

GORMAN RUPP CO  
Form DEF 14A  
March 25, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**The Gorman-Rupp Company**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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**THE GORMAN-RUPP COMPANY**

**Mansfield, Ohio**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The Annual Meeting of the Shareholders of The Gorman-Rupp Company will be held at the Company's Corporate Headquarters, 600 South Airport Road, Mansfield, Ohio, on Thursday, April 22, 2010 at 10:00 a.m., Eastern Daylight Time, for the purpose of considering and acting upon:

1. A proposal to fix the number of Directors of the Company at eight and to elect eight Directors to hold office until the next Annual Meeting of Shareholders and until their successors are elected and qualified;
2. A proposal to ratify the appointment of Ernst & Young LLP as independent registered public accountants for the Company during the year ending December 31, 2010; and
3. Such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Holders of Common Shares of record at the close of business on March 10, 2010 are the only Shareholders entitled to notice of and to vote at the Meeting.

**Important Notice Regarding the Internet Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on April 22, 2010** This Notice of Annual Meeting of Shareholders, Proxy Statement and the Company's 2009 Annual Report to Shareholders are available at <http://www.gormanrupp.com/eproxy>.

**Please promptly execute the enclosed proxy and return it in the enclosed envelope (which requires no postage if mailed in the United States), regardless of whether you plan to attend the Meeting.**

By Order of the Board of Directors

David P. Emmens  
*Corporate Counsel and Secretary*

March 25, 2010

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**PROXY STATEMENT**

**March 25, 2010**

**SOLICITATION AND REVOCATION OF PROXIES**

This Proxy Statement is furnished to shareholders of The Gorman-Rupp Company in connection with the solicitation by the Board of Directors of the Company of proxies for use at the Annual Meeting of the Shareholders to be held at the Company's Corporate Headquarters, 600 South Airport Road, Mansfield, Ohio, at 10:00 a.m., Eastern Daylight Time, on Thursday, April 22, 2010. Holders of Common Shares of record at the close of business on March 10, 2010 are the only shareholders entitled to notice of and to vote at the Meeting.

A shareholder, without affecting any vote previously taken, may revoke his proxy by the execution and delivery to the Company of a later proxy with respect to the same shares, or by giving notice to the Company in writing or in open meeting. The presence at the Meeting of the person appointing a proxy does not in and of itself revoke the appointment.

**OUTSTANDING SHARES AND VOTING RIGHTS**

As of March 10, 2010, the record date for the determination of persons entitled to vote at the Meeting, there were 16,710,535 Common Shares outstanding. Each Common Share is entitled to one vote.

The mailing address of the principal executive offices of the Company is 600 South Airport Road, Mansfield, Ohio 44903. This Proxy Statement and accompanying proxy are being mailed to shareholders on or about March 25, 2010.

If notice in writing is given by any shareholder to the President, a Vice President or the Secretary of the Company, not less than 48 hours before the time fixed for the holding of the Meeting, that such shareholder desires that the voting for the election of Directors be cumulative, and if announcement of the giving of such notice is made upon the convening of the Meeting by the Chairman or Secretary or by or on behalf of the shareholder giving such notice, each shareholder shall have the right to cumulate such voting power as he possesses at such election. Under cumulative voting, a shareholder controls voting power equal to the number of votes which he otherwise would have been entitled to cast multiplied by the number of Directors to be elected. All of such votes may be cast for a single nominee or may be distributed among any two or more nominees as he may desire. If cumulative voting is invoked, and unless contrary instructions are given by a shareholder who signs a proxy, all votes represented by such proxy will be divided evenly among the candidates nominated by the Board of Directors, except that if so voting should for any reason not be effective to elect all of the nominees named in this Proxy Statement, then such votes will be cast so as to maximize the number of the Board of Directors' nominees elected to the Board.

Table of Contents**ELECTION OF DIRECTORS****(Proposal No. 1)**

All Directors will be elected to hold office until the next Annual Meeting of Shareholders and until their successors are elected and qualified. Proxies received are intended to be voted in favor of fixing the number of Directors at eight and for the election of the nominees named below. Each of the nominees is presently a Director of the Company. Mr. Jeffrey S. Gorman is the son of Mr. James C. Gorman, and Mr. Christopher H. Lake is the son of Dr. Peter B. Lake.

In the event that any of the nominees should become unavailable, which the Board of Directors does not anticipate, proxies are intended to be voted in favor of fixing the number of Directors at a lesser number or for a substitute nominee or nominees designated by the Board of Directors, in the discretion of the persons appointed as proxy holders. The proxies may be voted cumulatively for less than the entire number of nominees if any situation arises which, in the opinion of the proxy holders, makes such action necessary or desirable.

Based upon information received from the respective nominees as of February 1, 2010, the following information is furnished with respect to each person nominated for election as a Director.

<b>Name</b>	<b>Identified as Independent?</b>	<b>Director Continuously Since</b>	<b>Age</b>	<b>Shares Owned Beneficially at Feb. 1, 2010(1)</b>	<b>Percent of Outstanding Shares</b>
James C. Gorman	No	1946	85	1,307,035(2)	7.82%
Jeffrey S. Gorman	No	1989	57	891,122(3)	5.33%
M. Ann Harlan	Yes	2009	50	650	*
Thomas E. Hoaglin(4)	Yes	1993(5)	60	15,393(6)	*
Christopher H. Lake	Yes	2000	45	34,941(7)	*
Dr. Peter B. Lake	Yes	1975	67	25,088(8)	*
Rick R. Taylor	Yes	2003	62	6,116	*
W. Wayne Walston	Yes	1999	67	10,723(9)	*

\* Represents less than 1% of the outstanding shares.

Table Notes

(1) Reported in accordance with the beneficial ownership rules of the Securities and Exchange Commission under which a person is deemed to be the beneficial owner of a security if he or she has or shares voting power or investment power in respect of such security. Accordingly, the amounts shown in the table do not purport to represent beneficial ownership for any purpose other



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than compliance with the Commission's reporting requirements. Voting power or investment power with respect to shares reflected in the table is not shared with others except as otherwise indicated.

