COLUMBUS MCKINNON CORP
Form DEF 14A
June 12, 2012

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of
1934 (Amendment No. ____)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

| | | | |
|---|---|---|---|
| o | Preliminary Proxy Statement | o | Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| x | Definitive Proxy Statement | | |

Columbus McKinnon Corporation

(Name of Registrant as specified in its charter)

Payment of filing fee (check the appropriate box):

x No fee required

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(1) Title of each class of securities to which transaction applies:
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o 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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NOTICE OF 2012
ANNUAL MEETING OF SHAREHOLDERS
AND PROXY STATEMENT

COLUMBUS McKINNON

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COLUMBUS McKINNON CORPORATION
140 John James Audubon Parkway
Amherst, New York 14228-1197

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 23, 2012

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Columbus McKinnon Corporation, a New York corporation, will be held at the Peninsula Chicago Hotel, 108 East Superior St. at N. Michigan Ave., Chicago, Illinois, on July 23, 2012, at 10:00 a.m., local time, for the following purposes:

1. To elect nine Directors to hold office until the 2013 Annual Meeting and until their successors have been elected and qualified;

2. To ratify the appointment of Ernst & Young LLP as independent registered public accounting firm for the fiscal year ending March 31, 2013;

3. To conduct a shareholder advisory vote on the compensation of our named executive officers; and

4. To take action upon and transact such other business as may be properly brought before the meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on June 1, 2012, as the record date for the determination of shareholders entitled to receive notice of and to vote at the Annual Meeting.

It is important that your shares be represented and voted at the Annual Meeting. Whether or not you plan to attend, please sign, date and return the enclosed proxy card in the enclosed postage-paid envelope or vote by telephone or using the internet as instructed on the enclosed proxy card. If you attend the Annual Meeting, you may vote your shares in person if you wish. We sincerely appreciate your prompt cooperation.

ALAN S. KORMAN
Secretary

Dated: June 12, 2012

Important notice regarding the availability of proxy materials for the Annual Meeting of Shareholders to be held on July 23, 2012. The Company's Proxy Statement and Annual Report to shareholders for the fiscal year ended March 31, 2012 are available at http://www.cmworks.com/investors/proxy.

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COLUMBUS McKINNON CORPORATION
140 John James Audubon Parkway
Amherst, New York 14228-1197

PROXY STATEMENT

This Proxy Statement and the accompanying form of proxy are being furnished in connection with the solicitation by the Board of Directors of Columbus McKinnon Corporation, a New York corporation ("our Company", "we" or "us"), of proxies to be voted at the Annual Meeting of Shareholders (the "Annual Meeting") to be held at the Peninsula Chicago Hotel, 108 East Superior St. at N. Michigan Ave., Chicago, Illinois, on July 23, 2012, at 10:00 a.m., local time, and at any adjournment or adjournments thereof. This Proxy Statement and other proxy materials are first being sent or given to shareholders on or about June 12, 2012.

The close of business on June 1, 2012 has been fixed as the record date for the determination of shareholders entitled to receive notice of and to vote at the meeting. At the close of business on June 1, 2012, we had outstanding 19,400,526 shares of our common stock, $.01 par value per share, the holders of which are entitled to one vote per share on each matter properly brought before the Annual Meeting.

The shares represented by all valid proxies in the enclosed form will be voted if received in time for the Annual Meeting in accordance with the specifications, if any, made on the proxy card. If no specification is made, the proxies will be voted (i) FOR the nominees for Director named in this Proxy Statement, (ii) FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2013 and (iii) FOR the approval of the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis, the compensation tables and the related disclosure as contained elsewhere in this Proxy Statement.

In order for business to be conducted, a quorum must be present at the Annual Meeting. A quorum is a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting. Abstentions, broker non-votes and withheld votes will be counted in determining the existence of a quorum at the Annual Meeting.

Directors will be elected by a plurality of the votes cast at the Annual Meeting, meaning the nine nominees receiving the most votes will be elected. Votes cast FOR the nominees will count as "yes votes" and WITHHOLD votes will be excluded entirely from the vote and will have no effect. A majority of the votes cast is required to approve the selection of the Company's auditors and the approval of a non-binding, advisory resolution regarding executive compensation. Votes may be cast FOR, AGAINST or ABSTAIN on the approval of these proposals. Abstentions are not counted in the number of votes cast and will have no effect on the results of the vote. Proxy cards that are executed and returned without any designated voting direction will be voted in the manner stated on the proxy card.

Recent changes in regulations have eliminated the ability of a shareholder's bank or broker to vote uninstructed shares in the election of directors and on executive compensation on a discretionary basis.  Thus, if a shareholder holds shares in street name and does not instruct his, her or its bank or broker how to vote in the election of directors or the one advisory vote on executive compensation, no votes will be cast on such shareholder's behalf with respect to these matters.  If a shareholder holds shares in his, her or its own name and does not vote, no votes will be cast on such shareholder's behalf on any of the items of business at the Annual Meeting.

The execution of a proxy will not affect a shareholder's right to attend the Annual Meeting and to vote in person.  A shareholder who executes a proxy may revoke it at any time before it is exercised by giving written notice to the Secretary, by appearing at the Annual Meeting and so stating, or by submitting another duly executed proxy bearing a later date.

PROPOSAL 1

## ELECTION OF DIRECTORS

Our Certificate of Incorporation provides that our Board of Directors shall consist of not less than three nor more than nine Directors to be elected at each annual meeting of shareholders and to serve for a term of one year or until their successors are duly elected and qualified. Currently, the Board of Directors is comprised of nine members.

Unless instructions to the contrary are received, it is intended that the shares represented by proxies will be voted for the election as Directors of Ernest R. Verebelyi, Timothy T. Tevens, Richard H. Fleming, Stephen Rabinowitz, Linda A. Goodspeed, Nicholas T. Pinchuk, Liam G. McCarthy, Christian B. Ragot and Stephanie K. Kushner, each of whom is presently a Director and has been previously elected by our shareholders. If any of these nominees should become unavailable for election for any reason, it is intended that the shares represented by the proxies solicited herewith will be voted for such other person as the Board of Directors shall designate. The Board of Directors has no reason to believe that any of these nominees will be unable or unwilling to serve if elected to office.

The following information is provided concerning the nominees for Director:

Ernest R. Verebelyi, age 64, was appointed a Director of the Company in January 2003 and was elected Chairman of the Board in August 2005. Mr. Verebelyi retired from Terex Corporation, a global diversified equipment manufacturer, in October 2002 where he held the position of Group President. Prior to joining Terex in 1998, he held executive, general management and operating positions at General Signal Corporation, Emerson, Hussmann Corporation, and General Electric. Mr. Verebelyi also serves as lead director of CH Energy Group, Inc. (NYSE: CHG).

