UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended March 31, 2021

or

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

Commission file number 001-34362

COLUMBUS McKINNON CORPORATION

(Exact name of Registrant as specified in its charter)

New York	**16-0547600**
(State of Incorporation)	(I.R.S. Employer Identification Number)

205 Crosspoint Parkway
Buffalo, New York 14068
(Address of principal executive offices, including zip code)

(716) 689-5400
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**CMCO**	**Nasdaq Global Select Market**

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of September 30, 2020 (the second fiscal quarter in which this Form 10-K relates) was approximately $788 million, based upon the closing price of the Company's common shares as quoted on the Nasdaq Stock Market on such date. The number of shares of the Registrant's common stock outstanding as of May 24, 2021 was 28,340,710 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's proxy statement for its 2021 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the Registrant's fiscal year ended March 31, 2021 are incorporated by reference into Part III of this report.

COLUMBUS McKINNON CORPORATION

2021 Annual Report on Form 10-K

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions, including the impact of the COVID-19 pandemic, conditions affecting the industries served by us and our subsidiaries, conditions affecting our customers and suppliers, competitor responses to our products and services, the overall market acceptance of such products and services, the integration of acquisitions and other factors set forth herein under “Risk Factors.” All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary factors and to others contained throughout this report. We use words like “will,” “may,” “should,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “future” and other similar expressions to identify forward looking statements. These forward looking statements speak only as of their respective dates and are based on our current expectations. Except as required by applicable law, we do not undertake and specifically decline any obligation to publicly release any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated changes. Actual events or our actual operating results could differ materially from those predicted in these forward-looking statements, and any other events anticipated in the forward-looking statements may not actually occur.

TABLE OF CONTENTS

PART I

Item 1. Business

General

Columbus McKinnon is a leading worldwide designer, manufacturer and marketer of intelligent motion solutions, including motion control products, technologies, automated systems and services, that efficiently and ergonomically move, lift, position and secure materials. Our key products include hoists, crane components, precision conveyors, actuators, rigging tools, light rail workstations, and digital power and motion control systems. These are highly relevant, professional-grade solutions that solve customers’ critical material handling requirements.

The Company is focused on commercial and industrial applications for our products, which require the safety, reliability and quality provided by our advanced design and engineering know-how. Our products are used for mission critical applications where we have established, trusted brands with significant customer retention. Our targeted market verticals include general industries, mobile industries, energy and utilities, process industries, industrial automation, construction and infrastructure, food processing, entertainment, life sciences, consumer packaged goods and e-commerce/supply chain/warehousing.

In March 2021, the Company announced that it had entered into a definitive agreement to acquire Dorner Mfg. Corp. ("Dorner"). The acquisition of Dorner closed on April 7, 2021. Dorner, headquartered in Hartland, Wisconsin, is a leading automation solutions company providing unique, patented technologies in the design, application, manufacturing and integration of high-precision conveying systems. The acquisition of Dorner accelerates the Company’s shift to intelligent motion and serves as a platform to expand capabilities in advanced, higher technology automation solutions. Dorner is a leading supplier to the stable life sciences, food processing, and consumer packaged goods markets as well as the high growth industrial automation and e-commerce sectors. The addition of Dorner provides attractive complementary adjacencies including sortation and asynchronous conveyance systems. Dorner offers a broad range of precision conveying systems to our product offerings, which include low profile, flexible chain, large scale, sanitary and vertical elevation conveyor systems, as well as pallet system conveyors. Dorner’s conveying solutions are offered in both modular standard and highly engineered custom formats, along with significant aftermarket offerings and support.

In the United States, we are the market leader for hoists, material handling digital power control systems and precision conveyors, our principal lines of products, and have strong market positions with certain chain, forged fittings, and actuator products. Additionally, in Europe, we believe we are the market leader for manual hoists and a market leader in the heavy load, rail and niche custom applications for actuation. We have achieved this leadership position through strategic acquisitions, our extensive, diverse, and well-established distribution channels and our commitment to product innovation and quality. We believe the substantial breadth of our product offering and broad distribution channels in the United States and Europe provide us a strategic advantage in our markets. The acquisition of STAHL CraneSystems ("STAHL") in fiscal 2017, which is well renowned for its custom engineering lifting solutions and hoisting technology, advanced our position as a global leader in the production of explosion-protected hoists. STAHL serves independent crane builders and Engineering Procurement and Construction ("EPC") firms, providing products to a variety of end markets including automotive, general manufacturing, oil and gas, steel and concrete, power generation, as well as process industries such as chemical and pharmaceuticals.

We initiated our Blueprint for Growth strategy in early fiscal 2018. It originally had three phases. In Phase 1, which was completed during fiscal 2018, we focused on attaining operational control and instilling a performance-based culture to drive results, which included reorganizing the business into three product groups. Phase II, which began in the latter half of fiscal 2018, included simplifying the business with our 80/20 process, improving our operational excellence, and ramping the growth engine by investing in new product development and a digital platform to grow profitably. Through the simplification process, we identified three businesses in our portfolio that were not a fit with our product offerings and strategy that represented approximately $38 million in revenue in fiscal 2018. By the end of fiscal 2019, we divested these three businesses and completed the closure of one manufacturing facility in Ohio, which provided $2 million in cost savings in fiscal 2020. During fiscal 2020, the Company began to further reduce its manufacturing footprint by initiating the closure and consolidation of the remaining facility in Ohio into our remaining U.S. facilities, which was completed in fiscal 2021. Similarly, one of our manufacturing facilities in China was closed during fiscal 2020 and its operations were consolidated into our other manufacturing facility in China. A small operation in France was closed during fiscal 2021. The annual savings from these factory consolidations is approximately $8.3 million. Simplification with the 80/20 process and other operational efficiencies implemented enabled the consolidations without reducing our ability to serve our customers and address demand. Phase III of the strategy was centered on evolving the business model including optimizing our current product portfolio as well as pursuing acquisitions to advance our transformation into a leading industrial technology company.

We have since evolved our Blueprint for Growth strategy to version 2.0 in order to accelerate our pivot to growth with an emphasis on broadening our expertise in intelligent motion solutions for material handling. Our Blueprint for Growth 2.0 strategy is focused on delivering above market growth through organic and inorganic initiatives as well as improved financial performance, which we believe drives shareholder value creation. The strategy is underpinned with the Columbus McKinnon Business System, ("CMBS") that provides the discipline, processes and core competencies necessary to scale our business. At the core of CMBS are our people and our values.

With CMBS as the foundation, we are well positioned to execute the Core Growth Framework of our Blueprint for Growth 2.0 strategy. The Framework defines four parallel paths for Columbus McKinnon's growth and provides clear organic and strategic initiatives. We have detailed action plans for each of the paths of our Core Growth framework.

- Strengthening the core is a foundational path focused on initiatives that will strengthen competencies and improve our competitive position within our existing share of our Serviceable Addressable Market ("SAM"). Initiatives include further developing commercial and product management competencies and improving our digital tools for a better, more efficient customer experience.

- Growing the core is a path that is focused on taking greater marker share, both organically and through acquisitions, within our SAM. We are making progress on this path with product localization, new product development and advancements in automation and aftermarket support for our distributors.

- Expanding the core is a path that is focused on improved channel access and geographic expansion. Here we expand beyond our SAM into the broader Total Addressable Market ("TAM"). This will involve building out our presence both geographically and in new verticals with expanded offerings, which we expect we can accomplish organically as well as with acquisitions.

- Reimagining the core is a more transformational path that rethinks our TAM and targets strategic expansion beyond that. As we think more broadly about material handling and increasing trends in intelligent motion, not just lifting, but solutions for how materials move throughout customer environments, there are some compelling ideas that emerge. The Dorner acquisition is an example of reimagining Columbus McKinnon's core, which added an additional $5 billion to our TAM, which specialty conveying microsegment of material handling is growing at an estimated 6% to 8% rate annually.

The strategy is geared toward investing in new products that solve customers' tough problems and expanding into new platforms that provide intelligent motion solutions for material handling, such as precision conveyance capabilities. We believe the acquisition of Dorner establishes a platform for expansion supported by new product development, a fragmented competitive landscape and complementary adjacencies. It also allows Dorner to expand geographically and provides us with an entry point into a pipeline of additional acquisition opportunities in the fragmented precision conveying industry.

Our business is cyclical in nature and sensitive to changes in general economic conditions, including changes in industrial capacity utilization, industrial production, and general economic activity indicators, like GDP growth. Both U.S. and Eurozone capacity utilization and the ISM Production Index are leading market indicators for our Company. Like many global companies, we have been, and continue to be, affected by the Novel Coronavirus ("COVID-19"). During fiscal 2021, we took appropriate measures to generate positive operating income and protect the cash flow and liquidity of the Company. This included reducing our cost base, reducing working capital needs, and reducing capital expenditures. These measures helped contribute to positive operating income and strong cash flow throughout fiscal 2021 despite the impact of COVID-19.

Business Description

We design, manufacture, and distribute a broad range of material handling products for various applications. Products include a wide variety of electric, air-powered, lever, and hand hoists, hoist trolleys, explosion-protected hoists, winches, and aluminum work stations; alloy and carbon steel chain; forged attachments, such as hooks, shackles, textile slings, clamps, and load binders; mechanical and electromechanical actuators and rotary unions; and below-the-hook special purpose lifters; power and motion control systems, such as AC and DC drive systems, radio remote controls, push button pendant stations, brakes, and collision avoidance and power delivery subsystems. The fiscal 2022 acquisition of Dorner expands our product offerings to include a broad range of highly engineered, precision conveying solutions. Our products are typically manufactured for stock or assembled to order from standard components, and are sold primarily through a variety of commercial distributors and, to a lesser extent, directly to end-users. Our STAHL subsidiary brings market leadership with independent crane builders and EPC firms. The diverse end-users of our products are in a variety of industries including manufacturing, power generation and distribution, utilities, wind power, warehouses, commercial construction, oil and gas exploration and refining, petrochemical, marine, ship building, transportation and heavy-duty trucking, agriculture, logging and mining. The fiscal 2022 Dorner acquisition expands the Company's reach to include the stable life sciences, food processing and consumer packaged goods markets and high growth industrial automation and e-commerce sectors. We also serve a niche market for the entertainment industry, including permanent and traveling concerts, live theater, and sporting venues.

Products

Of our fiscal 2021 sales, $341,887,000, or 53%, were U.S. and $307,755,000 or 47% were non-U.S. The following table sets forth certain sales data for our products, expressed as a percentage of net sales for fiscal 2021 and 2020:

	Fiscal Years Ended March 31,	
	2021	**2020**
Hoists	61 %	61 %
Digital power control and delivery systems	12	12
Actuators and rotary unions	11	10
Chain and rigging tools	7	8
Industrial cranes	6	6
Elevator application drive systems	3	3
	100 %	100 %

Hoists - We manufacture a wide variety of electric chain hoists, electric wire rope hoists, hand-operated hoists, winches, lever tools, and air-powered hoists. Load capacities for our hoist product lines range from one-eighth of a ton to nearly 140 tons with the acquisition of STAHL. These products are sold under our Budgit, Chester, CM, Coffing, Little Mule, Pfaff, Shaw-Box, STAHL, Yale, and other recognized brands. Our hoists are sold for use in numerous general industrial applications, as well as for use in the construction, energy and utilities, steel and metals processing, mining, transportation, entertainment, and other markets. We also supply hoist trolleys, driven manually or by electric motors, that are used in conjunction with hoists.

We also offer several lines of standard and custom-designed, below-the-hook tooling, clamps, and textile strappings. Below-the-hook tooling, textile, and chain slings and associated forgings, and clamps are specialized lifting apparatus used in a variety of lifting activities performed in conjunction with hoisting or lifting applications.

We also manufacture explosion-protected hoists and custom engineered hoists, including wire rope and manual and electric chain hoists. Our STAHL branded products are sold to a variety of end markets including automotive, general manufacturing, oil and gas, steel and concrete, power generation as well as process industries such as chemical and pharmaceuticals.

Digital Power Control and Delivery Systems - Through our Magnetek brand, we are a leading provider of innovative power control and delivery systems and solutions for overhead material handling applications used in a number of diverse industries, including aerospace, automotive, steel, aluminum, paper, logging, mining, ship loading, nuclear power plants, and heavy movable structures. We are a major supplier in North America of power and motion control systems, which include AC and DC drive systems, radio remote controls, push button pendant stations, brakes, and collision avoidance and power delivery subsystems. While we sell primarily to OEMs of overhead cranes and hoists, we spend a great deal of effort understanding the needs of end users to gain specification. We can combine our products with engineered services to provide complete customer-specific system solutions.

We are also a leading independent supplier of AC and DC digital motion control systems for underground coal mining equipment. Our systems are used in coal hauling vehicles, shuttle cars, scoops, and other heavy mining equipment.

Actuators and Rotary Unions - Through our Duff-Norton and Pfaff brands, we design and manufacture industrial components such as mechanical and electromechanical actuators and rotary unions. Actuators are linear motion devices used in a variety of industries, including the transportation, paper, steel, energy, aerospace, and many other commercial industries. Rotary unions are devices that transfer a liquid or gas from a fixed pipe or hose to a rotating drum, cylinder or other device. Rotary unions are used in a variety of industries including pulp and paper, printing, textile and fabric manufacturing, rubber, and plastic.

Chain and Rigging Tools - We manufacture alloy and carbon steel chain for various industrial and consumer applications. U.S. federal regulations require the use of alloy chain for overhead lifting applications because of its strength and wear characteristics. A line of our alloy chain is sold under the Herc-AlloyTM brand name for use in overhead lifting, pulling, and restraining applications. In addition, we also sell specialized load chain for use in hoists, as well as three grades and multiple sizes of carbon steel welded-link chain for various load securing and other non-overhead lifting applications.

We produce a broad line of alloy and carbon steel closed-die forged chain attachments, including hooks, shackles, HammerloksTM, and master links. These forged attachments are used in chain, wire rope, and textile rigging applications in a variety of industries, including transportation, mining, construction, marine, logging, petrochemical, and agriculture.

In addition, we manufacture carbon steel forged and stamped products, such as load binders, logging tools, and other securing devices, for sale to the industrial and logging markets through industrial distributors, hardware distributors, mass merchandiser outlets, and original equipment manufacturers ("OEMs").
Industrial Cranes - We manufacture and market under our Unified Industries brand overhead aluminum light rail workstations primarily used in automotive and other industrial applications. We also manufacture crane components and crane kits through our STAHL branded products.

Elevator Application Drive Systems - Through our Magnetek brand we also design, build, sell, and support elevator application-specific drive products that efficiently deliver power used to control motion, primarily in high-rise, high-speed elevator applications. We are recognized as an industry leader for DC high-performance elevator drives, as well as for AC drives used with low- and high-performance traction elevators, due to our extensive application expertise and product reliability. Our elevator product offerings are comprised of highly integrated subsystems and drives, sold mainly to elevator OEMs. In addition, our product options include a number of regenerative controls for both new building installations and elevator modernization projects that help building owners save energy.

High-precision conveying systems – Our fiscal 2022 acquisition of Dorner expands our product offerings to include high-precision, specialty conveyor system solutions. These conveyor systems range from build to order modular standard systems to highly engineered customer solutions. These products offer customers high quality and reliable solutions that enhance productivity and profitability. Our fiscal 2021 results did not include any sales of these products as the acquisition of Dorner was completed on April 7, 2021.

Distribution and Markets

We sell our products and solutions through various distribution channels and direct to certain end users. The following describes our global distribution channels:

General Distribution Channels - Our global general distribution channels consist of:

— Industrial distributors that serve local or regional industrial markets and sell a variety of products for maintenance repair, operating, and production, or MROP, applications through their own direct sales force.

— Rigging shops that are distributors with expertise in rigging, lifting, positioning, and load securing. Most rigging shops assemble and distribute chain, wire rope and synthetic slings, and distribute manual hoists and attachments, chain slings, and other products.

— Independent crane builders that design, build, install, and service overhead crane and light-rail systems for general industry and also distribute a wide variety of hoists and crane components. We sell electric wire rope hoists and chain hoists as well as crane components, such as end trucks, trolleys, drives, and electrification systems to crane builders.

Specialty Distribution Channels - Our global specialty distribution channels consist of:

— National and regional distributors that market a variety of MROP supplies, including material handling products, either exclusively through large, nationally distributed catalogs, or through a combination of catalog, internet, and branch sales and a field sales force.

— Material handling specialists and integrators that design and assemble systems incorporating hoists, overhead rail systems, trolleys, scissor lift tables, manipulators, air balancers, jib arms, and other material handling products to provide end-users with solutions to their material handling problems.

— Entertainment equipment distributors that design, supply, and install a variety of material handling and rigging equipment for concerts, theaters, ice shows, sporting events, convention centers, and night clubs.

Service-After-Sale Distribution Channel - Service-after-sale distributors include our authorized network of 23 chain repair service stations and over 227 certified hoist service and repair stations globally. This service network is designed for easy parts and service access for our large installed base of hoists and related equipment in that region.

OEM/Government Distribution Channels - This channel consists of:

— OEMs that supply various component parts directly to other industrial manufacturers as well as private branding and packaging of our traditional products for material handling, lifting, positioning, and special purpose applications.

— Government agencies, including the U.S. and Canadian Navies and Coast Guards, that primarily purchase load securing chain and forged attachments. We also provide our products to the U.S. and other governments for a variety of military applications.

Independent Crane Builders and Engineering Procurement and Construction ("EPC") firms - In addition to the Distribution Channels mentioned above, we sell explosion-protected hoists and custom engineered non-standard hoists to independent crane builders and EPC firms. Independent crane builders are lifting solution developers and final crane assemblers that source hoists as components. EPC firms are responsible for project management or construction management of production facilities that purchase lifting solutions from crane and hoist builders.

Backlog

Our backlog of orders at March 31, 2021 was approximately $171,698,000 compared to approximately $131,030,000 at March 31, 2020. The increase is a result of higher order rates as markets recover from COVID-19 and to a lesser extent, changing foreign currency rates. Our orders for standard products are generally shipped within one week. Orders for products that are manufactured to customer specifications are generally shipped within four to twelve weeks. Given the short product lead times, we do not believe that the amount of our backlog of orders is a reliable indication of our future sales. Fluctuations in backlog can reflect the project-oriented nature of certain aspects of our business.

Competitive Conditions

The material handling industry remains fragmented. We face competition from a wide range of regional, national, and international manufacturers globally. In addition, we often compete with individual operating units of larger, highly diversified companies.

The principal competitive factors affecting our business include customer service and support as well as product availability, performance, functionality, brand reputation, reliability, and price. Other important factors include distributor relationships and territory coverage as well as the robustness of our digital tools which impacts the customer experience.

We believe we have leading U.S. market share in various products categories including hoists, trolleys and components, AC and DC material handling drives, screw jacks, and elevator DC drives. These product categories represented 64% of our U.S. net sales for fiscal 2021.

Major competitors for hoists are Konecranes, which acquired Terex's Material Handling and Port Solutions business segment, and Kito (and its U.S. subsidiary Harrington); for chain are Campbell Chain, Peerless Chain Company (acquired by Kito), and American Chain and Cable Company; for digital power control systems are Konecranes, Power Electronics International, Inc., Cattron Group International (a division of Harbor Group), Conductix-Wampfler (a division of Delachaux Group), Control Techniques (a division of Emerson Electric), OMRON Corporation, KEB GmbH, and Fujitec; for forged attachments are The Crosby Group and Brewer Tichner Company; and for actuators and rotary unions are Deublin, Joyce-Dayton, and Nook Industries.

Human Capital Management

Headquartered in Buffalo, New York, Columbus McKinnon’s global footprint includes offices and manufacturing facilities in more than 23 countries across North America, Latin America, Europe, Africa and Asia. At March 31, 2021, we had 2,651 employees globally. Approximately 8% of our employees are represented under two separate U.S. collective bargaining agreements that expire in June 2021 and September 2021. We also have various labor agreements with our non-U.S. employees that we negotiate from time to time. We have good relationships with our employees and positive, productive relationships with our unions. We believe the risk of employee or union led disruption in production is remote. The acquisition of Dorner in fiscal 2022 adds approximately 400 employees to our global workforce and four primary manufacturing facilities.

Successful execution of our way forward is dependent on attracting, developing, and retaining key employees and members of our management team, which we achieve through the following:

- We always begin with people and values at the center of all that we do and at the heart of our corporate social responsibility efforts. The Company's people and the behaviors they display define our success, including integrity, respect and teamwork. Many of our material social factors, including Employee Health and Safety, Training and Development, Talent Recruitment and Retention, Diversity, Equity and Inclusion, and Community Involvement, are directly connected to our commitment to people and values. Our people enable us to grow, and our values ensure we grow responsibly and sustainably.
- The Company believes strongly in workplace safety. We feel it is critical to ensure our most valuable assets, our employees, have a safe environment to work in every day. We added safety as our first core value as we entered fiscal 2021, recognizing the significant impact of the pandemic on everyone's lives. "Connect safety to everything you do" highlights the importance of safety to our culture. As a permanent agenda item at all management meetings, safety comes first. For fiscal 2021, the Company had an overall safety incident rate of 0.74 (number of injuries and illnesses multiplied by 200,000, divided by hours worked).
- We are committed to embracing diversity, equity and inclusion and making it a part of everything we do. We know the positive impact diverse and inclusive teams have on our business, employees, customers, and communities around the world. We are dedicated to building a company that future generations can be proud of and a team that embraces diversity and appreciates differences across the enterprise. In fiscal 2021, we made diversity, equity and inclusion a strategic development area and hired a Director of Talent and Diversity, Equity and Inclusion to raise awareness and drive behaviors aligned to our values. We have embedded diversity, equity and inclusion into the People and Values framework of the Columbus McKinnon Business System. We are working to create an environment of inclusion. We launched a series of virtual training modules around diversity, inclusion and unconscious bias. We have updated our core value "Win as a team" to specifically address embracing diversity.

In response to the COVID-19 pandemic, we immediately mobilized an Enterprise Covid-19 Task Force and local task forces at each of our manufacturing sites and worked diligently to stay current with constantly evolving information. With guidance from the World Health Organization, U.S. Centers for Disease Control and Prevention, and other health organizations around the world, we implemented strict safety protocols at our sites, such as face covering requirements, daily temperature testing, social distancing, and frequent cleaning and sanitizing measures to keep our employees safe. We had, and continue to have, regular communication with employees to keep them abreast of the corporate-wide expectations and posted signage throughout our facilities to remind our associates of the new heightened safety protocols. All associates who were able to work remotely were asked to do so and all safety protocols and policies were kept up to date by the Enterprise COVID-19 Task Force and documented in a Company "playbook."

We also recognize our corporate responsibility to advance our Environmental Social and Governance ("ESG") efforts and to be held accountable for making progress. We are making significant investments in our people and systems to enable meaningful progress in areas including, but not limited to, environmental stewardship, safety for our employees, workplace diversity and inclusion, connecting with our communities, and strong governance and risk management. We are taking deliberate steps to fully integrate ESG into our enterprise strategy, our business system, and our daily actions.

Our focus for fiscal 2021 was to develop and formalize our ESG strategy and build the framework that will enable us to prosper on this exciting journey. Our main objectives for fiscal 2021 included:

- Lay the foundation for our ESG journey with solid processes and policies;
- Make significant investments in forward advancement of ESG (People & Technology enablers);
- Perform extensive data collection and analysis to identify areas for improvement;
- Establish Fiscal Year 2021 as our baseline year for ESG metrics;
- Perform Materiality and Risk Assessments to allow for discipline and focus regarding ESG efforts; and
- Be more transparent with internal and external stakeholders through communications and public disclosures.

As we look forward to fiscal 2022 and beyond, we will continue evolving and improving. We have set aggressive targets and aspirational goals for ourselves and we are committed to holding ourselves accountable to our commitments by embedding them into our business goals.

Raw Materials and Components

Our principal raw material and component purchases aggregated to approximately $255 million in fiscal 2021 (or 59% of Cost of product sold in fiscal 2021) and included steel, consisting of rod, wire, bar, structural, and other forms of steel; electric motors; bearings; gear reducers; castings; steel and aluminum enclosures and wire harnesses; electro-mechanical components and standard variable drives. These commodities are all available from multiple sources. We purchase most of these raw materials and components from a limited number of strategic and preferred suppliers under agreements that are negotiated on a Company-wide basis through our global purchasing group. Generally, as we experience fluctuations in our costs, we reflect these increases in costs as price increases to our customers with the goal of being margin neutral. Our ability to pass on these increases is dependent upon market conditions.

Environmental and Other Governmental Regulation

Like most manufacturing companies, we are subject to various federal, state, and local laws relating to the protection of the environment. To address the requirements of such laws, we have adopted a corporate environmental protection policy which provides that all of our owned or leased facilities must comply, and all of our employees have the duty to comply, with all applicable environmental regulatory standards, and we have initiated an environmental auditing program for our facilities to ensure compliance with such regulatory standards. We have also established managerial responsibilities and internal communication channels for dealing with environmental compliance issues that may arise in the course of our business. We have made, and could be required to continue to make, significant expenditures to comply with environmental requirements. Because of the complexity and changing nature of environmental regulatory standards, it is possible that situations will arise from time to time requiring us to incur additional expenditures to ensure environmental regulatory compliance. However, we are not aware of any environmental condition or any operation at any of our facilities, either individually or in the aggregate, which would cause expenditures having a material adverse effect on our results of operations, financial condition or cash flows.
Our operations are also governed by many other laws and regulations, including those relating to workplace safety and worker health, principally OSHA in the U.S. and others outside the U.S. and regulations thereunder. We believe that we are in substantial compliance with these laws and regulations and do not believe that future compliance with such laws and regulations will have a material adverse effect on our operating results, financial condition, or liquidity.

See Note 16 to our March 31, 2021 consolidated financial statements for more information on our matters involving litigation.

Available Information

Our internet address is www.columbusmckinnon.com. We make available free of charge through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission.

Item 1A. Risk Factors

Columbus McKinnon is subject to a number of risk factors that could negatively affect our results from business operations or cause actual results to differ materially from those projected or indicated in any forward-looking statement. Such factors include, but are not limited to, the following:

Business Risks

Our business is cyclical and is affected by industrial economic and macroeconomic conditions.

Many of the end-users of our products are in highly cyclical industries, such as manufacturing, power generation and distribution, commercial construction, oil and gas exploration and refining, transportation, agriculture, logging, and mining that are sensitive to changes in general economic conditions. Their demand for our products, and thus our results of operations, is directly related to the level of production in their facilities, which changes as a result of changes in general macroeconomic conditions, including, among others, movements in interest rates, inflation, changes in currency exchange rates and higher fuel and other energy costs, and other factors beyond our control. In particular, higher interest rates could result in decreased demand for our products from end-users, which would have a material adverse effect on our business and results of operations, and higher interest expense related to borrowings under our credit facilities. In addition, inflation can also result in higher interest rates. With inflation, the costs of capital increases, and the purchasing power of our and our end users' cash resources can decline. Current or future efforts by the government to stimulate the economy may increase the risk of significant inflation, which could have a direct and indirect adverse impact on our business and results of operations. If there is deterioration in the general economy or in the industries we serve, our business, results of operations, and financial condition could be materially adversely affected. In addition, the cyclical nature of our business could at times also adversely affect our liquidity and ability to borrow under our revolving credit facility.

Our business is highly competitive and subject to consolidation of competitors. Increased competition could reduce our sales, earnings, and profitability.

The principal markets that we serve within the material handling industry are fragmented and highly competitive. Competition is based primarily on customer service and support as well as product availability, performance, functionality, brand reputation, reliability, and price. Our competition in the markets in which we participate comes from companies of various sizes, some of which have greater financial and other resources than we do. Increased competition could force us to lower our prices or to offer additional services at a higher cost to us, which could reduce our gross margins and net income.

The greater financial resources or the lower amount of debt of certain of our competitors may enable them to commit larger amounts of capital in response to changing market conditions. Certain competitors may also have the ability to develop product or service innovations that could put us at a disadvantage. In addition, through consolidation, some of our competitors have achieved substantially more market penetration in certain of the markets in which we operate. If we are unable to compete successfully against other manufacturers of material handling equipment, we could lose customers and our revenues may decline. There can also be no assurance that customers will continue to regard our products favorably, that we will be able to develop new products that appeal to customers, that we will be able to improve or maintain our profit margins on sales to our customers or that we will be able to continue to compete successfully in our core markets.

Our strategy depends on successful integration of acquisitions.

Acquisitions are a key part of our growth strategy. Our historical growth has depended, and our future growth is likely to depend on our ability to successfully implement our acquisition strategy, and the successful integration of acquired businesses, including Dorner, into our existing business. We intend to continue to seek additional acquisition opportunities in accordance with our acquisition strategy, both to expand into new markets and to enhance our position in existing markets throughout the world. If we are unable to successfully integrate acquired businesses, including Dorner, into our existing business or expand into new markets, our sales and earnings growth could be reduced.

The risk related to COVID-19 has, and may in the future continue to, adversely affect our business.

We have been, and may continue to be, materially and adversely impacted by the effects of COVID-19. In addition to global macroeconomic effects, the COVID-19 outbreak and any other related adverse public health developments have caused, and are expected to continue to cause, disruption to both our domestic and international operations and sales activities. The continued operation of our facilities is subject to local laws and regulations. While all of our facilities have been deemed essential under applicable law, there is no guarantee this will continue. Our third-party manufacturers, suppliers, distributors, sub-contractors and customers have been, and are expected to continue to be, disrupted by worker absenteeism, quarantines and restrictions on their employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, and other travel or health-related restrictions. Depending on the magnitude of such effects on our manufacturing operations or the operations of our suppliers, third-party distributors, or sub-contractors, our supply chain, manufacturing and product shipments have been, and in the future may continue to be, delayed, which could adversely affect our business, operations, and customer relationships. In addition, COVID-19 or other disease outbreaks will in the short-run and may over the longer term adversely affect the economies and financial markets of many countries, which could result in an economic downturn that could affect demand for our products and impact our operating results. There can be no assurance that any decrease in sales resulting from the COVID-19 will be offset by increased sales in subsequent periods. Although the magnitude of the impact of the COVID-19 outbreak on our business and operations remains uncertain, the continued spread of the COVID-19 or the occurrence of other epidemics and the imposition of related public health measures and travel and business restrictions has, and may in the future continue to, adversely impact our business, financial condition, operating results and cash flows.

Our future operating results may be affected by price fluctuations and trade tariffs on steel, aluminum, and other raw materials purchased to manufacture our products. We may not be able to pass on increases in raw material costs to our customers.

The primary raw materials used in our chain, forging and crane building operations are steel, aluminum, and other raw materials such as motors, electrical and electronic components, castings and machined parts and components. These industries are highly cyclical and at times pricing and availability can be volatile due to a number of factors beyond our control, including general economic conditions, labor costs, competition, import duties, tariffs, and currency exchange rates. This volatility can significantly affect our raw material costs. In an environment of increasing raw material prices and trade tariffs, competitive conditions will determine how much of the price increases we can pass on to our customers. In the future, to the extent we are unable to pass on any steel, aluminum, or other raw material price increases to our customers, our profitability could be adversely affected.

We rely in large part on independent distributors for sales of our products.

For the most part, we depend on independent distributors to sell our products and provide service and aftermarket support to our end-user customers. Distributors play a significant role in determining which of our products are stocked at their locations, and hence are most readily accessible to aftermarket buyers, and the price at which these products are sold. Almost all of the distributors with whom we transact business offer competitive products and services to our end-user customers. For the most part, we do not have written agreements with our distributors. The loss of a substantial number of these distributors or an increase in the distributors' sales of our competitors' products to our ultimate customers could materially reduce our sales and profits.

The Dorner acquired business may underperform relative to our expectations.

Following completion of the acquisition of Dorner, we may not be able to maintain the levels of revenue, earnings or operating efficiency that Dorner and we have achieved or might achieve separately. The business and financial performance of Dorner are subject to certain risks and uncertainties, including the risk of the loss of, or changes to, its relationships with its customers. We may be unable to achieve the same growth, revenues and profitability that Dorner has achieved in the past.

The future results of our Company will suffer if we do not effectively manage our expanded operations following the acquisition of Dorner.

Since the completion of the acquisition of Dorner, the size of our business has increased significantly beyond its pre-acquisition size. Our future success depends, in part, upon our ability to manage Dorner, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the Dorner business will be successful or that we will realize the expected benefits currently anticipated from the acquisition of Dorner.

We will incur significant acquisition-related integration costs and have incurred significant transaction costs in connection with the acquisition of Dorner and the related financing transactions.

We are currently implementing a plan to integrate the operations of Dorner into the Company. In connection with that plan, we anticipate that we will incur certain non-recurring charges in connection with this integration including costs for:

- employee retention, redeployment, relocation or severance;
- integration, including of people, technology, operations, marketing, and systems and processes; and
- maintenance and management of customers and other assets;

however, we cannot identify the timing, nature and amount of all such charges. Further, we have incurred significant transaction costs relating to negotiating and completing the acquisition of Dorner and the related financing transactions. These integration costs and transaction expenses will be charged as an expense in the period incurred. The significant transaction costs and acquisition-related integration costs could materially affect our results of operations in the period in which such charges are recorded. Although we believe that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the business, will offset incremental transaction and acquisition-related costs over time, this net benefit may not be achieved in the near term, or at all.

Financial Risks

Changes in the method of determining the London Interbank Offered Rate ("LIBOR"), or the replacement of LIBOR with an alternative reference rate, may adversely affect interest rates.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021, although on November 30, 2020 it announced that it had extended the period in which it will continue to publish certain LIBOR tenors, including three-month LIBOR, to June 30, 2023. It is unclear if at that time LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after June 30, 2023, or whether different benchmark rates used to price indebtedness will develop. The Alternative Reference Rates Committee, a group of market participants convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York, has recommended the Secured Overnight Financing Rate ("SOFR"), a rate calculated based on repurchase agreements backed by treasury securities, as its recommended alternative benchmark rate to replace LIBOR. At this time, it is not known whether or when SOFR or other alternative reference rates will attain market traction as replacements for LIBOR. Any new benchmark rate will likely not replicate LIBOR exactly. The interest rate on the Company's First Lien Term Facility and revolving credit facility have a variable component that is based on LIBOR. The phase-out of LIBOR may negatively impact the terms of our outstanding indebtedness. In addition, the overall financial market may be disrupted as a result of the phase-out or replacement of LIBOR. Disruption in the financial market could have a material adverse effect on our financial position, results of operations, and liquidity.

In connection with the completion of the acquisition of Dorner, our indebtedness has increased significantly. Our indebtedness could limit our cash flow available for operations and our flexibility.

In connection with the completion of the acquisition of Dorner, our indebtedness has increased significantly. In connection with this acquisition, we incurred $650,000,000 of debt under our First Lien Term Facility and, as of March 31, 2021, we had approximately $82,700,000 available for borrowing under the revolving credit facility (after deducting approximately $17,302,000 of letters of credit outstanding as of March 31, 2021). On a pro forma basis, as of March 31, 2021, after giving effect to the acquisition of Dorner and the related financing transactions, including our $207,000,000 offering of common stock completed in May 2021 and associated use of proceeds to pay down outstanding indebtedness under our First Lien Term Facility, we would have had approximately $451,800,000 of debt outstanding under the credit facility and our indebtedness is substantially greater than prior to the acquisition of Dorner.

The degree to which we are leveraged could have important consequences to our shareholders, including the following:

- we may have greater difficulty satisfying our obligations with respect to our indebtedness;
- we must dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our indebtedness, reducing the funds available for our operations;
- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other purposes may be impaired;
- we may be limited in our ability to make additional acquisitions or pay dividends on our common stock;
- our flexibility in planning for, or reacting to, changes in the markets in which we compete may be limited;
- we may be at a competitive disadvantage relative to our competitors with less indebtedness;
- we may be rendered more vulnerable to general adverse economic and industry conditions;
- our credit ratings may be downgraded; and
- we are exposed to increased interest rate risk given that a portion of our indebtedness obligations are at variable interest rates.

Dorner was previously a private company and has not been required to comply with the Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley").

Sarbanes-Oxley requires public companies to have and maintain effective internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements and to have management report on the effectiveness of those controls on an annual basis (and have its independent public accountants attest annually to the effectiveness of such internal controls). As a private company, Dorner was not required to comply with the requirements of Sarbanes-Oxley.

In connection with the completion of the acquisition of Dorner, we are beginning to apply our Sarbanes-Oxley procedures regarding internal controls over financial reporting with respect to Dorner. This process will require a significant amount of time from our management and other personnel and will require us to expend a significant amount of financial resources, which is likely to increase our compliance costs, and we will be required to assess Dorner’s internal controls over financial reporting beginning one year after the date of the acquisition.

Our operations outside the U.S. pose certain risks that may adversely impact sales and earnings.
We have operations and assets located outside of the United States, primarily in China, Mexico, Germany, the United Kingdom, Hungary and Malaysia. In addition, we import a portion of our hoist product line from Asia and sell our products to distributors located in approximately 50 countries. In our fiscal year ended March 31, 2021, approximately 47% of our net sales were derived from non-U.S. markets. These non-U.S. operations are subject to a number of special risks, in addition to the risks of our U.S. business, differing protections of intellectual property, trade barriers, labor unrest, exchange controls, regional economic uncertainty, differing (and possibly more stringent) labor regulation, risk of governmental expropriation, U.S. and foreign customs and tariffs, current and changing regulatory environments, difficulty in obtaining distribution support, difficulty in staffing and managing widespread operations, differences in the availability, and terms of financing, political instability and risks of increases in taxes. Also, in some foreign jurisdictions we may be subject to laws limiting the right and ability of entities organized or operating therein to pay dividends or remit earnings to affiliated companies unless specified conditions are met. These factors may adversely affect our future profits.
Part of our strategy is to expand our worldwide market share and reduce costs by strengthening our international distribution capabilities and sourcing components in lower cost countries, such as China, Mexico, Hungary and Malaysia. Implementation of this strategy may increase the impact of the risks described above, and we cannot assure you that such risks will not have an adverse effect on our business, results of operations or financial condition.

Other risks of doing business in international markets include the increased risks and burdens of complying with different legal and regulatory standards, difficulties in managing and staffing foreign operations, recruiting and retaining talented direct sales personnel, limitations on the repatriation of funds and fluctuations of foreign exchange rates, varying levels of internet technology adoption and infrastructure and our ability to enforce contracts and our intellectual property rights in foreign jurisdictions. Additionally, there are risks associated with fundamental changes to international markets, such as those that may occur as a result of the United Kingdom's withdrawal from the European Union ("Brexit"). Brexit may adversely affect global economic and market conditions and could contribute to volatility in the foreign exchange markets, which we may be unable to effectively manage.

In addition, our success in international expansion could be limited by barriers to international expansion such as adverse tax consequences and export controls. If we cannot manage these risks effectively, the costs of doing business in some international markets may be prohibitive or our costs may increase disproportionately to our revenue.

We are subject to currency fluctuations from our sales outside the U.S.
Our products are sold in many countries around the world. Thus, a portion of our revenues (approximately $307,755,000 in our fiscal year ended March 31, 2021) are generated in foreign currencies, including principally the Euro, the British Pound, the Canadian Dollar, the South African Rand, the Brazilian Real, the Mexican Peso, and the Chinese Yuan, and while much of the costs incurred to generate those revenues are incurred in the same currency, a portion is incurred in other currencies. Since our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, a currency translation impact on our earnings. Currency fluctuations may impact our financial performance in the future.

We are subject to debt covenant restrictions.
Our First Lien Term Facility and revolving credit facility contain a financial leverage covenant, which will only be tested if any extensions of credit (other than letters of credit) are outstanding under the revolving credit facility at the end of any fiscal quarter, and other restrictive covenants. A significant decline in our operating income or cash generating ability could cause us to violate our leverage covenant in our bank credit facilities. Other material adverse changes in our business could also cause us to be in default of our debt covenants. This could result in our being unable to borrow under our bank credit facilities or being obliged to refinance and renegotiate the terms of our indebtedness.

Legal Risks

Our products involve risks of personal injury and property damage, which exposes us to potential liability.
Our business exposes us to possible claims for personal injury or death and property damage resulting from the products that we sell. We maintain insurance through a combination of self-insurance retentions and excess insurance coverage. We monitor claims and potential claims of which we become aware and establish accrued liability reserves for the self-insurance amounts based on our liability estimates for such claims. We cannot give any assurance that existing or future claims will not exceed our estimates for self-insurance or the amount of our excess insurance coverage. In addition, we cannot give any assurance that insurance will continue to be available to us on economically reasonable terms or that our insurers would not require us to increase our self-insurance amounts. Claims brought against us that are not covered by insurance or that are in excess of insurance coverage could have a material adverse effect on our results, financial condition, or liquidity.

In addition, like many industrial manufacturers, we are also involved in asbestos-related litigation. In continually evaluating costs relating to our estimated asbestos-related liability, we review, among other things, the incidence of past and recent claims, the historical case dismissal rate, the mix of the claimed illnesses and occupations of the plaintiffs, our recent and historical resolution of the cases, the number of cases pending against us, the status and results of broad-based settlement discussions, and the number of years such activity might continue. Based on this review, we estimate our share of liability to defend and resolve probable asbestos related personal injury claims. This estimate is highly uncertain due to the limitations of the available data and the difficulty of forecasting with any certainty the numerous variables that can affect the range of the liability. We continue to study the variables in light of additional information in order to identify trends that may become evident and to assess their impact on the range of liability that is probable and estimable. We believe that the potential additional costs for claims will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period. See Note 16 to our March 31, 2021 consolidated financial statements included in Item 8 of this Form 10-K.
As indicated above, our self-insurance coverage is provided through our captive insurance subsidiary. The reserves of our captive insurance subsidiary are subject to periodic adjustments based upon actuarial evaluations, which adjustments impact our overall results of operations. These periodic adjustments can be favorable or unfavorable.

We are subject to various environmental laws, which may require us to expend significant capital and incur substantial cost.
Our operations and facilities are subject to various federal, state, local, and foreign requirements relating to the protection of the environment, including those governing the discharges of pollutants in the air and water, the generation, management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. We have made, and will continue to make, expenditures to comply with such requirements. Violations of, or liabilities under, environmental laws and regulations, or changes in such laws and regulations (such as the imposition of more stringent standards for discharges into the environment), could result in substantial costs to us, including operating costs and capital expenditures, fines and civil and criminal sanctions, third party claims for property damage or personal injury, clean-up costs, or costs relating to the temporary or permanent discontinuance of operations. Certain of our facilities have been in operation for many years, and we have remediated contamination at some of our facilities. Over time, we and other predecessor operators of such facilities have generated, used, handled, and disposed of hazardous and other regulated wastes. Additional environmental liabilities could exist, including clean-up obligations at these locations or other sites at which materials from our operations were disposed, which could result in substantial future expenditures that cannot be currently quantified and which could reduce our profits or have an adverse effect on our financial condition, operations, or liquidity.
We may face claims of infringement on the intellectual property of others, or others may infringe upon our intellectual property.

Our future success depends in part on our ability to prevent others from infringing on our proprietary rights, as well as our ability to operate without infringing upon the proprietary rights of others. We may be required at times to take legal action to protect our proprietary rights and, despite our best efforts, we may be sued for infringing on the intellectual property rights of others. Intellectual property-related litigation is costly and, even if we prevail, the cost of such litigation could adversely affect our financial condition. In addition, we could be adversely affected financially should we be judged to have infringed upon the intellectual property of others.

We rely on subcontractors or suppliers to perform their contractual obligations.

Some of our contracts involve subcontracts with other companies upon which we rely to perform a portion of the services we must provide to our customers. There is a risk that we may have disputes with our subcontractors, including disputes regarding the quality and timeliness of work performed by our subcontractor or customer concerns about the subcontractor. Failure by our subcontractors to satisfactorily provide on a timely basis the agreed-upon supplies or perform the agreed upon services may materially and adversely impact our ability to perform our obligations as the prime contractor. A delay in our ability to obtain components and equipment parts from our suppliers may affect our ability to meet our customers' needs and may have an adverse effect upon our profitability.

General Risks

Adverse changes in global economic conditions may negatively affect our industry, business, and results of operations.

Our industry is affected by changes in economic conditions outside our control, which can result in a general decrease in product demand from our customers. Such economic developments, like Brexit or the China trade wars, may affect our business in a number of ways. Reduced demand may drive us and our competitors to offer products at promotional prices, which would have a negative impact on our profitability. In addition, the tightening of credit in financial markets may adversely affect the ability of our customers and suppliers to obtain financing for significant purchases and operations and could result in a decrease in, or cancellation of, orders for our products. If demand for our products slows down or decreases, we will not be able to maintain our revenue and we may run the risk of failing to satisfy the financial and other restrictive covenants to which we are subject under our existing indebtedness. Reduced revenue as a result of decreased demand may also reduce our planned growth and otherwise hinder our ability to improve our performance in connection with our long-term strategy.

Our business operations may be adversely affected by information systems interruptions or intrusion.

We depend on various information technologies throughout our Company to administer, store, and support multiple business activities, including to process the data we collect, store and use in connection with our business. If these systems are damaged, cease to function properly, or are subject to cyber-security attacks, such as those involving unauthorized access, malicious software and/or other intrusions, we could experience production downtimes, operational delays, other detrimental impacts on our operations or ability to provide products and services to our customers, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of our systems or networks, financial losses from remedial actions, loss of business or potential liability, and/or damage to our reputation. While we attempt to mitigate these risks by employing a number of measures, including employee training, technical security controls, and maintenance of backup and protective systems, our systems, networks, products, and services remain potentially vulnerable to known or unknown threats, any of which could have a material adverse effect on our business, financial condition or results of operations. We are subject to a variety of laws and regulations in the United States, Europe and around the world, as well as contractual obligations, regarding data privacy, security and protection. Any failure or perceived failure by us, or any third parties with which we do business, to comply with our posted privacy policies, changing consumer expectations, evolving laws, rules and regulations, industry standards, or contractual obligations to which we or such third parties are or may become subject, may result in actions or other claims against us by governmental entities or private actors, the expenditure of substantial costs, time and other resources or the incurrence of significant fines, penalties or other liabilities. In addition, any such action, particularly to the extent we were found to be guilty of violations or otherwise liable for damages, could damage our reputation and adversely affect our business, financial condition and results of operations.

We depend on our management team and the loss of any member could adversely affect our operations.

Our success is dependent on the management and leadership skills of our management team, including our senior team. The loss of any of these individuals or an inability to attract, retain, and maintain additional personnel, especially in a post-COVID job market, could prevent us from implementing our business strategy. We cannot assure you that we will be able to retain our existing management personnel or to attract additional qualified personnel when needed.

On May 14, 2020, the Company announced that David J. Wilson has been named President and CEO effective June 1, 2020. The Company has entered into an Employment Agreement and Change in Control agreement with Mr. Wilson which was filed on Form 8-K on May 14, 2020. Under Mr. Wilson’s leadership, the Company has evolved its Blueprint for Growth strategy to Blueprint for Growth 2.0 and continues to execute as demonstrated by the acquisition of Dorner.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We maintain our corporate headquarters in Buffalo, New York (an owned property) and, as of March 31, 2021, conducted our principal manufacturing at the following facilities:

	Location	Products/Operations	Square Footage	Owned or Leased
1	Kunzelsau, Germany	Hoists	345,000	Leased
2	Wadesboro, NC	Hoists	180,000	Owned
3	Lexington, TN	Chain	164,000	Owned
4	Charlotte, NC	Actuators and Rotary Unions	146,000	Leased
5	Menomonee Falls, WI	Power control systems	144,000	Leased
	Tennessee forging operation:			
6	Chattanooga, TN	Forged attachments	81,000	Owned
7	Chattanooga, TN	Forged attachments	59,000	Owned
8	Wuppertal, Germany	Hoists	124,000	Leased
9	Kissing, Germany	Hoists, winches, and actuators	107,000	Leased
10	Damascus, VA	Hoists	97,000	Owned
11	Hangzhou, China	Hoists	82,000	Owned
12	Brighton, MI	Overhead light rail workstations	71,000	Leased
13	Chester, England	Plate clamps	56,000	Owned
14	Santiago Tianguistenco, Mexico	Hoists	54,000	Owned
15	Szekesfehervar, Hungary	Textiles and textile strappings	24,000	Leased

In addition, we have a total of 48 sales offices, distribution centers, and warehouses. We believe that our properties have been adequately maintained, are in generally good condition and are suitable for our business as presently conducted. We also believe our existing facilities provide sufficient production capacity for our present needs and for our anticipated needs in the foreseeable future. Upon the expiration of our current leases, we believe that either we will be able to secure renewal terms or enter into leases for alternative locations at market terms.

The addition of Dorner properties expands our footprint in the U.S. (Hartland, WI), Canada, Mexico, France, and Malaysia with Dorner's primary manufacturing facility in the U.S.

Item 3. Legal Proceedings

From time to time, we are named a defendant in legal actions arising out of the normal course of business. We are not a party to any pending legal proceeding other than ordinary, routine litigation incidental to our business. We do not believe that any of our pending litigation will have a material impact on our business. We maintain comprehensive general product liability insurance against risks arising out of the use of our products sold to customers through our wholly owned New York State captive insurance subsidiary of which we are the sole policy holder. The per occurrence limits on the self-insurance for general and product liability coverage were $2,000,000 from inception through fiscal 2003 and $3,000,000 for fiscal 2004 and thereafter. In addition to the per occurrence limits, our coverage is also subject to an annual aggregate limit, applicable to losses only. These limits range from $2,000,000 to $6,000,000 for each policy year from inception through fiscal 2021. We obtain additional insurance coverage from independent insurers to cover potential losses in excess of these limits.

Like many industrial manufacturers, we are also involved in asbestos-related litigation. In continually evaluating costs relating to our estimated asbestos-related liability, we review, among other things, the incidence of past and recent claims, the historical case dismissal rate, the mix of the claimed illnesses and occupations of the plaintiffs, our recent and historical resolution of the cases, the number of cases pending against us, the status and results of broad-based settlement discussions, and the number of years such activity might continue. Because this liability is likely to extend over many years, management believes that the potential additional costs for claims will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period.

See Note 16 to our March 31, 2021 consolidated financial statements for more information on our matters involving litigation.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market for the Company's Common Stock and Related Security Holder Matters

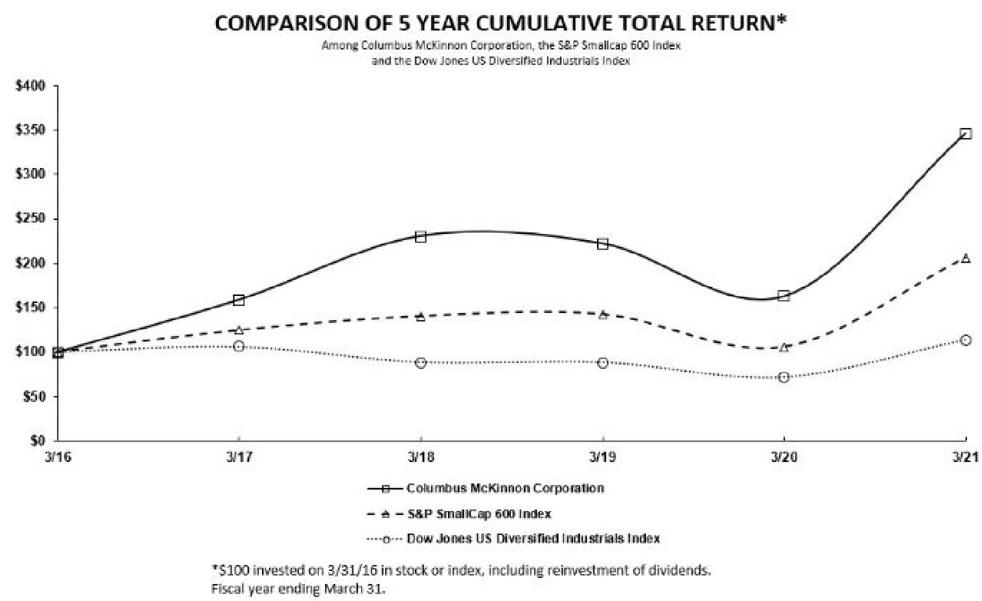
Our common stock is traded on the Nasdaq Global Select Market under the symbol ''CMCO." As of April 30, 2021, there were 334 holders of record of our common stock.

During fiscal 2021, the Company declared quarterly cash dividends totaling $5,745,000. On March 22, 2021, the Company's Board of Directors declared a regular quarterly dividend of $0.06 per common share. The dividend was paid on May 13, 2021 to shareholders of record as of May 3, 2021 and totaled approximately $1,440,000.

Our current credit agreement allows for the declaration and payment of dividends, subject to specified limitation as set forth in our credit agreement.

PERFORMANCE GRAPH

The Performance Graph shown below compares the cumulative total shareholder return on our common stock based on its market price, with the total return of the S&P SmallCap 600 Index, and the Dow Jones U.S. Diversified Industrials. The comparison of total return assumes that a fixed investment of $100 was invested on March 31, 2016 in our common stock and in each of the foregoing indices and further assumes the reinvestment of dividends. The stock price performance shown on the graph is not necessarily indicative of future price performance.



Item 6. Selected Financial Data.

Part II, Item 6 is no longer required as the Company has adopted certain provisions within the amendments to Regulation S-K that eliminate Item 301.

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition

This section should be read in conjunction with our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

EXECUTIVE OVERVIEW

The Company is a leading worldwide designer, manufacturer and marketer of intelligent motion solutions, including motion control products, technologies, automated systems and services, that efficiently and ergonomically move, lift, position and secure materials. Our key products include hoists, crane components, precision conveyors, actuators, rigging tools, light rail workstations, and digital power and motion control systems. These are highly relevant, professional-grade solutions that solve customers' critical material handling requirements.

Founded in 1875, we have grown to our current size and leadership position through organic growth and acquisitions. We developed our leading market position over our 146-year history by emphasizing technological innovation, manufacturing excellence and superior customer service. In addition, acquisitions significantly broadened our product lines and services and expanded our geographic reach, end-user markets and customer base. In accordance with our Blueprint for Growth 2.0 Strategy, we are simplifying the business utilizing our 80/20 process, improving our operational excellence, and ramping the growth engine by investing in new product development and a digital platform to grow profitably. Shareholder value will be enhanced by expanding EBITDA margins and return on invested capital ("ROIC").

Our revenue base is geographically diverse with approximately 47% derived from customers outside the U.S. for the year ended March 31, 2021. We believe this diversity balances the impact of changes that occur in local economies, as well as benefits the Company by providing access to growing emerging markets. We monitor both U.S. and Eurozone Industrial Capacity Utilization statistics as well as the ISM Production Index as indicators of anticipated demand for our products. In addition, we continue to monitor the potential impact of other global and U.S. trends including, industrial production, trade tariffs, raw material cost inflation, interest rates, foreign currency exchange rates, and activity of end-user markets around the globe.

From a strategic perspective, we are investing in new products as we focus on our greatest opportunities for growth. We maintain a strong North American market share with significant leading market positions in hoists, lifting and sling chain, forged attachments, actuators, and digital power and motion control systems for the material handling industry. We seek to maintain and enhance our market share by focusing our sales and marketing activities toward select North American and global market sectors including general industrial, energy, automotive, heavy OEM, entertainment, and construction and infrastructure.

In March 2021, the Company announced that it had entered into a definitive agreement to acquire Dorner. The acquisition of Dorner closed on April 7, 2021. Dorner, headquartered in Hartland, Wisconsin, is a leading automation solutions company providing unique, patented technologies in the design, application, manufacturing and integration of high-precision conveying systems. The acquisition of Dorner accelerates the Company's shift to intelligent motion and serves as a platform to expand capabilities in advanced, higher technology automation solutions. Dorner is a leading supplier to the stable life sciences, food processing, and consumer packaged goods markets as well as the high growth industrial automation and e-commerce sectors. The addition of Dorner provides attractive complementary adjacencies including sortation and asynchronous conveyance systems.

Regardless of the economic climate and point in the economic cycle, we constantly explore ways to increase operating margins as well as further improve our productivity and competitiveness. We have specific initiatives to reduce quote lead-times, improve on-time deliveries, reduce warranty costs, and improve material and factory productivity. The initiatives are being driven by the implementation of our business operating system, CMBS. We are working to achieve these strategic initiatives through business simplification, operational excellence, and profitable growth initiatives. We believe these initiatives will enhance future operating margins.

Our principal raw materials and components purchases were approximately $255 million in fiscal 2021 (or 59% of Cost of product sold) and include steel, consisting of rod, wire, bar, structural, and other forms of steel; electric motors; bearings; gear reducers; castings; steel and aluminum enclosures and wire harnesses; electro-mechanical components and standard variable drives. These commodities are all available from multiple sources. We purchase most of these raw materials and components from a limited number of strategic and preferred suppliers under agreements which are negotiated on a company-wide basis through our global purchasing group. Generally, as we experience fluctuations in our costs, we reflect them as price increases to our customers with the goal of being margin neutral.

We operate in a highly competitive and global business environment. We face a variety of opportunities in those markets and geographies, including trends toward increasing productivity of the global labor force and the expansion of market opportunities in Asia and other emerging markets. While we execute our long-term growth strategy, we are supported by our strong free cash flow as well as our liquidity position and flexible debt structure. Like many global companies, we have been, and continue to be, affected by COVID-19. During fiscal 2021, we took appropriate measures to generate positive operating income and protect the cash flow and liquidity of the Company. This included reducing our cost base, reducing working capital needs, and reducing capital expenditures. These measures helped contribute to positive operating income and strong cash flow throughout fiscal 2021 despite the impact of COVID-19.

RESULTS OF OPERATIONS

Fiscal 2021 Compared to 2020

Fiscal 2021 sales were $649,642,000, a decrease of 19.7%, or $159,520,000 compared with fiscal 2020 sales of $809,162,000. Sales for the fiscal year were negatively impacted by $177,233,000 in decreased sales volume as a result of the COVID-19 pandemic, offset by price increases which positively impacted sales by $8,566,000. Favorable foreign currency translation increased sales by $9,147,000.

Gross profit was $220,225,000 and $283,186,000 or 33.9% and 35.0% of net sales in fiscal 2021 and 2020, respectively. The fiscal 2021 decrease in gross profit of $62,961,000 or 22.2% is the result of $62,797,000 in lower sales volume, $15,980,000 in decreased productivity and unfavorable manufacturing costs, and $382,000 received in the prior year from an insurance settlement which did not reoccur. These decreases were offset by $8,311,000 of price increases net of material inflation, $2,189,000 from a gain recorded for a building sold in China classified as Cost of products sold, $1,705,000 in decreased tariffs, $223,000 in decreased product liability costs, $207,000 in decreased severance costs, and $128,000 in lower costs incurred in fiscal 2021 to consolidate the Company's Ohio operations. The translation of foreign currencies had a $3,435,000 favorable impact on gross profit for the year ended March 31, 2021.

Selling expenses were $76,907,000 and $91,054,000, or 11.8% and 11.3% of net sales in fiscal years 2021 and 2020. Selling expense decreased primarily due to lower variable selling costs and cost measures put in place as a result of the COVID-19 pandemic in fiscal 2021. Foreign currency translation had a $1,204,000 unfavorable impact on selling expenses.