- (2) Includes 565,613 shares owned by Mr. Gorman's wife and 106,390 shares held in a trust of which Mr. Gorman is a co-trustee. Mr. Gorman has a beneficial interest in 106,390 of the shares held in the trust, considers that he shares the voting and investment power with respect to all of the foregoing shares, but otherwise disclaims any beneficial interest therein. The amount shown in the table excludes 1,801,817 shares beneficially owned by members of Mr. Gorman's immediate family and 450,956 shares held in trusts of which he and members of his family have beneficial interests. (106,390 of the shares held in trust are the same shares described above.) Mr. Gorman disclaims beneficial ownership of all of the shares referred to in this note (2).
- (3) Includes 74,893 shares owned by Mr. Gorman's wife and 231,336 shares owned by his adult children. Mr. Gorman considers that he shares the voting and investment power with respect to all of the foregoing shares, but otherwise disclaims any beneficial interest therein. The amount shown in the table excludes 74,766 shares held in a trust in which Mr. Gorman has a beneficial interest. Mr. Gorman disclaims beneficial ownership of all of the shares referred to in this note (3).
- (4) On June 2, 2005, Huntington Bancshares, Inc. (Huntington) announced that the Securities and Exchange Commission (Commission) approved the settlement of the Commission's previously announced formal investigation into certain financial accounting matters relating to Huntington's fiscal years 2002 and earlier and certain related disclosure matters. As a part of the settlement, the Commission instituted a cease and desist administrative proceeding and entered a cease and desist order, as well as filed a civil action in federal district court pursuant to which, without admitting or denying the allegations in the complaint, Huntington, its former chief financial officer, its former controller, and Mr. Hoaglin consented to pay civil money penalties. Huntington consented to pay a penalty of \$7.5 million. Without admitting or denying the charges in the administrative proceeding, Huntington and the individuals each agreed to cease and desist from committing and/or causing the violations charged as well as any future violations of the Commission's regulations. Additionally, Mr. Hoaglin agreed to pay disgorgement, pre-judgment interest, and penalties in the amount of \$667,609. The former chief financial officer and the former controller each also agreed to pay amounts consisting of disgorgement, pre-judgment interest, and penalties and also consented to certain other non-monetary penalties.
- (5) Mr. Hoaglin also served as a Director of the Company from 1986 to 1989.
- (6) Includes 4,393 shares as to which Mr. Hoaglin shares voting and investment power.
- (7) Includes 28,206 shares owned by Mr. Lake's minor children as to which Mr. Lake considers that he shares the voting and investment power with respect thereto, but otherwise disclaims any beneficial interest therein.

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- (8) Includes 3,807 shares owned by Mrs. Lake as to which Dr. Lake shares voting and investment power.
- (9) The amount shown in the table excludes 987 shares held in a trust of which Mr. and Mrs. Walston are co-trustees. Mr. Walston disclaims beneficial ownership of all of the shares referred to in this note (9).

**Director Qualifications**

**James C. Gorman** is Chairman of the Board and son of J.C. Gorman, co-founder of the Company. Mr. Gorman served as the Company's President from 1964 until 1989, and as Chief Executive Officer from 1964 until 1996. Mr. Gorman also served on the Board of Directors of United Telephone Company of Ohio for 20 years and was Treasurer of a multi-million dollar international not-for-profit entity for 35 years.

Mr. Gorman was instrumental in the Company's development and growth for over 30 years as President and Chief Executive Officer and 11 years in sales, and therefore is highly knowledgeable about the pump industry and the Company's products, customers and competitors.

**Jeffrey S. Gorman** is President and Chief Executive Officer of the Company. He was elected to these offices on May 1, 1998, after having served as Senior Vice President since 1996. He also served as General Manager of the Mansfield Division from 1989 through 2005 after service as Assistant General Manager from 1986 to 1988. Additionally, he held the office of Corporate Secretary from 1982 to 1990. Mr. Gorman is a member of the Board of Directors of Mechanics Savings Bank, Mansfield, Ohio and is Chairman of the Ohio Chamber of Commerce.

Mr. Gorman has been instrumental in continuing the Company's development and growth for over 30 years, especially with respect to its international growth. He also is highly knowledgeable about all significant aspects of the pump industry and the Company's products, customers and competitors.

**M. Ann Harlan** since 2002 has been Vice President and General Counsel of the J.M. Smucker Company (Smucker), a New York Stock Exchange (NYSE) publicly-traded food manufacturer. Ms. Harlan is a member of the Smucker executive management team responsible for setting and implementing corporate strategy and has broad experience with corporate governance issues and requirements of the NYSE, the Securities and Exchange Commission and the Sarbanes-Oxley Act of 2002.

Ms. Harlan has over 10 years of experience as senior legal counsel at Smucker, which has significant family ownership and family senior management generally comparable to the ownership structure of the Company. She has extensive mergers and acquisition experience with Smucker and 15 years prior related experience with a major law firm. She also has broad experience with compensation and equity plan development and administration.

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**Thomas E. Hoaglin** is the retired Chief Executive Officer and Director of Huntington Bancshares, a publicly-traded financial institution. Mr. Hoaglin is a Director of American Electric Power Company, Inc. (NYSE), where he is the Chairman of the Directors and Corporate Governance Committee and also serves on the Human Resources (Compensation) Committee.

Mr. Hoaglin qualifies as a financial expert for service as Chairman of the Audit Committee. He has extensive major-corporation executive management experience and extensive board of directors experience in governance and executive compensation matters of publicly-held companies.

**Christopher H. Lake** is President and Chief Operating Officer of SRI Quality System Registrar, an international third party ISO registrar and certification audit firm, after having served as Vice President from July to December 2005. The firm has operations in Asia and the European Union. Mr. Lake served as President of Dean & Lake Consulting, Inc, a regional consulting group that focused on operations and product development from 2001 to 2005. Previously, Mr. Lake was Principal and Industry Executive for a *Fortune 500* global consulting company.

Mr. Lake has major corporate service and operations experience with large service, banking and telecommunications clients. He also has major experience providing information technology services to large domestic and international companies.

**Dr. Peter B. Lake** is Chairman and Chief Executive Officer and founder of SRI Quality System Registrar (SRI), an international third party ISO registrar and certification audit firm. He has been an officer of the company since its inception in 1991, serving as President through 2005. SRI is one of the top five U.S. owned and operated ISO registrars and an industry leader serving metals, processing and manufacturing companies worldwide. The firm has operations in Asia and the European Union. Dr. Lake also founded an internationally recognized calibration and testing laboratory accreditation body.