Timothy T. Tevens, age 56, was elected President and appointed a Director of our Company in January 1998 and assumed the duties of Chief Executive Officer in July 1998. From May 1991 to January 1998 he served as our Vice President - Information Services and was also elected Chief Operating Officer in October 1996. From 1980 to 1991, Mr. Tevens was employed by Ernst & Young LLP in various management consulting capacities. Mr. Tevens also serves on the Board of Directors of Zep, Inc. (NYSE: ZEP).

Richard H. Fleming, age 64, was appointed a Director of our Company in March 1999. In February 1999, Mr. Fleming was appointed Executive Vice President and Chief Financial Officer of USG Corp. (NYSE: USG). Effective May 1, 2012 Mr. Fleming retired from the position of Chief Financial Officer at USG. Prior thereto, Mr. Fleming served USG Corp. in various executive financial capacities, including Senior Vice President and Chief Financial Officer from January 1995 to February 1999 and Vice President and Chief Financial Officer from January 1994 to January 1995. Mr. Fleming also serves as a member of the Board of Directors of in3media, inc. and is an advisory board member of AlphaZeta Interactive, both private companies. He is also a director for several not-for-profit entities including UCAN and the Museum of Broadcast Communications.

Stephen Rabinowitz, age 69, was appointed a Director of the Company in October 2004. He retired in 2001 from his position as Chairman and Chief Executive Officer of General Cable Corporation, a leading manufacturer of electrical, communications and utility cable. Prior to joining General Cable as President and Chief Executive Officer in 1994, he served as President and CEO of AlliedSignal Braking Systems, and before that as President and CEO of General Electric's Electrical Distribution and Control business. He also held management positions in manufacturing operations and technology at the General Electric Company and the Ford Motor Company. Mr. Rabinowitz is also Chairman of the Board of Energy Conversion Devices, Inc. ("ECD"). ECD voluntarily filed on February 14, 2012 a petition for relief under the provisions of Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Michigan. ECD's common stock under the symbol ENER was delisted by NASDAQ on February 24, 2012.

Linda A. Goodspeed, age 50, was appointed a Director of the Company in October 2004. In October, 2011, Ms. Goodspeed was appointed SVP, CIO of The ServiceMaster Company. From 2007 to 2011, she was employed by Nissan North America, Inc. as Vice President of Information Systems. From 2001 until 2007 she was employed by Lennox International Inc., a global supplier of climate control solutions. Her position with Lennox was Executive Vice President and Chief Supply Chain Logistics and Technology Officer. Prior to that, Ms. Goodspeed served as President and Chief Operating Officer of PartMiner, Inc., a global supplier of electronic components. She has also held management positions in product management and development, research and development and design engineering at General Electric Appliances, Nissan North America, Inc. and the Ford Motor Company. Ms. Goodspeed also serves as a director of American Electric Power Co., Inc. (NYSE: AEP) and is a managing partner in Wealth Strategies Financial Advisors.

Nicholas T. Pinchuk, age 64, was appointed a Director of the Company in January 2007. Currently, he is Chairman, President and Chief Executive Officer of Snap-on Incorporated (NYSE: SNA), an S&P 500 company. Mr. Pinchuk joined Snap-on in 2002. Prior to that, Mr. Pinchuk served in several executive operational and financial management positions at United Technologies Corporation, including President, Global Refrigeration Operations of its Carrier Corporation unit and President of Carrier's Asia-Pacific Operations. He also served in financial and engineering managerial staff positions at the Ford Motor Company from 1972 to 1983. Mr. Pinchuk held the rank of First Lieutenant in the United States Army from 1970 to 1971.

Liam G. McCarthy, age 55, was appointed a Director of the Company in November 2008. In 2005, Mr. McCarthy was appointed President and Chief Operating Officer of Molex Incorporated (NASDAQ:MOLX). Prior thereto, Mr. McCarthy served Molex in various executive and management capacities since 1989, including Vice President, Operations, Europe from 2001 to 2005.

Christian B. Ragot, age 54, was appointed a Director of the Company in November 2008. In February 2012, Mr. Ragot was appointed Chief Executive Officer of Exopack Holding. From August 2010 to February 2012, Mr. Ragot served as President and Chief Executive Officer of Novariant Inc., a technology-based company providing solutions in GPS and other positioning control systems. He remains on the Board of Novariant Inc. as Vice Chairman. As of November 2010, Mr. Ragot has served as Chairman of Professional Services Exchange, Inc., a web-based provider to the services industry. From January 2010 to July 2010, Mr. Ragot was a consultant advising several companies in various industries. From 2007 until December 2009, Mr. Ragot was President, Chief Executive Officer and a Director of Freightcar America, Inc. (NASDAQ:RAIL). Prior to joining Freightcar America as Chief Operating Officer in 2007, he served Terex Corporation in various executive capacities between 1999 and 2006, including Group President, Terex Utilities, Roadbuilding and Advance Mixers Group from 2003 to 2006. Prior thereto, Mr. Ragot served Ingersoll-Rand Company in various executive and management capacities between 1984 and 1999, including Vice President & General Manager.

Stephanie K. Kushner, age 56, was appointed a Director of the Company at the July, 2011 Annual Meeting. Since August, 2009, Ms. Kushner has served as Executive Vice President and Chief Financial Officer of Broadwind Energy Corporation (NASDAQ:BWEN). Prior thereto, Ms. Kushner served as Senior Vice President and Chief Financial Officer of Federal Signal Corporation from 2002 to 2008. From 1989 to 2002, Ms. Kushner served FMC Corporation in various executive management capacities, including Vice President and Treasurer, and Director, Financial Planning for FMC Corporation from 1997 to 2001, Group Financial Director for FMC UK from 1992 to 1997 and Chief Financial Officer of FMC Gold Company from 1989 to 1992. Ms. Kushner began her career with Amoco Corporation working in various positions in their chemicals, international oil and minerals divisions. She served on the Board of Directors for Hydro One from 2001 to 2004 and on the Board of Directors and Audit Committee for Wabash National Corporation from 2004 to 2010.

THE BOARD OF DIRECTORS RECOMMENDS UNANIMOUSLY A VOTE “FOR” EACH OF THE DIRECTOR NOMINEES.

