



**APPLIED INDUSTRIAL TECHNOLOGIES, INC.
EXECUTIVE ORGANIZATION & COMPENSATION COMMITTEE
CHARTER**

Primary responsibility for the organization and compensation of the Corporation's executive management is vested in the Board of Directors (the "Board"). The Executive Organization & Compensation Committee (the "Committee") is a standing committee of the Board comprising solely such independent directors as the Board may appoint from time to time. "Independence" of Committee members will be determined by the Board according to its guidelines set from time to time and according to applicable laws and rules of the Securities and Exchange Commission ("SEC") and the New York Stock Exchange, with the goal of assuring that Committee members have no relationship to the Corporation that may interfere with the exercise of their independence from management. The members of the Committee shall be appointed, and may be removed, by the Board.

The primary purposes of the Committee are to assist the Board in the governance of the Corporation by:

- Monitoring and overseeing the Corporation's management succession planning and leadership development processes with respect to the "named executive officer" positions identified in the Corporation's proxy statements and other positions identified by the Committee from time to time.
- Nominating candidates for the slate of officers to be elected by the Board.
- Reviewing and evaluating, and approving changes to, the compensation and benefits for the Corporation's executive officers.

- Administering and interpreting the Corporation's incentive compensation, benefit, and stock-related plans in which the Chief Executive Officer and other senior executives and key employees may be participants.

The Committee shall have unrestricted access to the Corporation's personnel and documents and will be given the resources necessary to discharge its responsibilities. The Committee shall meet at least four times per year and may establish a schedule of additional regular meetings as it considers appropriate. The Committee may also call special meetings as required. The Committee shall communicate its findings, conclusions and recommendations to the Board and/or the Chief Executive Officer as required by the Board or pursuant to its own initiative.

The Committee may, as appropriate, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel, or other adviser, subject to the following:

- The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any compensation consultant, legal counsel, or other adviser retained by the Committee.
- The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel, or other adviser retained by the Committee.
- The Committee may select, or receive advice from, a compensation consultant, legal counsel, or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the following factors:
 - The provision of other services to the Corporation by the person who employs the compensation consultant, legal counsel, or other adviser;
 - The amount of fees received from the Corporation by the person who employs the compensation consultant, legal counsel, or other adviser, as a percentage of the total revenue of the person who employs the compensation consultant, legal counsel, or other adviser;

- The policies and procedures of the person who employs the compensation consultant, legal counsel, or other adviser that are designed to prevent conflicts of interest;
 - Any business or personal relationship of the compensation consultant, legal counsel, or other adviser with a member of the Committee;
 - Any stock of the Corporation owned by the compensation consultant, legal counsel, or other adviser;
 - Any business or personal relationship of the compensation consultant, legal counsel, other adviser, or the person employing the adviser with an executive officer of the Corporation; and
 - Any other factor that would be relevant to independence from the Corporation's management of the compensation consultant, legal counsel, other adviser, or the person employing the adviser.
- The Committee will conduct the foregoing independence assessment prior to retention of the adviser and once per year thereafter for continuing engagements; provided, however, that the Committee is not required to conduct an independence assessment for an adviser who acts in a role limited to:
 - Consulting on certain non-discriminatory, broad-based plans;
 - Providing information that is not customized to a particular company; or
 - Providing information that is customized based on parameters that are not developed by the adviser and about which the adviser does not provide advice.

Annually, the Committee shall evaluate its performance and review and update this charter for consideration by the Board.

The Committee's specific responsibilities include the following:

A. Executive Organization.

1. Succession Planning and Leadership Development.

The Committee shall initiate the process for monitoring and oversight of management's succession planning and leadership development processes with respect to the "named executive officer" positions identified in the Corporation's proxy statements and other positions identified by the Committee from time to time. In particular, the Committee shall (i) review and evaluate management's succession planning and leadership development processes for those positions, (ii) confirm that the processes promote the diversity of management, in a manner in which individuals' cultural and other differences are respected and valued, and (iii) perform a periodic review and evaluation of the processes' results; alternatively, the Committee may confirm that the Board itself is conducting those activities. The Committee shall present the results of any review and evaluation it conducts to the full Board. In addition to such presentations as the Committee may request, management shall present its succession plan to the full Board.

2. Officer Nomination.

The Committee shall nominate individuals for the slate of officers to be elected at the Board's organizational meeting, and from time to time as may be appropriate to fill vacancies or as new officer positions may be created. The Committee shall consider the recommendations of the Chief Executive Officer.

B. Compensation and Benefits.

The Committee shall review the Corporation's executive compensation and benefit programs and plans, and consider proposals and make recommendations relating thereto in order to (i) attract, retain, and appropriately reward the executive officers, (ii) motivate their performance in the achievement of the Corporation's business

objectives, (iii) ensure that such programs and plans do not encourage the Corporation's executive officers and employees to take unnecessary and excessive risks, and (iv) align the interests of the executive officers with the interests of the Corporation's shareholders. Proposals relating to the executive compensation and benefit programs and plans may be made by the Committee at its own initiative.

The Committee's specific responsibilities with respect to executive compensation and benefits shall include the following:

- The Committee shall periodically review its philosophy in setting policies relative to the Corporation's executive compensation and benefits.
- The Committee shall periodically review market data to assess the Corporation's competitive position for base salary, annual incentives and long-term incentives.
- Consistent with the Committee's philosophy regarding executive compensation and the market data, the Committee shall establish the compensation (including base salary, annual incentives, and long-term incentives), benefits, and perquisites for the executive officers. When setting the Chief Executive Officer's compensation, the Committee shall evaluate his or her performance and consider the results of the most recent CEO evaluation process conducted by the Board's Corporate Governance Committee. When setting the other executive officers' compensation, the Committee shall take into consideration the CEO's recommendations.
- The Committee may recommend to the Board the adoption and/or amendment of the Corporation's annual and long-term incentive compensation plans, benefit plans, and stock-related plans in which the Chief Executive Officer and other senior executives and key employees may be participants, and employment agreements to which they may be parties.
- The Committee shall periodically review (1) whether such plans and arrangements, as well as other policies and practices relating to compensating executives, are reasonably likely to promote excessive risk taking behavior, and (2) the effectiveness of policies, practices, or other circumstances that mitigate such behavior.

- The Committee shall administer and interpret, and make awards and grants under, the Corporation's annual and long-term incentive compensation plans, benefit plans, and stock-related plans in which the Chief Executive Officer and other senior executives and key employees may be participants. All such powers shall be executed in the best interests of the Corporation and in keeping with the objectives of the plans.
- The Committee shall review and discuss with management the Compensation Discussion and Analysis required by SEC rules (the "CD&A"). Based on the review and discussion, the Committee shall determine whether to recommend to the Board that the CD&A be included in the proxy statement for the annual meeting of shareholders. The Committee shall also provide, over the names of its members, the required compensation committee report for the proxy statement for the annual meeting of shareholders.

(June 2013)