Dr. Lake spent his early career in the steel industry with Youngstown Sheet and Tube and National Steel holding a variety of management positions, including Director - R&D and Corporate Quality Manager, before founding SRI. He has a Ph.D. degree in Metallurgical Engineering and has international quality management systems experience. His financial experience and analytical expertise are applicable to benefits plan investment management.

**Rick R. Taylor** is President of Jay Industries, a Tier 1 automotive parts manufacturer. Jay Industries also is a Tier 2 parts manufacturer for several other industrial companies. In addition, Mr. Taylor is President of Longview Steel Corporation, a steel wholesaler. Mr. Taylor has been a Director of Park National Corporation, a NYSE publicly traded regional bank holding company, since 1995; he serves on the Investment Committee.

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Mr. Taylor's major-company manufacturing experience spans 40 years. He has extensive international supply chain experience, and board of directors' experience, including investment management.

*W. Wayne Walston* has been a partner of the Warsaw, Indiana office of Beers Mellers Backs & Salin, LLP (attorneys) since November, 2008. Prior to that, Mr. Walston was a partner of Miner Lemon & Walston, LLP from January 2007, and owner of the Walston Elder Law Office from July 2003 through December 2006. Mr. Walston previously was an officer of Sprint Corporation for 14 years as Legal and External Affairs officer; he also served as Secretary to the Board of Directors of five separate state operating entities.

Mr. Walston has extensive experience with labor and employment relations, antitrust compliance, Securities and Exchange Commission compliance, state regulatory compliance for public utilities, legislative and regulatory advocacy, real estate contracts and transactions, corporate communications and corporate litigation. He also has extensive major publicly-held company board of directors' experience, including corporate governance.

**BOARD OF DIRECTORS AND DIRECTORS' COMMITTEES**

During 2009, a total of five regularly scheduled meetings of the Board of Directors (at least one each quarter), one special meeting of the Board of Directors, and a total of 14 meetings of all standing Directors' Committees were held. All Directors attended at least 75% of the aggregate of the total number of meetings held by the Board of Directors and of the total number of meetings held by the respective committees on which they served. In 2009, the independent Directors met once in executive session without the presence of the non-independent Directors and any members of the Company's management.

The Board of Directors has four separately designated standing committees: (1) an Audit Review Committee, whose present members are Thomas E. Hoaglin (Chairman and independent audit committee financial expert), Dr. Peter B. Lake and W. Wayne Walston; (2) a Compensation Committee, whose present members are W. Wayne Walston (Chairman), M. Ann Harlan and Christopher H. Lake; (3) a Pension Committee, whose present members are Dr. Peter B. Lake (Chairman), Rick R. Taylor and W. Wayne Walston; and (4) a Nominating Committee, whose present members are Christopher H. Lake (Chairman), M. Ann Harlan and Rick R. Taylor. All members of each committee are independent Directors.

The Audit Review Committee held six meetings in 2009. Its principal functions include reviewing the arrangement and scope of the audit, considering comments made by the independent registered public accountants with respect to internal controls and financial reporting, considering corrective action taken by management, reviewing internal accounting procedures and controls with the

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Company's internal auditor and financial staff, and reviewing non-audit services provided by the independent registered public accountants. The Committee is governed by a written charter adopted by the Board of Directors.

The Compensation Committee held three meetings during 2009. Its principal functions are, subject to approval by the Board of Directors, to develop compensation policies and programs for the Company's officers, and to recommend the salaries and profit sharing for the officers. (A more comprehensive description of the Compensation Committee's functions is set forth under the caption "Compensation Discussion and Analysis".)

The Pension Committee held four meetings in 2009. Its principal functions are to monitor and assist in the investment of the assets associated with the Company's defined benefit pension plan and 401(k) defined contribution plan.

The Nominating Committee held one meeting during 2009. Its principal functions involve the identification, evaluation and recommendation of individuals for nomination as members of the Board of Directors. Members of the Nominating Committee are independent in accordance with Section 803A of the listing standards of the NYSE Amex Exchange.

The Nominating Committee does not have a written charter but follows policies and procedures by which to consider recommendations from shareholders for Director nominees. (These written policies and procedures were recommended by the Committee and adopted by the Board of Directors for the Committee in 1991.) Any shareholder wishing to propose a candidate should deliver a typewritten or legible hand-written communication to the Company's Corporate Secretary. The submission should provide detailed business and personal biographical data about the candidate, and include a brief analysis explaining why the individual is well-qualified to become a Director nominee. All recommendations will be acknowledged by the Corporate Secretary and promptly referred to the Nominating Committee for evaluation.

The Nominating Committee does not believe that any particular set of skills, qualities or diversities are most appropriate for a Director candidate. All Director candidates, including any recommended by shareholders, are first evaluated based upon their (i) integrity, strength of character, practical wisdom and mature judgment; (ii) business and financial expertise and experience; (iii) intellect to comprehend the issues confronting the Company; and (iv) availability of adequate time to devote to the affairs of the Company and attend Board and Committee meetings. The Nominating Committee also focuses on issues of diversity, such as diversity of gender, race and national origin, education, professional experience and differences in viewpoints and skills. New Director candidates are subject to a background check performed by the Committee. In addition, the candidate will be personally interviewed by one or more Committee members before he or she is nominated to be a new member of the Board of Directors. In considering candidates for the Board, the Nominating Committee considers the entirety of

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each candidate's credentials in the context of their skills, qualities or diversities. With respect to the nomination of continuing Directors for re-election, the individual's historical contributions to the Board are also considered.

**Risk Management and 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. Additional oversight of some risks is performed by specific Board committees, e.g., financial reporting risks are overseen by the Audit Review Committee, benefit plan investment risks are overseen by the Pension Committee, and compensation risks are overseen by the Compensation Committee; the results of their oversight are reported to the entire Board of Directors.

**Compensation Risks**

The Company believes its reliance on profit sharing for its only added incentive compensation for substantially all employees, including all management and officer personnel, creates the least amount of risk of any material adverse effect on the Company's financial results.