PROPOSAL 2

RATIFICATION OF APPOINTMENT OF ERNST & YOUNG LLP AS
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
FOR THE FISCAL YEAR ENDING MARCH 31, 2013

General

We are asking our shareholders to ratify our Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2013. In the event our shareholders fail to ratify the appointment, the Audit Committee will reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of our Company and its shareholders.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. It is also expected that those representatives will be available to respond to appropriate questions.

Principal Accountant Fees and Services

The aggregate fees billed to us by Ernst & Young LLP for fiscal years 2012 and 2011 are as follows:

| | Fiscal Year | |
|---|---|---|
| | 2012 | 2011 |
| | ($ in thousands) | |
| Audit Fees | $ 853 | $ 976 |
| Non-Audit Fees | $ 281 | $ 159 |
| Total | $ 1,134 | $ 1,135 |

THE BOARD OF DIRECTORS RECOMMENDS UNANIMOUSLY A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP TO SERVE AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2013.

PROPOSAL 3

## ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

We are required pursuant to Section 14A of the Exchange Act to provide a non-binding stockholder vote on our executive compensation as described in this proxy statement (commonly referred to as "Say-on-Pay").

The advisory vote on executive compensation is a non-binding vote on the compensation of the Company's named executive officers, as described in the Compensation Discussion and Analysis section, the compensation tables, and the accompanying narrative disclosure, set forth in this proxy statement.

We maintain a compensation program that is comprehensive, consisting of base salary, annual incentives, long-term incentives and benefits, in support of our objective of providing superior value to shareholders and customers. Our program is designed to motivate and reward our executives for sustained superior performance through the use of variable compensation tied to short, intermediate and long-term results. Our business success depends on our ability to attract and retain executive talent through competitive compensation opportunities provided by our program.

For the reasons discussed above, the Board of Directors unanimously recommends that shareholders vote in favor of the following resolution:

“RESOLVED, that the shareholders hereby APPROVE, on a non-binding, advisory basis, the compensation paid to the Company’s named executive officers, as disclosed in the Company’s proxy statement prepared in connection with its 2012 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission in the Company’s Proxy Statement for the 2012 Annual Meeting of Shareholders (which disclosure includes the Compensation Discussion and Analysis, the executive compensation tables and narrative discussion).”

THE BOARD OF DIRECTORS RECOMMENDS UNANIMOUSLY A VOTE “FOR” THE APPROVAL OF THE COMPANY’S COMPENSATION OF ITS NAMED EXECUTIVE OFFICERS.

# CORPORATE GOVERNANCE

## General Corporate Governance Policy

Our Board of Directors believes that its overriding responsibility is to offer guidance and the benefit of its collective experience to help our management understand the risks confronting, and opportunities available to, our Company. In furtherance of this responsibility, our Board of Directors has adopted a General Corporate Governance Policy setting forth certain policies, guidelines and procedures it deems important to the successful satisfaction of this responsibility. These policies and procedures include guidelines as to the eligibility, independence, evaluation, education, compensation and indemnification of our Directors, as well as with respect to specific transactions requiring the prior formal approval of our Board of Directors. A copy of our General Corporate Governance Policy is posted on the Investor Relations section of the Company's website at www.cmworks.com.

## Board Leadership Structure

The roles of the Company's Chairman of the Board and Chief Executive Officer have been served by separate individuals since 1998. We believe this leadership structure supports our belief that it is the Chief Executive Officer's responsibility to manage the Company and the Chairman's responsibility to manage the Board. Since Mr. Verebelyi's election as our Chairman of the Board in August 2005, that position has been filled by an independent Director. As directors continue to have more oversight responsibilities than ever before, we believe it is beneficial to have an independent Chairman whose sole job is leading the Board.

We believe our Chief Executive Officer and Chairman of the Board have an excellent working relationship that has allowed Mr. Tevens to focus on the challenges that the Company is facing in the current business environment. By separating the roles of the Chairman of the Board and Chief Executive Officer positions, we ensure there is no duplication of effort between them. We believe this provides strong leadership for our Board of Directors, while also positioning our Chief Executive Officer as the leader of the Company in the eyes of our customers, employees and other stakeholders. As part of our annual Board of Directors self-evaluation process, we evaluate our leadership structure to ensure that it continues to provide the optimal structure for our Company and shareholders. We believe our current leadership structure is the optimal structure for our Company at this time.

## Board Composition and Diversity

Our Corporate Governance and Nomination Committee is responsible for developing the general criteria, subject to approval by our Board of Directors, for use in identifying, evaluating and selecting qualified candidates for election or re-election to the Board. The Governance and Nomination Committee annually reviews the appropriate skills and characteristics required of Board members in the context of the current composition of the Board. The Corporate Governance and Nomination Committee, in recommending candidates for election or re-election to the Board, seeks to create a Board that is strong in its collective knowledge and has a diversity of skills and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge, corporate governance and global markets. When the Corporate Governance and Nomination Committee reviews a potential new candidate, it looks specifically at the candidate's qualifications in light of the needs of the Board and the Company at that time, given the attributes of the existing Directors.

Although the Company has no policy regarding diversity, the charter of the Corporate Governance and Nomination Committee includes as a statement of responsibility that the Committee assures that the composition of the Board of Directors includes appropriate breadth, depth and diversity of experience and capabilities. In identifying candidates for Director, the Corporate Governance and Nomination Committee and the Board of Directors take into account (i) the comments and recommendations of Directors made in connection with the Board's annual self-evaluation regarding the qualifications and effectiveness of the existing Board of Directors or additional qualifications that may be required when selecting new board members, (ii) the requisite expertise and sufficiently diverse backgrounds of the Board of Directors' overall composition, (iii) the independence of outside Directors and other possible conflicts of interest of existing and potential members of the Board of Directors and (iv) all other factors it considers appropriate.

With respect to the nominees for re-election to the Board set forth in this proxy statement, the Corporate Governance and Nomination Committee and the Board of Directors focused primarily on the information discussed in each of the Directors' individual biographies set above. In particular, with regard to Mr. Verebelyi, the Board of Directors and the Corporate Governance and the Nomination Committee considered his strong background in the manufacturing sector, believing that his experience with large multinational manufacturing corporations is invaluable in evaluating the performance of management and other aspects of the Company. With regard to Mr. Fleming, strong consideration was given to his significant experience, expertise and background with regard to finance and accounting matters, including his role as chief financial officer of a global, publicly held corporation. With regard to Ms. Kushner, consideration was given to her significant financial operations experience in the areas of accounting, audit, financial planning and analysis, tax and treasury and her MBA with a concentration in corporate and international finance from Pennsylvania's Wharton School. The Corporate Governance and Nomination Committee and the Board of Directors also considered the broad perspective brought by the experience of Messrs. Pinchuk, Rabinowitz, McCarthy and Ragot as senior executives of manufacturing companies with extensive international operations, which is very valuable to the Company as it strives to increase its global presence. With regard to Ms. Goodspeed, her strong background in information technology was highly regarded, since the integration of the Company's technology platforms across its global enterprise is an important factor in the Company's growth strategy. The Corporate Governance and Nomination Committee and the Board of Directors also considered the nearly 20 years of experience with the Company represented by Mr. Tevens, our Chief Executive Officer.