General and administrative expenses were $76,035,000 and $77,880,000 or 11.7% and 9.6% of net sales in fiscal 2021 and 2020, respectively. The decrease in general and administrative expenses was due to $1,674,000 in prior fiscal year factory closure and business realignment costs which did not reoccur in the current fiscal year, $1,452,000 in reduced bad debt expense, a $449,000 gain in general and administrative expenses as a result of the Company selling one of its owned manufacturing facilities in China, $409,000 in decreased medical expenses, and $356,000 in lower legal costs related to an insurance recovery legal action which was settled in fiscal 2021. A reduction in travel related business expenses and professional services in response to the COVID-19 pandemic further contributed to the reduction in general and administrative expenses. These decreases were offset by $4,161,000 of higher stock compensation expense, of which $1,981,000 was reversed in the prior fiscal year for shares that were forfeited upon the former Chief Executive Officer's resignation, offset by $418,000 in lower incentive compensation expense in the current fiscal year. $3,951,000 in Dorner acquisition costs also contributed to higher general and administrative expenses in fiscal 2021. Foreign currency translation had a $395,000 unfavorable impact on general and administrative expenses.

Research and development expenses were $12,405,000 and $11,310,000 in fiscal 2021 and 2020, respectively. As a percentage of consolidated net sales, research and development expenses were 1.9% and 1.4% in fiscal 2021 and 2020. The increase in research and development expenses is primarily due to $525,000 in current year severance costs associated with a research and development facility closure and $307,000 in higher incentive compensation expense in fiscal 2021. Foreign currency translation had a $70,000 unfavorable impact on research and development expenses.

Amortization of intangibles remained relatively consistent at $12,623,000 and $12,942,000 in fiscal 2021 and 2020, respectively, with the decrease related to certain intangible assets that are now fully amortized.

Interest and debt expense was $12,081,000 and $14,234,000 in fiscal 2021 and 2020, respectively, and primarily related to a decrease in interest and debt expense on the Company's Term Loan due to lower average borrowings outstanding during the fiscal 2021 period.

Investment income of $1,693,000 and $891,000, in fiscal 2021 and 2020, respectively, related to earnings on marketable securities held in the Company’s wholly owned captive insurance subsidiary and the Company's equity method investment in EMC, described in Note 7 to our March 31, 2021 consolidated financial statements.

Foreign currency exchange resulted in a loss of $941,000 and gain of $1,514,000 in fiscal 2021 and 2020, respectively, as a result of foreign currency volatility related to foreign currency denominated sales and purchases and intercompany debt.

Other expense was $20,850,000 in fiscal 2021 and $839,000 in fiscal 2020. The increase primarily related to a $19,038,000 settlement charge as a result of the termination of one of the Company's U.S. pension plans, as described in Note 13 to our March 31, 2021 consolidated financial statements.

Income tax expense as a percentage of income from continuing operations before income tax expense was 9.6% and 22.7% in fiscal 2021 and 2020, respectively. Typically these percentages vary from the U.S. statutory rate of 21% due to varying effective tax rates at the Company's foreign subsidiaries and the jurisdictional mix of income for these subsidiaries. In fiscal 2021 the tax rate was primarily reduced by 6.9 percentage points due to federal tax credits including research and development credits.

Fiscal 2020 Compared to 2019

Fiscal 2020 sales were $809,162,000, a decrease of 7.7%, or $67,120,000 compared with fiscal 2019 sales of $876,282,000. Sales for the year were negatively impacted by $34,195,000 in sales in the previous fiscal year from sold businesses and $32,951,000 in decreased sales volume, offset by $13,169,000 in price increases. Unfavorable foreign currency translation decreased sales by $13,143,000.

Gross profit was $283,186,000 and $304,997,000 or 35.0% and 34.8% of net sales in fiscal 2020 and 2019, respectively. The fiscal 2020 decrease in gross profit of $21,811,000 or 7.2% is the result of $14,069,000 in decreased volume, $7,053,000 in gross profit from sold businesses, $3,461,000 in decreased productivity and unfavorable manufacturing costs, $1,327,000 in costs incurred to consolidate the Salem and Lisbon Ohio facilities, $778,000 in increased tariffs, $751,000 in increased severance costs, and $622,000 in increased product liability costs. These decreases were offset by $10,338,000 of price increases net of material inflation and $382,000 received from insurance settlement. The translation of foreign currencies had a $4,470,000 unfavorable impact on gross profit for the year ended March 31, 2020.

Selling expenses were $91,054,000 and $97,925,000 or 11.3% and 11.2% of net sales in fiscal years 2020 and 2019. Selling expenses from sold businesses decreased selling expenses by $1,468,000 in fiscal 2020. In addition, we had $804,000 in lower advertising expenses, $550,000 in reduced U.S. warehouse rent expense, $331,000 lower incentive compensation, and $453,000 in costs incurred to consolidate the Salem and Lisbon Ohio facilities classified as selling expense. These decreases were offset by $299,000 in fiscal 2020 severance costs. Additionally, foreign currency translation had a $1,765,000 favorable impact on selling expenses. The remainder of the decrease is due to lower sales volume.

General and administrative expenses were $77,880,000 and $83,567,000 or 9.6% and 9.5% of net sales in fiscal 2020 and 2019, respectively. The fiscal 2020 decrease in general and administrative expenses was primarily due to $7,540,000 of lower incentive compensation and stock compensation expense including $1,981,000 in stock compensation expense that was reversed in the third quarter of fiscal 2020 for shares that were forfeited upon our Chief Executive Officer's resignation, $1,564,000 from sold businesses, and a $697,000 net reduction in legal costs related to an insurance recovery legal action. The decrease in general and administrative expense was partially offset by $1,528,000 in increased bed debt expenses, $1,455,000 in costs incurred to close a plant in the Asia Pacific region and reorganize the business, $635,000 in tax professional services fees primarily related to a legal entity restructuring, $624,000 in increased medical and benefit expenses, $436,000 of occupancy costs for our center of excellence in North Carolina, and $352,000 in increased environmental costs. Foreign currency translation had a $1,036,000 favorable impact on general and administrative expenses.

Research and development expenses were $11,310,000 and $13,491,000 in fiscal 2020 and 2019, respectively. As a percentage of consolidated net sales, research and development expenses were 1.4% and 1.5% in fiscal 2020 and 2019. The reduction in research and development expenses is largely due to lower professional services and other expenses. $277,000 of the decrease in research and development expenses is from sold businesses.

A net loss on sales of businesses in the amount of $176,000 was recorded as a result of a final working capital adjustment in the year ended March 31, 2020 from businesses that were sold in fiscal 2019.

Amortization of intangibles remained relatively consistent at $12,942,000 and $14,900,000 in fiscal 2020 and 2019, respectively. The decrease is primarily related to foreign currency translation.
Interest and debt expense was $14,234,000 and $17,144,000 in fiscal 2020 and 2019, respectively, and primarily related to a decrease in interest and debt expense on the Company's Term Loan due to lower average borrowings outstanding during the fiscal 2020 period.

Investment income of $891,000 and $727,000, in fiscal 2020 and 2019, respectively, related to earnings on marketable securities held in the Company's wholly owned captive insurance subsidiary and the Company's equity method investment in EMC, described in Note 7 to our March 31, 2021 consolidated financial statements.

Foreign currency exchange resulted in a gain of $1,514,000 and loss of $843,000 in fiscal 2020 and 2019, respectively, as a result of foreign currency volatility related to foreign currency denominated sales and purchases and intercompany debt.

Other expense was $839,000 in fiscal 2020 and other income was $716,000 in fiscal 2019. This includes components of pension expense (all except service costs, described in Note 13 to our March 31, 2021 consolidated financial statements) and various non-operating income and expense related activities.

Income tax expense as a percentage of income from continuing operations before income tax expense was 22.7% and 19.5% in fiscal 2020 and 2019, respectively. These percentages vary from the U.S. statutory rate of 21% primarily due to varying effective tax rates at the Company's foreign subsidiaries, and the jurisdictional mix of taxable income for these subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents, and restricted cash totaled $202,377,000, $114,700,000, and $71,343,000 at March 31, 2021, 2020, and 2019, respectively.

Cash flow from operating activities

Net cash provided by operating activities was $98,890,000, $106,795,000, and $79,499,000 in fiscal 2021, 2020, and 2019, respectively. In fiscal 2021, net income of $9,106,000 and non-cash adjustments to net income of $52,370,000 were the largest contributors to cash provided by operating activities. In addition, cash increased as a result of better working capital performance including a decrease in inventory of $20,659,000, a decrease in trade accounts receivable of $21,472,000, and an increase in trade accounts payable of $10,343,000. The increase in cash was partially offset by a decrease in accrued expenses and non-current liabilities of $10,806,000. The decrease in accrued expenses and non-current liabilities primarily consists of the fiscal 2020 annual incentive plan payments offset by fiscal 2021 incentive plan accruals, $1,316,000 in pension plan contributions net of $3,790,000 of plan assets returned to the Company on the termination of one of its U.S. pension plans, and $8,909,000 in cash paid for amounts included in the measurement of operating lease liabilities.

In fiscal 2020, net income of $59,672,000 and non-cash adjustments to net income of $51,188,000 contributed the most to cash provided by operating activities as well as a decrease in inventory of $15,752,000 and an increase in trade accounts payable of $8,110,000. The increase in cash was partially offset by a decrease in accrued expenses and non-current liabilities of 27,693,000. The net decrease in non-current liabilities is largely due to pension plan contributions of $10,967,000.

Cash flow from investing activities

Net cash (used) provided by investing activities was $(5,548,000), $(9,962,000), and $2,486,000 in fiscal 2021, 2020, and 2019, respectively. In fiscal 2021, the most significant use of cash in investing activities was $12,300,000 in capital expenditures.

In fiscal 2020, the most significant use of cash provided by investing activities was $9,432,000 in capital expenditures.

Cash flow from by financing activities

Net cash used by financing activities was $10,189,000, $51,551,000, and $67,778,000 in fiscal 2021, 2020, and 2019, respectively. In fiscal 2021, the most significant uses of cash were $4,450,000 in repayments on our Term Loan and dividends paid in the amount $5,733,000, offset by $820,000 in net inflows from stock related transactions, which includes proceeds of $1,973,000 from stock options exercised. The Company drew $25,000,000 on the Revolver during the three months ended June 30, 2020 and subsequently repaid the amount in full during the three months ended December 31, 2020 which resulted in no net impact on cash used by financing activities in fiscal 2021.

In fiscal 2020, the most significant uses of cash were $51,113,000 in repayments on our Term Loan and dividends paid in the amount of $5,670,000, offset by $5,232,000 in net inflows from stock related transactions, which included proceeds of $6,000,000 from stock options exercised.

We believe that our cash on hand, cash flows, and borrowing capacity under our New Revolving Credit Facility will be sufficient to fund our ongoing operations and budgeted capital expenditures for at least the next twelve months. This belief is dependent upon successful execution of our current business plan and effective working capital utilization. No material restriction exists in accessing cash held by our non-U.S. subsidiaries. As of March 31, 2021, $111,021,000 of cash and cash equivalents were held by foreign subsidiaries. Subsequent to March 31, 2021, the Company's cash balance decreased by approximately $120,000,000 to fund the Dorner acquisition, however, the Company still believes cash on hand is sufficient to fund ongoing operations and budgeted capital expenditures for the next 12 months.

Debt - Key Terms as of March 31, 2021

On January 31, 2017 the Company entered into a Credit Agreement ("Credit Agreement") and $545,000,000 of debt facilities ("Facilities") in connection with the STAHL acquisition. The Facilities consist of a Revolving Facility ("Revolver") in the amount of $100,000,000 and a $445,000,000 1st Lien Term Loan ("Term Loan"). The Term Loan has a seven-year term maturing in 2024.

On February 26, 2018, the Company amended the Credit Agreement (known as the "First Amended Credit Agreement"). The First Amended Credit Agreement has the same terms mentioned above except for a reduction in interest rates. The applicable rate for the repriced term loan was reduced from 3.00% to 2.50%. The Company accounted for the First Amended Credit Agreement as a debt modification, therefore, debt repricing fees incurred in fiscal 2018 were expensed as General and Administrative expenses and the deferred financing fees incurred as part of the Credit Agreement (discussed below) remain unchanged.

On August 26, 2020, the Company entered into a Second Amendment (known as the "Second Amended Credit Agreement") to the Credit Agreement (as amended by the First Amended Credit Agreement). The First Amended Credit Agreement extends the $100,000,000 secured Revolver which was originally set to expire on January 31, 2022 to August 25, 2023. At March 31, 2021 the Company has not drawn from the Revolver.

The key terms of the agreement are as follows:

- Term Loan: An aggregate $445,000,000 1st Lien Term Loan which requires quarterly principal amortization of 0.25% with the remaining principal due at maturity date. In addition, if the Company has Excess Cash Flow ("ECF") as defined in the Credit Agreement, the ECF Percentage of the Excess Cash Flow for such fiscal year minus optional prepayment of the Loans (except prepayments of Revolving Loans that are not accompanied by a corresponding permanent reduction of Revolving Commitments) pursuant to Section 2.10(a) of the Credit Agreement other than to the extent that any such prepayment is funded with the proceeds of Funded Debt, shall be applied toward the prepayment of the Term Loan. The ECF Percentage is defined as 50% stepping down to 25% or 0% based on the Secured Leverage Ratio as of the last day of the fiscal year.

- Revolver: An aggregate $100,000,000 secured revolving facility which includes sublimits for the issuance of standby letters of credit, swingline loans and multi-currency borrowings in certain specified foreign currencies.

- Fees and Interest Rates: Commitment fees and interest rates are determined on the basis of either a Eurocurrency rate or a Base rate plus an applicable margin based upon the Company's Total Leverage Ratio (as defined in the Credit Agreement).

- Prepayments: Provisions permitting a Borrower to voluntarily prepay either the Term Loan or Revolver in whole or in part at any time, and provisions requiring certain mandatory prepayments of the Term Loan or Revolver on the occurrence of certain events which will permanently reduce the commitments under the Credit Agreement, each without premium or penalty, subject to reimbursement of certain costs of the Lenders. A prepayment premium of 1% of the principal amount of the First Lien Term Loans is required if the prepayment is associated with a Repricing Transaction and it were to occur within the first twelve months.

- Covenants: Provisions containing covenants required of the Corporation and its subsidiaries including various affirmative and negative financial and operational covenants. The key financial covenant is triggered only on any date when any Extension of Credit under the Revolving Facility is outstanding (excluding any Letters of Credit) (the “Covenant Trigger”), and permits the Total Leverage Ratio for the Reference Period ended on such date to not exceed (i) 4.50:1.00 as of any date of determination prior to December 31, 2017, (ii) 4.00:1.00 as of any date of determination on December 31, 2017 and thereafter but prior to December 31, 2018, (iii) 3.50:1.00 as of any date of determination on December 31, 2018 and thereafter but prior to December 31, 2019 and (iv) 3.00:1.00 as of any date of determination on December 31, 2019 and thereafter. As there is no amount drawn on the Revolver as of March 31, 2021 the requirement to comply with the covenant is not triggered. Had we been required to determine the covenant ratio we would have been in compliance with the covenant provisions as of March 31, 2021 and 2020.

The Facility is secured by all U.S. inventory, receivables, equipment, real property, certain subsidiary stock (limited to 65% of non-U.S. subsidiaries) and intellectual property. The Credit Agreement allows the declaration of dividends, but limits our ability to pay dividends.

As discussed in Note 3, the Company completed its acquisition of Dorner on April 7, 2021 and entered into a $750,000,000 credit facility ("First Lien Facilities") with JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank"), PNC Capital Markets LLC, and Wells Fargo Securities LLC. The First Lien Facilities consist of a Revolving Facility (the "New Revolving Credit Facility") in an aggregate amount of $100,000,000 and a $650,000,000 First Lien Term Facility. Proceeds from the First Lien Term Facility was used, among other things, to finance the purchase price for the Dorner acquisition, pay related fees, expenses and transaction costs, and refinance the Company's borrowings under its prior Term Loan and Revolver. Refer to Note 3 to our March 31, 2021 consolidated financial statements for key terms of the First Lien Facilities, which went into effect during fiscal 2022.

The outstanding balance of the Term Loan was $254,900,000 and $259,350,000 as of March 31, 2021 and 2020, respectively. The Company made $4,450,000 of principal payment on the Term Loan during fiscal 2021 and $51,113,000 of principal payment on the Term Loan during fiscal 2020. The Company is obligated to make $4,450,000 of principal payments over the next 12 months. As previously discussed, in response to COVID-19 the Company is seeking to take all appropriate measures to protect the cash flow and liquidity of the Company. As such, only the required principal amount has been recorded within the current portion of long-term debt on the Company's Consolidated Balance Sheet with the remaining balance recorded as long-term debt.

There was $0 outstanding on the Revolving Credit Facility and $17,302,000 outstanding letters of credit as of March 31, 2021. The outstanding letters of credit at March 31, 2021 consisted of $537,000 in commercial letters of credit and $16,765,000 of standby letters of credit.

The gross balance of deferred financing costs on the term loan was $14,690,000 as of March 31, 2021 and 2020. The accumulated amortization balances were $8,744,000 and $6,645,000 as of March 31, 2021 and 2020, respectively.

The gross balance of deferred financing costs associated with the Revolving Credit Facility is included in Other assets is $3,615,000 as of March 31, 2021 and $2,789,000 as of March 31, 2020. The accumulated amortization balance is $2,313,000 and $1,766,000 as of March 31, 2021 and March 31, 2020 respectively. These balances are classified in Other assets since no funds were drawn on the Revolving Credit Facility as of March 31, 2021 and March 31, 2020.

Non-U.S. Lines of Credit and Loans

Unsecured and uncommitted lines of credit are available to meet short-term working capital needs for certain of our subsidiaries operating outside of the U.S. The lines of credit are available on an offering basis, meaning that transactions under the line of credit will be on such terms and conditions, including interest rate, maturity, representations, covenants, and events of default, as mutually agreed between our subsidiaries and the local bank at the time of each specific transaction. As of March 31, 2021, unsecured credit lines totaled approximately $2,580,000, of which $0 was drawn. In addition, unsecured lines of $15,478,000 were available for bank guarantees issued in the normal course of business of which $12,598,000 was utilized.

Debt - Key Terms subsequent to March 31, 2021

As discussed in Note 3 to our March 31, 2021 consolidated financial statements, on April 7, 2021, the Company completed its acquisition of Dorner for $485,000,000 on a cash-free, debt-free basis with a working capital adjustment.

To finance the Dorner acquisition, on April 7, 2021 the Company entered into a $750,000,000 credit facility ("First Lien Facilities") with JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank"), PNC Capital Markets LLC, and Wells Fargo Securities LLC. The First Lien Facilities consist of a Revolving Facility (the "New Revolving Credit Facility") in an aggregate amount of $100,000,000 and a $650,000,000 First Lien Term Facility ("Bridge Facility"). Proceeds from the Bridge Facility were used, among other things, to finance the purchase price for the Dorner acquisition, pay related fees, expenses and transaction costs, and refinance the Company's borrowings under its prior Term Loan and Revolver.

The key terms of the First Lien Facility are as follows:

1) Bridge Facility: An aggregate $650,000,000 Bridge Facility which requires quarterly principal amortization of 0.25% with the remaining principal due at maturity date. In addition, if the Company has Excess Cash Flow (ECF) as defined in the Credit Agreement, the ECF Percentage of the Excess Cash Flow for each fiscal year minus optional prepayments of the Loans (except prepayments of Revolving Loans that are not accompanied by a corresponding permanent reduction of Revolving Commitments) pursuant to Section 2.10(a) of the Credit Agreement other than to the extent that any such prepayment is funded with the proceeds of Funded Debt, shall be applied toward the prepayment of the Bridge Facility. The ECF Percentage is defined as 50% stepping down to 25% or 0% based on the achievement of specified Secured Leverage Ratios as of the last day of such fiscal year.

2) Revolver: An aggregate $100,000,000 secured revolving facility which includes sublimits for the issuance of standby letters of credit, swingline loans and multi-currency borrowings in certain specified foreign currencies.

3) Fees and Interest Rates: Commitment fees and interest rates are determined on the basis of either a Eurocurrency rate or a Base rate plus an applicable margin, which is based upon the Company's Total Leverage Ratio (as defined in the Credit Agreement) in the case of Revolver loans.

4) Prepayments: Provisions permitting a Borrower to voluntarily prepay either the Bridge Facility or Revolver in whole or in part at any time, and provisions requiring certain mandatory prepayments of the Bridge Facility or Revolver on the occurrence of certain events which will permanently reduce the commitments under the Credit Agreement, each without premium or penalty, subject to reimbursement of certain costs of the Lenders. A prepayment premium of 1% of the principal amount of the First Lien Term Facility is required if the prepayment is associated with a Repricing Transaction and it were to occur within the first six months following the closing date.

5) Covenants: Provisions containing covenants required of the Corporation and its subsidiaries including various affirmative and negative financial and operational covenants. The key financial covenant is triggered only on any date when any Extension of Credit under the Revolving Facility is outstanding (excluding any Letters of Credit) (the “Covenant Trigger”), and prohibits the Total Leverage Ratio for the Reference Period ended on such date from exceeding (i) 6.75:1.00 as of any date of determination prior to June 30, 2021, (ii) 5.75:1.00 as of any date of determination on June 30, 2021 and thereafter but prior to June 30, 2022, (iii) 4.75:1.00 as of any date of determination on June 30, 2022 and thereafter but prior to June 30, 2023 and (iv) 3.50:1.00 as of any date of determination on June 30, 2023 and thereafter.

6) Collateral: Obligations under the First Lien Facilities are secured by liens on substantially all assets of the Company and its material domestic subsidiaries.

Debt and equity issuance costs were not material in fiscal 2021.

In the first quarter of fiscal 2022, the Company expects to incur $6,272,000 in debt extinguishment costs, of which $5,946,000 relates to the Company's prior Term Loan and $326,000 relates to the Company's prior Revolver. These costs will be classified as Cost of debt refinancing in the Consolidated Statements of Operations.

Further, in fiscal 2022 the Company expects to record $5,432,000 in deferred financing costs on the First Lien Term Facility, which will be amortized over seven years. The Company expects to record $4,027,000 in deferred financings costs on the New Revolver, of which $3,050,000 is related to the new Revolver and $977,000 is carried over from the Company's prior Revolver as certain Revolver lenders increased their borrowing capacity. These balances will be amortized over five years and classified in Other assets since no funds are expected to be drawn on the New Revolver in the first quarter of fiscal 2022.

In addition to the debt borrowing described above, the Company commenced an underwritten public offering of 4,312,500 shares of its common stock at a price of $48.00 per share for total gross proceeds of $207,000,000. The Company used all of the net proceeds from the equity offering to repay in part outstanding borrowings under its Bridge Facility. The equity offering closed on May 4, 2021. Following the repayment, the Bridge Facility was refinanced with a Term Loan B facility. The terms of the Term Loan B facility are similar to the terms for the Bridge Facility with the exception of the limits related to the financial covenants which are triggered only on any date when any Extension of Credit under the Revolving Facility is outstanding. The Term Loan B prohibits the Total Leverage Ratio on such date from exceeding (i) 6.75:1.00 as of any date of determination prior to June 30, 2021, (ii) 5.50:1.00 as of any date of determination on June 30, 2021 and thereafter but prior to June 30, 2022, (iii) 4.50:1.00 as of any date of determination on June 30, 2022 and thereafter but prior to June 30, 2023 and (iv) 3.50:1.00 as of any date of determination on June 30, 2023 and thereafter.

Fees paid on the portion of the First Lien Facilities that were associated with the Bridge Facility are expected to be expensed as part of Cost of debt refinancing in the Consolidated Statements of Operations in the amount of $8,531,000 in the first quarter of fiscal 2022.

CONTRACTUAL OBLIGATIONS

The following table reflects a summary of our expected future cash outflows associated with contractual obligations in effect as of March 31, 2021:

	Total	Fiscal 2022	Fiscal 2023-Fiscal 2024	Fiscal 2025-Fiscal 2026	More Than Five Years
Long-term debt obligations (a)	$ 255.0	$ 4.5	$ 250.5	$ —	$ —
Interest obligations (b)	22.7	9.1	13.6	—	—
Letter of credit obligations	17.3	15.2	2.1	—	—
Bank guarantees	12.6	12.6	—	—	—
Operating lease obligations (c)	39.8	9.0	13.2	8.3	9.3
Pension funding (d)	233.9	23.8	47.9	47.5	114.7
Total	$ 581.3	$ 74.2	$ 327.3	$ 55.8	$ 124.0

(a) As described above, subsequent to March 31, 2021, the Company refinanced its Term Loan and Revolver in connection with its purchase of Dorner. The new required annual principal payments (taking into account the completion of the Company's underwritten public common stock offering and associated use of proceeds for the repayment of amounts outstanding under the First Lien Term Facilities) will be $4,500,000 plus a required excess cash sweep on the $450,000,000 Term Loan B facility.
(b) Estimated for our Term Loan and Revolving Credit Facility and interest rate swaps as described in Note 10 and Note 12 to our consolidated financial statements. Calculated using a Eurocurrency rate of 1.00% plus an applicable margin of 2.50%.
(c) As described in Note 18 to consolidated financial statements.
(d) As described in Note 13 to consolidated financial statements.

We have no additional off-balance sheet obligations that are not reflected above.

CAPITAL EXPENDITURES

In addition to keeping our current equipment and plants properly maintained, we are committed to replacing, enhancing, and upgrading our property, plant and equipment to support new product development, improve productivity and customer responsiveness, reduce production costs, increase flexibility to respond effectively to market fluctuations and changes, meet environmental requirements, and enhance safety. Our capital expenditures for fiscal 2021, 2020, and 2019 were $12,300,000, $9,432,000, and $12,288,000 respectively. Excluded from fiscal 2021 capital expenditures is $730,000, $365,000, and $227,000 in property, plant and equipment purchases included in accounts payable at March 31, 2021, 2020, and 2019, respectively. We expect capital expenditure spending in fiscal 2022 to range from $20,000,000 to $25,000,000, of which $3,000,000 to $4,000,000 is attributable to Dorner.

INFLATION AND OTHER MARKET CONDITIONS

Our costs are affected by inflation in the U.S. economy and, to a lesser extent, in non-U.S. economies including those of Europe, Canada, Mexico, South America, and Asia-Pacific. We do not believe that general inflation has had a material effect on our results of operations over the periods presented primarily due to overall low inflation levels over such periods and our ability to generally pass on rising costs through annual price increases. However, increases in U.S. employee benefits costs such as health insurance and workers compensation insurance have exceeded general inflation levels. In the future, we may be further affected by inflation that we may not be able to pass on as price increases. With changes in worldwide demand for steel and fluctuating scrap steel prices over the past several years, we experienced fluctuations in our costs that we have reflected as price increases to our customers. We believe we have been successful in instituting price increases to pass on these material cost increases. We will continue to monitor our costs and reevaluate our pricing policies.

SEASONALITY AND QUARTERLY RESULTS

Our quarterly results may be materially affected by the timing of large customer orders, periods of high vacation and holiday concentrations, restructuring charges, and other costs attributable to plan closures as well as divestitures and acquisitions. Therefore, our operating results for any particular fiscal quarter are not necessarily indicative of results for any subsequent fiscal quarter or for the full fiscal year.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We continually evaluate the estimates and their underlying assumptions, which form the basis for making judgments about the carrying value of our assets and liabilities. Actual results inevitably will differ from those estimates. If interpreted differently under different conditions or circumstances, changes in our estimates could result in material changes to our reported results. We have identified below the accounting policies involving estimates that are critical to our financial statements. Other accounting policies are more fully described in Note 2 of our consolidated financial statements.

Insurance Reserves. Our accrued general and product liability reserves as described in Note 16 to consolidated financial statements involve actuarial techniques including the methods selected to estimate ultimate claims, and assumptions including emergence patterns, payment patterns, initial expected losses, and increased limit factors. These actuarial estimates are subject to a high degree of uncertainty due to a variety of factors, including extended lag time in the reporting and resolution of claims, trends or changes in claim settlement patterns, insurance industry practices, and legal interpretations. Changes to these estimates could result in material changes to the amount of expense and liabilities recorded in our financial statements. Further, actual costs could differ significantly from the estimated amounts. Adjustments to estimated reserves are recorded in the period in which the change in estimate occurs. Other insurance reserves such as workers compensation and group health insurance are based on actual historical and current claim data provided by third party administrators or internally maintained.

Goodwill and indefinite-lived intangible asset impairment testing. Our goodwill balance of $331,176,000 as of March 31, 2021 is subject to impairment testing. We test goodwill for impairment at least annually, as of the end of February, and more frequently whenever events occur or circumstances change that indicate there may be impairment. These events or circumstances could include a significant long-term adverse change in the business climate, poor indicators of operating performance, or a sale or disposition of a significant portion of a reporting unit.

We test goodwill at the reporting unit level, which is one level below our operating segment. We identify our reporting units by assessing whether the components of our operating segment constitute businesses for which discrete financial information is available and segment management regularly reviews the operating results of those components. We also aggregate components that have similar economic characteristics into single reporting units (for example, similar products and / or services, similar long-term financial results, product processes, classes of customers, or in circumstances where the components share assets or other resources and have other economic interdependencies). We have four reporting units, only two of which have goodwill. The Duff-Norton and Rest of Products reporting units have goodwill totaling $9,699,000, and $321,477,000, respectively, at March 31, 2021.

Annual Goodwill Impairment Test

When we evaluate the potential for goodwill impairment, we assess a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for our products and services, regulatory and political developments, entity specific factors such as strategy, and changes in key personnel and overall financial performance. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we proceed to a quantitative impairment test. We also proceed to the quantitative model when economic or other business factors indicate that the fair value of our reporting units may have declined since our last quantitative test. We performed the qualitative assessment as of February 28, 2021 and determined that it was not more likely than not that the fair value of each of our reporting units was less than that its applicable carrying value. Accordingly, we did not perform the quantitative goodwill impairment test for any of our reporting units during fiscal 2021.

We further test our indefinite-lived intangible asset balance of $47,857,000 consisting of trademarks on our acquisitions on an annual basis for impairment. Similar to goodwill, we first assess various qualitative factors in the analysis. If, after completing this assessment, it is determined that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value, we proceed to a quantitative impairment test. We performed the qualitative assessment as of February 28, 2021 and determined that it was not more likely than not that the fair value of each of our indefinite-lived intangible assets was less than that its applicable carrying value.

Effects of New Accounting Pronouncements

Information regarding the effects of new accounting pronouncements is included in Note 21 to the accompanying consolidated financial statements included in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. We are exposed to various market risks, including commodity prices for raw materials, foreign currency exchange rates, and changes in interest rates. We may enter into financial instrument transactions, which attempt to manage and reduce the impact of such changes. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

Our costs are affected by inflation in the U.S. economy and, to a lesser extent, in non-U.S. economies including those of Europe, Canada, Mexico, South America, and Asia-Pacific. We do not believe that general inflation has had a material effect on our results of operations over the periods presented primarily due to overall low inflation levels over such periods and our ability to generally pass on rising costs through annual price increases. However, increases in U.S. employee benefits costs such as health insurance and workers compensation insurance have exceeded general inflation levels. In the future, we may be further affected by inflation that we may not be able to pass on as price increases. With changes in worldwide demand for steel and fluctuating scrap steel prices over the past several years, we experienced fluctuations in our costs that we have reflected as price increases to our customers. We believe we have been successful in instituting price increases to pass on these material cost increases. The company is exposed to trade tariffs with China. The Company monitors the impact of tariffs and actively works to mitigate this impact through material productivity actions and pricing strategies. We will continue to monitor our costs and reevaluate our pricing policies.

We have been, and may continue to be, materially and adversely impacted by the effects of COVID-19. In addition to global macroeconomic effects, the COVID-19 outbreak and any other related adverse public health developments have caused, and are expected to continue to cause, disruption to both our domestic and international operations and sales activities. The continued operation of our facilities is subject to local laws and regulations. While all of our facilities have been deemed essential under applicable law, there is no guarantee this will continue. Our third-party manufacturers, suppliers, distributors, sub-contractors and customers have been, and are expected to continue to be, disrupted by worker absenteeism, quarantines and restrictions on their employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, and other travel or health-related restrictions. Depending on the magnitude of such effects on our manufacturing operations or the operations of our suppliers, third-party distributors, or sub-contractors, our supply chain, manufacturing and product shipments have been, and in the future may continue to be, delayed, which could adversely affect our business, operations, and customer relationships. In addition, COVID-19 or other disease outbreaks will in the short-run and may over the longer term adversely affect the economies and financial markets of many countries, which could result in an economic downturn that could affect demand for our products and impact our operating results. There can be no assurance that any decrease in sales resulting from the COVID-19 will be offset by increased sales in subsequent periods. Although the magnitude of the impact of the COVID-19 outbreak on our business and operations remains uncertain, the continued spread of the COVID-19 or the occurrence of other epidemics and the imposition of related public health measures and travel and business restrictions has, and may in the future continue to, adversely impact our business, financial condition, operating results and cash flows.

In fiscal 2021, 47% of our net sales were from manufacturing plants and sales offices in foreign jurisdictions. We manufacture our products in the United States, China, Germany, United Kingdom, Hungary, Mexico, and France and sell our products in over 50 countries. Our results of operations could be affected by factors such as changes in foreign currency rates or weak economic conditions in foreign markets. With our fiscal year 2017 acquisition of STAHL, we have an increased presence in the United Arab Emirates, with total assets of approximately $6,000,000. Our operating results are exposed to fluctuations between the U.S. Dollar and the Canadian Dollar, European currencies, the South African Rand, the Mexican Peso, the Brazilian Real, and the Chinese Yuan. For example, when the U.S. dollar weakens against the Euro, the value of our net sales and net income denominated in Euros increases when translated into U.S. dollars for inclusion in our consolidated results. We are also exposed to foreign currency fluctuations in relation to purchases denominated in foreign currencies. Our foreign currency risk is mitigated since the majority of our foreign operations' net sales and the related expense transactions are denominated in the same currency, which reduces the impact of a significant change in foreign exchange rates on net income. For example, a 10% change in the value of the U.S. dollar in relation to our most significant foreign currency exposures would have had an impact of approximately $3,200,000 on our income from operations. In addition, the majority of our export sale transactions are denominated in U.S. dollars.

The Company has a cross currency swap agreement that is designated as a cash flow hedge to hedge changes in the value of an intercompany loan to a foreign subsidiary due to changes in foreign exchange rates. This intercompany loan is related to the acquisition of STAHL. As of March 31, 2021, the notional amount of this derivative was $159,520,000, and the contract matures on January 31, 2022. From its March 31, 2021 balance of AOCL, the Company expects to reclassify approximately $653,000 out of AOCL, and into foreign currency exchange loss (gain), during the next 12 months based on the contractual payments due under this intercompany loan.

The Company has foreign currency forward agreements that are designated as cash flow hedges to hedge a portion of forecasted inventory purchases denominated in foreign currencies. The notional amount of those derivatives is $6,457,000 and all contracts mature by March 31, 2022. From its March 31, 2021 balance of AOCL, the Company expects to reclassify approximately $57,000 out of AOCL during the next 12 months based on the underlying transactions of the sales of the goods purchased.

The Company's policy is to maintain a capital structure that is comprised of 50-70% of fixed rate long-term debt and 30-50% of variable rate long-term debt. The Company has two interest rate swap agreements in which the Company receives interest at a variable rate and pays interest at a fixed rate. These interest rate swap agreements are designated as cash flow hedges to hedge changes in interest expense due to changes in the variable interest rate of the senior secured term loan. The amortizing interest rate swaps mature by December 31, 2023 and had a total notional amount of $119,820,000 as of March 31, 2021. The effective portion of the changes in fair values of the interest rate swaps is reported in AOCL and will be reclassified to interest expense over the life of the swap agreements. From its March 31, 2021 balance of AOCL, the Company expects to reclassify approximately $901,000 out of AOCL, and into interest expense, during the next 12 months.

Item 8. Financial Statements and Supplemental Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Columbus McKinnon Corporation

Audited Consolidated Financial Statements as of March 31, 2021:

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Columbus McKinnon Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Columbus McKinnon Corporation (the Company) as of March 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated May 26, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matters

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

	Valuation of Goodwill
Description of the Matter	At March 31, 2021, the Company's goodwill was $331.2 million. As discussed in Notes 2 and 9 of the consolidated financial statements, goodwill is qualitatively assessed and quantitatively tested, when necessary, for impairment at least annually at the reporting unit level. For its fiscal 2021 annual impairment test, the Company qualitatively tested goodwill impairment for the Rest of Products reporting unit which had goodwill of $321.5 million. Auditing management's qualitative assessment for goodwill impairment for the Rest of Products reporting unit was complex and highly judgmental due to the significant judgments required in evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In particular, the qualitative assessment requires management to assess the totality of events and circumstances such as macroeconomic conditions, industry and market conditions, overall financial performance, as well as other drivers of fair value and make judgments, on the basis of the weight of evidence, about the significance of all identified events and circumstances in the context of determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment review process. Our procedures included, among others, testing management's review and assessment of the qualitative factors considered in its evaluation. To test the Company's qualitative assessment for goodwill impairment, we performed audit procedures that included, among others, inspecting the analysis prepared by management and evaluating the evidence gathered by management in support of its assessment of the events and circumstances discussed above. We considered the results of management's most recent quantitative test as well as events that have occurred since that test was performed. We compared forecasts utilized by management in its most recent quantitative test to actual results. We inspected and analyzed other third-party evidence about, among other things, macroeconomic conditions and their expected trends, long-term growth rates, as well as industry and market conditions and their expected trends. We evaluated the evidence of these conditions and trends that had been gathered by management by agreeing the financial data presented by management to underlying financial records, as well as comparing market conditions and expected trends to economic and industry data. We also inspected evidence about other relevant entity-specific events such as changes in management, key personnel, strategy, or customers, or litigation and qualitatively assessed the impact of those events on the fair value of the Company's Rest of Products reporting unit. In addition, we analyzed trends in the Company's stock price to identify changes in the indicated fair value of the Company and compared the Company's stock quotes to quoted market price from other independent sources, and we analyzed the Company's weighted average cost of capital and compared it to the weighted average cost of capital used by management in its most recent quantitative test.
	Product Liabilities and Related Legal Costs
Description of the Matter	At March 31, 2021 the Company's liability for asbestos-related product liability claims and related legal costs was $15.0 million. As discussed in Note 16 to the consolidated financial statements, the Company is involved in asbestos-related litigation the cost of which is paid through a wholly-owned captive insurance company. Auditing management's estimate of its reserves for asbestos-related product liabilities is complex and highly judgmental due to the significant estimation and judgment required in determining the ultimate outcomes of the cases asserted against the Company and in determining the ultimate costs for the Company to defend against such claims. In particular, the estimated product liability reserve is sensitive to significant assumptions such as case dismissal rates, the number of years case activity might continue, legal and other costs to defend claims. The cost to defend claims takes into consideration the extent to which insurance carriers, under pre-existing insurance policies and pursuant to a legal settlement, are covering future indemnity payments and sharing in payment of future legal defense costs.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's product liability estimation process. Our procedures included, among others, testing management's review of significant assumptions used for purposes of calculating the estimated liability. To test the estimated liability for asbestos-related product liability claims, we performed audit procedures that included, among others, testing the completeness and accuracy of the asbestos-related claims data underlying the estimated liability. We compared forecasts of legal defense costs and dismissal ratios utilized by management in prior year reserve estimates to actual defense costs incurred and the actual ratios of asbestos claims asserted to claims dismissed. We inspected analyses prepared by the Company to support the current forecasts of defense costs and dismissal ratios. We inspected correspondence from the Company's internal counsel as to the number and status of outstanding claims asserted and correspondence from external counsel to evaluate the information provided by management. We involved a specialist to assist with our procedures and to develop an independent range of asbestos-related product liability reserves, which we compared to the Company's recorded amount.

/s/ Ernst & Young LLP

We have served as the Company's auditor since at least 1917, but we are unable to determine the specific year.

Buffalo, New York
May 26, 2021

COLUMBUS McKINNON CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 2021	March 31, 2020
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 202,127	$ 114,450
Trade accounts receivable, less allowance for doubtful accounts ($5,686 and $5,056, respectively)	105,464	123,743
Inventories	111,488	127,373
Prepaid expenses and other	22,763	17,180
Total current assets	441,842	382,746
Net property, plant, and equipment	74,753	79,473
Goodwill	331,176	319,679
Other intangibles, net	213,362	217,962
Marketable securities	7,968	7,322
Deferred taxes on income	20,080	26,281
Other assets	61,251	59,809
Total assets	$ 1,150,432	$ 1,093,272
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 68,593	$ 57,289
Accrued liabilities	110,816	93,585
Current portion of long-term debt	4,450	4,450
Total current liabilities	183,859	155,324
Term loan and revolving credit facility	244,504	246,856
Other non-current liabilities	191,920	227,507
Total liabilities	620,283	629,687
Shareholders' equity:		
Voting common stock: 50,000,000 shares authorized; 23,984,299 and 23,771,620 shares issued and outstanding	240	238
Additional paid-in capital	296,093	287,256
Retained earnings	293,802	290,441
Accumulated other comprehensive loss	(59,986)	(114,350)
Total shareholders' equity	530,149	463,585
Total liabilities and shareholders' equity	$ 1,150,432	$ 1,093,272

See accompanying notes.

COLUMBUS McKINNON CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended March 31,		
	2021	2020	2019
	(In thousands, except per share data)		
Net sales	$ 649,642	$ 809,162	$ 876,282
Cost of products sold	429,417	525,976	571,285
Gross profit	220,225	283,186	304,997
Selling expenses	76,907	91,054	97,925
General and administrative expenses	76,035	77,880	83,567
Research and development expenses	12,405	11,310	13,491
Net loss on sales of businesses, including impairment	—	176	25,672
Amortization of intangibles	12,623	12,942	14,900
Income from operations	42,255	89,824	69,442
Interest and debt expense	12,081	14,234	17,144
Investment (income) loss, net	(1,693)	(891)	(727)
Foreign currency exchange loss (gain), net	941	(1,514)	843
Other (income) expense, net	20,850	839	(716)
Income from continuing operations before income tax expense	10,076	77,156	52,898
Income tax expense	970	17,484	10,321
Net income	$ 9,106	$ 59,672	$ 42,577
Average basic shares outstanding	23,897	23,619	23,276
Average diluted shares outstanding	24,173	23,855	23,660
Basic income per share	$ 0.38	$ 2.53	$ 1.83
Diluted income per share	$ 0.38	$ 2.50	$ 1.80
Dividends declared per common share	$ 0.24	$ 0.24	$ 0.21

See accompanying notes.

COLUMBUS McKINNON CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	March 31,		
	2021	2020	2019
		(In thousands)	
Net income	$ 9,106	$ 59,672	$ 42,577
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	12,583	(9,004)	(16,708)
Pension liability adjustments, net of taxes of $(13,261), $8,062 and $2,242	41,571	(24,051)	(5,711)
Other post retirement obligations adjustments, net of taxes of $(12), $(35), and $(126)	38	104	475
Split-dollar life insurance arrangement adjustments, net of taxes of $(24), $(17), and $(18)	76	51	69
Change in derivatives qualifying as hedges, net of taxes of $(8), $(565), and $469	96	1,602	(1,037)
Total other comprehensive income (loss)	54,364	(31,298)	(22,912)
Comprehensive income	$ 63,470	$ 28,374	$ 19,665

See accompanying notes.

COLUMBUS McKINNON CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except share data)

	Common Stock ($0.01 par value)	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at April 1, 2018	$ 230	$ 269,360	$ 197,897	$ (59,258)	$ 408,229
Net income 2019	—	—	42,577	—	42,577
Dividends declared	—	—	(4,903)	—	(4,903)
Change in accounting principle	—	—	888	—	888
Change in foreign currency translation adjustment	—	—	—	(16,708)	(16,708)
Change in net unrealized gain on investments, net of tax of	—	—	—	(883)	(883)
Change in derivatives qualifying as hedges, net of tax of $469	—	—	—	(1,037)	(1,037)
Change in pension liability and postretirement obligations, net of tax of $2,097	—	—	—	(5,166)	(5,166)
Stock compensation - directors	—	430	—	—	430
Stock options exercised, 187,907 shares	4	4,148	—	—	4,152
Stock compensation expense	—	5,768	—	—	5,768
Restricted stock units released, 157,715 shares, net of shares withheld for minimum statutory tax obligation	—	(2,188)	—	—	(2,188)
Balance at March 31, 2019	$ 234	$ 277,518	$ 236,459	$ (83,052)	$ 431,159
Net income 2020	—	—	59,672	—	59,672
Dividends declared	—	—	(5,690)	—	(5,690)
Change in foreign currency translation adjustment	—	—	—	(9,004)	(9,004)
Change in derivatives qualifying as hedges, net of tax of $(565)	—	—	—	1,602	1,602
Change in pension liability and postretirement obligations, net of tax of $8,010	—	—	—	(23,896)	(23,896)
Stock compensation - directors	—	460	—	—	460
Stock options exercised, 296,027 shares	3	5,997	—	—	6,000
Stock compensation expense	—	4,047	—	—	4,047
Restricted stock units released, 82,861 shares, net of shares withheld for minimum statutory tax obligation	1	(766)	—	—	(765)
Balance at March 31, 2020	$ 238	$ 287,256	$ 290,441	$ (114,350)	$ 463,585
Net income 2021	—	—	9,106	—	9,106
Dividends declared	—	—	(5,745)	—	(5,745)
Change in foreign currency translation adjustment	—	—	—	12,583	12,583
Change in derivatives qualifying as hedges, net of tax of $(8)	—	—	—	96	96
Change in pension liability and postretirement obligations, net of tax of $(13,297)	—	—	—	41,685	41,685
Stock compensation - directors	—	540	—	—	540
Stock options exercised, 97,398 shares	2	1,971	—	—	1,973
Stock compensation expense	—	7,482	—	—	7,482
Restricted stock units released, 115,281 shares, net of shares withheld for minimum statutory tax obligation		(1,156)	—	—	(1,156)
Balance at March 31, 2021	$ 240	$ 296,093	$ 293,802	$ (59,986)	$ 530,149

See accompanying notes.

COLUMBUS McKINNON CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended March 31,		
	2021	**2020**	**2019**
Operating activities:		(In thousands)	
Net income	$ 9,106	$ 59,672	$ 42,577
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation and amortization	28,153	29,126	32,675
Deferred income taxes and related valuation allowance	(8,704)	7,364	(958)
Net loss (gain) on sale of real estate, investments and other	(1,594)	(563)	194
Stock-based compensation	8,022	4,507	6,198
Amortization of deferred financing costs	2,646	2,655	2,655
Loss on sales of businesses	—	176	25,672
Non-cash pension settlement expense (See Note 13)	19,038	—	—
Gain on sale of building (See Note 3)	(2,638)	—	—
Non-cash lease expense	7,447	7,923	—
Changes in operating assets and liabilities, net of effects of business acquisitions and divestitures:			
Trade accounts receivable	21,472	2,899	(11,328)
Inventories	20,659	15,752	(15,411)
Prepaid expenses and other	(5,128)	(3,857)	(128)
Other assets	874	724	231
Trade accounts payable	10,343	8,110	3,881
Accrued liabilities	(3,174)	(14,304)	6,397
Non-current liabilities	(7,632)	(13,389)	(13,156)
Net cash provided by (used for) operating activities	98,890	106,795	79,499
Investing activities:			
Proceeds from sales of marketable securities	5,111	5,380	3,266
Purchases of marketable securities	(4,945)	(5,747)	(2,604)
Capital expenditures	(12,300)	(9,432)	(12,288)
Proceeds from sale of building, net of transaction costs	5,453	—	—
Proceeds from insurance reimbursement	100	—	—
Dividend received from equity method investment	587	—	—
Proceeds from sale of fixed assets	446	51	176
Net (payments) proceeds from the sales of businesses	—	(214)	14,230
Payment of restricted cash to former owner	—	—	(294)
Net cash provided by (used for) investing activities	(5,548)	(9,962)	2,486
Financing activities:			
Proceeds from issuance of common stock	1,973	6,000	4,152
Borrowings under line-of-credit agreements	25,000	—	—
Payments under line-of-credit agreements	(25,000)	—	—
Repayment of debt	(4,450)	(51,113)	(65,088)
Fees paid for revolver extension	(826)	—	—
Payment of dividends	(5,733)	(5,670)	(4,652)
Other	(1,153)	(768)	(2,190)
Net cash provided by (used for) financing activities	(10,189)	(51,551)	(67,778)
Effect of exchange rate changes on cash	4,524	(1,925)	(6,429)
Net change in cash and cash equivalents	87,677	43,357	7,778
Cash, cash equivalents, and restricted cash at beginning of year	114,700	71,343	63,565
Cash, cash equivalents, and restricted cash at end of year	$ 202,377	$ 114,700	$ 71,343
Supplementary cash flows data:			
Interest paid	$ 9,451	$ 11,555	$ 14,411
Income taxes paid, net of refunds	$ 10,186	$ 11,601	$ 4,840
Property, plant and equipment purchases included in trade accounts payable	$ 730	$ 365	$ 227
Restricted cash presented in Other assets	$ 250	$ 250	$ 250

See accompanying notes.

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular amounts in thousands, except share data)

1. Description of Business

Columbus McKinnon Corporation ("the Company") is a leading worldwide designer, manufacturer, and marketer of hoists, actuators, rigging tools, digital power control systems, motion control products, and other technologies, systems, and services that efficiently and ergonomically move, lift, position, and secure materials. Key products include hoists, rigging tools, digital power control systems, actuators, elevator application drive systems, and explosion-protected hoists. The Company is focused on commercial and industrial applications that require safety and productivity in moving material. The Company's targeted market verticals include general industrial, construction and infrastructure, mining, oil & gas, energy, aerospace, transportation, automotive, heavy equipment manufacturing, and entertainment.

The Company's material handling products are sold globally, principally to third party distributors through diverse distribution channels and, to a lesser extent, directly to end-users. During fiscal 2021, approximately 53% of sales were to customers in the United States.

2. Accounting Principles and Practices

Advertising

Costs associated with advertising are expensed as incurred and are included in Selling expense in the Consolidated Statements of Operations. Advertising expenses were $999,000, $1,648,000, and $2,452,000 in fiscal 2021, 2020, and 2019, respectively. The decrease in fiscal 2021 was due to reduced spending including fewer trade shows expenses as a result of COVID-19.

Cash and Cash Equivalents

The Company considers as cash equivalents all highly liquid investments with an original maturity of three months or less.

Concentrations of Labor

Approximately 8% of the Company's employees are represented by two separate U.S. collective bargaining agreements which expire in June 2021 and September 2021.

Consolidation

These consolidated financial statements include the accounts of the Company and its global subsidiaries; all significant intercompany accounts and transactions have been eliminated.

Equity Method Investment

The Company has an investment in Eastern Morris Cranes Company Limited ("EMC") whose principal activity is to manufacture various electrical overhead traveling cranes. This investment represents a minority ownership interest that is accounted for under the equity method of accounting since the Company has significant influence over the investee. As a result, the Company records its portion of the gains and losses incurred by this entity in Investment (income) loss in the Consolidated Statements of Operations.

Foreign Currency Translations

The Company translates foreign currency financial statements as described in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 830, "Foreign Currency Matters." Under this method, all items of income and expense are translated to U.S. dollars at average exchange rates during the year. All assets and liabilities are translated to U.S. dollars at the year-end exchange rate. Gains or losses on translations are recorded in accumulated other comprehensive loss in the shareholders' equity section of the balance sheet. The functional currency is the foreign currency in which the foreign subsidiaries conduct their business. Gains and losses from foreign currency transactions are reported in foreign currency exchange loss (gain).

Goodwill

Goodwill is not amortized but is tested for impairment at least annually, or more frequently if indicators of impairment exist, in accordance with the provisions of ASC Topic 350-20-35-1. Goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. The fair value of a reporting unit is determined using a discounted cash flow methodology. The Company's reporting units are determined based upon whether discrete financial information is available and reviewed regularly, whether those units constitute a business, and the extent of economic similarities and interdependencies between those reporting units for purposes of aggregation. The Company's reporting units identified under ASC Topic 350-20-35-33 are at the component level, or one level below the reporting segment level as defined under ASC Topic 280-10-50-10 "Segment Reporting – Disclosure." As of March 31, 2021, the Company's one segment is subdivided into two reporting units. Further, the Company adopted ASU No. 2017-04, "Simplifying the Test for Goodwill Impairment (Topic 350)," in fiscal 2018, therefore, is no longer required to compare the implied fair value of goodwill with its carrying value amount as part of step two of the goodwill test. An impairment charge is the amount by which the carrying value is greater than the reporting unit's fair value.

When the Company evaluates the potential for goodwill impairment, it assesses a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for its products and services, regulatory and political developments, entity specific factors such as strategy and changes in key personnel, and overall financial performance. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value or if economic or other business factors indicate that the fair value of our reporting units may have declined since our last quantitative test, the Company performs a quantitative test.

To perform the quantitative impairment test, the Company uses the discounted cash flow method and a market-based valuation model to estimate the fair value of the reporting units. The discounted cash flow method incorporates various assumptions, the most significant being projected revenue growth rates, operating profit margins and cash flows, the terminal growth rate, and the discount rate. The Company projects revenue growth rates, operating margins and cash flows based on each reporting unit's current business, expected developments, and operational strategies over a five-year period. In estimating the terminal growth rates, the Company considers its historical and projected results, as well as the economic environment in which its reporting units operate. The discount rates utilized for each reporting unit reflect the Company's assumptions of marketplace participants' cost of capital and risk assumptions, both specific to the reporting unit and overall in the economy.

The Company performed its qualitative assessment as of February 28, 2021 and determined that the quantitative goodwill impairment test was not required for the Rest of Products and Duff-Norton reporting units. Based on various conditions in the current fiscal year, such as financial performance, macroeconomic conditions, and other company specific events, it was determined that the Rest of Products and Duff-Norton's reporting unit's fair value was not more likely than not less than its applicable carrying value. See Note 9 for further discussion of goodwill and intangible assets.

Impairment of Long-Lived Assets

The Company assesses impairment of its long-lived assets in accordance with the provisions of ASC Topic 360 "Property, Plant, and Equipment." This statement requires long-lived assets, such as property and equipment and purchased intangibles subject to amortization, to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group over its remaining useful life. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized equal to the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. The fair values are determined in accordance with ASC 820.

In assessing long-lived assets for an impairment loss, assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Asset grouping requires a significant amount of judgment. Accordingly, facts and circumstances will influence how asset groups are determined for impairment testing. In assessing long-lived assets for impairment, management considered the Company’s product line portfolio, customers and related commercial agreements, labor agreements and other factors in grouping assets and liabilities at the lowest level for which identifiable cash flows are independent. The Company considers projected future undiscounted cash flows, trends and other factors in its assessment of whether impairment conditions exist. While the Company believes that its estimates of future cash flows are reasonable, different assumptions regarding such factors as future production volumes, customer pricing, economics, and productivity and cost initiatives, could significantly affect its estimates. In determining fair value of long-lived assets, management uses management estimates, discounted cash flow calculations, and appraisals where necessary. There were no impairments recorded related to long-lived assets in the current year.

Intangible Assets

At acquisition, the Company estimates and records the fair value of purchased intangible assets which primarily consist of trade names, customer relationships, and technology. The fair values are estimated based on management’s assessment as well as independent third party appraisals. Such valuations may include a discounted cash flow of anticipated revenues resulting from the acquired intangible asset.

Amortization of intangible assets with finite lives is recognized over their estimated useful lives using an amortization method that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized. The straight line method is used for customer relationships. As a result of the negligible attrition rate in our customer base, the difference between the straight line method and attrition method is not considered significant. The estimated useful lives for our intangible assets range from 1 to 25 years.

Similar to goodwill, indefinite-lived intangible assets (including trademarks on our acquisitions) are tested for impairment on an annual basis. When the Company evaluates the potential for impairment of intangible assets, it assesses a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for its products and services, regulatory and political developments, entity specific factors such as strategy and changes in key personnel, and overall financial performance. If, after completing this assessment, it is determined that it is more likely than not that the fair value of an indefinite-lived intangible asset is greater than its carrying value, we conclude that the indefinite-lived intangible asset is not impaired. If, after completing this assessment, it is determined that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value or if economic or other business factors indicate that the fair value of our indefinite-lived intangible assets may have declined since our last quantitative test, the Company performs a new quantitative test. The methodology used to value trademarks is the relief from royalty method. The recorded book value of these trademarks in excess of the calculated fair value triggers an impairment. The key estimate used in this calculation consists of an overall royalty rate applied to the sales covered by the trademark. After performing a qualitative assessment as of February 28, 2021, it was determined that the trademarks were not impaired.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of approximately 39% of inventories at March 31, 2021 and 36% at March 31, 2020 have been determined using the LIFO (last-in, first-out) method. Costs of other inventories have been determined using the FIFO (first-in, first-out) or average cost method. FIFO cost approximates replacement cost. Costs in inventory include components for direct labor and overhead costs.

Marketable Securities

The Company’s marketable securities, which consist of equity and fixed income securities, are recorded at fair value. Under ASU 2016-01 all equity investments (including certain fixed income securities) in unconsolidated entities are measured at fair value through earnings. Therefore, gains and losses on marketable securities are realized within Investment (income) loss on the Consolidated Statements of Operations. Estimated fair value is based on published trading values at the balance sheet dates. The cost of securities sold is based on the specific identification method. Interest and dividend income are also included in Investment (income) loss on the Consolidated Statements of Operations.

The marketable securities are carried as long-term assets since they are held for the settlement of the Company’s general and products liability insurance claims filed through CM Insurance Company, Inc., a wholly owned captive insurance subsidiary. The marketable securities are not available for general working capital purposes.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost and depreciated principally using the straight-line method over their respective estimated useful lives (buildings and building equipment—15 to 40 years; machinery and equipment—3 to 18 years). When depreciable assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operating results.

Research and Development

Consistent with prior periods, the Company continues to account for R&D expenses in accordance with the provisions of ASC 730 and are expensed as incurred.

Revenue Recognition, Accounts Receivable, and Concentration of Credit Risk

The Company adopted ASC 606, "Revenue from Contracts with Customers," in fiscal 2019. Revenue from contracts with customers for standard products is recognized when legal title and significant risk and rewards has transferred to the customer, which is generally at the time of shipment. This is the point in time when control is deemed to transfer to the customer. The Company also sells custom engineered products and services which are contracts that are typically completed within one quarter but can extend beyond one year in duration. The Company generally recognizes revenue for customer engineered products upon satisfaction of its performance obligation under the contract which typically coincides with project completion which is when the products and services are controlled by the customer. Control is typically achieved at the later of when legal title and significant risk and rewards have transferred to the customer or the customer has accepted the asset. For both standard products and custom engineered products, the transaction price is based upon the price stated in either the purchase order or contract. Refer to Note 4 for further details.

Additionally, the Company performs ongoing credit evaluations of its customers' financial condition, but generally does not require collateral to support customer receivables. The credit risk is controlled through credit approvals, limits, and monitoring procedures. Accounts receivable are reported at net realizable value and do not accrue interest. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other factors. Accounts receivable are charged against the allowance for doubtful accounts once all collection efforts have been exhausted. The Company does not routinely permit customers to return product. However, sales returns are permitted in specific situations and typically include a restocking charge or the purchase of additional product. As a result of ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," discussed in Note 21 and effective in fiscal 2021, the Company has updated its existing allowance for doubtful accounts policy to comply with the new standard.

