Letter-of-Credit Rights and Chattel Paper of such Grantor with a face amount in excess of $2,000,000 individually or $4,000,000 in the aggregate for all such Letter-of-Credit Rights and Chattel Paper. All action by such Grantor necessary or desirable to protect and perfect the Collateral Agent's Lien on each item listed on Exhibit C (including the delivery of all originals and the placement of a legend on all Chattel Paper as required hereunder) has been duly taken. The Collateral Agent will have a fully perfected first priority security interest in the Collateral listed on Exhibit C, subject only to Liens permitted under Section 4.1(e).

3.8. Accounts and Chattel Paper.

(a) The names of the obligors, amounts owing, due dates and other information with respect to the Accounts and Chattel Paper owned by such Grantor are and will be correctly stated in all records of such Grantor relating thereto and in all invoices with respect thereto furnished to the Collateral Agent by such Grantor from time to time. As of the time when each Account or each item of Chattel Paper arises, such Grantor shall be deemed to have represented and warranted that such Account or Chattel Paper, as the case may be, and all records relating thereto, are genuine and in all respects what they purport to be.

(b) With respect to its Accounts, (i) all Accounts represent bona fide sales of Inventory or rendering of services to Account Debtors in the ordinary course of such Grantor's business and are not evidenced by a judgment, Instrument or Chattel Paper; (ii) there are no setoffs, claims or disputes existing or asserted with respect thereto and such Grantor has not made any agreement with any Account Debtor for any extension of time for the payment thereof, any compromise or settlement for less than the full amount thereof, any release of any Account Debtor from liability therefor, or any deduction therefrom except a discount or allowance allowed by such Grantor in the ordinary course of its business for prompt payment and disclosed to the Collateral Agent; (iii) to such Grantor's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to reduce the amount payable thereunder as shown on such Grantor's books and records and any invoices and statements with respect thereto; (iv) such Grantor has not received any notice of proceedings or actions which are threatened or pending against any Account Debtor which might result in any adverse change in such Account Debtor's financial condition; and (v) such Grantor has no knowledge that any Account Debtor has become insolvent or is generally unable to pay its debts as they become due.

(c) In addition, with respect to all of its Accounts, (i) the amounts shown on all, invoices and statements with respect thereto are actually and absolutely owing to such Grantor as indicated thereon and are not in any way contingent, and (ii) to such Grantor's knowledge, all Account Debtors have the capacity to contract.

3.9. Inventory. With respect to any of its Inventory, (a) such Inventory (other than Inventory in transit) is located at one of such Grantor's locations set forth on Exhibit A, except with respect to castings, which are located at various foundries where Inventory is manufactured, (b) no Inventory (other than Inventory in transit) is now, or shall at any time or times hereafter be stored at any other location except as permitted by Section 4.1(g), (c) such Grantor has good, indefeasible and merchantable title to such Inventory and such Inventory is not subject to any Lien or security interest or document whatsoever except for the security interest granted to the Collateral Agent hereunder, for the benefit of the Secured Parties, and Permitted Encumbrances, (d) such Inventory is of good and merchantable quality, free from any defects, (e) such Inventory is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon Disposition of that Inventory or the payment of any monies to any third party upon such Disposition, (f) such Inventory has been produced in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder, and (g) the completion of manufacture or Disposition of such Inventory by the Collateral Agent following an Event of Default shall not require the consent of any Person and shall not constitute a breach or default under any contract or agreement to which such Grantor is a party or to which such property is subject.

3.10. Intellectual Property.

Exhibit D contains a complete and accurate listing of the following Intellectual Property such Grantor owns, licenses or otherwise has the right to use: (i) Intellectual Property that is registered or subject to applications for registration, (ii) Internet Domain Names and (iii) Material Intellectual Property and material Software, separately identifying that owned and licensed to such Grantor and including for each of the foregoing items (1) the owner, (2) the title, (3) the jurisdiction in which such item has been registered or otherwise arises or in which an application for registration has been filed, (4) as applicable, the registration or application number and registration or application date and (5) any IP Licenses or other rights (including franchises) granted by such Grantor with respect thereto. Such Grantor owns directly or is entitled to use, by license or otherwise, all Intellectual Property necessary for the conduct of such Grantor's business as currently conducted. All of the U.S. registrations, applications for registration or applications for issuance of the Intellectual Property are in good standing and are recorded or in the process of being recorded in the name of such Grantor.

On the date hereof, all Material Intellectual Property owned by such Grantor is valid, in full force and effect, subsisting, unexpired and enforceable, and no Material Intellectual Property has been abandoned. None of the following shall limit or impair the ownership, use, validity or enforceability of, or any rights of such Grantor in, any Material Intellectual Property: (i) the consummation of the transactions contemplated by any Senior Indebtedness Document or (ii) any holding, decision, judgment or order rendered by any Governmental Authority. There are no pending (or, to the knowledge of such Grantor, threatened) actions, investigations, suits, proceedings, audits, claims, demands, orders or disputes challenging the ownership, use, validity, enforceability of, or such Grantor's rights in, any Material Intellectual Property of such Grantor. To such Grantor's knowledge, no Person has been or is infringing, misappropriating, diluting, violating or otherwise impairing any Intellectual Property of such Grantor.

Such Grantor has taken or caused to be taken steps so that none of its Intellectual Property, the value of which to such Grantor is contingent upon maintenance of the confidentiality thereof, has been disclosed by such Grantor to any Person other than employees, contractors, customers, representatives and agents of such Grantor who are parties to customary confidentiality and nondisclosure agreements with such Grantor. Each employee and contractor of such Grantor involved in development or creation of any Material Intellectual Property has assigned any and all inventions and ideas of such Person in and to such Intellectual Property to such Grantor.

No settlement or consents, covenants not to sue, nonassertion assurances, or releases have been entered into by such Grantor or exist to which such Grantor is bound that adversely affect its rights to own or use any Intellectual Property except as could not be reasonably expected to result in a Material Adverse Effect, in each case individually or in the aggregate.

This Security Agreement is effective to create a valid and continuing Lien on such Copyrights, IP Licenses, Patents and Trademarks and, upon filing with the Applicable IP Office of the Confirmatory Grant of Security Interest in Copyrights, the Confirmatory Grant of Security Interest in Patents and the Confirmatory Grant of Security Interest in Trademarks (each, a "Confirmatory Grant"), and the filing of appropriate financing statements in the jurisdictions listed in Exhibit H hereto, all action necessary or desirable to protect and perfect the security interest in, to and on such Grantor's Patents, Trademarks, Copyrights, or IP Licenses have been taken and such perfected security interest is enforceable as such as against any and all creditors of and purchasers from such Grantor. Such Grantor has no interest in any Copyright that is necessary in connection with the operation of such Grantor's business, except for those Copyrights identified in Exhibit D attached hereto which have been registered with the United States Copyright Office.

3.11. Filing Requirements. None of the Equipment owned by such Grantor is covered by any certificate of title. None of the Collateral owned by such Grantor is of a type for which security interests or liens may be perfected by filing under any federal statute except for Patents, Trademarks and Copyrights held by such Grantor and described in Exhibit D. The legal description, county and street address of each property on which any Fixtures owned by such Grantor are located is set forth in Exhibit F together with the name and address of the record owner of each such property.

3.12. No Financing Statements, Security Agreements. No financing statement or security agreement describing all or any portion of the Collateral which has not lapsed or been terminated (by a filing authorized by the secured party in respect thereof) naming such Grantor as debtor has been filed or is of record in any jurisdiction except for financing statements or security agreements (a) naming the Collateral Agent on behalf of the Secured Parties as the secured party and (b) in respect of other Liens permitted under both Section 6.02 of the Credit Agreement and paragraph 6B of the Note Agreement; provided that nothing herein shall be deemed to constitute an agreement to subordinate any of the Liens of the Collateral Agent under the Senior Indebtedness Documents to any Liens otherwise permitted under Section 6.02 of the Credit Agreement or paragraph 6B of the Note Agreement.

3.13. Pledged Collateral.

(a) Exhibit G sets forth a complete and accurate list of all of the Pledged Collateral owned by such Grantor. Such Grantor is the direct, sole beneficial owner and sole holder of record of the Pledged Collateral listed on Exhibit G as being owned by it, free and clear of any Liens, except for the security interest granted to the Collateral Agent for the benefit of the Secured Parties hereunder and Permitted Encumbrances. Such Grantor further represents and warrants that (i) all Pledged Collateral owned by it constituting an Equity Interest has been (to the extent such concepts are relevant with respect to such Pledged Collateral) duly authorized, validly issued, are fully paid and non-assessable, (ii) with respect to any certificates delivered to the Collateral Agent representing an Equity Interest, either such certificates are Securities as defined in Article 8 of the UCC as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, such Grantor has so informed the Collateral Agent so that the Collateral Agent may take steps to perfect its security interest therein as a General Intangible, (iii) to the extent requested by the Collateral Agent, all such Pledged Collateral held by a securities intermediary is covered by an Account Control Agreement pursuant to which the Collateral Agent has Control and (iv) all Pledged Collateral which represents Indebtedness owed to such Grantor has been duly authorized, authenticated or issued and delivered by the issuer of such Indebtedness, is the legal, valid and binding obligation of such issuer and such issuer is not in default thereunder.

(b) In addition, (i) none of the Pledged Collateral owned by it has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject, (ii) no options, warrants, calls or commitments of any character whatsoever (A) exist relating to such Pledged Collateral or (B) obligate the issuer of any Equity Interest included in the Pledged Collateral to issue additional Equity Interests, and (iii) no consent, approval, authorization, or other action by, and no giving of notice, filing with, any governmental authority or any other Person is required for the pledge by such Grantor of such Pledged Collateral pursuant to this Security Agreement or for the execution, delivery and performance of this Security Agreement by such Grantor, or for the exercise by the Collateral Agent of the voting or other rights provided for in this Security Agreement or for the remedies in respect of the Pledged Collateral pursuant to this Security Agreement, except as may be required in connection with such Disposition by laws affecting the offering and sale of securities generally.

(c) Except as set forth in Exhibit G, such Grantor owns 100% of the issued and outstanding Equity Interests which constitute Pledged Collateral owned by it and none of the Pledged Collateral which represents Indebtedness owed to such Grantor is subordinated in right of payment to other Indebtedness or subject to the terms of an indenture.

ARTICLE IV
COVENANTS

From the date of this Security Agreement and thereafter until this Security Agreement is terminated pursuant to the terms hereof, each Initial Grantor party hereto as of the date hereof agrees, and from and after the effective date of any Security Agreement Supplement applicable to any Grantor (and after giving effect to supplements, if any, to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement) and thereafter until this Security Agreement is terminated pursuant to the terms hereof, each such additional Grantor agrees that:

4.1. General.

(a) Collateral Records. Each Grantor will maintain complete and accurate books and records with respect to the Collateral owned by it, and furnish to the Collateral Agent with sufficient copies for each of the Secured Parties, such reports relating to such Collateral as the Collateral Agent shall from time to time request.