**Director's Compensation**

Directors who are employees of the Company (Messrs. J. C. Gorman and J. S. Gorman) do not receive any compensation for service as Directors.

The Board of Directors has determined that all Non-Employee Directors (Ms. Harlan and Messrs. Hoaglin, C.H. Lake, Dr. P. B. Lake, Taylor, and Walston) are independent Directors in accordance with Section 803A of the listing standards of the NYSE Amex Exchange. Non-Employee Directors are compensated by the Company for their services as Directors.

The table below summarizes the total compensation paid for service of each of the named Non-Employee Directors of the Company for the calendar year ended December 31, 2009.

Table of Contents**Director Compensation**

Name	Fees		Non-Equity Incentive		Change in Pension Value and Nonqualified Deferred Compensation		Total
	Earned or Paid in Cash(1)	Stock Awards (2)	Option Awards (\$)	Plan Compensation (\$)	Compensation Earnings (\$)	All Other Compensation (\$)	
M. Ann Harlan	\$ 8,263	\$ 10,240	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,503
Thomas E. Hoaglin	18,063	10,240	0	0	0	0	28,303
Christopher H. Lake	16,263	10,240	0	0	0	0	26,503
Peter B. Lake, Ph.D.	18,488	10,240	0	0	0	0	28,728
Rick R. Taylor	15,763	10,240	0	0	0	0	26,003
W. Wayne Walston	19,912	10,240	0	0	0	0	30,152

- (1) Each Non-Employee Director receives a fee for each of the Board of Directors meetings attended. Fees were \$2,750 for each meeting attended during 2009. Directors serving as members of Board Committees receive an additional fee of \$500 for each Committee meeting attended that is held in conjunction with a meeting of the Board of Directors. Each Committee Chairman also receives a retainer fee of \$1,000 per year. In support of the Company's management and employees, substantially all of whom underwent compensation reductions for more than six months during 2009, the Non-Employee Directors, upon recommendation of the Compensation Committee, voted unanimously on October 22, 2009 to reduce all components of Director fees by 15%. This reduction remains in effect on the filing date of this Proxy Statement.
- (2) Effective May 22, 1997, the Board of Directors adopted a Non-Employee Directors' Compensation Plan. Under the Plan, as additional compensation for regular services to be performed as a Director, an automatic award of 500 Common Shares (from the Company's treasury) will be made on each July 1 to each Non-Employee Director then serving on the Board. (On July 27, 2006, the Board of Directors adopted a resolution extending the Non-Employee Directors' Compensation Plan for an additional term until the earlier of (i) May 21, 2017, (ii) at such time as all of the Company's Common Shares authorized for award under the Plan and registered under Form S-8 Registration Statement No. 333-30159 shall have been awarded and issued, (iii) at such time as the Company deregisters any Common Shares not issued under the foregoing Registration Statement, or (iv) at such time as the Plan is terminated by action of the Board of Directors.) The award of 500 Common Shares made on July 1, 2009 had a market value of \$10,240.

Members of the Board of Directors are encouraged to attend the Company's Annual Meeting of Shareholders. All Directors were in attendance at the Annual Meeting in 2009.

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**AUDIT REVIEW COMMITTEE REPORT**

The Audit Review Committee has submitted the following report to the Board of Directors:

(i) The Audit Review Committee has reviewed and discussed the Company's audited consolidated financial statements for the fiscal year ended December 31, 2009 and the assessment of the Company's internal control over financial reporting with the Company's management and the Company's independent registered public accountants;

(ii) The Audit Review Committee has discussed with the Company's independent registered public accountants the matters required to be discussed by Statement on Auditing Standards No. 114 (Codification of the Statements on Auditing Standards, AU 380), as adopted by the Public Company Accounting Oversight Board;

(iii) The Audit Review Committee has received the written disclosures and the letter from the Company's independent registered public accountants required by the Public Company Accounting Oversight Board Rule 3526 (Communication with Audit Committees Concerning Independence), and has discussed the issue of independence, including the provision of non-audit services to the Company, with the independent registered public accountants;

(iv) With respect to the provision of non-audit services to the Company, the Audit Review Committee has obtained a written statement from the Company's independent registered public accountants that they have not rendered any non-audit services prohibited by the Securities and Exchange Commission rules relating to auditor independence, and that the delivery of any permitted non-audit services has not and will not impair their independence;

(v) Based upon the review and discussions referred to above, the Audit Review Committee has recommended to the Board of Directors that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, to be filed with the Securities and Exchange Commission; and

(vi) In general, the Audit Review Committee has fulfilled its commitments in accordance with its Charter.

Members of the Audit Review Committee are independent in accordance with Section 803A of the listing standards of the NYSE Amex Exchange. The Chairman is also an independent audit committee financial expert in accordance with Securities and Exchange Commission rules.

Based upon a recommendation of the Audit Review Committee, the Board of Directors adopted a written Charter for the Audit Review Committee on October 23, 2003 (replacing the previous Charter adopted on June 8, 2000). The Committee reviews and reassesses the adequacy of the Charter on an annual basis. The most recent amendment to the Charter was adopted by the



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Committee and approved by the Board of Directors on October 23, 2008. The Charter (as amended) will again be set forth as an appendix to the Proxy Statement in 2012.

The foregoing report has been furnished by members of the Audit Review Committee.

/s/ W. Wayne Walston

/s/ Thomas E. Hoaglin

/s/ Peter B. Lake

W. Wayne Walston

Thomas E. Hoaglin  
Chairman

Dr. Peter B. Lake

**SHAREHOLDINGS BY NAMED EXECUTIVE OFFICERS\***

Name and Principal Position	Shares Owned Beneficially	Shared Voting and Investment Power
David P. Emmens Corporate Counsel and Secretary	8,279	-0-
Wayne L. Knabel Chief Financial Officer and Treasurer	2,640	-0-

\* The table sets forth information received from the executive officers as of February 1, 2010, and all amounts represent less than 1% of the outstanding shares. The shareholdings of James C. Gorman and Jeffrey S. Gorman are included under the captions Election of Directors and Principal Shareholders .

