

SOUTH STATE Corp
Form DEF 14A
March 07, 2018
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

SOUTH STATE CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

SOUTH STATE CORPORATION

520 Gervais Street

Columbia, South Carolina 29201

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held April 19, 2018

TO THE SHAREHOLDERS:

Notice is hereby given that the Annual Meeting of the Shareholders (the "Annual Meeting") of South State Corporation, a South Carolina corporation (the "Company"), will be held at the Company's headquarters in the Orangeburg Conference Room on the second floor, 520 Gervais Street, Columbia, South Carolina at 2:00 p.m., on April 19, 2018, for the following purposes:

- (1) To elect four directors to serve three-year terms and two directors to serve two-year terms (Board of Directors unanimously recommends that you vote "FOR" this proposal);
 - (2) To conduct an advisory vote on the compensation of the Company's named executive officers (this is a non-binding, advisory vote; the Board of Directors unanimously recommends that you vote "FOR" this proposal);
 - (3) To ratify, as an advisory, non-binding vote, the appointment of Dixon Hughes Goodman LLP, Certified Public Accountants, as independent registered public accounting firm for the Company for the fiscal year ending December 31, 2018 (Board of Directors unanimously recommends that you vote "FOR" this proposal); and
 - (4) To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.
- Only record holders of Common Stock of the Company at the close of business on February 16, 2018, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

You are cordially invited and urged to attend the Annual Meeting in person. Whether or not you plan to attend the Annual Meeting in person, you are requested to promptly vote by telephone, internet, or by mail on the proposals presented, following the instructions on the Proxy Card for whichever voting method you prefer. If you vote by mail, please complete, date, sign, and promptly return the enclosed proxy in the enclosed self-addressed, postage-paid envelope. If you need assistance in completing your proxy, please call the Company at 800-277-2175. If you are a record shareholder, attend the meeting, and desire to revoke your proxy and vote in person, you may do so. In any event, a proxy may be revoked by a record shareholder at any time before it is exercised.

By Order of the Board of Directors

William C. Bochette, III

Secretary

Columbia, South Carolina

March 7, 2018

SOUTH STATE CORPORATION

520 Gervais Street

Columbia, South Carolina 29201

PROXY STATEMENT

FOR THE ANNUAL MEETING OF SHAREHOLDERS

to be Held April 19, 2018

This Proxy Statement is furnished to shareholders of South State Corporation, a South Carolina corporation (herein, unless the context otherwise requires, together with its subsidiaries, the “Company”), in connection with the solicitation of proxies by the Company’s Board of Directors for use at the 2018 Annual Meeting of Shareholders to be held at the Company’s headquarters in the Orangeburg Conference Room on the second floor, 520 Gervais Street, Columbia, South Carolina at 2:00 p.m., on April 19, 2018 or any adjournment thereof (the “Annual Meeting”), for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. Directions to the Company’s headquarters may be obtained by contacting Ebony Strudwick at 803-231-5037.

Solicitation of proxies may be made in person or by mail, telephone or other means by directors, officers and regular employees of the Company. The Company may also request banking institutions, brokerage firms, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common stock, par value \$2.50 per share (the “Common Stock”), of the Company held of record by such persons, and the Company will reimburse the reasonable forwarding expenses. The cost of solicitation of proxies will be paid by the Company. This Proxy Statement was first mailed to shareholders on or about March 9, 2018.

The Company’s principal executive offices are located at 520 Gervais Street, Columbia, South Carolina 29201. The Company’s mailing address is P.O. Box 1030, Columbia, South Carolina 29202, and its telephone number is 800-277-2175.

ANNUAL REPORT

The Annual Report to Shareholders (which includes the Company’s Annual Report on Form 10-K containing, among other things, the Company’s fiscal year ended December 31, 2017 financial statements) accompanies this proxy statement. Such Annual Report to Shareholders does not form any part of the material for the solicitation of proxies.

REVOCAION OF PROXY

Any record shareholder returning the accompanying proxy may revoke such proxy at any time prior to its exercise (a) by giving written notice to the Company of such revocation, (b) by voting in person at the meeting, or (c) by executing and delivering to the Company a later dated proxy. Attendance at the Annual Meeting will not in itself constitute revocation of a proxy. Any written notice or proxy revoking a proxy should be sent to South State Corporation, P.O. Box 1030, Columbia, South Carolina 29202, Attention: William C. Bochette, III. Written notice of revocation or delivery of a later dated proxy will be effective upon receipt thereof by the Company.

QUORUM AND VOTING

The Company's only voting security is its Common Stock, each share of which entitles the holder thereof to one vote on each matter to come before the Annual Meeting. At the close of business on February 16, 2018 (the "Record Date"), the Company had issued and outstanding 36,785,071 shares of Common Stock, which were held of record by approximately 28,300 persons. Only shareholders of record at the close of business on the Record Date are entitled to notice of and to vote on matters that come before the Annual Meeting. Notwithstanding the Record Date specified above, the Company's stock transfer books will not be closed and shares of the Common Stock may be transferred subsequent to the Record Date. However, all votes must be cast in the names of holders of record on the Record Date.

The presence in person or by proxy of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. If a share is represented for any purpose at the Annual Meeting by the presence of the registered owner or a person holding a valid proxy for the registered owner, it is deemed to be present for the purposes of establishing a quorum. Therefore, valid proxies which are marked "Abstain" or "Withhold" or as to which no vote is marked, including proxies submitted by brokers who are the record owners of shares but who lack the power to vote such shares (so called "broker non-votes"), will be included in determining the number of votes present or represented at the Annual Meeting. If a quorum is not present or represented at the Annual Meeting, the shareholders entitled to vote, present in person or represented by proxy, have the power to adjourn the Annual Meeting from time to time until a quorum is present or represented. If any such adjournment is for a period of less than 30 days, no notice, other than an announcement at the Annual Meeting, is required to be given of the adjournment. If the adjournment is for 30 days or more, notice of the adjourned Annual Meeting will be given in accordance with the

Company's Bylaws. Directors, officers and regular employees of the Company may solicit proxies for the reconvened Annual Meeting in person or by mail, telephone or other means. At any such reconvened Annual Meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the Annual Meeting as originally noticed. Once a quorum has been established, it will not be destroyed by the departure of shares prior to the adjournment of the Annual Meeting.

Provided a quorum is established at the Annual Meeting, directors will be elected by a majority of the votes cast at the Annual Meeting. Shareholders of the Company do not have cumulative voting rights.

All other matters to be considered and acted upon at the Annual Meeting require that the number of shares of Common Stock voted in favor of the matter exceed the number of shares of Common Stock voted against the matter, provided a quorum has been established. Abstentions, broker non-votes and the failure to return a signed proxy will have no effect on the outcome of such matters.

Brokers are members of the New York Stock Exchange (the "NYSE") which allows its member-brokers to vote shares held by them for their customers on matters the NYSE determines are routine, even though the brokers have not received voting instructions from their customers. If the NYSE does not consider a matter routine, then your broker is prohibited from voting your shares on the matter unless you have given voting instructions on that matter to your broker. Because the NYSE does not consider Proposals No. 1 and 2 to be routine matters, it is important that you provide instructions to your bank or broker if your shares are held in street name so that your vote with respect to each of these matters is counted. If you do not give your bank or broker voting instructions with respect to Proposals No. 1 and 2, your bank or broker may not vote on these matters.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE SHAREHOLDER MEETING TO BE HELD ON April 19, 2018

This Proxy Statement and the Company's 2017 Annual Report to Shareholders (which includes its 2017 Annual Report on Form 10-K) are available at <http://www.envisionreports.com/SSB>.

ACTIONS TO BE TAKEN BY THE PROXIES

Each proxy, unless the shareholder otherwise specifies therein, will be voted according to the recommendations of the Board of Directors as follows:

- Proposal One: FOR the election of the persons named in this Proxy Statement as the Board of Directors' nominees for election to the Board of Directors; and
- Proposal Two: FOR the approval of the compensation of the Company's named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables and any related material disclosed in this proxy statement; and
- Proposal Three: FOR the ratification of the appointment of Dixon Hughes Goodman LLP as independent registered public accounting firm for the fiscal year ending December 31, 2018.

In each case where the shareholder has appropriately specified how the proxy is to be voted, it will be voted in accordance with his or her specifications. As to any other matter of business that may be brought before the Annual Meeting, a vote may be cast pursuant to the accompanying proxy in accordance with the best judgment of the persons voting the same. However, the Board of Directors does not know of any such other business.

SHAREHOLDER PROPOSALS AND COMMUNICATIONS

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Any shareholder of the Company desiring to include a proposal pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 (the Exchange Act) in the Company's 2019 proxy statement for action at the 2019 Annual Meeting of Shareholders must deliver the proposal to the executive offices of the Company no later than November 9, 2018, unless the date of the 2019 Annual Meeting of Shareholders is more than 30 days before or after April 18, 2019, in which case the proposal must be received a reasonable time before we begin to print and send our proxy materials. Only proper proposals that are timely received and in compliance with Rule 14a-8 will be included in the Company's 2019 proxy statement.

Under our Bylaws, shareholder proposals not intended for inclusion in the Company's 2019 proxy statement pursuant to Rule 14a-8 but intended to be raised at the 2019 Annual Meeting of Shareholders, including nominations for election of director(s) other

than the Board’s nominees, must be received no earlier than 120 days and no later than 90 days prior to the first anniversary of the 2018 Annual Meeting of Shareholders and must comply with the procedural, informational and other requirements outlined in our Bylaws. To be timely for the 2019 Annual Meeting of Shareholders, a shareholder proposal must be delivered to the Secretary of the Company, P.O. Box 1030, Columbia, South Carolina 29202, no earlier than December 21, 2018 and no later than January 18, 2019.

The Company does not have a formal process by which shareholders may communicate with the Board of Directors. Historically, however, the chairman of the Board or the Governance Committee has undertaken responsibility for responding to questions and concerns expressed by shareholders. In the view of the Board of Directors, this approach has been sufficient to ensure that questions and concerns raised by shareholders are adequately addressed. Any shareholder desiring to communicate with the Board may do so by writing to the Secretary of the Company at P.O. Box 1030, Columbia, South Carolina 29202.

BENEFICIAL OWNERSHIP OF CERTAIN PARTIES

The following table sets forth the number and percentage of outstanding shares that exceed 5% beneficial ownership (determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934) by any single person or group, as known by the Company:

Title of Class	Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Shares Outstan
Common Stock	The Vanguard Group 100 Vanguard Boulevard, Malvern, PA 19355	2,934,534	(1) 8.0
Common Stock	BlackRock, Inc. 55 East 52nd Street, New York, NY 10055	2,741,506	(2) 7.5
Common Stock	Wellington Management Company LLP 280 Congress Street, Boston, MA 02210	1,947,291	(3) 5.3

(1) Beneficial ownership of The Vanguard Group is based on its Schedule 13G/A filed with the SEC on February 12, 2018. The Vanguard Group reported that it has sole power to vote or to direct the vote of 41,664 shares of Common Stock, shared power to vote or direct the vote of 3,876 shares of Common Stock, sole power to dispose or direct the disposition of 2,891,998 shares of Common Stock and shared power to dispose or direct the disposition of 42,536 shares of Common Stock.

(2) Beneficial ownership of BlackRock, Inc. is based on its Schedule 13G/A filed with the U.S. Securities and Exchange Commission (“SEC”) on January 23, 2018. BlackRock, Inc. reported that it has sole power to vote or to direct the vote of 2,652,122 shares of Common Stock and sole power to dispose or direct the disposition of 2,741,506 shares of Common Stock.

(3) Beneficial ownership of Wellington Management Group LLP is based on its Schedule 13G filed with the SEC on February 8, 2018. Wellington Management Group LLP reported that it has shared power to vote or to direct the vote of 1,714,106 shares of Common Stock and shared power to dispose or direct the disposition of 1,947,291 shares of Common Stock.

BENEFICIAL OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth, as of February 16, 2018, the number and percentage of outstanding shares of Common Stock beneficially owned by (i) each director and nominee for director of the Company, (ii) each executive officer named in the Summary Compensation Table, and (iii) all executive officers and directors of the Company as a group. Unless otherwise indicated, the mailing address for each beneficial owner is care of South State Corporation, P.O. Box 1030, Columbia, South Carolina 29202.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		
	Common Shares Beneficially Owned	Common Shares Subject to a Right to Acquire	Percent of Shares Outstanding
Jimmy E. Addison (6)	13,893	—	* %
Paula Harper Bethea (6)	12,941	—	* %
Renee R. Brooks (4) (6)	13,308	6,213	* %
Joseph E. Burns (5) (6)	30,620	21,453	* %
James C. Cherry	11,500	—	* %
Jean E. Davis (6)	12,721	—	* %
Martin B. Davis (6)	892	—	* %
Robert H. Demere, Jr. (3) (5) (6)	94,130	—	* %
Cynthia A. Hartley (6)	7,388	—	* %
Robert R. Hill, Jr. (6)	91,319	42,110	* %
Robert R. Horger (6)	82,324	17,189	* %
Thomas J. Johnson (6)	21,955	—	* %
Grey B. Murray (6)	3,455	—	* %
John C. Pollok (3) (4) (6)	66,205	43,180	* %
James W. Roquemore (3) (5) (6)	45,365	—	* %
Thomas E. Suggs (6)	15,640	—	* %
Kevin P. Walker (6)	11,598	—	* %
John F. Windley (4)	25,517	26,286	* %
All directors and executive officers as a group (19 persons) (4) (6)	564,409	156,431	1.96 %

* Represents less than 1%.

- (1) As reported to the Company by the directors, nominees and executive officers.
- (2) Based on the number of shares of Common Stock acquirable by directors and executive officers through vested stock options within 60 days of the Record Date of February 16, 2018.
- (3) Excludes shares of Common Stock owned by or for the benefit of family members of the following directors and executive officers, each of whom disclaims beneficial ownership of such shares: Mr. Pollok, 666 shares; Mr. Demere, 1,325 shares and Mr. Roquemore, 5,587 shares; and all directors and executive officers as a group, 7,578 shares.
- (4) Includes shares of Common Stock held as of December 31, 2017 by the Company under the Company's 401(K) Employee Savings Plan, as follows: Mrs. Brooks, 4,064 shares; Mr. Pollok, 8,079 shares; Mr. Windley, 2,801 shares; and all directors and executive officers as a group, 14,944 shares.
- (5) For Mr. Demere, includes 52,257 shares of Common Stock owned by Colonial Group, Inc., of which Mr. Demere is President and Chief Executive Officer. For Mr. Roquemore, includes 9,426 shares owned by Patten Seed Company, of which Mr. Roquemore is a 29% owner and management affiliate. For Mr. Burns, includes 2,137 shares owned by J.E. Burns Holdings, Inc., of which Mr. Burns is an 86% owner and has the ability to direct the voting and disposition of the shares.
- (6)

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Includes unvested shares of restricted stock, as to which the executive officers and directors have full voting privileges. The shares are as follows: Mrs. Brooks, 1,396 shares; Mr. Burns, 1,645 shares; Mr. Hill, 15,246 shares; Mr. Horger, 1,603 shares; Mr. Pollok, 13,155 shares; and all directors and executive officers as a group, 36,145 shares.

PROPOSAL NO. 1: ELECTION OF DIRECTORS

The Articles of Incorporation of the Company provide for a maximum of twenty directors; to be divided into three classes with each director serving a three-year term, with the classes as equal in number as possible. The Board of Directors has currently established the number of directors at fifteen.

John C. Pollok, Cynthia A. Hartley, Thomas E. Suggs, Kevin P. Walker, James C. Cherry, and Jean E. Davis, all of whom currently are directors of the Company and whose terms expire at the Annual Meeting, have been nominated by the Board of Directors for re-election by the shareholders. If re-elected, Ms. Hartley and Messrs. Pollok, Suggs and Walker will serve as directors of the Company for a three-year term, expiring at the 2021 Annual Meeting of Shareholders of the Company.

James C. Cherry and Jean E. Davis were appointed to the Board of Directors effective December 1, 2017. Under South Carolina law, Mr. Cherry's and Ms. Davis' terms expire at the Annual Meeting, and we ask that you re-elect Mr. Cherry and Ms. Davis to our Board of Directors. If re-elected, Mr. Cherry and Ms. Davis will each serve as director of the Company for a two-year term, expiring at the 2020 Annual Meeting of Shareholders of the Company.

Under our current Bylaws, in the event that a director attains age 72 during his or her term of office, he or she shall serve only until the next shareholders' meeting after his or her 72nd birthday.

The Board of Directors unanimously recommends that shareholders vote "FOR" the director nominees.

The table below sets forth for each director his or her name, age, when first elected and current term expiration, business experience for at least the past five years, and the qualifications that led to the conclusion that the individual should serve as a director.

Name	Age	First Elected Director	Current Term Expires	Nominee for New Term	Business Experience for the Past Five Years and Director Qualifications
Robert R. Horger	67	1991	2019		Mr. Horger has served as Chairman of the Company and its wholly-owned banking subsidiary, South State Bank (sometimes also referred to herein as the "Bank"), since 1998. He also has served as Vice Chairman of the Company and the Bank, from 1994 to 1998.
Chairman South State Bank					Mr. Horger has been an attorney with Horger, Barnwell and Reid in Orangeburg, South Carolina, since 1975. During his tenure as Chairman, Mr. Horger has developed knowledge of the Company's business, history, organization, and executive management which, together with his personal understanding of many of the markets that we serve, has enhanced his ability to lead the Board of Directors through the current challenging business environment for all financial institutions. Mr. Horger's legal training and experience enhance his ability to understand the Company's regulatory framework.
Employee					
Robert R. Hill, Jr.	51	1996	2020		Mr. Hill has served as Chief Executive Officer of the Company since July 26, 2013. Prior to that time, Mr. Hill served as President and Chief Executive Officer of the Company from November 6, 2004 to July 26,

Chief
Executive
Officer

South
State Bank

Employee

2013. Prior to that time, Mr. Hill served as President and Chief Operating Officer of South State Bank, from 1999 to November 6, 2004. Mr. Hill joined the Company in 1995. He was appointed to serve on the Federal Reserve Board of Directors in December 2010. Mr. Hill brings to the board an intimate understanding of the Company's business and organization, as well as substantial leadership ability, banking industry expertise, and management experience.

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Name	Age	First Elected Director 2012	Current Term Expires 2018	Nominee for New Term	Business Experience for the Past Five Years and Director Qualifications
John C. Pollok Chief Financial Officer & Chief Operating Officer South State Bank Employee	52				Mr. Pollok has served as Chief Financial Officer and Chief Operating Officer of the Company since March 21, 2012. Mr. Pollok previously served as the Chief Operating Officer of the Company and the Bank from January 4, 2010 until March 21, 2012. Prior to that time, Mr. Pollok served as the Chief Financial Officer and Chief Operating Officer of the Company and the Bank from February 15, 2007 until January 3, 2010. Mr. Pollok brings to the board an overall institutional knowledge of the Company's business, banking industry expertise, and leadership experience.
Jimmy E. Addison	57	2007	2019		Mr. Addison has served as Chief Executive Officer of SCANA Corporation, the holding company of South Carolina Electric and Gas Company and other utility-related concerns since January 1, 2018. He previously served as Chief Financial Officer from 2006 through 2017 and as President of SCANA Energy from 2014 through 2017. He also serves as a member of the board (past president) for the Business Partnership Foundation of the Darla Moore School of Business at the University of South Carolina. Mr. Addison is also a licensed CPA and previously worked for an international accounting firm. His leadership experience, knowledge of financial reporting requirements of public companies, and business and personal ties to many of the Bank's market areas enhance his ability to contribute as a director.
Paula Harper Bethea Vice Chairman	62	2013	2020		Mrs. Bethea has served as Vice-Chairman of the Board of Directors of the Company and the Bank since 2013. Mrs. Bethea is currently President of Strategic Synergies LLC and President of Dillon Property Holdings LLC. Mrs. Bethea was formerly the Executive Director of the South Carolina Education Lottery and was one of nine South Carolinians chosen in 2001 to establish the Lottery. Prior to this position, Mrs. Bethea was with the McNair Law Firm from 2006 to 2009 where she served as Director of External Relations. Mrs. Bethea served on the board of directors of former First Financial Holdings, Inc. of Charleston, South Carolina ("FFHI") from 1996 until FFHI merged with

the Company in 2013. Her business and personal experience in certain of the communities that the Bank serves provides her with an appreciation of markets that we serve, and her leadership experiences provide her with insights regarding organizational behavior and management.