(b) Authorization to File Financing Statements and Other Actions; Defense of Title. Each Grantor hereby authorizes the Collateral Agent to file, and if requested will deliver to the Collateral Agent, all financing statements describing the Collateral owned by such Grantor and other documents and take such other actions as may from time to time be requested by the Collateral Agent in order to maintain a first priority perfected security interest in and, if applicable, Control of, the Collateral owned by such Grantor. Any financing statement filed by the Collateral Agent may be filed in any filing office in any UCC jurisdiction and may (i) indicate such Grantor's Collateral (1) as all assets of the Grantor or words of similar effect, including, without limitation, describing such property as "all assets of the debtor, whether now owned by or owing to, or hereafter acquired by or arising in favor of, debtor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, debtor, and regardless of where located, including all accessions to, substitutions for and replacements, proceeds, insurance proceeds and products thereof," regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC of such jurisdiction, or (2) by any other description which reasonably approximates the description contained in this Security Agreement, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor, and (B) in the case of a financing statement filed as a fixture filing or indicating such Grantor's Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Such Grantor also agrees to furnish any such information described in the foregoing sentence to the Collateral Agent promptly upon request. Such Grantor also ratifies its authorization for the Collateral Agent to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) Further Assurances. Such Grantor will, if so requested by the Collateral Agent, furnish to the Collateral Agent, as often as the Collateral Agent requests, statements and schedules further identifying and describing the Collateral owned by it and such other reports and information in connection with its Collateral as the Collateral Agent may reasonably request, all in such detail as the Collateral Agent may specify. Such Grantor also agrees to take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Collateral Agent in its Collateral and the priority thereof against any Lien not expressly permitted hereunder.

(d) Disposition of Collateral. Such Grantor will not Dispose of the Collateral owned by such Grantor except for Dispositions specifically permitted pursuant to both Section 6.05 of the Credit Agreement and paragraph 6E of the Note Agreement.

(e) Liens. Such Grantor will not create, incur, or suffer to exist any Lien on the Collateral except (i) the security interest created by this Security Agreement, and (ii) other Liens permitted under both Section 6.02 of the Credit Agreement and paragraph 6B of the Note Agreement.

(f) Other Financing Statements. Such Grantor will not authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral owned by it, except for financing statements (i) naming the Collateral Agent on behalf of the Secured Parties as the secured party, and (ii) in respect of other Liens permitted by Section 4.1(e). Such Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement filed by or on behalf of the Collateral Agent without the prior written consent of the Collateral Agent, subject to such Grantor's rights under Section 9-509(d)(2) of the UCC.

(g) Locations. Such Grantor will not (i) maintain any Collateral owned by it at any location other than those locations listed on Exhibit A or disclosed to Collateral Agent pursuant to clause (ii) of this Section 4.1(g), except with respect to castings, which are located at various foundries where Inventory is manufactured (ii) otherwise change, or add to, such locations without providing the Collateral Agent thirty (30) days' prior written notice thereof, and such Grantor will concurrently therewith obtain a Collateral Access Agreement for each such location to the extent requested by the Collateral Agent or otherwise required by the Credit Agreement or the Note Agreement, or (iii) change its principal place of business or chief executive office from the location identified on Exhibit A, other than as permitted by the Credit Agreement and the Note Agreement.

(h) Compliance with Terms. Such Grantor will perform and comply with all obligations in respect of the Collateral owned by it and all agreements to which it is a party or by which it is bound relating to such Collateral.

4.2. Receivables.

(a) Certain Agreements on Receivables. Such Grantor will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence and continuation of an Event of Default, such Grantor may reduce the amount of Accounts arising from the sale of Inventory in accordance with its present policies and in the ordinary course of business and as otherwise permitted under the Credit Agreement and the Note Agreement.

(b) Collection of Receivables. Except as otherwise provided in this Security Agreement, such Grantor will collect and enforce, at such Grantor's sole expense, all amounts due or hereafter due to such Grantor under the Receivables owned by it.

(c) Delivery of Invoices. Such Grantor will deliver to the Collateral Agent promptly upon its request after the occurrence and during the continuation of an Event of Default duplicate invoices with respect to each Account owned by it bearing such language of assignment as the Collateral Agent shall specify.

(d) Disclosure of Counterclaims on Receivables. If (i) any material discount, credit or agreement to make a rebate or to otherwise reduce the amount owing on any Receivable owned by such Grantor exists or (ii) if, to the knowledge of such Grantor, any material dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to any such Receivable, such Grantor will promptly disclose such fact to the Collateral Agent in writing.

(e) Electronic Chattel Paper. Upon the request of the Collateral Agent, such Grantor shall take all steps necessary to grant the Collateral Agent Control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

4.3. Inventory and Equipment.

(a) Maintenance of Goods. Such Grantor will do all things necessary to maintain, preserve, protect and keep its Inventory and the Equipment in good repair and working order and saleable condition (except for damaged or defective goods arising in the ordinary course of such Grantor's business and except for ordinary wear and tear in respect of the Equipment).

(b) [Reserved].

(c) Equipment. Such Grantor shall not permit any Equipment to become a fixture with respect to real property or to become an accession with respect to other personal property with respect to which real or personal property the Collateral Agent does not have a Lien. Such Grantor will not, without the Collateral Agent's prior written consent, alter or remove any identifying symbol or number on any of such Grantor's Equipment constituting Collateral.

(d) [Reserved].

4.4. Delivery of Instruments, Securities, Chattel Paper and Documents. Such Grantor will (a) deliver to the Collateral Agent promptly upon execution of this Security Agreement the originals of all Chattel Paper with a face amount in excess of $100,000 individually or $500,000 in the aggregate for all such Chattel Paper, Securities (to the extent certificated) and Instruments, in each case, with a face amount in excess of $100,000 individually or $500,000 in the aggregate for all such Securities or Instruments, constituting Collateral owned by it (if any then exist), (b) hold in trust for the Collateral Agent upon receipt and promptly thereafter deliver to the Collateral Agent any Chattel Paper with a face amount in excess of $100,000 individually or $500,000 in the aggregate for all such Chattel Paper, Securities and Instruments, in each case, with a face amount in excess of $100,000 individually or $500,000 in the aggregate for all such Securities or Instruments, constituting Collateral and (c) upon the Collateral Agent's request, deliver to the Collateral Agent (and thereafter hold in trust for the Collateral Agent upon receipt and immediately deliver to the Collateral Agent) any Document evidencing or constituting Collateral, in each case, together with endorsements, allonges, acknowledgements and other customary instruments of transfer executed in blank.

4.5. Uncertificated Pledged Collateral. Such Grantor will permit the Collateral Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Pledged Collateral owned by it not represented by certificates to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Pledged Collateral not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Collateral Agent granted pursuant to this Security Agreement. With respect to any Pledged Collateral owned by it, upon the request of the Collateral Agent, such Grantor will take any actions necessary to cause (a) the issuers of uncertificated securities which are Pledged Collateral and (b) any securities intermediary which is the holder of any such Pledged Collateral, to cause the Collateral Agent to have and retain Control over such Pledged Collateral. Without limiting the foregoing, upon the request of the Collateral Agent, such Grantor will, with respect to any such Pledged Collateral held with a securities intermediary, cause such securities intermediary to enter into an Account Control Agreement with the Collateral Agent giving the Collateral Agent Control.

4.6. Pledged Collateral.

(a) Changes in Capital Structure of Issuers. Such Grantor will not (i) permit or suffer any issuer of an Equity Interest constituting Pledged Collateral owned by it to dissolve, merge, liquidate, retire any of its Equity Interests or other Instruments or Securities evidencing ownership, reduce its capital, sell or encumber all or substantially all of its assets or merge or consolidate with any other entity or (ii) vote any such Pledged Collateral in favor of any of the foregoing, in each case, except as otherwise permitted under the Credit Agreement and the Note Agreement.

(b) Issuance of Additional Securities. Such Grantor will not permit or suffer the issuer of an Equity Interest constituting Pledged Collateral owned by it to issue additional Equity Interests, any right to receive the same or any right to receive earnings, except to such Grantor or as otherwise permitted under the Credit Agreement and the Note Agreement.

(c) Registration of Pledged Collateral. Such Grantor will permit any registerable Pledged Collateral to be registered in the name of the Collateral Agent or its nominee at any time at the option of the Required Secured Parties.

(d) Exercise of Rights in Pledged Collateral.

(i) Without in any way limiting the foregoing and subject to clause (ii) below, such Grantor shall have the right to exercise all voting rights or other rights relating to the Pledged Collateral owned by it for all purposes not inconsistent with this Security Agreement, the Credit Agreement, the Note Agreement or any other Senior Indebtedness Document; provided however, that no vote or other right shall be exercised or action taken which would have the effect of impairing the rights of the Collateral Agent in respect of such Pledged Collateral.

(ii) Such Grantor will permit the Collateral Agent or its nominee at any time during the occurrence and continuation of an Event of Default, without notice, to exercise or refrain from exercising any and all voting and other consensual rights or other rights relating to the Pledged Collateral owned by it, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any Equity Interest or Investment Property constituting Pledged Collateral and to receive all dividends and interest in respect of such Pledged Collateral as if it were the absolute owner thereof.

(iii) Such Grantor shall, at any time other than during the existence and continuation of an Event of Default, be entitled to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Collateral owned by it to the extent not in violation of the Credit Agreement or Note Agreement other than any of the following distributions and payments (collectively referred to as the "Excluded Payments"): (A) dividends and interest paid or payable other than in cash in respect of such Pledged Collateral, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral; (B) dividends and other distributions paid or payable in cash in respect of such Pledged Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in capital of an issuer; and (C) cash paid, payable or otherwise distributed, in respect of principal of, or in redemption of, or in exchange for, such Pledged Collateral; provided however, that until actually paid, all rights to such distributions shall remain subject to the Lien created by this Security Agreement; and

(iv) All Excluded Payments and all other distributions in respect of any of the Pledged Collateral owned by such Grantor, whenever paid or made, shall be delivered to the Collateral Agent to hold as Pledged Collateral and shall, if received by such Grantor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of such Grantor, and be forthwith delivered to the Collateral Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(e) Interests in Limited Liability Companies and Limited Partnerships. Each Grantor agrees that no ownership interests in a limited liability company or a limited partnership which are included within the Collateral owned by such Grantor shall at any time constitute a Security under Article 8 of the UCC of the applicable jurisdiction.

4.7. Intellectual Property.

(a) After any change to Exhibit D (or the information required to be disclosed thereon), the applicable Grantor shall provide the Collateral Agent and the Noteholders notification thereof in the next Compliance Certificate delivered pursuant to the Credit Agreement or the Note Agreement, as applicable, and provide the Collateral Agent the respective Confirmatory Grant as described in this Section 4.7 and any other documents that the Collateral Agent reasonably requests with respect thereto.

(b) Such Grantor shall (and shall cause all of its licensees to) (i) (1) continue to use each Trademark included in the Material Intellectual Property owned by it in order to maintain such Trademark in full force and effect with respect to each class of goods for which such Trademark is currently used, free from any claim of abandonment for non-use, (2) maintain at least the same standards of quality of products and services offered under such Trademark as are currently maintained, (3) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Requirements of Law and (4) not adopt or use any other Trademark that is confusingly similar or a colorable imitation of such Trademark unless the Collateral Agent shall obtain a perfected security interest in such other Trademark pursuant to this Security Agreement and (ii) not do any act or omit to do any act whereby (w) such Trademark (or any goodwill associated therewith) may become destroyed, invalidated, impaired or harmed in any way, (x) any Patent included in the Material Intellectual Property may become forfeited, misused, unenforceable, abandoned or dedicated to the public, (y) any portion of the Copyrights included in the Material Intellectual Property may become invalidated, otherwise impaired or fall into the public domain or (z) any Trade Secret that is Material Intellectual Property may become publicly available or otherwise unprotectable.