**COMPANY LEADERSHIP ORGANIZATION**

Upon election of Mr. J.S. Gorman as Chief Executive Officer of the Company May 1, 1998, the Company separated the offices of Board Chairman and Chief Executive Officer because it believed this division more clearly delineated their respective responsibilities. This currently provides for the Chairman to focus on Board of Director responsibilities and for the Chief Executive Officer to focus on the Company's administrative and operating responsibilities. Given their respective service years with the Company, the Company believes this structure is most appropriate currently for conducting its business and its responsibilities to its employees, customers and suppliers, to its shareholders and directors, and to its community and other regulatory agencies.

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The following table sets forth information pertaining to the beneficial ownership of the Company's Common Shares as of February 1, 2010 by James C. Gorman and Jeffrey S. Gorman, and as of December 31, 2009 by each other person known to the Company to own beneficially at least five percent of the outstanding Common Shares.

<b>Name and Address</b>	<b>Type of Ownership</b>	<b>Number of Shares Owned</b>	<b>Percent of Outstanding Shares</b>
James C. Gorman 600 South Airport Road Mansfield, OH 44903	Sole voting and investment power	635,032	3.80%
	Shared voting and investment power	672,003	4.02%
	<b>Total</b>	1,307,035	7.82%
Jeffrey S. Gorman 600 South Airport Road Mansfield, OH 44903	Sole voting and investment power	560,116	3.35%
	Shared voting and investment power	331,006	1.98%
	<b>Total</b>	891,122	5.33%
Pioneer Investment Management, Inc.(1) 60 State Street Boston, MA 02109	Sole voting and investment power	1,056,247	6.30%
	Shared voting and investment power	-0-	
	<b>Total</b>	1,056,247	6.30%
Invesco PowerShares Capital Management LLC(2) 1555 Peachtree Street NE Atlanta, GA 30309	Sole voting and investment power	1,504,482	9.00%
	Shared voting and investment power	-0-	
	<b>Total</b>	1,504,482	9.00%
All Directors and Executive Officers as a group (10 persons)		2,301,987(3)	13.78%

(1) Pioneer Investment Management, Inc., an investment advisory business, is an indirect subsidiary of UniCredit S.p.A.

(2) Invesco PowerShares Capital Management LLC is a subsidiary of Invesco Ltd.

(3) Includes 1,039,415 shares as to which voting and investment power are shared.



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**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview**

The Compensation Committee (the Committee) of the Board of Directors is authorized (i) to review and evaluate the compensation policies and programs for the Company's Chief Executive Officer and its other officers (collectively, the Officers); (ii) to review, at least annually, the Chief Executive Officer's progress assessments of the other Officers and to evaluate the Chief Executive Officer's progress assessment; and (iii) to review and recommend the annual salaries and profit sharing determinations for the Officers to the Board of Directors.

Three independent Directors comprise the Committee. Their responsibilities are carried out pursuant to authority delegated by the Board of Directors and in accordance with the federal securities laws and other applicable laws and regulations. The Committee is not governed by a written charter.

In devising and maintaining the Company's Officer compensation program, the Committee from time to time reviews generally available published data relevant to the compensation of officers in competitor companies that manufacture pumps and related fluid control equipment. Historically these reviews were not subject to a formal benchmarking process but in December 2007, following its review of the qualifications of several compensation consultants, the Committee engaged the services of Watson Wyatt Worldwide (Watson), an independent compensation consulting company. The Committee's objectives were to establish an appropriate peer group for evaluating Officer compensation generally; complete a competitive assessment of pay levels for the Chief Executive Officer and Chief Financial Officer; and develop the structure of the compensation for the CEO and CFO positions including annual incentive opportunities and long-term incentive arrangements, if any.

The Committee, working with Watson, obtained public data from a peer group of 14 publicly-traded industrial manufacturing companies identified as appropriate benchmark companies for comparative compensation analysis, ranked for relevance to the Company based on the following criteria:

1. Industry/product type fluid control related companies with the same, or similar SIC codes.
2. Organization size companies comparable in size based on revenue.
3. Location primarily companies headquartered in the Midwest and outside of major metropolitan areas.

The Committee reviewed the aggregate compensation of each of the peer group companies with their respective chief executive officer and chief financial officer positions and based on this review the Committee made recommendations for near-term and long-term adjustments for compensation of these

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two Company Executive Officers. The Committee also regularly consults with executive management and periodically with outside accounting and legal advisors as appropriate in arriving at compensation recommendations subject to approval by the Board of Directors.

**Philosophy and Objectives**

Under the Committee's supervision, the Company has formulated a compensation philosophy that assures the provision of fair, competitive and performance-based compensation to the Officers. The philosophy reflects the belief that compensation of the Officers should be aligned with the Company's historical compensation, its culture, and its profitability.

The implementation of the Company's philosophy seeks (i) to attract and retain a group of talented individuals with the education, experience, skill sets and professional presence deemed best suited for the respective Officer positions; and (ii) to continually motivate those individuals to help the Company achieve its strategic goals and enhance profitability by offering them incentive compensation in the form of profit sharing, in addition to their salaries, driven by their individual progress assessments and the Company's results of operations.

**Elements of Compensation**

The Company's Officer compensation program is designed to reward leadership, initiative, teamwork and top-quality performances among the Officers. The program consists of three elements: base salary; profit sharing; and a component of modest miscellaneous benefits. Incentive stock or option awards and non-equity incentive plan compensation have never been a part of the Company's Officer compensation program. In addition, the Company has not entered into employment contracts with any of the Officers.

Although not an element of Officer compensation, ownership of the Company's Common Shares by the Officers has continually been considered a worthy goal within the Company. The Company has paid increased dividends on its Common Shares for 37 consecutive years. Toward that end, the Company sponsors purchase opportunities, including a partial Company match, aimed at encouraging the Officers, and substantially all other employees, to voluntarily invest in the Common Shares.

***Base Salary and Profit Sharing***

Base salaries are premised upon the relative responsibilities of the given Officers and industry surveys and related data. Initial salaries generally are set below competitive levels paid to comparable officers at other entities engaged in the same or similar businesses as the Company. Upon hire, actual salaries are adjusted based on performance judgments of each person's qualifications, prior accomplishments and expected future contributions in his or her Officer role.