James C. 67 2017 2018
Cherry

Mr. Cherry served as the Chief Executive Officer and as a director of the Park Sterling Corporation from its formation in 2010 until November 2017. Mr. Cherry has served as a consultant to the Bank since November 2017. He retired as the Chief Executive Officer for the Mid-Atlantic Banking Region at Wachovia Corporation in 2006, and previously served as President of Virginia Banking, Head of Trust and Investment Management, and in various positions in North Carolina and Virginia banking including Regional Executive, Area Executive, City Executive, Corporate Banking and Loan Administration Manager, and Retail Banking Branch Manager for Wachovia. Mr. Cherry was formerly Chairman of the Virginia Bankers Association. He is currently a director of Armada Hoffler Properties Inc., a Virginia-based publicly traded real estate company. Mr. Cherry's extensive experience in commercial and retail banking operations, credit administration, product management and merger integration at Wachovia, which was focused in the Carolinas and Virginia, provides the Board of Directors with significant expertise important to the oversight of the Company and expansion into its target markets.

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Name	Age	First Elected Director 2017	Current Term Expires 2018	Nominee for New Term	Business Experience for the Past Five Years and Director Qualifications
Jean E. Davis	62				Ms. Davis, former Park Sterling Corporation Board member, retired as the head of Operations, Technology and e-Commerce of Wachovia Corporation in 2006. She previously served as the Head of Operations and Technology, Head of Human Resources, Head of Retail Banking, and in several office executive, regional executive and corporate banking roles for Wachovia. She is currently a member of the Board of Safe Alliance, Charlotte, NC and of the Charlotte Latin School. Ms. Davis brings extensive knowledge of bank operations and technology, as well as human resources, to the Board of Directors, both of which are important to the Company's long-term success. In addition, she brings a strong background in retail banking, merger due diligence and merger integration experience.
Martin B. Davis	54	2016	2020		Mr. Davis is executive vice president of Southern Company Services and chief information officer of Southern Company. Mr. Davis has spent nearly 30 years leading complex technology organizations in highly regulated environments. Mr. Davis serves on the American Heart Association's Mid-Atlantic region board of directors. Mr. Davis served on the board of trustees at Winston-Salem State University. He has been recognized as one of the "50 Most Important African-Americans in Technology" by U.S. Black Engineers & Information Technology magazine and one of the "75 Most Powerful African-Americans in Corporate America" by Black Enterprise. Mr. Davis' technology-related experience provides him with useful insight regarding this area of increasing strategic importance to bank marketing and operations.
Robert H. Demere, Jr.	69	2012	2019		Mr. Demere serves as President, Chief Executive Officer and director of Colonial Group, Inc., a petroleum marketing company located in Savannah, Georgia. Mr. Demere has been employed by Colonial Group, Inc. since 1974. As President of Colonial Group, Inc., Mr. Demere has attained valuable experience in raising equity in the capital markets. Prior to working for Colonial, Mr. Demere worked as a stockbroker for Robinson-Humphrey Company. Mr. Demere served on the board of directors of Savannah Bancorp Inc. from 1989 until its acquisition by the Company in 2012. His business and personal experience in certain of the communities that the Bank serves also provides him with an appreciation of and useful insight regarding certain markets that we serve.
	69	2011	2018		

Cynthia
A.
Hartley

Mrs. Hartley retired in 2011 as Senior Vice President of Human Resources with Sonoco Products Company in Hartsville, South Carolina. Mrs. Hartley served as the Chairman of the Board of Trustees for Coker College in Hartsville, South Carolina. Mrs. Hartley was first elected to the Board of Directors of the Company in May of 2011. Her leadership experience, knowledge of human resource matters, and business and personal ties with many of the Bank's market areas enhance her ability to contribute as a director.

Thomas 67 2013 2020
J.
Johnson

Mr. Johnson is President, Chief Executive Officer, and Owner of F&J Associates, a company that owns and operates automobile dealerships in the southeastern United States and the U.S. Virgin Islands. He serves on the Board of Directors of the South Carolina Automobile Dealers Association, the Board of Visitors of the Coastal Carolina University School of Business and the South Carolina Business Resources Board. Mr. Johnson served on the board of directors of FFHI from 1998 until FFHI merged with the Company in 2013. Mr. Johnson's extensive business experience and knowledge of markets that we serve enhance his ability to contribute as a director.

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Name	Age	First Elected Director 2017	Current Term Expires 2019	Nominee for New Term	Business Experience for the Past Five Years and Director Qualifications
Grey B. Murray	52				Mr. Murray, former Georgia Bank & Trust board member, serves as President of United Brokerage Company, Inc., headquartered in Augusta, Georgia. Mr. Murray also serves as a Commissioner on the Augusta Aviation Commission and is a graduate of Leadership Georgia. An active member of the community, Mr. Murray has served on the board of directors of the American Heart Association, University Health Care Foundation, Augusta Country Club, Secession Golf Club, St. Paul's Building Authority, Exchange Club of Augusta, Georgia Movers Association, and Augusta Preparatory Day School (past Chairman of the Board). Mr. Murray's extensive business experience and knowledge of markets that we serve enhance his ability to contribute as a director.
James W. Roquemore	63	1994	2019		Mr. Roquemore serves as Chief Executive Officer of Patten Seed Company, Inc. of Lakeland, Georgia, and General Manager of Super-Sod/Carolina, a company that produces and markets turf, grass, sod and seed, since 1997. As the chief executive officer of a company, Mr. Roquemore has experience with management, marketing, operations, and human resource matters. His business and personal experience in the communities that the Bank serves also provides him with an appreciation of markets that we serve. Moreover, during his tenure as a director he has developed knowledge of the Company's business, history, organization, and executive management which, together with the relationships that he has developed, enhance his leadership and consensus-building ability.
Thomas E. Suggs	68	2001	2018		Mr. Suggs has served as President and Chief Executive Officer of HUB Carolinas, a region of HUB International, the eighth largest insurance broker in the world, since August 2016. Mr. Suggs was the President and Chief Executive Officer of Keenan & Suggs, Inc., an insurance brokerage and consulting firm, before it was acquired by HUB international in August 2016. Mr. Suggs has over 21 years of experience in the insurance industry and 25 years of banking experience. As the chief executive officer of the region, Mr. Suggs has experience with management, marketing, operations, and human resource matters, and his experience with the banking industry also provides him with certain insights. His business and personal experience in

Kevin P. Walker 67 2010 2018

communities that the Bank serves also provides him with an appreciation of markets that we serve. Mr. Walker, CPA/ABV, CFE, is a founding partner of GreerWalker LLP with offices in Charlotte, North Carolina and Greenville, South Carolina. GreerWalker LLP is the largest certified public accounting firm founded and headquartered in Charlotte and currently employs approximately 115 people. Mr. Walker is also a member of the American Institute of Certified Public Accountants, the North Carolina Association of Certified Public Accountants, the Financial Consulting Group, the Association of Certified Fraud Examiners, and the American Arbitration Association Panel of Arbitrators. Mr. Walker was first elected to the Board of Directors of the Company in October 2010. Mr. Walker's leadership experience, accounting knowledge and business and personal experience in certain of the Company's markets enhance his ability to contribute as a director.

FAMILY RELATIONSHIPS

There are no family relationships among any of the directors and executive officers of the Company.

THE BOARD OF DIRECTORS AND COMMITTEES

During 2017, the Board of Directors of the Company held seven meetings. All directors attended at least 85% of the aggregate of (a) the total number of meetings of the Board of Directors held during the period for which he or she served as a director, and (b) the total number of meetings held by all committees of the Board of Directors of the Company on which he or she served.

There is no formal policy regarding attendance at annual shareholder meetings; although such attendance has always been strongly encouraged. All of the directors attended the 2017 Annual Shareholders Meeting.

The Board of Directors has adopted a Code of Ethics that is applicable to, among other persons, the Company's chief executive officer, chief financial officer, principal accounting officer and all managers reporting to these individuals who are responsible for accounting and financial reporting. The Code of Ethics is located on the Company's website at <https://www.southstatebank.com/> under Investor Relations. We will disclose any future amendments to, or waivers from, provisions of these ethics policies and standards on our website promptly as practicable, as and to the extent required under NASDAQ Stock Market listing standards and applicable SEC rules.

The Board of Directors of the Company maintains executive, audit, compensation, governance, and risk committees. The composition and frequency of meetings for these committees during 2017 were as follows:

Name	Independent Under NASDAQ Requirements	Committees of the Board of Directors				
		Executive	Audit	Compensation	Governance	Risk
	(2)	(8 meetings)	(9 meetings)	(6 meetings)	(4 meetings)	(5 meetings)
Robert R. Horger	No	Chair				
Robert R. Hill, Jr.	No					
John C. Pollok	No					
Jimmy E. Addison	Yes				Chair	
Paula Harper	Yes					
Bethea James C. Cherry (1)	No					
Jean E. Davis (1)	Yes					
Martin B. Davis	Yes					Chair
Robert H. Demere Jr.	Yes			Chair		

Cynthia A. Hartley		
Thomas J. Johnson	Yes	
Grey B. Murray	Yes	
James W. Roquemore	Yes	
Thomas E. Suggs	Yes	
Kevin P. Walker	Yes	Chair

(1) James C. Cherry and Jean E. Davis were appointed to the Board of Directors on December 1, 2017 effective with the consummation of the merger with Park Sterling Corporation.

(2) All directors other than Robert R. Horgler, Robert R. Hill, Jr., John C. Pollok and James C. Cherry meet the independence requirements of The NASDAQ Stock Market. Therefore, under these requirements, a majority of the members of the Company's Board of Directors is independent. The functions of these committees are as follows:

Executive Committee—The Board of Directors of the Company may, by resolution adopted by a majority of its members, delegate to the executive committee the power, with certain exceptions, to exercise the authority of the Board of Directors in the management of the affairs and property of the Company. The Executive Committee has the authority to recommend and approve new policies and to review and approve present policies or policy updates and changes. The Executive Committee charter can be found on the Company's website at <https://www.southstatebank.com/> under Investor Relations.

Audit Committee—The Board of Directors has determined that all members of the Audit Committee are independent directors under the independence requirements of The NASDAQ Stock Market. The Board of Directors has also determined that Kevin P. Walker is an "Audit Committee financial expert" for purposes of the rules and regulations of the SEC adopted pursuant to the Sarbanes Oxley Act of 2002. The primary function of the Audit Committee is to assist the Board of Directors of the Company in overseeing (i) the

Company's accounting and financial reporting processes generally, (ii) the audits of the Company's financial statements and (iii) the Company's systems of internal controls regarding finance and accounting. In such role, the Audit Committee reviews the qualifications, performance, effectiveness and independence of the Company's independent accountants and has the authority to appoint, evaluate and, where appropriate, replace the Company's independent accountants. The Audit Committee also oversees the Company's internal audit department and consults with management regarding the internal audit process and the effectiveness and reliability of the Company's internal accounting controls. The Board of Directors has adopted a charter for the Audit Committee, a copy of which is located on the Company's website at <https://www.southstatebank.com/> under Investor Relations.

Compensation Committee—The Board of Directors has determined that all members of the Compensation Committee are independent directors under the independence requirements of The NASDAQ Stock Market applicable to directors who do not serve on the Audit Committee. The Compensation Committee, among other functions, has overall responsibility for evaluating, and approving or recommending to the Board for approval, the director and officer compensation plans, policies and programs of the Company. The full Board of Directors is then responsible for approving or disapproving compensation paid to the CEO and each of the other executive officers of the Company. The committee, which currently consists of five independent directors, is required to be made up of no fewer than three independent directors who are recommended by the Chairman of the Board of Directors and approved by the Board. The Compensation Committee's processes and procedures for considering and determining executive compensation are described below under "Compensation Discussion and Analysis." The Compensation Committee charter can be found on the Company's website at <https://www.southstatebank.com/> under Investor Relations.

Governance Committee—The Board of Directors has determined that all members of the Governance Committee are independent directors under the independence requirements of The NASDAQ Stock Market applicable to directors who do not serve on the Audit Committee. The Governance Committee identifies and recommends individuals qualified to become Board members, reviews the corporate governance practices employed by the Company and recommends changes thereto, and assists the Board in its periodic review of the Board's performance. The Governance Committee charter can be found on the Company's website at <https://www.southstatebank.com/> under Investor Relations.

The Governance Committee acts as the nominating committee for the purpose of recommending to the Board of Directors nominees for election to the Board. The Governance Committee has not established any specific, minimum qualifications that must be met for a person to be nominated to serve as a director, and the Governance Committee has not identified any specific qualities or skills that it believes are necessary to be nominated as a director. The Governance Committee charter provides that potential candidates for the Board are to be reviewed by the Governance Committee and that candidates are selected based on a number of criteria, including a proposed nominee's independence, age, skills, occupation, diversity, experience and any other factors beneficial to the Company in the context of the needs of the Board. The Governance Committee has not adopted a formal policy with regard to the consideration of diversity in identifying director nominees. In determining whether to recommend a director nominee, Governance Committee members consider and discuss diversity, among other factors, with a view toward the needs of the Board of Directors as a whole. The Governance Committee members generally conceptualize diversity expansively to include, without limitation, concepts such as race, gender, national origin, differences of viewpoint, professional experience, education, skill and other qualities or attributes that contribute to Board heterogeneity when identifying and recommending director nominees. The Governance Committee believes that the inclusion of diversity as one of many factors considered in selecting director nominees is consistent with the Committee's goal of creating a Board of Directors that best serves the needs of the Company and the interest of its shareholders.

The Governance Committee has performed a review of the experience, qualifications, attributes and skills of the Board's current membership, including the director nominees for election to the Board of Directors and the other members of the Board, and believes that the current members of the Board, including the director nominees, as a whole possess a variety of complementary skills and characteristics, including the following:

- successful business or professional experience;
- various areas of expertise or experience, which are desirable to the Company's current business, such as general management, planning, legal, marketing, technology, banking and financial services;
- personal characteristics such as character, integrity and accountability, as well as sound business judgment and personal reputation;
- willingness and ability to commit the necessary time to fully discharge the responsibilities of Board membership to the affairs of the Company;

- leadership and consensus building skills; and
- commitment to the success of the Company.

Each individual director has qualifications and skills that the Governance Committee believes, together as a whole, create a strong, well-balanced Board. The experiences and qualifications of our directors are found in the table on pages 5-8.

The Governance Committee will consider director nominees identified by its members, other directors, officers and employees of the Company and other persons, including shareholders of the Company. The Governance Committee will consider nominees for director recommended by a shareholder if the shareholder provides the committee with the information described in Paragraph 7 under the caption “Committee Authority and Responsibilities” of the Governance Committee’s charter.

The required information regarding a director nominee is also discussed in general terms within the first paragraph of the “Shareholder Proposals and Communications” section on page 2 of this proxy statement.

Risk Committee—The Risk Committee of the Board of Directors of the Company provides assistance to the Board of Directors in fulfilling its responsibility to the Company and its shareholders by striving to identify, assess, and monitor key business risks that may impact the Company’s operations and results. The charter for this committee can be found at <https://www.southstatebank.com/> under Investors Relations.

While the Risk Committee oversees and reviews the Company’s risk functions to monitor key business risks, management is ultimately responsible for designing, implementing, and maintaining an effective risk management program to identify, plan for, and respond to the Company’s material risks. The Risk Committee charter acknowledges that the Audit Committee of the Board is primarily responsible for certain risks, including accounting and financial reporting. Although the Risk Committee does not have primary responsibility for the risks which are subject to the jurisdiction of the Audit Committee, it is anticipated that on occasion certain results from audit functions will be reviewed by the Risk Committee.

Code of Ethics—The Board of Directors of the Company and the Board of Directors of the bank have adopted a Code of Ethics to provide ethical guidelines for the activities of agents, attorneys, directors, officers, and employees of the Company and its subsidiaries. The Code of Ethics will promote, train, and encourage adherence in business and personal affairs to a high ethical standard and will also help to maintain the Company as an institution that serves the public with honesty, integrity and fair-dealing. The Code of Ethics is designed to comply with the Sarbanes-Oxley Act of 2002, and certain other laws that provide guidelines in connection with possible breaches of fiduciary duty, dishonest efforts to undermine financial institution transactions and the intent to corrupt or reward a Company employee or other Company representative. A copy of the Code of Ethics can be found on the Company’s website at <https://www.southstatebank.com/> under Investor Relations.

Board of Directors’ Corporate Governance Guidelines—The Board of Directors of the Company and the Board of Directors of the bank have each adopted certain guidelines governing the qualifications, conduct and operation of the Board. Among other things, these guidelines outline the duties and responsibilities of each director, and establish certain minimum requirements for director training. Each director is required to read, review and sign the corporate governance guidelines on an annual basis. A copy of these guidelines can be found on the Company’s website at <https://www.southstatebank.com/> under Investor Relations.

Board Leadership Structure and Role in Risk Oversight

We are focused on the Company’s corporate governance practices and value independent Board oversight as an essential component of strong corporate performance to enhance shareholder value. Our commitment to independent oversight is demonstrated by the fact that over 73% of all of our directors are independent. In addition, all of the members of our Board’s Audit, Compensation, Risk and Governance Committees are deemed independent based on a

Board evaluation.

See the discussion entitled Certain Relationships and Related Transactions on page 47 for additional information concerning Board independence.

Our Board believes that it is preferable for Mr. Horger to serve as Chairman of the Board because of his strong institutional knowledge of the Company's business, history, industry, markets, organization and executive management gained in his 20 years of experience in a leadership position on the Board. We believe it is the Chief Executive Officer's responsibility to manage the Company and the Chairman's responsibility to guide the Board as the Board provides leadership to our executive management. As directors continue to have more oversight responsibility than ever before, we believe it is beneficial to have separate individuals in the role of Chairman and Chief Executive Officer. Traditionally, the Company has maintained the separateness of the roles of the Chairman and

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the Chief Executive Officer. In making its decision to continue to have a separate individual as Chairman, the Board considered the time and attention that Mr. Hill is required to devote to managing the day-to-day operations of the Company. We believe that this Board leadership structure is appropriate in maximizing the effectiveness of Board oversight and in providing perspective to our business that is independent from executive management.

The Board of Directors oversees risk through the various Board standing committees, principally the Audit Committee and the Risk Committee, which report directly to the Board. Our Audit Committee is primarily responsible for overseeing the Company's accounting and financial reporting risk management processes on behalf of the full Board of Directors. The Audit Committee focuses on financial reporting risk and oversight of the internal audit process. It receives reports from management at least quarterly regarding the Company's assessment of risks and the adequacy and effectiveness of internal control systems, and also reviews credit and market risk (including liquidity and interest rate risk), and operational risk (including compliance and legal risk). Our Chief Credit Officer and Chief Financial Officer meet with the Audit Committee on a quarterly basis in executive sessions to discuss any potential risks or control issues involving management. Our Chief Risk Officer meets with the Risk Committee each quarter to identify, assess, and monitor key business risks that may impact the Company's operations and results.

Each of the Board's standing committees, as described above, is involved to varying extents in the following:

- determining risk appetites, policies and limits
- monitoring and assessing exposures, trends and the effectiveness of risk management;
- reporting to the Board of Directors; and
- promoting a sound risk management culture.

The full Board of Directors focuses on the risks that it believes to be the most significant facing the Company and the Company's general risk management strategy. The full Board of Directors also seeks to ensure that risks undertaken by the Company are consistent with the Board of Directors' approved risk management strategies. While the Board of Directors oversees the Company's risk management, management is responsible for the day-to-day risk management processes. We believe this division of responsibility is the most effective approach for addressing the risks facing our Company and that our Board leadership structure supports this approach.

We recognize that different Board leadership structures may be appropriate for companies in different situations. We will continue to reexamine our corporate governance policies and leadership structures on an ongoing basis in an effort to ensure that they continue to meet the Company's needs.

PROPOSAL NO. 2: ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

The Securities and Exchange Commission rules adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) require the Company to provide shareholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission.

As described in greater detail under the heading “Compensation Discussion and Analysis,” the Company seeks to align the interests of our named executive officers with the interests of our shareholders. The Company’s compensation programs are designed to reward our named executive officers for the achievement of strategic and operational goals and the achievement of increased shareholder value, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. The Company believes its compensation policies and procedures are competitive, focused on pay for performance principles and strongly aligned with the interest of the Company’s shareholders. The Company also believes that both it and its shareholders benefit from responsive corporate governance policies and constructive and consistent dialogue. The proposal described below, commonly known as a “Say-on-Pay” proposal, gives you as a shareholder the opportunity to express your views regarding the compensation of the named executive officers by voting to approve or not approve such compensation as described in this Proxy Statement.

This vote is advisory, which means that it is not binding on the Company, the Board of Directors or the Compensation Committee. The vote on this resolution is not intended to address any specific element of compensation, but rather relates to the overall compensation of our named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission.