(c) Such Grantor shall notify the Collateral Agent immediately if it knows, or has reason to know, that any application or registration relating to any Patent, Trademark, Copyright included in Material Intellectual Property or other Material Intellectual Property owned by it may become forfeited, misused, unenforceable, abandoned or dedicated to the public, or of any adverse determination or development regarding the validity or enforceability or such Grantor's ownership of, interest in, right to use, register, own or maintain any Patent, Trademark, Copyright included in Material Intellectual Property or other Material Intellectual Property (including the institution of, or any such determination or development in, any proceeding relating to the foregoing in any Applicable IP Office). Such Grantor shall take all actions that are necessary or reasonably requested by the Collateral Agent to maintain and pursue each application (and to obtain the relevant registration or recordation) and to maintain each registration and recordation included in the Material Intellectual Property owned by it.

(d) Such Grantor shall not knowingly do any act or omit to do any act to infringe, misappropriate, dilute, violate or otherwise impair the Intellectual Property of any other Person. In the event that any Material Intellectual Property of such Grantor is or has been infringed, misappropriated, violated, diluted or otherwise impaired by a third party, such Grantor shall promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as the Collateral Agent shall deem appropriate under the circumstances to protect such Material Intellectual Property.

(e) Such Grantor shall execute and deliver to the Collateral Agent in form and substance reasonably acceptable to the Collateral Agent and suitable for filing in the Applicable IP Office the respective Confirmatory Grant in form and substance acceptable to the Collateral Agent for all Copyrights, Trademarks and Patents of such Grantor.

(f) Such Grantor shall take all actions necessary or requested by the Collateral Agent to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of all Material Intellectual Property owned by it (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

4.8 Commercial Tort Claims. Such Grantor shall promptly, and in any event within two (2) Business Days after the same is acquired by it, notify the Collateral Agent of any commercial tort claim (as defined in the UCC) in an amount in excess of $100,000 individually or $500,000 in the aggregate for all such commercial tort claims acquired by it, and, unless the Collateral Agent otherwise consents, such Grantor shall enter into an amendment to this Security Agreement, in the form of Exhibit J hereto, granting to the Collateral Agent a first priority security interest in such commercial tort claim.

4.9. Letter-of-Credit Rights. If such Grantor is or becomes the beneficiary of a letter of credit , with a face amount in excess of $2,000,000 individually or $4,000,000 in the aggregate for all such letters of credit, it shall promptly, and in any event within two (2) Business Days after becoming a beneficiary, notify the Collateral Agent thereof and cause the issuer and/or confirmation bank to (i) consent to the assignment of any Letter-of-Credit Rights, with a face amount in excess of $2,000,000 individually or $4,000,000 in the aggregate for all such Letter-of-Credit Rights, to the Collateral Agent and (ii) agree to direct all payments thereunder to a Deposit Account at the Collateral Agent or subject to an Account Control Agreement for application to the Secured Obligations, in accordance with the terms of the Intercreditor Agreement, all in form and substance reasonably satisfactory to the Collateral Agent.

4.10. Federal, State or Municipal Claims. Such Grantor will promptly notify the Collateral Agent of any Collateral which constitutes a claim against the United States government or any state or local government or any instrumentality or agency thereof, the assignment of which claim is restricted by federal, state or municipal law. Furthermore, each Grantor will execute and deliver to the Collateral Agent such documents, agreements and instruments, and will take such further actions (including, without limitation, the taking of necessary actions under the Federal Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq. and 41 U.S.C. § 15 et seq.)), which the Collateral Agent may, from time to time, reasonably request, to ensure perfection and priority of the Liens hereunder in respect of Accounts and General Intangibles owing by any government or instrumentality or agency thereof, all at the expense of the Company.

4.11. No Interference. Such Grantor agrees that it will not interfere with any right, power and remedy of the Collateral Agent provided for in this Security Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Collateral Agent of any one or more of such rights, powers or remedies.

4.12. Insurance. (a) In the event any Collateral is located in any area that has been designated by the Federal Emergency Management Agency as a "Special Flood Hazard Area", such Grantor shall purchase and maintain flood insurance on such Collateral (including any personal property which is located on any real property leased by such Grantor within a "Special Flood Hazard Area"). The amount of flood insurance required by this Section shall be in an amount equal to the lesser of the (i) total Commitment (as defined in the Credit Agreement) or (ii) the total replacement cost value of the improvements.

(b) All insurance policies required hereunder and under Section 5.10 of the Credit Agreement and under paragraph 5F of the Note Agreement shall name the Collateral Agent (for the benefit of the Secured Parties) as an additional insured or as lender's loss payee, as applicable, and shall contain lender loss payable clauses or mortgagee clauses, through endorsements in form and substance satisfactory to the Collateral Agent, which provide that: (i) all proceeds thereunder with respect to any Collateral shall be payable to the Collateral Agent; (ii) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy; and (iii) such policy and lender loss payable or mortgagee clauses may be canceled, amended, or terminated only upon at least thirty (30) days' prior written notice given to the Collateral Agent.

(c) All premiums on any such insurance shall be paid when due by such Grantor, and copies of the policies delivered to the Collateral Agent upon the Collateral Agent's request. If such Grantor fails to obtain or maintain any insurance as required by this Section 4.12, the Collateral Agent may obtain such insurance at the Company's expense. By purchasing such insurance, the Collateral Agent shall not be deemed to have waived or released any Default arising from a Grantor's failure to maintain such insurance or pay any premiums therefor. All sums so disbursed by the Collateral Agent shall constitute part of the Secured Obligations, payable as provided in the Intercreditor Agreement.

4.13. Collateral Access Agreements. Upon request by the Collateral Agent, such Grantor shall use commercially reasonable efforts to obtain a Collateral Access Agreement from the lessor of each leased property, mortgagee of owned property or bailee or consignee with respect to any warehouse, processor or converter facility or other location where Collateral, with a value of $1,000,000 at each individual location or $5,000,000 at all such locations in the aggregate, is stored or located, which agreement or letter shall provide access rights, contain a waiver or subordination of all Liens or claims that the landlord, mortgagee, bailee or consignee may assert against the Collateral at that location, and shall otherwise be reasonably satisfactory in form and substance to the Collateral Agent.

4.14. Account Control Agreements. Such Grantor will upon the Collateral Agent's request, provide to the Collateral Agent an Account Control Agreement duly executed on behalf of each financial institution, securities intermediary or other Person holding a deposit account or securities account of such Grantor that does not constitute Excluded Property as set forth in this Security Agreement.

4.15. Change of Name or Location of Grantor; Change of Fiscal Year. Such Grantor shall not (a) change its legal name as it appears in official filings in the state of its incorporation or organization, (b) change its mailing address, principal place of business, chief executive office, corporate offices or warehouses or locations at which Collateral is held or stored, or the location of its records concerning the Collateral from the location identified on Exhibit A or as otherwise set forth in this Security Agreement, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization, in each case, unless the Collateral Agent shall have received at least twenty (20) days' prior written notice of such change and the Collateral Agent shall have acknowledged in writing that either (i) such change will not adversely affect the validity, perfection or priority of the Collateral Agent's security interest in the Collateral, or (ii) any reasonable action requested by the Collateral Agent in connection therewith has been completed or taken (including any action to continue the perfection of any Liens in favor of the Collateral Agent, on behalf of the Secured Parties, in any Collateral), provided that, any new location shall be in the continental U.S. and provided further that, if the Collateral Agent fails to provide any response to such prior written notice by the applicable Grantor within fifteen (15) days of receipt of such notice from such Grantor, then the Collateral Agent shall be deemed to have consented to such change. Such Grantor shall not change its fiscal year which currently ends on December 31.

4.16. Updating of Exhibits to the Security Agreement. The Company will provide to the Collateral Agent, concurrently with the delivery of the earliest of each such Compliance Certificate pursuant to the Credit Agreement and the Note Agreement, updated versions of the Exhibits to this Security Agreement (provided that if there have been no changes to any such Exhibits since the previous updating thereof required hereby, the Company shall indicate that there has been "no change" to the applicable Exhibit(s)).

ARTICLE V
EVENTS OF DEFAULT AND REMEDIES

5.1. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

(a) Any representation or warranty made by or on behalf of any Grantor under or in connection with this Security Agreement shall be materially false as of the date on which made.

(b) Any Grantor shall fail to observe or perform any of the terms or provisions of Article IV.

(c) Any Grantor shall fail to observe or perform any of the terms or provisions of this Security Agreement (other than a breach which constitutes an Event of Default under any other Section of this Article V), and such failure shall continue unremedied for a period of thirty (30) days after the earlier of knowledge of such breach or notice thereof from the Collateral Agent.

(d) The occurrence of any "Event of Default" under, and as defined in, the Credit Agreement or the Note Agreement.

(e) Any Equity Interest which is included within the Collateral shall at any time constitute a Security or the issuer of any such Equity Interest shall take any action to have such interests treated as a Security unless (i) all certificates or other documents constituting such Security have been delivered to the Collateral Agent and such Security is properly defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise, or (ii) the Collateral Agent has entered into an Account Control Agreement with the issuer of such Security or with a securities intermediary relating to such Security and such Security is defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise.

5.2. Remedies.

(a) Upon the occurrence and during the continuation of an Event of Default, the Collateral Agent may (or, at the direction of the Required Secured Parties, shall) exercise any or all of the following rights and remedies:

(i) those rights and remedies provided in this Security Agreement, the Credit Agreement, the Note Agreement or any other Senior Indebtedness Document; provided that, this Section 5.2(a) shall not be understood to limit any rights or remedies available to the Collateral Agent and the other Secured Parties prior to an Event of Default;

(ii) those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement;

(iii) give notice of sole control or any other instruction under any Account Control Agreement or other control agreement with any securities intermediary and take any action therein with respect to such Collateral;

(iv) without notice (except as specifically provided in Section 7.1 or elsewhere herein), demand or advertisement of any kind to any Grantor or any other Person, enter the premises of any Grantor where any Collateral is located (through self-help and without judicial process) to collect, receive, assemble, process, appropriate, sell, lease, assign, grant an option or options to purchase or otherwise Dispose of, deliver, or realize upon, the Collateral or any part thereof in one or more parcels at public or private sale or sales (which sales may be adjourned or continued from time to time with or without notice and may take place at any Grantor's premises or elsewhere), for cash, on credit or for future delivery without assumption of any credit risk, and upon such other terms as the Collateral Agent may deem commercially reasonable; and

(v) concurrently with written notice to the applicable Grantor, transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Pledged Collateral as though the Collateral Agent was the outright owner thereof.

(b) The Collateral Agent, on behalf of the Secured Parties, may comply with any applicable state or federal law requirements in connection with a Disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(c) The Collateral Agent shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of the Secured Parties, the whole or any part of the Collateral so sold, free of any right of equity redemption, which equity redemption the Grantor hereby expressly releases.

(d) Until the Collateral Agent is able to effect a Disposition of Collateral, the Collateral Agent shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Collateral Agent. The Collateral Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Collateral Agent's remedies (for the benefit of the Secured Parties), with respect to such appointment without prior notice or hearing as to such appointment.

(e) If, after the Credit Agreement has terminated by its terms, the Note Agreement has terminated by its terms, and all of the Secured Obligations have been Paid in Full, there remain Swap Agreement Obligations or Banking Services Obligations outstanding, the Required Secured Parties may exercise the remedies provided in this Section 5.2 upon the occurrence of any event which would allow or require the termination or acceleration of any Swap Agreement Obligations or Banking Services Obligations.

(f) Notwithstanding the foregoing, neither the Collateral Agent nor any other Secured Party shall be required to (i) make any demand upon, or pursue or exhaust any of its rights or remedies against, any Grantor, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Secured Obligations or to pursue or exhaust any of its rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) marshal the Collateral or any guarantee of the Secured Obligations or to resort to the Collateral or any such guarantee in any particular order, or (iii) effect a public sale of any Collateral.