Shipping and Handling Costs

Shipping and handling costs are a component of cost of products sold.

Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC Topic 718, "Compensation – Stock Compensation." This standard requires all equity-based payments to employees, including grants of employee stock options, to be recognized in the Consolidated Statements of Operations based on the grant date fair value of the award. Stock compensation expense is included in Cost of products sold, Selling, and General and administrative expense depending on the nature of the service of the employee receiving the award. The Company uses a straight-line method of attributing the value of stock compensation expense, subject to minimum levels of expense, based on vesting. See Note 15 for further discussion of stock-based compensation.

Leases

All leases are reviewed for operating or finance classification at their inception. Rent expense for leases that contain scheduled rent increases is recognized on a straight-line basis over the lease term. As described in Note 18, the Company adopted ASC

(tabular amounts in thousands, except share data)

842, "Leases," effective April 1, 2019 whereas leases with terms greater than twelve months are recorded on the balance sheet as a right-of-use ("ROU") asset and corresponding lease liability. Refer to Note 18 for further details.

Use of Estimates

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

Warranties

The Company offers warranties for certain products it sells. The specific terms and conditions of those warranties vary depending upon the product sold and the country in which the Company sold the product. As noted in the Revenue Recognition note (Note 4), the Company offers standard warranties which are typically 12 months in duration for standard products and 24 to 36 months for custom engineered products. These are assurance-type warranties that do not qualify as separate performance obligations under ASC 606. The Company estimates the costs that may be incurred under its standard warranties, based largely upon actual warranty repair costs history, and records a liability in the amount of such costs in the month that revenue is recognized. The resulting accrual balance is reviewed during the year. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rate of warranty claims, and cost per claim. Changes in the Company's product warranty accrual are as follows:

	March 31,	
	2021	2020
Balance at beginning of year	$ 3,581	$ 3,634
Accrual for warranties issued	2,319	2,723
Warranties settled	(2,778)	(2,548)
Foreign currency translation	206	(228)
Balance at end of year	$ 3,328	$ 3,581

3. Acquisitions & Disposals

Disposals

As part of our business strategy, in the first quarter of fiscal 2019 the Company started the process to sell its Tire Shredder business, its crane builder business, Crane Equipment and Service Inc., and Stahlhammer Bommern GmbH, its European forging business acquired in 2014 (the "Sold Businesses") as they were no longer considered part of the core business or a strategic fit with the Company's long-term growth and operational objectives. On December 28, 2018, the Company sold its Tire Shredder business and recognized a gain. On February 28, 2019, the Company sold the remaining two businesses, Crane Equipment and Service Inc. and Stahlhammer Bommern GmbH, and recognized a loss. As such, there are no remaining businesses which meet the criteria as being held for sale in accordance with ASC 360-10-45-9, "Property, Plant, and Equipment." The businesses were not deemed a strategic shift or significant to be considered discontinued operations.

When businesses or asset groups meet the criteria as held for sale, they are recorded at the lesser of their carrying value or fair value less cost to sell. The Company recognized a gain on the sale of its Tire Shredder business in the amount of $1,059,000 during the twelve months ending March 31, 2019. The Company recognized a loss on Crane Equipment and Service Inc. and Stahlhammer Bommern GmbH in the amount of $26,731,000 during the twelve months ended March 31, 2019. The loss of $26,731,000 recognized during fiscal 2019 includes an impairment loss on the Sold Businesses in the amount of $27,753,000. The impairment loss included a $6,174,000 reduction to goodwill, a $1,872,000 reduction to other intangible assets, a $12,830,000 reduction to property, plant, and equipment, and a $6,877,000 reduction to inventory. Both the gain and loss on sale of business were recorded in Net loss on sales of businesses, including impairment on the Consolidated Statements of Operations and was determined based on the selling price less carrying value, described further in Note 5. Additionally, net sales and pre-tax income (loss) before recognized gain or loss on sales for the three Sold Businesses was $34,195,000 and $3,623,000 for the twelve months ended March 31, 2019. In the twelve months ending March 31, 2020, the Company recognized an additional loss of $176,000 as a result of a final working capital adjustment.

As part of its Blueprint for Growth 2.0 strategy, the Company is consolidating its manufacturing footprint. The Company previously announced in fiscal 2019 the closure of its Salem, Ohio facility. In fiscal 2020 the Company announced its plans to consolidate its hoist manufacturing facility in Lisbon, Ohio with its Wadesboro, North Carolina and Damascus, Virginia facilities in fiscal 2021. The Salem, Ohio facility consolidation was completed during the first quarter of fiscal 2020 and the Lisbon, Ohio consolidation was completed during the nine months ended December 31, 2020. In total $1,797,000, $2,958,000, and $1,473,000 are included in Cost of products sold on the Consolidated Statements of Operations during the twelve months ended March 31, 2021, 2020, and 2019 respectively, related to the consolidation of the Salem and Lisbon facilities. Costs incurred include accelerated depreciation, accelerated lease costs, severance and other payroll related costs, costs to relocate inventory and machinery and equipment, and a payment of a previously recorded tax credit that will be refunded to the state.

Further, the Company closed one of its facilities located in France and consolidated these operations into one of its German facilities. During the twelve months ended March 31, 2021, $815,000 of costs are included in Cost of products sold, $327,000 in General and administrative expenses, and $94,000 included in Selling expenses on the Consolidated Statements of Operations related to this consolidation, which primarily are severance and legal costs.

During fiscal 2021, the Company sold one of its owned manufacturing facilities in China as a result of its plan to consolidate two of its Hangzhou, China manufacturing facilities into one and reorganize its Asia Pacific operations. The Company received cash in the amount of 45 million RMB (approximately $6,363,000) from the buyer to purchase the facility which resulted in a gain of $2,638,000, of which $2,189,000 is included in Cost of products sold and $449,000 is included in General and administrative expenses on the Consolidated Statements of Operations during the twelve months ended March 31, 2021. $1,455,000 of costs are included in General and administrative expenses and $296,000 are included in Selling expenses on the Consolidated Statements of Operations during the twelve months ended March 31, 2020 related to this consolidation.

Acquisitions - subsequent to March 31, 2021

On April 7, 2021, the Company completed its acquisition of Dorner Mfg. Corp. ("Dorner") for $485,000,000 on a cash-free, debt-free basis with a working capital adjustment. Dorner, headquartered in Hartland, WI, is a leading automation solutions company providing unique, patented technologies in the design, application, manufacturing and integration of high-precision conveying systems. The acquisition of Dorner accelerates the Company’s shift to intelligent motion and serves as a platform to expand capabilities in advanced, higher technology automation solutions. Dorner is a leading supplier to the life sciences, food processing, and consumer packaged goods markets as well as the faster growing industrial automation and e-commerce sectors.

Acquisition expenses incurred by the Company total $3,951,000 through March 31, 2021 and have been recorded in General and administrative expenses.

To finance the Dorner acquisition, on April 7, 2021 the Company entered into a $750,000,000 credit facility ("First Lien Facilities") with JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank"), PNC Capital Markets LLC, and Wells Fargo Securities LLC. The First Lien Facilities consist of a Revolving Facility (the “New Revolving Credit Facility”) in an aggregate amount of $100,000,000 and a $650,000,000 First Lien Term Facility ("Bridge Facility"). Proceeds from the Bridge Facility were used, among other things, to finance the purchase price for the Dorner acquisition, pay related fees, expenses and transaction costs, and refinance the Company's borrowings under its prior Term Loan and Revolver.

The key terms of the First Lien Facility are as follows:

1) Bridge Facility: An aggregate $650,000,000 Bridge Facility which requires quarterly principal amortization of 0.25% with the remaining principal due at maturity date. In addition, if the Company has Excess Cash Flow (ECF) as defined in the Credit Agreement, the ECF Percentage of the Excess Cash Flow for each fiscal year minus optional prepayments of the Loans (except prepayments of Revolving Loans that are not accompanied by a corresponding permanent reduction of Revolving Commitments) pursuant to Section 2.10(a) of the Credit Agreement other than to the extent that any such prepayment is funded with the proceeds of Funded Debt, shall be applied toward the prepayment of the Bridge Facility. The ECF Percentage is defined as 50% stepping down to 25% or 0% based on the achievement of specified Secured Leverage Ratios as of the last day of such fiscal year.

2) Revolver: An aggregate $100,000,000 secured revolving facility which includes sublimits for the issuance of standby letters of credit, swingline loans and multi-currency borrowings in certain specified foreign currencies.

3) Fees and Interest Rates: Commitment fees and interest rates are determined on the basis of either a Eurocurrency rate or a Base rate plus an applicable margin, which is based upon the Company's Total Leverage Ratio (as defined in the Credit Agreement) in the case of Revolver loans.

4) Prepayments: Provisions permitting a Borrower to voluntarily prepay either the Bridge Facility or Revolver in whole or in part at any time, and provisions requiring certain mandatory prepayments of the Bridge Facility or Revolver on the occurrence of certain events which will permanently reduce the commitments under the Credit Agreement, each without premium or penalty, subject to reimbursement of certain costs of the Lenders. A prepayment premium of 1% of the principal amount of the First Lien Term Facility is required if the prepayment is associated with a Repricing Transaction and it were to occur within the first six months following the closing date.

5) Covenants: Provisions containing covenants required of the Corporation and its subsidiaries including various affirmative and negative financial and operational covenants. The key financial covenant is triggered only on any date when any Extension of Credit under the Revolving Facility is outstanding (excluding any Letters of Credit) (the “Covenant Trigger”), and prohibits the Total Leverage Ratio for the Reference Period ended on such date from exceeding (i) 6.75:1.00 as of any date of determination prior to June 30, 2021, (ii) 5.75:1.00 as of any date of determination on June 30, 2021 and thereafter but prior to June 30, 2022, (iii) 4.75:1.00 as of any date of determination on June 30, 2022 and thereafter but prior to June 30, 2023 and (iv) 3.50:1.00 as of any date of determination on June 30, 2023 and thereafter.

6) Collateral: Obligations under the First Lien Facilities are secured by liens on substantially all assets of the Company and its material domestic subsidiaries.

Debt and equity issuance costs were not material in fiscal 2021.

In the first quarter of fiscal 2022, the Company expects to incur $6,272,000 in debt extinguishment costs, of which $5,946,000 relates to the Company's prior Term Loan and $326,000 relates to the Company's prior Revolver. These costs will be classified as Cost of debt refinancing in the Consolidated Statements of Operations.

Further, in fiscal 2022 the Company expects to record $5,432,000 in deferred financing costs on the First Lien Term Facility, which will be amortized over seven years. The Company expects to record $4,027,000 in deferred financings costs on the New Revolver, of which $3,050,000 is related to the new Revolver and $977,000 is carried over from the Company's prior Revolver as certain Revolver lenders increased their borrowing capacity. These balances will be amortized over five years and classified in Other assets since no funds are expected to be drawn on the New Revolver in the first quarter of fiscal 2022.

In addition to the debt borrowing described above, the Company commenced an underwritten public offering of 4,312,500 shares of its common stock at a price of $48.00 per share for total gross proceeds of $207,000,000. The Company used all of the net proceeds from the equity offering to repay in part outstanding borrowings under its Bridge Facility. The equity offering closed on May 4, 2021. Following the repayment, the Bridge Facility was refinanced with a Term Loan B facility. The terms of the Term Loan B facility are similar to the terms for the Bridge Facility with the exception of the limits related to the financial covenants which are triggered only on any date when any Extension of Credit under the Revolving Facility is outstanding. The Term Loan B prohibits the Total Leverage Ratio on such date from exceeding (i) 6.75:1.00 as of any date of determination prior to June 30, 2021, (ii) 5.50:1.00 as of any date of determination on June 30, 2021 and thereafter but prior to June 30, 2022, (iii) 4.50:1.00 as of any date of determination on June 30, 2022 and thereafter but prior to June 30, 2023 and (iv) 3.50:1.00 as of any date of determination on June 30, 2023 and thereafter.

Fees paid on the portion of the First Lien Facilities that were associated with the Bridge Facility are expected to be expensed as part of Cost of debt refinancing in the Consolidated Statements of Operations in the amount of $8,531,000 in the first quarter of fiscal 2022.

Lastly, purchase accounting allocations are not complete at this time. The Company has identified intangible assets and expects to record balances related to trade names, technology, customer relationships, and goodwill. Further, pro forma financial information presenting the combined results of operations as if the acquisitions had occurred as of April 1, 2020 has not been disclosed because it is deemed impracticable to do so. This is due to the initial accounting for the business combination is incomplete at this time.

4. Revenue & Receivables

Revenue Recognition:

The core principle under ASC 606 is for revenue to be recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services. To achieve this core principle, the Company applies the following five steps:

1) Identifying contracts with customers

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party’s rights regarding the goods or services to be transferred and identifies the related payment terms, (ii) the contract has commercial substance, and (iii) the Company determines that collection of substantially all consideration for goods and services that are transferred is probable based on the customer’s intent and ability to pay the promised consideration.

2) Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the products and services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the good or service either on its own or together with other available resources, and are distinct in the context of the contract, whereby the transfer of the good or service is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised goods and services, the Company must apply judgment to determine whether promised goods and services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised goods and services are accounted for as a combined performance obligation.

3) Determine the transaction price

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring products and services to the customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Company’s judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Any estimates, including the effect of the constraint on variable consideration, are evaluated at each reporting period for any changes. In applying this guidance, the Company also considers whether any significant financing components exist.

4) Allocate the transaction price to the performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation on a relative standalone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct service that forms part of a single performance obligation.

5) Recognize revenue when or as the Company satisfies a performance obligation

The Company determines whether it satisfies performance obligations either over time or at a point in time. Revenue is recognized over time if either 1) the customer simultaneously receives and consumes the benefits provided by the entity’s performance, 2) the entity’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or 3) the entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. If the entity does not satisfy a performance obligation over time, the related performance obligation is satisfied at a point in time by transferring the control of a promised good or service to a customer. Examples of control are using the asset to produce goods or services, enhancing the value of other assets, settling liabilities, and holding or selling the asset. For over time recognition, ASC 606 requires the Company to select a single revenue recognition method for the performance obligation that faithfully depicts the Company’s performance in transferring control of the goods and services. The guidance allows entities to choose between either an input method or an output method to measure progress toward complete satisfaction of a performance obligation.

Performance obligations

The Company has contracts with customers for standard products and custom engineered products and determines when and how to recognize revenue for each performance obligation based on the nature and type of contract following the five steps above.

Revenue from contracts with customers for standard products is recognized when legal title and significant risk and rewards has transferred to the customer, which is generally at the time of shipment. This is the point in time when control is deemed to transfer to the customer. The Company sells standard products to customers utilizing purchase orders. Payment terms for these types of contracts generally require payment within 30-60 days. Each standard product is deemed to be a single performance obligation and the amount of revenue recognized is based on the negotiated price. The transaction price for standard products is based on the price reflected in each purchase order. Sales incentives are offered to customers who purchase standard products and include offers such as volume-based discounts, rebates for priority customers, and discounts for early cash payments. These sales incentives are accounted for as variable consideration included in the transaction price. Accordingly, the Company reduces revenue for these incentives in the period which the sale occurs and is based on the most likely amount method for estimating the amount of consideration the Company expects to receive. These sales incentive estimates are updated each reporting information as additional information becomes available.

The Company also sells custom engineered products and services which are contracts that are typically completed within one quarter but can extend beyond one year in duration. For custom engineered products, the transaction price is based upon the price stated in the contract. Variable consideration has not been identified as a significant component of transaction price for custom engineered products and services. The Company generally recognizes revenue for custom engineered products upon satisfaction of its performance obligation under the contract which typically coincides with project completion which is when the products and services are controlled by the customer. Control is typically achieved at the later of when legal title and significant risk and rewards have transferred to the customer or the customer has accepted the asset. These contracts often require either up front or installment payments. These types of contracts are generally accounted for as one performance obligation as the products and services are not separately identifiable. The promised services (such as inspection, commissioning, and installation) are essential in order for the delivered product to operate as intended on the customer's site and the services are therefore highly interrelated with product functionality.

For most custom engineered products contracts, the Company determined that while there is no alternative use for the custom engineered products, the Company does not have an enforceable right to payment (which must include a reasonable profit margin) for performance completed to date in order to meet the over time revenue recognition criteria. Therefore, revenue is recognized at a point in time (when the contract is complete). For custom engineered products contracts that contain an enforceable right to payment (including reasonable profit margin) the Company satisfies the performance obligation over time and recognizes revenue based on the extent of progress towards completion of the performance obligation. The cost-to-cost measure of progress is an appropriate measure of progress toward satisfaction of performance obligations as this measure most accurately depicts the progress of work performed and transfer of control to the customers. Under the cost-to-cost measure of progress, the extent of progress toward completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues are recognized proportionally as costs are incurred.

Sales and other taxes collected with revenue are excluded from revenue, consistent with the previous revenue standard. Shipping and handling costs incurred prior to shipment are considered activities required to fulfill the Company's promise to transfer goods, and do not qualify as a separate performance obligation. Additionally, the Company offers standard warranties which are typically 12 months in duration for standard products and 24 to 36 months for custom engineered products. These types of warranties are included in the purchase price of the product and are deemed to be assurance-type warranties which are not accounted for as a separate performance obligation. Other performance obligations included in a contract (such as drawings, owner's manuals, and training services) are immaterial in the context of the contract and are not recognized as a separate performance obligation.

Reconciliation of contract balances

The Company records a contract liability when cash is received prior to recording revenue. Some standard contracts require a down payment while most custom engineered contracts require installment payments. Installment payments for the custom engineered contracts typically require a portion due at inception while the remaining payments are due upon completion of certain performance milestones. For both types of contracts, these contract liabilities, referred to as customer advances, are recorded at the time payment is received and are included in Accrued liabilities on the Consolidated Balance Sheets. When the related performance obligation is satisfied, the contract liability is released into revenue.

The following table illustrates the balance and related activity for customer advances in fiscal 2021 and 2020 (in thousands):

Customer advances (contract liabilities)

	March 31,	
	2021	2020
Beginning balance	$ 10,796	$ 11,501
Additional customer advances received	35,815	36,058
Revenue recognized from customer advances included in the beginning balance	(10,796)	(11,501)
Other revenue recognized from customer advances	(21,177)	(25,037)
Other (1)	735	(225)
Ending balance	$ 15,373	$ 10,796

(1) Other includes the impact of foreign currency translation

During the twelve months ended March 31, 2021, revenue was recognized prior to the right to invoice the customer which resulted in a contract asset balance in the amount of $8,559,000 and $2,361,000 as of March 31, 2021 and March 31, 2020, respectively. Contract assets are included in Prepaid expenses and other assets on the Consolidated Balance Sheets.

Remaining Performance Obligations

As of March 31, 2021, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) was approximately $4,643,000. We expect to recognize approximately 84% of these sales over the next twelve months.

Disaggregated revenue

In accordance with ASC 606, the Company is required to disaggregate revenue into categories that depict how economic factors affect the nature, amount, timing and uncertainty of revenue and cash flows. The following table illustrates the disaggregation of revenue by product grouping for the year ending March 31, 2021 (in thousands):

Net Sales by Product Grouping	Twelve Months Ended March 31, 2021	Twelve Months Ended March 31, 2020
Industrial Products	$ 271,414	$ 353,155
Crane Solutions	298,135	371,974
Engineered Products	79,989	83,977
All other	104	56
Total	$ 649,642	$ 809,162

Industrial products include: manual chain hoists, electrical chain hoists, rigging/ clamps, industrial winches, hooks, shackles, and other forged attachments. Crane solutions products include: wire rope hoists, drives and controls, crane kits and components, and workstations. Engineered products include: linear and mechanical actuators, lifting tables, rail projects, and actuations systems. The All other product grouping includes miscellaneous revenue.

Practical expedients

Incremental costs to obtain a contract incurred by the Company primarily relate to sales commissions for contracts with a duration of one year or less. Therefore, these costs are expensed as incurred and are recorded in Selling Expenses on the Consolidated Statements of Operations.

Unsatisfied performance obligations for contracts with an expected length of one year or less are not disclosed. Further, revenue from contracts with customers do not include a significant financing component as payment is generally expected within one year from when the performance obligation is controlled by the customer.

Accounts Receivable:

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). The standard changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. The Company adopted this standard effective April 1, 2020 under the modified retrospective method whereas comparative period information is not restated. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements, therefore no cumulative effect or catch up adjustment to the opening balance of retained earnings was recorded. Additionally, the Company identified and implemented appropriate changes to its allowance for doubtful accounts policy and internal controls to support reporting and disclosures.

Under ASU 2016-13, the Company is required to remeasure expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable forecasts. In addition to these factors, the Company establishes an allowance for doubtful accounts based upon the credit risk of specific customers, historical trends, and other factors. Accounts receivable are charged against the allowance for doubtful accounts once all collection efforts have been exhausted. Due to the short-term nature of such accounts receivable, the estimated amount of accounts receivable that may not be collected is based on aging of the accounts receivable balances. In response to COVID-19, the Company continues to monitor the impact that COVID-19 is having on our customers and their outstanding receivable balances and is taking preventative measures, such as reducing credit limits and increasing bad debt expense, as necessary.

The following table illustrates the balance and related activity for the allowance for doubtful accounts that is deducted from accounts receivable to present the net amount expected to be collected in the twelve months ending March 31, 2021 (in thousands):

Allowance for doubtful accounts	**March 31, 2021**	
April 1, beginning balance	$	5,056
Bad debt expense		2,411
Less uncollectible accounts written off, net of recoveries		(1,973)
Other (1)		192
March 31, ending balance	$	5,686

(1) Other includes the impact of foreign currency translation

5. Fair Value Measurements

ASC Topic 820 "Fair Value Measurements and Disclosures" establishes the standards for reporting financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value on a recurring basis (at least annually). Under these standards, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

ASC Topic 820-10-35-37 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the valuation techniques that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is separated into three levels based on the reliability of inputs as follows:

(tabular amounts in thousands, except share data)

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, involving some degree of judgment.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The availability of observable inputs can vary and is affected by a wide variety of factors, including the type of asset/liability, whether the asset/liability is established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, assumptions are required to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The Company primarily uses readily observable market data in conjunction with internally developed discounted cash flow valuation models when valuing its derivative portfolio and, consequently, the fair value of the Company’s derivatives is based on Level 2 inputs. The carrying amount of the Company's annuity contract is recorded at net asset value of the contract and, consequently, its fair value is based on Level 2 inputs and is included in other assets on the Company's Consolidated Balance Sheet. The Company uses quoted prices in an inactive market when valuing its term loan and, consequently, the fair value is based on Level 2 inputs.
The following table provides information regarding financial assets and liabilities measured or disclosed at fair value on a recurring basis:

		Fair value measurements at reporting date using		
Description	At March 31, 2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/(Liabilities) Measured at fair value:				
Marketable securities	$ 7,968	$ 7,968	$ —	$ —
Annuity contract	2,025	—	2,025	—
Derivative assets (liabilities):				
Foreign exchange contracts	(83)	—	(83)	—
Interest rate swap liability	(2,057)	—	(2,057)	—
Cross currency swap liability	(13,895)	—	(13,895)	—
Disclosed at fair value:				
Term loan	$ (254,581)	$ —	$ (254,581)	$ —

(tabular amounts in thousands, except share data)

		Fair value measurements at reporting date using		
Description	At March 31, 2020	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/(Liabilities) Measured at fair value:				
Marketable securities	$ 7,322	$ 7,322	$ —	$ —
Annuity contract	2,059	—	2,059	—
Derivative assets (liabilities):				
Foreign exchange contracts	285	—	285	—
Interest rate swap asset	(3,296)	—	(3,296)	—
Cross currency swap liability	(5,254)	—	(5,254)	—
Cross currency swap asset	1,750	—	1,750	—
Disclosed at fair value:				
Term loan	$ (239,899)	$ —	$ (239,899)	$ —

The Company did not have any non-financial assets and liabilities that are recognized at fair value on a recurring basis.

At March 31, 2021, the term loan and revolving credit facility have been recorded at carrying value which approximates fair value.

Market gains, interest, and dividend income on marketable securities are recorded in investment (income) loss. Changes in the fair value of derivatives are recorded in foreign currency exchange (gain) loss or other comprehensive income (loss), to the extent that the derivative qualifies as a hedge under the provisions of ASC Topic 815. Interest and dividend income on marketable securities are measured based upon amounts earned on their respective declaration dates.

Fiscal 2021 Non-Recurring Measurements

There were no assets and liabilities measured at fair value on a non-recurring basis in Fiscal 2021.

Fiscal 2020 Non-Recurring Measurements

The fair value of the net assets of the Company's Rest of Products and Duff-Norton reporting units were calculated on a non-recurring basis in fiscal 2020. These measurements have been used to quantitatively test goodwill for impairment on an annual basis under the provisions of ASC Topic 350-20-35-1 "Intangibles, Goodwill and Other – Goodwill Subsequent Measurement." In fiscal 2021, the qualitative approach was used to determine if goodwill and indefinite-lived trademarks were impaired, and therefore, no non-recurring fair value measures were required in the analysis.

The fiscal 2020 goodwill impairment test consisted of determining the fair values of the Rest of Products and Duff-Norton reporting units on a quantitative basis. The fair value for the Company's reporting units cannot be determined using readily available quoted Level 1 inputs or Level 2 inputs that are observable in active markets. Therefore, the Company used a blended discounted cash flow and market-based valuation model to estimate the fair value using Level 3 inputs. To estimate the fair values of the Rest of Products and Duff-Norton reporting units, the Company used significant estimates and judgmental factors. The key estimates and factors used in the discounted cash flow valuation include revenue growth rates and profit margins based on internal forecasts, terminal value, and the weighted-average cost of capital used to discount future cash flows. The estimates used are disclosed below:

(tabular amounts in thousands, except share data)

	Rest of Products Reporting Unit	Duff-Norton Reporting Unit
Compound annual growth rate	1.91 %	5.68 %
Terminal value growth rate	3.0 %	3.5 %
Weighted-average cost of capital	11.7 %	12.2 %

We further test our indefinite-lived intangible asset balance of $47,857,000 consisting of trademarks on our recent acquisitions on an annual basis for impairment. The methodology used to value trademarks is the relief from royalty method. The recorded book value of these trademarks in excess of the calculated fair value results in impairment. The key estimate used in this calculation consists of an overall royalty rate applied to the sales covered by the trademark. After performing this analysis, we determined that the fair value of these trademarks exceeded their book values, and as such, other impairment was recorded.

6. Inventories

Inventories consisted of the following:

	March 31, 2021	March 31, 2020
At cost—FIFO basis:		
Raw materials	$ 79,981	$ 85,452
Work-in-process	23,067	25,876
Finished goods	27,201	33,216
	130,249	144,544
LIFO cost less than FIFO cost	(18,761)	(17,171)
Net inventories	$ 111,488	$ 127,373

There were LIFO liquidations resulting in $1,640,000 and $2,805,000 of additional income in fiscal 2021 and 2020 income, respectively.

7. Marketable Securities and Other Investments

In accordance with ASU 2016-01 "Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," adopted by the Company on April 1, 2018, all equity investments in unconsolidated entities (other than those accounted for using the equity method of account) are measured at fair value through earnings. The Company's marketable securities are recorded at their fair value, with unrealized changes in market value realized within Investment (income) loss on the Consolidated Statements of Operations. The impact on earnings for unrealized gains and losses was a gain of $727,000, a loss of $143,000, and a loss of $183,000 in fiscal years 2021, 2020, and 2019, respectively.

Consistent with prior periods, the estimated fair value is based on quoted prices at the balance sheet dates. The cost of securities is based on the specific identification method. Interest and dividend income are included in Investment (income) loss in the Consolidated Statements of Operations.

Marketable securities are carried as long-term assets since they are held for the settlement of the Company’s general and products liability insurance claims filed through CM Insurance Company, Inc. ("CMIC"), a wholly owned captive insurance subsidiary. The marketable securities are not available for general working capital purposes.

Net realized gains related to sales of marketable securities were $85,000, $50,000, and $201,000 in fiscal years 2021, 2020, and 2019, respectively, and are included in Investment (income) loss in the Consolidated Statements of Operations.

The Company owns a 49% ownership interest in Eastern Morris Cranes Company Limited ("EMC"), a limited liability company organized and existing under the laws and regulations of the Kingdom of Saudi Arabia. The Company's ownership represents an equity investment in a strategic customer of STAHL serving the Kingdom of Saudi Arabia. The investment's carrying value is presented in Other assets in the Consolidated Balance Sheets in the amount of $3,040,000 and $3,402,000 as of March 31, 2021 and March 31, 2020, respectively, and has been accounted for as an equity method investment. The investment value was increased for the Company's ownership percentage of income earned by EMC in the amount of $715,000 and $778,000 in the twelve months ended March 31, 2021 and March 31, 2020, respectively, and is recorded in Investment (income) loss on the Consolidated Statement of Operations. Additionally, the investment value increased in the amount of $213,000 due to the effect of currency translation. Further, in the twelve months ended March 31, 2021, EMC distributed a cash dividend which the Company received 49% of pursuant to its ownership interest. The investment value was decreased for the Company's share of EMC's cash dividend in the amount of $1,290,000 in the twelve months ended March 31, 2021 as it was determined to be a return of the Company's investment. A portion of the dividend is included in investing activities on the Consolidated Statements of Cash Flows in the amount of $587,000, to the extent the distribution received exceeded cumulative equity in earnings, under the cumulative earnings approach. The balance of the cash dividend is included in operating activities on the Consolidated Statement of Cash Flows under the cumulative earnings approach. The March 31, 2021 and 2020 trade accounts receivable balances due from EMC are $2,250,000 and $4,166,000, respectively, and are comprised of amounts due for the sale of goods and services in the ordinary course of business.

(tabular amounts in thousands, except share data)

8. Property, Plant, and Equipment

Consolidated property, plant, and equipment of the Company consisted of the following:

	March 31,	
	2021	2020
Land and land improvements	$ 4,787	$ 4,985
Buildings	39,941	39,930
Machinery, equipment, and leasehold improvements	229,161	228,140
Construction in progress	14,188	12,950
	288,077	286,005
Less accumulated depreciation	213,324	206,532
Net property, plant, and equipment	$ 74,753	$ 79,473

Depreciation expense was $15,530,000, $16,184,000, and $17,775,000 for the years ended March 31, 2021, 2020, and 2019, respectively.

Gross property, plant, and equipment includes capitalized software costs of $38,925,000 and $37,864,000 at March 31, 2021 and 2020, respectively. Accumulated depreciation includes accumulated amortization on capitalized software costs of $27,207,000 and $22,962,000 at March 31, 2021 and 2020, respectively. Amortization expense on capitalized software costs was $3,639,000, $2,937,000, and $3,045,000 during the years ended March 31, 2021, 2020, and 2019, respectively.

9. Goodwill and Intangible Assets

As discussed in Note 2, goodwill is not amortized but is tested for impairment at least annually, in accordance with the provisions of ASC Topic 350-20-35-1. Goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. The fair value of a reporting unit is determined using a discounted cash flow methodology. The Company’s reporting units are determined based upon whether discrete financial information is available and reviewed regularly, whether those units constitute a business, and the extent of economic similarities and interdependencies between those reporting units for purposes of aggregation. The Company’s reporting units identified under ASC Topic 350-20-35-33 are at the component level, or one level below the operating segment level as defined under ASC Topic 280-10-50-10 “Segment Reporting – Disclosure.” The Company has two reporting units as of March 31, 2021, both of which have goodwill. The Duff-Norton reporting unit (which designs, manufactures, and sources mechanical and electromechanical actuators and rotary unions) had goodwill of $9,699,000 and $9,593,000 at March 31, 2021 and 2020, respectively, and the Rest of Products reporting unit (representing the hoist, chain, and forgings, digital power control systems, and distribution businesses) had goodwill of $321,477,000 and $310,086,000 at March 31, 2021 and 2020, respectively.

Fiscal 2021 Annual Goodwill and Intangible Asset Impairment Test

When we evaluate the potential for goodwill impairment, we assess a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for our products and services, regulatory and political developments, entity specific factors such as strategy and changes in key personnel, and overall financial performance. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value or if economic or other business factors indicate that the fair value of our reporting units may have declined since our last quantitative test, we proceed to a quantitative impairment test. To perform the quantitative impairment test, the Company uses the discounted cash flow method to estimate the fair value of the reporting units. The discounted cash flow method incorporates various assumptions, the most significant being projected revenue growth rates, operating profit margins and cash flows, the terminal growth rate, and the discount rate. The Company projects revenue growth rates, operating margins and cash flows based on each reporting unit's current business, expected developments, and operational strategies over a five-year period. In estimating the terminal growth rates, the Company considers its historical and projected results, as well as the economic environment in which its reporting units operate. The discount rates utilized for each reporting unit reflect the Company's assumptions of marketplace participants' cost of capital and risk assumptions, both specific to the reporting unit and overall in the economy.

We performed the qualitative assessment as of February 28, 2021 and determined that it is not more likely than not that the fair value of the Rest of Products and Duff-Norton reporting units are less than their carrying value. Further, other economic and business factors do not indicate that the fair value of our reporting units have declined since the last quantitative test. As a result, the quantitative goodwill impairment test was not required for the Rest of Products and Duff-Norton reporting units.

In accordance with ASC Topic 350-30-35, indefinite-lived intangible assets that are not subject to amortization shall be tested for impairment annually or more frequently if events or circumstances indicate that it is more likely than not that an asset is impaired. Similar to goodwill, we first assess various qualitative factors in the analysis. If, after completing this assessment, it is determined that it is more likely than not that the fair value of an indefinite-lived intangible asset is greater than its carrying value, we conclude that the indefinite-lived intangible asset is not impaired. If, after completing this assessment, it is determined that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value or if economic or other business factors indicate that the fair value of our indefinite-lived intangible assets may have declined since our last quantitative test, the Company performs a new quantitative test. The methodology used to value trademarks is the relief from royalty method. The recorded book value of these trademarks in excess of the calculated fair value triggers an impairment. The key estimate used in this calculation consists of an overall royalty rate applied to the sales covered by the trademark. After performing a qualitative assessment as of February 28, 2021, it was determined that the trademarks were not impaired.

A summary of changes in goodwill during the years ended March 31, 2021 and 2020 is as follows:

Balance at April 1, 2019	$	322,816
Currency translation		(3,137)
Balance at March 31, 2020	$	319,679
Currency translation		11,497
Balance at March 31, 2021	$	331,176

Goodwill is recognized net of accumulated impairment losses of $113,174,000 as of both March 31, 2021 and 2020. There were no goodwill impairment losses recorded in fiscal 2021 and fiscal 2020, and $6,174,000 recorded in 2019, respectively. The goodwill impairment in fiscal 2019 was the result of classifying a business as held for sale. The held for sale classification required the Company to assign a portion of goodwill from the Rest of Products reporting unit to the held for sale business based on its relative fair value and to record the assets and liabilities of the businesses held for sale at the lower of its carrying amount or fair value less cost to sell. Based on this analysis, the Company recorded a $6,174,000 goodwill impairment charge at the time the business was classified as held for sale.

Identifiable intangible assets at March 31, 2021 are summarized as follows (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net
Trademark	$ 6,377	$ (4,760)	$ 1,617
Indefinite-lived trademark	47,857	—	47,857
Customer relationships	188,447	(55,785)	132,662
Acquired technology	46,843	(16,021)	30,822
Other	3,259	(2,855)	404
Balance at March 31, 2021	$ 292,783	$ (79,421)	$ 213,362

Identifiable intangible assets at March 31, 2020 were as follows (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net
Trademark	$ 6,016	$ (4,238)	$ 1,778
Indefinite-lived trademark	46,670	—	46,670
Customer relationships	179,882	(44,216)	135,666
Acquired technology	46,669	(13,306)	33,363
Other	3,143	(2,658)	485
Balance at March 31, 2020	$ 282,380	$ (64,418)	$ 217,962

The Company's intangible assets that are considered to have finite lives are amortized over the period in which the assets are expected to generate future cash flows. Identifiable intangible assets acquired in a business combination are amortized over their estimated useful lives. The weighted-average amortization periods are 15 years for trademarks, 18 years for customer relationships, 18 years for acquired technology, 5 years for other, and 18 years in total. Trademarks with a book value of $47,857,000 have an indefinite useful life and are therefore not being amortized.

Total amortization expense was $12,623,000, $12,942,000, and $14,900,000 for fiscal 2021, 2020, and 2019, respectively. Based on the current amount of intangible assets, the estimated amortization expense for each of the succeeding five years is expected to be approximately $12,600,000.

On April 7, 2021, the Company completed the acquisition of Dorner. The Company expects the acquisition to result in a material amount of goodwill and other intangible assets. Please refer to Note 3 for additional details on this acquisition.

10. Derivative Instruments

The Company uses derivative instruments to manage selected foreign currency and interest rate exposures. The Company does not use derivative instruments for speculative trading purposes. All derivative instruments must be recorded on the balance sheet at fair value. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is recorded as accumulated other comprehensive gain (loss), or "AOCL," and is reclassified to earnings when the underlying transaction has an impact on earnings. The ineffective portion of changes in the fair value of the foreign currency forward agreements is reported in foreign currency exchange loss (gain) in the Company's consolidated statement of operations. The ineffective portion of changes in the fair value of the interest rate swap agreements is reported in interest expense. For derivatives not designated as cash flow hedges, all changes in market value are recorded as a foreign currency exchange (gain) loss in the Company's consolidated statements of operations. The cash flow effects of derivatives are reported within net cash provided by operating activities.

The Company is exposed to credit losses in the event of non-performance by the counterparties on its financial instruments. The counterparties have investment grade credit ratings. The Company anticipates that these counterparties will be able to fully satisfy their obligations under the contracts. The Company has derivative contracts with three counterparties as of March 31, 2021.

The Company's agreements with its counterparties contain provisions pursuant to which the Company could be declared in default of its derivative obligations. As of March 31, 2021, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions as of March 31, 2021, it could have been required to settle its obligations under these agreements at amounts which approximate the March 31, 2021 fair values reflected in the table below. During the year ended March 31, 2021, the Company was not in default of any of its derivative obligations.

As of March 31, 2021 and 2020, the Company had no derivatives designated as net investments or fair value hedges in accordance with ASC Topic 815, "Derivatives and Hedging."

The Company has a cross currency swap agreement that is designated as a cash flow hedge to hedge changes in the value of an intercompany loan to a foreign subsidiary due to changes in foreign exchange rates. This intercompany loan is related to the acquisition of STAHL. As of March 31, 2021, the notional amount of this derivatives was $159,520,000, and the contract matures on January 31, 2022. From its March 31, 2021 balance of AOCL, the Company expects to reclassify approximately $653,000 out of AOCL, and into foreign currency exchange loss (gain), during the next 12 months based on the contractual payments due under this intercompany loan.

The Company has foreign currency forward agreements that are designated as cash flow hedges to hedge a portion of forecasted inventory purchases denominated in foreign currencies. The notional amount of those derivatives is $6,457,000 and all contracts mature by March 31, 2022. From its March 31, 2021 balance of AOCL, the Company expects to reclassify approximately $57,000 out of AOCL during the next 12 months based on the underlying transactions of the sales of the goods purchased.

The Company's policy is to maintain a capital structure that is comprised of 50-70% of fixed rate long-term debt and 30-50% of variable rate long-term debt. The Company has two interest rate swap agreements in which the Company receives interest at a variable rate and pays interest at a fixed rate. These interest rate swap agreements are designated as cash flow hedges to hedge changes in interest expense due to changes in the variable interest rate of the senior secured term loan. The amortizing interest rate swaps mature by December 31, 2023 and had a total notional amount of $119,820,000 as of March 31, 2021. The effective portion of the changes in fair values of the interest rate swaps is reported in AOCL and will be reclassified to interest expense over the life of the swap agreements. From its March 31, 2021 balance of AOCL, the Company expects to reclassify approximately $901,000 out of AOCL, and into interest expense, during the next 12 months.

The following is the effect of derivative instruments on the consolidated statements of operations for the years ended March 31, 2021, 2020, and 2019 (in thousands):

Derivatives Designated as Cash Flow Hedges	Type of Instrument	Amount of Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on Derivatives (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Reclassified from AOCL into Income (Effective Portion)
March 31,				
2021	Foreign exchange contracts	$ (238)	Cost of products sold	$ 83
2021	Interest rate swap	$ (521)	Interest expense	$ (1,463)
2021	Cross currency swap	$ (7,793)	Foreign currency exchange loss (gain)	$ (7,268)
2020	Foreign exchange contracts	$ 303	Cost of products sold	$ 40
2020	Interest rate swap	$ (3,185)	Interest expense	$ 242
2020	Cross currency swap	$ 7,654	Foreign currency exchange loss (gain)	$ 2,888
2019	Foreign exchange contracts	$ (24)	Cost of products sold	$ (16)
2019	Interest rate swap	$ (1,275)	Interest expense	$ 765
2019	Cross currency swap	$ 18,242	Foreign currency exchange loss (gain)	$ 17,231

Derivatives Not Designated as Hedging Instruments (Foreign Exchange Contracts)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives
March 31,		
2021	Foreign currency exchange loss (gain)	$ —
2020	Foreign currency exchange loss (gain)	$ 17
2019	Foreign currency exchange loss (gain)	$ 13

The following is information relative to the Company’s derivative instruments in the consolidated balance sheets as of March 31, 2021 and 2020 (in thousands):

Derivatives Designated as Hedging Instruments	Balance Sheet Location	Fair Value of Asset (Liability) March 31, 2021	2020
Foreign exchange contracts	Prepaid expenses and other	$ —	$ 318
Foreign exchange contracts	Accrued Liabilities	(83)	(33)
Interest rate swap	Accrued Liabilities	(1,185)	(1,402)
Interest rate swap	Other non current liabilities	(872)	(1,894)
Cross currency swap	Prepaid expenses and other	—	1,750
Cross currency swap	Accrued liabilities	(13,895)	—
Cross currency swap	Other non current liabilities	—	(5,254)

(tabular amounts in thousands, except share data)

11. Accrued Liabilities and Other Non-current Liabilities

Consolidated accrued liabilities of the Company consisted of the following:

	March 31,	
	2021	2020
Accrued payroll	$ 29,871	$ 29,966
Accrued income taxes payable	9,938	11,889
Accrued health insurance	1,677	2,018
Accrued general and product liability costs	3,500	3,500
Customer advances, deposits, and rebates	15,643	13,507
Current ROU lease liabilities	7,673	6,924
Cross currency swap	13,895	—
Other accrued liabilities	28,619	25,781
	$ 110,816	$ 93,585

Consolidated other non-current liabilities of the Company consisted of the following:

	March 31,	
	2021	2020
Accumulated postretirement benefit obligation	$ 1,195	$ 1,617
Accrued general and product liability costs	17,727	8,444
Accrued pension cost	114,911	149,524
Cross currency swap	—	5,254
Deferred income tax	17,600	18,213
Non-current ROU lease liabilities	27,321	31,629
Other non-current liabilities	13,166	12,826
	$ 191,920	$ 227,507

For the year ended March 31, 2021, the Accrued general and product liability costs are presented gross of estimated recoveries of $8,052,000. Refer to Note 16 for additional information.

12. Debt

Consolidated long-term debt of the Company consisted of the following:

	March 31,	
	2021	2020
Term loan	254,900	259,350
Unamortized deferred financing costs, net	(5,946)	(8,044)
Total debt	248,954	251,306
Less: current portion	4,450	4,450
Total debt, less current portion	$ 244,504	$ 246,856

On January 31, 2017 the Company entered into a Credit Agreement ("Credit Agreement") and $545,000,000 of debt facilities ("Facilities") in connection with the STAHL acquisition. The Facilities consist of a Revolving Facility ("Revolver") in the amount of $100,000,000 and a $445,000,000 1st Lien Term Loan ("Term Loan"). The Term Loan has a seven-year term maturing in 2024.

On February 26, 2018, the Company amended the Credit Agreement (known as the "First Amended Credit Agreement"). The First Amended Credit Agreement has the same terms mentioned above except for a reduction in interest rates. The applicable rate for the repriced term loan was reduced from 3.00% to 2.50%. The Company accounted for the First Amended Credit Agreement as a debt modification, therefore, debt repricing fees incurred in fiscal 2018 were expensed as General and Administrative expenses and the deferred financing fees incurred as part of the Credit Agreement (discussed below) remain unchanged.

On August 26, 2020, the Company entered into a Second Amendment (known as the "Second Amended Credit Agreement") to the Credit Agreement (as amended by the First Amended Credit Agreement). The First Amended Credit Agreement extends the $100,000,000 secured Revolver which was originally set to expire on January 31, 2022 to August 25, 2023. At March 31, 2021 the Company has not drawn from the Revolver.

The key terms of the agreement are as follows:

- Term Loan: An aggregate $445,000,000 1st Lien Term Loan which requires quarterly principal amortization of 0.25% with the remaining principal due at maturity date. In addition, if the Company has Excess Cash Flow ("ECF") as defined in the Credit Agreement, the ECF Percentage of the Excess Cash Flow for such fiscal year minus optional prepayment of the Loans (except prepayments of Revolving Loans that are not accompanied by a corresponding permanent reduction of Revolving Commitments) pursuant to Section 2.10(a) of the Credit Agreement other than to the extent that any such prepayment is funded with the proceeds of Funded Debt, shall be applied toward the prepayment of the Term Loan. The ECF Percentage is defined as 50% stepping down to 25% or 0% based on the Secured Leverage Ratio as of the last day of the fiscal year.

- Revolver: An aggregate $100,000,000 secured revolving facility which includes sublimits for the issuance of standby letters of credit, swingline loans and multi-currency borrowings in certain specified foreign currencies.

- Fees and Interest Rates: Commitment fees and interest rates are determined on the basis of either a Eurocurrency rate or a Base rate plus an applicable margin based upon the Company's Total Leverage Ratio (as defined in the Credit Agreement).

- Prepayments: Provisions permitting a Borrower to voluntarily prepay either the Term Loan or Revolver in whole or in part at any time, and provisions requiring certain mandatory prepayments of the Term Loan or Revolver on the occurrence of certain events which will permanently reduce the commitments under the Credit Agreement, each without premium or penalty, subject to reimbursement of certain costs of the Lenders. A prepayment premium of 1% of the principal amount of the First Lien Term Loans is required if the prepayment is associated with a Repricing Transaction and it were to occur within the first twelve months.

- Covenants: Provisions containing covenants required of the Corporation and its subsidiaries including various affirmative and negative financial and operational covenants. The key financial covenant is triggered only on any date when any Extension of Credit under the Revolving Facility is outstanding (excluding any Letters of Credit) (the “Covenant Trigger”), and permits the Total Leverage Ratio for the Reference Period ended on such date to not exceed (i) 4.50:1.00 as of any date of determination prior to December 31, 2017, (ii) 4.00:1.00 as of any date of determination on December 31, 2017 and thereafter but prior to December 31, 2018, (iii) 3.50:1.00 as of any date of determination on December 31, 2018 and thereafter but prior to December 31, 2019 and (iv) 3.00:1.00 as of any date of determination on December 31, 2019 and thereafter. As there is no amount drawn on the Revolver as of March 31, 2021 the requirement to comply with the covenant is not triggered. Had we been required to determine the covenant ratio we would have been in compliance with the covenant provisions as of March 31, 2021 and 2020.

The Facility is secured by all U.S. inventory, receivables, equipment, real property, certain subsidiary stock (limited to 65% of non-U.S. subsidiaries) and intellectual property. The Credit Agreement allows the declaration of dividends, but limits our ability to pay dividends.

(tabular amounts in thousands, except share data)

As discussed in Note 3, the Company completed its acquisition of Dorner on April 7, 2021 and entered into a $750,000,000 First Lien Facility with JPMorgan Chase Bank, PNC Capital Markets LLC, and Wells Fargo Securities LLC. The First Lien Facilities consist of a Revolving Facility in an aggregate amount of $100,000,000 and a $650,000,000 First Lien Term Facility (Bridge Facility). Proceeds from the Bridge Facility were used, among other things, to finance the purchase price for the Dorner acquisition, pay related fees, expenses and transaction costs, and refinance the Company's borrowings under its prior Term Loan and Revolving Credit Facilities. The Company subsequently used proceeds from an equity offering to repay $198,720,000 of the Bridge Facility. The Bridge Facility was refinanced and replaced with a Term Loan B facility. Refer to Note 3 for key terms of the credit agreement which go into effect in fiscal 2022.

The outstanding balance of the Term Loan was $254,900,000 and $259,350,000 as of March 31, 2021 and 2020, respectively. The Company made $4,450,000 of principal payment on the Term Loan during fiscal 2021 and $51,113,000 of principal payment on the Term Loan during fiscal 2020. The Company is obligated to make $4,450,000 of principal payments over the next 12 months. As previously discussed, in response to COVID-19 the Company took all appropriate measures to protect the cash flow and liquidity of the Company. As such, only the required principal amount has been recorded within the current portion of long-term debt on the Company's Consolidated Balance Sheet with the remaining balance recorded as long-term debt.

There was $0 outstanding on the Revolving Credit Facility and $17,302,000 outstanding letters of credit as of March 31, 2021. The outstanding letters of credit at March 31, 2021 consisted of $537,000 in commercial letters of credit and $16,765,000 of standby letters of credit.

The gross balance of deferred financing costs on the term loan was $14,690,000 as of March 31, 2021 and 2020. The accumulated amortization balances were $8,744,000 and $6,645,000 as of March 31, 2021 and 2020, respectively.

The gross balance of deferred financing costs associated with the Revolving Credit Facility is included in Other assets is $3,615,000 as of March 31, 2021 and $2,789,000 as of March 31, 2020. The accumulated amortization balance is $2,313,000 and $1,766,000 as of March 31, 2021 and March 31, 2020 respectively. These balances are classified in Other assets since no funds were drawn on the Revolving Credit Facility as of March 31, 2021 and March 31, 2020.

The principal payments obligated to be made as of March 31, 2021 on the Term Loan are as follows:

2022	4,450
2023	4,450
2024	4,450
2025	241,550
Thereafter	—
	$ 254,900

The principal payments obligated to be made under the Term Loan B facility entered into during fiscal 2022 in connection with the Dorner acquisition are $4,500,000 per year, plus a required excess cash flow sweep as defined in the agreement.

Non-U.S. Lines of Credit and Loans

Unsecured and uncommitted lines of credit are available to meet short-term working capital needs for certain of our subsidiaries operating outside of the U.S. The lines of credit are available on an offering basis, meaning that transactions under the line of credit will be on such terms and conditions, including interest rate, maturity, representations, covenants, and events of default, as mutually agreed between our subsidiaries and the local bank at the time of each specific transaction. As of March 31, 2021, unsecured credit lines totaled approximately $2,580,000, of which $0 was drawn. In addition, unsecured lines of $15,478,000 were available for bank guarantees issued in the normal course of business of which $12,598,000 was utilized.

13. Pensions and Other Benefit Plans

The Company provides retirement plans, including defined benefit and defined contribution plans, and other postretirement benefit plans to certain employees. The Company applies ASC Topic 715 "Compensation – Retirement Benefits," which required the recognition in pension and other postretirement benefits obligations and accumulated other comprehensive income of actuarial gains or losses, prior service costs or credits and transition assets or obligations that had previously been deferred. This statement also requires an entity to measure a defined benefit postretirement plan's assets and obligations that determine its funded status as of the end of the fiscal year.

(tabular amounts in thousands, except share data)

Pension Plans

The Company provides defined benefit pension plans to certain employees. The Company uses March 31 as the measurement date. The following provides a reconciliation of benefit obligation, plan assets, and funded status of the plans:

	March 31, 2021	March 31, 2020
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 459,866	$ 446,397
Service cost	1,092	1,139
Interest cost	11,527	14,759
Actuarial (gain) loss	3,729	26,193
Benefits paid	(24,492)	(26,852)
Settlement	(53,499)	—
Foreign exchange rate changes	6,618	(1,770)
Benefit obligation at end of year	$ 404,841	$ 459,866
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 313,366	$ 321,902
Actual gain (loss) on plan assets	49,582	7,512
Employer contribution	1,316	10,967
Benefits paid	(24,492)	(26,852)
Settlement	(53,499)	—
Foreign exchange rate changes	405	(163)
Fair value of plan assets at end of year	$ 286,678	$ 313,366
Funded status	$ (118,163)	$ (146,500)
Unrecognized actuarial loss	51,540	105,878
Net amount recognized	$ (66,623)	$ (40,622)

During fiscal 2021, the Company settled the liabilities for one of its U.S. pension plans through a combination of (i) lump sum payments to eligible participants who elected to receive them and (ii) the purchase of annuity contracts for participants who did not elect lump sums. The lump sum payments were paid during the quarter ended June 30, 2020 and resulted in a settlement charge of $2,722,000 which was recorded in Other (income) expense, net on the Consolidated Statements of Operations. During the quarter ended September 30, 2020, the Company purchased annuity contracts to settle the remaining liabilities of the terminated plan. The total settlement charge of $19,038,000 was recorded in Other (income) expense, net on the Statements of Operations during the twelve months ending March 31, 2021. The remaining surplus of the terminated plan was $3,910,000 as of March 31, 2021 and will be used, as prescribed in the applicable regulations, to fund obligations associated with the Company's U.S. defined contribution plans.

Amounts recognized in the consolidated balance sheets are as follows:

(tabular amounts in thousands, except share data)

	March 31,	
	2021	2020
Other assets	$ 427	$ 6,587
Accrued liabilities	(3,679)	(3,563)
Other non-current liabilities	(114,911)	(149,524)
Accumulated other comprehensive loss, before tax	51,540	105,878
Net amount recognized	$ (66,623)	$ (40,622)

Other assets are presented separately from pension liabilities for pension plans that are overfunded. Other assets decreased in the current year due to the pension settlement, described above.

Net periodic pension cost included the following components:

	2021	2020	2019
Service costs—benefits earned during the period	$ 1,092	$ 1,139	$ 1,078
Interest cost on projected benefit obligation	11,527	14,759	15,526
Expected return on plan assets	(12,787)	(15,887)	(18,454)
Net amortization	3,234	2,279	2,339
Settlement	19,038	—	—
Net periodic pension cost (benefit)	$ 22,104	$ 2,290	$ 489

Information for pension plans with a projected benefit obligation in excess of plan assets is as follows:

	March 31,	
	2021	2020
Projected benefit obligation	$ 401,870	$ 410,181
Fair value of plan assets	283,280	257,093

Information for pension plans with an accumulated benefit obligation in excess of plan assets is as follows:

	March 31,	
	2021	2020
Accumulated benefit obligation	$ 396,673	$ 401,918
Fair value of plan assets	283,280	254,508

Unrecognized gains and losses are amortized through March 31, 2021 on a straight-line basis over the average remaining service period of active participants. Starting in fiscal 2016, the Company changed the amortization period of its largest plan to the average remaining lifetime of inactive participants, as a significant portion of the plan population is now inactive. This change increases the amortization period of the unrecognized gains and losses.

The weighted-average assumptions in the following table represent the rates used to develop the actuarial present value of the projected benefit obligation for the year listed and also net periodic pension cost for the following year:

	2021	2020	2019
Discount rate	2.62 %	2.79 %	3.42 %
Expected long-term rate of return on plan assets	4.60 %	5.01 %	5.77 %
Rate of compensation increase on active plans	2.76 %	2.76 %	2.76 %
Interest crediting rates used in cash balance pension plans	1.10 %	2.25 %	2.25 %

The expected rates of return on plan asset assumptions are determined considering long-term historical averages and real returns on each asset class.

(tabular amounts in thousands, except share data)

The Company's retirement plan target and actual asset allocations are as follows:

	Target	Actual	
	2022	2021	2020
Equity securities	45%-35%	45%	33%
Fixed income securities	55%-65%	55%	67%
Total plan assets	100%	100%	100%

Investments allocated to fixed income decreased as of March 31, 2021 due to the pension settlement, described above, since the plan was fully funded and invested in fixed income securities.

The Company has an investment objective for domestic pension plans to adequately provide for both the growth and liquidity needed to support all current and future benefit payment obligations. The Company's policy is to de-risk the portfolio by increasing liability-hedging investments as the pension liability funded status increases, which is known as the glide path method. Within the table above, cash equivalents are categorized as fixed income as they earn lower returns than equity securities which includes alternative real estate funds (shown in the fair value tables below).

The Company's funding policy with respect to the defined benefit pension plans is to contribute annually at least the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA). Additional contributions may be made to minimize PBGC premiums. The Company plans to contribute the minimum amount required (approximately $5,215,000) to its pension plans in fiscal 2022 as a response to COVID-19 but will reassess later in the fiscal year and increase contributions if economic conditions improve.

Information about the expected benefit payments for the Company's defined benefit plans is as follows:

2022	$ 23,615
2023	23,838
2024	23,729
2025	23,638
2026	23,612
2027-2031	114,262

Postretirement Benefit Plans

The Company sponsors a defined benefit other postretirement health care plan that provide medical and life insurance coverage to certain U.S. retirees and their dependents of one of its subsidiaries. Prior to the acquisition of this subsidiary, the Company did not sponsor any postretirement benefit plans. The Company pays the majority of the medical costs for certain retirees and their spouses who are under age 65. For retirees and dependents of retirees who retired prior to January 1, 1989, and are age 65 or over, the Company contributes 100% toward the American Association of Retired Persons ("AARP") premium frozen at the 1992 level. For retirees and dependents of retirees who retired after January 1, 1989, the Company contributes $35 per month toward the AARP premium. The life insurance plan is noncontributory.

(tabular amounts in thousands, except share data)

The Company's postretirement health benefit plans are not funded. The following sets forth a reconciliation of benefit obligation and the funded status of the plan:

	March 31,	
	2021	2020
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,887	$ 2,348
Interest cost	46	71
Actuarial gain	(313)	(340)
Benefits paid	(232)	(192)
Benefit obligation at end of year	$ 1,388	$ 1,887
Funded status	$ (1,388)	$ (1,887)
Unrecognized actuarial gain	(1,467)	(1,417)
Net amount recognized	$ (2,855)	$ (3,304)

Amounts recognized in the consolidated balance sheets are as follows:

	March 31,	
	2021	2020
Accrued liabilities	$ (193)	$ (270)
Other non-current liabilities	(1,195)	(1,617)
Accumulated other comprehensive gain, before tax	(1,467)	(1,417)
Net amount recognized	$ (2,855)	$ (3,304)

In fiscal 2021, net periodic postretirement benefit cost included the following:

	Year Ended March 31,		
	2021	2020	2019
Interest cost	$ 46	$ 71	$ 92
Net amortization	(263)	(205)	(156)
Net periodic postretirement benefit cost	$ (217)	$ (134)	$ (64)

For measurement purposes, healthcare costs are assumed to increase 6.00% in fiscal 2022, grading down over time to 4.5% in 2029. The discount rate used in determining the accumulated postretirement benefit obligation was 2.52% and 3.17% as of March 31, 2021 and 2020, respectively.