Board of Directors Independence

Our Board of Directors has determined that each of its current members, other than Mr. Tevens, is independent within the meaning of the NASDAQ Stock Market, Inc. listing standards as currently in effect.

## Board of Directors Meetings and Attendance

The Board of Directors and its committees meet regularly throughout the year and also hold special meetings and act by written consent from time to time as appropriate. All Directors are expected to attend each meeting of the Board of Directors and the committees on which he or she serves, and are also invited, but not required, to attend the Annual Meeting. Agendas for meetings of the Board of Directors generally include executive sessions for the independent Directors to meet without the management Director present. During the fiscal year ended March 31, 2012, our Board of Directors held six meetings. Each Director attended at least 75% of the aggregate number of meetings of our Board of Directors and meetings held by all committees of our Board of Directors on which he or she served. All Directors attended the 2011 Annual Meeting.

## Risk Oversight

Our Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. A fundamental part of the Company's risk management is not only understanding the risks it faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The involvement of

the full Board of Directors in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls, and receives an annual risk assessment report from the Company's internal auditors. The Company's General Counsel and his staff assist the Board of Directors in fulfilling its oversight responsibility with respect to regulatory compliance and legal issues that affect the Company. In addition, in setting compensation, the Compensation Committee strives to create incentives that encourage a level of risk-taking behavior consistent with the Company's business strategy and goals.

## Audit Committee

Our Board of Directors has a standing Audit Committee comprised of Mr. Fleming, as Chairman, and Messrs. Rabinowitz and McCarthy and Mses. Goodspeed and Kushner. Each member of our Audit Committee is independent as defined under Section 10A(m) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and section 3 of the Sarbanes-Oxley Act of 2002, and under the NASDAQ Stock Market, Inc. rules currently in effect. In addition, pursuant to the requirements of Section 407 of the Sarbanes-Oxley Act of 2002, our Board of Directors has determined that Mr. Fleming and Ms. Kushner qualify as an "Audit Committee financial expert." The duties of our Audit Committee consist of (i) appointing or replacing our independent auditors, (ii) pre-approving all auditing and permitted non-audit services provided to us by our independent auditors, (iii) reviewing with our independent auditors and our management the scope and results of our annual audited financial statements, our effectiveness of internal control over financial reporting, our quarterly financial statements and significant financial reporting issues and judgments made in connection with the preparation of our financial statements, (iv) reviewing our management's assessment of the effectiveness of our internal controls, (v) reviewing insider and affiliated party transactions and (vi) establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting or internal controls. The Audit Committee is governed by a written charter approved by the Board of Directors. A copy of this charter is posted on the Investor Relations section of our website at www.cmworks.com. Our Audit Committee held seven meetings in fiscal year 2012.

Compensation and Succession Committee

Our Compensation and Succession Committee consists of Mr. Rabinowitz, as Chairman, and Messrs. Fleming, Pinchuk, McCarthy and Ragot. Each Director who serves on the Compensation and Succession Committee is an independent Director under the NASDAQ Stock Market, Inc. rules currently in effect. The principal functions of this Committee are to (i) review and make recommendations to the Board of Directors concerning our compensation strategy, (ii) establish corporate performance measures and goals under our performance-based incentive programs, (iii) determine individual compensation targets for our executive officers under our incentive programs, (iv) evaluate and certify whether performance goals have been met at the end of the performance period, (v) determine salary increases and award amounts for individual executive officers, (vi) review and approve (or recommend to the Board of Directors for approval) any material changes to our salary, incentive, and benefit programs and assure that these programs are administered in a manner consistent with the compensation strategy, (vii) review and make recommendations to the Board of Directors concerning equity grants, (viii) assess and evaluate risk in connection with our compensation plans and programs and (ix) perform other functions as identified in the Compensation and Succession Committee charter. The Compensation and Succession Committee is governed by a written charter approved by the Board of Directors which is posted on the Investor Relations section of our website at www.cmworks.com. Our Compensation and Succession Committee held five meetings in fiscal year 2012. Additional information on the Compensation and Succession Committee's processes and procedures are addressed in the Compensation Discussion and Analysis below.

Corporate Governance and Nomination Committee

Our Corporate Governance and Nomination Committee is responsible for (i) evaluating the composition, organization and governance of our Board of Directors and its committees, (ii) monitoring compliance with our system of corporate governance and (iii) developing criteria, investigating and making recommendations with respect to candidates for membership on our Board of Directors. This Committee is chaired by Ms. Goodspeed and includes Ms. Kushner and Messrs. Pinchuk and Ragot. Each member of the Corporate Governance and Nomination Committee is an independent Director under the NASDAQ Stock Market, Inc. rules currently in effect. Our Corporate Governance and Nomination Committee does not solicit direct nominations from our shareholders, but will give due consideration to written recommendations for nominees from our shareholders for election as directors that are submitted in accordance with our By-Laws. See the information contained in our By-Laws under the heading "Shareholders' Proposals." Generally, a shareholder who wishes to nominate a candidate for Director must give us prior written notice thereof, which notice must be personally delivered or mailed via registered first class mail, return receipt requested, to our Secretary and must be received by our Secretary not less than 90 days nor more than 120 days prior to the one-year anniversary of the previous year's Annual Meeting. If such nomination is given in connection with a special meeting for the election of Directors, it must be received no earlier than the 120th day prior to such special meeting and not later than the close of business on the later of (i) the 90th day prior to such special meeting or (ii) the 10th day following the day on which the public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. The shareholder's recommendation for nomination must contain the following information as to each nominee for Director: the nominee's name, age, business address and residence address; the nominee's principal occupation or employment for the previous five years; the number of shares of our common stock owned by such candidate; and any other information relating to the nominee that is required to be disclosed in solicitations of proxies for elections of directors pursuant to our By-Laws and Regulation 14A under the Exchange Act. A shareholder's recommendation must also set forth: such shareholder's name and address as they appear on our books and records; the number of shares of each class of our capital stock that are beneficially owned and held of record by such shareholder; any material interest of such shareholder in such nomination; any other information that is required to be provided by such shareholder pursuant to our

By-Laws and Regulation 14A under the Exchange Act in his or her capacity as a proponent to a shareholder proposal; and a signed consent from each nominee recommended by such shareholder that such nominee is willing to serve as a Director if elected. Any nomination not made in strict accordance with the foregoing provisions will be disregarded at the direction of our Chairman of the Board. The Corporate Governance and Nomination Committee is governed by a written charter approved by the Board of Directors which is posted on the Investor Relations section of our website at www.cmworks.com. Our Corporate Governance and Nomination Committee held four meetings in fiscal 2012.