(g) Each Grantor recognizes that the Collateral Agent may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (a) above. Each Grantor also acknowledges that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. The Collateral Agent shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit any Grantor or the issuer of the Pledged Collateral to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if the applicable Grantor and the issuer would agree to do so.

5.3. Grantor's Obligations Upon Default. Upon the request of the Collateral Agent after the occurrence and during the continuation of an Event of Default, each Grantor will:

(a) assemble and make available to the Collateral Agent the Collateral and all books and records relating thereto at any place or places specified by the Collateral Agent, whether at a Grantor's premises or elsewhere;

(b) permit the Collateral Agent, by the Collateral Agent's representatives and agents, to enter, occupy and use any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral, without any obligation to pay the Grantor for such use and occupancy;

(c) prepare and file, or cause an issuer of Pledged Collateral to prepare and file, with the SEC or any other applicable government agency, registration statements, a prospectus and such other documentation in connection with the Pledged Collateral as the Collateral Agent may request, all in form and substance satisfactory to the Collateral Agent, and furnish to the Collateral Agent, or cause an issuer of Pledged Collateral to furnish to the Collateral Agent, any information regarding the Pledged Collateral in such detail as the Collateral Agent may specify;

(d) take, or cause an issuer of Pledged Collateral to take, any and all actions necessary to register or qualify the Pledged Collateral to enable the Collateral Agent to consummate a public sale or other Disposition of the Pledged Collateral; and

(e) at its own expense, cause the independent certified public accountants then engaged by each Grantor to prepare and deliver to the Collateral Agent and each Secured Party, at any time, and from time to time, promptly upon the Collateral Agent's request, the following reports with respect to the applicable Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts.

5.4. Grant of Intellectual Property License. For the purpose of enabling the Collateral Agent to exercise the rights and remedies under this Article V at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies (including in order to take possession of, collect, receive, assemble, process, appropriate, remove, realize upon, sell, assign, convey, transfer or grant options to purchase any Collateral), each Grantor hereby (a) grants to the Collateral Agent, for the benefit of the Secured Parties, an irrevocable, nonexclusive worldwide license (exercisable without payment of royalty or other compensation to any Grantor), including in such license the right to use, license, sublicense or practice any Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer Software and programs used for the compilation or printout thereof and (b) irrevocably agrees that the Collateral Agent may sell any of such Grantor's Inventory directly to any person, including without limitation persons who have previously purchased the Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Collateral Agent's rights under this Security Agreement, may sell Inventory which bears any Trademark owned by or licensed to such Grantor and any Inventory that is covered by any Copyright owned by or licensed to such Grantor and the Collateral Agent may (but shall have no obligation to) finish any work in process and affix any Trademark owned by or licensed to such Grantor and sell such Inventory as provided herein.

ARTICLE VI
ACCOUNT VERIFICATION; ATTORNEY IN FACT; PROXY

6.1. Account Verification. The Collateral Agent may at any time after the occurrence and during the continuance of an Event of Default, in the Collateral Agent's own name, in the name of a nominee of the Collateral Agent, or in the name of any Grantor communicate (by mail, telephone, facsimile or otherwise) with the Account Debtors of any such Grantor, parties to contracts with any such Grantor and obligors in respect of Instruments of any such Grantor to verify with such Persons, to the Collateral Agent's satisfaction, the existence, amount, terms of, and any other matter relating to, Accounts, Instruments, Chattel Paper, payment intangibles and/or other Receivables.

6.2. Authorization for Collateral Agent to Take Certain Action.

(a) Each Grantor irrevocably authorizes the Collateral Agent at any time and from time to time in the sole discretion of the Collateral Agent and appoints the Collateral Agent as its attorney-in-fact (i) to endorse and collect any cash proceeds of the Collateral, (ii) to file any financing statement with respect to the Collateral and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Collateral Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Collateral Agent's security interest in the Collateral, (iii) in the case of any Intellectual Property owned by or licensed to a Grantor, execute, deliver and have recorded any document that the Collateral Agent may request to evidence, effect, publicize or record the Collateral Agent's security interest in such Intellectual Property and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Pledged Collateral or with securities intermediaries holding Pledged Collateral as may be necessary or advisable to give the Collateral Agent Control over such Pledged Collateral, (v) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens that are permitted under both Section 6.02 of the Credit Agreement and paragraph 6B of the Note Agreement), (vi) to contact Account Debtors for any reason, (vii) to demand payment or enforce payment of the Receivables in the name of the Collateral Agent or such Grantor and to endorse any and all checks, drafts, and other instruments for the payment of money relating to the Receivables, (viii) to sign such Grantor's name on any invoice or bill of lading relating to the Receivables, drafts against any Account Debtor of the Grantor, assignments and verifications of Receivables, (ix) to exercise all of such Grantor's rights and remedies with respect to the collection of the Receivables and any other Collateral, (x) to settle, adjust, compromise, extend or renew the Receivables, (xi) to settle, adjust or compromise any legal proceedings brought to collect Receivables, (xii) to prepare, file and sign such Grantor's name on a proof of claim in bankruptcy or similar document against any Account Debtor of such Grantor, (xiii) to prepare, file and sign such Grantor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables, (xiv) to change the address for delivery of mail addressed to such Grantor to such address as the Collateral Agent may designate and to receive, open and dispose of all mail addressed to such Grantor, and (xv) to do all other acts and things necessary to carry out this Security Agreement; and such Grantor agrees to reimburse the Collateral Agent on demand for any payment made or any expense incurred by the Collateral Agent in connection with any of the foregoing; provided that, this authorization shall not relieve such Grantor of any of its obligations under this Security Agreement, under the Credit Agreement or under the Note Agreement.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Collateral Agent, for the benefit of the Collateral Agent and the Secured Parties, under this Section 6.2 are solely to protect the Collateral Agent's interests in the Collateral and shall not impose any duty upon the Collateral Agent or any other Secured Party to exercise any such powers. The Collateral Agent agrees that, except for the powers granted in Section 6.2(a)(i)-(v) and Section 6.2(a)(xv), it shall not exercise any power or authority granted to it unless an Event of Default has occurred and is continuing.

6.3. Proxy. EACH GRANTOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE COLLATERAL AGENT AS ITS PROXY AND ATTORNEY-IN-FACT (AS SET FORTH IN SECTION 6.2 ABOVE) OF THE GRANTOR WITH RESPECT TO ITS PLEDGED COLLATERAL, INCLUDING THE RIGHT TO VOTE SUCH PLEDGED COLLATERAL, WITH FULL POWER OF SUBSTITUTION TO DO SO. IN ADDITION TO THE RIGHT TO VOTE ANY SUCH PLEDGED COLLATERAL, THE APPOINTMENT OF THE COLLATERAL AGENT AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF SUCH PLEDGED COLLATERAL WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY SUCH PLEDGED COLLATERAL ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF SUCH PLEDGED COLLATERAL OR ANY OFFICER OR AGENT THEREOF), UPON THE OCCURRENCE AND DURING THE CONTINUATION OF AN EVENT OF DEFAULT.

6.4. Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE COLLATERAL AGENT AS PROXY AND ATTORNEY-IN-FACT IN THIS ARTICLE VI IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS SECURITY AGREEMENT IS TERMINATED IN ACCORDANCE WITH SECTION 7.15. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NONE OF THE COLLATERAL AGENT, ANY OTHER SECURED PARTY, ANY OF THEIR RESPECTIVE AFFILIATES, OR ANY OF THEIR OR THEIR AFFILIATES' RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO SUCH PARTY'S OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL THEY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

ARTICLE VII
GENERAL PROVISIONS

7.1 Waivers. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other Disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to Grantors, addressed as set forth in Article IX, at least ten (10) days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other Disposition may be made. To the maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against the Collateral Agent or any Secured Party arising out of the repossession, retention or sale of the Collateral, except such as arise solely out of the gross negligence or willful misconduct of the Collateral Agent or such Secured Party as finally determined by a court of competent jurisdiction. To the extent it may lawfully do so, each Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Collateral Agent or any other Secured Party, any valuation, stay, appraisal, extension, moratorium, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise. Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

7.2. Limitation on Collateral Agent's and Secured Parties' Duty with Respect to the Collateral. The Collateral Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Collateral Agent and each other Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control. Neither the Collateral Agent nor any other Secured Party shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of the Collateral Agent or such other Secured Party, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. To the extent that applicable law imposes duties on the Collateral Agent to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is commercially reasonable for the Collateral Agent (i) to fail to incur expenses deemed significant by the Collateral Agent to prepare Collateral for Disposition or otherwise to transform raw material or work in process into finished goods or other finished products for Disposition, (ii) to fail to obtain third party consents for access to Collateral to be Disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or Disposition of Collateral to be collected or Disposed of, (iii) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral, (iv) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise Dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other Persons, whether or not in the same business as such Grantor, for expressions of interest in acquiring all or any portion of such Collateral, (vii) to hire one or more professional auctioneers to assist in the Disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) to Dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (ix) to Dispose of assets in wholesale rather than retail markets, (x) to disclaim Disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure the Collateral Agent against risks of loss, collection or Disposition of Collateral or to provide to the Collateral Agent a guaranteed return from the collection or Disposition of Collateral, or (xii) to the extent deemed appropriate by the Collateral Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Collateral Agent in the collection or Disposition of any of the Collateral. The Grantor acknowledges that the purpose of this Section 7.2 is to provide non-exhaustive indications of what actions or omissions by the Collateral Agent would be commercially reasonable in the Collateral Agent's exercise of remedies against the Collateral and that other actions or omissions by the Collateral Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 7.2. Without limitation upon the foregoing, nothing contained in this Section 7.2 shall be construed to grant any rights to the Grantor or to impose any duties on the Collateral Agent that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 7.2.

7.3. Compromises and Collection of Collateral. The Grantors and the Collateral Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, each Grantor agrees that the Collateral Agent may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Collateral Agent in its sole discretion shall determine or abandon any Receivable, and any such action by the Collateral Agent shall be commercially reasonable so long as the Collateral Agent acts in good faith based on information known to it at the time it takes any such action.

7.4. Secured Party Performance of Debtor Obligations. Without having any obligation to do so, the Collateral Agent may perform or pay any obligation which any Grantor has agreed to perform or pay in this Security Agreement and the Grantors shall reimburse the Collateral Agent for any amounts paid by the Collateral Agent pursuant to this Section 7.4. The Grantors' obligation to reimburse the Collateral Agent pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

7.5 Specific Performance of Certain Covenants. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1(d), 4.1(e), 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.12, 4.13, 4.14, 4.15, 5.3, or 7.7 will cause irreparable injury to the Collateral Agent and the other Secured Parties, that the Collateral Agent and the other Secured Parties have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Collateral Agent or the other Secured Parties to seek and obtain specific performance of other obligations of the Grantors contained in this Security Agreement, that the covenants of the Grantors contained in the Sections referred to in this Section 7.5 shall be specifically enforceable against the Grantors.

7.6 Use and Possession of Certain Premises. Upon the occurrence and during the continuation of an Event of Default, the Collateral Agent shall be entitled to occupy and use any premises owned or leased by the Grantors where any of the Collateral or any records relating to the Collateral are located until the Secured Obligations are paid or the Collateral is removed therefrom, whichever first occurs, without any obligation to pay any Grantor for such use and occupancy.

7.7. Dispositions Not Authorized. No Grantor is authorized to Dispose of the Collateral except as set forth in Section 4.1(d) and notwithstanding any course of dealing between any Grantor and the Collateral Agent or other conduct of the Collateral Agent, no authorization to Dispose of the Collateral (except as set forth in Section 4.1(d)) shall be binding upon the Collateral Agent or the other Secured Parties unless such authorization is in writing signed by the Collateral Agent with the consent or at the direction of the Required Secured Parties.