The Board of Directors asks our shareholders to vote in favor of the following resolution at the Annual Meeting:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed in the Company’s Proxy Statement for the 2018 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in the proxy statement, is hereby APPROVED.”

The Board of Directors unanimously recommends that shareholders vote FOR the approval of the resolution related to compensation of named executive officers.

PROPOSAL NO. 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

Although the Company is not required to seek shareholder ratification of the selection of its accountants, the Company believes obtaining shareholder ratification is desirable. If the shareholders do not ratify the appointment of Dixon Hughes Goodman LLP, the Audit Committee will re-evaluate the engagement of the Company's independent auditors. Even if the shareholders do ratify the appointment, the Audit Committee has the discretion to appoint a different independent registered public accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interest of the Company and its shareholders.

The Board unanimously recommends that shareholders vote FOR the ratification of the appointment of Dixon Hughes Goodman LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018.

If a quorum is present, the number of shares of Common Stock voted in favor of this proposal must exceed the number of shares voted against it for approval of this proposal.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion & Analysis explains our 2017 executive compensation programs and decisions with respect to our executive officers and, in particular, our Named Executive Officers, or which we sometimes refer to herein as our “NEOs”. In this discussion, we explain, among other things, our compensation philosophy and program, factors considered by the Compensation Committee in making compensation decisions and additional details about our compensation program and practices. The following discussion is organized into four parts:

1. Executive Summary
2. South State Executive Compensation Process (page 19)
3. Components of Executive Compensation (page 23)
4. Other Aspects of South State’s Executive Compensation Program (page 26)

Part 1—Executive Summary

The Compensation Committee seeks to provide compensation arrangements for the Company’s executive officers that are designed to retain and attract talented executives who can perform at a high level and manage the Company in the shareholders’ best interest. Among other things, these compensation arrangements are intended to align executive compensation with the Company’s performance, both on a short-term basis and a long-term basis. This is accomplished through incentive compensation that is based primarily on the Company’s performance and secondarily on individual contributions. Our Named Executive Officers for 2017 were:

Name	Title	Years of Service at South State
Robert R. Hill, Jr.	Chief Executive Officer of South State Corporation	22
John C. Pollok	Senior Executive Vice President, Chief Financial Officer, and Chief Operating Officer	22
John F. Windley	Chief Banking Officer, President and Chief Executive Officer of South State Bank	16
Joseph E. Burns	Senior Executive Vice President and Chief Credit Officer	17
Renee R. Brooks	Senior Executive Vice President and Chief Administrative Officer	22

When setting specific goals and objectives, the Compensation Committee considers the priorities of Soundness, Profitability and Growth. These priorities are the foundation from which we build and measure our performance.

We believe these priorities have enabled the Company to be well-positioned to take advantage of strategic growth opportunities and deliver outstanding returns to our shareholders. A solid company culture, focused values and a strong team, complement these priorities and are the core contributors of our continued success.

During 2017, there were three significant events that impacted the company and include the following:

1. In 2016, we announced the planned merger with Southeastern Bank Financial Corporation, and laid significant groundwork for successful closing of the merger and integration of the two companies. The merger with Southeastern Bank Financial closed successfully on January 3, 2017 and added \$2.1 billion in total assets. The systems integration was completed during the first quarter of 2017;
2. In April of 2017, we announced the merger with Park Sterling Corporation, which closed on November 30, 2017 and added \$3.5 billion in total assets. The systems integration is expected to be completed during the second quarter of 2018; and
3. The passage of the Tax Cut and Jobs Act on December 22, 2017, which resulted in a large income tax charge related to our deferred tax items.

The Company believes that key 2017 indicators of soundness, profitability and growth include the following:

Soundness

- Total nonperforming assets declined by 6.5% to \$36.1 million.
- Non-acquired loan net charge-offs decreased to 0.04% in 2017 from 0.06% in 2016.
- Other real estate owned (OREO) decreased by \$7.1 million, or 38.8%, from \$18.3 million at December 31, 2016 to \$11.2 million at December 31, 2017. The decline occurred even with the addition of \$3.0 million in OREO from two mergers in 2017.

Profitability

- Diluted earnings per common share (EPS), in accordance with generally accepted accounting principles (GAAP), decreased 29.9% to \$2.93 per share in 2017 from \$4.18 per share in 2016. This decline was driven to a significant extent by a reduction in the value of net deferred tax assets by \$26.6 million, or \$0.83 per diluted share, in the fourth quarter of 2017 as a result of the recently enacted Tax Cuts and Jobs Act.
- Adjusted EPS—Diluted* (non-GAAP) increased 6.8% to \$4.85 per share in 2017 from \$4.55 per share in 2016. We believe that it is important to examine the results of our performance on an adjusted basis as well as a GAAP basis due to certain expense items that impact our GAAP financials. Adjusted performance results give insight into how performance on our core ongoing business changes from year to year by excluding certain items. For example, in 2017, the Company incurred securities gains of \$445,000, net of tax; merger and branch consolidation expense of \$31.5 million, net of tax; and net deferred tax revaluation of \$26.6 million. In 2016, the Company incurred certain expense items relative to ongoing branch consolidation, early termination of our loss share agreements with the FDIC, and expenses related to the merger with Southeastern Bank Financial Corporation. These expenses totaled \$8.9 million, net of tax, or \$0.37 per diluted share in 2016.

- o As highlighted above, there were a number of differences between our reported (GAAP) and adjusted (non-GAAP) financials for fiscal year 2017 as shown below in the chart on the following page:

§ Return on average assets (GAAP) totaled 0.77% in 2017 compared to 1.16% in 2016. Adjusted return on average assets* (non-GAAP) totaled 1.28% in 2017 compared to 1.26% in 2016.

§ Adjusted return on average tangible equity* (non-GAAP) decreased to 15.49% in 2017 from 15.94% in 2016.

- Our performance in 2017 on return on average assets and return on average tangible equity continues to be strong relative to our peers, in spite of the fact that both represent a slight decrease from our 2016 performance. The following chart illustrates that performance relative to our peers.

*Adjusted EPS—Diluted, Return on Average Tangible Equity, Core Return on Average Assets and Return on Average Tangible Equity are non-GAAP financial measures. See page 40 in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 for the non-GAAP to GAAP reconciliation and other relevant information.

Growth

- Non-acquired loan growth in all categories totaled \$1.25 billion, or 23.9%, in 2017.
- Organic core deposit growth was 7.5% during 2017; organic demand deposit growth was \$64.9 million in 2017.
- These two mergers resulted in total assets growing by \$5.6 billion, or 62.5%, to \$14.5 billion at December 31, 2017.
- Shareholder value returns were less than those of the Southeast Bank Index and less than those of the NASDAQ Composite Index for the five-year period (as shown in the following chart):

Returns are shown on a total return basis, assuming the reinvestment of dividends and a beginning stock index value of \$100 per share. The value of the Company's stock as shown in the graph is based on published prices for transactions in the Company's stock.

Total Return Performance

Index	Period Ending					
	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
South State Corporation NASDAQ Composite Index	100.00	167.92	171.72	186.67	230.79	233.67
SNL Southeast Bank Index	100.00	140.12	160.78	171.97	187.22	242.71
Bank Index	100.00	135.52	152.63	150.24	199.45	246.72

Key 2017 Compensation Decisions by the Compensation Committee

The Compensation Committee made the following key compensation decisions during 2017:

- Continued the Executive Incentive Plan with goals and opportunity levels that reflected South State's size in 2017. This plan has both short-term and long-term components designed to align incentive compensation with the strategic focus of the Company.
- o Continued the Long-Term Incentive Plan with three-year performance vesting conditions that are intended to provide alignment with increased shareholder value and long-term performance. The 2017-2019 goals for restricted stock units (which we refer to as "RSUs") were split between cumulative adjusted EPS growth (67%) and adjusted return on average tangible equity ("ROATE") (33%).
- o Maintained a short-term annual cash bonus component based on annual financial and performance goals and objectives.
- o Maintained a stock option component that rewards executives for individual performance with stock option grants. Beginning in 2018, stock options will no longer be awarded as part of the long-term incentive plan. All long-term incentive will be in the form of three-year performance based RSUs.
- o In addition to the performance goals referenced above, the following specified minimum "performance triggers," which were intended to encourage soundness, must also be achieved for the annual cash bonus to be earned and the RSUs to vest based on 2017 performance:
 - § Aggregate net income must be sufficient to cover aggregate dividends; and
 - § The Bank must receive a regulatory rating for asset quality in its most recent regulatory report issued prior to December 31, 2017 that is not lower than the Bank's most regulatory rating for asset quality prior to December 31, 2015.
- Increased the base salaries for each of our NEOs by 2.75% for 2017 with the exception of Renee R. Brooks, the Company's Chief Administrative Officer, whose salary was increased by 3.56% due to responsibility, performance and to better align her compensation with the other NEOs.

- Focused on performance-based compensation and, therefore, variable compensation opportunities that are subject to attaining specific performance metrics. Consistent with the Compensation Committee's compensation philosophy, a significant portion of NEO total compensation is in the form of incentive, or "at-risk" compensation, which will vary annually based on the performance of the Company. The chart below shows the average pay mix for the Chief Executive Officer (often referred to in this Proxy Statement as the "CEO") and the average of our other NEOs compared to recent peer practices.
 - Awarded NEOs cash incentives at maximum level based on results for the year as set forth under the annual cash bonus component of the 2017 Executive Incentive Plan.
- In summary, the Committee concluded that the 2017 performance-based compensation, together with 2017 base salary levels, were well aligned with the Company's performance and the individual's contribution for the year.

Part 2—South State Executive Compensation Process

Compensation Philosophy

In 2017, the Compensation Committee reviewed and validated its compensation philosophy with the assistance of the Compensation Committee's independent compensation consultant. The purpose of the review was to ensure that compensation decisions made by the Compensation Committee and the Board of Directors were consistent with this philosophy. The fundamental philosophy of the Company's compensation program is to offer competitive compensation opportunities for executive officers that (i) align compensation with the performance of the Company on both a short-term and long-term basis, and (ii) are based on both the Company's performance and the individual's contribution. The compensation structure is designed to retain and reward executive officers who are capable of leading the Company in achieving its business objectives. The philosophy is to also consider applicable rules and regulations and current peer group compensation in determining compensation levels.

The Compensation Committee considers this philosophy as it develops its incentive plans. Cash incentives for 2017 were designed to reward executives for achieving annual financial and performance goals based on soundness and profitability. The performance objectives of the 2017 annual cash incentive plan reflect this focus. Equity grants are designed to reward our NEOs for achievement of business objectives that benefit shareholders and support the retention of a talented management team over time. When making compensation determinations for the Company's NEOs, the Compensation Committee considers many factors, including peer data and individual roles, responsibilities, tenure, and performance, to set NEO pay levels. The Company's compensation peer group is explained on page 22.

Role of the Compensation Committee

The Compensation Committee is responsible for the design, implementation and administration of the compensation programs for the executive officers and directors of the Company. The Compensation Committee keeps the full Board of Directors apprised of the decisions and activities of the Compensation Committee. When appropriate, the Compensation Committee makes recommendations to the Board of Directors on items that require approval by the full Board of Directors.

The Compensation Committee seeks to increase shareholder value by rewarding performance with cost-effective compensation and striving to attract and retain talented executives through adherence to the following compensation objectives:

- The Company's compensation programs are designed to reward NEOs based on key standards that reflect the Company's culture, including its strategic focus on soundness, profitability and growth, as well as its emphasis on ethics, execution of strategic goals, the ability to inspire and motivate, and sound corporate governance.
- The Compensation Committee's philosophy is to provide competitive compensation to attract and retain key management to ensure a balance of soundness, profitability and growth while providing long-term value for the shareholders of the Company.
- The Compensation Committee seeks to reward executives consistent with the Company's culture of being a meritocracy in regard to compensation for all employees.
- The Compensation Committee annually reviews and approves corporate goals and objectives utilized in either annual cash or long-term incentive plans.
- The Compensation Committee evaluates and recommends to the Board of Directors for its approval, when not delegated to the Compensation Committee, the director and executive officer compensation plans, policies and programs of the Company.
- The Compensation Committee reviews and considers the results of any shareholder advisory vote on executive compensation and takes into consideration the result of such advisory votes in relation to the Company's executive compensation policies and procedures.
- The Compensation Committee annually reviews the incentive compensation arrangements to ensure that they are appropriate to the business plans of the Company and reviews the risks arising from such incentive plans to determine any material adverse impact to the Company.

The Compensation Committee is comprised of five independent directors and met six times in 2017. The Compensation Committee is supported in its work by the Director of Human Resources, supporting staff, and an executive compensation consultant, as described below.

The Compensation Committee may receive recommendations from the chairman of the Board of Directors with respect to the CEO's performance in light of goals and objectives relevant to the compensation of our CEO. The CEO reviews the performance of the other NEOs with the Compensation Committee and makes recommendations to the Compensation Committee about the total compensation of the other NEOs. The CEO does not participate in, and is not present during, deliberations or approvals by the Compensation Committee or the Board of Directors with respect to his own compensation.

The Compensation Committee reviews and approves the equity compensation of the NEOs annually. The Compensation Committee makes decisions based on the Company's philosophy of providing a competitive base salary (relative to the peer group) complemented with significant performance-based incentives. After reviewing all of the compensation arrangements discussed below, along with corporate and individual performance, the Compensation Committee believes that the measurement tools, compensation levels and the design of the Company's executive compensation program are appropriate and motivate the NEOs to lead the Company in the best interests of its shareholders.

The primary goals of the Compensation Committee in 2017 were consistent with its established philosophy. The Compensation Committee seeks to provide compensation arrangements for executive officers that are designed to retain, attract, and motivate talented executives who can perform at a high level and manage the company in the shareholders' best interest. The NEO compensation arrangements are designed to align compensation with the performance of the Company both on a short-term and long-term basis and are based both on the Company's performance and the individual's contribution. The Compensation Committee considered the Company's financial performance throughout its decision-making process in 2017.

Compensation Consultant

During 2017, the Compensation Committee engaged the services of McLagan, an Aon Hewitt company, to provide independent compensation consulting services for both directors and executive management of the Company. McLagan reports directly to the

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Compensation Committee. The Compensation Committee has the sole authority to hire consultants and set the engagements and the related fees of those consultants.

The following consulting services were provided to the Compensation Committee in 2017:

- Provided education to the Board of Directors regarding compensation related trends in the banking industry;
 - Revised the Company's compensation peer group of publicly-traded financial institutions (the peer group is described below);
 - Reviewed the competitiveness of the compensation elements currently offered by the Company to its top executives, including base salary, annual incentive or bonus, long-term incentives (stock options and RSUs), all other compensation, and changes in retirement benefits as compared to that of the customized peer group;
 - Reviewed the competitiveness of the Company's director compensation elements as compared to that of the customized peer group;
 - Recommended and made observations regarding the potential alignment of the Company's executive compensation practices with the Company's overall business strategy and culture relative to the market as defined by the peer group. This included a review of the current performance-based programs with respect to the annual cash incentives and annual equity grants for the 2017 and 2018 fiscal year plans; and
 - Assisted the Company in its preparation of compensation disclosures as required under Regulation S-K with respect to this proxy statement including this CD&A and associated tables and disclosures included herein by reference.
- Compensation Committee's Relationship with its Independent Compensation Consultant

The Compensation Committee considered the independence of McLagan in light of applicable SEC rules and NASDAQ listing standards. The Compensation Committee requested and received a report from McLagan addressing the independence of McLagan and its senior advisors. The following factors were considered: (1) services other than compensation consulting provided to us by McLagan; (2) fees paid by us as a percentage of McLagan's total revenue; (3) policies or procedures maintained by McLagan that are designed to prevent a conflict of interest; (4) any business or personal relationships between the senior advisors of McLagan and a member of the Compensation Committee; (5) any stock of the Company owned by the senior advisors of McLagan; and (6) any business or personal relationships between our executive officers and the senior advisors of McLagan. The Compensation Committee discussed these considerations and concluded that the work performed by McLagan and McLagan's senior advisors involved in the engagements did not raise any conflict of interest.

Compensation Benchmarking and Compensation Committee Functions

Each year, with assistance from McLagan, the Compensation Committee reviews the compensation practices of the Company's peers in order to assess the competitiveness of the compensation arrangements of our NEOs. Although benchmarking is an active tool used to measure compensation structures among peers, it is only one of the tools used by the Compensation Committee to determine total compensation. Benchmarking is used by the Compensation Committee primarily to ascertain competitive total compensation levels (including base salary, equity awards, cash incentives, etc.) with comparable institutions. Using this data as a reference point, the Compensation Committee addresses pay-for-performance (meritocracy) as discussed further in the sections below on cash incentives and long-term retention. Peer performance, market factors, Company performance and personal performance are all factors that the Compensation Committee considers when establishing total compensation, including incentives. This practice is in line with the Company's meritocracy philosophy of pay. The Compensation Committee, at its discretion, may determine that it is in the best interest of the Company to negotiate total compensation packages that deviate from regular compensation and incentive levels in order to attract and retain specific talent.

The Compensation Committee reviews the composition of the peer group annually at a minimum and may change it as a result of mergers, changes to banks within the group, or changes within the Company. The 2017 compensation peer group was selected based on certain current market criteria, including the following:

- National banks with total assets from \$8.5 billion to \$20.0 billion, after planned acquisitions;
- No thrifts;

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- Bank must have branch locations;
- Return on average assets and return on average equity greater than 0%;
- Satisfactory Performance Measures (positive profitability, three-year asset growth greater than 12.5%); and
- Commercial loan portfolio less than 85% of total loan portfolio.

The Compensation Committee reviewed a group of 28 peers with median assets, including pending acquisitions, of \$12.5 billion (median actual assets of \$10.3 billion), defined as of December 31, 2016. The specific members of this peer group are as follows:

Banc of California Inc. (BANC)	FCB Financial Holdings, Inc. (FCB)	Old National Bancorp (ONB)
BancorpSouth Inc. (BXS)	First Merchants Corp. (FRME)	Pinnacle Financial Partners (PNFP)
Bank of Hawaii Corp. (BOH)	First Midwest Bankcorp Inc. (FMBI)	Renasant Corp. (RNST)
Bank of the Ozarks Inc. (OZRK)	First Interstate BancSys. (FIBK)	Simmons First National Corp. (SFNC)
Banner Corp. (BANR)	Glacier Bancorp Inc. (GBCI)	Trustmark Corp. (TRMK)
Berkshire Hills Bancorp (BHLB)	Heartland Fin'l USA (HTLF)	United Bankshares Inc. (UBSI)
Capital Bank Finl Corp (CBF)	Hilltop Holdings Inc. (HTH)	United Community Banks Inc. (UCBI)
Cathay General BankCorp (CATY)	Home BancShares Inc. (HOMB)	WesBanco Inc. (WSBC)
Chemical Financial Corp. (CHFC)	MB Financial Inc. (MBFI)	
Community Bank System (CBU)	NBT Bancorp Inc. (NBTB)	

Part 3—Components of Executive Compensation

The following table summarizes the components of compensation paid or awarded to our Named Executive Officers who appear in the “Summary Compensation Table” below.

Compensation Component	What the Component Rewards	Key Features
Base Salary	Reflects the scope of leadership and responsibility, individual achievement toward the objectives of their respective position and their relative value in the industry.	The Compensation Committee approved increases for the CEO and the four other NEOs in January 2017 to make them competitive with the market as determined by the compensation peer group. Actual positioning within the peer group reflects each executive’s performance, among other things.
Performance-Based Annual Cash Incentive	Focuses executives on achieving annual financial and performance goals and objectives based on Soundness and Profitability.	The opportunity for performance-based annual cash incentive compensation was based upon financial and performance goals and objectives. The Compensation Committee established the weighting for the performance goals with 25% based on soundness and 75% based on profitability with each goal having threshold, target and maximum levels. Performance goals for 2017 were achieved at 100% of maximum levels.
2017 Long-Term Incentive Plan—75% Restricted Stock Units and 25% Stock Options	Rewards the achievement of superior three-year cumulative operating EPS growth (67%) and operating return on tangible equity performance (33%).	The 2017 Long-Term Incentive Plan consists of 75% RSU grants and 25% Stock Options at target performance levels. The RSU awards are designed to measure relative performance over three-year cycles. Each year begins a new three-year cycle. RSUs are both performance and time (three years) vested. Stock Options are granted based upon both corporate and individual performance objectives that are non-formulaic. Beginning in 2018, stock options will not be a part of the long-term incentive plan. The full amount of 2018 long-term incentive plan will be in the form of three-year performance based RSUs and remain formulaic.
Benefits and Perquisites	Helps keep the Company competitive in attracting and retaining employees.	The Compensation Committee believes that its employee benefits are generally in line with benefits provided by the Company’s peer group and consistent with industry standards.