Code of Ethics

Our Board of Directors adopted a Code of Ethics which governs all of our Directors, officers and employees, including our Chief Executive Officer and other executive officers. This Code of Ethics is posted on the Corporate Governance section of the Company's website at www.cmworks.com. The Company will disclose on its website any amendment to this Code of Ethics or waiver of a provision of this Code of Ethics, including the name of any person to whom the waiver was granted.

Director Stock Ownership Guideline

Our General Corporate Governance Policy contains a guideline whereby all Directors are asked to beneficially own not less than 9,000 shares of our common stock within five years of becoming a Director, or by April 1, 2013, whichever occurs later. Any Restricted Stock Units granted to a Director pursuant to the Columbus McKinnon Corporation 2006 Long Term Incentive Plan (the "Omnibus Plan") or any successor plan are included in determining the number of shares owned by such Director for these purposes.

Director Compensation

The following table sets forth the annual target compensation provided to the Company's Directors during the fiscal year ended March 31, 2012:

| Director | Annual Retainer – Cash | Annual Retainer - Stock | Restricted Stock Units(1) | Chairman of the Board | Committee Chair Fees | Target Annual Compensation |
|---|---|---|---|---|---|---|
| Stephanie K. Kushner | $55,000 | $45,000 | $21,177 | $0 | $0 | $ 121,177 |
| Richard H. Fleming | $55,000 | $45,000 | $21,177 | $0 | $16,000 | $ 137,177 |
| Linda A. Goodspeed | $55,000 | $45,000 | $21,177 | $0 | $8,000 | $ 129,177 |
| Liam G. McCarthy | $55,000 | $45,000 | $21,177 | $0 | $0 | $ 121,177 |
| Nicholas T. Pinchuk | $55,000 | $45,000 | $21,177 | $0 | $0 | $ 121,177 |
| Stephen Rabinowitz | $55,000 | $45,000 | $21,177 | $0 | $10,000 | $ 131,177 |
| Christian B. Ragot | $55,000 | $45,000 | $21,177 | $0 | $0 | $ 121,177 |
| Timothy T. Tevens (2) | — | — | — | — | — | — |
| Ernest R. Verebelyi | $55,000 | $45,000 | $21,177 | $45,000 | $0 | $ 166,177 |

(1) Each Director is granted 1,300 restricted stock units annually which vest over 3 years. Share are valued based upon the March 31, 2012 closing price.

(2) Mr. Tevens receives no separate compensation as a Director of the Company.

The following table provides the taxable compensation received by the Directors during the fiscal year ended

March 31, 2012:

| Director | Annual Retainer (Cash) | Annual Retainer (Stock)(2) | Chairman of the Board | Committee Chair Fees | Payment for Taxes on Stock | Total Annual Fees (1) |
|---|---|---|---|---|---|---|
| Stephanie K. Kushner | $ 41,250 | $ 67,014.64 | $ 0 | $ 0 | | $ 108,264.64 |
| Richard H. Fleming | $ 55,000 | $ 67,014.64 | $ 0 | $ 16,000 | | $ 138,014.64 |
| Linda A. Goodspeed | $ 55,000 | $ 67,014.64 | $ 0 | $ 8,000 | $ 4,350 | $ 134,364.64 |
| Liam G. McCarthy | $ 55,000 | $ 67,014.64 | $ 0 | $ 0 | | $ 122,014.64 |
| Nicholas T. Pinchuk | $ 55,000 | $ 67,014.64 | $ 0 | $ 0 | | $ 122,014.64 |
| Stephen Rabinowitz | $ 55,000 | $ 67,014.64 | $ 0 | $ 10,000 | $ 4,350 | $ 136,346.64 |
| Christian B. Ragot | $ 55,000 | $ 67,014.64 | $ 0 | $ 0 | | $ 122,014.64 |
| Ernest R. Verebelyi | $ 55,000 | $ 67,014.64 | $ 45,000 | $ 0 | | $ 167,014.64 |

(1) In addition, each Director is granted 1,300 restricted stock units annually which vest over 3 years. No additional fees are paid for attendance at Board of Director or committee meetings. Our Directors are reimbursed for reasonable expenses incurred in attending such meetings.

(2) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of awards of restricted stock using the assumptions set forth in the footnotes to the financial statements in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012.

Directors' and Officers' Indemnification Insurance

Effective April 1, 2012, we renewed our directors and officers indemnification insurance coverage with Zurich American Insurance ("Zurich"), Axis Reinsurance Company, Federal Insurance Company ("Chubb") and Columbia Casualty Company ("CNA") for a term of one year at a cost of $312,500. The total insurance coverage is $40,000,000 of "Side A" coverage and $30,000,000 of "Side B" coverage and "Side C" coverage, with Zurich providing $10,000,000 of each type of coverage, Axis Reinsurance Company providing $10,000,000 of each type of coverage, CNA providing $10,000,000 of each type of coverage and Chubb providing $10,000,000 of "Side A" coverage only. The Chubb policy provides coverage to our executive officers and directors individually where exposures exist for which we are unable to provide direct indemnification.

Contacting the Board of Directors

Our Board of Directors has adopted a written policy regarding communications with our Board of Directors. A copy of this policy is posted on the Investor Relations section of the Company's website at www.cmworks.com.