7.8. No Waiver; Amendments; Cumulative Remedies. No failure or delay by the Collateral Agent or any other Secured Party in exercising any right or power under this Security Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent and the other Secured Parties hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Security Agreement or consent to any departure by the Grantor therefrom shall in any event be effective unless in writing signed by the Collateral Agent with the concurrence or at the direction of the Required Secured Parties in accordance with the terms of the Intercreditor Agreement and the Grantors and then only to the extent in such writing specifically set forth.

7.9. Limitation by Law; Severability of Provisions. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable or not entitled to be recorded or registered, in whole or in part. Any provision in this Security Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

7.10 Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof (including a payment effected through exercise of a right of setoff), is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise (including pursuant to any settlement entered into by a Secured Party in its discretion), all as though such payment or performance had not been made. In the event that any payment, or any part thereof (including a payment effected through exercise of a right of setoff), is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

7.11. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Collateral Agent and the other Secured Parties and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that no Grantor shall have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Collateral Agent. No sales of participations, assignments, transfers, or other Dispositions of any agreement governing the Secured Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to the Collateral Agent, for the benefit of the Secured Parties, hereunder.

7.12. Survival of Representations. All representations and warranties of the Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

7.13. Taxes and Expenses. Any taxes (including income taxes) payable or ruled payable by a Federal or State authority in respect of this Security Agreement shall be paid by the Grantors in accordance with the Credit Agreement and the Note Agreement. The Grantors shall, in accordance with the Credit Agreement and the Note Agreement, reimburse the Collateral Agent for any and all reasonable out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the Collateral Agent) paid or incurred by the Collateral Agent in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and, to the extent provided in the Credit Agreement and the Note Agreement, in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantors.

7.14. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

7.15. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations outstanding) until (i) the Credit Agreement has terminated pursuant to its express terms, (ii) the Note Agreement has terminated pursuant to its express terms, and (iii) all of the Secured Obligations have been Paid in Full.

7.16. Entire Agreement. This Security Agreement and the other Senior Indebtedness Documents embody the entire agreement and understanding between the Grantors and the Collateral Agent relating to the Collateral and supersedes all prior agreements and understandings among the Grantors and the Collateral Agent relating to the Collateral.

7.17. **CHOICE OF LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.**

7.18. **CONSENT TO JURISDICTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN (OR IF SUCH COURT LACKS SUBJECT MATTER JURISDICTION, THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN), AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT, THE TRANSACTIONS RELATING HERETO OR THERETO, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY (AND ANY SUCH CLAIMS, CROSS-CLAIMS OR THIRD PARTY CLAIMS BROUGHT AGAINST THE COLLATERAL AGENT OR ANY OF ITS RELATED PARTIES MAY ONLY) BE HEARD AND DETERMINED IN SUCH FEDERAL (TO THE EXTENT PERMITTED BY LAW) OR NEW YORK STATE COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECURITY AGREEMENT OR ANY OTHER SENIOR INDEBTEDNESS DOCUMENT SHALL AFFECT ANY RIGHT THAT THE COLLATERAL AGENT OR ANY SECURED PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER SENIOR INDEBTEDNESS DOCUMENT AGAINST ANY GRANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION. EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER SENIOR INDEBTEDNESS DOCUMENT IN ANY COURT REFERRED TO IN THIS SECTION 7.18. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. EACH PARTY TO THIS SECURITY AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.01 OF THE CREDIT AGREEMENT AND PARAGRAPH 12J OF THE NOTE AGREEMENT. NOTHING IN THIS SECURITY AGREEMENT OR ANY OTHER SENIOR INDEBTEDNESS DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS SECURITY AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.**

7.19. **WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY 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 security AGREEMENT OR ANY OTHER SENIOR INDEBTEDNESS DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE OR OTHER AGENT (INCLUDING ANY ATTORNEY) OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.19.**

7.20. Indemnity. Each Grantor hereby agrees, jointly with the other Grantors and severally, to indemnify the Collateral Agent and the other Secured Parties, and their respective successors, assigns, agents and employees (each such Person being called an "Indemnitee"), from and against any and all Liabilities, damages, penalties, suits, fees, costs, and expenses of any kind and nature (including, without limitation, all expenses of litigation or preparation therefor whether or not the Collateral Agent or any Secured Party is a party thereto) imposed on, incurred by or asserted against the Collateral Agent or the other Secured Parties, or their respective successors, assigns, agents and employees, in any way relating to or arising out of this Security Agreement or any other Senior Indebtedness Document, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other Disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Collateral Agent or the other Secured Parties or any Grantor, and any claim for Patent, Trademark or Copyright infringement); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such Liabilities, damages, penalties, suits, fees, costs and expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

7.21. Counterparts. This Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Security Agreement that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Security Agreement. The parties hereto agree that Section 9.06(b) of the Credit Agreement and paragraph 12Q of the Note Agreement shall apply to this Security Agreement, mutatis mutandis.

7.22 Subordination of Intercompany Indebtedness. Each Grantor agrees that any and all claims of such Grantor against any other Grantor (each an "Obligor") with respect to any "Intercompany Indebtedness" (as hereinafter defined), any endorser, obligor or any other guarantor of all or any part of the Secured Obligations, or against any of its properties shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Secured Obligations, provided that, and not in contravention of the foregoing, so long as no Default or Event of Default has occurred and is continuing, such Grantor may make loans to and receive payments in the ordinary course of business with respect to such Intercompany Indebtedness from each such Obligor to the extent not prohibited by the terms of this Security Agreement and the other Senior Indebtedness Documents. Notwithstanding any right of any Grantor to ask, demand, sue for, take or receive any payment from any Obligor, all rights, liens and security interests of such Grantor, whether now or hereafter arising and howsoever existing, in any assets of any other Obligor shall be and are subordinated to the rights of the Secured Parties and the Collateral Agent in those assets. No Grantor shall have any right to possession of any such asset or to foreclose upon any such asset, whether by judicial action or otherwise, unless and until this Security Agreement has terminated in accordance with Section 7.15. If all or any part of the assets of any Obligor, or the proceeds thereof, are subject to any distribution, division or application to the creditors of such Obligor, whether partial or complete, voluntary or involuntary, and whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding, or if the business of any such Obligor is dissolved or if substantially all of the assets of any such Obligor are sold, then, and in any such event (such events being herein referred to as an "Insolvency Event"), any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any indebtedness of any Obligor to any Grantor ("Intercompany Indebtedness") shall be paid or delivered directly to the Collateral Agent for application on any of the Secured Obligations, due or to become due, until such Secured Obligations (other than contingent indemnity obligations) shall have first been fully paid and satisfied (in cash). Should any payment, distribution, security or instrument or proceeds thereof be received by the applicable Grantor upon or with respect to the Intercompany Indebtedness after any Insolvency Event and prior to the termination of this Security Agreement in accordance with Section 7.15, such Grantor shall receive and hold the same in trust, as trustee, for the benefit of the Secured Parties and shall forthwith deliver the same to the Collateral Agent, for the benefit of the Secured Parties, in precisely the form received (except for the endorsement or assignment of the Grantor where necessary), for application to any of the Secured Obligations, due or not due, and, until so delivered, the same shall be held in trust by the Grantor as the property of the Secured Parties. If any such Grantor fails to make any such endorsement or assignment to the Collateral Agent, the Collateral Agent or any of its officers or employees is irrevocably authorized to make the same. Each Grantor agrees that until the termination of this Security Agreement in accordance with Section 7.15, no Grantor will assign or transfer to any Person (other than the Collateral Agent or the Company or another Grantor) any claim any such Grantor has or may have against any Obligor.

7.23 Conflict with Credit Agreement, Note Agreement or Intercreditor Agreement. To the extent any of the provisions contained herein conflict with the terms set forth in the Credit Agreement, the Note Agreement or the Intercreditor Agreement, the provisions of the Credit Agreement, the Note Agreement or the Intercreditor Agreement, as applicable, shall control.

ARTICLE VIII
NOTICES

8.1. Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be sent (and deemed received) in the manner and to the addresses set forth in Section 9.01 of the Credit Agreement and paragraph 12J of the Note Agreement. Any notice delivered to the Company shall be deemed to have been delivered to all of the Grantors.

8.2. Change in Address for Notices. Each of the Grantors, the Collateral Agent and the Secured Parties may change the address for service of notice upon it by a notice in writing to the other parties.

ARTICLE IX
THE COLLATERAL AGENT

JPMorgan Chase Bank, N.A. has been appointed Collateral Agent for the Secured Parties hereunder pursuant to the Intercreditor Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Collateral Agent hereunder is subject to the terms of the delegation of authority made by the Secured Parties to the Collateral Agent pursuant to the Intercreditor Agreement, and that the Collateral Agent has agreed to act (and any successor Collateral Agent shall act) as such hereunder only on the express conditions contained in Section 2 of the Intercreditor Agreement. Any successor Collateral Agent appointed pursuant to the Intercreditor Agreement shall be entitled to all the rights, interests and benefits of the Collateral Agent hereunder. If the Collateral Agent or any Secured Party shall violate the terms of the Intercreditor Agreement, each Grantor agrees, by its execution and delivery hereof (including any Supplement hereto), that it shall not use such violation as a defense to any enforcement by any such party against such Grantor nor assert such violation as a counterclaim or basis for setoff or recoupment against any party. No such violation shall limit or impair the rights of the Collateral Agent or any Secured Party hereunder.

ARTICLE X
AMENDMENT AND RESTATEMENT

This Security Agreement is given in amendment and restatement (and not in extinguishment or novation) of the terms and provisions of the Existing Security Agreement. In respect to such amendment and restatement, the parties hereto acknowledge that (i) the terms, provisions and covenants contained in the Existing Security Agreement are hereby amended and restated, in their entirety, by the terms, provisions and covenants herein contained, (ii) the indebtedness, liens and obligations evidenced, created, governed or incurred under and pursuant to the Existing Security Agreement shall continue hereunder and shall not be extinguished, and (iii) the obligations, responsibilities and liabilities of the parties hereto under the terms of the Existing Security Agreement shall remain in full force and effect for all periods of time prior to the effective date hereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Grantors and the Collateral Agent have executed this Security Agreement as of the date first above written.