The key elements of compensation for the NEOs are base salary, annual and long-term incentives, and benefits, which are discussed below in greater detail.

- **Base Salary**—Base salaries are determined based on historical and anticipated individual contribution and performance toward accomplishing the Company’s stated objectives. Base salaries are also reviewed in the context of comparability with the key executives of the Company’s peer group. We believe that the annual base salary levels for the NEOs helps us to retain qualified executives and provides income stability that lessens potential pressures for the NEOs to take risks to achieve performance measures under incentive compensation arrangements. Effective January 1, 2017, the CEO, along with the other NEOs, received a merit increase to base salary as a reflection of 2016 performance and to maintain competitiveness with peer group. As a result, the CEO and each of the other four NEOs received a 2.75% base salary increase with the exception of Renee R. Brooks, the Company’s Chief Administrative Officer, whose salary was increased by 3.56% due to responsibility, performance and to better align her compensation with the other NEOs.
- **2017 Executive Performance Plan**—In 2017, the Executive Performance Plan was approved to include both an Annual Incentive Plan (Cash) and the three-year Long-Term Incentive Plan. The Executive Performance Plan is designed to establish reasonable goals and objectives measured on an annual basis as well as to develop long-term goals that align the interests of the NEOs with those of the Company’s shareholders. The purposes of the Executive Performance Plan include (1) aligning executive compensation with the Company’s performance, (2) attracting and retaining key officers and employees of outstanding ability, (3) strengthening the Company’s capability to develop, maintain, and direct a competent management team, (4) providing an effective means for selected key officers and employees to acquire and maintain ownership of Company stock, and (5) providing incentive compensation opportunities competitive with those of other major corporations. The 2017 Executive Performance Plan was composed of cash, RSUs and stock option components.
- **2017 Annual Incentive Plan (Cash):** At target performance levels, the 2017 Executive Performance Plan was weighted 50% in the form of an annual cash incentive bonus under the 2017 Annual Incentive Plan. The amount of cash that may be earned was based upon financial and regulatory performance goals/objectives for 2017.

· 2017 Long-Term Incentive Plan (Equity): At target performance levels, the 2017 Executive Performance Plan was weighted 50% in the form of equity. The equity component was made up of both RSUs and stock options as follows:

- a. Restricted Stock Units: Of the equity granted, at target performance levels 75% may be earned in the form of RSUs. All of the RSUs vest based upon achievement of three-year performance goals. RSUs are subject to both performance and time vesting conditions (three years).
- b. Stock Options: The remaining 25% of the equity that would be granted at target performance levels was structured to be earned in the form of stock options. Stock options were granted based upon the achievement of individual performance objectives. Stock options vest ratably (25% per year) over four years. Beginning in 2018, stock options will not be a part of the long-term incentive plan. The full amount of the 2018 long-term incentive plan will be in the form of three-year performance based RSUs and remain formulaic.

2017 Annual Incentive Plan

Cash incentive opportunities as a percentage of salary for each of the applicable NEOs and results under the 2017 Annual Incentive Plan are displayed below:

	Total Opportunity as a % of Salary (Cash)		
Charles R. Giesige, Vice President Rigging Products – the Americas	45%	100%	45%

(1) Mr. Tevens' award included \$410,250 in cash plus 7,700 restricted stock units which were granted May 17, 2010 and vest ratably on the 1st, 2nd and 3rd anniversary of the grant date. See the Summary Compensation Table for actual awards for fiscal year 2010 performance made to NEOs.

Long-Term Incentives

The objectives of our long-term incentive program are to:

- link executive compensation and our long-term performance;
- better align key employees with our business strategies and with our shareholders' interests; and
- provide opportunity for long-term compensation that is competitive with peer companies and sufficient to attract and retain executive talent to effectively manage our business objectives.

In developing target levels for long-term incentive compensation for NEOs in conjunction with our current equity-based compensation strategy, the following factors were considered:

- a competitive analysis;
- the impact of the NEOs' roles within our Company; and
- the cost and share usage associated with the proposed plan.

Target long-term incentives (as a percentage of salary) are as follows:

Executive Officer	Long-Term Incentive Target (% of Base Salary)
Timothy T. Tevens, President and Chief Executive Officer	175%
Karen L. Howard, Vice President – Finance and Chief Financial Officer	90%
Wolfgang Wegener, Vice President and Managing Director – Columbus McKinnon Europe	25%
Gene P. Buer, Vice President Hoist Products – the Americas	90%
Charles R. Giesige, Vice President Rigging Products – the Americas	90%

The target long-term incentive mix for our NEOs consists of non-qualified stock options (30% of target value), restricted stock or RSUs (30% of target value), and performance RSUs (40% of target value). Dollar values are converted to share numbers based on an estimate of expected value at initial grant.

The following tables summarize the equity granted as part of the NEOs' annual compensation for fiscal year 2010.

Executive Officer	Target Number of Performance RSU's Subject to Three Year Total Shareholder Return Performance (1)	Options Granted	RSU's Granted
Timothy T. Tevens, President and Chief Executive Officer	32,145	45,172	24,109
Karen L. Howard, Vice President – Finance and Chief Financial Officer	7,873	11,063	5,905
Wolfgang Wegener, Vice President and Managing Director – Columbus McKinnon Europe	2,894	4,067	2,171
Gene P. Buer, Vice President Hoist Products – the Americas	5,466	7,680	4,099
Charles R. Giesige Vice President Rigging Products – the Americas	6,067	8,525	4,550

(1) Grant represents target value for fiscal year 2010 and was granted on May 18, 2009.

Stock Options and RSUs. Stock options are included to align management and shareholder interest by encouraging decisions and actions that result in long-term stock appreciation and ownership interest for management. In order to support retention and align executives with our stock performance over a longer horizon, grants generally vest 25% per year commencing on the first anniversary of the grant date and remain exercisable for 10 years from the date of grant.

RSUs are designed to support executive retention and share ownership. In order to support retention and align executives with our stock performance over a longer horizon, RSUs vest 25% annually over the 1st through 4th anniversary from the grant date of awards.

Performance Restricted Stock Units. Grants of performance RSU's are made annually, with vesting dependent upon performance achieved during a three-year performance period. Actual vesting of the awards and their ultimate value will be determined by relative three-year total shareholder return. Total shareholder return is based on annualized rates of return reflecting stock price appreciation plus reinvestment of dividends, if applicable. Performance will be assessed against the same set of peer companies as is used for compensation benchmarking. The peer companies consist of companies that are of comparable size to us (generally one-half to twice our size in terms of revenue) and

that we consider to be primary competitors for talent, capital, and/or customers:

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

For fiscal year 2010, performance shares are subject to adjustment based on the performance and payout relationship as illustrated in the table below:

Relative Total Shareholder Return Performance	Payout (% of Target)
Below 25th Percentile	0%
25th Percentile	25%
Median	100%
75th Percentile and above	150%

Linear interpolation will be used to establish payout levels between Threshold, Target and/or Maximum results.

The long-term incentive strategy is designed to support our business strategy and the interests of our shareholders. Where possible, the program has been designed such that long-term incentives can qualify as performance-based compensation so that the expense associated with the program is fully deductible for federal income tax purposes. Stock options and performance RSU's are expected to qualify as performance-based compensation.

Stock Option Granting Practices

The exercise price for any stock option is equal to the fair market value on the date of grant, which is an average of the opening and closing price on the date of grant. The date of grant is the date of the Board of Directors meeting at which the award is approved.

Retirement and Deferred Compensation

Retirement benefits provided to NEOs (other than Mr. Wegener) are the same as those provided to our other full-time, salaried domestic employees. Retirement programs are designed to provide a competitive benefit to employees while allowing the Company to manage costs.

The Columbus McKinnon Corporation Monthly Retirement Benefit Plan, a defined benefit pension plan (the “Pension Plan”), provides an annual benefit at age 65 equal to the product of (i) 1% of the participant’s final average earnings (which is generally equal to the higher of (a) the average 12-consecutive month earnings during the last consecutive 60 months prior to retirement or (b) the average 12-consecutive month earnings during any 60-consecutive month period within the last 120 months prior to retirement) plus 0.5% of that part, if any, of final average earnings in excess of social security covered compensation, multiplied by (ii) such participant’s years of credited service, limited to 35 years.

Mr. Wegener is covered by a pension plan sponsored by our German subsidiary, Yale Industrial Products GmbH. This defined benefit pension plan provides an annual benefit at age 65 equal to the product of (i) 0.5% of the highest average annual earnings of five years in succession of the last ten years prior to retirement, multiplied by (ii) credited years of service prior to age 65.

We also maintain a 401(k) retirement savings plan covering non-union domestic employees. Highly compensated employees may contribute up to 7% of annual cash compensation (base salary and payments under the Annual Incentive Plan) subject to limits set by the Internal Revenue Code. Effective March 1, 2009, the Company amended the 401(k) retirement savings plan to eliminate the matching formula and allow for discretionary contributions by the Company. No Company contributions were made in fiscal year 2010.

We maintain an Employee Stock Ownership Plan for the benefit of our domestic, non-union employees including our domestic NEOs. This Plan is considered a retirement benefit by the Company in conjunction with its defined benefit pension and 401(k) retirement savings plans.

We maintain a non-qualified deferred compensation plan (the “NQDC Plan”) under which eligible participants (including our Directors and domestic NEOs) may elect to defer a portion of their cash compensation. The NQDC Plan does not offer a company match on participant contributions. Participants may defer up to 75% of their base salary and up to 100% of annual short-term and long-term incentive cash compensation. Payment of balances will occur in accordance with Internal Revenue Code Section 409A requirements.

Stock Ownership

Consistent with our objective of aligning management’s interests with shareholders, we have established stock ownership requirements for all corporate and operating officers to maintain or accumulate minimum ownership levels of the Company’s Common Stock. Executives are required to retain a portion of their equity compensation upon vesting in shares or exercise of options. The portion that each executive must continue to hold is described as the retention ratio which is applied to the after-tax shares received by the executive. If the value of shares held by an executive exceeds a specified multiple of base salary, the executive is no longer subject to the retention ratio requirement with respect to additional after-tax shares received by the executive. Each NEO is currently subject to the retention ratio requirement. The following table summarizes the ownership guidelines, as well as the respective retention ratio, for executives.

Position / Title	Multiple of Base Salary	Retention Ratio
Chief Executive Officer	5X	50%
Chief Financial Officer	4X	50%
Other Executive Committee Members	3X	50%
Other Officers	2X	40%

Other Benefits and Perquisites

We provide very limited perquisites and other compensation to our NEOs. Instead, as previously discussed, we have elected to provide competitive fixed compensation through salary and benefits with opportunity for additional compensation through variable compensation based primarily on Company performance.

NEOs may participate in benefit plans that are offered generally to salaried domestic employees such as those described above, as well as short and long-term disability, life insurance, health and welfare benefits, and paid time off.

Because the market for executive talent is national, and in some cases, global, we may recruit from outside of the regional area in order to obtain top talent. We may elect to pay relocation costs for full-time employees who are required to relocate in connection with their employment (including NEOs) to minimize any financial detriment to the employee. In situations where we pay relocation cost, we may also provide a payment to cover the cost of any additional taxes the employee incurs as a result of the reimbursement (a gross-up payment).

Mr. Wegener is employed in Germany and receives government benefits including health care, pension and unemployment insurance, for which we provide mandatory contributions. Mr. Wegener is also covered by workers' compensation insurance, for which we make contributions on his behalf. Mr. Wegener is also entitled to the use of an automobile for business purposes.

Employment and Change-In-Control Agreements

Employment Agreements

With the exception of Mr. Wegener, the Company has no employment agreements with its NEOs, but does provide the other NEOs with eligibility for severance benefits under our general severance policy upon delivery of an acceptable release of legal claims, i.e., severed employees are paid one week of their base salary for every year of service at the Company.

Mr. Wegener's agreement, entered into in 1996, does not have a fixed term and may be terminated by either party upon delivering written notice at least six months prior to the end of a calendar quarter. Mr. Wegener's base salary is reviewed and may be adjusted annually. Mr. Wegener also participates in our Annual Incentive Plan and long-term incentive Program. Mr. Wegener's agreement contains various restrictive covenants relating to the protection of confidential information and non-disclosure.

Change in Control Agreements

We have entered into change in control agreements with Messrs. Tevens, Buer, Giesige, and Ms. Howard and certain other of our officers and employees. The intent of these agreements is to provide executive officers with financial security in the event of a change in control to facilitate a transaction which may benefit shareholders but result in job loss to executives. The change in control agreements provide for an initial term of one year, which, absent delivery of notice of termination, is automatically renewed annually for an additional one year term.

Generally, each of the NEOs (other than Mr. Wegener) is entitled to receive, upon termination of employment within 6 months preceding or 24 months after a change in control of our Company (unless such termination is because of death, disability, for cause or by the officer or employee other than for "good reason," as defined in the change in control agreements), (i) a lump sum severance payment equal to three times the sum of (a) his or her annual salary and (b) the greater of (1) the annual target bonus under the Annual Incentive Plan in effect on the date of termination and (2) the annual target bonus under the Annual Incentive Plan in effect immediately prior to the change in control, (ii) a lump sum payment, in cash, equal to thirty-six (36) times the monthly cost of continued coverage if COBRA is elected under the company group health plans, (iii) a lump sum payment equal to the actuarial equivalent of the pension payment which he or she would have accrued under our tax-qualified retirement plans had he or she continued to be employed by us for three additional years, (iv) unless otherwise provided in an equity award agreement, all options, restricted shares or units and performance shares or units become fully vested and (v) certain other specified payments.

Aggregate "payments in the nature of compensation" (within the meaning of Section 280G of the Internal Revenue Code) payable to any executive or employee under the change in control agreements is limited to the amount that is fully deductible by us under Section 280G of the Internal Revenue Code less one dollar. The events that trigger a change in control under these agreements include (i) the acquisition of 20% or more of our outstanding common stock by certain persons, (ii) certain changes in the membership of our Board of Directors, (iii) certain mergers or consolidations, (iv) certain sales or transfers of substantially all of our assets and (v) the approval by our shareholders of a plan of dissolution or liquidation.

Clawback Policy

In October 2009, the Compensation Committee adopted a Clawback Policy applicable to our executive officers and certain other employees. Under the policy, in the event of (i) a material restatement of our consolidated financial statements, other than any restatement required pursuant to a change in applicable accounting rules or (ii) a violation of a confidentiality, non-solicitation, non-competition, or similar restrictive covenant or (iii) a covered person engages in willful fraud that causes harm to our Company, (collectively (i), (ii) and (iii) is referred to as "Detrimental Conduct"), which Detrimental Conduct occurs either during employment with our Company or after such employment terminates for any reason, our Board of Directors or the Compensation Committee may, to the extent permitted by law and to the extent it determines that it is in our best interests to do so, in addition to all other remedies available, require reimbursement or payment by the covered person of:

- Any amount (whether in cash or property) paid, payable or realized (including, but not limited to option exercises) under any plan or program providing for incentive compensation, equity compensation or performance-based compensation (“Covered Plans”) received by any covered person on or after October 19, 2009 that would not have been received had the consolidated financial statements that are the subject of such restatement been correctly stated (except that the Board or Compensation Committee shall have the right to require reimbursement of the entire amount of any such amount referenced above from any covered person whose fraud or other intentional misconduct, in the Board’s or Committee’s judgment, alone or with others caused such restatement); and
- Any amount (whether in cash or property) paid, payable or realized (including, but not limited to option exercises) by a covered person under a Covered Plan if the Board or Compensation Committee determines that covered person engaged in Detrimental Conduct even in the absence of a subsequent restatement of our financial statements.

The Board or the Compensation Committee has sole and absolute discretion not to take action upon discovery of Detrimental Conduct, and its determination not to take action in any particular instance shall not in any way limit its authority to terminate participation of a covered person in a plan.

Tax and Accounting Considerations

The Compensation Committee has considered the implications of Section 162(m) of the Internal Revenue Code in making decisions concerning compensation design and administration. The Compensation Committee views tax deductibility as an important consideration and intends to maintain deductibility wherever possible, but also believes that our business needs should be the overriding factor of compensation design. Therefore, the Compensation Committee believes it is important to maintain flexibility and has not adopted a policy requiring that specific programs meet the requirements of performance-based compensation under Section 162(m). Nevertheless, we believe that all compensation provided to the NEOs for fiscal year 2010 is fully deductible. The Committee also considers tax implications for executives and structures its compensation programs to comply with Section 409A of the Internal Revenue Code. Accounting and cost implications of compensation programs are considered in program design; however, the main factor is alignment with our business needs.

Summary Compensation Table

The following table sets forth the cash compensation, as well as certain other compensation earned during the years ended March 31, 2010, 2009 and 2008, for the Company’s Chief Executive Officer, Chief Financial Officer and each of its three other most highly compensated executive officers who received annual compensation in excess of \$100,000:

Name and Principal Position	Fiscal Year	Salary	Bonus	Stock Award (1)	Option Awards (2)	Change in Pension Value and			Total
						Non-Equity Incentive Plan Compensation (3)	Non-Qualified Deferred Compensation Earnings (5)	All Other Compensation (6)	
Timothy T. Tevens, President and Chief Executive Officer	2010	\$574,750	\$	\$870,248	\$319,818	\$410,250(4)	\$111,859(5)	\$4,960 (6)	\$2,291,885
	2009	603,022		541,975	313,122	82,764	11,354	8,094	1,560,331
	2008	575,000		269,330	0	357,995	13,864	11,805	1,227,994
Karen L. Howard, Vice President – Finance and Chief Financial Officer	2010	273,695		213,145	78,326	136,505(3)	82,119 (5)	3,516 (6)	787,306
	2009	287,159		207,052	119,867	26,275	2,528	8,094	650,975
	2008	277,000		103,790	0	107,393	6,531	11,805	506,519
Wolfgang Wegener, Vice President and Managing Director – Columbus McKinnon Europe	2010	369,818(7)		78,354	28,794	272,094(3)	691,613(8)		1,440,673
	2009	379,061		97,793	55,208	29,170	214,019		775,251
	2008	442,140		41,729	0	256,205	203,687		943,761
Gene P. Buer, (9) Vice President Hoist Products – the Americas	2010	190,000		147,972	54,374	112,005(3)	33,493 (5)	64,837(6)	602,681
Charles R. Giesige, (9) Vice President Rigging Products – the Americas	2010	210,900		164,246	60,357	95,142 (3)	27,537 (5)	3,214 (6)	561,396

(1) The amounts shown in this column reflect the aggregate grant date fair value for restricted stock units and performance shares granted in the year indicated under our Long Term Incentive Plan. However, for purposes of this table, estimates of forfeitures have been removed. The grant date fair value for each restricted stock unit is equal to the closing market price of our common stock on the date of grant. A Monte Carlo simulation has been chosen for the performance share valuation calculations. The assumptions used in valuing the performance shares are described in Note 14 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2010 filed with the Securities and Exchange Commission on May 28, 2010.

(2) The amounts shown in this column reflect the aggregate grant date fair value for nonqualified stock options to purchase our common stock granted in the year indicated under our Long Term Incentive Plan. However, for purposes of this table, estimates of forfeitures have been removed. A Black-Scholes valuation approach has been chosen for these calculations. The assumptions used in valuing these grants are described in Note 14 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2010 filed with the Securities and Exchange Commission on May 28, 2010.

(3)

Represents awards under the Annual Incentive Plan earned in fiscal year 2010 and paid in fiscal year 2010 and 2011.

- (4) Represents Mr. Tevens' cash award under the Annual Incentive Plan earned in fiscal year 2010 and paid in fiscal year 2010 and 2011. In addition to the cash award Mr. Tevens was awarded 7,700 restricted stock units on May 17, 2010, vesting ratably on the first, second and third anniversary of the award. The combined value of this restricted stock unit award and his cash AIP for fiscal year 2010 is \$550,250.
- (5) Represents the aggregate change in actuarial value under the Columbus McKinnon Corporation Monthly Retirement Benefit Plan from March 31, 2009 to March 31, 2010.
- (6) For Messrs. Tevens, Buer, Giesige and Ms. Howard, consists of: (i) the value of shares of common stock allocated in fiscal year 2010 under our Employee Stock Ownership Plan, or ESOP, (ii) premiums for group term life insurance policies insuring their lives in the amount of \$50,000 each, (iii) our matching contributions under our 401(k) plan and (iv) relocation expenses for Mr. Buer in the amount of \$62,425.
- (7) Represents payments to Mr. Wegener of €273,939, as converted based on the conversion rate in effect on March 31, 2010.
- (8) Represents the aggregate increase in actuarial value under the Yale Industrial Products GmbH Pension Plan from March 31, 2009 to March 31, 2010 of €512,306, as converted based on the conversion rate in effect on March 31, 2010.
- (9) No prior year data included for Gene P. Buer, Vice President Hoist Products – the Americas, and Charles R. Giesige, Vice President Rigging Products – the Americas, because they were not NEOs prior to fiscal year 2010.