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The Company intentionally relies to a large degree on incentive compensation in the form of profit sharing to attract and retain the Officers. This profit sharing provides motivation for them to perform to the full extent of their individual abilities and as a team to build Company profitability and shareholder value on a continuing, long-term basis.

***Annual Reviews***

Prior to the Company's Annual Meeting of Shareholders, the Committee reviews with the Chief Executive Officer the recommended annual base salary for each of the Officers (other than the Chief Executive Officer). The Committee independently reviews the base salary for the Chief Executive Officer and develops a recommendation therefor. These salary reviews include consideration of updated compensation advisor data and other relevant information in arriving at the Committee's recommendations. The Committee then reports the results of its compensation reviews and recommendations to the Board of Directors.

Following the end of each year and the conclusion of the Company's audited financial statements results, management calculates the total amount of profit sharing available for awarding to the Officers based on the Company's achieved operating income and the award percentage determined at the beginning of the year. The Chief Executive Officer then determines a recommended allocation of the available profit sharing award pool among the Officers based on the respective Officer's prior profit sharing award history and their current year progress assessment.

The Committee reviews with the Chief Executive Officer the recommended profit sharing award for each of the Officers (other than the Chief Executive Officer). The Committee independently reviews the profit sharing award for the Chief Executive Officer and develops a recommendation therefor. These profit sharing reviews include consideration of the Chief Executive Officer's progress assessments of the other Officers, and the Committee's independent progress assessment of the Chief Executive Officer. The Committee then reports the results of its profit sharing reviews and recommendations to the Board of Directors.

***Other Compensation***

The Officers receive a variety of modest miscellaneous benefits, the value of which is represented for the named Executive Officers under the caption "All Other Compensation" in the Summary Compensation Table. These benefits include taxable life insurance, and Company contributions to the Christmas Savings Plan, the 401(k) Plan and the Employee Stock Purchase Plan.

**Table of Contents****Stock Ownership**

The Company has long encouraged the Officers to voluntarily invest in the Company's Common Shares. As a consequence, the Company makes the purchase of its Common Shares convenient, in some cases with Company cash contributions, and in all cases without brokers' fees or commissions, under an Employee Stock Purchase Plan, a 401(k) Plan and a Dividend Reinvestment Plan. Although these plans do not constitute elements of Officer compensation, all of the current Officers are shareholders and participate in one or more of the foregoing plans.

**SUMMARY COMPENSATION TABLE**

The table below contains information pertaining to the annual compensation of the Company's principal executive officer, its principal financial officer, and its other executive officers.

Name and Principal Position	Year	Salary	Bonus (1)	Award (2)	Award (2)	Compen- sation (2)	Change in Non- Pension Equity Value and Incentive Nonqualified Stock Option Plan Deferred	All Other Compensation (4)	Total
							Earnings (3)		
Jeffrey S. Gorman(5)	2009	\$ 252,053	\$ 135,000	\$ 0	\$ 0	\$ 0	\$ 107,776	\$ 7,430	\$ 502,259
President and Chief Executive Officer	2008	252,000	175,000	0	0	0	56,794	2,815	486,609
Wayne L. Knabel(6)(7)	2009	170,153	85,000	0	0	0	0	17,495	272,648
Chief Financial Officer and Treasurer									
Robert E. Kirkendall(8)	2009	58,838	90,000	0	0	0	2,829	22,397	174,064
Senior Vice-President and Chief Financial Officer	2008	169,000	130,000	0	0	0	49,816	7,789	356,605
David P. Emmens(7)	2007	145,333	110,000	0	0	0	61,715	6,971	324,019
Corporate Counsel and Secretary	2009	104,981	45,000	0	0	0	24,591	6,063	180,635
James C. Gorman(9)	2008	105,000	52,000	0	0	0	19,487	5,873	182,360
Chairman	2007	93,333	45,000	0	0	0	15,356	4,608	158,297
	2009	92,538	12,000	0	0	0	(21,277)	4,742	88,003
	2008	100,000	15,000	0	0	0	(29,121)	4,709	90,588
	2007	100,000	4,903	0	0	0	(22,279)	4,704	87,328

(1)

The Company only provides additional profit sharing compensation as potential incentive compensation to substantially all its employees.

- (2) The Company has never offered incentive stock or option awards or non-equity incentive plan compensation as a part of the Company's compensation programs.
- (3) The amounts reflect the non-cash change in pension value recognized for financial statement reporting purposes for the fiscal year ended December 31, 2009, in accordance with SEC Release Nos. 33-8732A; 34-54302A. In computing the change in pension value, the Company applies the



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assumptions used for financial reporting purposes and a measurement date of December 31 for benefit plan determinations. The change in pension value is the aggregate increase in the actuarial present value of the Executive Officer's accumulated benefit measured from the plan measurement date in 2008 to the measurement date in 2009. The Company does not offer nonqualified deferred compensation earnings to any of its employees.

- (4) Amounts include taxable life insurance, and Company contributions to the Company's 401(k) Plan, Employee Stock Purchase Plan and Christmas Savings Plan.
- (5) Mr. J.S. Gorman's annual salary was \$275,000 for calendar year 2009 which was not increased since May 1, 2008. He took a voluntary pay reduction of 15% of his salary for over one-half of 2009 totaling \$22,947. Average pay reductions of other personnel during this period were 8%. His non-cash Change in Pension Value and Nonqualified Deferred Compensation Earnings increased in 2009 primarily due to the impact of the pension plan's 10-year compensation averaging formula replacing his lower 2000 salary with his most recent salary.
- (6) Mr. Knabel was elected Chief Financial Officer and Treasurer effective May 1, 2009. Previously he was Vice President Finance following his hire March 31, 2008. His All Other Compensation includes \$12,587 for the Company's contribution to his account in the enhanced 401(k) plan established to replace the defined benefit plan for substantially all U.S. employees hired after December 31, 2007.
- (7) Mr. Knabel and Mr. Emmens took voluntary pay reductions averaging 8% of their salaries for about one-half of 2009.
- (8) Mr. Kirkendall retired April 30, 2009. His All Other Compensation includes payment of \$20,769 for his accrued unused vacation pay upon retirement.
- (9) Mr. J.C. Gorman's annual salary was \$100,000 for calendar year 2009 which was not increased since 1998. He took a voluntary pay reduction of 15% of his salary for about one-half of 2009 totaling \$7,462. Average pay reductions of other personnel during this period were 8%.