Information about the expected benefit payments for the Company's postretirement health benefit plans is as follows:

2022	$ 195
2023	179
2024	166
2025	152
2026	135
2027-2031	454

The Company has collateralized split-dollar life insurance arrangements with two of its former officers. Under these arrangements, the Company pays certain premium costs on life insurance policies for the former officers. Upon the later of the death of the former officer and their spouse, the Company will receive all of the premiums paid to-date. The net periodic pension cost for fiscal 2021 was $141,000 and the liability at March 31, 2021 is $4,682,000 with $4,544,000 included in Other non-current liabilities and $138,000 included in Accrued liabilities in the Consolidated Balance Sheet. The cash surrender value of the policies is $3,496,000 and $3,346,000 at March 31, 2021 and 2020, respectively. The balance is included in Other assets in the consolidated balance sheet.

(tabular amounts in thousands, except share data)

Other Benefit Plans

The Company also sponsors defined contribution plans covering substantially all domestic employees and certain international employees. Participants may elect to contribute basic contributions. These plans provide for employer contributions based on employee eligibility and participation. The Company recorded a charge for such contributions of approximately $4,063,000, $5,239,000, and $5,260,000 for the years ended March 31, 2021, 2020, and 2019, respectively which are included in Cost of Products Sold, Selling Expenses, and General and Administrative Expenses within the Consolidated Statements of Operations. The Company expects its contributions for the defined contribution plans in future years to be higher than contributions in fiscal 2021 as the Company temporarily paused contributions to a portion of U.S. employees' defined contributions plans in response to COVID-19. In the first quarter of fiscal 2022 contributions have resumed.

Fair Values of Plan Assets

The Company classified its investments within the categories of equity securities, fixed income securities, alternative real estate, and cash equivalents, as the Company's management bases its investment objectives and decisions from these four categories. The Company's investment policy is to use its glide-path method to de-risk the portfolio by increasing liability-hedging investments as the pension liability funded status increases.

The fair values of the Company's defined benefit plans' consolidated assets by asset category as of March 31 were as follows:

	March 31,	
	2021	2020
Asset categories:		
Equity securities	$ 116,468	$ 94,336
Fixed income securities	155,553	199,613
Alternative real estate	12,863	9,401
Cash equivalents	1,794	10,016
Total	$ 286,678	$ 313,366

The fair values of our defined benefit plans' consolidated assets were determined using the fair value hierarchy of inputs described in Note 5. The fair values by category of inputs as of March 31, 2021 and March 31, 2020 were as follows:

As of March 31, 2021:	Measured at NAV (1)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)	Total
Asset categories:					
Equity securities	$ 52,710	$ 63,758	$ —	$ —	$ 116,468
Fixed income securities	25,198	7,115	$ 122,071	1,169	155,553
Alternative real estate	12,862	1	—	—	12,863
Cash equivalents	—	1,794	—	—	1,794
Total	$ 90,770	$ 72,668	$ 122,071	$ 1,169	$ 286,678

(1) Reflects the net asset value (NAV) practical expedient used to approximate fair value.

(tabular amounts in thousands, except share data)

As of March 31, 2020:	Measured at NAV (1)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)	Total
Asset categories:					
Equity securities	$ 42,252	$ 52,084	$ —	$ —	$ 94,336
Fixed income securities	30,598	24,014	139,498	5,503	199,613
Alternative real estate	4,195	5,206	—	—	9,401
Cash equivalents	—	10,016	—	—	10,016
Total	$ 77,045	$ 91,320	$ 139,498	$ 5,503	$ 313,366

(1) Reflects the net asset value (NAV) practical expedient used to approximate fair value.

Level 1 securities consist of mutual funds with quoted market prices.

The Level 2 fixed income securities are investments in a combination of funds whose underlying investments are in a variety of fixed income securities including foreign and domestic corporate bonds, securities issued by the U.S. government, U.S. and foreign government obligations, and other similar fixed income investments. The fair values of the underlying investments in these funds are generally based on independent broker dealer bids, or by comparison to other debt securities having similar durations, yields, and credit ratings. The fair values of these funds are determined based on their net asset values which are published daily. We are not aware of any significant restrictions on the issuances or redemption of shares of these funds

Fair value of Level 3 fixed income securities at the beginning of the year was $5,503,000. During fiscal 2021 fixed income securities earned investment return of $6,000 and had disbursements of $4,340,000, which includes liquidations and termination of one of the Company's pension plans, resulting in an ending balance of $1,169,000. These fixed income securities consist primarily of insurance contracts which are carried at their liquidation value based on actuarial calculations and the terms of the contracts. Significant inputs in determining the fair value for these contracts include company contributions, contract disbursements, and stated interest rates. Gains and losses on these contracts are recognized as part of net periodic pension cost and recorded as part of cost of sales, selling, or general and administrative expense.

14. Employee Stock Ownership Plan (ESOP)

Effective January 1, 2012 the ESOP was closed to new hires. Prior to this date, substantially all of the Company’s U.S. non-union employees were participants in the ESOP. Additionally, during the year ended March 31, 2015 the final loan payment was made by the ESOP to the Company and there was no compensation expense recorded in fiscal years 2021, 2020, or 2019.

At March 31, 2021 and 2020, 216,000 and 234,000 of ESOP shares, respectively, were allocated or available to be allocated to participants’ accounts. There are no shares of collateralized common stock related to the ESOP loan outstanding at March 31, 2021 and no ESOP shares were pledged as collateral to guarantee the ESOP term loans.

15. Earnings per Share and Stock Plans

Earnings per Share

The Company calculates earnings per share in accordance with ASC Topic 260, “Earnings per Share.” Basic earnings per share exclude any dilutive effects of options, warrants, and convertible securities. Diluted earnings per share include any dilutive effects of stock options, unvested restricted stock units, unvested performance shares, and unvested restricted stock. Stock options and performance shares with respect to 244,000 and 196,000 common shares were not included in the computation of diluted earnings per share for fiscal 2021 and 2020, respectively, because they were antidilutive. For the years ended March 31, 2021 and 2020, an additional 105,000 and 40,000, respectively, in contingently issuable shares were not included in the computation of diluted earnings per share because a performance condition had not yet been met.

The following table sets forth the computation of basic and diluted earnings per share (share data presented in thousands):

	Year Ended March 31,		
Numerator for basic and diluted earnings per share:	2021	2020	2019
Net income	$ 9,106	$ 59,672	$ 42,577
Denominators:			
Weighted-average common stock outstanding— denominator for basic EPS	23,897	23,619	23,276
Effect of dilutive employee stock options, RSU's and performance shares	276	236	384
Adjusted weighted-average common stock outstanding and assumed conversions— denominator for diluted EPS	24,173	23,855	23,660

The weighted-average common stock outstanding shown above is net of unallocated ESOP shares (see Note 14).

In fiscal 2022, the Company issued 4,312,500 shares of common stock raising $198,720,000 net of fees in connection with the Dorner acquisition which was completed in April. Refer to Note 3 for additional details of this transaction.

Stock Plans

The Company records stock-based compensation in accordance with ASC Topic 718, "Compensation – Stock Compensation," applying the modified prospective method. This Statement requires all equity-based payments to employees, including grants of employee stock options, to be recognized in the statement of earnings based on the grant date fair value of the award. Under the modified prospective method, the Company is required to record equity-based compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards outstanding as of the date of adoption.

The Company grants share based compensation to eligible participants under the 2016 Long Term Incentive Plan, as Amended and Restated in June 2019 ("2016 LTIP"). The total number of shares of common stock with respect to which awards may be granted under the 2016 LTIP were increased by 2,500,000 as a result of the June 2019 amendment. Shares not previously authorized for issuance under any of the prior stock plans and any shares not issued or subject to outstanding awards under the prior stock plans are still available for issuance. Details of the shares granted under these plans are discussed below.

Prior to the adoption of the 2016 LTIP, the Company granted stock awards under the 2010 Long Term Incentive Plan and the 2006 Long Term Incentive Plan, collectively referred to as the "Prior Stock Plans."

Stock based compensation expense was $8,022,000, $4,507,000, and $6,198,000 for fiscal 2021, 2020, and 2019, respectively. The lower stock based compensation expense in fiscal 2020 is primarily related to shares that were forfeited when the Company's Chief Executive Officer (CEO) resigned on January 10, 2020. The forfeiture resulted in the reversal of $1,981,000 in stock compensation expense during fiscal 2020 recorded as a reduction to General and administrative expenses.

Stock compensation expense is included in cost of products sold, selling, general and administrative, and research and development expenses depending on the nature of the service of the employee receiving the award. The Company recognizes expense for all share–based awards over the service period, which is the shorter of the period until the employees' retirement eligibility dates or the service period for the award, for awards expected to vest. Accordingly, expense is generally reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company recognized compensation expense for stock option awards and unvested restricted share awards that vest based on time or market parameters straight-line over the requisite service period for vesting of the award.

Long Term Incentive Plan

(tabular amounts in thousands, except share data)

Under the 2016 LTIP, the total number of shares of common stock with respect to which awards may be granted under the plan is 2,500,000 in addition to shares not previously authorized for issuance under any of the prior stock plans and any shares not issued or subject to outstanding awards under the prior stock plans. As of March 31, 2021, 2,252,000 shares remain for future grants. The 2016 LTIP was designed as an omnibus plan and awards may consist of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, or stock bonuses.

Under the 2016 LTIP, the granting of awards to employees may take the form of options, restricted shares, and performance shares. The Compensation Committee of our Board of Directors determines the number of shares, the term, the frequency and date, the type, the exercise periods, any performance criteria pursuant to which awards may be granted, and the restriction and other terms and conditions of each grant in accordance with terms of the Plan.

In connection with the acquisition of Magnetek, the Company agreed to continue the 2014 Stock Incentive Plan of Magnetek, Inc. (the "Magnetek Stock Plan"). In doing so, the Company has available under the Magnetek Stock Plan 164,461 of the Company's shares which can be granted to certain employees as stock-based compensation.

Stock Option Plans

Prior to fiscal 2021, options outstanding under the 2016 LTIP generally become exercisable over a 4-year period at a rate of 25% per year commencing one year from the date of grant and have an exercise price of not less than 100% of the fair market value of the common stock on the date of grant. For fiscal 2021, options outstanding under the 2016 LTIP generally become exercisable over a 3-year period at a rate of 33% per year commencing one year from the date of grant and have an exercise price of not less than 100% of the fair market value of the common stock on the date of grant.

A summary of option transactions during each of the three fiscal years in the period ended March 31, 2021 is as follows:

	Shares	Weighted-average Exercise Price per share	Weighted-average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at April 1, 2018	922,450	21.04	7.56	$ 13,654
Granted	133,743	38.70		
Exercised	(187,907)	22.09		
Cancelled	(33,509)	23.94		
Outstanding at March 31, 2019	834,777	23.52	7.04	$ 9,602
Granted	171,515	35.16		
Exercised	(296,027)	20.26		
Cancelled	(183,471)	31.01		
Outstanding at March 31, 2020	526,794	26.53	6.93	$ 1,518
Granted	242,178	26.74		
Exercised	(97,398)	20.24		
Cancelled	(13,760)	31.85		
Outstanding at March 31, 2021	657,814	27.45	7.29	$ 16,652
Exercisable at March 31, 2021	268,815	$ 24.41	5.66	$ 7,622

The Company calculated intrinsic value for those options that had an exercise price lower than the market price of our common shares as of March 31, 2021. The aggregate intrinsic value of outstanding options as of March 31, 2021 is calculated as the difference between the exercise price of the underlying options and the market price of our common shares for the 657,814 options that were in-the-money at that date. The aggregate intrinsic value of exercisable options as of March 31, 2021 is calculated as the difference between the exercise price of the underlying options and the market price of our common shares for the 268,815 exercisable options that were in-the-money at that date. The Company's closing stock price was $52.76 as of March

(tabular amounts in thousands, except share data)

31, 2021. The total intrinsic value of stock options exercised was $1,749,000, $5,438,000, and $3,577,000 during fiscal 2021, 2020, and 2019, respectively.

The grant date fair value of options that vested was $9.15, $7.43, and $7.36 during fiscal 2021, 2020, and 2019, respectively.

As of March 31, 2021, $2,463,000 of unrecognized compensation cost related to non-vested stock options is expected to be recognized over a weighted-average period of approximately 2.0 years.

Exercise prices for options outstanding as of March 31, 2021, ranged from $13.43 to $38.70. The following table provides certain information with respect to stock options outstanding at March 31, 2021:

Range of Exercise Prices	Stock Options Outstanding	Weighted-average Exercise Price	Weighted-average Remaining Contractual Life
$10.01 to 20.00	90,811	$ 15.26	4.92
$20.01 to 30.00	322,668	$ 25.15	7.41
$30.01 to $40.00	244,335	$35.01	8.02
	657,814	$ 27.45	7.29

The following table provides certain information with respect to stock options exercisable at March 31, 2021:

Range of Exercise Prices	Stock Options Exercisable	Weighted- average Exercise Price per share
$10.01 to $20.00	90,811	$ 15.26
$20.01 to $30.00	116,935	24.81
$30.01 to $40.00	61,069	37.25
	268,815	$ 24.41

The fair value of stock options granted was estimated on the date of grant using a Black-Scholes option pricing model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of subjective assumptions including the expected stock price volatility. Because the Company’s employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management’s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. The weighted-average grant date fair value of the options was $8.46, $12.39, and $13.56 for options granted during fiscal 2021, 2020, and 2019, respectively. The following table provides the weighted-average assumptions used to value stock options granted during fiscal 2021, 2020, and 2019:

	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2019
Assumptions:			
Risk-free interest rate	0.23 %	2.23 %	2.64 %
Dividend yield	0.90 %	0.68 %	0.52 %
Volatility factor	0.380	0.372	0.352
Expected life	5.5 years	5.5 years	5.5 years

To determine expected volatility, the Company uses historical volatility based on daily closing prices of its Common Stock over periods that correlate with the expected terms of the options granted. The risk-free rate is based on the United States Treasury yield curve at the time of grant for the appropriate term of the options granted. Expected dividends are based on the Company's history and expectation of dividend payouts. The expected term of stock options is based on vesting schedules, expected exercise patterns and contractual terms.

(tabular amounts in thousands, except share data)

Restricted Stock Units

The Company granted restricted stock units under the 2016 LTIP during fiscal 2021, 2020, and 2019 to employees as well as to the Company's non-executive directors as part of their annual compensation. Prior to fiscal 2021, restricted stock units for employees vest ratably based on service one-quarter after each of years one, two, three, and four. For fiscal 2021, restricted stock units for employees vest ratably based on service one-third after each of years one, two, and three.

A summary of the restricted stock unit awards granted under the Company's LTIP plan as of March 31, 2021 is as follows:

	Shares	Weighted-average Grant Date Fair Value per share
Unvested at April 1, 2018	336,789	$ 22.62
Granted	116,942	37.90
Vested	(211,932)	22.66
Forfeited	(11,602)	25.18
Unvested at March 31, 2019	230,197	$ 30.22
Granted	151,351	38.40
Vested	(106,792)	31.90
Forfeited	(62,035)	31.61
Unvested at March 31, 2020	212,721	$ 35.20
Granted	195,181	29.16
Vested	(125,150)	31.85
Forfeited	(12,963)	34.74
Unvested at March 31, 2021	269,789	$ 32.41

Total unrecognized compensation cost related to unvested restricted stock units as of March 31, 2021 is $5,152,000 and is expected to be recognized over a weighted average period of 2.1 years. The fair value of restricted stock units that vested during the year ended March 31, 2021 and 2020 was $3,986,000 and $3,320,000, respectively.

Performance Shares

The Company granted performance shares under the 2016 LTIP during fiscal 2021, 2020, and 2019. Performance based shares are recognized as compensation expense based upon their grant date fair value and to the extent it is probable that the performance conditions will be met. This expense is recognized ratably over the three year period that these shares are restricted.

Fiscal 2018 performance shares granted vest pursuant to a performance condition based upon the Company's Consolidated Net Sales. During fiscal 2019, the Company determined that the fiscal year 2018 performance shares were earned based on the performance condition being met. Fiscal 2019 performance shares granted vest pursuant to a performance condition based upon the Company's Consolidated EBITDA margin for the twelve months ended March 31, 2020. During fiscal 2020, the Company determined that the fiscal year 2019 performance shares were earned based on the performance condition being met. Fiscal 2020 performance shares granted vest pursuant to a performance condition based upon the Company's Consolidated EBITDA margin for the twelve months ended March 31, 2021. During fiscal 2021, the Company determined that this performance condition would not be met. Fiscal 2021 performance shares granted vest pursuant to a performance condition based upon the Company's Consolidated EBITDA margin for the twelve months ended March 31, 2023. At this time the Company believes the March 31, 2023 performance condition will be met.

(tabular amounts in thousands, except share data)

A summary of the performance shares transactions during each of the three fiscal years in the period ended March 31, 2021 is as follows:

	Shares	Weighted-average Grant Date Fair Value per share
Unvested at April 1, 2018	126,570	$ 19.42
Granted	34,695	36.43
Forfeited	(7,879)	22.40
Unvested at March 31, 2019	153,386	$ 23.11
Granted	38,585	37.67
Forfeited	(125,251)	22.67
Unvested at March 31, 2020	66,720	$ 32.36
Granted	83,164	25.97
Vested	(23,201)	25.28
Forfeited	(3,451)	25.28
Unvested at March 31, 2021	123,232	$ 29.58

The Company had $2,349,000 in unrecognized compensation costs related to the unvested performance share awards as of March 31, 2021.

Directors Stock

During fiscal 2021, 2020, and 2019, a total of 16,209, 11,768, and 10,031 shares of stock, respectively, were granted under the 2016 LTIP to the Company's non-executive directors as part of their annual compensation. The weighted average fair value grant price of those shares was $33.32, $39.09, and $41.88 for fiscal 2021, 2020, and 2019, respectively. The expense related to the shares for fiscal 2021 was $540,000 and $460,000 and $430,000 for fiscal years 2020 and 2019.

Dividends

On March 22, 2021 the Company's Board of Directors approved payment of a quarterly dividend of $0.06 per common share, representing an annual dividend rate of $0.24 per share. The dividend was paid on May 13, 2021 to shareholders of record on May 3, 2021 and totaled approximately $1,440,000.

Stock Repurchase Plan

On March 26, 2019, the Board of Directors approved a new stock repurchase program authorizing the repurchase of up to $20 million of the Company's common stock. No repurchases were made during the fiscal years ended March 31, 2021 or 2020.

16. Loss Contingencies

From time to time, the Company is named a defendant in legal actions arising out of the normal course of business. The Company is not a party to any pending legal proceeding other than ordinary, routine litigation incidental to our business. The Company does not believe that any of our pending litigation will have a material impact on its business.

Accrued general and product liability costs are actuarially estimated reserves based on amounts determined from loss reports, individual cases filed with the Company, and an amount for losses incurred but not reported. The aggregate amounts of reserves were $21,227,000 (gross of estimated insurance recoveries of $8,052,000) and $11,944,000 of which $17,727,000 and $8,444,000 are included in Other non current liabilities and $3,500,000 in Accrued liabilities for both years as of March 31, 2021 and 2020, respectively. The liability for accrued general and product liability costs are funded by investments in marketable securities (see Notes 2 and 7).

The following table provides a reconciliation of the beginning and ending balances for accrued general and product liability:

(tabular amounts in thousands, except share data)

	Year Ended March 31,		
	2021	2020	2019
Accrued general and product liability, beginning of year	$ 11,944	$ 12,686	$ 13,582
Estimated insurance recoveries	8,052	—	—
Add provision for claims	4,634	3,233	2,887
Deduct payments for claims	(3,403)	(3,975)	(3,783)
Accrued general and product liability, end of year	$ 21,227	$ 11,944	$ 12,686
Estimated insurance recoveries	(8,052)	—	—
Net accrued general and product liability, end of year	$ 13,175	$ 11,944	$ 12,686

The per occurrence limits on the self-insurance for general and product liability coverage to Columbus McKinnon through its wholly-owned captive insurance company were $2,000,000 from inception through fiscal 2003 and $3,000,000 for fiscal 2004 and thereafter. In addition to the per occurrence limits, the Company's coverage is also subject to an annual aggregate limit, applicable to losses only. These limits range from $2,000,000 to $6,000,000 for each policy year from inception through fiscal 2021.

Along with other manufacturing companies, the Company is subject to various federal, state, and local laws relating to the protection of the environment. To address the requirements of such laws, the Company has adopted a corporate environmental protection policy which provides that all of its owned or leased facilities shall, and all of its employees have the duty to, comply with all applicable environmental regulatory standards, and the Company utilizes an environmental auditing program for its facilities to ensure compliance with such regulatory standards. The Company has also established managerial responsibilities and internal communication channels for dealing with environmental compliance issues that may arise in the course of its business. Because of the complexity and changing nature of environmental regulatory standards, it is possible that situations will arise from time to time requiring the Company to incur expenditures in order to ensure environmental regulatory compliance. However, the Company is not aware of any environmental condition or any operation at any of its facilities, either individually or in the aggregate, which would cause expenditures having a material adverse effect on its results of operations, financial condition or cash flows and, accordingly, has not budgeted any material capital expenditures for environmental compliance for fiscal 2021.

We have entered a voluntary environmental cleanup program in certain states where we operate and believe that our current reserves are sufficient to remediate these locations. For all of the currently known environmental matters, we have accrued as of March 31, 2021, a total of $777,000 which, in our opinion, is sufficient to deal with such matters. The Company is not aware of any environmental condition or any operation at any of its facilities, either individually or in the aggregate, which would cause expenditures to have a material adverse effect on its results of operations, financial condition or cash flows and, accordingly, has not budgeted any material capital expenditures for environmental compliance for fiscal 2021.

Like many industrial manufacturers, the Company is involved in asbestos-related litigation. In continually evaluating costs relating to its estimated asbestos-related liability, the Company reviews, among other things, the incidence of past and recent claims, the historical case dismissal rate, the mix of the claimed illnesses and occupations of the plaintiffs, its recent and historical resolution of the cases, the number of cases pending against it, the status and results of broad-based settlement discussions, and the number of years such activity might continue. Based on this review, the Company has estimated its share of liability to defend and resolve probable asbestos-related personal injury claims. This estimate is highly uncertain due to the limitations of the available data and the difficulty of forecasting with any certainty the numerous variables that can affect the range of the liability. The Company will continue to study the variables in light of additional information in order to identify trends that may become evident and to assess their impact on the range of liability that is probable and estimable.

Based on actuarial information, the Company has estimated its asbestos-related aggregate liability including related legal costs to range between $5,400,000 and $9,700,000, net of insurance recoveries, using actuarial parameters of continued claims for a period of 37 years from March 31, 2021. The Company has estimated its asbestos-related aggregate liability that is probable and estimable, net of insurance recoveries, in accordance with U.S. generally accepted accounting principles to be $6,956,000. The Company has reflected this liability gross of insurance recoveries of $8,052,000 as a liability in the consolidated financial statements as of March 31, 2021. The recorded liability does not consider the impact of any potential favorable federal legislation. This liability will fluctuate based on the uncertainty in the number of future claims that will be filed and the cost to resolve those claims, which may be influenced by a number of factors, including the outcome of the ongoing broad-based settlement negotiations, defensive strategies, and the cost to resolve claims outside the broad-based settlement program. Of this amount, management expects to incur asbestos liability payments of approximately $2,000,000 over the next 12 months. Because payment of the liability is likely to extend over many years, management believes that the potential additional costs for claims will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period.

A share of the Company's previously incurred asbestos-related expenses and future asbestos-related expenses are covered by pre-existing insurance policies. The Company had been engaged in a legal action against the insurance carriers for those policies to recover past expenses and future costs incurred. The Company came to an agreement with the insurance carriers to settle its case against them for recovery of a portion of past and future asbestos-related legal defense costs. The agreement was finalized during the quarter ended September 30, 2020. The terms of the settlement require the carriers to pay gross defense costs prior to retro-premiums of 65% for future asbestos-related defense costs subject to an annual cap of $1,650,000 for claims covered by the settlement. The reimbursement net of retro-premiums is approximately 47% which resulted in a $1,830,000 increase to the Company's asbestos liability during the year ended March 31, 2021.

In addition, the insurance carriers are required to reimburse the Company for past defense costs through the date of the settlement amounting to $3,006,000. Of this amount, $2,842,000 has been paid prior to March 31, 2021 with the remaining expected to be paid in the next quarter. The reimbursement for past cost is recorded net of a contingent legal fee of $1,500,000 which was paid in fiscal 2021. Further, the insurance carriers accept 100% coverage for indemnity costs related to all covered cases. Estimates of the future cost sharing have been included in the loss reserve calculation as of March 31, 2021 and 2020. The Company has recorded a receivable for the estimated future cost sharing in Other assets in the Balance Sheet at March 31, 2021 in the amount of $8,052,000, which offsets its asbestos reserves.

The Company is also involved in other unresolved legal actions that arise in the normal course of business. The most prevalent of these unresolved actions involve disputes related to product design, manufacture and performance liability. The Company's estimation of its product-related aggregate liability that is probable and estimable, in accordance with U.S. generally accepted accounting principles approximates $5,635,000, which has been reflected as a liability in the consolidated financial statements as of March 31, 2021. In some cases, we cannot reasonably estimate a range of loss because there is insufficient information regarding the matter. Management believes that the potential additional costs for claims will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period.

The following loss contingencies relate to the Company's Magnetek subsidiary:

Product Liability

Magnetek has been named, along with multiple other defendants, in asbestos-related lawsuits associated with business operations previously acquired but which are no longer owned. During Magnetek's ownership, none of the businesses produced or sold asbestos-containing products. For such claims, Magnetek is uninsured and either contractually indemnified against liability, or contractually obligated to defend and indemnify the purchaser of these former business operations. The Company aggressively seeks dismissal from these proceedings. Based on actuarial information, the asbestos related liability including legal costs is estimated to be approximately $565,000 which has been reflected as a liability in the consolidated financial statements at March 31, 2021.

Litigation-Other

In October 2010, Magnetek received a request for indemnification from Power-One, Inc. ("Power-One") for an Italian tax matter arising out of the sale of Magnetek's power electronics business to Power-One in October 2006. With a reservation of rights, Magnetek affirmed its obligation to indemnify Power-One for certain pre-closing taxes. The sale included an Italian company, Magnetek, S.p.A., and its wholly owned subsidiary, Magnetek Electronics (Shenzhen) Co. Ltd. (the “Power-One China Subsidiary”). The tax authority in Arezzo, Italy, issued a notice of audit report in September 2010 wherein it asserted that the Power-One China Subsidiary had its administrative headquarters in Italy with fiscal residence in Italy and, therefore, is subject to taxation in Italy. In November 2010, the tax authority issued a notice of tax assessment for the period of July 2003 to

June 2004, alleging that taxes of approximately $2,200,000 (Euro 1,900,000) were due in Italy on taxable income earned by the Power-One China Subsidiary during this period. In addition, the assessment alleges potential penalties together with interest in the amount of approximately $3,000,000 (Euro 2,600,000) for the alleged failure of the Power-One China Subsidiary to file its Italian tax return. The Power-One China Subsidiary filed its response with the provincial tax commission of Arezzo, Italy in January 2011. A hearing before the Tax Court was held in July 2012 on the tax assessment for the period of July 2003 to June 2004. In September 2012, the Tax Court ruled in favor of the Power-One China Subsidiary dismissing the tax assessment for the period of July 2003 to June 2004. In February 2013, the tax authority filed an appeal of the Tax Court's September 2012 ruling. The Regional Tax Commission of Florence heard the appeal of the tax assessment dismissal for the period of July 2003 to June 2004 and thereafter issued its ruling finding in favor of the tax authority. Magnetek believes the court’s decision was based upon erroneous interpretations of the applicable law and appealed the ruling to the Italian Supreme Court in April 2015.

The tax authority in Arezzo, Italy also issued a tax inspection report in January 2011 for the periods July 2002 to June 2003 and July 2004 to December 2006 claiming that the Power-One China Subsidiary failed to file Italian tax returns for the reported periods. In August 2012, the tax authority in Arezzo, Italy issued notices of tax assessment for the periods July 2002 to June 2003 and July 2004 to December 2006, alleging that taxes of approximately $7,900,000 (Euro 6,700,000) were due in Italy on taxable income earned by the Power-One China Subsidiary together with an allegation of potential penalties in the amount of approximately $3,300,000 (Euro 2,800,000) for the alleged failure of the Power-One China Subsidiary to file its Italian tax returns. On June 3, 2015, the Tax Court ruled in favor of the Power-One China Subsidiary dismissing the tax assessments for the periods of July 2002 to June 2003 and July 2004 to December 2006. On July 27, 2015, the tax authority filed an appeal of the Tax Court's ruling of June 3, 2015. In May 2016, the Regional Tax Court of Florence rejected the appeal of the tax authority and at the same time canceled the notices of assessment for the fiscal years of 2004/2005 and 2005/2006. The tax authority had up to six months to appeal the decision. In December 2016, Magnetek was served by the Italian Revenue Service with two appeals to the Italian Supreme Court regarding the two positive judgments on the tax assessments for the fiscal periods 2004/2005 and 2005/2006. In March 2017, the tax authority rejected the appeal of the assessment for 2005/2006 fiscal year. The tax authority had until October 2017 to appeal this decision. In October 2017, Magnetek was served by the Italian Revenue Service with an appeal to the Italian Supreme Court against the positive judgment on the tax assessment for fiscal year 2005/2006. In November 2017 Magnetek filed a memorandum with the Italian Revenue Service and the Italian Supreme Court in response to the appeal made by the tax authority. In February 2018 an appeal hearing was held at the Regional Tax Court of Florence regarding the Italian tax authority's claim for taxes due for fiscal 2002/2003. In October 2018 Magnetek was served by the Italian Revenue Service with an appeal to the Italian Supreme Court against the positive judgment on the tax assessment for fiscal year 2002/2003. In November 2018 Magnetek filed a memorandum with the Italian Supreme Court in response to the appeal made by the tax authority.

The Company believes it will be successful and does not expect to incur a liability related to these assessments.

Environmental Matters

From time to time, Magnetek has taken action to bring certain facilities associated with previously owned businesses into compliance with applicable environmental laws and regulations. Upon the subsequent sale of certain businesses, Magnetek agreed to indemnify the buyers against environmental claims associated with the divested operations, subject to certain conditions and limitations. Remediation activities, including those related to indemnification obligations, did not involve material expenditures during fiscal year 2021.

Magnetek has also been identified by the United States Environmental Protection Agency and certain state agencies as a potentially responsible party for cleanup costs associated with alleged past waste disposal practices at several previously utilized, owned or leased facilities and offsite locations. Its remediation activities as a potentially responsible party were not material in fiscal year 2021. Although the materiality of future expenditures for environmental activities may be affected by the level and type of contamination, the extent and nature of cleanup activities required by governmental authorities, the nature of Magnetek's alleged connection to the contaminated sites, the number and financial resources of other potentially responsible parties, the availability of indemnification rights against third parties, and the identification of additional contaminated sites, Magnetek's estimated share of liability, if any, for environmental remediation, including its indemnification obligations, is not expected to be material.

In 1986, Magnetek acquired the stock of Universal Manufacturing Corporation (“Universal”) from a predecessor of Fruit of the Loom (“FOL”), and the predecessor agreed to indemnify Magnetek against certain environmental liabilities arising from pre-acquisition activities at a facility in Bridgeport, Connecticut. Environmental liabilities covered by the indemnification agreement included completion of additional cleanup activities, if any, at the Bridgeport facility and defense and indemnification against liability for potential response costs related to offsite disposal locations. Magnetek's leasehold interest in the Bridgeport facility was assigned to the buyer in connection with the sale of Magnetek's transformer business in June 2001. FOL, the successor to the indemnification obligation, filed a petition for Reorganization under Chapter 11 of the Bankruptcy Code in 1999 and Magnetek filed a proof of claim in the proceeding for obligations related to the environmental indemnification agreement. Magnetek believes that FOL had substantially completed the clean-up obligations required by the indemnification agreement prior to the bankruptcy filing. In November 2001, Magnetek and FOL entered into an agreement involving the allocation of certain potential tax benefits and Magnetek withdrew its claims in the bankruptcy proceeding. Magnetek further believes that FOL's obligation to the state of Connecticut was not discharged in the reorganization proceeding.

In January 2007, the Connecticut Department of Environmental Protection (“DEP”) requested parties, including Magnetek, to submit reports summarizing the investigations and remediation performed to date at the site and the proposed additional investigations and remediation necessary to complete those actions at the site. DEP requested additional information relating to site investigations and remediation. Magnetek and the DEP agreed to the scope of the work plan in November 2010. The Company has recorded a liability of $377,000, included in the amount specified above, related to the Bridgeport facility, representing the best estimate of future site investigation costs and remediation costs which are expected to be incurred in the future.

The Company has recorded total liabilities of $523,000 for all environmental matters related to Magnetek in the consolidated financial statements as of March 31, 2021 on an undiscounted basis.

In September of 2017, Magnetek received a request for defense and indemnification from Monsanto Company, Pharmacia, LLC, and Solutia, Inc. (collectively, “Monsanto”) with respect to: (1) lawsuits brought by plaintiffs claiming that Monsanto manufactured polychlorinated biphenyls ("PCBs"), exposure to which allegedly caused injury to plaintiffs; and (2) lawsuits brought by municipalities and municipal entities claiming that Monsanto should be responsible for a variety of damages due to the presence of PCBs in bodies of water in those municipalities and/or in water treated by those municipal entities. Monsanto claims to be entitled to defense and indemnification from Magnetek under a so-called “Special Undertaking” apparently executed by Universal in January of 1972, which purportedly required Universal to defend and indemnify Monsanto from liabilities “arising out of or in connection with the receipt, purchase, possession, handling, use, sale or disposition of” PCBs by Universal.

Magnetek has declined Monsanto’s tender, and believes that it has meritorious legal and factual defenses to the demands made by Monsanto. Magnetek is vigorously defending against those demands and has commenced litigation to, among other things, declare the Special Undertaking void and unenforceable. Monsanto has, in turn, commenced an action to enforce the Special Undertaking. Magnetek intends to continue to vigorously prosecute its declaratory judgment action and to defend against Monsanto’s action against it. We cannot reasonably estimate a potential range of loss with respect to Monsanto’s tender because there is insufficient information regarding the underlying matters. Management believes, however, that the potential additional legal costs related to such matters will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period.

The Company had previously filed suit against Travelers in District Court seeking coverage under insurance policies in the name of Magnetek’s predecessor Universal Manufacturing. In July 2019, the District Court ruled that Travelers is obligated to defend Magnetek under these policies in connection with Magnetek’s litigation against Monsanto. The Court held that Monsanto’s claims against Magnetek fall within the insuring agreement of the Travelers policies and that none of the policy exclusions precluded the possibility of coverage. The Court also held that Travelers prior settlements with other insureds under the policies did not cut off or release Magnetek’s rights under the policies. Travelers moved for reconsideration and had sought discovery from Magnetek and Monsanto in connection with that motion. On September 22, 2020, the Court issued an order denying the motion to reconsider and denying the motion to compel discovery from Magnetek. The result was that the Court’s prior order granting Magnetek partial summary judgment and requiring Travelers’ to reimburse Magnetek’s defense costs to date and fund its defense costs moving forward was now binding, subject to Travelers right to appeal. Travelers moved for a reconsideration of the order which was denied in September 2020 and in March 2021 Traveler’s window to appeal the court order closed. As a result, the Company recorded a receivable for approximately $900,000 as of March 31, 2021 in past defense costs which are to be reimbursed. The receivable has been reflected as a reduction to Cost of products sold in fiscal 2021. The receivable was subsequently paid in full in April 2021.

The Company is also engaged in similar coverage litigation against Transportation Insurance Company in the Circuit Court of Cook County, Illinois. The Company has sought a ruling that Transportation Insurance Company is also obligated to reimburse Magnetek's defense costs to date and fund its defense costs moving forward. That motion is not yet fully briefed.

17. Income Taxes

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act ("Tax Reform Act" or "the Act"). The legislation significantly changed U.S. tax law by, among other things, lowering corporate income tax rates, assessing a one-time transition tax on a deemed repatriation of non-previously taxed earnings of foreign subsidiaries, and implementing a territorial tax system.

While the Tax Reform Act provides for a territorial tax system, beginning in 2018, it includes two new U.S. tax base erosion provisions, the global intangible low-taxed income ("GILTI") provisions and the base-erosion and anti-abuse tax ("BEAT") provisions. The Act also provides for the foreign-derived intangible income ("FDII") deduction for corporations that derive gross income from export activities

The GILTI provisions require the Company to include in its U.S. income tax return any foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. For the years ended March 31, 2021, 2020, and 2019, the Company has not recorded material tax expense related to GILTI provisions. The Company has elected to account for GILTI tax in the period in which it is incurred, and therefore has not provided any deferred tax impacts of GILTI in its consolidated financial statements for the years ended March 31, 2021, 2020, and 2019.

The BEAT provisions in the Tax Reform Act eliminate the deduction of certain base-erosion payments made to related foreign corporations, and impose a minimum tax if greater than regular tax. The BEAT tax had no impact on the Company's consolidated financial statements for the years ended March 31, 2021, 2020, and 2019.

The FDII provisions of the Act provide an incentive to domestic corporations in the form of a lower tax rate on income derived from tangible and intangible products and services in foreign markets. This lower tax rate is accomplished via an additional tax deduction based on a percentage of qualifying sales. The FDII deduction provided the Company an additional tax benefit of $0, $1,029,000, and $945,000 in the years ended March 31, 2021, 2020, and 2019, respectively.

SAB 118 measurement period adjustments

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act.

We applied the guidance in SAB 118 when accounting for the enactment-date effects of the Act in 2017 and throughout 2018. At December 31, 2017, we had not completed our accounting for all of the enactment-date income tax effects of the Act under ASC 740, Income Taxes, for the following aspects: remeasurement of deferred tax assets and liabilities and one-time transition tax. As of December 31, 2018, we completed our accounting for all of the enactment-date income tax effects of the Act, the impacts of which are summarized below.

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income from continuing operations before income tax expense. The sources and tax effects of the differences were as follows:

(tabular amounts in thousands, except share data)

	Year Ended March 31,		
	2021	2020	2019
Statutory federal income tax rate	21.00 %	21.00 %	21.00 %
Expected tax at statutory rate	$ 2,116	$ 16,203	$ 11,108
Effect of Tax Reform Act (1)	—	—	(1,500)
State income taxes net of federal benefit	(450)	1,397	1,728
Foreign taxes at rates other than statutory federal rate	287	1,102	(145)
Net loss on sale of businesses (3)	—	—	4,041
Permanent items (6), (7)	178	266	(1,694)
Valuation allowance (2), (4)	84	(1,184)	13,190
Foreign tax credits (2)	—	—	(15,371)
Federal tax credits (5)	(700)	(1,903)	(1,376)
Other (8)	(545)	1,603	340
Actual tax provision expense	$ 970	$ 17,484	$ 10,321

(1) For fiscal 2019, represents the discrete benefit of the reduction of the one-time transition tax of $1,500,000 recorded in fiscal 2018 to zero.
(2) For fiscal 2019, primarily represents foreign tax credits generated by the one-time transition tax calculation and valuation allowance as the Company believes their utilization is uncertain.
(3) For fiscal 2019, represents losses on sales of businesses that are not deductible for income tax purposes.
(4) For fiscal 2020, represents the reversal of a valuation allowance on certain foreign tax credits offset by increases in valuation allowances required in certain foreign jurisdiction.
(5) For fiscal 2021, Federal tax credits include research and development credits of $700,000. For fiscal 2020, Federal tax credits include research and development credits of $800,000 and minimum tax credits of $1,103,000. For fiscal 2019, Federal tax credits relate to research and development credits.
(6) For fiscal 2019, permanent items include a FDII deduction of $945,000.
(7) For fiscal 2020, permanent items include a net GILTI inclusion of $525,000 and a FDII deduction of $1,029,000.
(8) For fiscal 2021, Other primarily relates to adjustments for previously estimated tax expenses.

The provision for income tax expense (benefit) consisted of the following:

	Year Ended March 31,		
	2021	2020	2019
Current income tax expense (benefit):			
United States Federal	$ 810	$ (2,491)	$ (1,663)
State taxes	618	626	394
Foreign	8,246	11,984	12,548
Deferred income tax expense (benefit):			
United States	(5,996)	7,827	5,873
Foreign	(2,708)	(462)	(6,831)
	$ 970	$ 17,484	$ 10,321

The Company applies the liability method of accounting for income taxes as required by ASC Topic 740, “Income Taxes.” The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

(tabular amounts in thousands, except share data)

	March 31, 2021	March 31, 2020
Deferred tax assets:		
Federal net operating loss carryforwards	$ 16,038	$ 18,091
State and foreign net operating loss carryforwards	7,404	7,142
Employee benefit plans	24,692	31,471
Insurance reserves	3,488	3,216
Accrued vacation and incentive costs	3,061	3,218
Federal tax credit carryforwards	13,238	11,922
ASC 842 Lease Liability	8,623	9,048
Equity compensation	2,782	1,974
Other	7,308	7,319
Valuation allowance	(15,103)	(15,036)
Deferred tax assets after valuation allowance	71,531	78,365
Deferred tax liabilities:		
Property, plant, and equipment	(1,889)	(1,962)
ASC 842 Right-of-Use Asset	(8,446)	(8,938)
Intangible assets	(58,716)	(59,397)
Total deferred tax liabilities	(69,051)	(70,297)
Net deferred tax assets (liabilities)	$ 2,480	$ 8,068

The net deferred tax asset decreased in fiscal 2021 primarily as a result of the termination of one of the Company's pension plans.

The gross amount of the Company’s deferred tax assets were $86,634,000 and $93,401,000 at March 31, 2021 and 2020, respectively.

The valuation allowance includes $2,896,000 and $2,696,000 related to foreign net operating losses at March 31, 2021 and 2020, respectively. The remaining valuation allowance primarily relates to foreign tax credits which the Company believes it will not utilize of $11,900,000 and $11,800,000 for the years ended March 31, 2021 and 2020, respectively. The Company’s foreign subsidiaries have net operating loss carryforwards of $10,552,000 that expire in periods ranging from five years to indefinite.

Federal net operating losses of $76,371,000 arose from the acquisition of Magnetek and have expiration dates ranging from 2022 through 2035 and are subject to certain limitations under U.S. tax law. The state net operating losses of $77,889,000 have expiration dates ranging from 2021 through 2041. The federal tax credits have expiration dates ranging from 2028 to 2041.

Deferred income taxes are classified within the consolidated balance sheets based on the following breakdown:

	March 31, 2021	March 31, 2020
Net non-current deferred tax assets	$ 20,080	$ 26,281
Net non-current deferred tax liabilities	(17,600)	(18,213)
Net deferred tax assets (liabilities)	$ 2,480	$ 8,068

Net non-current deferred tax liabilities are included in other non-current liabilities.

Income from continuing operations before income tax expense includes foreign subsidiary income of $30,894,000, $37,577,000, and $14,362,000 for the years ended March 31, 2021, 2020, and 2019, respectively. As of March 31, 2021, the Company had approximately $69,000,000 of undistributed earnings of foreign subsidiaries. These earnings are considered to be permanently invested in operations outside the U.S. with the exception of the current earnings from one foreign subsidiary. Any repatriation of these amounts would not be expected to result in a material increase to income tax expense due to the one-time transition tax and the new U.S. territorial tax system. Determination of the amount of unrecognized deferred U.S. income tax liability with respect to such earnings is not practicable.

(tabular amounts in thousands, except share data)

During fiscal 2018, the Company adopted ASU No. 2016-09. There were shares of common stock issued through restricted stock units, the exercise of non-qualified stock options, or through the disqualifying disposition of incentive stock options in the years ended March 31, 2021 and 2020. The tax effect to the Company from these share transactions during fiscal 2021 and 2020 was a reduction to income tax expense of ($283,000) and ($169,000), respectively.

Changes in the Company's uncertain income tax positions, excluding the related accrual for interest and penalties, are as follows:

	2021	2020	2019
Beginning balance	$ 132	$ 936	$ 592
Additions for tax positions of the current year	—	—	550
Reductions for prior year tax positions	—	(802)	(141)
Foreign currency translation	9	(2)	(65)
Lapses in statutes of limitation	—	—	—
Ending balance	$ 141	$ 132	$ 936

The Company had $57,000, $46,000, and $38,000 accrued for the payment of interest and penalties at March 31, 2021, 2020, and 2019 respectively. The Company recognizes interest expense or penalties related to uncertain tax positions as a part of income tax expense in its consolidated statements of operations.

All of the unrecognized tax benefits as of March 31, 2021 would impact the effective tax rate if recognized.

The Company and its subsidiaries file income tax returns in the U.S., various state, local, and foreign jurisdictions.

The Company's major tax jurisdictions are the United States and Germany. With few exceptions, the Company is no longer subject to tax examinations by tax authorities in the United States for tax years prior to March 31, 2017 and in Germany for tax years prior to March 31, 2012. The Company has a current tax examination in Germany for fiscal years 2012 to 2014.

The Company anticipates that total unrecognized tax benefits will change due to the settlement of audits in certain foreign jurisdictions prior to March 31, 2022.

18. Leases

Transition

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASC 842"). ASC 842 requires the recognition of lease ROU assets and lease liabilities by lessees for those leases classified as operating leases and additional disclosures regarding the nature of the Company's leases, significant judgments made, and amounts recognized in the financial statements relating to those leases. The Company adopted this standard effective April 1, 2019 under the modified retrospective method whereas comparative period information is not restated. In addition, the Company elected the package of practical expedients which permits the Company to not reassess whether existing contracts are or contain leases, to not reassess the lease classification of any existing leases, and to not reassess initial direct costs for any existing leases. The Company also elected the practical expedient to not separate lease and non-lease components for all classes of underlying assets and made an accounting policy election to not record leases with an initial term of twelve months or less on the balance sheet for all classes of underlying assets.

As a result of the adoption of ASC 842, the Company recognized an initial operating lease ROU assets of $35,553,000 on April 1, 2019 with a corresponding lease liability of the same amount. The standard did not materially impact the Company's Consolidated Statement of Operations or the Consolidated Statements of Cash Flows for the fiscal year ending March 31, 2020.

Nature of leases

The Company's leases are classified as operating leases and consist of manufacturing facilities, sales offices, distribution centers, warehouses, vehicles, and equipment. For leases with terms greater than twelve months, at lease commencement the Company recognizes a ROU asset and a lease liability. The initial lease liability is recognized at the present value of remaining lease payments over the lease term. Leases with an initial term of twelve months or less are not recorded on the Company's Consolidated Balance Sheet. The Company recognizes lease expense for operating leases on a straight-line basis over the lease term. Additionally, because the Company has elected to not separate lease and non-lease components, variable costs also include payments to the landlord for common area maintenance, real estate taxes, insurance, and other operating expenses.

The Company's leases have lease terms ranging from 1 to 15 years, some of which include options to extend or terminate the lease. The exercise of lease renewal options is at the Company’s sole discretion. When deemed reasonably certain of exercise, the renewal options are included in the determination of the lease term. The Company’s lease agreements do not contain material residual value guarantees or any material restrictive covenants.

As of March 31, 2021, the Company does not have any significant additional operating leases that have not yet commenced.

Significant assumptions or judgments

The discount rate implicit within each lease is generally not readily determinable, therefore, the Company uses its estimated incremental borrowing rate in determining the present value of lease payments. The incremental borrowing rate is determined based on the Company’s recent debt issuances, lease term, and the currency in which lease payments are made.

The following table presents the weighted average remaining lease term and discount rate as of March 31, 2021 and March 31, 2020, respectively:

	March 31, 2021	March 31, 2020
Weighted-average remaining lease term (in years)	5.99	6.74
Weighted-average discount rate	3.86 %	4.05 %

Amounts recognized on the financial statements

The following table illustrates the balance sheet classification for ROU assets and lease liabilities as of March 31, 2021 and March 31, 2020, respectively (in thousands):

	Balance sheet classification	March 31, 2021	March 31, 2020
Assets	Other assets	$ 34,181	$ 38,125
Current	Accrued liabilities	7,673	6,924
Non-current	Other non current liabilities	27,321	31,629
Total liabilities		$ 34,994	$ 38,553

Operating lease expense of $9,175,000 and $8,869,000 for the fiscal years ending March 31, 2021 and March 31, 2020, respectively, is included in income from operations on the Consolidated Statements of Operations. Short-term lease expense, sublease income, and variable lease expenses are not material for the fiscal year ending March 31, 2021. Rental expense for the year ended March 31, 2019 was $12,248,000 under ASC 840 (prior to the adoption of ASC 842).

Other lease disclosures

At March 31, 2021, the maturities of operating lease liabilities were as follows (in thousands):

Year:		March 31, 2021
2022	$	9,002
2023		8,019
2024		5,212
2025		4,695
2026		3,599
Thereafter		9,345
Total undiscounted lease payments	$	39,872
Less: imputed interest	$	4,878
Present value of lease liabilities	$	34,994

Supplemental cash flow information related to operating leases is as follows (in thousands):

		Year ended March 31, 2021		Year ended March 31, 2020
Cash paid for amounts included in the measurement of operating lease liabilities	$	8,909	$	8,593
ROU assets obtained in exchange for new operating lease liabilities	$	2,866	$	10,589

19. Business Segment Information

ASC Topic 280, "Segment Reporting," establishes the standards for reporting information about operating segments in financial statements. The Company has one operating and reportable segment for both internal and external reporting purposes.

Financial information relating to the Company's operations by geographic area is as follows:

	Year Ended March 31,					
		2021		2020		2019
Net sales:						
United States	$	348,986	$	450,242	$	485,969
Germany		164,380		175,492		196,055
Europe, Middle East, and Africa (Excluding Germany)		90,415		121,600		127,453
Canada		15,443		21,984		22,206
Asia Pacific		13,829		14,193		17,749
Latin America		16,589		25,651		26,850
Total	$	649,642	$	809,162	$	876,282

Note: Net sales to external customers are attributed to geographic areas based upon the location from which the product was shipped from the Company to the customer.

(tabular amounts in thousands, except share data)

	Year Ended March 31,		
	2021	2020	2019
Total assets:			
United States	$ 540,184	$ 518,914	$ 496,580
Germany	435,638	438,210	429,859
Europe, Middle East, and Africa (Excluding Germany)	125,262	86,638	85,680
Canada	8,647	9,979	8,688
Asia Pacific	19,326	20,314	22,129
Latin America	21,375	19,217	18,635
Total	$ 1,150,432	$ 1,093,272	$ 1,061,571

	Year Ended March 31,		
	2021	2020	2019
Long-lived assets:			
United States	$ 269,061	$ 272,816	$ 282,456
Germany	336,606	327,420	342,150
Europe, Middle East, and Africa	8,359	9,561	10,163
Canada	1,395	1,192	1,319
Asia Pacific	2,235	4,928	5,781
Latin America	1,635	1,197	1,190
Total	$ 619,291	$ 617,114	$ 643,059

Note: Long-lived assets include net property, plant, and equipment, goodwill, and other intangibles, net.

Sales by major product group are as follows:	Year Ended March 31,		
	2021	2020	2019
Hoists	$ 394,682	$ 492,126	$ 518,806
Chain and rigging tools	47,557	68,666	89,215
Industrial cranes	37,025	44,149	59,085
Actuators and rotary unions	75,458	77,957	77,719
Digital power control and delivery systems	74,943	100,658	98,187
Elevator application drive systems	19,977	25,606	25,548
Other	—	—	7,722
Total	$ 649,642	$ 809,162	$ 876,282

The prior year sales by major product group amounts have been reclassified to be consistent with the current period presentation.

On December 28, 2018, the Company sold its Tire Shredder business, and on February 28, 2019, the Company sold Crane Equipment and Service Inc. and Stahlhammer Bommern GmbH. In fiscal year 2019, these businesses accounted for chain and rigging tools sales of $12,289,000, industrial cranes sales of $14,184,000, and other sales of $7,722,000.

(tabular amounts in thousands, except share data)

20. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss is as follows:

	March 31,	
	2021	2020
Foreign currency translation adjustment – net of tax	$ (21,776)	$ (34,359)
Pension liability – net of tax	(38,081)	(79,651)
Postretirement obligations – net of tax	1,989	1,950
Split-dollar life insurance arrangements – net of tax	(1,264)	(1,340)
Derivatives qualifying as hedges – net of tax	(854)	(950)
Accumulated other comprehensive loss	$ (59,986)	$ (114,350)

The deferred taxes related to the adjustments associated with the items included in accumulated other comprehensive loss, net of deferred tax asset valuation allowances, were $(13,305,000), $7,445,000, and $2,566,000 for fiscal 2021, 2020, and 2019 respectively. Refer to Note 17 for discussion of the deferred tax asset valuation allowance. In the period subsequent to our initial recording of the valuation allowance in fiscal 2011, increases and decreases to both the deferred tax assets associated with items in accumulated other comprehensive loss, and the valuation allowance, have been recorded as offsets to comprehensive income.

As a result of the Act as described in Note 17, the Company recorded as an offsetting entry a $(7,251,000) stranded tax effect in the minimum pension liability component and a $(194,000) stranded tax effect in the split dollar life insurance arrangement component of other comprehensive income in fiscal 2018. The stranded tax effect related to the other post retirement obligations component was not material.

As a result of the recording of a deferred tax asset valuation allowance in fiscal 2011, the Company recorded as an offsetting entry a $7,605,000 stranded tax effect in the minimum pension liability component, $935,000 stranded tax effect in the other post retirement obligations component and a $747,000 stranded tax effect in the split dollar life insurance arrangement component of other comprehensive income. With the reversal of that valuation allowance in fiscal 2013, the Company recorded the reversal of the valuation allowance as a reduction of income taxes in the consolidated statement of operations.

As a result of the recording of a deferred tax asset valuation allowance in fiscal 2005, the Company recorded as an offsetting entry a $406,000 stranded tax effect in the minimum pension liability component of other comprehensive income. With the reversal of that valuation allowance in fiscal 2006, the Company recorded the reversal of the valuation allowance as a reduction of income taxes in the consolidated statement of operations.

The stranded tax effects described above are in accordance with ASC Topic 740, “Income Taxes” even though the impact of the act and the deferred tax asset valuation allowance described above were initially established as an adjustment to comprehensive income. This amount will remain indefinitely as a component of accumulated other comprehensive loss.

The activity by year related to investments, including reclassification adjustments for activity included in earnings are as follows (all items shown net of tax):

	Year Ended March 31,		
	2021	2020	2019
Net unrealized investment gain (loss) at beginning of year	$ —	$ —	$ 888
Unrealized holdings gain (loss) arising during the period	—	—	—
Reclassification adjustments for gain included in earnings	—	—	—
Adoption of ASU 2016-01	—	—	(888)
Net change in unrealized gain (loss) on investments	—	—	(888)
Net unrealized investment gain at end of year	$ —	$ —	$ —

Changes in accumulated other comprehensive income by component are as follows (in thousands):

	March 31, 2021			
	Retirement Obligations	Foreign Currency	Change in Derivatives Qualifying as Hedges	Total
Beginning balance net of tax	$ (79,041)	$ (34,359)	$ (950)	(114,350)
Other comprehensive income (loss) before reclassification	24,999	12,583	(8,552)	29,030
Amounts reclassified from other comprehensive loss to net income	16,686	—	8,648	25,334
Net current period other comprehensive (loss) income	41,685	12,583	96	54,364
Ending balance net of tax	$ (37,356)	$ (21,776)	$ (854)	$ (59,986)

	March 31, 2020			
	Retirement Obligations	Foreign Currency	Change in Derivatives Qualifying as Hedges	Total
Beginning balance net of tax	$ (55,145)	$ (25,355)	$ (2,552)	(83,052)
Other comprehensive income (loss) before reclassification	(25,449)	(9,004)	4,772	(29,681)
Amounts reclassified from other comprehensive loss to net income	1,553	—	(3,170)	(1,617)
Net current period other comprehensive (loss) income	(23,896)	(9,004)	1,602	(31,298)
Ending balance net of tax	$ (79,041)	$ (34,359)	$ (950)	$ (114,350)

Details of amounts reclassified out of accumulated other comprehensive loss for the year ended March 31, 2021 are as follows (in thousands):

Details of AOCL Components	Amount reclassified from AOCL	Affected line item on consolidated statement of operations
Net pension amount unrecognized		
	$ 22,009	(1)
	22,009	Total before tax
	(5,323)	Tax benefit
	$ 16,686	Net of tax
Change in derivatives qualifying as hedges		
	$ (90)	Cost of products sold
	1,585	Interest expense
	7,874	Foreign currency
	9,369	Total before tax
	(721)	Tax benefit
	$ 8,648	Net of tax

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. (See Note 13 — Pensions and Other Benefit Plans for additional details.)

Details of amounts reclassified out of accumulated other comprehensive loss for the year ended March 31, 2020 are as follows (in thousands):

(tabular amounts in thousands, except share data)

Details of AOCL Components	Amount reclassified from AOCL	Affected line item on consolidated statement of operations
Net pension amount unrecognized		
	$ 2,074	(1)
	2,074	Total before tax
	(521)	Tax benefit
	$ 1,553	Net of tax
Change in derivatives qualifying as hedges		
	$ (54)	Cost of products sold
	(327)	Interest expense
	(3,907)	Foreign currency
	(4,288)	Total before tax
	1,118	Tax benefit
	$ (3,170)	Net of tax

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. (See Note 13 — Pensions and Other Benefit Plans for additional details.)

21. Effects of New Accounting Pronouncements

ASU 2016-13 (Topic 326) - Adopted in fiscal 2021

In November 2019, the FASB issued ASU No. 2019-11, "Codification Improvements to Topic 326: Financial Instruments - Credit Losses." The ASU allows, among other aspects, companies to make accounting policy elections to simplify certain aspects of the presentation and measurement of accrued interest on receivables as well as certain practical expedients for disclosure of accrued interest and financial assets secured by collateral maintenance provisions. The ASU was adopted in connection with the adoption of ASU 2016-13 described below.

In May 2019, the FASB issued ASU No. 2019-05, "Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief." The ASU allows companies to elect, upon adoption of ASU 2016-13, the fair value option on financial instruments that were previously recorded at amortized cost and are within the scope of ASC 326-20 if the instruments are eligible for the fair value option under ASC 825-10. The ASU was adopted in connection with the adoption of ASU 2016-13 described below.

In November 2018, the FASB issued ASU No. 2018-19, "Codification Improvements to Topic 326: Financial Instruments - Credit Losses." The ASU changes the effective date of ASU 2016-13, Financial Instruments - Credit Losses, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASU 2016-13”). The standard changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. ASU 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. The Company adopted this standard and all related standards effective April 1, 2020. Refer to Note 4 (Revenue & Receivables) for the transition impact and further details.

Other Topics adopted in fiscal 2021

In August 2020, the U.S. Securities and Exchange Commission ("SEC") issued its rule Modernization of Regulation S-K Items, which modernizes the disclosure requirements in Regulation S-K, Item 101, “Description of Business”; Item 103, “Legal Proceedings”; and Item 105, “Risk Factors.” The SEC stated that the final rule is intended to improve the readability of disclosures, reduce repetition, and eliminate immaterial information, thereby simplifying compliance for registrants and making disclosures more meaningful for investors. The SEC rule was effective November 9, 2020 and the Company adopted the rule in this Form 10-K. The main updates as a result of adopting the standard include enhanced disclosure on human capital in the Business section and elimination of Selected Financial Data and the Selected Quarterly Financial Data Note.