Grants of Plan-Based Awards

The following table sets forth information with respect to plan-based awards granted in fiscal year 2010 to the executives named in the summary compensation table, including awards under the Annual Incentive Plan, and equity awards of stock options, performance shares and restricted stock units:

Name	Grant Date (1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2)			Estimated Future Payouts Under Equity Incentive Plan Awards (3)			All Other Stock Awards: Number of Shares of Stock or Units (4)	All Other Awards: Number of Securities Underlying Options (5)	Exercise or Base Price of Award (6)	Grant Date Fair Value of Stock and Option Awards (7)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Timothy T. Tevens, President and Chief Executive Officer	5/18/09	\$215,532	\$431,063	\$1,293,188	16,072	32,145	48,218				\$550,322
	5/18/09								45,172	\$13.27	\$319,818
	5/18/09							24,109			\$319,926
Karen L. Howard, Vice President – Finance and Chief Financial Officer	5/18/09	68,424	136,848	410,543	3,937	7,873	11,810				\$134,786
	5/18/09								11,063	\$13.27	\$78,326
	5/18/09							5,905			\$78,359
Wolfgang Wegener, Vice President and Managing Director – Columbus McKinnon Europe	5/18/09	83,209	166,418	499,254	1,447	2,894	4,341				\$49,545
	5/18/09								4,067	\$13.27	\$28,794
	5/18/09							2,171			\$28,809
		42,750	85,500	256,500							

Gene P. Buer, Vice President	5/18/09	2,733	5,466	8,199			\$93,578
Hoist Products – the Americas	5/18/09				7,680	\$13.27	\$54,374
	5/18/09				4,099		\$54,394

Charles R. Giesige, Vice President		47,453	94,905	284,715			
Rigging Products – the Americas	5/18/09						\$103,867
	5/18/09				8,525	\$13.27	\$60,357
	5/18/09				4,550		\$60,379

- (1) The grant date is the date on which the equity awards were approved by our Board of Directors.
- (2) Represents the potential payout range under the Annual Incentive Plan discussed above. The final fiscal year 2010 payout can be found in the Summary Compensation Table in the column entitled “Non-Equity Incentive Plan Compensation.”
- (3) Represents the potential payout range related to performance shares awarded to NEOs on the grant date, subject to achievement of performance targets. The performance shares generally vest after a three-year performance period ending March 31, 2012 based on our total stockholder return relative to our peer companies for the performance period. Awards earned will be paid at the end of the three-year performance period. Each performance share will be settled in a share of our common stock.

- (4) The amounts in this column reflect the number of RSUs awarded to NEOs on the grant date. The RSUs vest at a rate of 25% per year beginning one year from the date of grant, except that RSUs may vest earlier in the event of death, disability, retirement or change in control.
- (5) The amounts in this column reflect the number of shares of our common stock underlying options awarded to the NEOs on the grant date. The options vest at a rate of 25% per year beginning one year from the date of grant, except that RSUs may vest earlier in the event of death, disability, retirement or change in control. They expire 10 years from the date of grant, or earlier in the event of death, disability or retirement.
- (6) Represents per-share exercise price of the options and is equal to the average of the open and closing price on the grant date.
- (7) Amounts in this column reflect the aggregate grant date fair value of the equity awards. The grant date fair value for each restricted stock unit is equal to the average of the open and close market price of our common stock on the date of grant. A Monte Carlo simulation has been chosen for the performance share valuation calculations. A Black-Scholes valuation approach has been chosen for valuing the options. The assumptions used in valuing these awards are described in Note 14 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2010 filed with the Securities and Exchange Commission on May 28, 2010.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information with respect to the executives named in the summary compensation table relating to unexercised stock options, stock that has not vested, and equity incentive plan awards outstanding as of March 31, 2010:

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	
Timothy T. Tevens, President and Chief Executive Officer	60,000 (1)			\$ 10.00	8/20/11	4,629 (8)	\$ 73,462	8,304 (10)	\$ 131,784
	95,000 (2)			5.46	5/17/14	24,109 (9)	382,610	32,145 (11)	510,141
	2,193 (3)	6,577 (3)		28.45	5/19/18				
		45,172 (4)		13.27	5/18/19				
Karen L. Howard, Vice President – Finance and Chief Financial Officer	45,000 (1)			\$ 10.00	8/20/11	1,784 (8)	28,312	3,163 (10)	50,197
	20,000 (2)			5.46	5/17/14	5,905 (9)	93,712	7,873 (11)	124,945
	845 (3)	2,535 (3)		28.45	5/19/18				
		11,063 (4)		13.27	5/18/19				
Wolfgang Wegener, Vice President and Managing Director –	15,000 (1)			10.00	8/20/11	754 (8)	11,966	1,545 (10)	24,519
	15,000 (2)			5.46	5/17/14	2,171 (9)	34,454	2,894 (11)	45,928
	7,500 (5)	2,500 (5)		20.86	10/17/16				
	357 (3)	1,071 (3)		28.45	5/19/18				

Columbus McKinnon Europe			4,067 (4)		13.27	5/19/19						
Gene P. Buer, Vice President	108	(3)	324 (3)		28.45	5/19/18	228 (8)	3,618		5,466 (11)		86,745
Hoist Products – the Americas			10,000 (6)		16.81	10/20/18	4,099 (9)	65,051				
			7,680 (4)		13.27	5/18/19						
Charles R. Giesige, Vice President	132	(3)	394 (3)		28.45	5/19/18	278 (8)	4,412		6,067 (11)		96,283
Rigging Products – the Americas	7,500	(7)	2,500 (7)		19.15	7/31/16	4,550 (9)	72,209				
			8,525 (4)		13.27	5/18/19						

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- (1) These options were granted on August 20, 2001 and vested ratably over a four-year period, beginning August 1, 2002.
- (2) These options were granted on May 17, 2004 and vested ratably over a four-year period, beginning May 17, 2005.
- (3) These options were granted May 19, 2008 and vest 25% per year beginning May 19, 2009.
- (4) These options were granted May 18, 2009 and vest 25% per year beginning May 18, 2010.
- (5) These options were granted on January 19, 2009 and vest 75% on January 19, 2010 and 100% on October 17, 2010.
- (6) These options were granted on October 20, 2008 and vest 33 % per year beginning October 20, 2011.
- (7) These options were granted January 19, 2009 and vest 75% on January 19, 2010 and 100% on July 31, 2010.
- (8) These RSUs were granted May 19, 2008, and vest 33 % per year beginning May 19, 2011.
- (9) These RSUs were granted May 18, 2009 and vest 25% per year beginning May 18, 2010.
- (10) These performance shares were granted May 19, 2008 and vest 100% after a three year performance period April 1, 2008 through March 31, 2011.
- (11) These performance RSUs were granted May 18, 2009 and vest 100% after a three year performance period April 1, 2009 through March 31, 2012.

Options Exercised and Stock Vested

The following table sets forth information with respect to the executives named in the summary compensation table relating to the exercise of stock options, stock appreciation rights and similar rights, and the vesting of stock in connection therewith, in fiscal 2010:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vesting	Value Realized on Vesting(2)
Timothy T. Tevens, President and Chief Executive Officer	30,000	\$ 230,100	3,980	\$ 63,163
Karen L. Howard, Vice President – Finance and Chief Financial Officer			1,534	\$ 24,345
Wolfgang Wegener, Vice President and Managing Director - Columbus McKinnon Europe			617	\$ 9,792
Gene P. Buer, Vice President Hoist Products – the Americas				
Charles R. Giesige, Vice President Rigging Products – the Americas				

(1) Represents the difference between the option exercise price and the average of the open and close prices of our common stock on the date of exercise as quoted on Nasdaq multiplied by the number of shares acquired.

(2) Represents the closing price of our common stock on March 31, 2010 multiplied by the number of shares acquired.

Pension Plan

The Pension Plan is a non-contributory, defined benefit plan which provides certain of our domestic employees with retirement benefits. As defined in the Pension Plan, a participant's annual pension benefit at age 65 is equal to the product of (i) 1% of the participant's final average earnings, as calculated by the terms of the Pension Plan, plus 0.5% of that part, if any, of final average earnings in excess of such participant's "social security covered compensation," as such term is defined in the Pension Plan, multiplied by (ii) such participant's years of credited service, limited to 35 years. Plan benefits are not subject to reduction for social security benefits.

As discussed above, Mr. Wegener is covered by a pension plan sponsored by our German subsidiary, Yale Industrial Products GmbH. This defined benefit pension plan provides an annual benefit at age 65 equal to the product of (i) 0.5% of the highest average annual earnings of five years in succession of the last ten years prior to retirement, multiplied by (ii) credited years of service prior to age 65.

The following table sets forth with respect to each of our plans that provide retirement benefits to our NEOs, (i) the years of credited service of each of the executives named in the summary compensation table, (ii) the present value of his or her accumulated benefit and (iii) payments received by him or her during fiscal year 2010:

Name	Plan Name	Number of Years of Credited Service(1)	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
Timothy T. Tevens, President and Chief Executive Officer	Columbus McKinnon Corporation Monthly Retirement Benefit Plan	18.25	\$ 371,740 (2)	
Karen L. Howard, Vice President – Finance and Chief Financial Officer	Columbus McKinnon Corporation Monthly Retirement Benefit Plan	14.25	221,761 (2)	
Wolfgang Wegener, Vice President and Managing Director - Columbus McKinnon Europe	Yale Industrial Products GmbH Pension Plan	32.42	3,691,553 (3)	
Gene P. Buer, Vice President Hoist Products – the Americas	Columbus McKinnon Corporation Monthly Retirement Benefit Plan	4.25	83,837 (2)	
Charles R. Giesige, Vice President Rigging Products – the Americas	Columbus McKinnon Corporation Monthly Retirement Benefit Plan	3.25	55,958 (2)	

- (1) Years of credited service determined as of March 31, 2010.
- (2) The present value of accumulated benefit under the Columbus McKinnon Corporation Monthly Benefit Plan is calculated as of March 31, 2010 using (i) a discount rate of 6%, (ii) the GAM 1994 Group Annuity Table for Males and Females and (iii) the earliest retirement age at which benefits are not reduced (typically, age 65).
- (3) The present value of accumulated benefit under the Yale Industrial Products GmbH Pension Plan is calculated as of March 31, 2010 using (i) a discount rate of 5.5%, (ii) the Richttafeln 2005G by Klaus Heubeck Mortality Table, (iii) the retirement age under German social security legislation and (iv) the Euro to dollar conversion rate in effect on March 31, 2010.

Non-Qualified Deferred Compensation

The Company maintains a Non-Qualified Deferred Compensation Plan (the “NQDC”) under which eligible participants (including our Directors and domestic NEOs) may elect to defer a portion of their cash compensation. The NQDC does not currently offer a company match on participant contributions. Employee Participants may defer up to 75% of their base salary and up to 100% of annual short-term and long-term incentive compensation. Directors may defer up to 100% of retainer and meeting fees. Payment of balances will occur in accordance with Internal Revenue Code Section 409A requirements.

None of the NEOs have deferred compensation. Thus, they did not have any contributions, earnings, or balances under the NQDC Plan in fiscal 2010.

Other Potential Post-Employment Payments

It is our policy to provide severance benefits to each of our domestic full-time salaried employees and hourly employees not covered by a collective bargaining agreement who involuntarily lose their positions without cause. Eligible employees who sign a release generally receive one week of base salary at the rate then in effect for each full year of continuous service (with any fractions being rounded up).

The following table sets forth the amount each NEO would receive under various termination scenarios described above using the following assumptions:

- Termination of employment on March 31, 2010; and
- Exercise of all options and vesting of all restricted stock based on the closing market price of \$15.87 per share of our common stock on March 31, 2010.

Name	Voluntary Termination	Retirement	Involuntary Termination	Termination in Connection with Change in Control	Death	Change in Control Only
Timothy T. Tevens, President and Chief Executive Officer	\$ 2,237,696 (1)	\$ 2,595,140 (2)	\$ 2,458,754 (3)	\$ 6,810,913 (4)	\$ 3,512,066 (5)	\$ 0 (6)
Karen L. Howard, Vice President – Finance and Chief Financial Officer	1,064,057 (1)	1,184,653 (2)	1,147,163 (3)	2,823,953 (4)	1,371,466 (5)	\$ 0 (6)
Wolfgang Wegener, Vice President and Managing Director - Columbus McKinnon Europe(7)	3,935,753 (8)	4,144,198 (9)	5,103,599 (10)	5,103,599 (11)	552,811 (12)	\$ 0 (6)
Gene P. Buer, Vice President Hoist Products – the Americas	143,934 (1)	243,648 (2)	163,164 (3)	1,047,747 (4)	421,366 (5)	\$ 0 (6)
Charles R. Giesige, Vice President Rigging Products – the Americas	128,860 (1)	213,443 (2)	145,937 (3)	1,145,969 (4)	424,742 (5)	\$ 0 (6)

(1) Includes (i) the value of vested stock options, (ii) accrued vacation through the date of termination, (iii) the vested portion of his or her 401(k) Plan account, (iv) vested benefits under our Pension Plan and (v) vested benefits under our ESOP. In addition, each NEO would be entitled to receive (i) accrued salary through the date of termination.

- (2) Includes (i) the value of vested stock options, (ii) accrued vacation through the date of termination, (iii) the vested portion of his or her 401(k) Plan account, (iv) vested benefits under our Pension Plan and (v) vested benefits under our ESOP and (vi) awards under the Annual Incentive Plan earned in fiscal year 2010 and paid in fiscal year 2011. In addition, each NEO would be entitled to receive (i) accrued salary through the date of termination.
- (3) Includes (i) severance, (ii) the value of vested stock options, (iii) accrued vacation through the date of termination, (iv) the vested portion of his or her 401(k) Plan account, (v) vested benefits under our Pension Plan and (vi) vested benefits under our ESOP. In addition, each NEO would be entitled to receive (i) accrued salary through the date of termination.
- (4) Includes (i) termination payments under the Change in Control agreements (up to the maximum permitted), (ii) the value of vested stock options, (iii) accrued vacation through the date of termination, (iv) the vested portion of his or her 401(k) Plan account, (v) vested benefits under our Pension Plan and (vi) vested benefits under our ESOP, (vii) awards under the Annual Incentive Plan earned in fiscal year 2010 and paid in fiscal year 2011. Termination payments under the Change in Control agreements include (i) a lump sum severance payment equal to three times the sum of (a) annual salary and (b) the greater of (1) the annual target bonus under the Annual Incentive Plan in effect on the date of termination and (2) the annual target bonus under the Annual Incentive Plan in effect immediately prior to the change in control, (ii) a lump sum payment, in cash, equal to thirty-six (36) times the monthly cost of continued coverage if COBRA is elected under the company group health plans, (iii) a lump sum payment equal to the actuarial equivalent of the pension payment which would have accrued under our tax-qualified retirement plans had he or she continued to be employed by us for three additional years, (iv) unless otherwise provided in an equity award agreement, the value of all options, restricted shares or units and performance shares or units which become fully vested. In addition, each NEO would be entitled to receive (i) accrued salary through the date of termination.

- (5) Includes (i) Company provided group term life insurance benefits, (ii) the value of vested stock options, (iii) accrued vacation through the date of termination, (iv) the vested portion of his or her 401(k) Plan account, (v) vested benefits under our Pension Plan and (vi) vested benefits under our ESOP, (iv) unless otherwise provided in an equity award agreement, the value of all stock options not previously vested, restricted shares or units and earned performance shares or units which become fully vested and (vii) awards under the Annual Incentive Plan earned in fiscal year 2010 and paid in fiscal year 2011. In addition, accrued salary through the date of termination would be paid out.
- (6) No payments or awards are provided unless restricted shares and options held by the NEOs are not assumed by the successor entity. In the event that the successor entity does not assume the restricted shares and options all options and earned restricted shares would be vested and payable to the NEOs.
- (7) As a non-domestic employee, Mr. Wegener is not a participant in our Pension Plan, ESOP, 401(k) Plan, group term life insurance plan or medical plans.
- (8) Represents (i) the value of vested stock options and (ii) vested benefits under the Yale Industrial Products GmbH Pension Plan. In addition, Mr. Wegener would also be entitled to receive accrued salary through the date of termination. Generally, employees who voluntarily terminate their employment are not eligible to receive an award under the Annual Incentive Plan earned in fiscal year 2010 if they are not continuously employed through the date of payment.
- (9) Represents (i) the value of vested stock options, (ii) vested benefits under the Yale Industrial Products GmbH Pension Plan and (iii) awards under the Annual Incentive Plan earned in fiscal year 2010 and paid in fiscal year 2011. In addition, Mr. Wegener would also be entitled to receive accrued salary through the date of termination.
- (10) Includes (i) severance, (ii) the value of vested stock options and (iii) vested benefits under the Yale Industrial Products GmbH Pension Plan. In addition, Mr. Wegener would also be entitled to receive accrued salary through the date of termination.
- (11) Mr. Wegener is not subject to a change in control agreement. The benefits he would receive following a termination of employment following a change in control would be the same as he would receive following an involuntary termination of employment, except that he would receive the full amount of his earned restricted stock awards and stock options.
- (12) Includes (i) death benefits under the Yale Industrial Products GmbH Pension Plan, (ii) the value of vested stock options, (iii) awards under the Annual Incentive Plan earned in fiscal year 2010 and (iv) the value of restricted stock units. In addition, Mr. Wegener would be entitled to receive (i) accrued salary through the date of termination and (ii) a proportionate amount of his restricted stock awards that is earned upon attainment of the performance goals.

Equity Compensation Plan Information

The following table provides information about our common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans as of March 31, 2010, including the Restricted Stock Plan, Omnibus Plan, Non-Qualified Plan and ISO Plan.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining for Future Issuance under Equity Compensation Plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	646,259	\$ 12.02	545,436 (1)
Equity compensation plans not approved by security holders	—	—	—
Total	646,259	\$ 12.02	545,436

(1) 545,436 shares remained available for issuance as options, Restricted Stock, Restricted Stock Units or Performance Shares under the Restricted Stock Plan, Omnibus Plan and Non-Qualified Plan as of March 31, 2010. As of May 31, 2010, the total number of options outstanding was 738,248 with a weighted-average exercise price of \$12.80 and a weighted average contractual life of 5.74 years. There are a total of 290,452 share awards outstanding on May 31, 2010. As of May 31, 2010, 329,260 shares remained available for issuance as options, Restricted Stock, Restricted Stock Units or Performance Shares under the Restricted Stock Plan, Omnibus Plan and Non-Qualified Plan. If the 2010 Long Term Incentive Plan is approved by shareholders, no further awards will be made pursuant to the Restricted Stock Plan, Omnibus Plan, Non-Qualified Plan and ISO Plan. The Company will not grant awards that will be settled with stock under the Restricted Stock Plan, Omnibus Plan, Non-Qualified Plan and ISO Plans covering more than 20,000 shares from May 31, 2010 through July 26, 2010.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No interlocking relationship exists between any member of our Compensation and Succession Committee or any of our executive officers and any member of any other company's board of directors or compensation committee (or equivalent), nor has any such relationship existed in the past. No member of our Compensation and Succession Committee was, during fiscal year 2010 or prior thereto, an officer or employee of our Company or any of our subsidiaries.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information as of March 31, 2010 regarding the beneficial ownership of our common stock by (i) each person who is known by us to own beneficially more than 5% of our common stock, (ii) by each Director, (iii) by each of our executive officers named in the Summary Compensation Table and (iv) by all of our executive officers and Directors as a group. The business address of each of the executive officers and directors is 140 John James Audubon Parkway, Amherst, New York 14228-1197.