The GORMAN-RUPP COMPANY, as a Grantor

By: _____
Name:
Title:

PATTERSON PUMP COMPANY, as a Grantor

By: _____
Name:
Title:

AMT PUMP COMPANY, as a Grantor

By: _____
Name:
Title:

NATIONAL PUMP COMPANY, as a Grantor

By: _____
Name:
Title:

FILL-RITE COMPANY, as a Grantor

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

EXHIBIT A
(See Sections 3.2, 3.3 and 3.4 of Security Agreement)

NOTICE ADDRESS FOR ALL GRANTORS

_____
c/o _____
_____
Attention: _____
Facsimile: _____

INFORMATION AND COLLATERAL LOCATIONS OF {Insert name of applicable Grantor}

I. **Name of Grantor**: _____

II. **State of Incorporation or Organization**: _____

III. **Type of Entity**: _____

IV. **Organizational Number assigned by State of Incorporation or Organization**: _____

V. **Federal Identification Number**: _____

VI. **Place of Business** (if it has only one) **or Chief Executive Office** (if more than one place of business) **and Mailing Address**:

_____
_____
_____
_____

Attention: _____

VII. **Locations of Collateral**:

(a) Properties Owned by the Grantor:

(b) Properties Leased by the Grantor (Include Landlord's Name):

(c) Public Warehouses or other Locations pursuant to Bailment or Consignment Arrangements
(include name of Warehouse Operator or other Bailee or Consignee):

INFORMATION AND COLLATERAL LOCATIONS OF {Insert name of applicable Grantor}

I. **Name of Grantor**: _____

II. **State of Incorporation or Organization**: _____

III. **Type of Entity**: _____

IV. **Organizational Number assigned by State of Incorporation or Organization**: _____

V. **Federal Identification Number**: _____

VI. **Place of Business** (if it has only one) **or Chief Executive Office** (if more than one place of business) **and Mailing Address**:

_____
_____
_____
_____

Attention: _____

VII. **Locations of Collateral**:

(a) Properties Owned by the Grantor:

(b) Properties Leased by the Grantor (Include Landlord's Name):

(c) Public Warehouses or other Locations pursuant to Bailment or Consignment Arrangements (include name of Warehouse Operator or other Bailee or Consignee):

[NOTE: ADD ADDITIONAL INFORMATION PAGE FOR EACH GRANTOR]

EXHIBIT B
(See Section 3.5 of Security Agreement)

DEPOSIT ACCOUNTS

Name of Grantor	Name of Institution	Account Number

SECURITIES ACCOUNTS

Name of Grantor	Name of Institution	Account Number

EXHIBIT C
(See Section 3.7 of Security Agreement)

LETTER-OF-CREDIT RIGHTS

CHATTEL PAPER

EXHIBIT D

(See Section 3.10 and 3.11 of Security Agreement)

INTELLECTUAL PROPERTY RIGHTS[1]

[1] Describe all (i) Intellectual Property that is registered or subject to applications for registration, (ii) Internet Domain Names and (iii) Material Intellectual Property and material Software, separately identifying that owned and licensed to the Grantor and including for each of the foregoing items (1) the owner, (2) the title, (3) the jurisdiction in which such item has been registered or otherwise arises or in which an application for registration has been filed, (4) as applicable, the registration or application number and registration or application date and (5) any IP Licenses or other rights (including franchises) granted by the Grantor with respect thereto.

EXHIBIT E

[RESERVED]

EXHIBIT F
(See Section 3.11 of Security Agreement)

FIXTURES

I. Legal description, county and street address of property on which Fixtures are located (by Grantor):

II. Name and Address of Record Owner:

EXHIBIT G

(See Section 3.13 of Security Agreement and Definition of "Pledged Collateral")

LIST OF PLEDGED COLLATERAL, SECURITIES AND OTHER INVESTMENT PROPERTY

STOCKS

Name of Grantor	Issuer	Certificate Number(s)	Number of Shares	Class of Stock	Percentage of Outstanding Shares

BONDS

Name of Grantor	Issuer	Number	Face Amount	Coupon Rate	Maturity

GOVERNMENT SECURITIES

Name of Grantor	Issuer	Number	Type	Face Amount	Coupon Rate	Maturity

OTHER SECURITIES OR OTHER INVESTMENT PROPERTY
(CERTIFICATED AND UNCERTIFICATED)

Name of Grantor	Issuer	Description of Collateral	Percentage Ownership Interest

[Add description of custody accounts or arrangements with securities intermediary, if applicable**]**

EXHIBIT H

(See Section 3.1 of Security Agreement)

OFFICES IN WHICH FINANCING STATEMENTS HAVE BEEN FILED

EXHIBIT I
(See Definition of "Commercial Tort Claim")

COMMERCIAL TORT CLAIMS

{NOTE: SPECIFICALLY DESCRIBE THE CLAIM (I.E. PARTIES, DESCRIPTION OF THE DISPUTE, CASE NUMBER – IF AVAILABLE) - SEE OFFICIAL COMMENT 5 TO SECTION 9-108 OF THE UCC}.

Name of Grantor	Description of Claim	Parties	Case Number; Name of Court where Case was Filed

EXHIBIT J
(See Section 4.8 of Security Agreement)

AMENDMENT

This Amendment, dated [_____] is delivered pursuant to Section 4.8 of the Security Agreement referred to below. All defined terms herein shall have the meanings ascribed thereto or incorporated by reference in the Security Agreement. The undersigned hereby certifies that the representations and warranties in Article III of the Security Agreement are and continue to be true and correct. The undersigned further agrees that this Amendment may be attached to that certain Amended and Restated Pledge and Security Agreement, dated May 31, 2024 among the undersigned, as the Grantors, and JPMorgan Chase Bank, N.A., as the Collateral Agent, (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Security Agreement") and that the Collateral listed on Schedule I to this Amendment shall be and become a part of the Collateral referred to in said Security Agreement and shall secure all Secured Obligations referred to in the Security Agreement.

_____

By:
Name: _____
Title: _____

Schedule I to Amendment to Security Agreement

COMMERCIAL TORT CLAIMS

{NOTE: SPECIFICALLY DESCRIBE THE CLAIM (I.E. PARTIES, DESCRIPTION OF THE DISPUTE, CASE NUMBER – IF AVAILABLE) - SEE OFFICIAL COMMENT 5 TO SECTION 9-108 OF THE UCC}.

Name of Grantor	Description of Claim	Parties	Case Number; Name of Court where Case was Filed

ANNEX I TO PLEDGE AND SECURITY AGREEMENT

Reference is hereby made to the Amended and Restated Pledge and Security Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), dated as of May 31, 2024 by and among the Company, the Initial Grantors (as defined in the Security Agreement), and JPMorgan Chase Bank, N.A., and certain other entities which become parties to the Security Agreement from time to time, including, without limitation, those that become party thereto by executing a Security Agreement Supplement in substantially the form hereof (such parties, including the undersigned, together with the other Grantors party thereto, the "Grantors"), in favor of JPMorgan Chase Bank, N.A., as Collateral Agent (the "Collateral Agent"), for the benefit of the Secured Parties. Each capitalized terms used herein and not defined herein shall have the meanings given to it in the Security Agreement.

By its execution below, the undersigned, [NAME OF NEW GRANTOR], a [_____] [corporation] [partnership] [limited liability company] (the "New Grantor") agrees to become, and does hereby become, a Grantor under the Security Agreement and agrees to be bound by such Security Agreement as if originally a party thereto. The New Grantor hereby pledges, assigns and grants to the Collateral Agent, on behalf of and for the ratable benefit of the Secured Parties, a security interest in all of the New Grantor's right, title and interest in and to the Collateral, whether now owned or hereafter acquired, to secure the prompt and complete payment and performance of the Secured Obligations.

By its execution below, the New Grantor represents and warrants as to itself that all of the representations and warranties contained in the Security Agreement are true and correct in all respects as of the date hereof. The New Grantor represents and warrants that the supplements to the Exhibits to the Security Agreement attached hereto are true and correct in all respects and such supplements set forth all information required to be scheduled under the Security Agreement. The New Grantor shall take all steps necessary to perfect, in favor of the Collateral Agent, a first-priority security interest in and lien against the New Grantor's Collateral, including, without limitation, delivering all certificated Pledged Collateral to the Collateral Agent (and other Collateral required to be delivered under the Security Agreement), and taking all steps necessary to properly perfect the Collateral Agent's interest in any uncertificated Pledged Collateral.

IN WITNESS WHEREOF, [NAME OF NEW GRANTOR], a [_____] [corporation] [partnership] [limited liability company] has executed and delivered this Annex I counterpart to the Security Agreement as of this [__] day of [_____].

[NAME OF NEW GRANTOR]
By:
Name: _____
Title: _____

Exhibit (14)

THE GORMAN-RUPP COMPANY

CODE OF ETHICS

Introduction

This Code of Ethics was first adopted by the Board of Directors of The Gorman-Rupp Company on October 23, 2003 for application to the Company's Chief Executive Officer, Chief Financial Officer and Treasurer. The Board of Directors expanded the scope of this Code of Ethics by the adoption of an amending resolution on April 22, 2004 so that it applies to all employees, officers and Directors of the Company. On January 24, 2013 the Board of Directors approved updating amendments of this Code of Ethics to clarify its applicability to all subsidiaries and divisions of the Company, expand international enforcement emphasis of the U.S. Foreign Corrupt Practices Act, include reference to the U.K. Bribery Act, and provide for its annual review by the Board of Directors. On April 27, 2017 the Board of Directors approved further updates to this Code of Ethics in connection with the listing of the Company's Common Shares on the New York Stock Exchange (the "NYSE").

This Code of Ethics describes the basic principles of conduct that apply to all employees, officers and Directors of The Gorman-Rupp Company ("Company") and its subsidiaries and divisions. This Code is intended to provide a broad overview of basic ethical principles that guide our conduct. Violation of this Code may result in disciplinary action as deemed appropriate by the Company's Board of Directors, varying from reprimand to dismissal.

The requirement that we adhere to each of the policies and principles contained in this Code may only be waived by the Board of Directors. The Company will promptly disclose to the Company's shareholders and the investing public any waiver of this Code as required by Securities and Exchange Commission and NYSE rules.

Compliance with Laws, Rules and Regulations

We strive to comply with all laws, rules and regulations of the places where the Company conducts business.

Conflicts of Interest

We conduct our business affairs in the best interests of the Company and shall therefore avoid situations where our private interests interfere with the Company's interests. We shall be especially sensitive to situations that have the appearance of impropriety.

Record-Keeping

We require honest and accurate recording and reporting of financial and other information.

All of the Company's records, accounts and financial statements are maintained in reasonable detail, appropriately reflect its transactions, and conform both to applicable legal and financial accounting requirements.

Public Reporting

We endeavor to make full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the Securities and Exchange Commission and the NYSE and in the Company's news releases and other public communications.

We require cooperation and open communication with our internal and external auditors. We consider any action to fraudulently influence, coerce, manipulate or mislead any auditor engaged in the performance of an audit of the Company's financial statements to be an illegal activity.

Insider Trading

Consistent with the federal securities laws, we confirm that the conduct of any person who buys or sells the Company's securities on the basis of material, non-public information concerning the Company is illegal.

We further confirm the illegal conduct of any person in possession of material, non-public information who provides another person with such information or recommends that he or she buy or sell the Company's securities. These prohibitions also apply to material, non-public information obtained about any other company during the course of working for the Company.

Corporate Opportunities

We do not personally take advantage of opportunities that are discovered because of our position without the prior consent of the Board of Directors. We shall not compete with the Company and shall fulfill our fiduciary duties to the Company to advance its legitimate interests whenever the opportunity to do so arises.

Competition and Fair Dealing

We manage the Company so that it competes fairly and honestly. We do not engage in unethical or illegal business practices such as stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing disclosure of this type of information by past or present employees of other companies. We shall respect the confidentiality of our customers', suppliers' and competitors' information.

Business Entertainment and Gifts

We recognize that business entertainment and gifts are meant to create goodwill and sound working relationships, not to gain unfair advantage with customers, suppliers or government officials. We shall not offer, give or accept any gift or entertainment unless it: (i) is not a cash gift, (ii) is not excessive in value, (iii) cannot be construed as a bribe or payoff, and (iv) does not violate any laws or regulations.

Discrimination and Harassment

We provide equal opportunity in employment and will not tolerate discrimination or harassment in the workplace. Derogatory comments based on racial or ethnic characteristics, unwelcome sexual advances and similar behavior are prohibited by the Company's policies.

Health and Safety

We strive to provide a safe and healthful work environment by following safety and health rules and practices.

We do not permit violence or threatening behavior in the workplace.