## OUR EXECUTIVE OFFICERS

Executive Officers

The following table sets forth certain information regarding our executive officers:

| Name | Age | Position |
|---|---|---|
| Timothy T. Tevens | 56 | President, Chief Executive Officer and Director |
| Gregory P. Rustowicz | 52 | Vice President – Finance and Chief Financial Officer |
| Karen L. Howard* | 50 | Vice President – Strategic Initiatives |
| Gene P. Buer | 60 | Vice President - Hoist & Rigging Americas |
| Charles R. Giesige | 56 | Vice President – Corporate Development |
| Richard A. Steinberg | 59 | Vice President – Human Resources |
| Dr. Ivo Celi | 50 | Vice President- CMCO EMEA (Europe, Middle East, Africa) |
| Eric Woon | 53 | Vice President - CMCO APAC (Asia Pacific) |
| Alan S. Korman | 51 | Vice President, General Counsel and Secretary |

All of our executive officers are elected annually at the first meeting of our Board of Directors following the Annual Meeting of Shareholders and serve at the discretion of our Board of Directors. There are no family relationships between any of our officers or Directors.  Recent business experience of Mr. Tevens is set forth above under “Election of Directors.”  Recent business experience of our executive officers who are not also Directors is as follows:

Gregory P. Rustowicz joined the Company in August, 2011 as Vice President Finance and Chief Financial Officer.  From 2007, he was Vice President Finance and Corporate Treasurer at Momentive Performance Materials Inc.  Prior thereto, he spent 20 years in various financial management positions for PPG Industries, Inc., including Group CFO for the Glass, Fiber Glass and Chemicals Businesses, CFO for Transitions Optical, Inc., and Assistant Treasurer and Global Credit Director.  Prior to PPG, he worked as a CPA for KPMG.

Karen L. Howard was elected Vice President Strategic Initiatives in August, 2011.  Prior thereto, Ms. Howard served as a Vice President and Chief Financial Officer since January 2006, after having served as interim Chief Financial Officer since August 2005 and Treasurer since August 2004.  From January 1997 to August 2004, Ms. Howard served as Vice President – Controller.  From June 1995 to January 1997, Ms. Howard was employed by us in various financial and accounting capacities.  Prior thereto, Ms. Howard was employed by Ernst & Young LLP as a certified public accountant.  *Ms. Howard left the Company in May, 2012.

Charles R. Giesige was elected Vice President – Corporate Development in July 2010. From May 2009 to July 2010, he served as our Vice President Rigging – The Americas. He joined our Company in July 2006, initially serving as Executive Director and General Manager of our CM Hoist division and later as Executive Director of Chain and Forgings. Prior to joining our Company, Mr. Giesige was employed as Vice President and General Manager of C&D Technologies, Inc. from 1999 to 2006.

Gene P. Buer was elected Vice President – Hoist & Rigging – Americas in July 2010. He served as Vice President Hoist Products – The Americas from May 2009 to July 2010. In October 2005, Mr. Buer joined the Company as President of our Crane Equipment & Service, Inc. subsidiary. In April 2007, he also assumed the position of Executive Director of our CM Hoist division. Prior to joining our Company, Mr. Buer owned and operated a marketing and business consulting service from October 2003 to October 2005.

Richard A. Steinberg has been employed by us since August 2005, initially as Director – Human Resources and, since November 2005, as Vice President - Human Resources. Prior to joining us, Mr. Steinberg was employed by Praxair Inc. for ten years in various human resources capacities, most recently as a Region Leader and Human Resource Manager. Prior to joining Praxair in 1995, he held human resources positions at Computer Task Group Inc. located in Buffalo, New York and at The Goodyear Tire and Rubber Company located in Akron, Ohio.

Dr. Ivo Celi joined Columbus McKinnon in early 2010 as the Managing Director - EMEA successor and assumed that position effective April 1, 2010. He was elected Vice President - CMCO EMEA in July, 2011. Prior to joining CMCO, Dr. Celi progressed through roles of increasing responsibility with Hilti AG, most recently as Senior Vice President - Business Unit Diamond Systems.

Eric Woon joined Columbus McKinnon in 2009 as the Managing Director - APAC successor and assumed full responsibility for that region shortly thereafter. He was elected Vice President – CMCO APAC in July, 2011. Prior thereto, he served as President of Volvo Construction Equipment China, and as President and CEO of Tesa Tape Asia Pacific.

Alan S. Korman joined our Company in January, 2011 as General Counsel and Assistant Secretary. In July 2011, he was elected Vice President, General Counsel and Secretary. From 1994 until January 2011, he served in various senior executive positions of responsibility at Ivoclar Vivadent, Inc., including Vice President, General Counsel and Secretary, and President of Pentron Ceramics, Inc., a wholly-owned subsidiary. Prior to joining Ivoclar Vivadent, Mr. Korman was engaged in private practice at the law firm of Nixon Peabody LLC.

# COMPENSATION OF EXECUTIVE OFFICERS

## Compensation and Succession Committee Report on Executive Compensation

The Compensation and Succession Committee of the Board of Directors recommends the compensation for our Chief Executive Officer and Chief Financial Officer to the full Board of Directors for approval and approves the compensation for our other executive officers.  This Committee is composed entirely of Directors who are neither executive officers nor employees of our Company.  In addition, the Compensation and Succession Committee recommends grants under our 2010 Long Term Incentive Plan and oversees the administration of other compensation plans and programs.

The Compensation and Succession Committee has reviewed the Compensation Discussion and Analysis set forth below and has discussed it with management. In reliance on the reviews and discussions referred to above, the Compensation and Succession Committee recommended to the Board of Directors (and the Board has approved) that the Compensation Discussion and Analysis be included in this proxy statement and in the Annual Report on Form 10-K for the year ended March 31, 2012 for filing with the Securities and Exchange Commission.

| | |
|---|---|
| May 20, 2012 | Stephen Rabinowitz, Chairman<br>Richard H. Fleming<br>Liam G. McCarthy<br>Nicholas T. Pinchuk<br>Christian B. Ragot |

## COMPENSATION DISCUSSION AND ANALYSIS

### Overview

We are a leading worldwide designer, manufacturer and marketer of material handling products, systems and services, which efficiently and ergonomically move, lift, position and secure material. Key products include hoists, cranes, actuators and lifting and rigging tools. We are focused on commercial and industrial applications that require the safety and quality provided by our superior design and engineering know-how.

The successful execution of our business strategy depends on our ability to attract, motivate, reward, and retain executive talent with the skills to foster innovative product and service development and grow the business in developing markets with the greatest opportunity. Our executive compensation program is designed to support this strategy by:

- attracting and retaining key executive talent by offering a competitive compensation program;
- motivating executive actions that lead to sustained superior performance; and
- aligning executive compensation with returns delivered to shareholders.