Directors, Officers and 5% Shareholders	Number Of Shares (1)	Percentage Of Class	
Ernest R. Verebelyi (2)	10,571	*	
Timothy T. Tevens (3)	285,370	1.48	%
Richard H. Fleming (2)	16,075	*	
Wallace W. Creek (2)	18,071	*	
Stephen Rabinowitz (2)	11,071	*	
Linda A. Goodspeed (2)	12,121	*	
Nicholas T. Pinchuk (2)	8,106	*	
Liam G. McCarthy (2)	5,159	*	
Christian B. Ragot (2)	5,159	*	
Karen L. Howard (4)	118,463	*	
Wolfgang Wegener (5)	42,156	*	
Gene Buer (6)	6,878	*	
Charles Giesige (7)	15,049	*	
All Directors and Executive Officers as a Group (16 persons) (8)	650,728	3.40	%
Columbus McKinnon Corporation Employee Stock Ownership Plan	738,915	3.86	%
Fidelity Management & Research Company (9)	2,153,992	11.26	%
TimesSquare Capital Management, LLC (10)	1,709,500	8.94	%
BlackRock, Inc. (11)	1,091,072	5.71	%

* Less than 1%.

- (1) Rounded to the nearest whole share. Unless otherwise indicated in the footnotes, each of the shareholders named in this table has sole voting and investment power with respect to the shares shown as beneficially owned by such shareholder, except to the extent that authority is shared by spouses under applicable law.
- (2) Does not include 2,250 Restricted Stock Units held by each of Messrs. Verebelyi, Fleming, Creek, Pinchuk and Rabinowitz and Ms. Goodspeed, and 1,770 Restricted Stock Units held by Messrs. McCarthy and Ragot.
- (3) Includes (i) 73,326 shares of common stock owned directly, (ii) 7,000 shares of common stock owned directly by Mr. Tevens' spouse, (iii) 5,628 shares of common stock allocated to Mr. Tevens' ESOP account, (iv) 28,738 shares of restricted stock which is subject to forfeiture and (v) 170,678 shares of common stock issuable under options granted to Mr. Tevens which are exercisable within 60 days. Excludes 38,264 shares of common stock issuable under options granted to Mr. Tevens which are not exercisable within 60 days.
- (4) Includes (i) 38,668 shares of common stock owned directly, (ii) 2,650 shares allocated to Ms. Howard's ESOP account, (iii) 7,689 shares of restricted stock which are subject to forfeiture and (iii) 69,456 shares of common stock issuable under options granted to Ms. Howard which are exercisable within 60 days. Excludes (i) 9,987 shares of common stock issuable under options granted to Ms. Howard which are not exercisable within 60 days and (ii) 736,265 additional shares of common stock owned by the ESOP for which Ms. Howard serves as one of two trustees and for which she disclaims any beneficial ownership.
- (5) Includes (i) 2,925 shares of restricted stock which is subject to forfeiture and (ii) 39,231 shares of common stock issuable under options granted to Mr. Wegener which are exercisable within 60 days. Excludes 6,264 shares of common stock issuable under options granted to Mr. Wegener which are not exercisable within 60 days.

- (6) Includes (i) 415 shares of common stock allocated to Mr. Buer's ESOP account, (ii) 4,327 shares of restricted stock which are subject to forfeiture, (iii) 2,136 shares of common stock issuable under options granted to Mr. Buer which are exercisable within 60 days. Excludes 15,976 shares of common stock issuable under options granted to Mr. Buer which are not exercisable within 60 days.
- (7) Includes (i) 4,828 shares of restricted stock which are subject to forfeiture, (ii) 327 shares of common stock allocated to Mr. Giesige's ESOP account and (iii) 9,894 shares of common stock issuable under options granted to Mr. Giesige which are exercisable within 60 days. Excludes 9,157 shares of common stock issuable under options granted to Mr. Giesige which are not exercisable within 60 days.
- (8) Includes (i) options to purchase an aggregate of 371,591 shares of common stock issuable to certain executive officers which are exercisable within 60 days. Excludes the shares of common stock owned by the ESOP as to which Ms. Howard and Mr. Steinberg serve as trustees, except for an aggregate of 13,038 shares allocated to the respective ESOP accounts of our executive officers and (ii) options to purchase an aggregate of 90,975 shares of common stock issued to certain executive officers which are not exercisable within 60 days.
- (9) Information with respect to Fidelity Management & Research Company is based on a Schedule 13G/A filed by FMR LLC with the Securities and Exchange Commission on April 12, 2010 by a group consisting of Edward C. Johnson 3d, members of the family of Edward C. Johnson 3d, and Fidelity Low Priced Stock Fund. Based solely upon information in this Schedule 13G/A, FMR LLC and its direct and indirect subsidiaries have sole dispositive power with respect to all such shares of common stock and sole voting power with respect to 500 of such shares of common stock. The stated business address for FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109.
- (10) Information with respect to TimesSquare Capital Management, LLC is based on a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2010. Based solely upon information in this Schedule 13G, TimesSquare Capital Management, LLC has sole dispositive with respect to all of such shares of common stock and sole voting power with respect to 1,588,600 of such shares of common stock. The stated business address of TimesSquare Capital Management, LLC is 1177 Avenue of the Americas, 39th Floor, New York, New York 10036.
- (11) Information with respect to BlackRock, Inc. is based on a Schedule 13G filed with the Securities and Exchange Commission on January 29, 2010. Based solely upon information in this Schedule 13G, BlackRock, Inc. and its direct and indirect subsidiaries have sole dispositive and voting power with respect to all of such shares of common stock. The stated business address of BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our Directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the Securities and Exchange Commission and NASDAQ initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Our executive officers, Directors and greater than 10% shareholders are required to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on our review of the copies of such reports furnished to us and written representations that no other reports were required, all Section 16(a) filing requirements applicable to our executive officers, Directors and greater than 10% beneficial owners were complied with during the fiscal year ended March 31, 2010.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Audit Committee reviews and makes recommendations to the Board of Directors with respect to all related party transactions and relationships involving a director, executive officer or beneficial owner of five percent or more of any class of the Company's voting securities. Any such related party transaction is required to be on terms no less favorable to us than could be obtained from an unaffiliated third party. The Company has a separate "Related Person Transaction Policy", as well as other various policies and procedures, including the Company's Legal Ethics and Business Compliance Manual and the annual directors' and officers' questionnaires that require disclosure of transactions or relationships that may constitute conflicts of interest or require disclosures or affect an independence determination under applicable SEC rules. In fiscal 2010, the Company did not engage in any transaction with a related person in which the amount involved exceeded \$120,000.

REPORT OF THE AUDIT COMMITTEE

Review of Our Audited Financial Statements

Our Audit Committee is comprised of the Directors named below, each of whom is independent as defined under Section 10A(m)(3) of the Exchange Act and under the Nasdaq Stock Market, LLC listing standards currently in effect. In addition, pursuant to the requirements of Section 407 of the Sarbanes-Oxley Act of 2002, our Board of Directors has determined that each of Messrs. Fleming and Creek qualifies as an “audit committee financial expert.”

The Audit Committee operates under a written charter which includes provisions requiring Audit Committee advance approval of all audit and non-audit services to be provided by the Company’s primary independent public accountants. However, as a matter of course, we will not engage any outside accountants to perform any significant audit or non-audit services without the prior approval of the Audit Committee.

The Audit Committee has reviewed and discussed with our management our audited financial statements for the year ended March 31, 2010. The Audit Committee has also discussed with Ernst & Young LLP, our independent auditors, the matters required to be discussed by Statement on Auditing Standards No. 61, “Communication with Audit Committees.”

The Audit Committee has also received and reviewed the written disclosures and the letter from Ernst & Young LLP pursuant to applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor’s communications with the Audit Committee concerning independence and has discussed the independence of Ernst & Young LLP with that firm.

Based on the review and the discussions noted above, the Audit Committee recommended to our Board of Directors that our audited financial statements be included in our Annual Report on Form 10-K for the year ended March 31, 2010 for filing with the Securities and Exchange Commission.

Richard H. Fleming, Chairman
Wallace W. Creek
Stephen Rabinowitz
Linda A. Goodspeed

PROPOSAL 2

**RATIFICATION OF APPOINTMENT OF ERNST & YOUNG LLP AS
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
FOR THE FISCAL YEAR ENDING MARCH 31, 2011**

General

We are asking our shareholders to ratify our Audit Committee's appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2011. In the event our shareholders fail to ratify the appointment, the Audit Committee will reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of our Company and its shareholders.

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

Principal Accountant Fees and Services

The aggregate fees billed to us by Ernst & Young LLP for fiscal 2009 and 2010 are as follows:

	Fiscal Year	
	2010	2009
	(\$ in thousands)	
Audit Fees	\$ 878	\$ 1,045
Audit Related Fees	—	23
Tax Fees	169	192
All Other Fees	—	—
Total	\$ 1,047	\$ 1,260

THE BOARD OF DIRECTORS RECOMMENDS UNANIMOUSLY A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP TO SERVE AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2011.

PROPOSAL 3

ADOPTION OF COLUMBUS McKINNON CORPORATION
2010 LONG TERM INCENTIVE PLAN

Approval of the 2010 Long Term Incentive Plan

The Compensation Committee and the Board of Directors unanimously adopted the 2010 Long Term Incentive Plan (the “Plan”) subject to approval by shareholders. Awards under the Plan, including annual incentive awards paid to executive officers subject to Section 162(m) (“Covered Employees”), can satisfy the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). The Compensation Committee believes that long-term incentives provide important medium- and long-term incentives for our Directors, officers, employees, and third-party service providers to achieve the Company’s strategic business plan. The Compensation Committee also believes that long-term incentives consistent with those available to other leading manufacturing companies are required for us to compete for, motivate, and retain high-quality Directors, executives, employees, and third-party service providers.

Historical Use of Equity—Burn Rate and Dilution

We believe we have utilized equity-based compensation appropriately over the past several years. This is borne out by our current burn rate (three-year average of the rate at which equity was granted) and dilution.

The actual equity grants for the period 2008–2010, as well as the burn rates (calculated using both the traditional burn rate and the advisory group burn rate methodologies), are shown in the table below:

Fiscal Year	Stock Options and SARs Granted	Other Share-Settled Awards Granted	Weighted Average Common Shares Outstanding for Fiscal Year	Advisory Group Burn Rate*	Traditional Burn Rate
2010	160,700	164,797	18,963,000	2.59 %	1.72 %
2009	89,150	88,021	18,861,000	1.41 %	0.94 %
2008	5,000	50,258	18,723,000	0.56 %	0.30 %
Three-Year Average Burn Rate:				1.52 %	0.98 %

* The advisory group calculates burn rate by multiplying the Other Share-Settled Awards Granted by a multiplier that depends on a company’s annual volatility. Our annual volatility was measured as 42.7% by the advisory group which would cause Other Share-Settled Awards to be counted as 2.0 stock option/stock appreciation rights (“SARs”) shares.

The Advisory Group Burn Rate Formula = (Stock Options & SARs Granted + (Other Share-Settled Awards Granted x 2)) / Weighted Average Common Shares Outstanding for fiscal year.

The Traditional Burn Rate Formula = (Stock Options & SARs Granted + Other Share-Settled Awards Granted) / Weighted Average Common Shares Outstanding for fiscal year.

As of May 31, 2010, our current basic dilution is 7.1% and our fully diluted dilution is 6.6%. Basic dilution is calculated by taking the total number of shares available for grant under the Prior Plans plus the outstanding stock options and “Full-Value Awards” (awards other than stock options or SARs that are settled by the issuance of shares) and dividing by our common shares outstanding as of the record date. Fully diluted dilution is calculated similarly except that the denominator is the total number of shares requested under the Plan and the outstanding stock options and Full-Value Awards, plus our common shares outstanding as of the record date. If the Plan is approved, our basic dilution will be 11.9% and our fully diluted dilution will be 10.6%. See the updated share information as of May 31, 2010 set forth in the table and related footnote under “Equity Compensation Plan Information.”

Key Plan Features

Key features of the Plan include the following:

- Employees, directors, and third-party service providers are eligible for awards under the Plan;
- The Plan will be used instead of the existing equity plans, i.e., the 2006 Long Term Incentive Plan, the 1995 Incentive Stock Option Plan, the Non-Qualified Stock Option Plan, and the Restricted Stock Plan (“Prior Plans”), for all new equity grants if shareholders approve the Plan and no new grants will be made under the Prior Plans;
- 1,250,000 shares will be available for grant under the Plan;
- The Plan permits the award of stock options, both nonqualified stock options (“NQSOs”) and incentive stock options (“ISOs”), SARs, restricted stock, restricted stock units, deferred stock units, performance shares, performance share units, performance units, other stock-based awards, Covered Employee annual incentive awards, and cash-based awards;
- The Plan specifically prohibits the repricing or cash buyout of stock options without shareholder approval;
- Except for 10% of the share authorization which can be granted not subject to minimum vesting requirements, the Plan includes the following minimum vesting requirements for Full-Value Awards: one year for performance-based awards and three years for time-based awards;
- The exercise price for stock options and SARs must be at least equal to the stock price on the date of grant;
- The Plan also permits the grant of dividend equivalent rights, provided that dividend equivalent rights on performance-based awards cannot be paid on a current basis and instead must be accrued and paid only if and when the underlying shares are earned or vest;

- Awards cannot be transferred for value;
- Under the Plan, change-in-control benefits, i.e., accelerated vesting, for awards are based on a “double trigger” which requires a participant’s involuntary termination of employment within two years following the change in control; and
- The Plan includes “clawback” provisions that allow the Company to terminate outstanding awards, and in some circumstances recover awards that have already been paid, to participants who are found to have engaged in fraudulent or dishonest behavior.

Description of the Plan

A summary of the principal features of the Plan is provided below, but is qualified in its entirety by reference to the full text of the Plan attached hereto as Appendix A.

The Plan is intended to advance the best interests of our Company, its affiliates, and our shareholders by providing those persons who have substantial responsibility for the management and growth of our Company and its affiliates with additional performance incentives and an opportunity to obtain or increase their proprietary interest in the Company, thereby encouraging them to continue in their employment or affiliation with the Company or its affiliates.

The Plan will become effective upon shareholder approval and will continue for 10 years unless sooner terminated. However, no ISOs may be granted under the Plan on or after the 10th anniversary of its effective date.

Plan Share Limits

The maximum number of shares of our common stock issuable under the Plan is 1,250,000 shares.

Shares are counted against the authorization only to the extent they are actually issued. Thus, shares which terminate by expiration, forfeiture, cancellation, or otherwise, are settled in cash in lieu of shares, or exchanged for awards not involving shares, shall again be available for grant. Also, if the option price or tax withholding requirements of any award are satisfied by tendering shares to us, or if an SAR is exercised, only the number of shares issued, net of the shares tendered, will be deemed issued under the Plan.

Limits on Awards

The Plan permits the following types of awards to be granted (a more detailed description of the awards appears below) and imposes annual per-participant award limits for employees and executives, starting with calendar year 2010 as follows:

Award(s)	Annual Limit
Stock Options (NQSOs and ISOs)	200,000 shares
SARs	200,000 shares
Restricted Stock and Restricted Stock Units	150,000 shares
Deferred Stock Units	150,000 shares
Performance Shares, Performance Share Units and Performance Units	150,000 shares or equal to the value of 150,000 shares, determined as of the date of vesting or payout
Other Stock-Based Awards	150,000 shares
Substitution Awards	Not applicable
Covered Employee Annual Incentive Awards	\$4,000,000
Cash-Based Awards	\$3,000,000 or the value of 150,000 shares, determined as of the date of vesting or payout

The number and kind of shares that may be issued, the number and kind of shares subject to outstanding awards, the option price or grant price applicable to outstanding awards, the annual per-participant award limits, and other value determinations are subject to adjustment by the Compensation Committee to reflect stock dividends, stock splits, reverse stock splits, and other corporate events or transactions, including, without limitation, distributions of stock or property other than normal cash dividends. The Compensation Committee may also make adjustments to reflect unusual or nonrecurring events.

Administration

The Compensation Committee is responsible for administering the Plan and has the discretionary power to interpret the terms and intent of the Plan and any Plan-related documentation, to determine eligibility for awards and the terms and conditions of awards, and to adopt rules, regulations, forms, instruments, and guidelines. Determinations of the Compensation Committee made under the Plan are final and binding. The Compensation Committee may delegate administrative duties and powers to one or more of its members or to one or more officers, agents, or advisors. The Compensation Committee may also delegate to one or more of our officers the power to designate other employees (other than officers subject to Section 16 of the Securities Exchange Act of 1934, as amended) and third-party service providers to be recipients of awards.

Eligibility

Employees, Directors, and third-party service providers of the Company and its subsidiaries who are selected by the Compensation Committee are eligible to participate in the Plan. There are currently approximately 2,500 eligible employees, nine eligible Directors, and 15 eligible third-party service providers.

Types of Awards

The Plan provides that the Compensation Committee may grant awards of various types. A description of each of the types of awards follows.

Stock Options

The Compensation Committee may grant both ISOs and NQSOs under the Plan. In accordance with the requirements for ISOs set forth in the Code, eligibility for ISOs is limited to employees of the Company and its subsidiaries. The exercise price for options cannot be less than the fair market value of our common stock on the date of grant. The latest expiration date cannot be later than the 10th anniversary of the date of grant (for an ISO, the 5th anniversary of the date of grant if the recipient is a more than 10% shareholder). Fair market value under the Plan means, unless otherwise determined by the Compensation Committee, the average of the opening and closing stock prices on the applicable date as reported by the Nasdaq Stock Market. The exercise price may be paid with cash or its equivalent, with previously acquired shares of common stock, or by other means approved by the Compensation Committee, including by means of a broker-assisted exercise.

SARs

The Compensation Committee may grant SARs under the Plan either alone or in tandem with stock options. The grant price of an SAR cannot be less than the fair market value of our common stock at the time of grant. The grant price of an SAR granted in tandem with a stock option will be the same as the option price of the tandem option. SARs cannot be exercised later than the tenth (10th) anniversary of the date of grant.

Freestanding SARs may be exercised on such terms as the Compensation Committee determines and tandem SARs may be exercised by relinquishing the related portion of the tandem option. Upon exercise of an SAR, the holder will receive from the Company shares of our common stock, cash, or a combination of shares and cash, as determined by the Compensation Committee, equal in value to the difference between the fair market value of the common stock subject to the SAR, determined as described above, and the grant price.

Restricted Stock and Restricted Stock Units

The Compensation Committee may award restricted stock and restricted stock units. Restricted stock awards consist of shares of our common stock that are transferred to the participant subject to restrictions that may result in forfeiture if specified conditions are not satisfied. Restricted stock unit awards result in the transfer of shares of our common stock to the participant only after specified conditions are satisfied. A holder of restricted stock is treated as a current shareholder and is entitled to dividend and voting rights, whereas the holder of a restricted stock unit award is treated as a shareholder with respect to the award only when the shares of common stock are delivered in the future. The Compensation Committee will determine the restrictions and conditions applicable to each award of restricted stock or restricted stock units.

Deferred Stock Units

The Compensation Committee may award deferred stock units. Deferred stock units consist of a vested right to receive a share of our common stock or cash at some future date. The holder of a deferred stock unit award is only treated as a shareholder when the shares of common stock are delivered at the future date. The Compensation Committee determines the conditions applicable to each award of deferred stock units.

Performance Awards

Our Board of Directors may grant performance awards subject to the fulfillment of conditions and the attainment of performance goals over such periods as the Board determines in writing and sets forth in a written agreement between the Company and the participant. To the extent compliance with Section 162(m) of the Code is desired, a committee comprised solely of “outside directors” under Section 162(m) must act with respect to performance awards, and “Board” as used in this section shall include this committee. These awards may be designated as performance shares or performance units. Performance shares and performance units are unfunded bookkeeping entries generally having an initial value equal to the fair market value of a share of our common stock determined on the grant date and a value set by the Board, respectively. Performance awards specify a predetermined amount of performance shares or performance units that may be earned by the participant to the extent that one or more predetermined performance goals are attained within the predetermined performance period. To the extent earned, performance awards may be settled in cash, shares of our common stock (including shares of restricted stock), or a combination thereof.

Prior to the start of the applicable performance period, or as permitted pursuant to Section 162(m) of the Code, the Board establishes one or more performance goals applicable to the award. Performance goals are based on the attainment of specified target levels with respect to one or more selected measures of business or financial performance. The performance goals may vary from participant to participant, group to group, and period to period. The performance goals for performance unit and performance share awards and any other awards granted under the Plan that are intended to constitute “qualified performance-based compensation” will be based upon one or more of the following:

- Net earnings or net income (before or after taxes);
- Operating earnings or income;
- Earnings or diluted earnings per share;
- Net sales or revenue growth;
- Net operating profit;
- Return measures (including, but not limited to, return on assets, net assets, capital, investment, invested capital, equity, shareholders’ equity sales, or revenue);
- Cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, cash flow return on capital, and cash flow return on investment);
- Earnings before or after taxes, interest, depreciation, and/or amortization;
- Gross or operating margins;
- Productivity ratios;
- Share price (including, but not limited to, growth measures and total shareholder return);
- Expense targets;

- Debt reduction;
- Cost reduction or savings;
- Margins;
- Operating efficiency;
- Market share;
- Customer and/or employee satisfaction;
- Safety;
- Working capital targets and change in working capital; and
- Economic value added or EVA® (net operating profit after tax minus the sum of capital multiplied by the cost of capital).