In August 2018, the FASB issued ASU No. 2018-13, "Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)." The ASU changes the fair value measurement disclosure requirements including new, eliminated, and modified disclosure requirements of ASC 820. For instance, the ASU requires the addition of disclosures for Level 3 fair value measurements with unrealized gains and losses included in other comprehensive income and disclosure of the range of the weighted average assumpitions used to develop significant unobservable inputs for Level 3 measurements. The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those years, with early adoption permitted for any eliminated or modified disclosures. The Company adopted this standard effective April 1, 2020 and the standard did not have a material impact on the financial statements for the twelve months ended March 31, 2021.

In August 2018, the FASB issued ASU No. 2018-14, "Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plan (Topic 715)." The ASU amends ASC 715 to add, remove, and clarify disclosure requirements related to defined benefit pension and other postretirement plans such as a narrative description describing the reasons for significant gains and losses affecting the benefit obligation for the period and the removal of disclosing amounts in accumulated other comprehensive income expected to be recognized as part of net periodic benefit cost over the next year. The ASU is effective for fiscal years ending after December 15, 2020. The Company has adopted the standard and applicable changes are reflected in Note 13, Pensions and Other Benefit Plans.

Other Topics not yet adopted

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The ASU is elective and is relief to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. Optional expedients are provided for contract modification accounting under topics such as debt, leases, and derivatives. The optional amendments are effective for all entities as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 through December 31, 2022. We are currently evaluating the impact the standard will have on our consolidated financial statements if we chose to elect.

In December 2019, the FASB issued ASU No. 2019-12, "Simplifying the Accounting for Income Taxes" (Topic 740). The standard clarifies, among other topics, that the effects of an enacted change in tax law on taxes currently payable or refundable for the current year be reflected in the computation of the annual effective tax rate in the first interim period that includes the enactment date of the new legislation. The standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2020. Early adoption is permitted for fiscal years, and interim periods within those years. We are currently evaluating the impact the standard will have on our consolidated financial statements.

COLUMBUS McKINNON CORPORATION

SCHEDULE II—Valuation and qualifying accounts
March 31, 2021, 2020, and 2019
Dollars in thousands

		Additions					
Description	**Balance at Beginning of Period**	**Charged to Costs and Expenses**	**Charged to Other Accounts**	**Acquisition/Divestiture**	**Deductions**		**Balance at End of Period**
Year ended March 31, 2021:							
Deducted from asset accounts:							
Allowance for doubtful accounts	$ 5,056	$ 2,411	$ 192	$ —	$ 1,973	(1)	$ 5,686
Deferred tax asset valuation allowance	15,036	84	(17)	—	—		15,103
Total	$ 20,092	$ 2,495	$ 175	$ —	$ 1,973		$ 20,789
Reserves on balance sheet:							
Accrued general and product liability costs, net of insurance recoveries	$ 11,944	$ 4,634	$ —	$ —	$ 3,403	(2)	$ 13,175
Year ended March 31, 2020:							
Deducted from asset accounts:							
Allowance for doubtful accounts	$ 3,264	$ 3,115	$ (69)	$ —	$ 1,254	(1)	$ 5,056
Deferred tax asset valuation allowance	16,881	(1,184)	(661)	—	—		15,036
Total	$ 20,145	$ 1,931	$ (730)	$ —	$ 1,254		$ 20,092
Reserves on balance sheet:							
Accrued general and product liability costs, net of insurance recoveries	$ 12,686	$ 3,033	$ —	$ —	$ 3,775	(2)	$ 11,944
Year ended March 31, 2019:							
Deducted from asset accounts:							
Allowance for doubtful accounts	$ 3,520	$ 784	$ (112)	$ (26)	$ 902	(1)	$ 3,264
Deferred tax asset valuation allowance	4,671	13,190	(848)	(132)	—		16,881
Total	$ 8,191	$ 13,974	$ (960)	$ (158)	$ 902		$ 20,145
Reserves on balance sheet:							
Accrued general and product liability costs, net of insurance recoveries	$ 13,582	$ 2,887	$ —	$ —	$ 3,783	(2)	$ 12,686

(1) Uncollectible accounts written off, net of recoveries
(2) Insurance claims and expenses paid

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

As of March 31, 2021, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of March 31, 2021.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of March 31, 2021.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Our management, including the CEO and CFO, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the three months ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Columbus McKinnon Corporation

Opinion on Internal Control over Financial Reporting

We have audited Columbus McKinnon Corporation's internal control over financial reporting as of March 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Columbus McKinnon Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of March 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(2) and our report dated May 26, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Buffalo, New York
May 26, 2021

Item 9B. **Other Information**

None.

PART III

Item 10. **Directors and Executive Officers of the Registrant**

The information regarding Directors and Executive Officers of the Registrant will be included in a Proxy Statement to be filed with the Securities and Exchange Commission (the "Commission") prior to July 31, 2021 and upon the filing of such Proxy Statement, is incorporated by reference herein.

The charters of our Audit Committee, Compensation and Succession Committee, and Governance and Nomination Committee are available on our website at www.columbusmckinnon.com and are available to any shareholder upon request to the Corporate Secretary. The information on the Company's website is not incorporated by reference into this Annual Report on Form 10-K.

We have adopted a code of ethics that applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer, as well as our directors. Our code of ethics, the Columbus McKinnon Corporation Legal Compliance & Business Ethics Manual, is available on our website at www.columbusmckinnon.com. We intend to disclose any amendment to, or waiver from, the code of ethics that applies to our principal executive officer, principal financial officer or principal accounting officer otherwise required to be disclosed under Item 5.05 of Form 8-K by posting such amendment or waiver, as applicable, on our website.

Item 11. **Executive Compensation**

The information regarding Executive Compensation will be included in a Proxy Statement to be filed with the Commission prior to July 31, 2021 and upon the filing of such Proxy Statement, is incorporated by reference herein.

Item 12. **Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information regarding Security Ownership of Certain Beneficial Owners and Management and regarding equity compensation plan incorporation will be included in a Proxy Statement to be filed with the Commission prior to July 31, 2021 and upon the filing of such Proxy Statement, is incorporated by reference herein.

Item 13. **Certain Relationships and Related Transactions, and Director Independence**

The information regarding Certain Relationships and Related Transactions will be included in a Proxy Statement to be filed with the Commission prior to July 31, 2021 and upon the filing of such Proxy Statement, is incorporated by reference herein.

Item 14. **Principal Accountant Fees and Services**

The information regarding Principal Accountant Fees and Services will be included in a Proxy Statement to be filed with the Commission prior to July 31, 2021 and upon the filing of such Proxy Statement, is incorporated by reference herein.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(1) *Financial Statements:*

The following consolidated financial statements of Columbus McKinnon Corporation are included in Item 8:

(2) *Financial Statement Schedule:*

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

(3) *Exhibits:*

Exhibit Number	Exhibit
2.1	Agreement and Plan of Merger among Columbus McKinnon Corporation, Dorner Merger Sub Inc., Precision Blocker, Inc., and Precision TopCo LP (as representative of the company equityholders) (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K dated March 1, 2021).
3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Company’s Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995).
3.2	Certificate of Amendment to the Restated Certificate of Incorporation of Columbus McKinnon Corporation, dated as of May 18, 2009 (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K dated May 18, 2009).
3.3	Certificate of Amendment to the Restated Certificate of Incorporation of Columbus McKinnon, dated as of March 29, 2018 (incorporated by reference to Exhibit 3.4 to the Company’s Current Report on Form 8-K dated March 29, 2018).
3.4	Sixth Amended and Restated By-Laws of the Registrant (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K dated April 12, 2021).
4.1	Specimen common share certificate (incorporated by reference to Exhibit 4.1 to the Company’s Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995.)
*4.2	Description of Securities of Columbus McKinnon Corporation registered under Section 12 of the Securities Exchange Act of 1934, as amended.
#10.1	Columbus McKinnon Corporation Personal Retirement Account Plan Trust Agreement, dated April 1, 1987 (incorporated by reference to Exhibit 10.25 to the Company’s Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995).

*#10.2	Form of Change in Control Agreement as entered into between Columbus McKinnon Corporation and certain of its executive officers.
#10.3	Form of Omnibus Code Section 409A Compliance Policy as entered into between Columbus McKinnon Corporation and certain of its executive officers. (incorporated by reference to Appendix to the definitive Proxy Statement for the Annual Meeting of Stockholders of Columbus McKinnon Corporation held on July 31, 2006).
*#10.4	Columbus McKinnon Corporation Employee Stock Ownership Plan, restated effective as of April 1, 2015, as amended by Amendment No. 1 thereto effective as of April 15, 2015.
*#10.5	Columbus McKinnon Corporation Deferred Compensation Plan Adoption Agreement, effective as of January 1, 2013.
*#10.6	Amendment No. 1, dated as of January 9, 2018, to the Columbus McKinnon Corporation Deferred Compensation Plan Adoption Agreement.
*#10.7	Amendment No. 2, dated as of August 23, 2018, to the Columbus McKinnon Corporation Deferred Compensation Plan Adoption Agreement.
#10.8	Columbus McKinnon Corporation 2010 Long Term Incentive Plan, effective July 26, 2010 (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 filed on August 12, 2010).
#10.9	The 2014 Stock Incentive Plan of Magnetek, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated September 16, 2015).
#10.10	Columbus McKinnon Corporation 2016 Long Term Incentive Plan, as amended and restated effective June 5, 2019 (incorporated by reference to Appendix A to the Company's definitive Proxy Statement for the Annual Meeting of Shareholders held on July 22, 2019).
*#10.11	Form of Time-Based Restricted Stock Unit Award Agreement for the Columbus McKinnon Corporation 2016 Long Term Incentive Plan.
*#10.12	Form of Nonqualified Stock Option Award Agreement for the Columbus McKinnon Corporation 2016 Long Term Incentive Plan.
*#10.13	Form of Performance Stock Unit Award Agreement for the Columbus McKinnon Corporation 2016 Long Term Incentive Plan.
#10.14	Employment agreement effective May 11, 2020 between Columbus McKinnon Corporation and David J. Wilson (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated May 11, 2020).
#10.15	Change in Control Agreement effective May 11, 2020 between Columbus McKinnon Corporation and David J. Wilson (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated May 11, 2020).
#10.16	Employment Agreement Amendment effective June 1, 2020 between Columbus McKinnon Corporation and David J. Wilson (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K dated June 3, 2020).
#10.17	Debt Commitment Letter, dated March 1, 2021 in favor of Columbus McKinnon Corporation (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated March 1, 2021).
#10.18	Amended and Restated Credit Agreement, dated May 14, 2021, by and among Columbus McKinnon Corporation and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 14, 2021).
*21.1	Subsidiaries of the Registrant.
*23.1	Consent of Independent Registered Public Accounting Firm.
*31.1	Certification of the principal executive officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
*31.2	Certification of the principal financial officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
*32.1	Certification of the principal executive officer and the principal financial officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended and 18 U.S.C. Section 1350, as adopted by pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. The information contained in this exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement foiled by the Registrant under the Securities Act of 1933, as amended.
*101	The financial statements from the Company's Annual Report on Form 10-K for the twelve months ended March 31, 2021 formatted in iXBRL
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

* Filed herewith
\# Indicates a Management contract or compensation plan or arrangement

SIGNATURES

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

Date: May 26, 2021

COLUMBUS McKINNON CORPORATION

By: /s/ David J. Wilson
David J. Wilson
Chief Executive Officer
(Principal Executive Officer)

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

Signature	Title	Date
/s/ David J. Wilson **David J. Wilson**	President, Chief Executive Officer and Director *(Principal Executive Officer)*	May 26, 2021
/s/ Gregory P. Rustowicz **Gregory P. Rustowicz**	Vice President and Chief Financial Officer *(Principal Financial Officer and* *Principal Accounting Officer)*	May 26, 2021
/s/ Richard H. Fleming **Richard H. Fleming**	Chairman of the Board of Directors	May 26, 2021
/s/ Aziz S. Aghili **Aziz S. Aghili**	Director	May 26, 2021
/s/ Jeanne Beliveau-Dunn **Jeanne Beliveau-Dunn**	Director	May 26, 2021
/s/ Liam G. McCarthy **Liam G. McCarthy**	Director	May 26, 2021
/s/ Heath A. Mitts **Heath A. Mitts**	Director	May 26, 2021
/s/ Nicholas T. Pinchuk **Nicholas T. Pinchuk**	Director	May 26, 2021
/s/ Kathryn V. Roedel **Kathryn V. Roedel**	Director	May 26, 2021

**DESCRIPTION OF SECURITIES OF
COLUMBUS McKINNON CORPORATION
REGISTERED UNDER SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

Columbus McKinnon Corporation's (the "Company") authorized capital stock consists of 50,000,000 shares of common stock, par value $.01 per share, and 1,000,000 shares of preferred stock, par value $1.00 per share. As of May 24, 2021, there were 28,340,710 shares of common stock issued and outstanding and no shares of our preferred stock outstanding. The following description of our capital stock is a summary only and is derived from our restated certificate of incorporation, as amended (our "Certificate of Incorporation") and our sixth amended and restated by-laws (our "Bylaws").

Common Stock

All shares of outstanding common stock are fully paid and non-assessable. The rights, preferences, and privileges of our holders of common stock described below are subject to the rights of the holders of any series of preferred stock that we may designate in the future.

Voting rights.

Holders of common stock are entitled to one vote on all matters submitted to a vote of our shareholders, including the election of directors. Our Bylaws provide that, unless a different vote is required by law or the Certificate of Incorporation, all matters, other than the election of directors, are to be decided by the vote of the shares present or represented at a meeting and voting on such matters.

Our Bylaws also provide that a nominee for director shall be elected if the votes cast for such nominee's election exceeds the votes cast against such nominee's election (with abstentions not counted as a vote cast either for or against that nominee's election); provided, however, that a plurality of the votes cast shall be sufficient to elect a director at any duly called or convened meeting of the shareholders, at which a quorum is present, if the Secretary of the Company determines that the number of nominees exceeds the number of directors to be elected as of the record date for such meeting. In any non-contested election, an incumbent director nominee who receives a greater number of votes cast against his or her election than in favor of his or her election (each a "Subject Director") shall immediately tender his or her resignation to the Board of Directors (our "Board"), which shall consider the resignation of such Subject Director in accordance with the requirements set forth in the Bylaws.

There is no cumulative voting. Therefore, the holders of a majority of the shares of common stock voted in an election of directors can elect all of the directors then standing for election, subject to any rights of the holders of any outstanding preferred stock, if any.

Liquidation.

In the event of any dissolution, liquidation or winding up of our affairs, whether voluntary or involuntary, after payment of our debts and other liabilities and making provision for the holders of outstanding preferred stock, if any, our remaining assets will be distributed ratably among the holders of our common stock.

Pre-emption or similar rights.

There are no pre-emptive or other rights to subscribe for any of our shares or securities. Our common stock is not subject to any conversion, redemption or sinking fund provisions.

No Restrictions on transfer in Certificate of Incorporation or Bylaws

Our Certificate of Incorporation and Bylaws do not restrict the ability of a holder of our common stock to transfer his, her or its shares of common stock.

Dividends.

Holders of shares of common stock are entitled to receive dividends, if, as and when such dividends are declared by our Board out of assets legally available therefor after payment of dividends required to be paid on shares of outstanding preferred stock, if any.

Transfer agent and registrar.

The transfer agent and registrar for our common stock is American Stock Transfer and Trust Company.

Listing.

Our common stock is listed on the Nasdaq Global Select Market under the symbol "CMCO."

Certain provisions of the Certificate of Incorporation and Bylaws.

Number, Vacancies and Removal of Directors. The Board is not classified and our directors are elected annually at our annual meeting of shareholders. The number of our directors may be fixed from time to time by a resolution adopted by a majority of our directors then in office, but the Board may not consist of fewer than three nor more than nine directors. A director may be removed for cause only by the vote of a majority of the directors then in office; provided, however, that such removal may only be for cause. Any director vacancies for any reason other than from newly created directorships may be filled by a vote of a majority of directors then in office. Any newly created directorships resulting from an increase in the number of our directors may be filled by a vote of a majority of our entire Board, inclusive of vacancies. These provisions may have the effect of preventing our shareholders from removing incumbent directors, increasing the size or number of our directors or filling vacancies on the Board without the support of our incumbent directors.

Shareholder Meetings. Matters may be brought by our shareholders before an annual or special meeting only in compliance with certain notice procedures contained in our Bylaws. Our shareholders may bring before an annual meeting a proposal or a nomination for director only if the shareholder delivers a notice of such proposal or nomination to our Secretary not less than 90 and no more than 120 days prior to the first anniversary date of the annual meeting of shareholders for the preceding year. A proposal notice must state the text of the proposal and a brief written statement of the reasons why the shareholder favors the proposal. A notice regarding nomination of a person for director must contain certain information regarding the person nominated, including the number of shares of capital stock of the Company held by such person. Any matters acted upon at a special meeting of our shareholders are limited to only those matters set forth on our notice of meeting. In the event that we call a special meeting for the purpose of electing directors, a nomination for director may be made by a shareholder if the shareholder has provided notice of the nomination to our Secretary not later than the close of business on the tenth day following the public announcement of the special meeting. A special meeting of our shareholders can be called only by the Chairman of our Board or our President.

Authorized but Unissued Shares.

Subject to the requirements of the Nasdaq Stock Market and other applicable law, our authorized but unissued shares of common stock may be available for future issuance without shareholder approval. We may use these additional shares for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock could render more difficult or discourage an attempt to obtain control of us by means of a tender offer, takeover attempt or otherwise.

New York anti-takeover law

We are subject to the provisions of Section 912 of the New York Business Corporation Law (the “BCL”), which prohibits certain business combinations with interested shareholders and prevents certain persons from making a takeover bid for a New York corporation unless certain prescribed requirements are satisfied. Section 912 of the BCL defines an “interested shareholder” as any person that:

- is the beneficial owner, directly or indirectly, of 20% or more of the outstanding voting stock of a New York corporation, or
- is an affiliate or associate of the corporation and at any time during the prior five years was the beneficial owner, directly or indirectly, of 20% or more of the corporation’s then outstanding voting stock.

Section 912 of the BCL provides that a New York corporation may not engage in a business combination, such as a merger, consolidation, recapitalization or disposition of stock, with any interested shareholder for a period of five years from the date that such person first became an interested shareholder unless the business combination or the purchase of stock made by such person was first approved by the board of directors prior to date such person became an interested shareholder.

Additionally, a New York corporation may not engage at any time in any business combination with an interested shareholder unless:

- the business combination or the purchase of stock made by such person is approved by the board of directors prior to the date such person first became an interested shareholder,
- the business combination is approved by the holders of a majority of the outstanding voting stock not beneficially owned by the interested shareholder at a meeting of shareholders occurring no earlier than five years after such person first became an interested shareholder, or
- the consideration to be paid to all of the shareholders in connection with the business combination is (i) at least equal to the greater of (a) the highest price per share paid by the interested shareholder for the interest in the corporation or (b) the market value per share of the stock of the corporation equal to the greater of its value when acquired by the interested shareholder or when the announcement of the business combination was made and (ii) in cash or in the same form of consideration used to acquire the largest number of shares previously acquired by such interested shareholder. Additionally, after such person has become an interested shareholder and prior to the consummation of the business combination, the interested shareholder may not, subject to certain exceptions, become the beneficial owner of any additional shares of voting stock of such corporation.

The effect of Section 912 of the BCL may be to delay or prevent the consummation of a transaction, which is favored by a majority of shareholders.

Preferred Stock

Our Board is authorized, without shareholder action, to issue shares of preferred stock in one or more series. The Board has the discretion to determine the rights, preferences and limitations of each series, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences. Satisfaction of any dividend preference of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of common stock. In some circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the ***removal*** of incumbent management.

PRIVILEGED AND CONFIDENTIAL

[______], 20[__]

Re: Change in Control Agreement

Dear [______]:

Columbus McKinnon Corporation (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. In this connection, the Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control of the Company may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including you, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control of the Company.

In order to induce you to remain in the employ of the Company in your current executive position, the Company agrees that you shall receive the severance benefits set forth in this letter agreement (the "Agreement") in the event your employment in your current executive position with the Company is terminated under the circumstances described below subsequent to a "Change in Control of the Company" (as defined in Section 2).

1. <u>Term of Agreement</u>. This Change in Control Agreement shall commence effective the date hereof, and shall continue in effect through December 31, 20[__]; provided, however, that commencing on January 1, 20[__], and each year thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than September 30th of such year, the Company shall have given notice that it does not wish to extend this Agreement; and provided, further, that if a Change in Control of the Company, as defined in Section 2, shall have occurred during the original or extended term of this Agreement, this Agreement shall continue in effect for a period of not less than twenty-four (24) months beyond the month in which such Change in Control occurred.

2. <u>Change in Control</u>.

(i) Change in Control Defined. No benefits shall be payable hereunder unless there shall have been a Change in Control of the Company, as set forth below. For purposes of this Agreement, a "Change in Control" of the Company shall be deemed to have occurred if:

(a) Change in Share Ownership—any "Person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any Company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of either (i) the then outstanding shares of common stock of the Company or (ii) the combined voting power of the Company's then outstanding voting securities;

(b) Change in Board Membership—during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), (d) or (e) of this Section 2) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) Reorganization Changing Share Ownership—the stockholders of the Company approve a reorganization, merger or consolidation of the Company with any other entity, other than (i) a reorganization, merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than sixty percent (60%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such reorganization, merger or consolidation or (ii) a reorganization, merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as herein above defined) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the Company's then outstanding voting securities;

(d) Disposition of Substantially All Company Assets—any Person or Persons acquire all or substantially all of the assets of the Company, whether in a single transaction or series of transactions; or

(e) Shareholders Approve Dissolution etc.—the stockholders of the Company approve a plan of dissolution or complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

3. Termination of Employment In Connection With Change in Control.

(i) General. If any of the events described in Section 2 constituting a Change in Control of the Company shall have occurred while this Agreement is in effect, you shall be entitled to the benefits provided in Section 4(iii) upon termination of your employment within six (6) months preceding or twenty-four (24) months following such a Change in Control unless such termination is (i) because of your death or Disability, (ii) by the Company for Cause, or (iii) by you other than for Good Reason. In the event your employment with the Company is terminated for any reason more than six (6) months before, or more than twenty-four (24) months after, a Change in Control of the Company, you shall not be entitled to any benefits hereunder.

(ii) Disability. If, as a result of your incapacity due to physical or mental illness, you shall have been absent from the full-time performance of your duties with the Company for six (6) consecutive months, and within thirty (30) days after written Notice of Termination is given (which may be given at any time after five (5) months of such absence) you shall not have returned to the full-time performance of your duties, your employment may be terminated for "Disability."

(iii) Cause. Termination by the Company of your employment for "Cause" shall mean termination:

(a) upon the commission by you of a willful serious act, such as embezzlement, against the Company which is intended to enrich you at the expense of the Company or upon your conviction of a felony involving moral turpitude, or

(b) in the event of willful, gross neglect or willful, gross misconduct or a violation of the Company's Code of Conduct resulting in either case in material harm to the Company, as determined at the sole discretion of the Company's Board of Directors. For purposes of this Section 3(iii), no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

(iv) Good Reason. You shall be entitled to terminate your employment for Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without your express written consent, the occurrence before or after (and reasonably connected to) a Change in Control of the Company of any of the following circumstances provided that you give a Notice of Termination to the Company describing the occurrence of the circumstance within 90 days after the circumstance occurs and the Company fails to substantially correct the circumstance within 30 days after of such Notice of Termination is given:

(a) Material Reduction in Base Pay—a material reduction by the Company in your annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(b) Required Relocation—the Company's requiring you to be based at a Company office more than 50 miles farther from your principal residence than the Company's offices at which you are principally employed immediately prior to the date of the Change in Control except for required travel on the Company's business to an extent substantially consistent with your present business travel obligations;

(c) Failure to Pay Compensation—the failure by the Company to pay to you any portion of your current compensation within seven (7) days of the date such compensation is due or any portion of your compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(d) Failure to Comply with Employment Termination Procedure—any purported termination of your employment that is not affected pursuant to a Notice of Termination satisfying the requirements of Section 3(v) hereof (and, if applicable, the requirements of Section 3(iii) hereof), which purported termination shall not be effective for purposes of this Agreement; or

(e) Diminution of Position etc.—the assignment to you of any duties or responsibilities, or the removal from you of any duties or responsibilities, that constitutes a material diminution of your position, duties, responsibilities or status as in effect preceding such Change in Control, including no longer reporting directly to the Board.

Your right to terminate your employment pursuant to this Section 3(iv) shall not be affected by your incapacity due to physical or mental illness. Subject to the requirement that you give a Notice of Termination to the Company within 90 days after the occurrence of a circumstance constituting Good Reason, your continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(v) Notice of Termination. Any purported termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 6. "Notice of Termination" shall mean a notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(vi) Date of Termination. "Date of Termination" shall mean:

(a) Disability—if your employment is terminated for Disability in accordance with Section 3(ii), thirty (30) days after Notice of Termination is given (provided that you shall have been absent from the full-time performance of your duties and shall not have returned to the full-time performance of your duties during such 30-day period); or

(b) Other than Disability—if your employment is terminated pursuant to Section 3(iii) (Cause) or Section 3(iv) (Good Reason) hereof or for any other reason (other than

Disability), the date specified in the Notice of Termination (which, in the case of a termination for Cause shall not be less than thirty (30) days from the date such Notice of Termination is given, and in the case of a termination for Good Reason shall not be less than thirty (30) nor more than sixty (60) days from the date such Notice of Termination is given).

4. Compensation Upon Termination. Following a Change in Control of the Company, you shall be entitled to the following benefits during a period of Disability, or upon termination of your employment within six (6) months preceding or twenty-four (24) months following such a Change in Control:

(i) Disability. During any period that you are absent from the full-time performance of your duties with the Company as a result of Disability, you shall receive the normal benefits provided by the Company to employees in your classification in connection with a Disability. You shall not receive any additional benefits under this Agreement. Thereafter, or in the event your employment shall be terminated by reason of your death, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs.

(ii) Termination By Company For Cause or By You Not for Good Reason. If your employment shall be terminated by the Company for Cause or by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any bonus or other compensation plan of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement.

(iii) Termination by Company Other than for Cause or by You for Good Reason. If your employment by the Company should be terminated by the Company other than for Cause or Disability or if you should terminate your employment for Good Reason, you shall be entitled to the benefits provided below:

(a) Salary and Bonus to Date of Termination—the Company shall pay to you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all bonuses earned by you to the Date of Termination that you would have received if you had remained in the employment of the Company (including any bonus earned in the prior year but not yet paid and a pro rata amount of any bonus earned during the year in which the Date of Termination occurs, which shall be paid at the normal time), plus all other amounts to which you are entitled under any compensation plan of the Company, at the time such payments are due;

(b) Lump Sum Severance Pay—in lieu of any further salary payments to you for periods subsequent to the Date of Termination, the Company shall pay as severance pay to you, at the time specified in Section 4(iv), a lump sum severance payment (together with the payments provided in paragraphs (c), (d) and (e) below, the "Severance Payments") equal to three (3) times the sum of (i) your highest annual rate of base salary in effect at any time before the Date of Termination, and (ii) the greater of (x) the annual target bonus (annualized in the

case of any bonus paid with respect to a partial year) under the Company's then current Executive Incentive Plan and Corporate Incentive Plan or any then current similar plans (the "Management Incentive Plans") in effect on the Date of Termination or (y) the annual target bonus (annualized in the case of any bonus paid with respect to a partial year) under the Management Incentive Plans in effect immediately prior to such Change in Control;

(c) Payment of Health Insurance Cost—you will receive from the Company a lump sum payment, in cash, equal to thirty-six (36) times the monthly cost you would incur if you elected to receive COBRA coverage under all Company group health plans under which you are receiving coverage at the time of your termination and you will be permitted (but not required) to elect COBRA coverage under such plan or plans for any period of time up to the maximum permitted under such plan or plans;

(d) Outplacement Services—the Company shall pay directly or reimburse you for the cost of outplacement services with an outplacement firm selected by you for a period of up to six months and for an amount not to exceed $25,000 provided that such outplacement services must be received by you, and any reimbursable expenses incurred by you submitted to the Company, within twenty-four (24) months following your Date of Termination; and

(e) Equity Award Vesting—unless otherwise provided in an equity award agreement, you shall be fully vested as of the date of the Change in Control in any and all equity awards (including but not limited to stock options and restricted stock) held by you immediately prior to such Change in Control.

(iv) Time of Payment.

(a) Direct Payment or Reimbursement. Amounts payable under Section 4(iii)(d) (Outplacement Services) shall be paid directly by the Company when invoiced by the provider of outplacement services or reimbursed within 10 days after Company receives reasonable proof of payment of such services by you.

(b) Lump Sum Payments. Subject to Section 14, the payments provided for in Section 4(iii)(b) (Lump Sum Severance Pay) and Section 4(iii)(c) (Payment of Health Insurance Cost); provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you payable on the fifth day after demand therefor by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

(v) No Requirement to Mitigate Payments. You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by you as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by you to the Company, or otherwise.

(vi) Cut-Back to Avoid Excess Parachute Payment. Notwithstanding any provision of this Agreement to the contrary, in the event it shall be determined that any "payments in the nature of compensation" (within the meaning of Section 280G of the Code) provided to you in connection with a Change in Control of the Company or the termination of your employment (the "Applicable Payment") would but for this Section 4(vi) be subject to the excise tax imposed by Section 4999 of the Code, or any comparable successor provisions (the "Excise Tax") then the Applicable Payment shall either be (i) provided to you in full, or (ii) provided to you as to such lesser extent which would result in no portion of the Applicable Payment being subject to the Excise Tax, whichever of the foregoing amounts, when taking into account applicable income. and employment taxes. the Excise Tax and any other applicable taxes, results in the receipt by you on an after-tax basis, of the greatest amount of the Applicable Payment. notwithstanding that all or some portion of the Applicable Payment may be subejct to the Excise Tax. Any reduction in the Actual Payment shall be taken from the lump sum severance pay otherwise payable to you under Section 4(iii)(b). All calculations required to be made under this Section 4(vi) will be made by the Company's independent public accountants in accordance with the principles of Section 280G of the Code and shall be binding on you and the Company absent gross error or fraud. You acknowledge and agree that the actual implementation of the provisions of this Section 4(vi) are complex and agree to deal with the Company in good faith to resolve any questions or disagreements arising hereunder. Furthermore, the intent of this Section 4(vi) is to maximize the net after-tax proceeds received by you of the Applicable Payment. Accordingly, in the event of an examination by the Internal Revenue Service resulting in a final non-appealable determination that an amount of the Excise Tax is due and owing with respect to the receipt of the Applicable Payment which was not anticipated or accounted for by you and the Company, you agree to cooperate in making any adjustments to the Applicable Payment (including the repayment of a portion of the Applicable Payment to the Company) as may be necessary consistent with the intent of this Section 4(vi); provided, however and for purposes of clarity in no event shall the Company be obligated to pay to you an amount in excess of the full amount of the Applicable Payment if it is determined under this Section 4(vi) that payment of the full amount of the Applicable Payment results in the receipt by you on an after-tax basis of the greatest amount of the Applicable Payment, notwithstanding that all or some portion of the Applicable Payment may be subject to the Excise Tax.

5. Successors, Binding Agreement.

(i) Company To Require Successor To Assume Obligations. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the

Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms to which you would be entitled hereunder if you had terminated your employment for Good Reason following a Change in Control of the Company regardless of whether such succession constitutes a "Change in Control" under section 2(i). In order to receive compensation under this Section 5, you must terminate your employment in accordance with Section 3(iv) (including providing the Company or its successor with a Notice of Termination within 90 days following the Company's failure and providing the Company with 30 days in which to correct its failure), however, the failure of the Company to obtain such assumption and agreement prior to the effectiveness of the succession shall be deemed the "Good Cause" that justifies your termination of employment. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(ii) Agreement To Benefit Your Successors. This Agreement shall inure to the benefit of and be enforceable by you and your personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees and legatees. If you should die while any amount would still be payable to you hereunder had you continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

(iii) Waiver of Defenses, Presumption. The Company expressly acknowledges and agrees that you shall have a contractual right to the benefits provided hereunder, and the Company expressly waives any ability, if possible, to deny liability for any breach of its contractual commitment hereunder upon the grounds of lack of consideration, accord and satisfaction or any other defense. In any dispute arising after a Change in Control of the Company as to whether you are entitled to benefits under this Agreement, there shall be a presumption that you are entitled to such benefits and the burden of proving otherwise shall be on the Company.

(iv) Payments Do Not Offset Other Amounts Due from Company. All benefits to be paid hereunder shall be in addition to any Disability, workers' compensation, or other Company benefit plan distribution, unpaid vacation or other unpaid benefits that you have at the Date of Termination.

(v) Termination of Agreement by Company. Notwithstanding anything to the contrary contained in this Agreement, in the event that the scope or extent of your employment duties or responsibilities with the Company are reduced as determined by the Company in its sole discretion, this Agreement shall terminate, and the Company shall have no further obligations to you hereunder. The Company shall deliver to you a written notice (the "Termination Notice") of such determination and this Agreement shall terminate effective upon your receipt of the Termination Notice; provided, however, that no Termination Notice shall be effective if delivered within six (6) months prior to a Change in Control of the Company.

6. Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notice to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

7. Miscellaneous.

(i) Amendment of Agreement. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board.

(ii) Waivers Do Not Apply To Subsequent Breaches. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(iii) Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its conflicts of law principles.

(iv) References to Statutes. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections.

(v) Section Headings. Section, subsection and paragraph headings are for convenience only and shall not be taken into account in the construal of this Agreement.

(vi) Survival of Company's Obligations. In the event of a Change in Control of the Company during the term of this Agreement, the obligations of the Company under Section 4 shall survive the expiration of the term of this Agreement consistent with the periods referenced in Section 4.

(vii) Application of Code Section 409A. This Agreement is intended to comply with Internal Revenue Code Section 409A and shall be construed in such manner as to avoid a violation of said Code section.

8. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

10. Resolution of Disputes

(i) Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before a panel of three arbitrators in the State of New York, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

(ii) Notification of a Dispute, Procedure. In the event that either party to this Agreement seeks to dispute an action or inaction of the other party (including but not limited to a claim of termination of your employment for a specified reason, a claim that termination or Change in Control occurred on a specified date, or a determination concerning an amount payable under Section 4), the party wishing to dispute the action or inaction shall give notice to the other party that a dispute exists. In the case of a dispute regarding termination of your employment, such notice shall be given within 15 days after any Notice of Termination is given or, if the Notice of Termination is not properly given, prior to the Date of Termination. In the case of any other dispute, such notice shall be given reasonably promptly after the disputing party becomes aware (or would have become aware upon the exercise of reasonable diligence) of the facts giving rise to the dispute. Thereafter, you shall pursue the resolution of such dispute with reasonable diligence including commencing an arbitration proceeding in accordance with Section 10(i) within 180 days after the notice of dispute is given and pursuing resolution of the dispute through the arbitration proceeding with reasonable diligence. The Company shall pay to you all reasonable legal fees and expenses incurred by you in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement provided that the Court or arbitrators do not find that you acted in bad faith.

(iii) Date of Termination. The Date of Termination provided under Section 3(vi) shall not be changed as a result of a dispute concerning the termination of your employment.

(iv) Delay in Payment of Amount Due. If the Company fails to pay any amount due under Section 4 in connection with the termination of your employment and you dispute such failure, payment of such amount shall be made no later than the end of your first taxable year in which the you and the Company enter into a legally binding settlement of such dispute, the Company concedes that the amount is payable, or the Company is required to make such payment pursuant to a final and nonappealable judgment or other binding decision.

11. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and during the term of the Agreement supersedes the provisions of all prior Change in Control agreements entered into between you and the Company and all other prior agreements, promises, covenants, arrangements, communications,

representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto with respect to the subject matter hereof.

12. Payments Net of Withholding. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law.

13. No Other Severance Payments. The benefits provided under this Agreement in the event of a Change in Control are your exclusive severance benefit. Accordingly, you agree that you will not receive benefits under any broad-based severance plan of the Company if you receive any severance benefits under this Agreement.

14. Delayed Payment to Specified Employee. In the event that you are a "Specified Employee" on your Date of Termination hereunder, no payment shall be made to you under this Agreement until the day following the 6-month anniversary of your Date of Termination to the extent necessary to comply with the requirements of Section 409A of the Code. The preceding sentence shall not apply to:

(i) payment of reasonable legal fees and expenses incurred by you in connection with a dispute, in accordance with Section 10(ii);

(ii) payment of severance pay as provided in Section 4(iii)(b) but only to the extent that such pay is paid on account of involuntary separation from service, such pay does not exceed two times the lesser of your annualized compensation or the amount that can be taken into account under Internal Revenue Code Section 401 (a)(17) in the calendar year in which occurs your Date of Termination, and such pay is paid on or before the last day of the second calendar year following the calendar year in which occurs your Date of Termination, all within the meaning of within the meaning of Treas. Reg. Sec. 1.409A-1(b)(9)(iii)

(iii) payment for outplacement services in accordance with Section 4(iii)(d); or

(iv) the acceleration of vesting of any equity award (that does not constitute a deferral of compensation under the Code Section 409A regulations) in accordance with Section 4(iii)(e).

You are a "Specified Employee" if your Date of Termination occurs on or after July 1 of a calendar year and you were a "key employee" within the meaning of Code Section 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with the regulations thereunder and disregarding Code Section 416(i)(5)) at any time during the 12-consecutive month period ending on the preceding March 31. If your Date of Termination occurs in a given calendar year before July 1 of that year, you are a Specified Employee" if you were a "key employee" (within the meaning of the preceding sentence) on any day during the second preceding 12-consecutive month period ending on the preceding March 31.

If this letter sets forth our agreement on the subject matter thereof, kindly sign and return to the Company the enclosed copy of this letter, which will then constitute our agreement on this subject.

Sincerely,

COLUMBUS MCKINNON CORPORATION

By: ___________________________
Name:
Title:

Agreed as of the ____ day of ________

____
Name: [________________]

COLUMBUS McKINNON CORPORATION

EMPLOYEE STOCK OWNERSHIP PLAN

Restatement Effective April 1, 2015

Working Plan Document includes:

Amendment No. 1 signed August 1, 2016 and effective April 15, 2015

COLUMBUS McKINNON CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN
Restatement Effective April 1, 2015

TABLE OF CONTENTS

Page

COLUMBUS McKINNON CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN
Restatement Effective April 1, 2015

TABLE OF CONTENTS

Page

COLUMBUS McKINNON CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN
Restatement Effective April 1, 2015

TABLE OF CONTENTS

Page

COLUMBUS McKINNON CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN
Restatement Effective April 1, 2015

TABLE OF CONTENTS

Page

COLUMBUS McKINNON CORPORATION

EMPLOYEE STOCK OWNERSHIP PLAN

Restatement Effective April 1, 2015
Working Plan Document

INTRODUCTION

Effective April 1, 1987, COLUMBUS McKINNON CORPORATION (the "Corporation"), adopted a floor-offset pension arrangement for the benefit of the employee classes that previously participated in the Columbus McKinnon Corporation Retirement Plan for Salaried Employees, the Retirement Plan for Salaried Employees of the Midland Forge Division of Columbus McKinnon Corporation and the Retirement Plan for Salaried Employees of the Dixie Industries Division of Columbus McKinnon Corporation. It was intended at that time that the profit sharing plan portion of the floor-offset arrangement would be converted to an employee stock ownership plan at a future date.

After the formal adoption of the floor-offset arrangement, it became clear that the Omnibus Budget Reconciliation Act of 1987 precluded an employee stock ownership plan from being part of a floor-offset arrangement. In light of this development, the Corporation decided to restate the profit sharing plan portion of the floor-offset arrangement, effective November 1, 1988, as an employee stock ownership plan, which plan would operate independent of the defined benefit plan that had been adopted as a part of the floor-offset arrangement. The restated plan was named the Columbus McKinnon Corporation Employee Stock Ownership Plan (the "Plan").

The Plan was amended and restated effective April 1, 1989 and the 1989 Plan Restatement was subsequently amended by Amendment Nos. 1 through 17.

This document amends and restates the Plan effective April 1, 2015 except as otherwise provided herein. The provisions of the Plan as set forth herein shall apply only to an employee who separates from service on or after April 1, 2015. The rights and benefits, if any, of an employee who separated from service before April 1, 2015 shall be determined in accordance with the provisions of the Plan in effect on the date the employee separated from service including any amendment that became effective on or before such date.

The Plan is intended to be an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code and an eligible individual account plan within the meaning of Section 407(d)(3) of ERISA.

This restated plan document was submitted to the Internal Revenue Service in proposed form with a cover letter dated November 30, 2015 and received a favorable determination letter dated July 21, 2016.

ARTICLE 1

DEFINITIONS

1.1 Definition of certain Terms. The words and phrases defined in this Article when used in this Plan shall have the meanings indicated, unless a different meaning is plainly required by the context.

1.2 Account means any account maintained on behalf of a Participant by the Committee in accordance with ARTICLE 5.

1.3 Account Balance means the total amount credited to a Participant's Accounts as of any date of determination.

1.4 Affiliate means:

(a) any corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b)) of which the Corporation is also a member;

(b) any trade or business whether or not incorporated that is under common control (as defined in Code Section 414(c)) with the Corporation;

(c) any trade or business required to be aggregated with the Corporation in accordance with the affiliated service group rules under Code Section 414(m); or

(d) any other entity required to be aggregated with the Corporation pursuant to Treasury Regulations under Code Section 414(o); provided, however, that a corporation or other trade or business shall not be an Affiliate during any period when it was not related to the Corporation within the meaning of this Section 1.4.

1.5 Allocation Date means the last day of each calendar year.

1.6 Annual Earnings.

(a) In General. "Annual Earnings" means all salary or wages actually paid to an Employee during the calendar year by the Corporation and each of its Affiliates. As used in this Section 1.6(a), the term "salary or wages" means salary or wages required to reported on the Employee's federal income tax withholding statement within the meaning of Treasury Regulation §1.415(c)-2(d)(4). An amount is not Annual Earnings if it is paid after the Participant's severance from employment unless (i) the Participant is in qualified military service (as defined in Code Section 414(u)), (ii) the Participant is permanently and totally disabled (as defined in Code Section 22(e)(3)), or (iii) the amount is paid by the later of 2-1/2 months after severance from employment or the end of the year that includes the date of severance from employment and is described in Treasury Regulation §1.415(c)-2(e)(3)(ii) or (iii).

(1) Specific Exclusions. "Annual Earnings" shall exclude the following items (even if includible in gross income): reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation, and welfare benefits.

(2) Specific Inclusions. "Annual Earnings" shall include all amounts that would have been paid to the Employee by the Corporation and each of its Affiliates during the Plan Year or other period but for any salary reduction agreement and that are excluded from the gross income of the Employee under any one of the Code sections referred to in Code Section 414(s)(2) (concerning 401(k) plans, cafeteria plans, qualified transportation fringes and certain other deferred compensation arrangements).

(b) Code Section 401(a)(17) Limit. In addition to all other applicable limitations set forth in the Plan, and notwithstanding any other provision in the Plan to the contrary, for any Plan Year or other 12-month period beginning on or after January 1, 1989, the Annual Earnings of each Employee taken into account under the Plan shall not exceed the "Code Section 401(a)(17) Limit." If a Plan Year or other determination period consists of fewer than 12 months, the "Code Section 401(a)(17) Limit" shall be multiplied by a fraction, the numerator of which is the number of months in the Plan Year or other determination period and the denominator of which is 12.

(1) Limit Effective January 1, 1989. The "Code Section 401(a)(17) Limit" for the Plan Year or any other 12-month period beginning in the 1989 calendar year or any subsequent calendar year shall be $200,000 or such larger amount as the Secretary of the Treasury may determine for such calendar year under Code Section 401(a)(17).

(2) Limit Effective January 1, 1994. The "Code Section 401(a)(17) Limit" for the Plan Year or any other 12-month period beginning in the 1994 calendar year or any subsequent calendar year shall be $150,000 or such larger amount as the Secretary of the Treasury may determine for such calendar year under Code Section 401(a)(17).

(3) Limit Effective January 1, 2002. The "Code Section 401(a)(17) Limit" for the Plan Year or any other 12-month period beginning in the 2002 calendar year or any subsequent calendar year shall be $200,000 or such larger amount as the Secretary of the Treasury may determine for such calendar year under Code Section 401(a)(17).

1.7 Authorized Absence means a period of excused absence from the performance of normally scheduled duties with the Employer not exceeding two years, including any absence authorized by the Employer in accordance with its established leave policy, or a period of absence (which may be in excess of two years) for military service with the

United States of America in satisfaction of a legal obligation. A person who fails to return to active service forthwith upon the expiration of the period of absence authorized, or in the case of military service, within 90 days after first becoming eligible for discharge or release from active duty (or within such longer period thereafter as may be fixed by law), shall be considered to have terminated his employment upon the commencement of such absence.

1.8 Beneficiary means any person who has received or may become entitled to receive distribution of a Participant's Account Balance on account of the death of a Participant, and shall include a trust, estate or legal representative. Beneficiaries are determined under Section 6.3.

1.9 Board of Directors means the Board of Directors of the Corporation.

1.10 Break in Service.

(a) In General. An Employee shall incur a one-year Break in Service for each 12 month computation period in which an Employee is credited with less than 501 Hours of Service. For purposes of determining Years of Eligibility Service, the computation period shall be the 12 consecutive month period following the date on which the Employee first completes an Hour of Service or anniversary thereof, and for purposes of determining Years of Vesting Service the computation period shall be the calendar year.

(b) Special Rule for Maternity or Paternity Absence. Solely for the purpose of determining whether a Break in Service has occurred, an Employee who is absent from service by reason of the Employee's pregnancy, the birth of the Employee's child, the placement of a child with the Employee by reason of adoption, or care for such child immediately following such birth or adoption, shall be credited with up to 501 Hours of Service at the rate such Hours of Service would normally have been credited to the Employee but for such absence. The Hours of Service shall be credited to the Employee in the computation period in which the absence commenced if necessary to avoid a Break in Service in that period or, in any other case, in the immediately following computation period.

1.11 Code means the Internal Revenue Code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

1.12 Committee means the Benefits Committee appointed to administer the Plan as provided in Section 10.2.

1.13 Contribution means a contribution made by the Employer under the Plan in accordance with Section 3.1.

1.14 Corporation means Columbus McKinnon Corporation.

1.15 Disqualified Person means: [1] the Corporation, [2] an officer, director, 10 percent or more shareholder or Highly Compensated Employee earning 10 percent or more of the total wages of the Corporation, [3] a Trustee or other fiduciary under the Plan, or [4] any other person who is a "disqualified person" within the meaning of Code Section 4975(e)(2)

1.16 Eligible Employee.

(a) In General. "Eligible Employee" means any Employee who is employed by an Employer and who is regularly employed at a facility located within the United States of America or who is a United States citizen employed by an Employer outside the United States but who is carried on a United States payroll.

(b) Employees Temporarily Transferred Abroad. An Eligible Employee who is transferred to a facility outside the United States on a temporary basis (for less than five years) shall continue to be an Eligible Employee during such period, provided that the Employee remains on the payroll of an Employer.

(c) Exclusion of Certain Employees. The term "Eligible Employee" shall not include any employee:

(1) Collective Bargaining Employees -- who is employed in any bargaining unit covered under a collective bargaining agreement which does not provide for participation by employees of such unit in this Plan;

(2) Leased Employees -- who is employed as a Leased Employee;

(3) Contract Employee -- whose services are performed in the capacity of a consultant or contractor or other capacity pursuant to a written contract which provides that his services are to be rendered in a capacity other than as a regular employee, and/or who is compensated by fees or similar charges requiring the submission of invoices, as opposed to being compensated by a regular fixed salary or wage;

(4) Employees Temporarily Assigned to U.S. Locations -- who [1] is regularly employed outside the United States, [2] is employed within the United States by an Employer pursuant to a temporary assignment, and [3] was not covered under the Plan immediately prior to such temporary assignment.

(5) Deemed Ineligible Employee. The term "Eligible Employee" shall not include an individual during any period when the individual is treated as ineligible for participation in the Plan by the Employer because the individual is considered by the Employer to be a Leased Employee, Contract Employee or the employee of a temporary help firm, staffing firm, employee leasing firm, professional service organization or similar entity (and not an Employee of the Employer) regardless of whether the employment status of the individual is

determined by a court, government agency or other competent authority to be inconsistent with the treatment of the individual by the Employer.

(6) Employees Hired After December 31, 2011. The term "Eligible Employee" shall not include any individual who is hired or rehired by an Employer after December 31, 2011. In the case of a former Eligible Employee who is rehired after December 31, 2011, such individual may continue to earn Vesting Service but shall not receive any allocations after such rehire.

1.17 Employee means an employee under common law of the Corporation or an Affiliate, or a Leased Employee. The term "Employee" includes a person who is on layoff status under a layoff policy maintained by the Corporation or Affiliate that employs such person.

1.18 Employer means the Corporation and each Affiliate that participates in the Plan in accordance with ARTICLE 12. Any Affiliate that becomes an Employer shall be listed in Schedule A attached to and made a part of this Plan.

1.19 ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time. Reference to any section or subsection of ERISA includes references to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

1.20 Exempt Loan means any loan (or other extension of credit) to the Trust that is intended to meet the requirements set forth in Section 4975(d)(3) of the Code and Treasury Regulations thereunder (so as to not constitute a prohibited transaction) and that is used to finance the acquisition of Stock or to refinance a prior Exempt Loan.

1.21 Exempt Loan Stock means Stock acquired by the Trust with the proceeds of an Exempt Loan.

1.22 Fair Market Value means [1] with respect to Stock that is readily tradable on an national securities exchange that is registered with the Securities and Exchange Commission, the price of the Stock prevailing on the exchange, [2] with respect to Stock that is readily tradable on an established securities market that is not an exchange, the offering price for the Stock as established by current bid and asked prices quoted by persons independent of the Corporation, and [3] with respect to Stock that is not readily tradable on an established securities market, the value determined by the Committee in accordance with Treasury Regulation §54.4975-11(d)(5) and based upon, among other things, an evaluation performed not less frequently than annually by an independent appraiser having expertise in rendering such evaluations as provided in Section 401(a)(28)(c) of the Code.

1.23 Forfeiture means a nonvested Account Balance that is forfeited in accordance with Section 6.1.

1.24 Highly Compensated Employee.

(a) In General. The term Highly Compensated Employee includes highly compensated active Employees and highly compensated former Employees.

(1) Active Employees. A highly compensated active employee means any Employee who:

(A) was a 5-percent owner (as defined in Section 416(i)(1) of the Code) of the Employer or Affiliate at any time during the current or preceding year, or

(B) for the preceding year had compensation from the Employer and all Affiliates in excess of $80,000 (as adjusted by the Secretary of the Treasury pursuant to Section 415(d) of the Code, except that the base period shall be the calendar quarter ending September 30, 1996).

(2) Former Employees. A former Employee shall be highly compensated employee if:

(A) the Employee was a Highly Compensated Employee when the Employee separated from service, or

(B) the Employee was a Highly Compensated Employee at any time after attaining age 55.

(3) Calendar Year Data Election. Effective April 1, 1999, for purposes of Section 1.24(a)(1)(B), the term "preceding year" shall mean the calendar year beginning with or within the Plan Year (look-back year) immediately preceding the Plan Year (determination year) for which the Highly Compensated Employee status of an Employee is being determined.

(b) Meaning of "Compensation". For the purpose of this Section 1.24, the term "compensation" means compensation within the meaning of Section 415(c)(3) of the Code and Section 13.2(h) of the Plan. For Plan Years beginning before April 1, 1998, the determination of "compensation" shall be made without regard to Sections 125, 402(e)(3), and 402(h)(1)(B) of the Code and, in the case of employer contributions made pursuant to a salary reduction agreement, without regard to Section 403(b) of the Code. For Plan Years beginning before April 1, 2001, the determination of "compensation" shall be made without regard to Section 132(f)(4) of the Code.

(c) Application of Code and Regulations. The determination of who is a Highly Compensated Employee, including the determinations of the number and identity

of Employees in the top-paid group, shall be made in accordance with Section 414(q) of the Code and the regulations thereunder.

1.25 Hour of Service means:

(a) Period When Duties Are Performed. Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Corporation or an Affiliate during the applicable computation period;

(b) Period When No Duties Are Performed. Each hour for which an Employee is paid or entitled to payment, by the Corporation or an Affiliate on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability) lay-off, jury duty, military duty or leave of absence. For purposes of this Section 1.25, a payment shall be deemed made or due from the Corporation or an Affiliate regardless of whether such payment is made by or due from the Corporation or Affiliate directly, or indirectly through, among others, a trust, fund or insurer, to which the Corporation or Affiliate contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate. Notwithstanding the foregoing:

(1) No more than 501 Hours of Service shall be credited under this Section 1.25(b) to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period);

(2) An hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed shall not be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workmen's compensation, or unemployment compensation or disability insurance laws; and

(3) Hours of Service shall not be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee.

(c) Period For Which Back Pay Is Awarded. Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Corporation or an Affiliate. The same Hours of Service shall not be credited under Section 1.25(a) or Section 1.25(b) as the case may be and this Section 1.25(c). Crediting of Hours of Service for back pay awarded or agreed to with respect to periods described in Section 1.25(b) shall be subject to the limitations set forth in that subsection.

(d) Use of Equivalencies.

(1) Full-time Employees. Notwithstanding his actual Hours of Service, a regular full time employee (an employee whose employment is on a permanent rather than a temporary basis and who is expected to work a full regular work week of 40 hours and to have at least 2000 actual Hours of Service in a Plan Year) shall be credited with 45 Hours of Service for each week in which he has at least one actual Hour of Service. During the period of an Authorized Absence for which he is not directly or indirectly paid or entitled to payment, a regular full time employee shall be credited with eight Hours of Service per day but not more than 40 Hours of Service per week, for each day that he would have been scheduled to perform duties had he not been on Authorized Absence, provided that no Hours of Service will be credited under this sentence for a 12-month computation period in which the employee has already been credited with more than 500 Hours of Service, nor shall more than 501 Hours of Service be credited under this sentence for any 12-month computation period.

(2) Other Than Full-time Employees. An employee who is not a regular full-time employee as defined in Section 1.25(d)(1) shall be credited with his actual Hours of Service, determined in accordance with Section 1.25(a), Section 1.25(b) and Section 1.25(c).

(e) Application of Law And Regulations. Hours of Service shall be credited in accordance with applicable law and regulations, including Department of Labor Regulations §2530.200b-2(b) and §2530.200b-2(c) which are incorporated herein by this reference, and such law and regulations shall govern over any inconsistent provision in the Plan.

1.26 Leased Employee.

(a) In General. "Leased Employee" means any person who is not an employee under common law of any Employer or Affiliate and who provides services to an Employer or an Affiliate ("recipient") if: [1] such services are provided to the recipient pursuant to an agreement between the recipient and any other person ("leasing organization"), [2] such person has performed such services for the recipient (or for the recipient and related persons) on a substantially full-time basis for a period of at least one year, and [3] such services are performed under the primary direction or control of the Employer.

(b) Treatment of Leased Employees. Once an individual becomes a Leased Employee, the individual shall be taken into account in determining whether the Plan satisfies the coverage requirements of Section 410(b) of the Code, and service as a Leased Employee shall be counted as service for purposes of eligibility to participate and vesting, but Leased Employees shall not be eligible to participate in the Plan.

1.27 Loan Suspense Account means an account to which Exempt Loan Stock is credited until the Exempt Loan used to purchase the Stock is repaid and the Stock is

released and allocated to the Stock Accounts of Participants in accordance with Section 4.3.

1.28 Nonstock Account means the Account of a Participant to which an interest in the Trust Fund other than Stock is credited from time to time.

1.29 Normal Retirement Age means the day on which a Participant attains age 65 or, if later, the earlier of the 5th anniversary of the day on which the Participant commenced participation in the Plan or the 5th anniversary of the day on which the Participant commenced participation in the Columbus McKinnon Corporation Monthly Retirement Benefit Plan.

1.30 Participant means an Eligible Employee who has become a Participant in accordance with Section 2.1 and includes a former Eligible Employee whose entire Account Balance has not been distributed.

1.31 Plan means the Columbus McKinnon Corporation Employee Stock Ownership Plan as set forth herein and as amended from time to time. The Plan was established as the Columbus McKinnon Corporation Personal Retirement Account Plan effective April 1, 1987. The Plan was restated as an ESOP effective November 1, 1988.

1.32 Plan Year means the 12-consecutive month period beginning April 1st and ending March 31st.

1.33 Qualified Domestic Relations Order or QDRO means any judgment, decree or order (including approval of a property settlement agreement) that [1] relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a Participant, [2] is made pursuant to a State domestic relations law (including a community property law), and [3] constitutes a "qualified domestic relations order" within the meaning of Section 414(p) of the Code.

[Revised by Amendment No. 1 effective April 1, 2015]
1.34 Stock *means common stock of the Corporation which is readily tradable on an established securities market. If there is no stock which meets the requirements of the preceding sentence, "Stock" means common stock issued by the Corporation having a combination of voting power and dividend rights equal to or in excess of (i) that class of common stock of the Corporation having the greatest voting power, and (ii) that class of common stock of the Corporation having the greatest dividend rights.*

1.35 Stock Account means the Account of a Participant to which shares of Stock are credited from time to time.

1.36 Thrift Plan means the Columbus McKinnon Corporation Thrift 401(k) Plan effective as of August 1, 1984, as amended from time to time.

1.37 Trust Agreement. means the Columbus McKinnon Corporation Employee Stock Ownership Trust Agreement effective as of April 1, 1987, (formerly known as the

Columbus McKinnon Corporation Personal Retirement Account Trust Agreement), by and between the Corporation and the persons named as trustees therein, as amended effective as of November 1, 1988, and as subsequently amended from time to time.

1.38 Trust Fund or Trust means the trust fund held by the Trustee.

1.39 Trustee means the trustee(s) under the Trust Agreement and their successors.

1.40 Valuation Date means March 31st and September 30th, except that for the purpose of allocating dividends on Stock, "Valuation Date" shall mean March 31st. The Committee may designate additional Valuation Dates from time to time in order to assure the orderly administration of the Plan. The value of an Account on a Valuation Date shall be deemed to be the value of the Account on the last business day preceding such Valuation Date.

1.41 Year of Eligibility Service.

(a) In General. An Employee shall be credited with a Year of Eligibility Service if the Employee is credited with at least 1,000 Hours of Service during the 12 consecutive month period following the date on which the Employee first completes an Hour of Service following initial employment or any Break in Service, or during the 12 consecutive month period following any anniversary of such date, subject to the exclusions set forth in Section 1.41(b).

(b) Effect of a Break in Service. In the event that an Employee is reemployed following a one-year Break in Service, service completed by the Employee prior to the Break in Service shall be excluded from his Years of Eligibility Service in accordance with this Section 1.41(b):

(1) One Year Hold-out. If an Employee incurs a one-year Break in Service, the service credited prior to the Break in Service shall thereafter be excluded from his Years of Eligibility Service until the Employee has completed a Year of Eligibility Service after the Break in Service.

