



Graham Corporation

GHM AMEX

Heavy Electrical Equipment

Market Capitalization USD:

\$164.76 mm

CONCERN LEVEL: LOW

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated.
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: James R. Lines

Age: 51

CEO Since: 2008

	2009	2010	2011
Base Salary	\$265,000	\$265,000	\$283,250
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$190,005	\$217,295	\$191,194
Benefits and Perquisites	\$9,293	\$16,828	\$15,712
TOTAL ANNUAL COMPENSATION	\$464,298	\$499,123	\$490,156
Increase in Post-Retirement Benefits	\$19,264	\$154,519	\$237,977
Stock Option Awards	\$41,943	\$54,897	\$0
Stock Awards	\$51,384	\$48,597	\$110,697
TOTAL COMPENSATION	\$529,618	\$757,136	\$838,830
Median of Other Named Executive Officers Total Compensation	\$333,770	\$333,770	\$323,370
Value Realized on Exercise of Stock Option	\$347,570	\$0	\$368,649
Value Realized on Vesting of Stock	\$9,376	\$9,996	\$74,756
TOTAL REALIZED EQUITY COMPENSATION	\$356,946	\$9,996	\$443,405

Proxy Date: 18 Jun 2012

Annual Meeting Date: 26 Jul 2012

Equity Reserves: 6.31%

Stock Option Run Rate: 0.18%

Graham Corporation

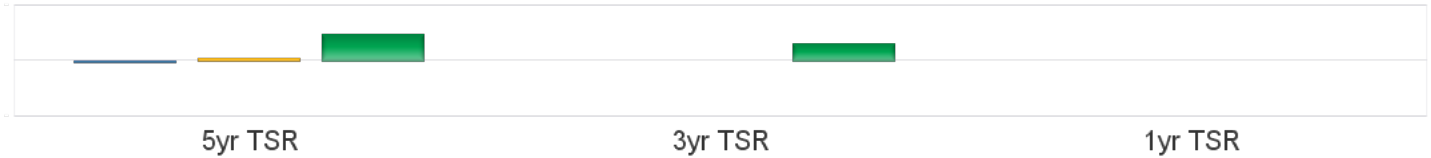
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Performance Comparison

■ S&P500 ■ Industry ■ GHM



Peer Comparisons (TRBC) = Industrials

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
GHM	Graham Corporation	\$529,618	\$757,136	\$838,830	\$164,760,510
MTSC	MTS Systems Corporation	\$1,536,198	\$1,435,894	\$1,900,187	\$480,264,841
NC	NACCO Industries, Inc.	\$3,488,334	\$10,531,524	\$6,733,740	\$431,022,617
NCI	Navigant Consulting, Inc.	\$2,040,479	\$1,883,293	\$2,032,688	\$484,341,360
LAYN	Layne Christensen Company	\$2,440,035	\$2,769,892	\$3,491,816	\$453,497,744
LCRY	LeCroy Corporation	\$789,554	\$704,632		\$130,414,590
MXWL	Maxwell Technologies, Inc.	\$1,068,700	\$1,160,600	\$1,578,400	\$515,078,238

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

NA

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
James J. Malvaso	Chairman	62	Male	9	Outside
Alan Fortier	Member	55	Male	4	Outside
Helen H. Berkelev	Member	83	Female	14	Outside Related
Jerald D. Bidlack	Member	76	Male	27	Outside Related

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