### Overview of Fiscal Year 2012 Business Results and Performance-Based Compensation

For fiscal year 2012, with the economic recovery gaining momentum, our priorities were to increase sales and profits, while continuing our investments to grow our presence in developing markets along with new product introductions. Accordingly, our Annual Incentive Plan for fiscal 2012 was designed to focus on operating income and execution of our strategic initiatives. While results were significantly improved over the prior year, they were short of our aggressive plans, largely due to slower improvement in our Forging Operations. Accordingly, actual Annual Incentive Plan compensation earned by the Named Executive Officers (“NEOs”) for fiscal 2012 averaged approximately 86% of the target compensation opportunities established for each NEO at the start of the fiscal year.

In addition, our NEOs receive 40% of their long term incentive compensation in the form of performance restricted stock units which, based upon our relative total shareholder return, did not meet the required threshold level of performance for the three year period ending March 31, 2012, and thus no award was earned. As a result the performance restricted stock units originally granted on May 18, 2009 were forfeited.

Further details regarding fiscal year 2012 performance can be found in the “Components of Compensation” section.

### Compensation Philosophy and Objectives

In making decisions with respect to compensation for our NEOs and other executives, the Compensation and Succession Committee of the Board of Directors (the “Compensation Committee”) is guided by the following objectives:

- Our compensation program should be comprehensive, consisting of base salary, annual incentives, long term incentives and benefits, designed to support our objective of providing superior value to shareholders and customers;
- Our compensation program should be designed to motivate and reward our executives for sustained superior performance through the use of variable compensation tied to short, intermediate and long term results; and
- Our business success depends on our ability to attract and retain executive talent through competitive compensation opportunity.

The Compensation and Succession Committee's Role

Our compensation program is administered by the Compensation Committee.

The Compensation Committee establishes performance objectives for the Chief Executive Officer ("CEO") based on our annual business plan and long term strategic goals approved by the Board of Directors.  Progress against these goals is monitored by the Compensation Committee on a quarterly basis.  The Compensation Committee evaluates the CEO's performance against these goals annually, with input to the evaluation from all independent Directors. The Compensation Committee also considers market data validated by our independent consultant, comparisons of our performance to our peers, strategic achievements during the year, such as acquisitions and their integration into our business, and value-creating divestitures.  Based on these factors, the Compensation Committee makes recommendations concerning base salary increases, annual incentive award targets and payments under the Annual Incentive Plan and targets and awards under our long term incentive program.  The Compensation Committee has regularly-scheduled executive sessions to discuss CEO performance and compensation and other matters without any executive officers present.  All aspects of the CEO's compensation are approved by our full Board of Directors upon recommendations made by the Compensation Committee, which is comprised totally of independent Directors.

Except for the CEO and CFO, the Compensation Committee reviews and approves base salary increases, Annual Incentive Plan targets and awards, long term incentive program targets and awards and similar arrangements for the other NEOs in the Summary Compensation Table below after receiving recommendations from our CEO with input from the Vice President - Human Resources and our independent consultant.  The Compensation Committee makes the final decision and approves compensation decisions for all NEOs, as well as all other executive officers, except for the CEO and CFO.  All aspects of the CEO's and CFO's compensation are finally approved by our full Board of Directors.

The Compensation Committee's composition is described in more detail in this proxy statement under the section above entitled "Corporate Governance - Compensation and Succession Committee."

Compensation Committee Advisors

The Compensation Committee has the authority under its charter to engage the services of outside consultants, to determine the scope of the consultants' services, and to terminate such consultants' engagement. In fiscal year 2012, the Compensation Committee continued its engagement of Exequity, LLP ("Exequity"), an independent compensation consulting firm, to advise the Compensation Committee on certain matters related to executive compensation including:

- a competitive compensation review of the CEO and other executive officer positions; and
- executive compensation trend data, including plan design.

In fiscal year 2012, Exequity reviewed market data based upon the Company's target labor market for executive talent, presented market trends, proposed compensation and consulted on compliance issues. Additionally, Exequity attended in person or by conference telephone all Compensation Committee meetings.

Management's Role in the Compensation-Setting Process

Our management is involved in the following executive compensation processes:

- The Vice President-Human Resources ("VP HR") develops and oversees the creation of background and supporting materials for distribution to the Compensation Committee prior to its meetings;
- The CEO, VP HR and Corporate Secretary attend all Compensation Committee meetings;
- The CEO, VP HR and Director, Compensation and Benefits annually present and make recommendations to the Compensation Committee relating to annual incentives and long term incentive plan designs and changes, if warranted;
- The CEO recommends to the Compensation Committee base salary, target annual incentive and target long term incentive adjustments for all executives, excluding the CEO;
- The VP HR receives executive session decisions, actions and underlying rationale for implementation, as appropriate, following the Committee's executive sessions; and
- The VP HR regularly consults with and briefs the Compensation Committee chairman between scheduled Compensation Committee meetings.

Elements of Our Compensation Program for Named Executive Officers

Our compensation philosophy and objectives are achieved by using the following elements in our compensation program for NEOs:

| Element of Compensation Program | Employees Covered | Description | Key Objectives Promoted |
| --- | --- | --- | --- |
| Annual Compensation | | | |
| Salary | All salaried employees | Fixed annual compensation paid in accordance with our regular payroll procedures during the year. | Designed to be market competitive and enable us to attract and retain talented executives. |
| Annual Incentive | Approximately 150 employees | Variable compensation based on performance achieved against pre-established goals during a one-year period. | Designed to motivate and reward achievement of financial, operational and strategic business goals. |
| Long Term Compensation | | | |
| Stock Options | Approximately 40 employees | Right to purchase stock at a set price for a period of time after the right vests. Stock option grant sizes represent between 30% and 50% of each participant’s long term incentive target opportunity. Grants generally vest 25% per year commencing on the first anniversary of the grant. | Designed to be market competitive, motivate and reward achievement of stock price growth, and align employees’ interests with those of our shareholders. |
| Restricted Stock or Restricted Stock Units | Approximately 40 employees | Shares of restricted stock or restricted stock units (“RSUs”) (which directly mirror the value of our stock) which represent between 30% and 50% of each participant’s long term | Designed to retain executives and align their interests with those of our shareholders. |

| | | | |
|---|---|---|---|
| | | incentive target value. Grants generally vest 25% per year commencing on the first anniversary of the grant. | |
| Performance Restricted Stock Units or Shares | 9 executives | Performance RSUs which are earned based on our three year total shareholder return versus a comparator group. Initial grants represent 40% of each executive's long term incentive target value. Initial grants are adjusted by a multiplier between 0% and 150% based upon the actual performance. | Designed to motivate and reward achievement of long term operational and strategic business goals, align pay with performance and drive long term shareholder value. |