(2) Five Year Break in Service. If an Employee who has not become vested in his Account Balance incurs a number of consecutive one-year Breaks in Service which equals or exceeds five years, the service credited prior to the Break in Service shall thereafter be excluded from his Years of Eligibility Service.

1.42 Year of Vesting Service.

(a) In General. An Employee shall be credited with a Year of Vesting Service for each calendar year ending on or after the Employee's 18th birthday in which the Employee is credited with at least 1,000 Hours of Service, subject to the exclusions set forth in Section 1.42(b).

(b) Effect of a Break in Service. In the event that an Employee is reemployed following a one-year Break in Service, service completed by the Employee prior to the Break in Service shall be excluded from his Years of Vesting Service in accordance with this Section 1.42(b):

(1) One Year Hold-out. If an Employee who has not become vested in his Account Balance incurs a one-year Break in Service, the service credited prior to the Break in Service shall thereafter be excluded from his Years of Vesting Service until the Employee has completed a Year of Vesting Service after the Break in Service.

(2) Five Year Break in Service. If an Employee who has not become vested in his Account Balance incurs a number of consecutive one-year Breaks in Service which equals or exceeds the greater of five or the aggregate number of the Employee's prior Years of Vesting Service (determined without regard to his age but excluding therefrom any Years of Vesting Service disregarded by reason of any prior Break in Service), the service credited prior to the Break in Service shall thereafter be excluded from his Years of Vesting Service.

ARTICLE 2

PARTICIPATION

2.1 Commencement of Participation.

(a) Current Participants. Each Eligible Employee who was a Participant on March 31, 2015 shall continue to be a Participant on and after April 1, 2015.

(b) New Participants. Each Eligible Employee who was not a Participant on March 31, 2015 shall become a Participant on the later of [1] the first day of the calendar month coinciding with or next following the date he has both attained age 21 and completed one Year of Eligibility Service, or [2] the day on which he next earns an Hour of Service as an Eligible Employee. Notwithstanding the preceding sentence, no Employee who is hired or rehired after December 31, 2011 will be an Eligible Employee following such hire or rehire.

(c) Authorized Absence. An Eligible Employee who is on Authorized Absence at the time he would otherwise become a Participant shall become a Participant on the first day of the calendar month coinciding with or next following the date of his return to active service as an Eligible Employee.

2.2 Participation Upon Reemployment.

(a) Reemployment After Becoming a Participant. If a person ceases to be an Eligible Employee after he has become a Participant, he shall continue to be a

Participant unless his participation ceases in accordance with Section 2.3. If such person is reemployed after his participation has ceased in accordance with Section 2.3, he shall again become a Participant on the date on which he next earns an Hour of Service as an Eligible Employee.

(b) Reemployment After Satisfying Eligibility Requirements. If a person ceases to be an Eligible Employee before he has become a Participant but after he has completed one Year of Eligibility Service and has attained age 21, he shall become a Participant on the first day of the calendar month coinciding with or next following date on which he next earns an Hour of Service as an Eligible Employee.

(c) Reemployment Before Satisfying Eligibility Requirements. If a person ceases to be an Employee before he has completed one Year of Eligibility Service and attained age 21, and he is subsequently reemployed, he shall become a Participant on the date provided in Section 2.1.

(d) Application of Break in Service Rules. In determining whether a reemployed Employee has completed a Year of Eligibility Service, the Break in Service rules set forth in Section 1.41(b) are applicable.

2.3 Cessation Of Participation.

(a) When Participation Shall Cease. A person shall cease to be a Participant on the later of: [1] the date on which he ceases to be an Employee; or [2] the date on which his Account Balance becomes a Forfeiture or is distributed in full in accordance with the terms of the Plan.

(b) Service Other Than As An Eligible Employee. If a person ceases to be an Eligible Employee but continues to be an Employee: [1] he will continue to be a Participant; [2] he will continue to earn Years of Eligibility Service and Years of Vesting Service; [3] he will no longer receive an allocation of Contributions; and [4] he will not become eligible for distribution of his Account Balance until he ceases to be an Employee.

2.4 Information to be Furnished. Each person entitled to benefits under the Plan must furnish to the Committee such documents, evidence, and information, and shall sign such forms, as the Committee considers desirable for the purpose of administering the Plan, or to protect the Committee, the Trustee or the Corporation; and it shall be a condition of the Plan that each such person must furnish such information and sign such forms before any benefits become payable under the Plan.

ARTICLE 3

CONTRIBUTIONS

3.1 Contributions.

(a) Amount of Contributions. For each Plan Year, each Employer may contribute under the Plan as a Contribution such amount (or no amount) as the Board of Directors shall determine in its sole and absolute discretion.

(b) Form of Contributions. Contributions shall be made in cash or in shares of Stock as determined by the Corporation.

(c) Payment to Trustee. A Contribution for a Plan Year shall be paid over to the Trustee no later than the last day (including extensions) for filing the Corporation's income tax return for its taxable year ending with or within the Plan Year.

3.2 Participant Contributions. Participant contributions are not permitted.

3.3 Rollover Contributions. Rollover contributions (within the meaning of Section 402(c) of the Code) are not permitted.

3.4 Allocation of Contributions.

(a) Persons Entitled to Share in Contributions. Each Participant [1] who is an Eligible Employee on the Allocation Date within a Plan Year and who has earned at least 1,000 Hours of Service in the calendar year ending on the Allocation Date, or [2] who dies or terminates employment on or after April 1, 1998 during a Plan Year after attaining age 55 and completing at least five Years of Vesting service (provided the Participant was an Eligible Employee immediately prior to such death or termination of employment), shall be entitled to share in the Contributions made for such Plan Year.

(b) Allocation of Contributions. A Participant's allocable share of a Contribution made for the Plan Year shall be determined by multiplying the Contribution by a fraction, the numerator of which is his Annual Earnings for the calendar year ending on the Allocation Date within such Plan Year, and the denominator of which is the aggregate Annual Earnings for such calendar year of all Participants entitled to an allocation. For purposes of the preceding sentence, Annual Earnings are limited to Annual Earnings attributable to the portion of the calendar year when the Participant is both a Participant and an Eligible Employee. A Participant's allocable share of a Contribution shall be allocated to his Accounts as of the last day of the Plan Year for which the Contribution is made.

(c) Use of Contributions To Pay Exempt Loans. The Committee may direct the Trustee to use all or any portion of a Contribution to make payments on any Exempt Loan, notwithstanding anything to the contrary in this Section 3.4. Any Exempt Loan

Stock released on account of such payment shall be allocated in accordance with Section 3.4.

ARTICLE 4

EXEMPT LOANS

4.1 Exempt Loans.

(a) Authorization of Exempt Loans. The Committee may direct the Trustee to incur Exempt Loans from time to time, to finance the acquisition of Stock or to repay a prior Exempt Loan. An installment obligation incurred by the Plan in connection with the purchase of Stock from a Disqualified Person shall be treated as an Exempt Loan. No Exempt Loan shall be incurred by the Plan unless it has been determined that: [1] such loan is primarily for the benefit of the Participants and their Beneficiaries, [2] the contributions under the Plan necessary to repay the loan will not result in excess annual additions under Section 13.3, [3] at the time the loan is made, the interest rate for the loan and the price of Stock to be acquired with the loan proceeds will not be such that Plan assets might be drained off, and [4] the terms of the loan are at least as favorable to the Plan as the terms of a comparable loan resulting from arms-length negotiations between independent parties.

(b) Use of Exempt Loan Proceeds. All proceeds of an Exempt Loan shall be used, within a reasonable time after receipt by the Trust, for the following purposes:

(1) To acquire Stock;

(2) To repay the same Exempt Loan;

(3) To repay any previous Exempt Loan.

4.2 Requirements for Exempt Loans. An Exempt Loan shall be subject to the following requirements:

(a) Term of Loan. The loan shall be for a specific term and shall not be payable on demand except in the event of default.

(b) Interest Rate. The loan shall bear a reasonable rate of interest, taking into account all relevant factors, which may be a variable interest rate.

(c) Plan Assets Available for Collateral. The loan must be without recourse against the Plan and the only Plan assets that may be given as collateral for the loan are: [1] the Exempt Loan Stock acquired with the proceeds of the loan, or [2] Exempt Loan Stock acquired with the proceeds of a prior Exempt Loan repaid with the proceeds of the current Exempt Loan.

(d) Plan Assets Available for Payment. No person entitled to payment under the loan shall have any right to assets of the Plan other than: [1] the collateral given for the loan, [2] contributions (other than contributions of employer securities) that are made under the Plan to meet its obligation under the loan, and [3] earnings attributable to such collateral and the investment of such contributions.

[Revised by Amendment No. 1 effective April 1, 2015]

(e) Maximum Payments. The payments made with respect to an Exempt Loan for a Plan Year shall not exceed the sum of the Contributions, earnings and dividends for that Plan Year (and previous Plan Years), less the amount of such payments for previous Plan Years. ~~If the Corporation is the lender with respect to an Exempt Loan, Contributions may be paid in the form of cancellation of indebtedness under the Exempt Loan.~~

(f) Release of Pledged Stock. Any pledge of Exempt Loan Stock must provide for the release of the Stock so pledged as payments on the Exempt Loan are made and such Exempt Loan Stock is allocated to Participant Stock Accounts under Section 4.3.

(g) Payments by the Corporation. If the Corporation is not the lender with respect to an Exempt Loan, the Corporation may elect to make payments on the Exempt Loan directly to the lender and to treat such payments as Contributions.

(h) Loans from Disqualified Persons. If the lender is a Disqualified Person, the Exempt Loan must provide for a transfer of Trust assets to the lender on default only upon and to the extent of the failure of the Trust to meet the payment schedule of the Exempt Loan.

(i) Application of Treasury Regulations. It is intended that any Exempt Loan, including the payment of such loan and the release of Exempt Loan Stock from any lien on account of the payment of such loan, comply with the requirements of Code Section 4975(d)(3) and the Treasury Regulations promulgated thereunder and the Committee and the Trustee shall ensure that any Exempt Loan does so comply.

4.3 **Allocation of Exempt Loan Stock**.

(a) Loan Suspense Account. Any Exempt Loan Stock acquired by the Trust shall initially be held unallocated in a Loan Suspense Account and shall be allocated to the Stock Accounts of Participants only as payments on the Exempt Loan are made. If at any time there is more than one Exempt Loan outstanding, then a separate sub-account may be established under the Loan Suspense Account for each Exempt Loan.

(b) Release of Exempt Loan Stock from Loan Suspense Account. The number of shares of Exempt Loan Stock to be released from the Loan Suspense Account for allocation to Participant Stock Accounts for each Plan Year shall be determined by the Committee as of the last day of the Plan Year as follows:

(1) Principal/Interest Method. The number of shares to be released shall equal the product of:

(A) the number of shares held in the Loan Suspense Account immediately before the release for the current Plan Year, multiplied by

(B) a fraction: [1] the numerator of which shall be the amount of principal and interest paid on the Exempt Loan for that Plan Year; and [2] the denominator of which shall be the sum of the numerator plus the total payments of principal and interest on that Exempt Loan projected to be paid for all future Plan Years. For the purpose of computing the denominator of the fraction, the interest to be paid in future years is to be computed by using the interest rate in effect on the last day of the Plan Year.

(2) Principal Only Method. The Committee may elect (as to each Exempt Loan) or the provisions of the Exempt Loan may provide for the release of Exempt Loan Stock from the Loan Suspense Account based solely on the ratio that the payments of principal for each Plan Year bear to the total principal amount of the Exempt Loan. This method may be used only, to the extent that: [1] the Exempt Loan provides for annual payments of principal and interest at a cumulative rate that is not less rapid at any time than level annual payments of such amounts for ten years; [2] interest included on any payment on the Exempt Loan is disregarded only to the extent that it would be determined to be interest under standard loan amortization tables; and [3] the entire duration of the Exempt Loan repayment period does not exceed ten years, even in the event of a renewal, extension or refinancing of the Exempt Loan.

(c) Allocation of Exempt Loan Stock to Participant Stock Accounts. In each Plan Year in which payments are made on an Exempt Loan, the Exempt Loan Stock released from the Loan Suspense Account in accordance with this Section 4.3 shall be allocated among the Stock Accounts of Participants as of the last day of the Plan Year in the manner determined by the Committee based upon the source of funds (Contributions, earnings attributable to Contributions and cash dividends) used to make the payments on the Exempt Loan. Such allocations shall be made without regard to whether funds from a particular source are used to pay principal or interest.

(1) Contributions Used to Make Exempt Loan Payments. Exempt Loan Stock released from the Loan Suspense Account on account of payment of the Exempt Loan with funds taken from Contributions and earnings attributable to Contributions shall be allocated to the same Participants and in the same manner that the Contributions for such Plan Year would have been allocated under Section 3.4.

(2) Dividends on Unallocated Stock Used to Make Exempt Loan Payments. Exempt Loan Stock released from the Loan Suspense Account on account of payment of the Exempt Loan with funds taken from cash dividends paid with respect to unallocated Exempt Loan Stock shall be allocated to the same Participants and in the same manner that the Contributions for such Plan Year would have been allocated under Section 3.4.

(3) Dividends on Allocated Stock Used to Make Exempt Loan Payments. Exempt Loan Stock released from the Loan Suspense Account on account of payment of the Exempt Loan with funds taken from cash dividends paid with respect to previously allocated Exempt Loan Stock shall be allocated to the Participants to whom such cash dividends would have been paid in proportion to such cash dividends.

(4) Minimum Allocation Rule of Code Section 404(k)(2)(B). For each year in which cash dividends paid with respect to previously allocated Exempt Loan Stock are used to make payment on the Exempt Loan, additional Stock (which may but need not be Exempt Loan Stock) having a fair market value not less than the amount of such dividends shall be allocated to the Participants to whom such dividends would have been paid. The Employer shall make additional Contributions of cash or Stock, if necessary, but subject to applicable limitations on contributions, in order to ensure that this minimum allocation rule is satisfied.

ARTICLE 5

PARTICIPANT ACCOUNTS

5.1 Participant Accounts.

(a) Establishment of Accounts. The Committee shall establish and maintain for each Participant one or more of the following individual Accounts, as appropriate, to record the interest of the Participant in the Trust: [1] a Stock Account, and [2] a Nonstock Account. The Committee shall also establish and maintain such other Accounts or subaccounts, if any, as it may deem necessary or desirable to carry out the provisions of the Plan. The maintenance of individual Accounts is for accounting purposes only, and a segregation of the Trust assets to each Account shall not be required.

(b) Adjustment of Accounts. There shall be credited or charged to the appropriate Account of each Participant such amounts as the Committee shall deem proper in the orderly administration of the Plan, including:

(1) Contributions. The portion of each Contribution allocated to him in accordance with Section 3.4;

(2) Forfeitures. The portion of each Forfeiture allocated to him in accordance with Section 6.1;

(3) Exempt Loan Stock. The shares of Exempt Loan Stock allocated to him in accordance with Section 4.3;

(4) Dividends on Stock. Dividends paid on Stock allocated to his Account except as provided in Section 8.3 (concerning the pass-through of dividends);

(5) Trust Income or Loss. His proportional share of the income and increases or decreases in the value of the Trust Fund; and

(6) Distributions. Distributions from the Trust Fund on his behalf.

(c) Accounting for Allocations. The Committee shall establish accounting procedures for the purpose of recording the allocations to Participant Accounts. The Committee shall maintain adequate records of the cost basis of Stock allocated to Stock Accounts. The Committee shall also maintain separate records of Exempt Loan Stock and of Contributions (and any earnings thereon) made for the purpose of enabling the Trust to repay any Exempt Loan. The Committee may modify the accounting procedures at any time for the purposes of achieving equitable and nondiscriminatory allocations among the Accounts of Participants in accordance with the general concepts of the Plan and the requirements of the Code and ERISA.

5.2 Allocation of Trust Income or Loss.

(a) Manner of Allocation. The net income (or loss) of the Trust for each Plan Year shall be determined as of the Valuation Date. Prior to the allocation of Contributions and Forfeitures for the Plan Year, each Participant's share of any net income (or loss) shall be allocated to his Accounts in the ratio that his Account Balance on the preceding Valuation Date (reduced by any distribution during the Plan Year) bears to the sum of such Account Balances for all Participants as of that date.

(b) Determination of Income or Loss. The net income (or loss) of the Trust includes the increase (or decrease) in the fair market value of Trust assets (other than Stock), interest, dividends and other income and gains (or losses) attributable to Trust assets (other than dividends on Stock used to make payments on Exempt Loans) since the preceding Valuation Date, reduced by any expenses charged to the Trust assets for that Plan Year. The determination of the net income (or loss) of the Trust shall not take into account any interest paid by the Trust under an Exempt Loan.

5.3 Communication of Account Balances. At least once each Plan Year, the Committee shall advise each Participant of the Value of his Account.

ARTICLE 6

RIGHTS TO BENEFITS

6.1 Vesting and Forfeiture.

(a) When Account Balance Becomes Vested. A Participant's Account Balance shall become fully vested and nonforfeitable on the date the Participant completes five Years of Vesting Service or, if sooner, on the date he attains Normal Retirement Age provided he is an Employee on such date. Before such date the Participant's Account Balance shall be nonvested and subject to forfeiture in accordance with Section 6.1(b). Notwithstanding the foregoing, a Participant's Account Balance shall become fully vested and nonforfeitable on the date the Participant completes three Years of Vesting Service if the Participant completes an Hour of Service on or after the later of (i) April 1, 2007, or (ii) April 1 of the Plan Year following the Plan Year in which all Exempt Loans that were outstanding on September 26, 2005 are fully repaid or were, as of September 26, 2005, scheduled to be fully repaid. Notwithstanding the foregoing, a Participant's Account Balance shall become fully vested and nonforfeitable on December 31, 2014 if the Participant is an Employee and that date.

(b) Forfeiture of Nonvested Account Balance.

(1) Forfeiture Following Break in Service. If a Participant ceases to be an Employee for any reason other than death before his Account Balance has become vested in accordance with Section 6.1(a), his Account Balance shall be forfeited as of the Allocation Date coinciding with the close of the calendar year in which the Participant incurs his fifth consecutive one-year Break in Service. For the purpose of this Section 6.1(b), a Break in Service is determined with reference to the calendar year.

(2) Forfeiture Following Death. If a Participant dies before his Account Balance has become vested in accordance with Section 6.1(a), his Account Balance shall be forfeited as of the first Allocation Date to occur after his death.

(3) Allocation of Forfeited Amounts. An Account Balance that is forfeited under this Section 6.1(b) shall be held unallocated until the last day of the Plan Year in which the Forfeiture occurs when it shall be reallocated to the same Participants and in the same manner that a Contribution for such Plan Year would be allocated under Section 3.4.

[Added by Amendment No. 1 effective April 1, 2015]

(4) Order of Forfeiture. If a portion of a Participant's Account is forfeited, Exempt Loan Stock allocated under Section 4.3 (Allocation of Exempt Loan Stock) must be forfeited only after other assets. If interests in more than one class of Exempt Loan Stock have been allocated to the Participant's Account, the Participant must be treated as forfeiting the same proportion of each such class.

(c) Treatment of Account Balance Pending Forfeiture. The following rules shall apply if a Participant ceases to be an Employee at a time when his Account Balance is nonvested, until the Account Balance is forfeited in accordance with Section 6.1(b):

(1) Trust Income and Loss. The Participant shall continue to receive allocations of Trust income and loss with respect to his Account Balance.

(2) Dividends on Allocated Stock. Dividends payable on Stock allocated to the Participant's Stock Account shall be credited to his Nonstock Account and shall not be distributed to him even though dividends are distributed to Participants who are Employees and shall not be used to make payments on an Exempt Loan even though dividends payable on Stock allocated to Participants who are Employees are used to make payments on Exempt Loans.

(3) No Contributions etc. The Participant will not receive allocations of Contributions, Exempt Loan Stock or Forfeitures.

(4) Voting of Allocated Stock. The Committee rather than the Participant shall vote the Stock allocated to the Participant's Stock Account in accordance with Section 8.5.

(d) Forfeiture of Nonvested Account Balance On or After December 31, 2011.

(1) Forfeiture Following Termination of Employment. If a Participant ceases to be an Employee for any reason other than death before his Account Balance has become vested in accordance with Section 6.1(a), his Account Balance shall be forfeited as of the Allocation Date coinciding with the close of the calendar year in which the Participant ceases to be an Employee. In the case of a Participant who ceased to be an Employee on or before December 31, 2011 for any reason other than death before his Account Balance had become vested in accordance with Section 6.1(a), his Account Balance shall be forfeited as of December 31, 2011 if it had not already become forfeited under the provisions of Section 6.1(b)(1).

(2) Reallocation of Forfeited Amounts to Other Participants. An Account Balance that is forfeited under Section 6.1(d)(1) shall be held

unallocated until the last day of the Plan Year in which the Forfeiture occurs at which time the cash and Stock associated with such Account Balance shall be reallocated, first to restore any Account Balance required to be restored under Section 6.1(d)(3), and second to the same Participants and in the same manner that a Contribution for such Plan Year would be allocated under Section 3.4.

(3) Restoration of Forfeited Amounts to Forfeiting Participant. An Account Balance holding cash and Stock equal to the amount that was forfeited under Section 6.1(d)(1) shall be restored to the Participant who forfeited such amount if the Participant is reemployed by the Corporation or an Affiliate before incurring five (5) consecutive one-year Breaks in Service following the date of the Forfeiture, and the Participant completes a Year of Vesting Service following such rehire. The restored Account Balance shall remain subject to forfeiture if the Participant ceases to be an Employee or dies before completing five (5) (or three (3) as provided in Section 6.1(a)) Years of Vesting Service.

6.2 Events Causing Account Balance to Become Distributable.

(a) Distribution Following Termination of Employment. If a Participant ceases to be an Employee for any reason, his vested Account Balance shall be distributed in accordance with ARTICLE 7.

(b) Distribution Following Death. If a Participant dies before the distribution of his Account Balance has been completed, whether death occurs before or after he ceases to be an Employee, the undistributed portion of his vested Account Balance shall be distributed to his Beneficiary who shall be determined under Section 6.3. Distribution to the Beneficiary shall be made in accordance with ARTICLE 7.

(c) In-Service Distribution. No Participant or Beneficiary shall be entitled to receive any portion of the Participant's vested Account Balance before the Participant has ceased to be an Employee except as permitted in Section 7.9 (Required Minimum Distributions) and Section 8.4 (Diversification of Investment of Stock Account).

6.3 Designation of Beneficiary. A Participant's Beneficiary, who is entitled to a distribution under Section 6.2(b), shall be the person designated by the Participant or deemed designated by the Participant in accordance with this Section 6.3.

(a) Designation of Beneficiary by Married Participant.

(1) Primary Beneficiary. If a Participant was married at the time of death, he shall be deemed to have designated his surviving spouse as his sole primary Beneficiary unless prior to his death he effectively designated as primary Beneficiary one or more persons in addition to or instead of his surviving spouse.

(2) Consent of Spouse. No designation Section 6.3(a)(1) of a person other than the Participant's spouse shall be effective unless either:

(A) the Participant's surviving spouse consents in writing to the designation, such consent acknowledges the effect of the designation and identifies the non-spouse Beneficiary (including any class of Beneficiaries or any contingent Beneficiaries) or authorizes the Participant to designate Beneficiaries without further consent, and such consent is witnessed by a notary public or Plan representative, or

(B) it is established to the satisfaction of the Committee that the consent required under Section 6.3(a)(2)(A) cannot be obtained because there is no spouse, because the spouse cannot be located, or because of such other circumstances as the Secretary of the Treasury may prescribe.

(3) Consent Limited to Current Spouse. Any consent by a spouse under Section 6.3(a)(2), or a determination by the Committee with respect to that spouse under Section 6.3(a)(2) shall be effective only with respect to that spouse. Any such consent shall be irrevocable, but shall be effective only with respect to the specific Beneficiary designation unless the consent expressly authorizes the Participant to designate Beneficiaries without further consent.

(4) Secondary Beneficiary. A married Participant may designate one or more secondary Beneficiaries with the consent of his spouse or, if his spouse is the primary Beneficiary, without the consent of his spouse. Any consent must be in accordance with Section 6.3(a)(2) and Section 6.3(a)(3).

(b) Designation of Beneficiary by Unmarried Participant. A Participant who is not married may designate one or more primary Beneficiaries and one or more secondary Beneficiaries. However, if the Participant subsequently marries, the Participant's spouse shall be deemed his sole primary Beneficiary unless his spouse consents to the designation of a different Beneficiary in accordance with Section 6.3(a).

(c) Manner of Designation. The designation of a Beneficiary shall be on a form prescribed by the Committee and filed with the Committee before the Participant's death.

(d) Right to Change Beneficiary. A Participant who has designated a Beneficiary in accordance with this Section 6.3 may change the designation at any time by filing a new designation with the Committee. A new designation shall not be effective unless it satisfies the consent requirements under Section 6.3(a).

(e) Multiple Beneficiaries. Unless the Participant's designation provides otherwise, if more than one primary Beneficiary has been designated, the surviving primary Beneficiaries shall share equally. If no primary Beneficiary survives the Participant, and the Participant has designated one or more secondary Beneficiaries, the surviving secondary Beneficiaries shall share equally. A Participant's designation

may provide different rules as to the respective interests of multiple or alternative Beneficiaries, and such different rules shall be recognized by the Plan.

(f) No Surviving Beneficiary. If a Participant dies without a Beneficiary, (and has no surviving spouse deemed a Beneficiary pursuant to Section 6.3(a)(1) his entire interest in the Plan shall be paid to his estate provided, however, if no representative of the Participant's estate is appointed within a reasonable time following the death of the Participant, the Committee may in its discretion pay the benefit to the individual or individuals who the Committee determines to constitute the Participant's heirs.

(g) Meaning of "Spouse". "Spouse" shall mean the person to whom a Participant was legally married on the date of his death, but shall not include a spouse who was legally separated from the Participant pursuant to a court order.

6.4 Qualified Domestic Relations Orders.

(a) In General. To the extent required by law, a Participant's or Beneficiary's interest in the Plan is subject to the rights of an alternate payee under a Qualified Domestic Relations Order.

(b) QDRO Procedures. The Committee shall establish procedures for determining the qualified status of domestic relations orders and administering distributions under QDROs. Such procedures shall reflect the provisions of this Section 6.4. A domestic relations order that requires or permits either an immediate lump-sum distribution to the alternate payee in the manner described in Section 6.4(d) or the establishment of a separate Account under the Plan in the alternate payee's name may be determined to be a QDRO.

(c) Restrictions on Participant's Accounts

(1) During Review of Order. During a period when the Committee is making a determination as to whether a domestic relations order relating to a Participant's Account is a QDRO, the Participant's (or any Beneficiary's) right to distribution pursuant to this ARTICLE 6, shall be subject to the terms of such order.

(2) During Review of Proposed Order. The restrictions of Section 6.4(c)(1) shall also apply during a period when the Committee is making a determination as to whether a proposed domestic relations order submitted for its review would be a QDRO if issued as an order.

(d) Immediate Distribution. If the QDRO requires or permits an immediate lump-sum distribution of the entire amount of the Participant's Accounts awarded to the alternate payee, the Committee shall make the distribution (at the alternate payee's option if the QDRO so permits), either directly to the alternate payee or in the form of a direct rollover of an eligible rollover distribution at any time after the Participant's earliest

retirement age. For the purposes of this Section 6.4(d), "earliest retirement age" means the Valuation Date coinciding with or next following the date of the determination by the Committee that the domestic relations order is a QDRO. Unless prohibited by the QDRO, and subject to the requirements of this Section 6.4, an alternate payee for whom a separate Account has been established may obtain on request an immediate lump-sum distribution under this Section 6.4(d).

ARTICLE 7

DISTRIBUTION OF BENEFITS

7.1 Time of Distribution.

(a) In General. If a Participant's Account Balance becomes distributable under Section 6.2, distribution of the Account Balance shall be made as soon as practicable after the Valuation Date next following the date on which the Participant ceases to be an Employee or dies, and after all requirements for distribution (including the filing of an application for distribution) have been met.

(b) Subsequent Allocations. If any amount is allocated to a Participant's Account after distribution his Account Balance has occurred, such additional amount shall be distributed as soon as reasonably practicable after the allocation has been made (taking into account the need to value the additional allocation).

(c) Direct Rollover Notice. Notwithstanding Section 7.1(a) and Section 7.1(b), distribution of a Participant's Account Balance shall not be made to a Participant or other distributee (as defined in Section 7.4(a)(3)) until at least 30 days after the Participant or other distributee has received the notice required under Section 7.4(c), unless such 30-day waiting period has been waived in accordance with Section 7.4(c).

(d) Limitation on Distributions Before Age 65.

(1) Requirement of Participant's Consent. If the aggregate value of a Participant's Account Balance exceeds $5,000, no distribution to the Participant shall be made before the Participant attains Normal Retirement Age unless the Participant is given the notice described in Section 7.1(d)(1)(A) and consents in writing to earlier payment. Such notice and consent shall not be required after the death of the Participant. If the aggregate value of a Participant's Account Balance exceeds $1,000, no distribution to the Participant shall be made before the Participant attains Normal Retirement Age unless the Participant affirmatively elects whether the payment will be made directly to the Participant or to an eligible retirement plan as a direct rollover.

(A) Written Notice Given to Participant. At least 30 days and not more than 180 days before the distribution date, the Committee shall give the Participant written notice that he need not consent to distribution prior to Normal Retirement Age.

(B) Waiver of 30-Day Notice Period. The distribution may be made less than 30 days after the notice described in Section 7.1(d)(1)(A) is given, provided that: [1] the Committee clearly informs the Participant that he has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and [2] the Participant, after receiving the notice, affirmatively elects the distribution within such 30 day period.

(2) Distribution Where Participant Fails to Consent. If the Participant's consent is required under this Section 7.1(d) but is not provided prior to the time distribution is to be made, the Participant shall be deemed to have made a revocable election to defer the distribution of his Account Balance until he attains Normal Retirement Age (subject to any diversification election under Section 8.4). The Participant may revoke the election and request distribution of his Account Balance as of any subsequent Valuation Date by filing a written request with the Committee at least 15 days prior to such Valuation Date.

(3) Consent Applies to Entire Account Balance. A Participant's consent to distribution pursuant to this Section 7.1(d) shall apply to his entire Account Balance.

(e) Participant May Defer Distribution. A Participant who ceases to be an Employee after attaining his Normal Retirement Age, or after attaining age 55 if he has earned 5 Years of Vesting Service, may elect to defer distribution of his Account Balance until a designated Valuation Date that is not later than the April 1 following the calendar year in which he will attain age 69 ½. Such election shall be made by notice filed with the Committee and shall be irrevocable.

(f) Distribution Following Death of Participant. If the Participant dies prior to the distribution of his Account Balance, his Account Balance shall be distributed to his Beneficiary as soon as practicable following the last day of the Plan Year in which the Participant died. The distribution shall occur at that time regardless of whether the Participant elected under Section 7.1(d)(1)(B), or is deemed to have elected under Section 7.1(d), to defer distribution to a later date.

(g) Latest Date of Distribution. In no event, unless the Participant otherwise elects in accordance with section 401(a)(14) of the Code, will the distribution of a Participant's Account Balance commence later than the 60th day after the latest of the

following: [1] the close of the Plan Year in which occurs the Participant's Normal Retirement Age; [2] the close of the Plan Year in which occurs the 10th anniversary of the year in which the Participant commenced participation in the Plan; or [3] the close of the Plan Year in which the Participant ceases to be an Employee.

7.2 Form of Distribution.

(a) Distribution of Stock Account. Distribution of a Participant's Stock Account shall be made in the form of Stock plus cash in lieu of any fractional share.

(b) Distribution of Nonstock Account. Distribution of a Participant's Nonstock Account shall be made in the form of a cash lump sum. Notwithstanding the preceding sentence, a Participant may elect to have his Nonstock Account (other than the portion attributable to an election to diversify investment of his Stock Account made pursuant to Section 8.4) distributed in the form of Stock plus cash in lieu of any fractional share.

(c) If Put Option Is Available. Notwithstanding Section 7.2(a), if a Participant or Beneficiary is permitted under Section 8.1 to exercise a put option prior to the distribution of the Stock, and does exercise the put option, the distribution may be in the form of cash and/or a promissory note as provided in Section 8.1(e).

7.3 Valuation for Distribution. Whenever a distribution is to be made pursuant to this ARTICLE 7, the value of the Participant's Account Balance for purposes of the distribution shall be determined as of the Valuation Date immediately preceding the distribution.

7.4 Eligible Rollover Distributions.

(a) Definitions. For purposes of this Section 7.4, the following terms shall have the following meanings.

(1) Distributee. The term "distributee" means a Participant, a Participant's Surviving Spouse, and a Participant's Spouse or former Spouse who is an alternate payee under a Qualified Domestic Relations Order. Effective with respect to distributions made after December 31, 2007, a "distributee" includes a nonspouse beneficiary but only if the direct rollover is paid to an inherited individual retirement plan within the meaning of Code Section 402(c)(11).

(2) Eligible retirement plan. The term "eligible retirement plan" means: (i) an individual retirement account described in Section 408(a) of the Code, (ii) an individual retirement annuity described in Section 408(b) of the Code (other than an endowment contract), (iii) a ROTH IRA, (iv) qualified trust described in Section 401(a) of the Code, (v) an annuity plan described in Section 403(a) of the Code, (vi) an annuity contract described in section 403(b) of the Code, and (vii) an eligible deferred compensation plan under section 457(b) of the Code which is maintained by a state, political subdivision of

a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution from the Plan to a Surviving Spouse, or to a Spouse or former Spouse who is the alternate payee under a Qualified Domestic Relation Order.

(3) Eligible rollover distribution. An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

(A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of 10 years or more;

(B) any distribution to the extent such distribution is required under section 401(a)(9) of the Code;

(C) any distribution that is made on account of hardship, and

(D) the portion of any distribution that is not included in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

Notwithstanding subparagraph (D) in the preceding sentence, an "eligible rollover distribution" shall include the portion of a distribution which consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(4) Direct Rollover. The term "direct rollover" means a payment by the Plan to the eligible retirement plan specified by the distributee.

(b) Election of Direct Rollover. Notwithstanding any provision in the Plan that would otherwise limit a distributee's election under this Section 7.4, a distributee may elect, at the time and in the manner specified by the Committee, to have all of an eligible rollover distribution or any portion of an eligible rollover distribution, paid in a direct rollover directly to a single eligible retirement plan specified by the distributee. The Committee may establish and maintain reasonable procedures with respect to

elections under this Section 7.4, including procedures establishing minimum limitations on the amount of a distribution that may be directly rolled over, and default procedures.

(c) Written Explanation Required. The Committee shall furnish a written explanation to each distributee who is eligible for an eligible rollover distribution describing the distributee's right to elect a direct rollover, the federal income tax withholding rules applicable if the distributee does not elect a direct rollover, and such other information as may be required under Section 402(f) of the Code. The written explanation shall be furnished at least 30 days but not more than 180 days before the date of distribution, unless the distributee waives the 30-day notice in accordance with applicable Treasury rules.

(d) Requirements for Election. Any direct rollover election made pursuant to this Section 7.4 shall be made on a form prescribed for that purpose by the Committee, shall advise the Committee of the name of the eligible retirement plan to which the direct rollover is to be made, shall include a representation by the distributee that the recipient plan is an eligible retirement plan, and shall include such additional information as may be needed by the Committee to effect the direct rollover. A distributee may elect to have a portion of an eligible rollover distribution paid to an eligible retirement plan and the balance paid directly to the distributee. An election made with respect to the first of a series of eligible rollover distributions shall be deemed to have been made with respect to each subsequent distribution in the series until a different election is filed with the Committee.

(e) No Obligation To Determine Status Of Recipient Plan. No fiduciary or other person acting on behalf of the Plan shall have any obligation to determine whether the recipient plan identified in a distributee's direct rollover election is in fact an eligible retirement plan.

7.5 Application for Benefits. A Participant or other person entitled to receive a distribution under the Plan must file an application on a form prescribed by the Committee in order to receive such a distribution.

7.6 Payment to Infants and Incompetent Persons. If any Participant (or other person entitled to receive a distribution under the Plan) is under the age of 18 or, in the judgment of the Committee, legally, physically or mentally incapable of personally receiving and receipting for any payment due hereunder, payment may be made to the guardian or other legal representative of such person, or if none, to such other person or institution that, in the opinion of the Committee, is then maintaining or has custody of the Participant (or Beneficiary or distributee). Such payments shall constitute a full discharge with respect thereto.

7.7 Notice to Trustee. The Committee shall notify the Trustee whenever any person is entitled to receive a distribution under the Plan. In giving such notice, the Committee shall specify the name and last known address of the person receiving such distribution.

7.8 Claims Procedures; Litigation of Denied Claims (a) In General. The Committee shall establish and maintain reasonable claims procedures with respect to each type of benefit under the Plan, which procedures shall advise Participants and Beneficiaries of the method for applying for benefits and shall include procedures for review of any benefit calculation, for written notice to the claimant in the event a claim is denied in whole or in part, and for the review by the Committee of claims denied in whole or in part. The claims procedures shall comply with Department of Labor regulations promulgated under Section 503 of the Employee Retirement Income Security Act of 1974.

(b) Limitation on Time When A Claim May Be Submitted. A Participant who wishes to submit a claim for benefits under the Plan must submit a written claim to the Committee no later than one (1) year after earlier of (i) the first date of actual payment of the Participant's benefit (i.e., the date of payment of a lump sum or date of first monthly payment of an annuity), or (ii) the date on which the Participant is advised by the Committee or its delegate that the Participant is not entitled to any benefit under the Plan. A Participant who fails to submit a written claim within the time provided in the previous sentence shall be deemed to have waived his right to pursue the claim against the Plan by any means, including by means of administrative or legal proceeding. The same limitation shall apply to any Beneficiary or other person who claims a benefit under the Plan.

(c) Limitation on Time When A Lawsuit May Be Commenced. A Participant who wishes to commence a lawsuit under ERISA Section 502 to seek judicial review of a decision by the Committee denying a claim in whole or part must (i) first submit the claim within the time provided under Section 7.8(b), (ii) appeal the denial of the claim by submitting a written request for review of the Committee's initial decision within 60 days following receipt of a notice from the Committee denying the claim in whole or part, and (iii) commence the lawsuit by filing a complaint or similar pleading with the appropriate court no later than one (1) year after the date of any written notice from the Committee in which the Committee denies in whole or part the relief sought in the request for review filed with the Committee.

(d) Limitation on Forum Where A Lawsuit May Be Commenced. For purposes of commencing a lawsuit under ERISA Section 502 against the Plan, the Committee, the Corporation, any officer, director or employee of the Corporation, or any person related to any of the foregoing entities or individuals (individually and collectively referred to in this Section 7.8(d) as "Plan Party"), the Plan is deemed to be administered in Buffalo, New York, any alleged breach is deemed to have occurred in Buffalo, New York, and each Plan Party is deemed to reside in Buffalo, New York. No lawsuit may be commenced against any Plan Party other than in the Federal Court for the Western District of New York located in Buffalo, New York. The Plan Administrator shall have exclusive discretion to waive this requirement with respect to any Plaintiff under uniform rules that are applied in a nondiscriminatory manner.

7.9 Required Minimum Distributions.

(a) General Rules

(1) Effective Date. The provisions of this Section 7.9 shall apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

(2) Precedence. The requirements of this Section 7.9 shall take precedence over any inconsistent provisions of the plan.

(3) Requirements of Treasury Regulations Incorporated. All distributions required under this Section 7.9 shall be determined and made in accordance with the Treasury regulations under Section 401(a)(9) of the Internal Revenue Code.

(4) This Section Does Not Grant Rights. The provisions of this Section 7.9 are included in the Plan as limitations required by the Code, and no provision hereof shall be construed to expand the availability of forms of distribution, which shall be determined exclusively under Section 7.2.

(b) Time and Manner of Distribution.

(1) Required Beginning Date. The Participant's entire interest shall be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest shall be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then distributions to the surviving spouse shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(B) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary shall begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's

entire interest shall be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(D) If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 7.9(b), other than Section 7.9(b)(1), shall apply as if the surviving spouse were the Participant.

For purposes of this Section 7.9(b)(2) and Section 7.9(d), unless Section 7.9(b)(2)(D) applies, distributions are considered to begin on the Participant's required beginning date. If Section 7.9(b)(2)(D) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 7.9(b)(2)(A). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 7.9(b)(2)(A)), the date distributions are considered to begin is the date distributions actually commence.

(3) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions shall be made in accordance with subsections (c) and (d) of this Section 7.9. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder shall be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury regulations.

(c) Required Minimum Distributions During Participant's Lifetime.

(1) Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that shall be distributed for each distribution calendar year is the lesser of:

(A) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(B) if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury

regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(2) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions shall be determined under this Section 7.9(c) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(d) Required Minimum Distributions After Participant's Death.

(1) Death On or After Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:

(i) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) If the Participant's surviving spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(iii) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of

September 30 of the year after the year of the Participant's death, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) Death Before Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that shall be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in Section 7.9(d)(1).

(B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the 5th anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 7.9(b)(2)(A), this Section 7.9(d)(2) shall apply as if the surviving spouse were the Participant.

(e) Definitions.

(1) Designated beneficiary. The individual who is designated as the beneficiary under Section 6.3 of the Plan and is the designated beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(2) Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under

Section 7.9(b)(2). The required minimum distribution for the Participant's first distribution calendar year shall be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, shall be made on or before December 31 of that distribution calendar year.

(3) Life expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

(4) Participant's Account balance. The Account balance as of the last Valuation Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(5) Required beginning date.

(A) Except as provided in paragraph (B) of this Section 7.9(f)(4) with respect to a 5-percent owner, as defined in paragraph (C) of this Section 7.9(f)(4), the term Required Beginning Date means April 1 of the calendar year following the later of the calendar year in which the Employee attains age $70^1/_2$ or the calendar year in which the Employee retires from employment with the Employer maintaining the Plan.

(B) In the case of an Employee who is a 5-percent owner, the term Required Beginning Date means April 1 of the calendar year following the calendar year in which the employee attains age $70^1/_2$.

(C) For purposes of this Section 7.9, a 5-percent owner is, if the Employer is a corporation, any person who owns (or is considered as owning within the meaning of Code Section 318) more than 5 percent of the outstanding stock of the corporation or stock possessing more than 5 percent of the total combined voting power of all stock of the corporation and, if the Employer is not a corporation, any person who owns more than 5 percent of the capital or profits interest in the Employer.

ARTICLE 8

ADDITIONAL RULES CONCERNING STOCK

8.1 Nontraded Stock Subject to Put Option.

[Revised by Amendment No. 1 effective April 1, 2015]

(a) When Put Option Is Required. Shares of Stock that are distributed from the Plan at a time when the Stock is not readily tradable on an established securities market within the meaning of Section 409(h) of the Code shall be subject to a put option in accordance with this Section 8.1. *The put option rights created under this Section 8.1 shall not be terminated by amendment of the Plan or otherwise.*

(b) Persons Authorized to Exercise Put Option. The put option shall be exercisable by the Participant or Beneficiary, or by a person (including an estate or its distributee) to whom the Stock passes by reason of the Participant's or Beneficiary's death.

[Revised by Amendment No. 1 effective April 1, 2015]

(c) When Put Option Can Be Exercised. *The put option shall provide that, for a period of 60 days commencing immediately following the date the Stock is distributed to the Participant or Beneficiary, the holder of the option shall have the right to require the Corporation, by notifying it in writing, to purchase such Stock at its Fair Market Value determined as of the most recent Valuation Date. If the put option is not exercised in such initial 60 day period, the holder of the option shall have the right exercisable during a 60-day period in the next Plan Year to require the Corporation to purchase such Stock at its Fair Market Value determined as of the next following Valuation Date that occurs in such next Plan Year. The period during which the put option is exercisable shall not include any period during which the holder is unable to exercise the put option because the Corporation is prohibited from honoring it by federal or state law.*

(d) Purchase by Trustee. With the consent of the Corporation, the Committee may direct the Trustee to purchase any or all Stock subject to a put option, provided, however, that the purchase price paid by the Trustee may not exceed the Fair Market Value determined as of the most recent Valuation Date and, if the seller is a Disqualified Person, the purchase price may not exceed the Fair Market Value determined as of the transaction date. If the Committee so directs the Trustee, the Corporation shall take such action as may be necessary to permit the Trustee to consummate such purchase, including, but not limited to, providing or arranging for the financing of such purchase.

(e) Terms of Payment. The terms of payment for the purchase of such Stock shall be as set forth in the put and may be either in a lump sum or in installments, as determined by the Committee. An installment obligation issued pursuant to the exercise of such put option shall:

(1) require substantially equal periodic payments (not less frequently than annually) over a period beginning not later than 30 days after the exercise of the put option and not exceeding five years;

(2) bear a reasonable rate of interest, as determined by the Committee;

(3) provide adequate security, as determined by the Committee; and

(4) contain such other terms not inconsistent with applicable law as the Committee may deem appropriate.

8.2 Limitation on Allocations of Certain Stock.

(a) Stock Purchased in Code Section 1042 Nonrecognition Transactions. If a shareholder sold Stock to the Trust and elected nonrecognition of gain under Code Section 1042, no portion of the Stock purchased in the transaction (or any dividends or other income attributable thereto) may be allocated directly or indirectly during the "nonallocation period" to the Accounts of [1] the selling shareholder, [2] members of the shareholder's "family", or [3] any "25-percent shareholder". As used in this Section 8.2(a), the following terms shall have the following meanings:

(1) "Nonallocation period" shall mean the period beginning on the date of the sale of Stock and ending on the later of the 10th anniversary of the date of sale or the date of the Plan allocation attributable to the final payment on the Exempt Loan (if any) incurred to purchase the Stock.

(2) "Family" shall mean the shareholder's spouse, brothers and sisters, ancestors and lineal descendants, and any other individual related to the shareholder within the meaning of Code Section 267(b), except that allocations may be made to lineal descendants under the circumstances provided in Code Section 409(n)(3)(A).

(3) "25-percent shareholder" shall mean any Participant owning (as determined under Code Section 318(a) without regard to Code Section 318(a)(2)(B)(i)), during the entire one-year period preceding the purchase or on any Valuation Date on which such Stock is allocated, more than 25 percent of any class of outstanding Stock or of the total value of any class of outstanding Stock.

(b) Stock Purchased from Certain Estates. If the representative of a deceased shareholder sold Stock to the Trust and claimed an estate tax deduction under Code Section 2057, no portion of the Stock purchased in the transaction (or any dividends or other income attributable thereto) may be allocated directly or indirectly during the "nonallocation period" to the Accounts of: [1] the decedent, [2] members of the decedent's "family", or [3] a "25-percent shareholder". As used in this Section

8.2(b), the terms "nonallocation period", "family" and "substantial shareholder" shall have the same meanings as in Section 8.2(a).

(c) Limitation on Contributions and Forfeitures. To the extent that a Participant is subject to an allocation limitation described in this Section 8.2 for a Plan Year, he shall not share in the allocation of Contributions and Forfeitures.

8.3 Dividends on Stock.

(a) Dividends Paid on Unallocated Exempt Loan Stock. Dividends payable with respect to unallocated Exempt Loan Stock shall be paid in one of the following ways, as determined by the Committee (or as provided in applicable Exempt Loan documents):

(1) the dividends shall be paid in cash to the Participants or their Beneficiaries;

(2) the dividends shall be paid in cash to the Plan and distributed to the Participants or their Beneficiaries not later than 90 days after the close of the Plan Year in which paid; or

(3) the dividends shall be used to make payments on the Exempt Loan the proceeds of which were used to finance the purchase of the Exempt Loan Stock to which the dividends are attributable.

(b) Dividends Paid on Allocated Stock. Dividends paid on Stock allocated to a Participant's Stock Account shall be credited to the Participant's Nonstock Account. Notwithstanding the previous sentence, the Committee may direct that such dividends shall either:

(1) be paid to the Participant or Beneficiary for whom the Stock Account is maintained, and the Trustee shall, upon its receipt of such dividend, cause such payment to be made no later than 90 days after the close of the Plan Year in which the Trustee receives such dividend; or

(2) in the case of a Participant who is an Eligible Employee on the Allocation Date of the Plan Year in which such dividend is paid, and subject to the special allocation provisions of Section 4.3(c)(2), be applied as a payment of the Exempt Loan the proceeds of which were used to finance the purchase of the Exempt Loan Stock to which the dividends are attributable.

8.4 Diversification of Investment of Stock Account.

(a) Definitions. For purposes of this Section 8.4, the following terms shall have the following meanings:

(1) **"Diversifiable Shares"** means shares of Stock allocated to a Participant's Stock Account.

(2) **"Diversification Election"** means an election to diversify the investment of a Participant's Stock Account in accordance with this Section 8.4 which election is filed by a Participant with the Committee during the 90-day period following the last day of a Plan Year included in the Qualified Election Period.

(3) **"Election Shares"** means those shares included in a Participant's Diversifiable Shares that are subject to a Diversification Election.

(4) **"Qualified Election Period"** means the period beginning with and including the Plan Year in which a Participant first becomes a Qualified Participant and ending on the date of the Participant's termination of employment provided, however, that in no event will the Qualified Election Period be less than six consecutive Plan Years .

(5) **"Qualified Participant"** means a Participant who has attained age 55 and who has completed at least ten years of participation in the Plan.

(b) Right to Diversify Investment of Stock Account. A Qualified Participant may elect to diversify the investment of his Stock Account by filing a Diversification Election with the Committee during the 90-day period following the last day of any Plan Year included in his Qualified Election Period.

(c) Number of Shares That May Be Diversified.

(1) Diversification Following the First Five Years. The number of shares that may be diversified pursuant to a Diversification Election shall be:

(A) any number of Diversifiable Shares not in excess of 25 percent of the number of Diversifiable Shares credited to the Participant's Stock Account as determined on the last day of the Plan Year ending immediately prior to the date on which the Diversification Election is filed (where the number of shares credited to the Participant's Stock Account is deemed to include any shares that were previously diversified pursuant to a previously filed Diversification Election), minus

(B) the number of Diversifiable Shares that were previously diversified pursuant to a previously filed Diversification Election.

(2) Diversification Following the Sixth Year. In the case of a Diversification Election filed after the sixth Plan Year included in the

Participant's Qualified Election Period (or any year thereafter), the term "25 percent" used in Section 8.4(c)(1) shall be changed to "50 percent.

(3) Rounding. The number of shares determined under this Section 8.4(c) shall be rounded up to the nearest whole number.

(d) Disposition of Election Shares. In the event that a Qualified Participant files a Diversification Election with the Committee, the Committee shall direct the Trustee to sell the Election Shares and to dispose of the proceeds of the sale in the manner provided in this Section 8.4(d), all within the 90-day period following the last day of the 90-day election period in which the Diversification Election was filed. For purposes of this Section 8.4(d) a Participant's Election Shares shall be valued as of the Valuation Date coinciding with or immediately preceding the expiration of the 90-day election period in which the Diversification Election is filed.

(1) Investment Within Plan. In the event that the Plan offers at least three investment options that satisfy the requirements of Code Section 401(a)(28) and any Treasury Regulations thereunder ("appropriate investment options"), the Trustee shall invest the sale proceeds of the Election Shares in the appropriate investment options in accordance with the instructions of the Participant.

(2) Transfer to Another Plan. In the event that the Plan does not offer at least three appropriate investment options, but another defined contribution plan maintained by the Corporation in which the Participant is eligible to participate does offer three appropriate investment options and will accept a transfer of assets from the Plan, the Trustee shall transfer the sale proceeds of the Election Shares to such other plan and cause the sale proceeds to be invested under such other plan in accordance with the instructions of the Participant.

(3) Distribution to Participant. In the event that the sale proceeds from the Election Shares cannot be invested in three appropriate investment options under either the Plan or another defined contribution plan maintained by the Corporation, the Trustee shall distribute the sale proceeds to the Participant in a cash lump sum.

(e) De Minimis Exception. Notwithstanding any other provision in this Section 8.4, a Participant shall not be permitted to diversify any Stock held in his Stock Account on the last day of a Plan Year included in his Qualified Election Period if the Fair Market Value of the Diversifiable Shares held in his Stock Account on such date (determined as of the most recent Valuation Date), together with the Fair Market Value of any shares that were previously diversified pursuant to a previously filed Diversification Election (determined as of the Valuation Date immediately preceding such election), is $500 or less.

8.5 Voting Rights.

(a) Direction by Participants.

(1) Right to Direct Voting. Each Participant shall have the right to direct the Trustee as to the manner in which Stock allocated to the Participant's Stock Account shall be voted.

(2) Voting Procedure. Whenever a vote by common shareholders of the Corporation is to be taken, the Committee acting through the Trustee shall furnish to the Participants the same information concerning the matter to be voted upon as the information furnished to shareholders generally. The Trustee shall take such steps as may be necessary or appropriate under the circumstances to assure that such information is distributed to Participants in a timely and convenient manner, and that the voting directions of the Participants remain confidential.

(3) Beneficiaries. The Beneficiary of a deceased Participant who has Stock allocated to a Stock Account shall be treated in the same manner as a Participant for purposes of this Section 8.5.

(b) Direction by Committee. The Committee shall direct the Trustee as to the manner in which the following described Stock shall be voted:

(1) Unallocated Stock. Stock held unallocated in the Loan Suspense Account,

(2) Stock Subject to Forfeiture. Stock allocated to a Participant's Stock Account that has become subject to forfeiture in accordance with Section 6.1,

(3) No Voting Directions. Stock allocated to a Participant's Stock Account for which the Participant fails to give timely voting directions to the Trustee.

(c) Voting by Trustee. Stock held in the Trust shall be voted by the Trustee in accordance with Section 8.5(a) or Section 8.5(b), as applicable. In the event that the Participant and/or Committee both fail to provide the Trustee with timely directions concerning the voting of Stock, the Trustee shall vote the Stock in the manner determined by the Trustee. The Trustee shall remain subject to applicable ERISA fiduciary standards in voting Stock regardless of whether the voting is directed by the Participants, the Committee, or the Trustee.

8.6 Restrictions on Stock.

(a) Compliance With Securities Laws. Shares of Stock held or distributed by the Trustee may include such legend restrictions on transferability as the Corporation may reasonably require in order to assure compliance with applicable Federal and state securities laws.

[Revised by Amendment No. 1 effective April 1, 2015]

(b) Right of First Refusal. *Stock distributed from the Plan may be subject to a right of first refusal in favor of the Corporation (and, if the Corporation declines to exercise such right, then in favor of the Plan) provided that such Stock is not publicly traded at the time the right may be exercised. The selling price and other terms under the right must not be less favorable to the seller than the greater of the value of the Stock determined under § 54.4975-11(d)(5) (Fair Market Value), or the purchase price and other terms offered by a buyer, other than the Corporation or the Plan, making a good faith offer to purchase the Stock. The right of first refusal must lapse no later than 14 days after the holder of the Stock gives written notice to the holder of the right that an offer by a third party to purchase the Stock has been received.*

(c) Other Restrictions. Except as otherwise provided in Section 8.1 and this Section 8.6, no shares of Stock held or distributed by the Trustee may be subject to a put, call or other option, or buy-sell or similar arrangement. The provisions of this Section 8.6 shall continue to be applicable to stock even if the Plan ceases to be an employee stock ownership plan under Section 4975(e)(7) of the Code.

ARTICLE 9

TRUST FUND

9.1 Establishment of Trust.

(a) Contributions To Be Paid To Trustee. All Contributions under the Plan shall be paid over to and held by the Trustee under the Trust Agreement or shall be paid over to and held by a successor trustee appointed by the Board of Directors. The Trustee shall hold the assets of the Plan as a Trust Fund and shall invest, reinvest, and distribute the same in the manner and upon the terms and conditions provided in the Trust Agreement.

(b) Terms of Trust Agreement. The Trust Agreement shall provide among other things for the following:

(1) Authorization of Investments. Trust assets shall be invested by the Trustee primarily in Stock in accordance with directions from the Committee. The Trustee may also invest Trust assets in such other investments as may be

permitted under the Trust Agreement, or Trust assets may be held temporarily in cash. The Committee may direct the Trustee to invest and hold up to 100 percent of the Trust assets in Stock.

(2) Purchases of Stock. Contributions (and other Trust assets) may be used to acquire Stock from any Corporation shareholder or from the Corporation. Purchases of Stock by the Trustee shall be made only as directed by the Committee. Purchases of Stock shall be made at no more than Fair Market Value determined as of the date of the transaction.

(3) Sales of Stock. The Committee may direct the Trustee to sell shares of Corporation Stock to any person (including the Corporation), provided that any such sale must be at a price not less favorable to the Plan than Fair Market Value as of the date of the sale. Stock purchased with the proceeds of an Exempt Loan shall not be sold by the Trustee unless a determination has been made that the sale of the Stock will not cause the Exempt Loan incurred to purchase the Stock to be other than primarily for the benefit of the Participants and their Beneficiaries.

(4) Compliance with Regulations etc. Any purchase or sale of Stock by the Trust, including the incurrence of an Exempt Loan to finance a purchase of Stock, shall be done in compliance with applicable Treasury Regulations, including Treasury Regulation §54.4975-7 and §54.4975-11. In determining whether to make such purchase or sale, the Committee, and in executing such purchase or sale, the Trustee, shall comply with its respective fiduciary duties under ERISA.

9.2 Exclusive Benefit of Trust.

(a) Contributions Not To Be Diverted. Except as provided in Section 9.2(b), all assets of the Trust shall be retained for the exclusive benefit of Participants and Beneficiaries, and shall be used to pay benefits to such persons or to pay administrative expenses of the Plan or Trust, and shall not revert to or inure to the benefit of the Corporation or any Affiliate.

(b) Refund of Certain Contributions. Notwithstanding Section 9.2(a) or any other provision of the Plan, Contributions may be refunded to the Corporation by the Trustee if either of the following conditions apply:

(1) If a Contribution is made by a mistake of fact, the Contribution may be returned to the Corporation within one year after it is paid to the Trustee.

(2) Each Contribution is made subject to the condition that it is deductible under Section 404 of the Code and, to the extent such deduction is disallowed, shall be returned to the Corporation within one year after the disallowance of the deduction.

(c) Limitation on Refunds of Contributions. If a Contribution is to be returned to the Corporation under Section 9.2(b), the amount returned shall not exceed the amount of the Contribution, without increase on account of investment income or gain, but shall be reduced by any loss attributable to such Contribution.

9.3 Investment Managers.

(a) Authorization To Appoint Investment Managers. The Trust Agreement may provide for the management of the Trust Fund thereunder by the Trustee and/or by one or more investment managers appointed by the Trustee with the consent of the Board of Directors. The Trustee may, but shall not be obliged to, appoint an investment manager or managers to manage (including the power to acquire and dispose of) all or any part of the Trust Fund.

(b) Agreements With Investment Managers. Any appointment of an Investment Manager shall be pursuant to a written agreement between the Trustee and the investment manager and shall meet the following requirements:

(1) Any investment manager shall be an organization that is either: [1] registered in good standing as an investment adviser under the Investment Advisers Act of 1940, [2] a bank, as defined in that Act, or [3] an insurance company qualified to perform investment management services under the laws of more than one state of the United states.

(2) The agreement shall provide that the investment manager may be removed by the Trustee on no more than 30 days written notice.