The Compensation Committee will determine whether the performance targets or goals that have been chosen for a particular performance award have been met and may provide in an award that any evaluation of performance may include or exclude any of the following that are objectively determinable and that occur during the performance period to which the award is subject: asset write-downs, litigation, claims, judgments, or settlements; the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reporting results; any reorganization and restructuring programs; extraordinary nonrecurring items as described in Financial Accounting Standards Board Accounting Standards Codification Topic 225 and/or in management's discussion of financial condition and results of operations appearing in our annual report to shareholders for the applicable year; acquisitions or divestitures; and foreign exchange gains and losses.

Awards that are designed to qualify as performance-based compensation may not be adjusted upward. However, the Compensation Committee has the discretion to adjust these awards downward. In addition, the Compensation Committee has the discretion to make awards that do not qualify as performance-based compensation. Generally, awards may be paid in the form of cash, shares of our common stock, or in any combination, as determined by the Compensation Committee.

Other Stock-Based Awards

The Compensation Committee may grant equity-based or equity-related awards, referred to as other stock-based awards, other than options, SARs, restricted stock, restricted stock units, or performance shares. The terms and conditions of each other stock-based award shall be determined by the Compensation Committee. Payment under any other stock-based awards will be made in shares of our common stock or cash, as determined by the Compensation Committee.

Cash-Based Awards

The Compensation Committee may grant cash-based awards. The terms and conditions, including whether the vesting of such awards is dependent upon the achievement of specific performance goals, of each cash-based award shall be determined by the Compensation Committee. Payment under any cash-based award will be made in shares of our common stock or cash, as determined by the Compensation Committee.

Covered Employee Annual Incentive Awards

The Compensation Committee may designate and grant executives who are or may become Covered Employees annual incentive awards based on achievement of performance goals established using one or more performance measures (which are set forth in the Performance Awards section above) for the year. The maximum amount any Covered Employee can receive pursuant to these awards is \$4,000,000 in any year. The Compensation Committee cannot adjust these awards above the maximum amount established for each Covered Employee at the beginning of a plan year, but retains the discretion to reduce the awards based on its evaluation of the Company and individual performance.

Substitution Awards

The Compensation Committee may grant awards under the Plan in substitution for stock options and other awards held by employees and directors of other entities who are about to become employees or affiliated with us or any of our affiliates, or whose employer or corporation with respect to which it provides services is about to become an affiliate as the result of a merger or consolidation of our Company with another corporation, or the acquisition by us of substantially all the assets of another corporation, or the acquisition by us of at least 50% of the issued and outstanding stock of another corporation as the result of which such other corporation will become a subsidiary of our Company. The terms and conditions of such substitute awards may vary from the requirements in the Plan to the extent our Board of Directors deems appropriate to conform, in whole or in part, to the provisions of the award in substitution for which they are granted.

Termination of Employment/Service

The Compensation Committee will determine how each award will be treated following termination of the holder's employment with or service for our Company, including the extent to which unvested portions of the award will be forfeited and the extent to which options, SARs, or other awards requiring exercise will remain exercisable.

Unless otherwise determined by the Compensation Committee and set forth in an award agreement, the following treatment upon termination of employment will apply:

Type of Termination	Time-Vested Stock Options and SARs	Other Time-Vested Awards	Performance-Vested Awards
For any reason other than the following:	<ul style="list-style-type: none"> · Unvested: forfeited · Vested: 30 days following the later of termination or any period of non-trading to exercise 	<ul style="list-style-type: none"> · Unvested: forfeited · Vested: N/A 	<ul style="list-style-type: none"> · Unvested: forfeited · Vested, but unexercised: 30 days following the later of termination or any period of non-trading to exercise
Death or Disability	<ul style="list-style-type: none"> · Unvested: forfeited · Vested: I year days following termination to exercise 	<ul style="list-style-type: none"> · Unvested: immediately vests · Vested: N/A 	<ul style="list-style-type: none"> · Unvested: fully vest at end of performance period based on performance through end of period · Vested, but unexercised: 30 days following the later of termination or any period of non-trading to exercise
Retirement	<ul style="list-style-type: none"> · Unvested: forfeited · Vested: three days following termination to exercise 	<ul style="list-style-type: none"> · Unvested: immediately vest · Vested: N/A 	<ul style="list-style-type: none"> · Unvested: fully vest at end of performance period based on performance through end of period · Vested, but unexercised: 30 days following the later of termination or any period of non-trading to exercise
Cause	<ul style="list-style-type: none"> · Unvested: forfeited · Vested: forfeited 	<ul style="list-style-type: none"> · Unvested: forfeited · Vested: N/A 	<ul style="list-style-type: none"> · Unvested: forfeited · Vested, but unexercised: forfeited

Treatment of Awards Upon a Change in Control and Related Transactions

Unless the Compensation Committee determines otherwise in an award agreement, if there is a change in control of the Company, awards granted under the Plan will have their vesting and payment accelerated based on a “double trigger” which requires the occurrence of a change in control coupled with the termination of a participant’s employment or service to the Company within two years thereafter.

Under the Plan, a change in control may be triggered if there is an acquisition of 20% or more of the outstanding shares or the voting power of the outstanding securities, individuals on the board cease to constitute a majority of the board, or there is consummation of a reorganization, merger, or consolidation or sale of our Company or any of our subsidiaries or a disposition of all or substantially all of our assets, unless shareholders continue to own more than 60% of the outstanding voting securities, no person beneficially owns 20% or more of our outstanding securities, and at least a majority of the members of the Board of Directors were members of the Board prior to the transaction.

Amendment of Awards or Plan and Adjustment of Awards

The Compensation Committee may at any time alter, amend, modify, suspend, or terminate the Plan or any outstanding award in whole or in part. No amendment of the Plan will be made without shareholder approval if shareholder approval is required by law. No amendment may adversely affect the rights of any participant without his or her consent under an outstanding award, unless specifically provided for in the Plan.

Additional Provisions

Neither ISOs nor, except as the Compensation Committee otherwise expressly determines, other awards may be transferred other than by will or by the laws of descent and distribution. During a recipient’s lifetime, an ISO and, except as the Compensation Committee may determine, other non-transferable awards requiring exercise, may be exercised only by the recipient.

If provided in the award agreement, a participant’s rights to an award may be subject to a participant agreeing to not compete with us or any of our subsidiaries, and to not solicit our business or employees. In addition, participants may be subject to non-disclosure and non-disparagement requirements. A breach of these restrictions may result in cancellation of awards or the recovery by us of gain realized under an award.

Nonemployee Director Awards

The Plan can also be used to grant equity awards to our non-employee Directors, so that they too will develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and so that their interests will be more aligned with those of our shareholders.

Nonemployee directors can be granted any of the awards available under the Plan, except ISOs which are only available for employees. The Board shall from time to time determine the nature and number of awards to be granted to nonemployee directors.

New Plan Benefits

The future benefits or amounts that would be received under the Plan by our executive officers, non-executive Directors, and non-executive officer employees are discretionary and are therefore not determinable at this time. In addition, the benefits or amounts that would have been received by or allocated to such persons for the last completed fiscal year if the Plan had been in effect cannot be determined.

Certain Federal Income Tax Consequences

The following discussion summarizes certain federal income tax consequences of the issuance and receipt of options under the Plan under the law as in effect on the date of this proxy statement. The summary does not purport to cover all federal employment tax or other federal tax consequences that may be associated with the Plan, nor does it cover state, local, or non-U.S. taxes.

ISOs

An employee generally realizes no taxable income upon the grant or exercise of an ISO. However, the exercise of an ISO may result in an alternative minimum tax liability to the employee. With some exceptions, a disposition of shares purchased under an ISO within two years from the date of grant or within one year after exercise produces ordinary income to the optionee equal to the value of the shares at the time of exercise less the exercise price. The same amount is deductible by us as compensation, provided that income taxes are withheld from the employee. Any additional gain recognized in the disposition is treated as a capital gain for which we are not entitled to a deduction. If the employee exercises an ISO and satisfies the holding period requirements, we may not deduct any amount in connection with the ISO.

In general, an ISO that is exercised by the optionee more than three months after termination of employment is treated as an NQSO. ISOs are also treated as NQSOs to the extent they first become exercisable by an individual in any calendar year for shares having a fair market value (determined as of the date of grant) in excess of \$100,000.

NQSOs

An optionee generally has no taxable income at the time of grant of an NQSO, but realizes income in connection with exercise of the option in an amount equal to the excess (at the time of exercise) of the fair market value of shares acquired upon exercise over the exercise price. For employee optionees, the same amount is deductible by us as compensation, provided that income taxes are withheld from the employee. Upon a subsequent sale or exchange of the shares, any recognized gain or loss after the date of exercise is treated as capital gain or loss for which we are not entitled to a deduction.

Other

Awards under the Plan may be subject to tax withholding. Where an award results in income subject to withholding, we may require the participant to remit the necessary taxes to us. If the Compensation Committee approves, participants may satisfy their tax withholding requirements by causing shares of our common stock to be withheld.

In general, under Section 162(m) of the Code, remuneration paid by a public corporation to its chief executive officer or any of its other top four named executive officers, ranked by pay, is not deductible to the extent it exceeds \$1,000,000 for any year. Taxable payments or benefits under the Plan may be subject to this deduction limit. However, under Section 162(m) of the Code, qualifying performance-based compensation, including income from stock options and other performance-based awards that are made under shareholder-approved plans and that meet certain other requirements, is exempt from the deduction limitation. The Plan has been designed so that the Compensation Committee in its discretion may grant qualifying exempt performance-based awards under the Plan.

Under the so-called “golden parachute” provisions of the Code, the accelerated vesting of stock options and benefits paid under other awards in connection with a change in control of a corporation may be required to be valued and taken into account in determining whether participants have received compensatory payments, contingent on the change in control, in excess of certain limits. If these limits are exceeded, a portion of the amounts payable to the participant may be subject to an additional 20% federal tax and may be nondeductible to the corporation.

If any award granted under the Plan is considered deferred compensation under Code Section 409A, then certain requirements must be met to have the deferral be effective for federal tax purposes. These requirements include ensuring that any election to defer made by participants is done within the time period(s) permitted by Code Section 409A; limitations on distributions; and the prohibition of accelerating the time or schedule of any payment of deferred amounts except in circumstances permitted by the U.S. Treasury Department. If these requirements are not met, a participant will be immediately taxed on such purportedly deferred amounts, a penalty of 20% of such amounts deferred after December 31, 2004 will be imposed, and penalty interest will accrue at the underpayment rate plus 1%.

Other Information

If approved by stockholders, the Plan will be effective on July 26, 2010, no awards will be made under the Prior Plans after July 26, 2010, and no awards will be made under the Plan after July 26, 2020. Any awards granted before July 26, 2020 may extend beyond the expiration or termination date.

The Plan provides that an award may not be transferred except in the event of the employee’s death or unless otherwise required by law. Other terms and conditions of each award will be set forth in award agreements, which can be amended by the Compensation Committee. Awards under the Plan may earn dividends or dividend equivalents, as determined by the Compensation Committee.

It is presently intended that the Plan constitute an “unfunded” plan for incentive and deferred compensation. The Plan authorizes the creation of trusts and other arrangements to facilitate or ensure payment of the Company’s obligations.

THE BOARD OF DIRECTORS RECOMMENDS UNANIMOUSLY A VOTE “FOR” THE ADOPTION OF THE COLUMBUS McKINNON CORPORATION 2010 LONG TERM INCENTIVE PLAN

SOLICITATION OF PROXIES

The cost of solicitation of proxies will be borne by us, including expenses in connection with preparing and mailing this Proxy Statement. In addition to the use of the mail, proxies may be solicited by personal interviews or by telephone, telecommunications or other electronic means by our Directors, officers and employees at no additional compensation. Arrangements will be made with brokerage houses, banks and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of our common stock, and we will reimburse them for reasonable out-of-pocket expenses incurred by them in connection therewith.

OTHER MATTERS

Our management does not presently know of any matters to be presented for consideration at the Annual Meeting other than the matters described in the Notice of Annual Meeting. However, if other matters are presented, the accompanying proxy confers upon the person or persons entitled to vote the shares represented by the proxy, discretionary authority to vote such shares in respect of any such other matter in accordance with their best judgment.

SHAREHOLDERS' PROPOSALS

Proposals of shareholders intended to be presented at the 2011 Annual Meeting must be received by us by February 24, 2011 to be considered for inclusion in our Proxy Statement and form of proxy relating to that meeting. In addition, our By-Laws require that notice of shareholder proposals and nominations for director be delivered to our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the Annual Meeting for the preceding year; provided, however, if the Annual Meeting is not scheduled to be held within a period commencing 30 days before such anniversary date and ending 30 days after such anniversary date, such shareholder notice shall be delivered by the later of (i) 90 days prior to the date of the Annual Meeting or (ii) the tenth day following the date such Annual Meeting date is first publicly announced or disclosed. The date of the 2010 Annual Meeting has not yet been established. Nothing in this paragraph shall be deemed to require us to include in our Proxy Statement and proxy relating to the 2010 Annual Meeting any shareholder proposal that does not meet all of the requirements for inclusion established by the Exchange Act, and the rules and regulations promulgated thereunder.

OTHER INFORMATION

WE WILL PROVIDE WITHOUT CHARGE TO EACH PERSON WHOSE PROXY IS SOLICITED, ON THE WRITTEN REQUEST OF SUCH PERSON, A COPY OF OUR ANNUAL REPORT ON FORM 10-K, FOR THE FISCAL YEAR ENDED MARCH 31, 2010, FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING THE FINANCIAL STATEMENTS AND THE SCHEDULES THERETO. Such written request should be directed to Columbus McKinnon Corporation, 140 John James Audubon Parkway, Amherst, New York 14228-1197, Attention: Secretary. Each such request must set forth a good faith representation that, as of June 4, 2010, the person making the request was a beneficial owner of securities entitled to vote at the Annual Meeting.

The accompanying Notice and this Proxy Statement are sent by order of our Board of Directors.

ROBERT J. OLIVIERI
Secretary

Dated: June 21, 2010

APPENDIX A

Columbus McKinnon Corporation
2010 Long Term Incentive Plan
Effective July 26, 2010

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Columbus McKinnon Corporation
2010 Long Term Incentive Plan

Article 1. Establishment, Purpose, and Duration

1.1 Establishment. Columbus McKinnon Corporation, a New York corporation (hereinafter referred to as the “Company”), establishes an incentive compensation plan to be known as the Columbus McKinnon Corporation 2010 Long Term Incentive Plan (hereinafter referred to as the “Plan”), as set forth in this document.

This Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Performance Shares, Performance Share Units, Performance Units, Covered Employee Annual Incentive Awards, Cash-Based Awards, and Other Stock-Based Awards.

This Plan shall become effective upon shareholder approval (the “Effective Date”) and shall remain in effect as provided in Section 1.3 (Duration/Duration of This Plan) hereof.

1.2 Purpose of This Plan. The purpose of this Plan is to provide a means whereby Employees, Directors, and Third-Party Service Providers of the Company develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and to encourage them to devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. A further purpose of this Plan is to provide a means through which the Company may attract able individuals to become Employees or serve as Directors or Third-Party Service Providers of the Company and to provide a means whereby those individuals upon whom the responsibilities of the successful administration and management of the Company are of importance can acquire and maintain stock ownership, thereby strengthening their concern for the welfare of the Company.

1.3 Duration of This Plan. Unless sooner terminated as provided herein, this Plan shall terminate ten (10) years from the Effective Date. After this Plan is terminated, no Awards may be granted but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and this Plan’s terms and conditions. Notwithstanding the foregoing, no Incentive Stock Options may be granted more than ten (10) years after the earlier of (a) adoption of this Plan by the Board, or (b) the Effective Date.

1.4 No More Grants Under Prior Plans. After the Effective Date, no more grants will be made under the Prior Plans.

Article 2. Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized.

2.1 “Affiliate” shall mean any corporation or other entity (including, but not limited to, a partnership or a limited liability company) that is affiliated with the Company through stock or equity ownership or otherwise, and is designated as an Affiliate for purposes of this Plan by the Committee.

2.2 “Alternative Award” has the meaning set forth in Section 21.2 (Alternative Awards).

2.3 “Annual Award Limit” or “Annual Award Limits” have the meaning set forth in Section 4.3 (Annual Award Limits).

2.4 “Award” means, individually or collectively, a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Performance Shares, Performance Share Units, Performance Units, Covered Employee Annual Incentive Awards, Cash-Based Awards, or Other Stock-Based Awards, in each case subject to the terms of this Plan.

2.5 “Award Agreement” means either (a) a written agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under this Plan, or (b) a written or electronic statement issued by the Company to a Participant describing the terms and provisions of such Award, including any amendment or modification thereof. The Committee may provide for the use of electronic, Internet, or other non-paper Award Agreements, and the use of electronic, Internet, or other non-paper means for the acceptance thereof and actions thereunder by a Participant.

2.6 “Beneficial Owner” or “Beneficial Ownership” shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.7 “Board” or “Board of Directors” means the Board of Directors of the Company.

2.8 “Cash-Based Award” means an Award, denominated in cash, granted to a Participant as described in Article 11 (Cash-Based Awards and Other Stock-Based Awards).

2.9 “Cause” means, unless otherwise specified in an Award Agreement or 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) 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 of a felony involving moral turpitude; or

(c) 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 purposes of this Section 2.9(c), 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.

2.10 "Change in Control" means, unless otherwise defined in an Award Agreement, any of the following events:

- (a) Any "Person," as such term is used in Sections 13(d) and 14(d) of 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, directly or indirectly, of securities of the Company representing twenty percent (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 securities;
- (b) During any period of two (2) 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 2.10 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) There shall be consummated any 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, twenty percent (20%) or more of the combined voting power of the Company's then outstanding voting securities;

(d) 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) 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.

For purposes hereof, ownership of voting securities shall take into account and shall include ownership as determined by applying the provisions of Rule 13d-3(d)(1)(i) (as in effect on the date hereof) pursuant to the Exchange Act.

A "Change in Control" shall not result from any transaction precipitated by the Company's insolvency, appointment of a conservator, or determination by a regulatory agency that the Company is insolvent, nor from any transaction initiated by the Company in regard to converting from a publicly traded company to a privately held company.

2.11 "Change-in-Control Price" means the price per share on a fully diluted basis offered in conjunction with any transaction resulting in a Change in Control, as determined in good faith by the Committee as constituted before the Change in Control, if any part of the offered price is payable other than in cash.

2.12 "Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

2.13 "Committee" means the Compensation and Succession Committee of the Board or a subcommittee thereof, or any other committee designated by the Board to administer this Plan. The members of the Committee shall be appointed from time to time by and shall serve at the discretion of the Board. If the Committee does not exist or cannot function for any reason, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee.

2.14 "Company" means Columbus McKinnon Corporation, a New York corporation, and any successor thereto as provided in Article 24 (Successors) herein.

2.15 "Consolidated Operating Earnings" means the consolidated earnings before income taxes of the Company, computed in accordance with generally accepted accounting principles, but shall exclude the effects of Extraordinary Items.

2.16 "Covered Employee" means any Employee who is or may become a "Covered Employee," as defined in Code Section 162(m), and who is designated, either as an individual Employee or class of Employees, by the Committee within the shorter of (a) ninety (90) days after the beginning of the Performance Period, or (b) twenty-five percent (25%) of the Performance Period has elapsed, as a "Covered Employee" under this Plan for such applicable Performance Period.

2.17 “Covered Employee Annual Incentive Award” means an Award granted to a Covered Employee as described in Article 12 (Covered Employee Annual Incentive Awards).

2.18 “Deferred Stock Unit” means a Participant’s contractual right to receive a stated number of Shares, or if provided by the Committee on the Grant Date, cash equal to the Fair Market Value of such Shares, under the Plan at the end of a specified period of time or upon the occurrence of a specified event.

2.19 “Director” means any individual who is a member of the Board of Directors of the Company.