**PENSION BENEFITS**

The pension plan in which the Company's Executive Officers participate is a defined benefit plan covering substantially all employees of the Company for which new entry terminated as of December 31, 2007. Effective January 1, 2008 a new and enhanced 401(k) Plan was adopted for new employees, including Officers, hired thereafter.

The pension plan offers participants the option to choose between monthly benefits or a single sum payment. The monthly pension benefits are equal to the product of 1.1% of final average monthly earnings (based on compensation during the final ten years of service) and the number of years of credited service. A single sum amount is equal to the present value of the final monthly pension benefit

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multiplied by a single premium immediate annuity rate as defined by the plan. Historically, nearly all participants in the plan elect the single sum amount at retirement. The single sum payment option is used for financial reporting purposes for the fiscal year ended December 31, 2009, computed as the plan measurement date of December 31, 2009. Actuarial assumptions used by the Company in determining the present value of the accumulated benefit amount consist of a 5.0% interest rate, a 5.6% discount rate and The 2010 IRS Funding Mortality Table. Base compensation in excess of \$225,000 is not taken into account under the plan. Vesting occurs after five years of credited service.

The table below summarizes the number of years of credited service and the present value of accumulated pension benefit for each of the named Executive Officers of the Company at December 31, 2009.

**Pension Benefits**

Name and Principal Position	Plan Name		Number of Years Credited Service(1)	Present Value	
				of Accumulated Benefit(2)	Payments During Last Fiscal Year
Jeffrey S. Gorman	The Gorman-Rupp Company	2009	31	\$ 612,785	\$ 0
President and Chief Executive Officer	Retirement Plan	2008	30	505,009	0
		2007	29	448,215	0
Wayne L. Knabel(3)	The Gorman-Rupp Company	2009	0	0	0
Chief Financial Officer and Treasurer	Retirement Plan				
Robert E. Kirkendall	The Gorman-Rupp Company	2009	31	525,914	44,746
Senior Vice-President and Chief Financial Officer	Retirement Plan	2008	30	523,085	0
		2007	29	473,269	0
David P. Emmens	The Gorman-Rupp Company	2009	12	124,109	0
Corporate Counsel and Secretary	Retirement Plan	2008	11	99,518	0
		2007	10	80,031	0
James C. Gorman	The Gorman-Rupp Company	2009	60	363,733	73,224
Chairman	Retirement Plan	2008	59	385,010	73,224
		2007	58	407,289	73,224

(1) The credited years of service are determined as of a measurement date of December 31, 2009.

(2) The amount represents the actuarial present value of accumulated benefit based on a single sum payment computed as of the plan measurement date of December 31, 2009. The retirement age is assumed to be the normal retirement age of 65 as defined in the plan.

(3) Mr. Knabel was hired March 31, 2008, subsequent to the closing of the defined benefit pension plan to new participants effective December 31, 2007. The plan was replaced for such employees by an enhanced 401(k) plan

established to replace the Company's defined benefit plan for substantially all U.S. employees hired thereafter (see Note (6) to the Summary Compensation table).

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has submitted the following report to the Board of Directors:

- (i) The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with the Company's management; and
- (ii) Based on the review and discussions referred to in the preceding paragraph, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Proxy Statement in connection with the 2010 Annual Meeting of the Company's Shareholders.

The foregoing report has been furnished by members of the Compensation Committee.

/s/ M. Ann Harlan

/s/ W. Wayne Walston

/s/ Christopher H. Lake

M. Ann Harlan

W. Wayne Walston  
Chairman

Christopher H. Lake

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**APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**(Proposal No. 2)**

A proposal will be presented at the Meeting to ratify the appointment by the Audit Review Committee of the Board of Directors of Ernst & Young LLP as independent registered public accountants for the Company during the year ending December 31, 2010. Representatives of Ernst & Young LLP are expected to be present at the Meeting, will have an opportunity to make a statement if they so desire, and are expected to be available to respond to appropriate questions.

The Company paid Ernst & Young LLP the following fees in connection with the Company's fiscal years ending December 31, 2009 and 2008:

*Audit Fees* \$684,500 (2009); \$726,000 (2008). Audit fees consist of the aggregate fees billed for professional services rendered for the audit of the Company's annual financial statements and the reviews of the Company's interim financial statements included in its quarterly reports on Form 10-Q, or services that are normally provided by the accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years. The fees paid in 2008 and 2009 also cover services performed in connection with the Sarbanes-Oxley Section 404 attestation and other Sarbanes-Oxley requirements.

*Audit-Related Fees* \$40,000 (2009); \$45,000 (2008). Audit-related fees consist of the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under the caption Audit Fees. The audit-related fees were paid for the following services: benefit plan audits.

*Tax Fees* \$36,700 (2009); \$16,200 (2008). Tax fees consist of the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. The tax fees were paid for the following services: federal and international tax planning and advice; federal, state, local and international tax compliance; state and local tax consulting; form 5500 compliance issues; Canadian compliance issues; and other tax advice and assistance regarding statutory and regulatory matters.

*All Other Fees* \$0 (2009); \$0 (2008). The all other fees category consists of the aggregate fees billed for products and services provided, other than the services reported in the foregoing three paragraphs.

Under its Charter, the Audit Review Committee is directly responsible for the oversight of the work of Ernst & Young LLP and has the sole authority to (i) appoint, retain and terminate Ernst & Young LLP, (ii) pre-approve all audit engagement fees, terms and services, and (iii) pre-approve scope and fees for any non-audit engagements with Ernst & Young LLP. The Committee exercises this authority in a manner consistent with applicable law and the rules of the Securities and Exchange Commission and the NYSE Amex, and Ernst & Young LLP reports directly to the Committee. In

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addition, the Committee has determined to delegate its authority to grant any pre-approvals to its Chairman, subject to the report of any such pre-approvals to the Committee at its next scheduled meeting. With respect to certain of the services categorized above, the following percentage of services were rendered by Ernst & Young LLP in accordance with the annual *de minimus* exception to the pre-approval requirement: Audit-Related Fees 0%; Tax Fees 0%; All Other Fees 0%.