(3) The investment manager shall acknowledge that it is a fiduciary with respect to the Plan.

(4) The agreement with the investment manager shall be consistent with the provisions of the Trust Agreement as in effect from time to time.

(c) Compensation of Investment Managers. An investment manager shall be entitled to such reasonable compensation for its services as is mutually agreed to by it and the Trustee, which shall be payable from the Trust Fund at the direction of the Committee.

ARTICLE 10

OPERATION AND ADMINISTRATION

10.1 Division of Authority and Responsibility.

(a) Sponsoring Employer. The Corporation as Plan Sponsor shall be the "administrator" of the Plan within the meaning of Section 3(16) of ERISA, and shall be responsible for complying with all of the reporting and disclosure requirements of the Code and ERISA. In addition, the Corporation shall have exclusive authority to carry out all settlor functions with respect to the Plan including authority to amend or terminate the Plan in accordance with ARTICLE 11.

(b) Committee and Others. The Committee shall discharge all of the other responsibilities of Plan administrator on behalf of the Corporation. The Committee and its members are named fiduciaries with full discretionary authority and responsibility to control and manage the operation and administration of the Plan, except that:

(1) the Trustee has the authority and responsibility specifically assigned to the Trustee in the Plan and in the Trust Agreement;

(2) the Board of Directors has exclusive authority and responsibility for appointing and removing members of the Committee and for appointing and removing the Trustee; and

(3) Participants and Beneficiaries shall be "named fiduciaries" within the meaning of ERISA Section 402 for purposes of voting Stock allocated to their Accounts in instances where Participants and Beneficiaries are responsible for voting such Stock.

10.2 Benefits Committee.

(a) Appointment of Board Members. The Benefits Committee shall consist of one or more members appointed by the Board of Directors to serve at its pleasure. The Board of Directors may appoint or remove a member of the Committee at any time, by written notice to such member and all other members. A member shall file with the Secretary of the Corporation an acceptance of his appointment and may resign by written resignation filed with the Secretary of the Corporation, effective as of a date specified therein, but not earlier than such filing. During any period when there are no appointed members of the Committee, the chief executive officer of the Corporation shall constitute the Board. No bond or other security shall be required of any member except as may be required by law.

(b) Organization of the Committee. The Committee may designate one of its members as its Chairman and may designate a Secretary and an Assistant Secretary, who may be, but need not be, members. The Committee may authorize one or more of its members, or the Secretary or Assistant Secretary, or any agent, to execute and deliver any instruments or to direct any payment on its behalf. Unless they are members of the Committee, the Secretary and Assistant Secretary shall not be considered named fiduciaries with respect to the Plan and shall have no fiduciary responsibilities under the Plan except such as may be delegated to them by the Committee.

(c) Action by the Committee. The Committee shall hold meetings upon such notice, at such places, and at such time or times as it may from time to time determine. A majority of the members then in office shall constitute a quorum for the transaction of business. All resolutions or other actions taken by the Committee at any meeting shall be by the vote of a majority of those present. Upon concurrence in writing of a majority of the members then in office, action of the Committee may be taken without a meeting.

(d) Establishment of Rules. Subject to the limitations elsewhere contained in the Plan, the Committee shall establish rules for the exercise of the duties imposed on it under the Plan and may, at any time, alter and change such rules and adopt new rules.

(e) Compensation and Expenses. Members who are salaried officers or employees of the Corporation or an Affiliate shall serve on the Committee without compensation. Other members may be paid such reasonable compensation as the Board of Directors of the Corporation shall determine. All members of the Committee shall be reimbursed for direct expenses properly and actually incurred in the performance of services on the Committee.

(f) Participation in Plan by Members. Members of the Committee who are officers or employees of any Corporation may participate in the Plan to the same extent as other Eligible Employees, but no such member shall take part in any discretionary determination directly relating only to his own participation or benefits.

10.3 Authority of Committee.

(a) In General. The Committee shall have full authority for the control and management of the operation and administration of the Plan and, in addition to the specific authority set forth in this document and in the Trust Agreement, shall have the authority to take all action and to make all decisions and interpretations which shall be necessary or appropriate in order to administer and carry out the provisions of the Plan.

(b) Plan Interpretation. The Committee shall interpret the Plan and shall resolve any ambiguities or inconsistencies and shall decide all questions arising in the administration, interpretation and application of the Plan. Without limitation, the Committee shall have full discretionary authority to determine eligibility for benefits and to construe the terms of the Plan.

(c) Discretionary Authority. The Committee shall have full discretionary authority in making all decisions and determinations required to be made in the administration of the Plan. Reference to the Committee's discretion in any other Section of this Plan document is for emphasis only and shall not be construed to imply a limitation of discretionary authority under any other section.

(d) Decisions Are Binding. Subject to the claims procedures described in Section 7.8 and subject to applicable law, any decision of the Committee shall be

conclusive and binding upon all Employees, Participants, Beneficiaries, and all other persons having or claiming any interest under the Plan.

10.4 Allocation and Delegation of Responsibilities.

(a) Allocation Within Committee. The members of the Committee may allocate any of its responsibilities, including fiduciary responsibilities, among themselves, by resolution approved by all members, or by written instrument executed by all members and filed with the records of the Plan.

(b) Delegation From Committee. The Committee may delegate to other persons, including the Corporation or any Affiliate, or any officer or employee of the Corporation or any Affiliate, any of its responsibilities, including fiduciary responsibilities, by resolution approved by a majority of members, or by an instrument executed by a majority of members and filed with the records of the Plan. Written notice of the delegation shall be given to the person or other party to whom such responsibility is delegated.

(c) Additional Requirements. Any allocation of fiduciary responsibilities, or delegation of fiduciary or other responsibilities, shall be exercised in a reasonable manner taking into account the discretionary or ministerial nature of the responsibility allocated or delegated.

(d) Limitation of Responsibility for Co-fiduciaries. A member of the Committee to whom a fiduciary responsibility has been allocated, and each person to whom the Committee has delegated fiduciary or other responsibilities, shall act severally, without responsibility for the acts of other fiduciaries, except as otherwise provided by applicable law.

10.5 Multiple Fiduciary Capacities. Any person or group of persons, including the members of the Committee, may serve in more than one fiduciary capacity with respect to the administration of the Plan and without regard to whether he is an officer, director, employee, agent or other representative of the Corporation or of any Affiliate.

10.6 Employment of Advisers. The Committee and its members and, with the approval of the Committee, any person to whom the Committee has delegated fiduciary responsibilities, may employ one or more actuaries, accountants, legal counsel and other advisors as it or he shall reasonably deem necessary for the control and management of the operation and administration of the Plan or to render advice with regard to its or his responsibility under the Plan. The fees of such advisors shall be paid in accordance with Section 10.9.

10.7 Records and Reports. The Committee shall keep such records and accounts as it deems appropriate in the control and management of the operation and administration of the Plan. The Committee shall report from time to time to the Board of Directors, or its designee, on any and all aspects of the control, management, operation

and administration of the Plan, and shall report on such matters whenever directed to do so.

10.8 Protection of Committee and Others.

(a) Limitation of Liability. In the administration and operation of the Plan, neither the Committee, nor any member thereof, nor the Corporation, nor any Affiliate, nor any director, officer or employee of any of them, shall be liable for any action or failure to act, except for its or his own willful and intentional misconduct or its or his own breach of fiduciary responsibility.

(b) Indemnification. To the extent permitted under applicable law and the governing instruments of the Corporation, the Corporation shall indemnify the members of the Committee and any director, officer or employee of the Corporation or any Affiliate, and each of them, and save all such persons, and each of them, harmless from any loss, cost or expense for their acts and conduct in administering and operating the Plan, except to the extent such loss, cost or expense results from their own willful and intentional misconduct.

10.9 Administration Expenses. All reasonable expenses of administering the Plan and Trust shall be charged to and paid out of the Trust Fund, subject to the prohibition against payment of compensation from the Trust Fund to the Corporation or any Affiliate or to any officer or employee of the Corporation or an Affiliate. Reasonable expenses of administering the Plan include, but are not limited to, "user fees" imposed with respect to the Plan by the Internal Revenue Service, and fees payable to accountants, appraisers, attorneys and consultants for services related to Plan administration. The Corporation may, however, determine that all or any portion of such expenses shall be paid by the Corporation.

10.10 Bonding. To the extent required under Section 412 of ERISA, the Corporation shall secure fidelity bonding for every fiduciary of the Plan and every other person who handles funds or other property of the Plan.

ARTICLE 11

AMENDMENT AND TERMINATION

11.1 Amendment. The Corporation, acting through the Board of Directors, shall have the right at any time and from time to time to modify or amend the Plan in any manner, prospectively or retroactively, by written instrument executed pursuant to its authorization, subject to the limitations in Section 11.2.

11.2 Limitations on Amendment. No modification or amendment of the Plan shall be made which would:

(a) make it possible for any part of the assets of the Plan to be used for or diverted to purposes other than the exclusive benefit of Participants or Beneficiaries, including defraying the reasonable expenses of administering the Plan and Trust;

(b) eliminate or reduce any benefit protected under Section 411(d)(6) of the Code and the Treasury Regulations thereunder except as may be permitted in such regulations; or

(c) increase the duties or liabilities of the Trustee or affect its fee for services hereunder, unless the Trustee consents thereto in writing.

11.3 Termination of Plan.

(a) Authority to Terminate Plan. The Corporation, acting through the Board of Directors, shall have the right to terminate the Plan in whole or part at any time, or to permanently discontinue contributions thereto, by written instrument executed pursuant to its authorization.

(b) Immediate Vesting of Affected Participants. If the Plan is terminated, or partially terminated, or if contributions thereto are permanently discontinued, whether by action of the Board of Directors or otherwise, each Participant or, in the case of a partial termination, each Participant affected thereby, (including a terminated Participant in respect of amounts not previously forfeited by him) shall thereupon be fully and nonforfeitably vested in his Account Balance.

(c) Distribution of Account Balances. In the event of termination of the Plan, Account Balances shall be distributed at such time and in such manner as the Committee shall determine in accordance with the terms of the Plan and applicable law.

ARTICLE 12

PARTICIPATION BY AFFILIATES

12.1 Participation by Affiliates.

(a) Adoption of the Plan. Any Affiliate that is not an Employer may adopt the Plan by action of its board of directors and thereby become an Employer. Adoption of the Plan shall constitute an agreement by the Affiliate to observe all of the terms of the Plan and Trust Agreement, as then in effect and as subsequently amended, and to make such contributions to the Trust Fund and to pay such expenses related to the Plan as may be determined by the Corporation.

(b) Approval of Corporation. Adoption of the Plan by any Affiliate shall be subject to the approval of the Corporation, shall become effective as of the date determined by the Corporation, and shall be subject to such special terms and conditions as may be imposed by the Corporation. Any such special terms or conditions shall be set forth in a schedule attached to the Plan.

(c) Participation by Employees. Employees of an Affiliate that adopts the Plan shall commence participation in the Plan on the date provided under Section 2.1, or such other date as may be determined by the Corporation, and shall be credited with such pre-participation service (if any) as may be determined by the Corporation.

12.2 Termination of Participation.

(a) In General. An Affiliate may terminate its participation in the Plan at any time by action of its board of directors. In addition, the Corporation may terminate an Affiliate's participation in the Plan at any time. An Affiliate shall automatically terminate its participation in the Plan if it ceases to be an Affiliate.

(b) Contributions. In the event that participation in the Plan by an Affiliate terminates, all contributions theretofore made by the Affiliate shall remain the sole property of the Trustee for the use of the Plan.

(c) Rights of Affected Participants. Each Participant who ceases to be an Eligible Employee by reason of the termination of an Affiliate's participation in the Plan:

(1) shall remain subject to all provisions of the Plan including, without limitation, provisions governing the crediting of Service, eligibility for benefits and the time and manner of payment of benefits, and

(2) shall be subject to such special provisions, such as accelerated vesting, as may be determined by the Committee and set forth in a schedule attached to the Plan.

ARTICLE 13

LIMITATION ON ANNUAL ADDITIONS

13.1 Summary. The total contributions allocated to the Accounts of any Participant for a Limitation Year with respect to the Corporation and all Affiliates may not exceed the lesser of $53,000 (as adjusted) or 100 percent of the Participant's Section 415 Compensation. If the Participant receives contributions under more than one Defined Contribution Plan of the Corporation (and all Affiliates), all such contributions must be taken into account in applying this limitation. The rules applying this limitation are set

forth in detail in the subsequent sections of this ARTICLE 13 and these sections override any inconsistent provision in this Section 13.1.

13.2 **<u>Definitions and Rules of Interpretation</u>**. Solely for purposes of this ARTICLE 13, the following definitions and rules of interpretation shall apply:

(a) **"Annual Addition"** means, with respect to a Participant, the sum for any Limitation Year of:

(1) employer contributions allocated to the account of the Participant under all plans subject to Code Section 415(c) maintained by the Section 415 Employer (but see the special rule at Section 13.2(f) concerning contributions under the Plan used to make payments on Exempt Loans);

(2) Participant contributions allocated after December 31, 1986 to the account of the Participant under all such plans and 50 percent of such contributions allocated before January 1, 1987, but not including rollover contributions;

(3) forfeitures allocated to the account of the Participant under all such plans (but see the special rule at Section 13.3(b) concerning Forfeitures of Exempt Loan Stock);

(4) amounts allocated after March 31, 1984 to an individual medical account (as defined in Code Section 415(l)(2)) of the Participant which is part of a pension or annuity plan maintained by the Section 415 Employer; and

(5) amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of the Participant under a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Section 415 Employer but only if the Participant is a key employee (as defined in Code Section 419A(d)(3)).

(b) **"Defined Contribution Plan"** means a plan which provides for an individual account for each participant and for benefits based solely upon the amount contributed to the participant's account, and any income, expenses, gains and losses, and any forfeitures of accounts of other participants which may be allocated to that participant's accounts.

(c) **"Section 415 Employer"** includes:

(1) any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) which includes the Corporation,

(2) any trade or business (whether or not incorporated) that is under common control as defined in Code Section 414(c) with the Corporation,

(3) any member of an affiliated service group as defined in Code Section 414(m) that includes the Corporation, and

(4) any entity required to be included under Code Section 414(o) in accordance with Regulations thereunder. For purposes of applying Code Sections 414(b) and 414(c) in the preceding sentence, the phrase "more than 50 percent" shall be substituted for the phrase "at least 80 percent" each place it appears in Code Section 1563(a)(1).

(d) **"Limitation Year"** means the 12 month period ending March 31.

(e) **"Maximum Dollar Amount"** means for any Limitation Year, $53,000 as adjusted for increases in the cost-of-living under Code Section 415(d) for Limitation Years after 2015.

(f) **"Section 415 Compensation"** means with respect to a Limitation Year, "participant's compensation" as defined under Code Section 415(c)(3) and Treasury Regulation §1.415(c)-2(d)(4) thereunder. Effective April 1, 2008, an amount is not Section 415 Compensation if it is paid after the Participant's severance from employment unless (i) the Participant is in qualified military service (as defined in Code Section 414(u)), (ii) the Participant is permanently and totally disabled (as defined in Code Section 22(e)(3)), or (iii) the amount is paid by the later of 2-1/2 months after severance from employment or the end of the year that includes the date of severance from employment and is described in Treasury Regulation §1.415(c)-2(e)(3)(ii) or (iii). In no event shall a Participant's Section 415 Compensation for a Limitation Year beginning on or after April 1, 1989 exceed the applicable Code Section 401(a)(17) Limit set forth in Section 1.6(b).

(g) Aggregation of Section 415 Employer's Defined Contribution Plans. For the purpose of this ARTICLE 13, all Defined Contribution Plans (whether terminated or not) ever maintained by the Section 415 Employer shall be treated as one Defined Contribution Plan.

(h) Special Rule Regarding Annual Additions Under the Plan. In the event that an Exempt Loan is incurred under the Plan, Contributions of cash which are used to make payments of principal and interest on the Exempt Loan shall be deemed allocated to Participants in the manner provided in Section 3.4 and, allocated in this manner, shall be deemed to constitute Annual Additions under the Plan (but see Section 13.3(b) concerning treatment of Contributions used to pay interest). Exempt Loan Stock that is released from the Loan Suspense Account and allocated to Participants in accordance with Section 4.3 shall not be deemed to constitute Annual Additions.

13.3 Limitation on Annual Additions.

(a) In General. The Annual Addition to a Participant's Accounts for any Limitation Year, when added to the Annual Additions to his accounts for such year under all other Defined Contribution Plans (if any) maintained by the Section 415 Employer, shall not exceed the lesser of: [1] 100% of his Section 415 Compensation, or [2] the Maximum Dollar Amount.

(b) Special Exempt Loan Rule. If no more than one-third of the Contributions to the Plan for a Limitation Year which are deductible under Code Section 404(a)(9) (Contributions used to pay principal and interest on Exempt Loans) are allocated to Participants who are Highly Compensated Employees, the limitation on Annual Additions provided in this Section 13.3 shall not apply to:

(1) Certain Forfeitures. Forfeitures of Stock if such Stock was acquired with the proceeds of an Exempt Loan (within the meaning of Code Section 404(a)(9)(A)), or

(2) Certain Interest Payments. Contributions to the Plan which are deductible under Code Section 404(a)(9)(B) (Contributions used to pay interest on Exempt Loans) and charged against the Participant's Account.

(c) Increased Maximum Dollar Amount Before 1990. For Limitation Years beginning before July 13, 1989, the Maximum Dollar Amount may be increased as provided in Section 415(c)(6)(A) of the Code, as then in effect.

13.4 Adjustment to Reduce Annual Addition. A Participant's Annual Addition under the Plan shall be reduced if necessary to satisfy the limitation of Section 13.3 at such times and in such manner as may be provided in Revenue Procedure 2013-12 or similar guidance issued by the Internal Revenue Service.

13.5 Incorporation of Code Section 415. Annual Additions shall be limited in accordance with Code Section 415, which is hereby incorporated by reference. Code Section 415 and the Treasury Regulations thereunder shall override any contrary provision in the Plan.

ARTICLE 14

TOP-HEAVY PROVISIONS

14.1 Purpose of Article. The purpose of this Article is to provide stand-by rules that will become applicable if, and only if, the Plan should ever become "Top-Heavy" as hereinafter defined. It is not anticipated that the Plan will ever become Top-Heavy and it is not expected these rules will ever become operative.

14.2 Definitions. Solely for purposes of this ARTICLE 14, the following definitions shall apply:

(a) **"Section 416 Account Balance"** means a Participant's account balance under a defined contribution plan determined under the terms of that plan and Code Section 416 and regulations thereunder. A Participant's Section 416 Account Balance includes any part of the Section 416 Account Balance distributed during the 5-year period ending on the applicable Determination Date. A Participant's Section 416 Account Balance shall also include any contribution not actually made as of the Determination Date, but that is required to be taken into account on that date under Code Section 416 and the regulations thereunder.

(b) **"Determination Date"** means, with respect to any qualified plan, the last day of the preceding plan year of such plan, except that, for the first plan year of such plan, it means the last day of such first plan year.

(c) **"Key Employee"** means any person who is an Employee or former Employee of the Section 416 Employer within the meaning of Code Section 416(i) and regulations thereunder, or a Beneficiary of such person, who, at any time during the Plan Year that includes the Determination Date, or during any of the four preceding Plan Years, is or was one of the following:

(1) Officers. An officer of the Section 416 Employer having Section 416 Compensation greater than 50 percent of the limitation in effect under Code Section 415(b)(1)(A) for such Plan Year. For any such Plan Year, there shall be treated as officers no more than the lesser of 50 Employees or 10 percent of the Employees or, if greater than 10 percent, three Employees. For this purpose, officers with the highest annual Section 416 Compensation shall be selected.

(2) Ten Highest Paid Employees. One of the 10 Employees having Section 416 Compensation greater than the limitation in effect for such Plan Year under Code Section 415(c)(1)(A) and owning (or considered as owning within the meaning of Code Section 318 as modified by Code Section 416(i)) an interest in the Section 416 Employer which is both more than a 0.5 percent interest and the largest interests in the Section 416 Employer.

(3) 5 Percent Owners. A person who owns (or is considered to own under Code Section 318 as modified by Code Section 416(i)) more than 5 percent of the outstanding stock, or stock possessing more than 5 percent of the combined total voting power of all stock, of the Section 416 Employer.

(4) 1 Percent Owners Who Earn Over $150,000. A person who owns (or is considered to own under Code Section 318 as modified by Section 416(i) of such Code) more than 1 percent of the outstanding stock, or stock possessing more than 1 percent of the combined total voting power of all stock, of the

Section 416 Employer and receives Section 416 Compensation of more than $150,000.

(d) **"Non-Key Employee"** means any person who is an Employee or former Employee of the Section 416 Employer and is not a Key Employee or a former Key Employee.

(e) **"Permissive Aggregation Group"** means the Required Aggregation Group plus any other plan or plans of the Section 416 Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Sections 401(a)(4) and 410(b) of the Code.

(f) **"Required Aggregation Group"** means [1] each qualified plan of the Section 416 Employer in which at least one Key Employee participates or participated at any time during the 5-year period ending on the Determination Date (regardless of whether the plan has terminated), and [2] any other qualified plan of the Section 416 Employer which enables a plan described in [1] to meet the requirements of Sections 401(a)(4) or 410(b) of the Code.

(g) **"Present Value"** of a Section 416 Accrued Benefit means for any plan year the actuarial present value of the Section 416 Accrued Benefit under the defined benefit plan expressed as a benefit commencing at normal retirement age (or attained age, if later) determined on the basis of the actuarial assumptions set forth in that plan.

(h) **"Section 416 Accrued Benefit"** means a Participant's accrued benefit under a defined benefit plan determined under the terms of that plan and Code Section 416 and regulations thereunder. A Participant's Section 416 Accrued Benefit shall include any distribution of an Section 416 Accrued Benefit within the 5-year period ending on the applicable Determination Date. The Section 416 Accrued Benefit of a Participant other than a Key Employee shall be determined under [1] the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Section 415 Employer, or [2] if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

(i) **"Section 416 Compensation"** means "participant's compensation" as defined under Code Section 415(c)(3) and Treasury Regulation §1.415(c)-2(d)(4) thereunder or such other definition as may be required under Code Section 416. Effective April 1, 2008, an amount is not Section 415 Compensation if it is paid after the Participant's severance from employment unless (i) the Participant is in qualified military service (as defined in Code Section 414(u)), (ii) the Participant is permanently and totally disabled (as defined in Code Section 22(e)(3)), or (iii) the amount is paid by the later of 2-1/2 months after severance from employment or the end of the year that includes the date of severance from employment and is described in Treasury Regulation §1.415(c)-2(e)(3)(ii) or (iii).

(j) **"Section 416 Employer"** includes:

(1) any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) that includes the Corporation,

(2) any trades or businesses (whether or not incorporated) that are under common control as defined in Code Section 414(c) that include the Corporation,

(3) any member of an affiliated service group as defined in Code Section 414(m) that includes the Corporation, and

(4) any entity required to be included under Code Section 414(o) in accordance with regulations thereunder.

(k) **"Top-Heavy Plan"** has the meaning set forth in Section 14.3.

(l) **"Top-Heavy Ratio"** has the meaning set forth in Section 14.4.

14.3 Top-Heavy Plan. The Plan is a Top-Heavy Plan for any Plan Year if any of the following conditions exist:

(a) Top-Heavy Plan. The Top-Heavy Ratio for the Plan exceeds 60 percent and the Plan is not part of any Required Aggregation Group or Permissive Aggregation Group.

(b) Top-Heavy Required Aggregation Group. The Plan is part of a Required Aggregation Group but not part of a Permissive Aggregation Group and the Top-Heavy Ratio for the Required Aggregation Group exceeds 60 percent.

(c) Top-Heavy Permissive Aggregation Group. The Plan is part of a Permissive Aggregation Group and the Top-Heavy Ratios for the Plan, any Required Aggregation Group of which it is part, and the Permissive Aggregation Group all exceed 60 percent.

14.4 Top-Heavy Ratio.

(a) Section 416 Employer Maintains No Defined Benefit Plan. If the Section 416 Employer has not maintained any defined benefit plan that had a Section 416 Accrued Benefit during the 5-year period ending on the Determination Date, the Top-Heavy Ratio for this Plan alone, or for the Required Aggregation Group or Permissive Aggregation Group as appropriate, is a fraction:

(1) the numerator of which is the total Section 416 Account Balances under the defined contribution plan or plans for all Key Employees as of the applicable Determination Date(s), and

(2) the denominator of which is the total Section 416 Account Balances under the defined contribution plan or plans for all Key Employees and Non-key Employees as of the applicable Determination Date(s), both computed in accordance with Code Section 416 and regulations thereunder.

(b) Section 416 Employer Maintains a Defined Benefit Plan. If the Section 416 Employer has maintained one or more defined benefit plans that had Section 416 Accrued Benefits during the 5-year period ending on the Determination Date, the Top-Heavy Ratio for the Required or Permissive Aggregation Group as appropriate is a fraction:

(1) the numerator of which is the sum of [1] the Section 416 Account Balances under the aggregated defined contribution plan or plans and [2] the Present Value of Section 416 Accrued Benefits under the aggregated defined benefit plan or plans for all Key Employees as of the applicable Determination Dates, and

(2) the denominator of which is the sum of [1] the Section 416 Account Balances under the aggregated defined contribution plan or plans and [2] the Present Value of Section 416 Accrued Benefits under the aggregated defined benefit plan or plans for all Key Employees and Non-key Employees, as of the applicable Determination Dates, all determined in accordance with Code Section 416 and the regulations thereunder.

(c) Rules Governing Section 416 Accrued Benefits and Section 416 Account Balances. For purposes of Section 14.4(a) and Section 14.4(b):

(1) The value of Section 416 Account Balances and the Present Value of Section 416 Accrued Benefits shall be determined as of the most recent Valuation Dates that fall within the 12-month periods ending with the applicable Determination Dates, except as provided under Code Section 416 and the Regulations thereunder for the first and second plan years of a defined benefit plan.

(2) The Section 416 Account Balances and Section 416 Accrued Benefit of a Participant [1] who is not a Key Employee but who was a Key Employee in a previous year, or [2] who has not been credited with at least one Hour of Service at any time during the 5-year period ending on the Determination Date will be disregarded.

(3) The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers and transfers are taken into account will be made in accordance with Code Section 416 and the regulations thereunder.

(4) Deductible employee contributions will not be taken into account for purposes of computing the Top-Heavy Ratio.

(5) When aggregating plans, the value of Section 416 Account Balances and Section 416 Accrued Benefits will be calculated with reference to the Determination Dates of the respective plans that fall within the same calendar year as the Determination Date for this Plan.

14.5 Application of Top-Heavy Rules. Notwithstanding anything herein to the contrary, the following rules shall apply for any Plan Year in which the Plan is a Top-Heavy Plan.

(a) Minimum Vesting. A Participant's vested interest in his Accrued Benefit under the Plan shall be determined under Section 14.6.

(b) Minimum Benefit. Each Participant who is a Non-key Employee shall receive a minimum allocation determined under Section 14.7.

(c) Limitation on Benefits. The dollar limitations taken into account under Code Section 415(e) shall be adjusted as provided in Section 13.4(d). This Section 14.5(c) shall not apply for Plan Years beginning on or after April 1, 2000.

(d) Limitation on Compensation. For Plan Years beginning prior to January 1, 1989, the Plan shall provide the special Compensation limitations of Code Section 416(d).

14.6 Minimum Vesting. For each Plan Year in which the Plan is a Top-Heavy Plan, a Participant who has at least one Hour of Service after the Plan becomes a Top-Heavy Plan shall have a vested interest in his Account determined in accordance with the following vesting schedule:

Years of Eligibility service	Vested Interest
1	0%
2	0%
3 or more	100%

If the Plan ceases to be a Top-Heavy Plan, the above vesting schedule shall no longer apply, provided, however, that no Participant shall be subject to a reduction in his vested interest.

14.7 Minimum Benefits. For each Plan Year in which the Plan is a Top-Heavy Plan, a Participant who is an Employee of a Section 416 Employer on the last day of the Plan Year shall receive a minimum contribution as provided in this Section 14.7.

(a) Employees Who Do Not Participate in a Defined Benefit Plan. In the case of a Participant who is a Non-key Employee and who does not participate in any defined

benefit plan of the Section 416 Employer, the Section 416 Employer shall provide an additional contribution under this Plan (or under another defined contribution plan) equal to the difference between the aggregate contributions made on his behalf under this Plan and all other defined contribution plans of the Section 416 Employer for the Plan Year and 3 percent of the Participant's Section 416 Compensation for the Plan Year (the "minimum contribution").

(b) Employees Who Participate in a Defined Benefit Plan.

(1) Accrual of Minimum Benefit under Defined Benefit Plan. It is contemplated that each Participant who is a Non-key Employee and who participates in a defined benefit plan of the Section 416 Employer will accrue a minimum benefit under the top-heavy minimum benefit accrual provisions of the defined benefit plan of the Section 416 Employer.

(2) Failure To Accrue Minimum Benefit under Defined Benefit Plan. In the case of a Participant who is a Non-key Employee, who participates in a defined benefit plan of the Section 416 Employer, and who does not accrue a minimum benefit under the top-heavy minimum benefit provisions of such plan, the Section 416 Employer shall provide an additional contribution under this Plan (or under another defined contribution plan) equal to the difference between the aggregate contributions made on his behalf under this Plan and all other defined contribution plans of the Section 416 Employer for the Plan Year and 5 percent of the Participant's Section 416 Compensation for the Plan Year (the "minimum contribution"). For any Plan Year that includes the last day of a Limitation Year (as defined in Section 13.2(e)) in which Employer elects to use 1.25 in the denominators of the defined benefit fraction and defined contribution fraction in applying Code Section 415(e), the term "7.5 percent" shall be substituted for "5 percent" in the preceding sentence.

(c) Additional Rules. The following additional rules shall apply in determining the amount of any minimum contribution to be made with respect to a Participant under this Section 14.7.

(1) Social Security Contributions Disregarded. The minimum contribution is determined without regard to any social security contribution.

(2) Minimum Service and Compensation Rules Disregarded. The minimum contribution shall be made even though, under other Plan provisions, the Participant would not otherwise be entitled to receive a contribution, or would have received a lesser contribution of the year because of [1] the Participant's failure to complete 1,000 Hours of service (or any equivalent provided in the Plan), or [2] Compensation less than a stated amount.

14.8 EGTRRA Amendment.

(a) Effective date. This Section 14.8 shall apply for purposes of determining whether the Plan is a top-heavy plan under Section 416(g) of the Code for Plan Years beginning after March 31, 2001, and whether the Plan satisfies the minimum benefits requirements of Section 416(c) of the Code for such years. This section shall govern over any contrary provision in this Article 14.

(b) Determination of Top-Heavy Status.

(1) Key Employee. Key Employee means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the Determination Date was an officer of the Employer having annual compensation greater than $130,000 (as adjusted under section 416(i)(1) of the Code for plan years beginning after March 31, 2002), a 5-percent owner of the employer, or a 1-percent owner of the employer having annual compensation of more than $150,000. For this purpose, annual compensation means compensation within the meaning of section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

(2) Determination of Present Values and Amounts. This Section 14.8(b)(2) shall apply for purposes of determining the present values of accrued benefits and the amounts of account balances of employees as of the Determination Date.

(A) Distributions during year ending on the determination date. The present values of accrued benefits and the amounts of account balances of an employee as of the Determination Date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under section 416(g)(2) of the Code during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting 5-year period for 1-year period.

(B) Employees not performing services during year ending on the Determination Date. The accrued benefits and accounts of any individual who has not performed services for the Employer during the 1-year period ending on the Determination Date shall not be taken into account.

(c) Minimum Benefits. Employer matching contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of section 416(c)(2) of the Code and the Plan. The preceding sentence shall apply with respect to matching contributions under the Plan or, if the plan provides that the minimum contribution requirement shall be met in another plan, such other plan. Employer matching contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of section 401(m) of the Code.

ARTICLE 15

MISCELLANEOUS

15.1 Plan Not a Contract of Employment. The Plan shall not be deemed to constitute a contract of employment between the Corporation or any Affiliate and any person, or to be a consideration for, or an inducement for the employment of any person by the Corporation or any Affiliate. Nothing contained in the Plan shall be deemed to give any person the right to be retained in service or to interfere with the right of the Corporation or any Affiliate to discharge any Employee at any time without regard to the effect which such discharge shall have upon his rights, if any, under the Plan.

15.2 Benefits Payable Only from Plan Assets. All rights of Participants and Beneficiaries shall be enforceable only against the Trust Fund held by the Trustee, and no such person shall have any claim against the Corporation or any Affiliate.

15.3 Provisions of Plan Binding on All Persons. The Plan, including the Trust Agreement, and each and every provision hereof and of the Trust Agreement, and any amendment or modification hereof or of the Trust Agreement, shall be binding upon all Employees, Participants and their spouses and Beneficiaries hereunder and all other persons having or claiming to have any interest of any kind or nature in or under the Plan, and upon their respective heirs, executors, administrators, successors and assigns.

15.4 Non-Alienation of Benefits. Except as required by the provisions of a Qualified Domestic Relations Order, or as otherwise required by law, a Participant's or Beneficiary's interest in the Plan and Trust and shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge such interest shall be void; and such interest shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements, or torts of the person who shall be entitled thereto, nor shall it be subject to attachment or legal process for or against such person.

15.5 Limitations on Merger, Consolidation, etc. The Plan shall not be merged or consolidated with, nor shall any of its assets or liabilities be transferred to, any other plan unless each participant in the surviving or transferee plan would, if such plan then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer if the plan in which he was a participant had then terminated.

15.6 Plan Intended To Be Qualified. The Plan is intended to qualify under Sections 401(a) of the Code and shall be construed in accordance with such intention. No person shall be entitled to require the Plan to provide any benefit or take or refrain from taking any action which the Committee in its judgment believes would be likely to cause the Plan to fail to so qualify.

15.7 Construction. Headings of articles, sections, subsections and paragraphs are inserted for convenience of reference; they are not part of the Plan and shall not be considered in construing it. A pronoun or adjective in the masculine gender includes the feminine gender, and the singular includes the plural, unless the context clearly indicates otherwise.

15.8 Governing Law. The Plan and Trust shall be construed, administered and enforced according to the laws of the State of New York to the extent such laws are not inconsistent with or preempted by ERISA.

15.9 Qualified Military Service.

(a) Uniformed Services Employment and Re-employment Rights Act. Notwithstanding any provision in the Plan to the contrary, contributions, credit and benefits with respect to qualified military service shall be provided in accordance with Code Section 414(u).

(b) Death Benefits Under Qualified Active Military Service. In the case of a Participant who dies while performing qualified military service (as defined in Code Section 414(u)), the survivors of the Participant shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed and then terminated employment on account of death.

(C) Differential Wage Payments. Salary and wages paid to Participants that constitutes "differential wage payments" within the meaning of Code Section 414(u)(12) shall be treated as Compensation paid to an Employee to the extent required under Code Section 414(u).

IN WITNESS WHEREOF, the Corporation has caused this restated Plan to be executed by its duly authorized corporate officer this 1st day of August, 2016, to be effective as of April 1, 2015.

COLUMBUS McKINNON CORPORATION

By **/s/ Gregory P. Rustowicz**

Title **VP Finance and CFO**

SCHEDULE A

PARTICIPATING EMPLOYERS AND ELIGIBLE EMPLOYEES

Reflecting Amendment of the Plan through April 1, 2015

1. Columbus McKinnon Corporation (April 1, 1987)
Columbus McKinnon Corporation established the Plan as a profit sharing plan covering certain salaried employees effective April 1, 1987. The Plan was restated as an ESOP effective November 1, 1988.

- The Plan was again restated effective April 1, 1989 and at that time the Plan covered nonunion salaried employees, office employees and nonunion factory employees at Columbus McKinnon Corporation's Tonawanda facility.

- The Plan was amended effective October 1, 1994 to extend coverage to all other nonunion hourly employees of Columbus McKinnon Corporation.

- The Plan was amended effective February 24, 1995 to exclude salaried employees of the Positech and Durbin Durco Divisions of Columbus McKinnon Corporation. These division had been non-participating subsidiary corporations which merged into Columbus McKinnon on that date.

- The Plan was amended effective April 1, 1998 to extend coverage to all nonunion employees of Columbus McKinnon Corporation who are regularly employed at a facility in the United States.

2. Lift-Tech International, Inc. (April 1, 1996)
Columbus McKinnon Corporation acquired Lift-tech International, Inc. (Lift-Tech) on November 1, 1995 and merged Lift-Tech into Columbus McKinnon Corporation on March 1, 1997. Nonunion employees of Lift-Tech who meet the age and service requirements under the Plan and satisfy the definition of "Eligible Employee" are eligible to enter the Plan on or after April 1, 1996 in accordance with Section 2.1 of the Plan. Such Employees are granted Eligibility Service and Vesting Service under the Plan for service with Lift-Tech International, Inc. and its affiliates prior to November 1, 1995.

3. Yale Industrial Products, Inc. (April 1, 1998)
Columbus McKinnon Corporation acquired Spreckels Industries, Inc. and its subsidiaries on January 3, 1997. Effective March 31, 1997, Spreckels was merged into its subsidiary, Duff-Norton Company, Inc., and the subsidiary was renamed "Yale Industrial Products, Inc.". Nonunion employees of Yale Industrial Products, Inc. who meet the age and service requirements under the Plan and satisfy the definition of "Eligible Employee" are eligible to enter the Plan on or after April 1, 1998 in accordance with Section 2.1 of the Plan.

Employees of Yale Industrial Products, Inc. who may be Eligible Employees include all nonunion Employees. Such Employees are granted Eligibility Service and Vesting Service under the Plan for service with Duff-Norton Company, Inc. and its affiliates prior to January 3, 1997.

4. Automatic Systems, Inc. (April 1, 1999)
Columbus McKinnon Corporation acquired LICO, Inc. and its subsidiaries, including Automatic Systems, Inc., on March 31, 1998. Persons employed as nonunion Employees by Automatic Systems, Inc. on September 1, 1999, who meet the age and service requirements under the Plan and satisfy the definition of "Eligible Employee" on or after April 1, 1999 are eligible to enter the Plan on or after April 1, 1999 in accordance with Section 2.1 of the Plan.

Employees of Automatic Systems, Inc. who may be Eligible Employees include all nonunion Employees. Such Employees are granted Eligibility Service and Vesting Service under the Plan for service with Automatic Systems, Inc. and its affiliates prior to March 31, 1998.

5. Washington Equipment Company (January 1, 2000)
Columbus McKinnon Corporation acquired Washington Equipment Company on April 29, 1999. Persons employed as nonunion employees by Washington Equipment Company on January 1, 2000, who meet the age and service requirements under the Plan and satisfy the definition of "Eligible Employee" shall be eligible to enter the Plan on or after January 1, 2000 in accordance with Section 2.1 of the Plan.

Employees of Washington Equipment Company who may be Eligible Employees include all nonunion Employees. Such Employees are granted Eligibility Service and Vesting Service under the Plan for service with Washington Equipment Company and its affiliates prior to April 29, 1999.

5. Gaffey, Inc. (January 1, 2000)
Gaffey, Inc. was a wholly-owned subsidiary of GL International Inc. GL International Inc. was merged into a subsidiary of Columbus McKinnon Corporation on March 1, 1999 with the result that Gaffey, Inc. became a subsidiary of Columbus McKinnon Corporation on that date. Persons employed as nonunion Employees by Gaffey, Inc. on January 1, 2000, who meet the age and service requirements under the Plan and satisfy the definition of "Eligible Employee" are eligible to enter the Plan on or after January 1, 2000 in accordance with Section 2.1 of the Plan.

Employees of Gaffey, Inc. who may be Eligible Employees include all nonunion Employees. Such Employees are granted Eligibility Service and Vesting Service under the Plan for service with Gaffey, Inc. and its affiliates prior to March 1, 1999.

6. Handling Systems and Conveyors, Inc. (January 1, 2000)

Handling Systems and Conveyors, Inc. (HSC) was a wholly-owned subsidiary of GL International Inc. GL International Inc. was merged into a subsidiary of Columbus McKinnon Corporation on March 1, 1999 with the result that HSC became a subsidiary of Columbus McKinnon Corporation on that date. Persons employed as nonunion Employees of HSC on January 1, 2000, who meet the age and service requirements under the Plan and satisfy the definition of "Eligible Employee" are eligible to enter the Plan on or after January 1, 2000 in accordance with Section 2.1 of the Plan.

Employees of this corporation who may be Eligible Employees include all nonunion employees. Such employees are granted Eligibility Service and Vesting Service under the Plan for service with HSC and its affiliates prior to March 1, 1999.

ADOPTION AGREEMENT

1.01 PREAMBLE

By the execution of this Adoption Agreement the Plan Sponsor hereby [complete (a) or (b)]

(a) ☐ adopts a new plan as of ____________[month, day, year]

(b) ☒ amends and restates its existing plan as of January 1, 2013 which is the Amendment Restatement Date. Except as otherwise provided in Appendix A, all amounts deferred under the Plan prior to the Amendment Restatement Date shall be governed by the terms of the Plan as in effect on the day before the Amendment Restatement Date.

Original Effective Date: January 1, 2008

Pre-409A Grandfathering: ☐ Yes ☐ No

1.02 PLAN

Plan Name: Columbus McKinnon Corporation Deferred Compensation Plan

Plan Year: January 1 – December 31

1.03 PLAN SPONSOR

Name:	Columbus McKinnon Corporation
Address:	140 John James Audubon Parkway, Amherst, NY 14228-1197
Phone # :	716-689-5400
EIN:	16-0547600
Fiscal Yr:	April 1 – March 31

Is stock of the Plan Sponsor, any Employer or any Related Employer publicly traded on an established securities market?

☒ Yes ☐ No

1.04 EMPLOYER

The following entities have been authorized by the Plan Sponsor to participate in and have adopted the Plan (insert "Not Applicable" if none have been authorized):

Entity	Publicly Traded on Est. Securities Market: Yes	No
Yale Industrial Products, Inc.	☐	☒
Crane Equipment & Service, Inc.	☐	☒
	☐	☐
	☐	☐
	☐	☐
	☐	☐

1.05 ADMINISTRATOR

The Plan Sponsor has designated the following party or parties to be responsible for the administration of the Plan:

Name: Columbus McKinnon Corporation
Address: 140 John James Audubon Parkway, Amherst, NY 14228-1197

Note: The Administrator is the person or persons designated by the Plan Sponsor to be responsible for the administration of the Plan. Neither Fidelity Employer Services Company nor any other Fidelity affiliate can be the Administrator.

1.06 KEY EMPLOYEE DETERMINATION DATES

The Employer has designated March 31 as the Identification Date for purposes of determining Key Employees.

In the absence of a designation, the Identification Date is December 31.

The Employer has designated July 1 as the effective date for purposes of applying the six month delay in distributions to Key Employees.

In the absence of a designation, the effective date is the first day of the fourth month following the Identification Date.

2.01 PARTICIPATION

(a) ☒ Employees [complete (i), (ii) or (iii)]

(i) ☒ Eligible Employees are selected by the Employer.

(ii) ☐ Eligible Employees are those employees of the Employer who satisfy the following criteria:

____

____

____

____

____

(iii) ☐ Employees are not eligible to participate.

(b) ☒ Directors [complete (i), (ii) or (iii)]

(i) ☒ All Directors are eligible to participate.

(ii) ☐ Only Directors selected by the Employer are eligible to participate.

(iii) ☐ Directors are not eligible to participate.

2.02 CATEGORIES OF PARTICIPANTS

Participants who are Eligible Employees and do not accrue benefits under a defined benefit pension plan that is qualified under Section 401(a) of the Code maintained by the Employer shall be classified as Regular Participants. Participants who are Eligible Employees and do accrue benefits under a defined benefit pension plan maintained by the Employer that is qualified under Section 401(a) of the Code shall be classified as DB Eligible Participants. Participants who are Directors but not Eligible Employees shall be neither Regular Participants nor DB Eligible Participants.

3.01 COMPENSATION

For purposes of determining Participant contributions under Article 4 and Employer contributions under Article 5, Compensation shall be defined in the following manner [complete (a) or (b) and select (c) and/or (d), if applicable]:

(a) ☒ Compensation is defined as:

The Participant's base salary payable by the Employer for a Plan Year including deferrals made by the Participant under the Plan and any amounts deferred under a qualified cash or deferred arrangement under Section 401(k) of the Code or a cafeteria plan under Section 125 of the Code plus commissions and Bonuses.

(b) ☐ Compensation as defined in _____ [insert name of qualified plan] without regard to the limitation in Section 401(a)(17) of the Code for such Plan Year.

(c) ☒ Director Compensation is defined as:

The annual retainer fees earned by the Director for service as a Director, any fees earned by the Director for service as a member of a committee of the Board of Directors, and any restricted stock units that may be settled in cash.

(d) ☒ Excess Compensation is defined as the Participant's Compensation within the meaning of Section 3.01(a) of the Adoption Agreement but only as to amounts in excess of the Section 401(a)(17) of the Code limit in effect for the Plan Year.

(e) ☐ Not Applicable.

3.02 BONUSES

Compensation, as defined in Section 3.01 of the Adoption Agreement, includes the following type of bonuses that will be the subject of a separate deferral election:

Type	Will be treated as Performance Based Compensation	
	Yes	No
Executive Variable Compensation Plan	☒	☐
Management Variable Compensation Plan	☒	☐
	☐	☐

☐ Not Applicable.

4.01 PARTICIPANT CONTRIBUTIONS

If Participant contributions are permitted, complete (a), (b), and (c). Otherwise complete (d).

(a) Amount of Deferrals

A Participant may elect within the period specified in Section 4.01(b) of the Adoption Agreement to defer the following amounts of remuneration. For each type of remuneration listed, complete "dollar amount" and / or "percentage amount".

A Participant may elect to defer *either* Compensation as defined in Section 3.01(a) of the Adoption Agreement or Excess Compensation as defined in Section 3.01(a) of the Adoption Agreement. A Participant may not elect to defer both Compensation and Excess Compensation.

(i) Compensation Other than Bonuses

	Dollar Amount		% Amount		
Type of Remuneration	Min	Max	Min	Max	Increment
(a) Base Salary			1	75	1%
(b) Commissions			1	75	1%
(c)					

Note: The increment is required to determine the permissible deferral amounts. For example, a minimum of 0% and maximum of 20% with a 5% increment would allow an individual to defer 0%, 5%, 10%, 15% or 20%.

(ii) Bonuses

	Dollar Amount		% Amount		
Type of Bonus	Min	Max	Min	Max	Increment
(a) Exec VCP			1	100	1%
(b) Mar. VCP			1	100	1%
(c)					

(iii) Excess Compensation

Dollar Amount		% Amount		
Min	Max	Min	Max	Increment
		1	75	1%

(iv) Director Compensation

	Dollar Amount		% Amount		
Type of Compensation	Min	Max	Min	Max	Increment
Annual Retainer			1	100	1%
Meeting Fees			1	100	1%
Other:					
Other:					

(b) Election Period

(i) Performance Based Compensation

A special election period

☒ Does ☐ Does Not

apply to each eligible type of performance based compensation referenced in Section 3.02 of the Adoption Agreement.

The special election period, if applicable, will be determined by the Employer.

(ii) Newly Eligible Participants

An employee who is classified or designated as an Eligible Employee during a Plan Year

☒ May ☐ May Not

elect to defer Compensation earned during the remainder of the Plan Year by completing a deferral agreement within the 30 day period beginning on the date he is eligible to participate in the Plan.

(c) Revocation of Deferral Agreement

A Participant's deferral agreement

☒ Will
☐ Will Not

be cancelled for the remainder of any Plan Year during which he receives a hardship distribution of elective deferrals from a qualified cash or deferred arrangement maintained by the Employer to the extent necessary to satisfy the requirements of Reg. Sec. 1.401(k)-1(d)(3). If cancellation occurs, the Participant may resume participation in accordance with Article 4 of the Plan.

(d) No Participant Contributions

☐ Participant contributions are not permitted under the Plan.

5.01 EMPLOYER CONTRIBUTIONS

If Employer contributions are permitted, complete (a) and/or (b). Otherwise complete (c).

(a) Matching Contributions

(i) Amount

For each Plan Year, the Employer shall make a Matching Contribution on behalf of each Participant who defers Compensation for the Plan Year and satisfies the requirements of Section 5.01(a)(ii) of the Adoption Agreement equal to [complete the ones that are applicable]:

(A) ☐ _____ [insert percentage] of the Compensation the Participant has elected to defer for the Plan Year

(B) ☐ An amount determined by the Employer in its sole discretion

(C) ☐ Matching Contributions for each Participant shall be limited to $_____ and/or _____% of Compensation.

(D) ☒ Other:
See attachment to Section 5.01(a)(i)(D)

(E) ☐ Not Applicable [Proceed to Section 5.01(b)]

(ii) Eligibility for Matching Contribution

A Participant who defers Compensation for the Plan Year shall receive an allocation of Matching Contributions determined in accordance with Section 5.01(a)(i) provided he satisfies the following requirements [complete the ones that are applicable]:

(A) ☒ Describe requirements:
See attachment to Section 5.01(a)(ii)(A)

(B) ☐ Is selected by the Employer in its sole discretion to receive an allocation of Matching Contributions

(C) ☐ No requirements

(iii) Time of Allocation

Matching Contributions, if made, shall be treated as allocated [select one]:

(A) ☐ As of the last day of the Plan Year

(B) ☐ At such times as the Employer shall determine in it sole discretion

(C) ☐ At the time the Compensation on account of which the Matching Contribution is being made would otherwise have been paid to the Participant

(D) ☒ Other:
<u>On a payroll basis</u>
____

(b) Other Contributions

(i) Amount

The Employer shall make a contribution on behalf of each Participant who satisfies the requirements of Section 5.01(b)(ii) equal to [complete the ones that are applicable]:

(A) ☒ An amount equal to 2% (two percent) of the Participant's Excess Compensation

(B) ☐ An amount determined by the Employer in its sole discretion

(C) ☐ Contributions for each Participant shall be limited to $__________

(D) ☐ Other:
____
____
____

(E) ☐ Not Applicable [Proceed to Section 6.01]

(ii) Eligibility for Other Contributions

A Participant shall receive an allocation of other Employer contributions determined in accordance with Section 5.01(b)(i) for the Plan Year if he satisfies the following requirements [complete the one that is applicable]:

(A) ☒ Describe requirements:
Must be a Regular Participant for the Plan Year

(B) ☐ Is selected by the Employer in its sole discretion to receive an allocation of other Employer contributions

(C) ☐ No requirements

(iii) Time of Allocation

Employer contributions, if made, shall be treated as allocated [select one]:

(A) ☐ As of the last day of the Plan Year

(B) ☐ At such time or times as the Employer shall determine in its sole discretion

(C) ☒ Other:
On a Payroll basis.

(c) No Employer Contributions

☐ Employer contributions are not permitted under the Plan.

6.01 DISTRIBUTIONS

The timing and form of payment of distributions made from the Participant's vested Account shall be made in accordance with the elections made in this Section 6.01 of the Adoption Agreement except when Section 9.6 of the Plan requires a six month delay for certain distributions to Key Employees of publicly traded companies.

(a) Timing of Distributions

(i) All distributions shall commence in accordance with the following [choose one]:

(A) ☐ As soon as administratively feasible following the distribution event but in no event later than the time prescribed by Treas. Reg. Sec. 1.409A-3(d).

(B) ☒ Monthly on specified day 15th [insert day]

(C) ☐ Annually on specified month and day _____ [insert month and day]

(D) ☐ Calendar quarter on specified month and day [_____month of quarter (insert 1,2 or 3); _____ day (insert day)]

(ii) The timing of distributions as determined in Section 6.01(a)(i) shall be modified by the adoption of:

(A) ☒ Event Delay – Distribution events other than those based on Specified Date or Specified Age will be treated as not having occurred for 6 months) (six months) months [insert number of months].

(B) ☐ Hold Until Next Year – Distribution events other than those based on Specified Date or Specified Age will be treated as not having occurred for twelve months from the date of the event if payment pursuant to Section 6.01(a)(i) will thereby occur in the next calendar year or on the first payment date in the next calendar year in all other cases.

(C) ☐ Immediate Processing – The timing method selected by the Plan Sponsor under Section 6.01(a)(i) shall be overridden for the following distribution events [insert events]:

____

____

(D) ☐ Not applicable.

(b) Distribution Events

Participants may elect the following payment events and the associated form or forms of payment. If multiple events are selected, the earliest to occur will trigger payment. For installments, insert the range of available periods (e.g., 5-15) or insert the periods available (e.g., 5,7,9).

Amounts attributable to Employer contributions described in Section 5.01(b) of the Adoption Agreement will be paid as a lump sum upon Separation from Service.

			Lump Sum	Installments
(i)	☒	Specified Date	X	1-10 years
(ii)	☐	Specified Age	_____	_____ years
(iii)	☒	Separation from Service	X	1-10 years
(iv)	☐	Separation from Service plus 6 months	_____	_____ years
(v)	☐	Separation from Service plus _____ months [not to exceed _____months]	_____	_____ years
(vi)	☐	Retirement	_____	_____ years
(vii)	☐	Retirement plus 6 months	_____	_____ years
(viii)	☐	Retirement plus _____ months [not to exceed _____ months]	_____	_____ years
(ix)	☒	Disability	X	1-10 years
(x)	☒	Death	X	1-10 years
(xi)	☐	Change in Control	_____	_____ years

The minimum deferral period for Specified Date or Specified Age event shall be two years.

Installments may be paid [select each that applies]

☒ Monthly
☐ Quarterly
☐ Annually

(c) Specified Date and Specified Age elections may not extend beyond age seventy-five [insert age or "Not Applicable" if no maximum age applies].

(d) Payment Election Override

Payment of the remaining vested balance of the Participant's Account will automatically occur at the time specified in Section 6.01(a) of the Adoption Agreement in the form indicated upon the earliest to occur of the following events [check each event that applies and for each event include only a single form of payment]:

	EVENTS	FORM OF PAYMENT	
☐	Separation from Service	______ Lump sum	______ Installments
☐	Separation from Service before Retirement	______ Lump sum	______ Installments
☐	Death	______ Lump sum	______ Installments
☐	Disability	______ Lump sum	______ Installments
☒	Not Applicable		

(e) Involuntary Cashouts

☒ If the Participant's vested Account at the time of his Separation from Service does not exceed $10,000 distribution of the vested Account shall automatically be made in the form of a single lump sum in accordance with Section 9.5 of the Plan.

☐ There are no involuntary cashouts.

(f) Retirement

☐ Retirement shall be defined as a Separation from Service that occurs on or after the Participant [insert description of requirements]:

____

____

☒ No special definition of Retirement applies.

(g) Distribution Election Change

A Participant

☒ Shall
☐ Shall Not

be permitted to modify a scheduled distribution date and/or payment option in accordance with Section 9.2 of the Plan.

A Participant shall generally be permitted to elect such modification one time.

Administratively, allowable distribution events will be modified to reflect all options necessary to fulfill the distribution change election provision.

(h) Frequency of Elections

The Plan Sponsor

☒ Has
☐ Has Not

Elected to permit annual elections of a time and form of payment for amounts deferred under the Plan. If a single election of a time and/or form of payment is required, the Participant will make such election at the time he first completes a deferral agreement which, in all cases, will be no later than the time required by Reg. Sec. 1.409A-2.

7.01 VESTING

(a) Matching Contributions

The Participant's vested interest in the amount credited to his Account attributable to Matching Contributions shall be based on the following schedule:

☒

Years of Service	Vesting %	
0	0	(insert '100' if there is immediate vesting)
1	20	
2	40	
3	60	
4	80	
5	100	
6	____	
7	____	
8	____	
9	____	

☐ Other:

____

____

☐ Class year vesting applies.

____

☐ Not applicable.

(b) Other Employer Contributions

The Participant's vested interest in the amount credited to his Account attributable to Employer contributions other than Matching Contributions shall be based on the following schedule:

☒

Years of Service	Vesting %	
0	0	(insert '100' if there is immediate vesting)
1	20	
2	40	
3	60	
4	80	
5	100	
6	____	
7	____	
8	____	
9	____	

☐ Other:

____

____

☐ Class year vesting applies.

____

☐ Not applicable.

(c) Acceleration of Vesting

A Participant's vested interest in his Account will automatically be 100% upon the occurrence of the following events: [select the ones that are applicable]:

(i) ☒ Death

(ii) ☐ Disability

(iii) ☐ Change in Control

(iv) ☐ Eligibility for Retirement

(v) ☐ Other: ______________________________
____

(vi) ☐ Not applicable.

(d) Years of Service

(i) A Participant's Years of Service shall include all service performed for the Employer and

☒ Shall
☐ Shall Not

include service performed for the Related Employer.

(ii) Years of Service shall also include service performed for the following entities:

Any entity or enterprise for which the Employer determines, in its sole discretion, to grant service credit.

(iii) Years of Service shall be determined in accordance with (select one)

(A) ☐ The elapsed time method in Treas. Reg. Sec. 1.410(a)-7

(B) ☐ The general method in DOL Reg. Sec. 2530.200b-1 through b-4

(C) ☐ The Participant's Years of Service credited under [insert name of plan] ______________________________
____

(D) ☒ Other: The elapsed time method in Treas. Reg. Sec. 1.410(a)-7 or the Participant's Years of Service credited under the 401(k) plan sponsored by the Employer, if greater, for a given year.

(iv) ☐ Not applicable.

8.01 UNFORESEEABLE EMERGENCY

(a) A withdrawal due to an Unforeseeable Emergency as defined in Section 2.24:

☒ Will
☐ Will Not [if Unforeseeable Emergency withdrawals are not permitted, proceed to Section 9.01]

be allowed.

(b) Upon a withdrawal due to an Unforeseeable Emergency, a Participant's deferral election for the remainder of the Plan Year:

☒ Will
☐ Will Not

be cancelled. If cancellation occurs, the Participant may resume participation in accordance with Article 4 of the Plan.

9.01 INVESTMENT DECISIONS

Investment decisions regarding the hypothetical amounts credited to a Participant's Account shall be made by [select one]:

(a) ☒ The Participant or his Beneficiary

(b) ☐ The Employer

10.01 TRUST

The Employer [select one]:

☒ Does
☐ Does Not

intend to establish a rabbi trust as provided in Article 11 of the Plan.

11.01 <u>TERMINATION UPON CHANGE IN CONTROL</u>

The Plan Sponsor

☒ Reserves
☐ Does Not Reserve

the right to terminate the Plan and distribute all vested amounts credited to Participant Accounts upon a Change in Control as described in Section 9.7.

11.02 <u>AUTOMATIC DISTRIBUTION UPON CHANGE IN CONTROL</u>

Distribution of the remaining vested balance of each Participant's Account

☒ Shall
☐ Shall Not

automatically be paid as a lump sum payment upon the occurrence of a Change in Control as provided in Section 9.7.

11.03 <u>CHANGE IN CONTROL</u>

A Change in Control for Plan purposes includes the following [select each definition that applies]:

(a) ☒ A change in the ownership of the Employer as described in Section 9.7(c) of the Plan.

(b) ☒ A change in the effective control of the Employer as described in Section 9.7(d) of the Plan.

(c) ☒ A change in the ownership of a substantial portion of the assets of the Employer as described in Section 9.7(e) of the Plan.