Confidentiality

We protect the Company's confidential, proprietary and trade secret information. We also protect information that suppliers and customers have entrusted to the Company on a confidential basis. Our personal obligation to safeguard the Company's confidential, proprietary and trade secret information continues even after our employment with the Company ends.

Protection and Proper Use of Company Assets

We shall protect the Company's assets and ensure their efficient use for legitimate business purposes. We shall not engage in theft, waste or careless use of the Company's assets. We shall never use the Company's assets for illegal purposes.

Activities Concerning Foreign Governments

In compliance with the United States Foreign Corrupt Practices Act, The Organization for Economic Co-operation and Development Anti-Bribery Convention 2009 Anti-Bribery Recommendation, and the U.K. Bribery Act 2010, we do not give anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. We do not promise, offer or deliver to any foreign or domestic government employee or official any gift, favor or other gratuity that would be illegal.

Our policy is to comply with the laws of other nations in which the Company conducts business.

Reporting Illegal or Unethical Behavior

Actions prohibited by this Code must be reported by employees to senior management or through the Company's Ethics Hotline. To encourage good faith reports of illegal or unethical behavior (including violations of this Code) through the Company's Ethics Hotline to the Company's General Counsel, we keep all reports confidential and do not allow retaliation for reports of misconduct by others. We will cooperate in internal investigations of alleged misconduct.

We shall not permit any form of retribution against any employee who, in good faith, reports violations or suspected violations of Company policy.

Conclusion

Our business conduct on behalf of the Company shall be guided by the policies and principles set forth in this Code. This Code shall be reviewed annually by the Board of Directors.

THE GORMAN-RUPP COMPANY
INSIDER TRADING POLICY

(Revised February 23, 2023)

This Insider Trading Policy (this "**Policy**") describes the standards of The Gorman-Rupp Company (the "**Company**") on trading the Company's securities while in possession of confidential information. This Policy applies to all (i) members of the Board of Directors of the Company; (ii) all employees of the Company and its subsidiaries; and (iii) with respect to each such person, his or her spouse and minor children, other persons living in his or her household, and other persons or entities over which such person exercises influence or control (collectively, "**Covered Persons**").

One of the principal purposes of federal securities laws is to prohibit so-called "insider trading." Simply stated, insider trading occurs when a person uses material non-public information obtained through involvement with the Company to make decisions to purchase, sell, gift or otherwise trade the Company's securities or to provide that information to others outside the Company. The prohibitions against insider trading apply to trades, tips and recommendations by virtually any person, including all persons associated with the Company, if the information involved is "material" and "non-public" as those terms are defined below.

1. Applicability

This Policy applies to all trading or other transactions in the Company's securities, including common stock, options and any other securities that the Company may issue, as well as to derivative securities relating to any of the Company's securities, whether or not issued by the Company.

2. General Policy: No Trading or Causing Trading While in Possession of Material Non-Public Information

(a) No Covered Person may purchase or sell, or offer to purchase or sell, any Company security, whether or not issued by the Company, while in possession of material non-public information about the Company. No Covered Person who knows of any material non-public information about the Company may communicate that information to any other person, including family members and friends, or otherwise disclose such information without the Company's authorization.

(b) No Covered Person may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company. No Covered Person who knows of any such material non-public information may communicate that information to any other person, including family members and friends, or otherwise disclose such information without the Company's authorization.

3. Definitions

(a) Material. Insider trading restrictions come into play only if the information you possess is "material." Information is generally regarded as "material" if it has market significance – that is, if its public dissemination is likely to affect the market price of securities (whether positive or negative), or if it otherwise is information that a reasonable investor would want to know before making an investment decision.

Information described below is exemplary, but not necessarily all-inclusive, of the type of information reasonably likely to be found material:

(i) unpublished financial results or projections;

(ii) significant changes in the Company's prospects;

(iii) significant write-downs in assets or increases in reserves;

(iv) developments regarding significant litigation or government agency investigations;

(v) liquidity problems;

(vi) changes in earnings estimates or unusual gains or losses in major operations;

(vii) major changes in management;

(viii) changes in dividends or announcements of stock splits;

(ix) extraordinary borrowings or other financing transactions out of the ordinary course;

(x) award or loss of a significant contract;

(xi) changes in debt ratings;

(xii) proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, tender offers, licensing arrangements, or purchases or sales of substantial assets;

(xiii) offerings of Company securities;

(xiv) establishment of a repurchase program for Company securities;

(xv) significant related party transactions;

(xvi) a change in auditors or notification that the auditor's reports may no longer be relied upon;

(xvii) development of a significant new product, process or service;

(xviii) a significant cybersecurity incident, such as a data breach, or any other significant disruption in the Company's operations; and

(xix) the imposition of an event-specific restriction on trading in Company securities or the securities of another company or the extension or termination of such restriction.

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular non-public information is material, presume it is material. **If you are unsure whether information is material, you should consult the General Counsel or Chief Financial Officer before making any decision to disclose such information (other than to persons who need to know it for Company-related business) or to trade in or recommend securities to which that information relates.**

(b) Non-Public Information. Insider trading prohibitions come into play only when you possess information that is material and "non-public." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information.

Even after public disclosure of information about the Company, you must wait until the close of the market on the third trading day after the information was publicly disclosed before you can treat the information as public.

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the General Counsel or Chief Financial Officer or assume that the information is "non-public" and treat it as confidential.

4. Exempted Transactions

This Policy does not apply in the following transactions, except as specifically noted.

(a) 401(k) Plan. This Policy does not apply to purchases of Company securities in the Company's 401(k) plan resulting from a Covered Person's periodic contribution of money to the 401(k) plan pursuant to the Covered Person's payroll deduction election. This Policy does apply, however, to certain elections the Covered Person may make under the 401(k) plan, including:

(i) increasing or decreasing the percentage of periodic contributions that will be allocated to the Company stock fund;

(ii) making a transfer of an existing account balance within the 401(k) plan into or out of the Company stock fund;

(iii) withdrawing or selling amounts from the 401(k) plan if doing so will result in a liquidation of some or all of the Company stock fund balance;

(iv) borrowing money against the 401(k) plan if the loan will result in a liquidation of some or all of the Company stock fund balance; and

(v) pre-paying a 401(k) plan loan if the pre-payment will result in an allocation of loan proceeds to the Company stock fund balance.

(b) Employee Stock Purchase Plan. This Policy does not apply to purchases of Company securities in the Employee Stock Purchase Plan ("ESPP") resulting from a Covered Person's periodic contribution of money to the ESPP pursuant to the election the insider made at the time of the insider's enrollment in the ESPP or timely, non-prohibited changes thereafter. This Policy does apply, however, to certain elections the Covered Person may make under the ESPP, in

(i) increasing or decreasing the percentage of periodic contributions that will be made to the ESPP; and

(ii) selling Company securities purchased pursuant to the ESPP.

(c) Gifts. This Policy does not apply to the receipt of Company securities by gift, but does apply to gifts, donations and other dispositions without value of Company securities by Covered Persons.

(d) Mutual Funds. This Policy does not apply to transactions in mutual funds that are invested in Company securities.

(e) Rule 10b5-1 Plans. Rule10b5-1 under the Exchange Act provides a defense from insider trading liability. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company securities that meets certain conditions specified in the Rule (a "Rule 10b5-1 Plan"). If the plan meets the requirements of Rule 10b5-1, Company securities may be purchased or sold without regard to insider trading restrictions. To comply with this Policy, a Rule 10b5-1 Plan must be approved by the Chief Financial Officer or the General Counsel and meet the requirements of Rule 10b5-1 and the Company's "Guidelines for Rule 10b5-1 Plans" attached as Annex A to this Policy. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material non-public information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. A Rule 10b5-1 Plan must be submitted for approval to the Chief Financial Officer or the General Counsel at least five days prior to the entry into the plan.

5. Prohibited Transactions

Covered Persons are prohibited from engaging in the following transactions in the Company's securities unless advance approval is obtained from the General Counsel or Chief Financial Officer:

(a) Short-term trading. Covered Persons who purchase Company securities may not sell any Company securities of the same class for at least six months after the purchase. Covered Persons who sell Company securities may not purchase any Company securities of the same class for at least six months after the sale.

(b) Short sales. Covered Persons may not engage in any short sale, "sale against the box," or any equivalent transaction involving the Company's securities.

(c) Options trading. Covered Persons may not buy or sell puts or calls or other derivative securities on the Company's securities.

(d) Trading on margin or pledging. Covered Persons may not hold Company securities in a margin account or pledge Company securities as collateral for a loan.

(e) Hedging. Covered Persons may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities.

6. Additional Procedures

These additional procedures are applicable only to (i) members of the Board of Directors of the Company; (ii) corporate officers of the Company; (iii) other persons designated from time to time by the Chief Financial Officer or General Counsel as being subject to these procedures; and (iv) with respect to each such person, his or her spouse and minor children, other persons living in his or her household, and other persons or entities over which such person exercises influence or control (collectively, "**Designated Covered Persons**").

(a) Pre-Clearance Procedures. Designated Covered Persons may not engage in any transaction in Company securities without first obtaining pre-clearance of the transaction from the Chief Financial Officer or the General Counsel. A request for pre-clearance should be submitted to the Chief Financial Officer or the General Counsel at least two business days in advance of the proposed transaction.

(b) Quarterly Blackout Periods. All Designated Covered Persons are prohibited from trading in the Company's securities during each quarterly blackout period. Each quarterly blackout period begins on the first calendar day of the last month of each fiscal quarter (*e.g.*, March 1 for the first fiscal quarter) and ends at the close of market trading on the third trading day following the date the Company's financial results for a particular fiscal quarter or year are publicly disclosed. During each quarterly blackout period, Designated Covered Persons generally possess or are presumed to possess material non-public information about the Company's financial results.

(c) Quarterly Trading Window. Designated Covered Persons are generally permitted to trade in the Company's securities when no quarterly blackout period is in effect. However, even during this trading window, a Designated Covered Person who is in possession of any material non-public information is prohibited from trading in the Company's securities until the information has been made publicly available or is no longer material.

(d) Special Blackout Periods. The Company may from time to time designate certain periods of time as special blackout periods, which may apply to certain persons designated by the Chief Financial Officer or the General Counsel, or to all Designated Covered Persons. If a special blackout period applies, such persons are prohibited from trading in the Company's securities until any blackout period is no longer in effect and such persons do not otherwise possess any material non-public information.

(e) Company Disclosure. The Company will be required to provide quarterly disclosure in its Forms 10-Q and Forms 10-K of written trading arrangements by Designated Covered Persons who are subject to the provisions of Section 16 of the Exchange Act ("**SEC Covered Persons**"), whether or not the arrangements are intended to comply with Exchange Act Rule 10b5-1, including (i) whether any SEC Covered Person has adopted, modified or terminated such an arrangement and (ii) a description of the material terms of each such arrangement, including the name and title of the SEC Covered Person; the date the arrangement was adopted, modified or terminated; the arrangement's duration; and the total amount of Company Securities to be purchased or sold under the arrangement. SEC Covered Persons should provide these details to the Chief Financial Officer or the General Counsel when pre-clearance of such transactions is requested.

7. Violations of Insider Trading Laws

Penalties for trading on or communicating material non-public information can be severe, both for individuals involved in such unlawful conduct and their employers, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is mandatory. Any employee who violates this Policy shall be subject to disciplinary action up to and including termination.

8. Amendments

The Company reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different policies and procedures at any time.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company's Insider Trading Policy. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of material non-public information.