Ratification by the shareholders of the appointment of Ernst & Young LLP is not required by law. However, the Board of Directors believes that shareholders should be given this opportunity to express their views on the subject. While not binding on the Audit Review Committee, the failure of the shareholders to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accountants would be considered by the Audit Review Committee in determining whether to continue the engagement of Ernst & Young LLP. Even if the appointment is ratified, the Audit Review Committee may, in its discretion, select a different firm of independent registered public accountants for the Company at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

**The Directors recommend a vote FOR Proposal No. 2 to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accountants.**

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**GENERAL INFORMATION**

The Company's 2009 Annual Report to Shareholders, including financial statements, is being mailed concurrently with this Proxy Statement to all shareholders of the Company.

The cost of soliciting proxies will be paid by the Company. In addition to the use of the mails, proxies may be solicited personally or by telephone, telecopy or other means of communication by employees of the Company. No separate compensation will be paid for the solicitation of proxies, although the Company may reimburse brokers and other persons holding Common Shares in their names or in the names of nominees for their expenses in sending proxy material to the beneficial owners of such Common Shares.

Any proposal by a shareholder intended to be presented at the 2011 Annual Meeting of Shareholders must be received by the Company for inclusion in the proxy statement and form of proxy ballot of the Company relating to such Meeting on or before November 28, 2010. If a shareholder proposal is received after February 21, 2011, it will be considered untimely and the proxy holders may use their discretionary voting authority if and when the proposal is raised at such Annual Meeting, without any discussion of the matter in the proxy statement. The Board of Directors proxy for the 2011 Annual Meeting of Shareholders will grant discretionary voting authority to the proxy holders with respect to any such proposal received after February 21, 2011.

Any shareholder wishing to communicate with the Board of Directors may send a written statement or inquiry to the Company's Corporate Secretary. All writings will be acknowledged by the Corporate Secretary and presented for consideration and response at the next scheduled Board meeting.

**OTHER BUSINESS**

Financial and other reports will be submitted to the Meeting, but it is not intended that any action will be taken in respect thereof. The Company did not receive notice by February 23, 2010 of, and the Board of Directors is not aware of, any matters other than those referred to in this Proxy Statement which might be brought before the Meeting for action. Therefore, if any such other matters should arise, it is intended that the persons appointed as proxy holders will vote or act thereon in accordance with their own judgment.

You are urged to date, sign and return your proxy promptly. For your convenience, enclosed is a self-addressed return envelope requiring no postage if mailed in the United States.

By Order of the Board of Directors

David P. Emmens  
*Corporate Counsel and Secretary*

March 25, 2010

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**PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy The Gorman-Rupp Company 600 South Airport Road, Mansfield, Ohio 44903**

**Annual Meeting of Shareholders**

**This proxy is solicited on behalf of the Board of Directors**

The signed shareholder(s) hereby appoint(s) James C. Gorman, Jeffrey S. Gorman and David P. Emmens as Proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote all of The Gorman-Rupp Company Common Shares held of record on March 10, 2010 by the signed shareholder(s) at the Annual Meeting of the shareholders to be held on April 22, 2010, or at any adjournment thereof, as designated on the reverse.

**When properly executed, this proxy will be voted in the manner directed by the signed shareholder(s); if no direction is made, this proxy will be voted FOR proposals 1 and 2.**

**PLEASE MARK, DATE AND SIGN THIS PROXY CARD AND RETURN IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE.**

**IMPORTANT NOTICE TO PARTICIPANTS IN THE GORMAN-RUPP COMPANY 401(k) PLAN**

New York Life Trust Company, as Trustee of The Gorman-Rupp Company 401(k) Plan, has been requested to forward to you the enclosed proxy material relative to the securities held by us in your account but not registered in your name. Such securities can be voted only by us as holder of record. We shall be pleased to vote your securities in accordance with your wishes if you will execute this form and return it to us promptly in the enclosed business reply envelope. It is understood that, if you sign without otherwise marking the form, the securities will be voted as recommended by the Board of Directors on all matters to be considered at the meeting.

For this meeting, the extent of our authority to vote your securities in the absence of your instructions, as directed by The Gorman-Rupp Company 401(k) Plan, is that securities for which no voting instructions have been given shall be voted in the same ratio as the ratio in which the total shares with respect to which timely directions were received were voted in such matters.

***In order to ensure that your 401(k) securities are voted as you wish, this proxy must be voted and received by 10:00 a.m., Eastern Time, April 20, 2010.***

*New York Life Trust Company*

**(Continued and to be signed on reverse side)**



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**The Gorman-Rupp Company**

000004

MR A SAMPLE  
DESIGNATION (IF ANY)  
ADD 1  
ADD 2  
ADD 3  
ADD 4  
ADD 5  
ADD 6

Using a **black ink** pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas.

x

**Annual Meeting Proxy Card**

**PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**A Proposals** The Board of Directors recommends a vote **FOR** all the nominees listed and **FOR** Proposal 2.

+

**1. ELECTION OF DIRECTORS: Fixing the number of Directors at 8 and electing all nominees listed.**

01 - James C. Gorman	02 - Jeffrey S. Gorman	03 - M. Ann Harlan	04 - Thomas E. Hoaglin
05 - Christopher H. Lake	06 - Dr. Peter B. Lake	07 - Rick R. Taylor	08 - W. Wayne Walston

Mark here to vote **FOR** all nominees.

Mark here to **WITHHOLD** vote from all nominees.

01 02 03 04 05 06 07 08

- o **For All Nominees EXCEPT** - To withhold a vote for one or more nominees, mark the box to the left and the numbered boxes to the right corresponding to the list of directors above.

**For    Against    Abstain**

**2. RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS.**

- 3. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the Meeting.

**B Non-Voting Items**

**Change of Address** Please print new address below.

**Meeting Attendance**

Mark box to the right if you plan to attend the Annual Meeting.

**Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as your name appears above. If signing as attorney, executor, administrator, trustee or guardian, please give full title as such; and if signing for a corporation, please give your title. When shares are in the names of more than one person, each should sign.

Date (mm/dd/yy)	Please print date	Signature 1	Please keep signature	Signature 2	Please keep signature
below.		within the box.		within the box.	
	/        /				

n +