(d) ☐ Not Applicable.

12.01 GOVERNING STATE LAW

The laws of the state of New York shall apply in the administration of the Plan to the extent not preempted by ERISA.

EXECUTION PAGE

The Plan Sponsor has caused this Adoption Agreement to be executed this 21st day of December, 2012.

PLAN SPONSOR: Columbus McKinnon Corporation

By: Richard A Steinberg

Title: VP - Human Resources

APPENDIX A

SPECIAL EFFECTIVE DATES

Not Applicable

Attachment to

Sections 5.01(a)(i)(D) and 5.01(a)(ii)(A)

Amount of and Eligibility for Matching Contribution

(a) General. A Participant must be either a Regular Participant or a DB Eligible Participant to receive an allocation of a Matching Contribution for a Plan Year. A Participant must elect to defer Excess Compensation in order to receive an allocation of a Matching Contribution. A Matching Contribution will not be made with respect to a deferral of Compensation.

(b) Amount. A Participant who is a Regular Participant shall receive a Matching Contribution for each Plan Year equal to:

Years of Service	Match as % of Deferral
0 – 2	25% of first 6% of Excess Compensation
3 – 6	50% of first 6% of Excess Compensation
7 or more	100% of first 6% of Excess Compensation

A Participant who is a DB Eligible Participant shall receive a Matching Contribution for each Plan Year equal to 50% of deferrals not exceeding the first 3% of Excess Compensation.

(c) Eligibility. A Regular Participant or a DB Eligible Participant who elects to defer Excess Compensation shall receive a Matching Contribution for each Plan Year in accordance with the appropriate formula described above in (b).

COLUMBUS McKINNON CORPORATION
DEFERRED COMPENSATION PLAN

Amendment One of 2013 Plan Restatement

WHEREAS, Columbus McKinnon Corporation (the "Company") adopted the Columbus McKinnon Corporation Deferred Compensation Plan (the "Plan") effective January 1, 2008, and

WHEREAS, the Company amended and restated the Plan effective January 1, 2013 by execution of a restated adoption agreement on December 21, 2012 (the "2013 Restatement") to reflect amendments of the Columbus McKinnon Corporation Monthly Benefit Retirement Plan (the "MRB Plan") and the Columbus McKinnon Corporation Thrift 401(k) Plan (the "Thrift Plan") that were effective January 1, 2013, and

WHEREAS, the Company desires to amend the 2013 Restatement of the Plan to reflect additional amendments of the MRB Plan and Thrift Plan that are effective January 1, 2018.

NOW THEREFORE, the 2013 Restatement of the Plan is hereby amended as follows:

1. The "Attachment to Sections 5.01(a)(i)(D) and 5.01(a)(ii)(A)" of the 2013 Restatement of the Plan is amended effective January 1, 2018 by changing (b) of "Amount of and Eligibility for Matching Contribution" to provide as follows:

"(b) Amount. A Participant who is a Regular Participant shall receive a Matching Contribution for each Plan Year equal to 100% of the first 4% of Excess Compensation deferred by the Participant."

IN WITNESS WHEREOF, this instrument of amendment has been executed by a duly authorized officer of the Corporation this 9 th day of January, 2018.

COLUMBUS McKINNON CORPORATION

By [signature]

Title VP. Corp. Development, General Counsel & CHRO

COLUMBUS McKINNON CORPORATION
DEFERRED COMPENSATION PLAN

Amendment Two of 2013 Plan Restatement

WHEREAS, Columbus McKinnon Corporation (the "Company") adopted the Columbus McKinnon Corporation Deferred Compensation Plan (the "Plan") effective January 1, 2008, and

WHEREAS, the Company amended and restated the Plan effective January 1, 2013 by execution of a restated adoption agreement on December 21, 2012 (the "2013 Restatement") to reflect amendments of the Columbus McKinnon Corporation Monthly Benefit Retirement Plan (the "MRB Plan") and the Columbus McKinnon Corporation Thrift 401(k) Plan (the "Thrift Plan") that were effective January 1, 2013, and

WHEREAS, the Company amended the 2013 Restatement of the Plan effective January 1, 2018 to reflect amendment of the MRB Plan and Thrift Plan effective that date, and

WHEREAS, the Company desires to amend the 2013 Restatement of the Plan further to reflect amendments of the Thrift Plan that are effective January 1, 2018.

NOW THEREFORE, the 2013 Restatement of the Plan is hereby amended as follows:

1. Section 7.01 of the Adoption Agreement, entitled "Vesting," is amended effective January 1, 2018 by changing Section 7.01(a) to provide as follows:

"(a) Matching Contributions

The Participant's vested interest in the amount credited to his Account attributable to Matching Contributions shall be based on the following schedule:

☒	*Years of Service*	*Vesting%*
	0	*100 (insert "100" if there is immediate vesting)"*

2. Section 7.01 of the Adoption Agreement, entitled "Vesting," is amended effective January 1, 2018 by changing Section 7.01(b) to provide as follows:

"(b) Other Employer Contributions

The Participant's vested interest in the amount credited to his Account attributable to Employer contributions other than Matching Contributions shall be based on the following schedule:

☒	*Years of Service*	*Vesting%*
	0	*0*
	1	*0*
	2	*100*

provided, however, that such Employer contributions credited to his Account before January 1, 2018 shall be 20% vested after one Year of Service."

IN WITNESS WHEREOF, this instrument of amendment has been executed by a duly authorized officer of the Corporation this 23 th day of August, 2018.

COLUMBUS McKINNON CORPORATION

By [signature]

Title VP Corp. Development, General Counsel & CHRO

Doc #01.3143466

COLUMBUS MCKINNON CORPORATION
2016 LONG TERM INCENTIVE PLAN
FISCAL YEAR [____] TIME-BASED RESTRICTED STOCK UNIT AWARD

The Columbus McKinnon Corporation, a New York corporation (the "Company"), pursuant to action of the Compensation and Succession Committee (the "Committee"), hereby grants to you this Time-Based Restricted Stock Unit Award (the "RSU Award") effective as of the Grant Date. This award is subject to all of the terms and conditions of this Time-Based Restricted Stock Unit Award Agreement (the "Award Agreement") and the Columbus McKinnon Corporation 2016 Long Term Incentive Plan (the "Plan"). Unless otherwise specified, capitalized terms shall have the meanings specified in the Plan. The terms and conditions of the Plan are incorporated by reference and govern except to the extent that this Award Agreement provides otherwise.

Recipient: [____________________]

Grant Date: [____________________]

Award Number: [____________________]

Award Share Units: [____________________]

Units of company shares subject to time-based restrictions Vesting Schedule:

Shares	Vest Date
[____________________]	[____________________]
[____________________]	[____________________]
[____________________]	[____________________]

By accepting this RSU Award and any RSUs issued pursuant to this RSU Award, you ("Recipient") acknowledge receipt of a copy of the Plan. You represent that you have read and understand the terms of the Plan and this Award Agreement, and accept this RSU Award subject to all such terms and conditions. You also acknowledge that you should consult a tax advisor regarding the tax aspects of this RSU Award and that you are not relying on the Company for any opinion or advice as to personal tax implications of this RSU Award.

At the direction of the Chairman of the Compensation and Succession Committee, this RSU Award has been executed by the Compensation and Succession Committee of the Company to be effective as of the Grant Date specified hereon.

TERMS AND CONDITIONS

I. Grant of Restricted Stock Units. Subject to the terms and conditions of this Award Agreement and the Plan (the terms of which are hereby incorporated herein by reference) and effective as of the Grant Date set forth above, the Company hereby grants to Recipient the number of Restricted Stock Units set forth above.

II. Vesting. Subject to the terms of this Award Agreement and the Plan, the Restricted Stock Units awarded under this Award Agreement will vest and be converted into unrestricted Company Shares with respect to the vesting schedule on page 1 of this grant agreement (the "Vesting Dates") if Recipient remains continuously employed by the Company and/or a Subsidiary through the relevant Vesting Date. Notwithstanding the foregoing, on a termination of employment for Retirement, as defined by the Plan, all Restricted Stock Units will vest as provided in Section III.C.2.

III. Terms and Provisions of this Time-Based Restricted Stock Unit Award. Under the authority of the Plan, as of the Grant Date, the Company has awarded to Recipient the Restricted Stock Units. All such awards are subject to the following terms and conditions.

(a) Stock. Company Shares resulting from the conversion of Restricted Stock Units into Company Shares shall be issued as of the Vesting Date and registered in Recipient's name. Subject to Article VII of this Award Agreement, Company Shares will be delivered by electronic means to Recipient as soon as practicable after the Vesting Date.

(b) Dividends. Recipient shall be entitled to receive Dividend Equivalent Rights as permitted under the Plan equal to any dividends and other distributions paid with respect to a corresponding number of Company Shares, provided that such payments shall be converted into additional Restricted Stock Units, and further provided that such Restricted Stock Units shall be subject to the same forfeiture restrictions and restrictions on transferability as apply to the Restricted Stock Units with respect to which they relate.

(c) Effect of Continued Employment and Termination of Employment.

1. Service through Vesting Dates. If Recipient remains employed by the Company and/or a Subsidiary through a Vesting Date, then, as of the Vesting Date, the percentage of the Restricted Stock Units specified in Article II shall cease to be subject to forfeiture, shall vest and Recipient shall be entitled to receive such portion of the Restricted Stock Units converted into Company Shares free of such restrictions. Qualifying Event, then, Recipient shall be fully vested in all of the Restricted Stock Units.

2. Intervening Qualifying Events. If Recipient ceases to be employed by the Company and/or a Subsidiary prior to a Vesting Date because of a

A "Qualifying Event" means (i) Recipient's death; (ii) Recipient's Disability; or (iii) Recipient's Retirement, provided that Recipient has provided Company with three (3) months' notice prior to the date of such Retirement of Recipient's intent to retire.

3. Other Termination of Employment. If Recipient ceases to be employed by the Company and/or a Subsidiary prior to a Vesting Date for any reason other than a Qualifying Event then, as of the date on which Recipient's employment terminates, all Restricted Stock Units not previously vested shall immediately be forfeited.

(d) Rights as Shareholder. Recipient shall not have voting or any other rights as a shareholder of the Company with respect to the Restricted Stock Units. Upon settlement of the Restricted Stock Units into Company Shares, Recipient will obtain full voting and other rights as a shareholder of the Company.

IV. Effect of Change in Control.

(a) If Restricted Stock Units are Assumed by a Successor Entity. Unless the Committee determines otherwise, upon a Change in Control if the Restricted Stock Units are Assumed (as defined below) by the entity effecting the Change in Control (or a successor or parent corporation), the Restricted Stock Units will vest as provided in Article II or, if earlier, will become fully vested upon the termination of Recipient's employment within 24 months following the occurrence of a Change in Control (as defined below), if such termination is not (i) due to a Qualifying Event (ii) a termination by the Company for Cause or (iii) a voluntary termination by Recipient absent Good Reason.

(b) If Restricted Stock Units are Not Assumed by a Successor Entity. Unless the Committee determines otherwise, upon the occurrence of a Change in Control, if the Restricted Stock Units are not Assumed by the entity effecting the Change in Control (or a successor or parent corporation), the Restricted Stock Units will become fully vested on the date of the Change in Control. For each Restricted Stock Unit covered by this Award Agreement which then has not otherwise been forfeited, Recipient will receive a payment equal to the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) which holders of Company Stock received (or will receive) in the Change in Control transaction multiplied by each Company Share represented by the Restricted Stock Units covered by this Award Agreement that have then not otherwise been forfeited. Such payment shall be made in such form (cash and/or stock) as specified by the Committee on or before the 15th day of the 3rd month following the taxable year of Recipient in which occurs the Change in Control.

(c) Assumed by a Successor Entity. For purposes of this Award Agreement, Restricted Stock Units will be considered assumed ("Assumed") if the following conditions are met:

1. Restricted Stock Units are converted into a replacement award in a manner that complies with Section 409A of the Internal Revenue Code of 1986, as amended.

2. The replacement award contains provisions for scheduled vesting and treatment on termination of employment (including the definition of Cause and Good Reason) that are no less favorable to Recipient than those in this Award Agreement, and all other terms of the replacement award (other than the security and number of shares represented by the replacement award) are substantially similar to those of this Award Agreement.

3. The security represented by the replacement award is of a class that is publicly held and widely traded on an established stock exchange.

(d) Cause. For the purpose of this agreement, "Cause" shall mean, unless otherwise specified in an applicable employment agreement between the Company and Recipient, with respect to any Recipient, as determined by the Committee in its sole discretion:

1. Willful Serious Act - Commission of a willful serious act, such as embezzlement, against the Company which is intended to enrich Recipient at the expense of the Company;

2. Conviction - Conviction of a felony involving moral turpitude; or

3. Misconduct - Any willful, gross neglect or willful, gross misconduct resulting in either case in material harm to the Company, or a violation of the Company's Code of Conduct. For purpose of this Section IV.D.iii, no act, or failure to act, on Recipient's behalf will be deemed "willful" unless done, or omitted to be done, by Recipient not in good faith and without reasonable belief that Recipient's action or omission was in the best interest of the Company.

(e) Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without express written consent, the occurrence before or after (and reasonably connected to) a Change in Control of the Company of any of the following circumstances provided that Recipient gives a Notice of Termination to the Company describing the occurrence of the circumstance within ninety (90) days after the circumstance occurs and the Company fails to substantially correct the circumstance within 30 days after of such Notice of Termination is given:

1. Material Reduction in Base Pay - a material reduction by the Company in Recipient's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

2. <u>Reduction in Target Annual Direct Compensation</u> - a reduction in Recipient's Target Annual Direct Compensation. For this purpose, "Target Annual Direct Compensation" means the sum of Recipient's Base Pay, target annual incentive opportunity, and the annualized value of the most recent long-term incentive award approved by the Compensation and Succession Committee of the Board prior to the Change in Control. For purposes of measuring annualized long-term incentives, the awards shall be measured on their date of grant using reasonable assumptions, including, but not limited to, fair value principles such as those identified in Financial Accounting Standards Board Accounting Standards Codification Topic 718; the value of such awards shall be annualized over the frequency of their grant;

3. <u>Reduction in Benefits</u> - the failure by the Company to continue in effect any investment plan, retirement plan, savings plan, supplemental retirement plan, deferred compensation plan, supplemental investment plan, life insurance plan, health and accident plan, disability plan or other welfare benefit plan in which Recipient was participating at the time of the Change in Control (or plans providing Recipient with substantially similar benefits), the taking of any action by the Company which would adversely affect Recipient's participation or materially reduce Recipient's benefits or value under any of such plans, unless such plans are replaced by plans of at least equivalent value to Recipient;

4. <u>Required Relocation</u> - the Company's requiring Recipient to be based at a Company office more than 50 miles farther from Recipient's principal residence than the Company's offices at which they are principally employed immediately prior to the date of the Change in Control except for required travel on the Company's business to an extent substantially consistent with present business travel obligations;

5. <u>Failure to Pay Compensation</u> - the failure by the Company to pay to Recipient any portion of their current compensation within seven (7) days of the date such compensation is due or any portion of their compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

6. <u>Failure to Comply with Employment Termination Procedure</u> - any purported termination of Recipients employment that is not effected pursuant to a Notice of Termination. "Notice of Termination" shall mean a Notice that shall indicate the specific termination provisions in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Recipient's employment under the provision so indicated; or

7. <u>Diminution of Position etc.</u> - the assignment to Recipient of any duties or responsibilities, or the removal from Recipient of any duties or

responsibilities, that constitutes a material diminution of their position, duties, responsibilities or status as in effect preceding such Change in Control. Recipient's right to terminate their employment pursuant to this Section shall not be affected by their incapacity due to physical or mental illness. Subject to the requirement that Recipient gives a Notice of Termination to the Company within 90 days after the occurrence of a circumstance constituting Good Reason, continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

V. Tax Consequences. RECIPIENT UNDERSTANDS THAT THE AWARD OF RESTRICTED STOCK UNITS, THE ISSUANCE OF COMPANY SHARES, AND THE SALE OF SHARES RECEIVED MAY HAVE TAX IMPLICATIONS THAT COULD RESULT IN ADVERSE TAX CONSEQUENCES TO RECIPIENT. RECIPIENT REPRESENTS THAT RECIPIENT SHOULD CONSULT A TAX ADVISOR. RECIPIENT FURTHER ACKNOWLEDGES THAT HE OR SHE IS NOT RELYING ON THE COMPANY FOR ANY TAX, FINANCIAL OR LEGAL ADVICE; AND IT IS SPECIFICALLY UNDERSTOOD BY RECIPIENT THAT NO REPRESENTATIONS ARE MADE AS TO ANY PARTICULAR TAX TREATMENT WITH RESPECT TO THIS AWARD.

VI. Tax Withholding. Recipient must pay, or make arrangements acceptable to the Company for the payment of, any and all foreign, federal state and local income and payroll tax as well as social insurance contributions or National Insurance Contributions withholding that, in the opinion of the Company, the Company is required to withhold by law, if any, which arise in connection with the Restricted Stock Units, including, without limitation, obligations arising upon (i) the grant, vesting, in whole or in part, of the Restricted Stock Units, (ii) the operation of any law or regulation providing for the imputation of interest, or (iv) the lapsing of any restriction with respect to any shares acquired upon vesting of the Restricted Stock Units ("Tax Obligations"). If Recipient does not satisfy the required tax withholding by payment of cash, the Company is authorized to withhold shares of Company stock having a fair market value on the date of withholding sufficient to satisfy the Tax Obligations. Recipient acknowledges that the ultimate liability for all Tax Obligations legally due by Recipient is and remains Recipient's responsibility and that the Company does not commit to structure the terms of the grant or any other aspect of Restricted Stock Units to reduce or eliminate Recipient's liability for Tax Obligations.

VII. Stock Ownership Requirement. Recipient understands that any award earned as part of this Time-Based Restricted Stock Unit Award Agreement is subject to the terms and conditions of the Company Stock Ownership Requirements.

VIII. Clawback Policy. Recipient understands that any award earned as a part of this Time-Based Restricted Stock Unit Award Agreement is subject to the terms and conditions of the Company Clawback Policy in effect at the time awards are vested.

IX. Interpretation. Any dispute regarding the interpretation of this Time-Based Restricted Stock Unit Award shall be submitted to the Board or the Committee, which shall review such dispute in accordance with the Plan. The resolution of such a dispute by the Board or Committee shall be final and binding on the Company and Recipient.

X. Entire Agreement and Other Matters. The Plan is incorporated herein by reference. This Time-Based Restricted Stock Unit Award and the Plan constitute the entire agreement of the parties hereto. This Time-Based Restricted Stock Unit Award and all rights and awards hereunder are void ab initio unless Recipient agrees to be bound by all terms and provisions of this Award and the Plan.

XI. Fractional Shares. If any calculation of Company Stock to be awarded or to be forfeited or to be released from restrictions or limitations would result in a fraction, any fraction of 0.5 or greater will be rounded to one, and any fraction of less than 0.5 will be rounded to zero.

XII. Adjustments. In the event of a stock split, a stock dividend or a similar change in the Company Shares, the number of Restricted Stock Units subject to this Award Agreement will be adjusted pursuant to the provisions of the Plan.

XIII. Nontransferability. Recipient may not sell, transfer, assign, pledge or otherwise dispose of the Restricted Stock Units covered by this Award Agreement other than by will or by laws of descent and distribution. The Restricted Stock Units covered by this Award Agreement are not subject to execution, attachment or other process.

XIV. Service Conditions. In accepting the Restricted Stock Units, Recipient acknowledges and agrees that:

(a) Any notice period mandated under applicable law shall not be treated as service for the purpose of determining the vesting of the Restricted Stock Units; and Recipient's right to vesting of Shares in settlement of the Restricted Stock Units after termination of service, if any, will be measured by the date of termination of Recipient's active service and will not be extended by any notice period mandated under applicable law. Subject to the foregoing and provisions of the Plan, the Company, in its sole discretion, shall determine whether Recipient's service has terminated and the effective date of such termination.

(b) The Plan is established voluntarily by the Company. It is discretionary in nature and it may be modified, amended, suspended, or terminated by the Company at any time, unless otherwise provided in the Plan and this Award Agreement.

(c) The grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past.

(d) All decisions with respect to future Restricted Stock Unit grants, if any, will be at the sole discretion of the Company.

(e) Recipient's participation in the Plan shall not create a right to further service with the Company or another Subsidiary or any Affiliate and shall not interfere with the ability of the Company or another Subsidiary or any Affiliate to terminate Recipient's service at any time, with or without cause, subject to applicable law.

(f) Recipient is voluntarily participating in the Plan.

(g) The Restricted Stock Units are extraordinary items that do not constitute compensation of any kind for service of any kind rendered to the Company or any Subsidiary or any Affiliate, and which is outside the scope of Recipient's employment contract, if any.

(h) The Restricted Stock Units are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end-of-service payments, bonuses, long-service options, pension or retirement benefits or similar payments.

(i) In the event that Recipient is not an employee of a Subsidiary or any Affiliate, the Restricted Stock Units grant will not be interpreted to form and employment contract or relationship with a Subsidiary or any Affiliate.

(j) The future value of the underlying shares is unknown and cannot be predicted with certainty. The value of the shares may increase or decrease.

(k) No claim or entitlement to compensation or damages arises from termination of the Restricted Stock Units or diminution in value of the Restricted Stock Units or Shares and Recipient irrevocably releases the Company or a Subsidiary or any Affiliate from any such claim that may arise. If, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen then, by signing this Award Agreement, Recipient shall be deemed irrevocably to have waived Recipient's entitlement to pursue such a claim.

COLUMBUS MCKINNON CORPORATION
2016 LONG TERM INCENTIVE PLAN
FISCAL YEAR [_____] NONQUALIFIED STOCK OPTION AWARD

The Columbus McKinnon Corporation, a New York corporation (the "Company"), pursuant to action of the Compensation and Succession Committee (the "Committee"), has approved the grant to you of an option to purchase shares of Company Stock (common shares, par value $.01 per share) on the terms and subject to the conditions set forth in the Columbus McKinnon Corporation 2016 Long Term Incentive Plan (the "Plan") and in this Nonqualified Stock Option Award Agreement (the "Award Agreement"). Unless otherwise specified, capitalized terms shall have the meanings specified in the Plan. The terms and conditions of the Plan are incorporated by reference and govern except to the extent that this Award Agreement provides otherwise.

Recipient:	[_____________________]
Grant Date:	[_____________________]
Award Number:	[_____________________]
Award Shares:	[_____________________] Option to purchase shares of Company Stock
Exercise Price:	[_____________________] Per share of Company Stock

Vesting Schedule:

Shares	Vest Date
[_____________________]	[_____________________]
[_____________________]	[_____________________]
[_____________________]	[_____________________]

By accepting this Nonqualified Stock Option Award and any shares of Company Stock issued pursuant to the exercise of the Option, you ("Recipient") acknowledge receipt of a copy of the Plan. You represent that you have read and understand the terms of the Plan and this Award Agreement, and accept this Nonqualified Stock Option Award subject to all such terms and conditions. You also acknowledge that you should consult a tax advisor regarding the tax aspects of this Nonqualified Stock Option Award and that you are not relying on the Company for any opinion or advice as to personal tax implications of this Nonqualified Stock Option Award.

At the direction of the Chairman of the Compensation and Succession Committee, this Nonqualified Stock Option Award has been executed by the Compensation and Succession Committee of the Company to be effective as of the Grant Date specified hereon.

TERMS AND CONDITIONS

I. Grant of Option. The Company, as a matter of separate inducement and not in lieu of any salary or other compensation for your services, hereby grants to you as of the Grant Date indicated above, the right and option (the "Option") to purchase, in accordance with the terms and conditions set forth in the Plan, but subject to the limitations set forth herein and in the Plan, an aggregate number of shares of the Company Stock (the "Award Shares") and at a price per Award Share as indicated above as the Exercise Price, such option price being, in the judgment of the Committee, not less than one hundred percent (100%) of the fair market value of such Award Share as of the Grant Date. For US tax purposes, to the extent applicable, the Option is a Non-Qualified option and is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

II. Vesting of Option.

(a) Vesting Dates and Amounts. Subject to the other provisions and limitations of the Plan, the Options awarded under this Award Agreement will vest and become exercisable with respect to the vesting schedule on page 1 of this Award Agreement (the "Vesting Dates") if Recipient remains continuously employed by the Company and/or a termination of employment for Retirement, as defined by the Plan.

(b) Cumulative Effect of Vesting. The right to purchase Award Shares shall be cumulative so that when the right to purchase any Award Shares has vested under clause (a) of this Section, such Award Shares or any part thereof may be purchased at any time thereafter until the expiration or termination of the Option.

(c) Fractional Shares. In no event shall you exercise this Option for a fraction of an Award Share or for an aggregate exercise price of less than [$2,500].

(d) Minimum Exercise. No fewer than [100] Award Shares may be purchased at any time, unless the number purchased is the total number at the time exercisable under the Option.

(e) Term of Options. The Options granted pursuant to this Award Agreement shall expire on the tenth (10th) anniversary of the Grant Date unless such Options sooner expire or are exercised or forfeited as provided herein.

III. Effect of Termination of Employment.

(a) Unless the Committee shall determine otherwise, in the event that the employment of Recipient with the Company or a Subsidiary or any Affiliate shall terminate for any reason other than Cause, Retirement, Disability or death : (i) Options granted to Recipient, to the extent that they were vested and exercisable at the time of such termination, shall expire at the close of business on the 30^{th} day following the later of (A) the date of such termination or (B) the date on which any period, as determined by the Committee in a reasonable manner, which prohibits Recipient from trading in securities of the Company due to Recipient's knowledge of material non-public information ends; and (ii) Options granted to Recipient, to the extent that they were not vested and exercisable at the time of such termination, shall expire at the close of business on the date of such termination. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of its term.

(b) Unless the Committee shall determine otherwise, in the event that the employment of Recipient with the Company shall terminate on account of the Disability or death of Recipient: (i) all Options granted to Recipient, to the extent that they have not otherwise expired, will become vested and exercisable at the time of such termination, and (ii) such Options shall remain outstanding and exercisable until the first (1^{st}) anniversary of such termination, on which date they shall expire at the close of business. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of its original term.

(c) In the event of the termination of Recipient's employment at a time of Retirement and other than for Cause, provided that Recipient has provided Company with three (3) month notice prior to the date of such Retirement of Recipient's intent to retire, (i) all Options granted to Recipient, to the extent they have not otherwise expired, will continue to be and become exercisable as provided in this Award Agreement as if Recipient continued to be employed by Company and (ii) all Options shall expire on the fifth (5^{th}) anniversary of such date of termination at the close of business. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of its original term.

IV. Effect of Change in Control.

(a) If Option is Assumed by a Successor Entity. Unless the Committee determines otherwise, upon the occurrence of a Change in Control, if the Option is Assumed (as defined below) by the entity effecting the Change in Control (or a successor or parent corporation), the Option will vest as provided in Section 2 or, if earlier, will become fully vested upon the termination of Recipient's employment within 24 months following the occurrence of a Change in Control (as defined below), if such termination is not (i) due to Recipient's death, Disability, or Retirement, (ii) a termination by the Company for Cause or (iii) a voluntary termination by Recipient absent Good Reason. Any Options that were or became vested on the date of such termination of employment shall be exercisable until the earlier of six

(6) months following Recipient's termination of employment and the expiration date of the Option.

(b) If Option is Not Assumed by a Successor Entity. Unless the Committee determines otherwise, upon the occurrence of a Change in Control, if the Option is not Assumed by the entity effecting the Change in Control (or a successor or parent corporation), the Option will become fully vested on the date of the Change in Control. For each Option covered by this Award Agreement which then has not otherwise expired, Recipient will receive a payment equal to the excess, if any, of the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) which holders of Company Stock received (or will receive) in the Change in Control transaction over the exercise price specified in this Award Agreement. Such payment shall be made in such form (cash and/or stock) as specified by the Committee on or before the 15th day of the 3rd month following the taxable year of Recipient in which occurs the Change in Control.

(c) Assumed by a Successor Entity. For purposes of this Award Agreement, an Option will be considered assumed ("Assumed") if the following conditions are met:

1. Options are converted into a replacement award in a manner that complies with Section 409A of the Internal Revenue Code of 1986, as amended.

2. The replacement award contains provisions for scheduled vesting and treatment on termination of employment (including the definition of Cause and Good Reason) that are no less favorable to Recipient that those in this Award Agreement, and all other terms of that replacement award (other than the security and number of shares represented by the replacement award) are substantially similar to those of this Award Agreement.

3. The security represented by the replacement award is of a class that is publicly held and widely traded on an established stock exchange.

V. Cause. For the purpose of this agreement, "Cause" shall mean, unless otherwise specified in an applicable employment agreement between the Company and Recipient, with respect to any Recipient, as determined by the Committee in its sole discretion:

(a) Willful Serious Act - Commission of a willful serious act, such as embezzlement, against the Company which is intended to enrich Recipient at the expense of the Company;

(b) Conviction - Conviction of a felony involving moral turpitude; or

(c) Misconduct - Any willful, gross neglect or willful, gross misconduct resulting in either case in material harm to the Company, or a violation of the Company's Code of Conduct. For purpose of this Section 5 no act, or failure to act, on Recipient's behalf will be deemed "willful" unless done, or omitted to be done,

by Recipient not in good faith and without reasonable belief that Recipient's action or omission was in the best interest of the Company.

VI. Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without express written consent, the occurrence before or after (and reasonably connected to) a Change in Control of the Company of any of the following circumstances provided that Recipient gives a Notice of Termination to the Company describing the occurrence of the circumstance within ninety (90) days after the circumstance occurs and the Company fails to substantially correct the circumstance within 30 days after of such Notice of Termination is given:

(a) Material Reduction in Base Pay - a material reduction by the Company in Recipient's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(b) Reduction in Target Annual Direct Compensation - a reduction in Recipient's Target Annual Direct Compensation. For this purpose, "Target Annual Direct Compensation" means the sum of Recipient's Base Pay, target annual incentive opportunity, and the annualized value of the most recent long-term incentive award approved by the Compensation and Succession Committee of the Board prior to the Change in Control. For purposes of measuring annualized long-term incentives, the awards shall be measured on their date of grant using reasonable assumptions, including, but not limited to, fair value principles such as those identified in Financial Accounting Standards Board Accounting Standards Codification Topic 718; the value of such awards shall be annualized over the frequency of their grant;

(c) Reduction in Benefits - the failure by the Company to continue in effect any investment plan, retirement plan, savings plan, supplemental retirement plan, deferred compensation plan, supplemental investment plan, life insurance plan, health and accident plan, disability plan or other welfare benefit plan in which Recipient was participating at the time of the Change in Control (or plans providing Recipient with substantially similar benefits), the taking of any action by the Company which would adversely affect Recipient's participation or materially reduce Recipient's benefits or value under any of such plans, unless such plans are replaced by plans of at least equivalent value to Recipient;

(d) Required Relocation - the Company's requiring Recipient to be based at a Company office more than 50 miles farther from Recipient's principal residence than the Company's offices at which they are principally employed immediately prior to the date of the Change in Control except for required travel on the Company's business to an extent substantially consistent with present business travel obligations;

(e) Failure to Pay Compensation - the failure by the Company to pay to Recipient any portion of their current compensation within seven (7) days of the date such compensation is due or any portion of their compensation under any deferred

compensation program of the Company within thirty (30) days of the date such compensation is due;

(f) Failure to Comply with Employment Termination Procedure - any purported termination of Recipients employment that is not effected pursuant to a Notice of Termination. "Notice of Termination" shall mean a Notice that shall indicate a specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Recipient's employment under the provision so indicated; or

(g) Diminution of Position etc. - the assignment to Recipient of any duties or responsibilities, or the removal from Recipient of any duties or responsibilities, that constitutes a material diminution of their position, duties, responsibilities or status as in effect preceding such Change in Control. Recipient's right to terminate their employment pursuant to this Section shall not be affected by their incapacity due to physical or mental illness. Subject to the requirement that Recipient gives a Notice of Termination to the Company within 90 days after the occurrence of a circumstance constituting Good Reason, continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

VII. Non-Transferability of Option. This Option is not transferable by Recipient other than by will or the laws of descent and distribution, and is exercisable, during lifetime, only by Recipient. This Option may not be assigned, transferred (except by will or the laws of descent and distribution), pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar proceeding. Any attempted assignment, transfer, pledge, hypothecation or other disposition of this Option contrary to the provisions hereof, and the levy of any attachment or similar proceeding upon the Option, shall be null and void and without effect. However, the Committee may, in its sole discretion, permit a transfer of this Option to (i) your Immediate Family Members (as defined in the Plan) or (ii) a trust for the exclusive benefit of your Immediate Family Members.

VIII. Exercise of Option.

(a) Purchasing of Shares - Any exercise of the Option shall be done by the delivery to the Secretary of the Corporation (or such other person as the Secretary may designate) no less than one day and no more than ten business days prior to the proposed date of exercise (or by the completion of such other administrative exercise procedures as the Committee may require from time to time) of

1. a written notice stating the number of Award Shares to be purchased pursuant to the exercise of the Option and the proposed date of exercise

2. payment in full for the Exercise Price of the Award Shares to be purchased shall be made on the effective date of such exercise by one or a combination of the following means: (i) in cash, by certified check, bank

cashier's check or wire transfer; (ii) subject to the approval of the Committee, by Recipient tendering (either actually or by attestation) owned and unencumbered Award Shares which have been held by Recipient for at least six months prior to the date of exercise and valued at their Fair Market Value on the effective date of such exercise; or (iii) by means of a broker assisted cashless exercise procedure complying with applicable law, and (iv) by such other provision as the Committee may from time to time authorize. Any payment in Award Shares shall be effected by the delivery of such shares to the Secretary (or the Secretary's designee) of the Company, duly endorsed in blank or accompanied by stock powers duly executed in blank, together with any other documents and evidences as the Secretary (or the Secretary's designee) of the Company shall require;

3. any written statements or agreements required pursuant to the Plan; and

4. satisfaction of the tax withholding provisions of Section 18 of the Plan.

(b) Legends - If the Company, in its sole discretion, shall determine that it is necessary, to comply with applicable securities laws, the certificate or certificates representing the Award Shares purchased pursuant to the exercise of this Option shall bear an appropriate legend in form and substance, as determined by the Company, giving notice of applicable restrictions on transfer under or in respect of such laws. Further, Recipient acknowledges that the Company may endorse a legend upon the certificate evidencing the Award Shares as the Company, in its sole discretion, determines to be necessary and appropriate to implement the terms of the Plan

(c) Investment Intent – Recipient covenants and agrees with the Company that if, at the time of exercise of this Option, there does not exist a Registration Statement on an appropriate form under the Securities Act of 1933, as amended (the "Act"), which Registration Statement shall have become effective and shall include a prospectus which is current with respect to the Award Shares subject to this Option (i) that Recipient will represent that Recipient is purchasing the Award Shares for Recipient's own account and not with a view to the resale or distribution thereof and (ii) that any subsequent offer for sale or sale of any such Award Shares shall be made either pursuant to (x) a Registration Statement on an appropriate form under the Act, which Registration Statement shall have become effective and shall be current with respect to the Award Shares being offered and sold, or (y) a specific exemption from the registration requirements of the Act, but in claiming such exemption, Recipient shall, if requested by the Company, prior to any offer for sale or sale of such Award Shares, obtain a favorable written opinion from counsel for or approved by the Company as to the applicability of such exemption.

IX. Withholding Taxes. As provided in the Plan, the Company may withhold or cause to be withheld from sums due or to become due to Recipient from the Company or a

Subsidiary or any Affiliate an amount necessary to satisfy its obligation (if any) to withhold taxes as well as social insurance contributions or National Insurance Contributions, if any, which arise in connection with the Option, including, without limitation, obligations arising upon (i) the grant, vesting or exercise, in whole or in part, of the Option, (ii) the transfer, in whole or in part, of any shares acquired upon exercise of the Option, (iii) the operation of any law or regulation providing for the imputation of interest, or (iv) the lapsing of any restriction with respect to any shares acquired upon exercise of the Option ("Tax Obligations"). The Option is not exercisable unless the Tax Obligations of the Company or a Subsidiary or any Affiliate are satisfied. The Company may require Recipient to reimburse the Company in such amount and may make such reimbursement a condition to the delivery of the Award Shares pursuant to the exercise of this Option. Recipient acknowledges that the ultimate liability for all Tax Obligations legally due by Recipient is and remains Recipient's responsibility and that the Company (a) makes no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Option and (b) does not commit to structure the terms of the grant or any other aspect of the Option to reduce or eliminate Recipient's liability for Tax Obligations.

X. Agreement Subject to the Plan. This Award Agreement is subject to, and Recipient and the Company will both be bound by, all terms, conditions, limitations and restrictions contained in the Columbus McKinnon Corporation 2016 Long Term Incentive Plan, which shall be controlling in the event of any conflicting or inconsistent provisions.

XI. Stock Ownership Required. Recipient understands that any award earned as part of this Nonqualified Stock Option Award Agreement is subject to the terms and conditions of the Company Stock Ownership Requirements.

XII. Claw back Policy. Recipient understands that any award earned as a part of this Nonqualified Stock Option Award Agreement is subject to the terms and conditions of the Company Clawback Policy in effect at the time awards are vested.

XIII. Adjustments. In the event of a stock split, a stock dividend or a similar change in the Company Stock, the number of Award Shares subject to this Award Agreement will be adjusted pursuant to the provisions of the Plan.

XIV. Service Conditions. In accepting the Option, Recipient acknowledges and agrees that:

(a) Any notice period mandated under applicable law shall not be treated as service for the purpose of determining the vesting of the Option; and Recipient's right to vesting of Award Shares in settlement of the Option after termination of service, if any, will be measured by the date of termination of Recipient's active service and will not be extended by any notice period mandated under applicable law. Subject to the foregoing and the provisions of the Plan, the Company, in its sole discretion, shall determine whether Recipient's service has terminated and the effective date of such termination.

(b) The Plan is established voluntarily by the Company. It is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Award Agreement.

(c) The grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted repeatedly in the past.

(d) All decisions with respect to future Option grants, if any, will be at the sole discretion of the Company.

(e) Recipient's participation in the Plan shall not create a right to further service with the Company or another Subsidiary or any Affiliate and shall not interfere with the ability of the Company or another Subsidiary or any Affiliate to terminate Recipient's service at any time, with or without cause, subject to applicable law.

(f) Recipient is voluntarily participating in the Plan.

(g) The Option is an extraordinary item that does not constitute compensation of any kind for service of any kind rendered to the Company or any Subsidiary or any Affiliate, and which is outside the scope of Recipient's employment contract, if any.

(h) The Option is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, end-of-service payments, bonuses, long-service options, pension or retirement benefits or similar payments.

(i) In the event that Recipient is not an employee of a Subsidiary or any Affiliate, the Option grant will not be interpreted to form an employment contract or relationship with a Subsidiary or any Affiliate.

(j) The future value of the underlying Award Shares is unknown and cannot be predicted with certainty. The value of the Award Shares may increase or decrease.

(k) No claim or entitlement to compensation or damages arises from termination of the Option or diminution in value of the Option or Award Shares and Recipient irrevocably releases the Company or a Subsidiary or any Affiliate from any such claim that may arise. If, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen then, by signing this Award Agreement, Recipient shall be deemed irrevocably to have waived Recipient's entitlement to pursue such a claim.

XV. Electronic Delivery of Signatures. Recipient hereby consents and agrees to electronic delivery of any Plan documents, proxy materials, annual reports and other related documents. If the Company establishes procedures for an electronic signature system for delivery and acceptance of Plan documents, Recipient hereby consent to such

procedures and agree that Recipient's electronic signature is the same as, and shall have the same force and effect as a manual signature. Recipient also consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan. Recipient agree that the foregoing online or electronic participation in the Plan shall have the same force and effect as documentation executed in hardcopy written form.

COLUMBUS MCKINNON CORPORATION
2016 LONG TERM INCENTIVE PLAN
FISCAL YEAR [_____] PERFORMANCE STOCK UNIT AWARD

The Columbus McKinnon Corporation, a New York corporation (the "Company"), pursuant to action of the Compensation and Succession Committee (the "Committee"), hereby grants to you this Performance Stock Unit Award ("PSU Award") effective as of the Grant Date. This award is subject to all of the terms and conditions of this Performance and Performance Stock Unit Award Agreement (the "Award Agreement") and the Columbus McKinnon Corporation 2016 Long Term Incentive Plan (the "Plan"). Unless otherwise specified, capitalized terms shall have the meanings specified in the Plan. The terms and conditions of the Plan are incorporated by reference and govern except to the extent that this Award Agreement provides otherwise.

<table>
<tr><td>RECIPIENT:</td><td colspan="3">[_________________________]</td></tr>
<tr><td>GRANT DATE:</td><td colspan="3">[_________________________]</td></tr>
<tr><td>AWARD NUMBER:</td><td colspan="3">[_________________________]</td></tr>
<tr><td rowspan="6">PERFORMANCE STOCK UNITS (PSUs) GRANTED</td><td colspan="3">[_________________________] PERFORMANCE STOCK UNITS OF COMPANY SHARES SUBJECT TO [_________________________] ATTAINMENT</td></tr>
<tr><td>Performance & Achievement Period</td><td>[__________]</td><td>Percent of Award Performance RSUs Earned *</td></tr>
<tr><td>Maximum</td><td>[____]</td><td>[_____]%</td></tr>
<tr><td>Target</td><td>[____]</td><td>[_____]%</td></tr>
<tr><td>Threshold</td><td>[____]</td><td>[_____]%</td></tr>
<tr><td colspan="3">* [Award will be interpolated based upon achievement between levels]</td></tr>
<tr><td>PERFORMANCE PERIOD:</td><td colspan="3">The period beginning [________] and ending [_______].</td></tr>
<tr><td>VESTING DATE (subject to achievement of performance goals)</td><td colspan="3">[____________]</td></tr>
</table>

By accepting this PSU Award and any PSUs issued pursuant to this PSU Award, you ("Recipient") acknowledge receipt of a copy of the Plan. You represent that you have read and understand the terms of the Plan and this Award Agreement, and accept this PSU Award subject to all such terms and conditions. You also acknowledge that you should consult a tax advisor regarding the tax aspects of this PSU Award and that you are not relying on the Company for any opinion or advice as to personal tax implications of this PSU Award.

At the direction of the Chairman of the Compensation and Succession Committee, this PSU Award has been executed by the Compensation and Succession Committee of the Company to be effective as of the Grant Date specified hereon.

TERMS AND CONDITIONS

I. Terms and Provisions of RSU Award. Under the authority of the Plan, as of the Grant Date, the Company has awarded to Recipient the Restricted Stock Units ("RSUs"). All such awards are subject to the following terms and conditions and are based upon the performance of Recipient and the Company during the Performance Period.

A. Immediate Award of RSUs Subject to Performance. Recipient is awarded the RSUs as of the Grant Date subject to the following forfeiture restrictions:

1. Service for Entire Performance Period. If Recipient remains employed by the Company and/or a Subsidiary through the Vesting Date, then, as of the Vesting Date, a percentage of the RSUs, if any, that is determined based upon achieving the [____________] measures as a result of [__________] (FY [____]) Performance Period cease to be subject to forfeiture, shall vest and Recipient shall be entitled to receive such RSUs free of such restrictions. All other RSUs awarded pursuant to this Award Agreement shall be forfeited and returned to the Company.

2. Performance Criteria. In order for any RSU to be achieved, the Company must meet a performance goal established for FY [____] using [____] based on approved FY [____] financial results. The [____] measures set for FY [____] (as set forth in the chart on page 1) will determine the number of RSUs that will be available for vesting in accordance with the other terms and conditions of this Award Agreement and the Plan. The number of RSUs so determined using the [____] achieved for FY [____] shall be referred to as "Earned Restricted Stock Units" ("Earned RSUs") and shall be determined as provided in the chart on page 1.

3. Intervening Qualifying Events. If Recipient ceases to be employed by the Company and/or a Subsidiary prior to the Vesting Date because of a Qualifying Event, then, as of the Vesting Date, Recipient shall be entitled to receive the number of RSUs (payable in cash or Shares) based upon a payout that is determined by using the same formula described in the preceding section.

    A "Qualifying Event" means (i) Recipient's death; (ii) Recipient's Disability; or (iii) Recipient's Retirement, provided that Recipient has provided Company with six (6) months' notice prior to the date of such Retirement of Recipient's intent to retire. For purposes of this Award Agreement, "Retirement" will mean Recipient voluntarily terminates employment with the Company upon or after either (i) the later of age sixty-five (65) with at least five (5) years of service with the Company, or (ii) age sixty-two (62) with at least twenty-five (25) years of service with the Company.

4. Other Termination of Employment. If Recipient ceases to be employed by the Company and/or a Subsidiary prior to the Vesting Date for any reason other than

a Qualifying Event then, as of the date on which Recipient's employment terminates, all RSUs shall immediately be forfeited and returned to the Company.

5. Conversion of RSUs to Cash or Company Shares. RSUs awarded to the Recipient hereunder shall be converted to cash and/or Company Shares as specified by the Committee on or before the 15th day of the 3rd month following the taxable year of the Recipient in which occurs the Vesting Date.

B. Effect of a Change in Control Prior to the End of the Performance Period

1. Change in Control Prior to Vesting Date. If a Change in Control occurs prior to the end of the Performance Period, then the Performance Period shall be deemed to have ended as of the date of the Change in Control, and the RSUs shall be deemed to be earned at Target as identified in Section I. A.2.

2. If Earned RSUs are Assumed by a Successor Entity. Unless the Committee determines otherwise, upon a Change in Control if the earned RSUs are Assumed (as defined below) by the entity effecting the Change in Control (or a successor or parent corporation), the earned RSUs will vest on the Vesting Date or, if earlier, will become fully vested upon the termination of Recipient's employment within 24 months following the occurrence of a Change in Control (as defined below), if such termination is not (i) due to a Qualifying Event (ii) a termination by the Company for Cause or (iii) a voluntary termination by Recipient absent Good Reason.

3. If Earned RSUs are Not Assumed by a Successor Entity. Unless the Committee determines otherwise, upon the occurrence of a Change in Control, if the earned RSUs are not Assumed by the entity effecting the Change in Control (or a successor or parent corporation), the earned RSUs will become fully vested on the date of the Change in Control. For each earned RSU covered by this Award Agreement which then has not otherwise been forfeited, Recipient will receive a payment equal to the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) which holders of Company common stock received (or will receive) in the Change in Control transaction multiplied by each share of Company Stock represented by the earned RSUs covered by this Award Agreement that have then not otherwise been forfeited. Such payment shall be made in such form (cash and/or stock) as specified by the Committee on or before the 15th day of the 3rd month following the taxable year of the Recipient in which occurs the Change in Control.

4. Assumed by a Successor Entity. For purposes of this Award Agreement, earned RSUs will be considered assumed ("Assumed") if the following conditions are met:

   a) The earned RSUs are converted into a replacement award in a manner that complies with Section 409A of the Internal Revenue Code of 1986, as amended.

b) The replacement award contains provisions for scheduled vesting and treatment on termination of employment (including the definition of Cause and Good Reason) that are no less favorable to Recipient than those in this Award Agreement, and all other terms of the replacement award (other than the security and number of shares represented by the replacement award) are substantially similar to those of this Award Agreement.

c) The security represented by the replacement award is of a class that is publicly held and widely traded on an established stock exchange.

5. Cause. For purpose of this agreement, "Cause" shall mean, unless otherwise specified in an applicable employment agreement between the Company and a Participant, with respect to any Participant, as determined by the Committee in its sole discretion:

a) Willful Serious Act - Commission of a willful serious act, such as embezzlement, against the Company which is intended to enrich the Participant at the expense of the Company;

b) Conviction - Conviction of a felony involving moral turpitude; or

c) Misconduct - Any willful, gross neglect or willful, gross misconduct resulting in either case in material harm to the Company, or a violation of the Company's Code of Conduct. For purpose of this Section I.B.5, no act, or failure to act, on a Participant's behalf will be deemed "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company.

6. Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without express written consent, the occurrence before or after (and reasonably connected to) a Change in Control of the Company of any of the following circumstances provided that Recipient gives a Notice of Termination to the Company describing the occurrence of the circumstance within ninety (90) days after the circumstance occurs and the Company fails to substantially correct the circumstance within 30 days after of such Notice of Termination is given:

a) Material Reduction in Base Pay - a material reduction by the Company in Recipient's annual base salary as in effect on the date hereof or as the same may be increased from time to time;

b) Reduction in Target Annual Direct Compensation - a reduction in the Recipient's Target Annual Direct Compensation. For this purpose, "Target Annual Direct Compensation" means the sum of the Recipient's Base Pay, target annual incentive opportunity, and the annualized value of the most recent long-term incentive award approved by the Compensation and Succession Committee of the Board prior to the Change in Control. For purposes of measuring annualized long-term incentives, the awards shall be

measured on their date of grant using reasonable assumptions, including, but not limited to, fair value principles such as those identified in Financial Accounting Standards Board Accounting Standards Codification Topic 718; the value of such awards shall be annualized over the frequency of their grant;

c) Reduction in Benefits - the failure by the Company to continue in effect any investment plan, retirement plan, savings plan, supplemental retirement plan, deferred compensation plan, supplemental investment plan, life insurance plan, health and accident plan, disability plan or other welfare benefit plan in which the Recipient was participating at the time of the Change in Control (or plans providing the Recipient with substantially similar benefits), the taking of any action by the Company which would adversely affect the Recipient's participation or materially reduce the Recipient's benefits or value under any of such plans, unless such plans are replaced by plans of at least equivalent value to Recipient;

d) Required Relocation - the Company's requiring the Recipient to be based at a Company office more than 50 miles farther from Recipient's principal residence than the Company's offices at which they are principally employed immediately prior to the date of the Change in Control except for required travel on the Company's business to an extent substantially consistent with present business travel obligations;

e) Failure to Pay Compensation - the failure by the Company to pay to the Recipient any portion of their current compensation within seven (7) days of the date such compensation is due or any portion of their compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

f) Failure to Comply with Employment Termination Procedure - any purported termination of the Recipient's employment that is not effected pursuant to a Notice of Termination. "Notice of Termination" shall mean a notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Recipient's employment under the provisions so indicated; or

g) Diminution of Position etc. - the assignment to the Recipient of any duties or responsibilities, or the removal from the Recipient of any duties or responsibilities, that constitutes a material diminution of their position, duties, responsibilities or status as in effect preceding such Change in Control. Recipient's right to terminate their employment pursuant to this Section shall not be affected by their incapacity due to physical or mental illness. Subject to the requirement that the Recipient gives a Notice of Termination to the Company within 90 days after the occurrence of a circumstance constituting Good Reason, continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

C. Voting, Dividend and Other Rights, Restrictions and Limitations. The Recipient shall have no voting, dividend or other rights as a shareholder of the Company on account of the RSU Award granted hereunder unless and until such RSUs are converted to Shares of the Company on or after the Vesting Date.

II. Tax Consequences. RECIPIENT UNDERSTANDS THAT THE AWARD OF RESTRICTED STOCK, THE SALE OF RESTRICTED STOCK, AND THE ISSUANCE OF COMPANY STOCK, MAY HAVE TAX IMPLICATIONS THAT COULD RESULT IN ADVERSE TAX CONSEQUENCES TO RECIPIENT. RECIPIENT REPRESENTS THAT RECIPIENT SHOULD CONSULT A TAX ADVISOR. RECIPIENT FURTHER ACKNOWLEDGES THAT HE OR SHE IS NOT RELYING ON THE COMPANY FOR ANY TAX, FINANCIAL OR LEGAL ADVICE; AND IT IS SPECIFICALLY UNDERSTOOD BY RECIPIENT THAT NO REPRESENTATIONS ARE MADE AS TO ANY PARTICULAR TAX TREATMENT WITH RESPECT TO THIS AWARD.

III. Tax Withholding. Recipient must pay, or make arrangements acceptable to the Company for the payment of, any and all federal state and local income and payroll tax withholding that, in the opinion of the Company, the Company is required to withhold by law. If Recipient does not satisfy the required tax withholding by payment of cash, the Company is authorized to withhold shares of Company Stock having a fair market value on the date of withholding sufficient to satisfy the withholding obligation.

IV. Stock Ownership Requirement. Recipient understands that any award earned as part of this RSU Award Agreement is subject to the terms and conditions of the Company Stock Ownership Requirements.

V. Clawback Policy. Recipient understands that any award earned as a part of this RSU Award Agreement is subject to the terms and conditions of the Company Clawback Policy in effect at the time awards are vested.

VI. Interpretation. Any dispute regarding the interpretation of this RSU Award shall be submitted to the Board or the Committee, which shall review such dispute in accordance with the Plan. The resolution of such a dispute by the Board or Committee shall be final and binding on the Company and Recipient.

VII. Entire Agreement and Other Matters. The Plan is incorporated herein by reference. This Award Agreement and the Plan constitute the entire agreement of the parties hereto. This RSU Award and all rights and awards hereunder are void ab initio unless Recipient agrees to be bound by all terms and provisions of this Award Agreement and the Plan.

VIII. Fractional Shares. If any calculation of Company Shares to be awarded or to be forfeited or to be released from restrictions or limitations would result in a fraction, any fraction of 0.5 or greater will be rounded to one, and any fraction of less than 0.5 will be rounded to zero.

IX. Adjustments. In the event of a stock split, a stock dividend or a similar change in the Company Shares, the number of RSUs subject to this Award will be adjusted pursuant to the provisions of the Plan.

X. Nontransferability. Recipient may not sell, transfer, assign, pledge or otherwise dispose of the RSUs covered by this Award Agreement other than by will or by laws of descent and distribution. The RSUs covered by this Award Agreement are not subject to execution, attachment or other process.

XI. No Employment Rights. This RSU Award does not provide Recipient with any rights to continued employment with the Company or a Subsidiary. The Company and its Subsidiaries reserve the right to terminate Recipient's employment at any time, with or without cause.

Exhibit 21.1

COLUMBUS McKINNON CORPORATION
SUBSIDIARIES
(as of March 31, 2021)

- CM Insurance Company, Inc. (US-NY)
- Magnetek, Inc. (US-DE)
  - Magnetek National Electric Coil, Inc. (US-DE)
- Yale Industrial Products, Inc. (US-DE)
  - Columbus McKinnon Hungary Finance Kft. (Hungary)
  - Columbus McKinnon Hungary Holdings Kft. (Hungary)
    - Columbus McKinnon Dutch Holdings 3 B.V. (The Netherlands)
  - Morris Middle East, Ltd. (Cayman Islands)
    - Eastern Morris Cranes Company Limited (49% Investment) (Saudi Arabia)
  - Columbus McKinnon Limited (Canada)
  - Columbus McKinnon Asia Pacific Pte. Ltd. (Singapore)
    - Columbus McKinnon (Shanghai) International Trading Co. LTD (China)
      - Columbus McKinnon Asia Pacific Ltd. (Hong Kong)
  - Columbus McKinnon Industrial Products Co. Ltd. (China)
  - Columbus McKinnon Singapore Pte. Ltd. (Singapore)
      - STAHL Cranesystems Shanghai Co. Ltd. (China)
  - STAHL Cranesystems India Private Ltd. (India)
  - Columbus McKinnon EMEA GmbH (Germany)
  - Columbus McKinnon Industrial Products GmbH (Germany)
  - Columbus McKinnon Corporation Ltd. (England)
    - Magnetek (UK) Limited (England)
    - Stahl Cranesystems Ltd. (England)
  - Columbus McKinnon France S.a.r.l. (France)
        - Columbus McKinnon Maghreb S.a.r.l AAU (Morocco)
  - Société d'Exploitation des Raccords Gautier (France)
  - Columbus McKinnon Italia S.r.l. (Italy)
  - Columbus McKinnon Ibérica S.L.U. (Spain)
  - Columbus McKinnon Benelux, B.V. (The Netherlands)
  - CMCO Material Handling (Pty), Ltd. (South Africa)
        - Yale Engineering Products (Pty.) Ltd. (South Africa)
        - Yale Lifting Solutions (Pty.) Ltd. (South Africa)
        - Yale Lifting Solutions Industrial (Pty.) Ltd. (South Africa)
  - Columbus McKinnon Austria GmbH (Austria)
    - Hebetechnik Gesellschaft GmbH (Austria)
  - Columbus McKinnon Hungary Kft. (Hungary)
  - Columbus McKinnon Russia LLC (Russia)
  - Columbus McKinnon Polska Sp.z.o.o (Poland)
  - Columbus McKinnon Switzerland AG (Switzerland)
  - Columbus McKinnon Ireland, Ltd. (Ireland)
  - Ferromet al Limitada (Portugal)
  - Stahl Cranesystems GmbH (Germany)
    - STAHL Cranesystems FZE (UAE)
  - Columbus McKinnon Engineered Products GmbH (Germany)
    - Verkehrstechnik Gmbh (Germany)
  - Columbus McKinnon Latin America B.V. (The Netherlands)
      - Columbus McKinnon de Mexico, S.A. de C.V. (Mexico)
      - Columbus McKinnon de Uruguay, S.A. (Uruguay)
      - Columbus McKinnon do Brazil Ltda. (Brazil)
      - Columbus McKinnon de Panama S.A. (Panama)

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-168777) pertaining to the Columbus McKinnon Corporation 2010 Long Term Incentive Plan,

(2) Registration Statement (Form S-8 No. 333-207165) pertaining to the 2014 Incentive Plan of Magnetek, Inc.,

(3) Registration Statement (Form S-8 No. 333-212865) pertaining to the Columbus McKinnon Corporation 2016 Long Term Incentive Plan,

(4) Registration Statement (Form S-3 No. 333-217382) and related Prospectus of Columbus McKinnon Corporation for the registration of 2,273,000 shares of common stock of Columbus McKinnon Corporation, and

(5) Registration Statement (Form S-3 No. 333-231827) and related Prospectus of Columbus McKinnon Corporation for the registration of common stock, preferred stock, warrants, rights, stock purchase contracts, debt securities, units and guarantees of debt securities of Columbus McKinnon Corporation;

of our reports dated May 26, 2021, with respect to the consolidated financial statements and schedule of Columbus McKinnon Corporation and the effectiveness of internal control over financial reporting of Columbus McKinnon Corporation included in this Annual Report (Form 10-K) for the year ended March 31, 2021.

/s/ Ernst & Young LLP

Buffalo, New York
May 26, 2021

EXHIBIT 31.1

CERTIFICATION

I, David J. Wilson, certify that:

1. I have reviewed this report on Form 10-K of Columbus McKinnon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter, the registrant's fourth fiscal quarter in the case of an annual report, that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 26, 2021

/s/ David J. Wilson
David J. Wilson
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Gregory P. Rustowicz, certify that:

1. I have reviewed this report on Form 10-K of Columbus McKinnon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter, the registrant's fourth fiscal quarter in the case of an annual report, that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 26, 2021

/s/ Gregory P. Rustowicz
Gregory P. Rustowicz
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Columbus McKinnon Corporation (the "Company") on Form 10-K for the year ended March 31, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: May 26, 2021

/s/ David J. Wilson
David J. Wilson
Chief Executive Officer
(Principal Executive Officer)

/s/ Gregory P. Rustowicz
Gregory P. Rustowicz
Chief Financial Officer
(Principal Financial Officer)