By: _____ _____

Name: Date

Guidelines for Rule 10b5-1 Plans

Any Rule 10b5-1 Plan entered into by a Covered Person must comply with the following guidelines:

(i) the plan must be established through an investment broker approved by the Chief Financial Officer or the General Counsel, and the Covered Person must agree to such investment broker's form of Rule 10b5-1 Plan;

(ii) a copy of the plan must be submitted to, and acknowledged by, the Chief Financial Officer or the General Counsel prior to establishing such plan with the Company's approved investment broker;

(iii) the Covered Person must act in good faith with respect to the plan;

(iv) the plan may only be established during an open trading window, when the Covered Person is not in possession of any material non-public information;

(v) for Covered Persons other than SEC Covered Persons, the time period between the establishment or modification of the plan and the date the initial trade is made following such establishment or modification is not less than 30 days;

(vi) for SEC Covered Persons, the time period between the establishment or modification of the plan and the date the initial trade is made following such establishment or modification is not less than the later of (i) 90 days after the adoption or modification of the plan or (ii) two business days following the filing of the Company's Form 10-Q or Form 10-K for the fiscal quarter in which the plan was adopted or modified, but in no event shall such period be required to exceed 120 days following adoption or modification of the plan;

(vii) SEC Covered Persons are required to include in the plan written representations certifying that such SEC Covered Person (i) is not aware of any material non-public information about the Company or the Company's securities and (ii) is adopting or modifying the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Exchange Act Rule 10b-5;

(viii) the minimum term of the plan is not less than six months and the maximum term of the plan is not more than one year;

(ix) the plan may not be modified, terminated, or suspended other than in good faith and during an open trading window and, in the event of any modification or suspension, no trades may be reinstated under the plan (A) for Covered Persons other than SEC Covered Persons, for a period of 3 months after such modification or suspension and (B) for SEC Covered Persons, for the time period specified in paragraph (vi) above;

(x) the Covered Person may not enter into multiple overlapping plans;

(xi) the Covered Person may not enter into more than one "single-trade plan" during any 12-month period, which is a plan designed to effect the open market purchase or sale of the total amount of Company securities subject to the plan as a single transaction;

(xii) the Company will be required to provide quarterly disclosure in its Forms 10-Q and Forms 10-K of (i) whether any SEC Covered Person has adopted, modified or terminated a plan and (ii) a description of the material terms of each plan, including the name and title of the SEC Covered Person; the date the plan was adopted, modified or terminated; the plan's duration; and the total amount of Company securities to be purchased or sold under the plan; and

(xiii) SEC Covered Persons who are reporting plan transactions on Forms 4 or 5 pursuant to Section 16 of the Exchange Act must indicate that the transactions were made in reliance on the affirmative defense against insider trading liability under Rule 10b5-1 of the Exchange Act.

Exhibit (21)

SUBSIDIARIES OF THE COMPANY

The Gorman-Rupp Company is publicly-held and has no parent corporation. The Company's subsidiaries as of December 31, 2024, and the state or country in which each was organized, are as follows:

Consolidated subsidiaries	Jurisdiction of organization
Patterson Pump Company	Ohio
National Pump Company	Ohio
The Gorman-Rupp International Company	Ohio
GRC International LLC	Ohio
Fill-Rite Company	Ohio
Bayou City Pump Company	Ohio
AMT Pump Company	Delaware
Gorman-Rupp of Canada Limited	Canada
Patterson Pump Ireland Limited	Ireland
Gorman-Rupp Europe B.V.	The Netherlands
Gorman-Rupp Africa Proprietary Limited	Republic of South Africa
Pumptron (Proprietary) Limited	Republic of South Africa
Gorman-Rupp South America S.A.S.	Colombia
Gorman-Rupp Belgium SA	Belgium
Gorman-Rupp Australia Pty Ltd	Australia
GRC Fill-Rite Mexico, S.A. de C.V.	Mexico

Exhibit (23)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-279000) pertaining to The Gorman-Rupp Company 2024 Omnibus Incentive Plan,
(2) Registration Statement (Form S-8 No. 333-207693) pertaining to The Gorman-Rupp Company 401(k) Plan, and
(3) Registration Statement (Form S-8 No. 333-230067) pertaining to The Gorman-Rupp Company Employee Stock Purchase Plan.

of our reports dated March 3, 2025, with respect to the consolidated financial statements of The Gorman-Rupp Company and the effectiveness of internal control over financial reporting of The Gorman-Rupp Company included in this Annual Report (Form 10-K) of The Gorman-Rupp Company for the year ended December 31, 2024.

/s/ Ernst & Young LLP

Cleveland, Ohio
March 3, 2025

Exhibit (24)

THE GORMAN-RUPP COMPANY

CERTIFICATE OF THE SECRETARY

The undersigned hereby certifies that she is the duly elected, qualified and acting Corporate Secretary of The Gorman-Rupp Company, an Ohio corporation (the "Company"), and that the following resolutions were duly adopted by the Company's Board of Directors at a duly noticed and called meeting held on February 27, 2025,at which a quorum was present and acting throughout, which resolutions have not been amended, rescinded or modified and are in full force and effect on the date hereof.

RESOLVED, that the Executive Officers of the Company, and each of them, hereby are authorized, for and on behalf of the Company, to prepare, sign and file, or cause to be prepared, signed and filed, with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended, the Company's 2024 Annual Report on Form 10-K, and any and all amendments thereto, and to do or cause to be done all things necessary or advisable in connection therewith.

FURTHER RESOLVED, that Scott A. King, James C. Kerr, Brigette A. Burnell and Douglas A. Neary, and each of them, hereby are appointed attorneys for the Company, with full power of substitution and resubstitution, for and in the name, place and stead of the Company, to sign and file the Company's 2024 Annual Report on Form 10-K and any and all amendments thereto, and any and all other documents in connection therewith, with full power and authority to do and perform any and all acts necessary or advisable.

FURTHER RESOLVED, that the Executive Officers of the Company and each of them, hereby are authorized, for and on behalf of the Company, to execute a power of attorney evidencing the foregoing appointments.

IN WITNESS WHEREOF, I have hereunto signed this Certificate this 3rd day of March 2025.

/s/ BRIGETTE A BURNELL
Brigette A Burnell
Corporate Secretary

POWER OF ATTORNEY

The undersigned, The Gorman-Rupp Company (the "Company"), by the undersigned Executive Officer of the Company hereunto duly authorized, hereby appoints Scott A. King, James C. Kerr, Brigette A. Burnell and Douglas A. Neary, and each of them, as attorneys for the Company, with full power of substitution and resubstitution, for and in its name, place and stead, to sign and file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Company's 2024 Annual Report on Form 10-K and any and all amendments thereto, and any and all other documents to be filed with the Securities and Exchange Commission or otherwise in connection therewith, with full power and authority to do and perform any and all acts whatsoever necessary or advisable.

Executed this 3rd day of March 2025.

THE GORMAN-RUPP COMPANY

BY: /s/ BRIGETTE A. BURNELL
Brigette A. Burnell
Corporate Secretary

POWER OF ATTORNEY

The undersigned Directors and Executive Officers of The Gorman-Rupp Company (the "Company") hereby appoint Scott A. King, James C. Kerr, Brigette A. Burnell and Douglas A. Neary, and each of them, as attorneys for each of the undersigned, with full power of substitution and resubstitution, for and in the name, place and stead of each of the undersigned, to sign and file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Company's 2024 Annual Report on Form 10-K and any and all amendments thereto, and any and all other documents to be filed with the Securities and Exchange Commission or otherwise in connection therewith, with full power and authority to do and perform any and all acts whatsoever necessary or advisable.

Executed as of the 27th day of February 2025

/s/ SCOTT A. KING Scott A. King	President and Chief Executive Officer and Director (Principal Executive Officer)
/s/ JAMES C. KERR James C. Kerr	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ JEFFREY S. GORMAN Jeffrey S. Gorman	Chairman
/s/ DONALD H. BULLOCK JR. Donald H. Bullock Jr.	Director
/s/ M. ANN HARLAN M. Ann Harlan	Director
/s/ CHRISTOPHER H. LAKE Christopher H. Lake	Director
/s/ SONJA K. MCCLELLAND Sonja K. McClelland	Director
/s/ VINCENT K. PETRELLA Vincent K. Petrella	Director
/s/ KENNETH R. REYNOLDS Kenneth R. Reynolds	Director

Exhibit (31)(a)

CERTIFICATIONS

I, Scott A. King, certify that:

1. I have reviewed this annual report on Form 10-K of The Gorman-Rupp Company;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2025

/s/ SCOTT A. KING

Scott A. King
President and Chief Executive Officer
The Gorman-Rupp Company
(Principal Executive Officer)

Exhibit (31)(b)

CERTIFICATIONS

I, James C. Kerr, certify that:

1. I have reviewed this annual report on Form 10-K of The Gorman-Rupp Company;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2025

/s/ JAMES C. KERR
James C. Kerr
Executive Vice President and Chief Financial Officer
The Gorman-Rupp Company
(Principal Financial Officer)

Exhibit (32)

Certification Pursuant to 18 U. S. C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of The Gorman-Rupp Company on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U. S. C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934 as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: March 3, 2025

/s/ SCOTT A. KING
Scott A. King
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JAMES C. KERR
James C. Kerr
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U. S. C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit (97)

THE GORMAN–RUPP COMPANY (the "Company")
CLAWBACK POLICY

Introduction

The Board of Directors of the Company (the "**Board**") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "**Policy**"). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the listing standards of the national securities exchange on which the Company's securities are listed.

Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

Covered Executives

This Policy applies to the Company's current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed ("**Covered Executives**").

This Policy applies to Incentive Compensation received by a Covered Executive (a) after beginning service as a Covered Executive; (b) if that person served as Covered Executive at any time during the performance period for such Incentive Compensation; and (c) while the Company had a class of securities listed on a national securities exchange.

Recoupment; Accounting Restatement

In the event the Company is required to prepare an Accounting Restatement (as defined herein), the Board will require reimbursement or forfeiture of any excess Incentive Compensation (as defined herein) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year).

For purposes of this Policy, an "**Accounting Restatement**" means an accounting restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error correction was recognized in the current period or the error was left uncorrected in the current period.

Incentive Compensation is "**received**" for purposes of this Policy in the Company's fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of the period.

Incentive Compensation

For purposes of this Policy, "**Incentive Compensation**" means any of the following; provided that, such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

- Annual bonuses, profit sharing and other short- and long-term cash incentives.

- Restricted stock.
- Restricted stock units.
- Performance shares.
- Performance units.
- Stock options.
- Stock appreciation rights.

Financial reporting measures are any measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, and include, without limitation:

- Company stock price.
- Total shareholder return.
- Revenues.
- Operating income.
- Net income.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital or operating cash flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Board. Such excess amount shall be determined by the Board without regard to any taxes paid by the Covered Executive in respect of the excess Incentive Compensation.

For Incentive Compensation based on the Company stock price or total shareholder return, if the Board cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the Accounting Restatement, then it will make its determination based on a reasonable estimate of the effect of the Accounting Restatement.

Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

(a) requiring reimbursement of cash Incentive Compensation previously paid;

(b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;

(c) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

(d) cancelling outstanding vested or unvested equity awards;

(e) cancelling or offsetting against any planned future cash or equity awards;

(f) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder; and/or

(g) taking any other remedial and recovery action permitted by law, as determined by the Board.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation resulting from an Accounting Restatement, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy.

Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

Effective Date

This Policy shall be effective as of October 26, 2023 (the "**Effective Date**") and shall apply to Incentive Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive Compensation was approved, awarded or granted to Covered Executives prior to the Effective Date.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to comply with law and any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may terminate this Policy at any time.

Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Impracticability

The Board shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.