Other Compensation Elements

| | | | |
|---|---|---|---|
| Qualified Pension Compensation | Generally, all non-union, U.S. employees | Company funded retirement benefits provided to employees, the amount of which depends on an employee's years of service with us and final compensation. | Designed to be market competitive and enable us to attract and retain talented employees. |
| Qualified Deferred Compensation | Generally, all non-union, U.S. employees | A 401(k) retirement savings plan that enables employees to defer a portion of their compensation. The Plan allows the Company the discretion to make matching contributions. During fiscal year 2012 the Company provided a match equal to 50% of the employee's contributions up to 6% of eligible pay. | Designed to be market competitive and enable us to attract and retain talented employees. |
| Non-Qualified Deferred Compensation | Approximately 40 executives and all Directors | A retirement savings plan that enables executives and Directors to defer a portion of their cash compensation in excess of the limits established by the qualified deferred compensation plan. | Designed to enable us to attract and retain talented executives and Directors. |
| Employee Stock Ownership Plan | All non-union, U.S. employees | A plan that enables employees to earn and share in our ownership. | Designed to help align employees' interests with those of our shareholders. |
| Severance Protection (pre-Change in Control) | Generally, all non-union, U.S. employees | Severance protection providing severance equal to one week of salary for every year of service with us. | Designed to be market competitive and enable us to attract and retain talented employees. |
| | 13 executives | | |

| | | | |
|---|---|---|---|
| Severance Payments and Benefits after a Change in Control | | Severance protection providing severance equal to a multiple of salary and target bonus in the event of a termination without Cause by us or for Good Reason by the Executive following a Change in Control. | In addition to the Severance Protections above, designed to promote executive neutrality toward Change in Control transactions that may pose an employment risk, as well as retain executives through a Change in Control transaction. |
| Perquisites | Select non-U.S. executives | Personal benefits provided to the executive, including a car. | Designed to be market competitive and facilitate the executives' attention to the business. |

Executive Compensation Policies and Practices

Our Target Labor Market

In administering the compensation program, the Compensation Committee relies on market information provided periodically by its independent consultant. For evaluating compensation, the Compensation Committee reviews compensation data for industrial companies of comparable size, which reflect the types of companies with which we compete for talent. Here, we use a broader industrial market reference because the number of direct product and service market competitors is limited. Many of the companies that provide similar products and services are either privately held, headquartered overseas, or part of a larger enterprise; therefore, executive compensation data may be either unavailable or of limited applicability to the U.S. labor market in which we principally compete.

Historically, we have used a peer group for evaluating compensation. The peer group incorporates companies that we consider to be primary competitors for talent and capital. The peers consist of industrial companies of comparable size to us (generally one-half to twice our size in terms of revenue), which typically have significant employee populations in manufacturing, product engineering and sales. In selecting the peers, the Compensation Committee excluded some companies that fit the above description but had low relative corporate governance ratings. The compensation peer group for fiscal year 2012 consisted of the following 28 companies:

| | |
|---|---|
| Actuant Corp. | Idex Corp. |
| Alamo Group Inc. | Kadant, Inc. |
| Altra Holdings Corp. | Kaydon Corp. |
| Barnes Group Inc. | Lydall, Inc. |
| Blount International | Miller Industries |
| Cascade | Nordson Corp. |
| Circor International | Robbins & Myers |
| Clarcor Inc. | Tennant Co. |
| Colfax Corp. | Titan International, Inc. |
| Enpro Industries, Inc. | Twin Disc, Inc. |
| Esco Technologies, Inc. | Valmont Industries, Inc. |
| Federal Signal Corp. | Wabash National Corp. |
| Gardner Denver Inc. | Watts Water Technologies, Inc. |
| Graco, Inc. | Xerium Technologies, Inc. |

In addition, we also consider data from compensation surveys published by leading compensation consulting and advisory firms including Mercer Benchmark Survey – Executive. The survey analysis targets companies of comparable size in the durable goods manufacturing sector, supplemented with general industry data as needed.

The analysis of both the peer group and published surveys includes base salary, annual bonus, long term compensation and total compensation.

Our Target Pay Mix

The total compensation package for our executive officers consists of base salary, annual incentives, long term incentives and benefits. In determining both the target level of compensation and mix of compensation elements, we consider market practice, business objectives, expectations of our shareholders, and our own subjective assessment of individual executives' performance, growth and future potential.

We have chosen a target mix of base salary, annual incentives and long term incentives that generally reflects our peer industrial companies, with actual pay mix based on the performance of our Company and of the individual. Peer company practices will continue to be monitored as one reference point as we make decisions regarding target pay mix. However, we will also continue to make strategic decisions based on our unique business objectives and circumstances, which may differ from peer company practices and circumstances.

We believe the current target pay mix achieves several important objectives: it supports a strong pay-for-performance culture; it balances the focus on annual and long-term objectives in support of our business strategy; it satisfies the need for flexibility to motivate and reward exceptional performance; and it maximizes tax deductibility of compensation.

The following table shows the dollar values and pay mix percentages of our fiscal year 2012 target direct pay opportunities for our NEOs:

| Executive Officer | Base Salary | Annual Incentive Target Opportunity | Total Cash Compensation Opportunity | Long-Term Incentive Target Opportunity | Total Target Pay Opportunity |
|---|---|---|---|---|---|
| Timothy T. Tevens, | $ 635,000 | $ 508,000 | $ 1,143,000 | $ 1,111,250 | $ 2,254,250 |
| President and CEO | 28 % | 23 % | 51 % | 49 % | 100 % |
| Gene P. Buer, | $ 250,000 | $ 125,000 | $ 375,000 | $ 225,000 | $ 600,000 |
| Vice President – Americas | 42 % | 21 % | 63 % | 37 % | 100 % |
| Ivo Celi, | $ 260,335 | $ 130,167 | $ 390,502 | $ 234,301 | $ 624,803 |
| Vice President - EMEA | 42 % | 21 % | 63 % | 37 % | 100 % |
| Charles R. Giesige, | $ 222,000 | $ 99,900 | $ 321,900 | $ 199,800 | $ 521,700 |
| Vice President - Corporate Development | 43 % | 19 % | 62 % | 38 % | 100 % |
| Karen L. Howard, | $ 294,000 | $ 132,300 | $ 426,300 | $ 147,000 | $ 573,300 |
| Vice President – Strategic Initiatives (former CFO) | 51 % | 23 % | 74 % | 26 % | 100 % |