2.20 “Disability” means, unless otherwise provided in an Award Agreement:

(a) With respect to a Participant who is a party to a written employment agreement with the Company, which agreement contains a definition of “disability” or “permanent disability” (or words of like import) for purposes of termination of employment thereunder by the Company, “disability” or “permanent disability” as defined in the most recent of such agreements; or

(b) In all other cases, means such Participant’s inability to perform substantially his or her duties to the Company by reason of physical or mental illness, injury, infirmity, or condition: (i) for a continuous period for one hundred eighty (180) days or one or more periods aggregating one hundred eighty (180) days in any twelve (12) month period; (ii) at such time as such Participant is eligible to receive disability income payments under any long-term disability insurance plan maintained by the Company; or (iii) at such earlier time as such Participant or the Company submits medical evidence, in the form of a physician’s certification, that such Participant has a physical or mental illness, injury, infirmity, or condition that will likely prevent such Participant from substantially performing his duties for one hundred eighty (180) days or longer.

2.21 “Dividend Equivalent Right” means the right to receive an amount, calculated with respect to a Full-Value Award, which is determined by multiplying the number of Shares subject to the applicable Award by the per-Share cash dividend, or the per-Share Fair Market Value (as determined by the Committee) of any dividend in consideration other than cash, paid by the Company on Shares.

2.22 “Effective Date” has the meaning set forth in Section 1.1 (Establishment).

- 2.23 “Eligible Individual” means an individual who is an Employee, Director, and/or Third-Party Service Provider.
- 2.24 “Employee” means any individual designated as an employee of the Company, its Affiliates, and/or its Subsidiaries on the payroll records thereof. An Employee shall not include any individual during any period he or she is classified or treated by the Company, Affiliate, and/or Subsidiary as an independent contractor, a consultant, or any employee of an employment, consulting, or temporary agency or any other entity other than the Company, Affiliate, and/or Subsidiary, without regard to whether such individual is subsequently determined to have been, or is subsequently retroactively reclassified as, a common-law employee of the Company, Affiliate, and/or Subsidiary during such period.
- 2.25 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.
- 2.26 “Extraordinary Items” means (a) extraordinary, unusual, and/or nonrecurring items of gain or loss; (b) gains or losses on the disposition of a business; (c) changes in tax or accounting regulations or laws; or (d) the effect of a merger or acquisition, all of which must be identified in the audited financial statements, including footnotes, or Management Discussion and Analysis section of the Company’s annual report.
- 2.27 “Fair Market Value” or “FMV” means a price that is based on the opening, closing, actual, high, low, or average selling prices of a Share reported on the New York Stock Exchange (“NYSE”) or other established stock exchange (or exchanges) on the applicable date, the preceding trading day, the next succeeding trading day, or an average of trading days, as determined by the Committee in its discretion. Unless the Committee determines otherwise, Fair Market Value shall be deemed to be equal to the average of the opening and closing prices of a Share on the most recent date on which Shares were publicly traded. In the event Shares are not publicly traded at the time a determination of their value is required to be made hereunder, the determination of their Fair Market Value shall be made by the Committee in such manner as it deems appropriate.
- 2.28 “Full-Value Award” means an Award other than an ISO, NQSO, or SAR, which is settled by the issuance of Shares.
- 2.29 “Grant Date” means the date an Award is granted to a Participant pursuant to the Plan.
- 2.30 “Grant Price” means the price established at the time of grant of an SAR pursuant to Article 7 (Stock Appreciation Rights), used to determine whether there is any payment due upon exercise of the SAR.
- 2.31 “Incentive Stock Option” or “ISO” means an Option to purchase Shares granted under Article 6 (Stock Options) to an Employee and that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422, or any successor provision.

- 2.32 “Insider” shall mean an individual who is, on the relevant date, an officer or Director of the Company, or a more than ten percent (10%) Beneficial Owner of any class of the Company’s equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Board in accordance with Section 16 of the Exchange Act.
- 2.33 “Net Income” means the consolidated net income before taxes for the Plan Year, as reported in the Company’s annual report to shareholders or as otherwise reported to shareholders.
- 2.34 “New Employer” means a Participant’s employer, or the parent or a subsidiary of such employer, immediately following a Change in Control.
- 2.35 “New Nonemployee Director Award” means an Award for a Nonemployee Director of up to an additional fifteen thousand (15,000) Shares in the Plan Year in which an individual is first appointed or elected to the Board as a Nonemployee Director.
- 2.36 “Nonemployee Director” means a Director who is not an Employee.
- 2.37 “Nonemployee Director Award” means any NQSO, SAR, or Full-Value Award granted, whether singly, in combination, or in tandem, to a Participant who is a Nonemployee Director pursuant to such applicable terms, conditions, and limitations as the Board or Committee may establish in accordance with this Plan.
- 2.38 “Nonqualified Stock Option” or “NQSO” means an Option that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements.
- 2.39 “Option” means an Incentive Stock Option or a Nonqualified Stock Option, as described in Article 6 (Stock Options).
- 2.40 “Option Price” means the price at which a Share may be purchased by a Participant pursuant to an Option.
- 2.41 “Other Stock-Based Award” means an equity-based or equity-related Award not otherwise described by the terms of this Plan, granted pursuant to Article 11 (Cash-Based Awards and Other Stock-Based Awards).
- 2.42 “Participant” means any Eligible Individual as set forth in Article 5 (Eligibility and Participation) to whom an Award is granted.
- 2.43 “Performance-Based Compensation” means compensation under an Award that is intended to satisfy the requirements of Code Section 162(m) for certain performance-based compensation paid to Covered Employees. Notwithstanding the foregoing, nothing in this Plan shall be construed to mean that an Award which does not satisfy the requirements for performance-based compensation under Code Section 162(m) does not constitute performance-based compensation for other purposes, including Code Section 409A.

- 2.44 “Performance Measures” means measures as described in Article 14 (Performance Measures) on which the performance goals are based and which are approved by the Company’s shareholders pursuant to this Plan in order to qualify Awards as Performance-Based Compensation.
- 2.45 “Performance Period” means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.
- 2.46 “Performance Share” means a grant of a stated number of Shares to a Participant under the Plan that is forfeitable by the Participant until the attainment of specified performance goals, or until otherwise determined by the Committee or in accordance with the Plan, subject to the continuous employment of the Participant through the applicable Performance Period.
- 2.47 “Performance Share Unit” means a Participant’s contractual right to receive a stated number of Shares, or if provided by the Committee on or after the grant date, cash equal to the Fair Market Value of such Shares, under the Plan at a specified time that are forfeitable by the Participant until the attainment of specified performance goals, or until otherwise determined by the Committee or in accordance with the Plan, subject to the continuous employment of the Participant through the applicable Performance Period.
- 2.48 “Performance Unit” means a Participant’s contractual right to receive a cash-denominated award, payable in cash or Shares, under the Plan at a specified time that is forfeitable by the Participant until the attainment of specified performance goals, or until otherwise determined by the Committee or in accordance with the Plan, subject to the continuous employment of the Participant through the applicable Performance Period.
- 2.49 “Person” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.
- 2.50 “Plan” means the Columbus McKinnon Corporation 2010 Long Term Incentive Plan.
- 2.51 “Plan Year” means the Company’s fiscal year which currently begins April 1 and ends March 31.
- 2.52 “Prior Plans” means the Company’s 2006 Long Term Incentive Plan, the 1995 Incentive Stock Option Plan, the Non-Qualified Stock Option Plan, and the Restricted Stock Plan.

- 2.53 “Restricted Stock” means an Award granted to a Participant pursuant to Article 8 (Restricted Stock and Restricted Stock Units).
- 2.54 “Restricted Stock Unit” means an Award granted to a Participant pursuant to Article 8 (Restricted Stock and Restricted Stock Units), except no Shares are actually awarded to the Participant on the Grant Date.
- 2.55 “Restriction Period” means the period when Restricted Stock, Restricted Stock Units, Deferred Stock Units, and/or Other Stock-Based Awards are subject to a substantial risk of forfeiture (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, in its discretion).
- 2.56 “Retirement” shall be reached when a Participant’s employment terminates from the Company, Affiliates, and any Subsidiary and at the time of such termination the Participant’s age and years of service as an employee of the Company, Affiliate, or any Subsidiary were either (a) age sixty-five (65) or older with at least five (5) years of service, or (b) age sixty-two (62) or older, with at least twenty-five (25) years of service.
- 2.57 “Share” means a share of common stock of the Company, par value \$.01 per share.
- 2.58 “Share Authorization” has the meaning set forth in Section 4.1(a) (Share Authorization).
- 2.59 “Stock Appreciation Right” or “SAR” means an Award, designated as an SAR, pursuant to the terms of Article 7 (Stock Appreciation Rights) herein.
- 2.60 “Subsidiary” means any corporation or other entity, whether domestic or foreign, in which the Company has or obtains, directly or indirectly, a proprietary interest of more than fifty percent (50%) by reason of stock ownership or otherwise.
- 2.61 “Tax Laws” means any applicable federal, state, local, or foreign laws and regulations thereunder.
- 2.62 “Third-Party Service Provider” means any consultant, agent, advisor, or independent contractor who renders services to the Company, a Subsidiary, or an Affiliate that (a) are not in connection with the offer and sale of the Company’s securities in a capital-raising transaction, and (b) do not directly or indirectly promote or maintain a market for the Company’s securities.

Article 3. Administration

- 3.1 General. The Committee shall be responsible for administering this Plan, subject to this Article 3 (Administration) and the other provisions of this Plan. The Committee may employ attorneys, consultants, accountants, agents, and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions, or valuations of any such individuals. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Participants, the Company, and all other interested individuals.

3.2 Authority of the Committee. The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of this Plan and any Award Agreement or other agreement or document ancillary to or in connection with this Plan, to determine eligibility for Awards and to adopt such rules, regulations, forms, instruments, and guidelines for administering this Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, (a) selecting Award recipients, (b) establishing all Award terms and conditions, including the terms and conditions set forth in Award Agreements and any ancillary document or materials, (c) granting Awards as an alternative to or as the form of payment for grants or rights earned or due under compensation plans or arrangements of the Company, (d) construing any ambiguous provision of the Plan or any Award Agreement, (e) establishing and certifying satisfaction of performance goals for purposes of satisfying the requirements of Code Section 162(m), (f) subject to Article 22 (Amendment, Modification, Suspension, and Termination), adopting modifications and amendments to this Plan or any Award Agreement, including without limitation, any that are necessary to comply with the laws of the countries and other jurisdictions in which the Company, its Affiliates, and/or its Subsidiaries operate, and (g) making any other determination and taking any other action that it deems necessary or desirable for the administration or operation of the Plan and/or any Award Agreement.

3.3 Delegation. The Committee may delegate to one or more of its members or to one or more officers of the Company, and/or its Subsidiaries and Affiliates, or to one or more agents or advisors such administrative duties or powers as it may deem advisable, and the Committee or any individuals to whom it has delegated duties or powers as aforesaid may employ one or more individuals to render advice with respect to any responsibility the Committee or such individuals may have under this Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as can the Committee: (a) designate Employees to be recipients of Awards; (b) designate Third-Party Service Providers to be recipients of Awards; and (c) determine the size of any such Awards; provided, however, (i) the Committee shall not delegate such responsibilities to any such officer for Awards granted to a Nonemployee Director or an Employee who is considered an Insider; (ii) the resolution providing such authorization sets forth the total number of Shares and/or Awards such officer(s) may grant; and (iii) the officer(s) shall report periodically to the Committee regarding the nature and scope of the Awards granted pursuant to the authority delegated.

Article 4. Shares Subject to This Plan and Maximum Awards

4.1 Number of Shares Available for Awards.

(a) Share Authorization.

Subject to adjustment as provided in Section 4.4 (Shares Subject to This Plan and Maximum Awards/Adjustments in Authorized Shares) herein, the maximum number of Shares available for issuance to Participants under this Plan (the "Share Authorization") shall be one million two hundred fifty thousand (1,250,000) Shares consisting of Shares not previously authorized for issuance under any plan and any Shares not issued or subject to outstanding awards under the Company's Prior Plans as of the Effective Date. Additionally, any Shares subject to outstanding awards as of the Effective Date under the Prior Plans that on or after the Effective Date cease for any reason to be subject to such awards (other than by reason of exercise or settlement of the awards to the extent they are exercised for or settled in vested and non-forfeitable Shares) shall be added to the Share Authorization.

(b) Limits on ISOs. The maximum number of Shares of the Share Authorization that may be issued pursuant to ISOs under this Plan shall be one million two hundred fifty thousand (1,250,000) Shares.

(c) Limit on Nonemployee Director Awards. Subject to adjustment in Section 4.4 (Adjustments in Authorized Shares), the maximum number of Shares of the Share Authorization that may be issued to Nonemployee Directors shall be two hundred fifty thousand (250,000) Shares, and no Nonemployee Director may be granted an Award covering more than fifteen thousand (15,000) Shares in any Plan Year, except that this annual limit on Nonemployee Director Awards shall be increased to thirty thousand (30,000) Shares for any Nonemployee Director serving as Chairman of the Board; provided, however, that in the Plan Year in which an individual is first appointed or elected to the Board as a Nonemployee Director, such individual may be granted an Award covering up to an additional fifteen thousand (15,000) Shares (a "New Nonemployee Director Award").

(d) Minimum Vesting Requirements for Awards. Except with respect to a maximum of ten percent (10%) of the Share Authorization, any Full-Value Awards which vest on the basis of the Participant's continued employment with or provision of service to the Company shall not provide for vesting which is any more rapid than over a three (3) year period, and any Full-Value Awards which vest upon the attainment of performance goals shall provide for a performance period of at least twelve (12) months. Notwithstanding the foregoing, the Committee may permit acceleration of vesting of such Full-Value Awards in the event of the Participant's death, disability, or retirement, or a Change in Control.

4.2 Share Usage. Shares covered by an Award shall only be counted as used to the extent they are actually issued. Any Shares related to Awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or are exchanged with the Committee's permission, prior to the issuance of Shares, for Awards not involving Shares, shall be available again for grant under this Plan. Moreover, if the Option Price of any Option granted under this Plan or the tax withholding requirements with respect to any Award granted under this Plan are satisfied by tendering Shares to the Company (by either actual delivery or by attestation), or if an SAR is exercised, only the number of Shares issued, net of the Shares tendered, if any, will be deemed delivered for purposes of determining the maximum number of Shares available for delivery under this Plan. To the extent permitted by applicable law or any exchange rule, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Affiliate shall not be counted against Shares available for grant pursuant to the Plan. The Shares available for issuance under this Plan may be authorized and unissued Shares or treasury Shares.

4.3 Annual Award Limits. The following limits (each an "Annual Award Limit" and, collectively, "Annual Award Limits"), as adjusted pursuant to Sections 4.4 (Adjustments in Authorized Shares) and/or 22.2 (Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events), shall apply to grants of such Awards under this Plan:

- (a) Options: The maximum aggregate number of Shares subject to Options granted in any one Plan Year to any one Participant shall be two hundred thousand (200,000).
- (b) SARs: The maximum number of Shares subject to Stock Appreciation Rights granted in any one Plan Year to any one Participant shall be two hundred thousand (200,000).
- (c) Restricted Stock or Restricted Stock Units: The maximum aggregate grant with respect to Awards of Restricted Stock or Restricted Stock Units in any one Plan Year to any one Participant shall be one hundred fifty thousand (150,000).
- (d) Deferred Stock Units: The maximum aggregate grant with respect to Awards of Deferred Stock Units in any one Plan Year to any one Participant shall be one hundred fifty thousand (150,000).
- (e) Performance Shares, Performance Share Units, or Performance Units: The maximum aggregate Award of Performance Shares, Performance Share Units, or Performance Units that a Participant may receive in any one Plan Year shall be one hundred fifty thousand (150,000) Shares, or equal to the value of one hundred fifty thousand (150,000) Shares, determined as of the date of vesting or payout, as applicable.

- (f) Covered Employee Annual Incentive Awards: The maximum aggregate amount awarded or credited in any one Plan Year with respect to a Covered Employee Annual Incentive Award pursuant to Article 12 (Covered Employee Annual Incentive Awards) may not exceed four million dollars (\$4,000,000).
- (g) Cash-Based Awards: The maximum aggregate amount awarded or credited with respect to Cash-Based Awards to any one Participant in any one Plan Year may not exceed the greater of three million dollars (\$3,000,000) or the value of one hundred fifty thousand (150,000) Shares, determined as of the date of vesting or payout, as applicable.
- (h) Other Stock-Based Awards: The maximum aggregate grant with respect to Other Stock-Based Awards pursuant to Section 11.2 (Cash-Based Awards and Other Stock-Based Awards/Other Stock-Based Awards) in any one Plan Year to any one Participant shall be one hundred fifty thousand (150,000) Shares.

4.4 Adjustments in Authorized Shares. In the event of any corporate event or transaction (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, consolidation, reorganization, recapitalization, separation, partial or complete liquidation, stock dividend, special cash dividend, stock split, reverse stock split, split up, spin-off, or other distribution of stock or property of the Company, combination of Shares, exchange of Shares, dividend in-kind, or other like change in capital structure, number of outstanding Shares or distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee, in order to prevent dilution or enlargement of Participants' rights under this Plan, shall substitute or adjust, as applicable, the number and kind of Shares that may be issued under this Plan or under particular forms of Awards, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, the Annual Award Limits, and other value determinations applicable to outstanding Awards. The Committee, in its sole discretion, may also make appropriate adjustments in the terms of any Awards under this Plan to reflect such changes or distributions, including modifications of performance goals and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be at the discretion of the Committee and shall be conclusive and binding on Participants under this Plan.

Subject to the provisions of Article 22 (Amendment, Modification, Suspension, and Termination) and notwithstanding anything else herein to the contrary, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance or assumption of benefits under this Plan in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate (including, but not limited to, a conversion of equity awards into Awards under this Plan), subject to compliance with the rules under Code Sections 409A, 422, and 424, as and where applicable.

Article 5. Eligibility and Participation

5.1 Eligibility. Individuals eligible to participate in this Plan include all Employees, Directors, and Third-Party Service Providers.

5.2 Actual Participation. Subject to the provisions of this Plan, the Committee may, from time to time, select from the Eligible Individuals those individuals to whom Awards shall be granted.

Article 6. Stock Options

6.1 Grant of Options. Subject to the terms and provisions of this Plan, Options may be granted to Eligible Individuals in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee, in its sole discretion; provided that ISOs may be granted only to Employees of the Company or of any parent or subsidiary corporation (as permitted under Code Sections 422 and 424). However, unless legitimate business criteria exist (within the meaning of Treas. Reg. 1.409A-1(b)(5)(E)(1)), an Employee who is employed by an Affiliate and/or Subsidiary and is subject to Code Section 409A may only be granted Options to the extent the Affiliate and/or Subsidiary is part of the Company's consolidated group for United States federal tax purposes, in accordance with Section 25.14(d) (Determining "Controlled Group").

6.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the maximum duration of the Option, the number of Shares to which the Option pertains, the conditions upon which an Option shall become vested and exercisable, and such other provisions as the Committee shall determine which are not inconsistent with the terms of this Plan. The Award Agreement also shall specify whether the Option is intended to be an ISO or an NQSO.

6.3 Option Price. The Option Price for each grant of an Option under this Plan shall be determined by the Committee in its sole discretion and shall be specified in the Award Agreement; provided, however, the Option Price must be at least equal to one hundred percent (100%) of the FMV of the Shares as determined on the Grant Date.

6.4 Term of Options. Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant; provided, however, no Option shall be exercisable later than the tenth (10th) anniversary date of its grant.

6.5 Exercise of Options. Options granted under this Article 6 (Stock Options) shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which terms and restrictions need not be the same for each grant or for each Participant.

Options granted under this Article 6 (Stock Options) shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee (setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares), or by complying with any alternative exercise procedure(s) the Committee may authorize.

6.6 Payment. A condition of the issuance of the Shares as to which an Option shall be exercised shall be the payment of the Option Price. The Option Price of any Option shall be payable to the Company in full either: (a) in cash or its equivalent; (b) by tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the Option Price; (c) by a cashless (broker-assisted) exercise; (d) by a combination of (a), (b), and/or (c); or (e) any other method approved or accepted by the Committee in its sole discretion.

Subject to any governing rules or regulations, as soon as practicable after receipt of written notification of exercise and full payment (including satisfaction of any applicable tax withholding), the Company shall deliver to the Participant evidence of book entry Shares, or upon the Participant's request, Share certificates in an appropriate amount based upon the number of Shares purchased under the Option(s).

Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars.

6.7 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 (Stock Options) as it may deem advisable, including, without limitation, minimum holding period requirements, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, or under any blue sky or state securities laws applicable to such Shares.

6.8 Notification of Disqualifying Disposition. If any Participant shall make any disposition of Shares issued pursuant to the exercise of an ISO under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions), such Participant shall notify the Company of such disposition within ten (10) days thereof.

Article 7. Stock Appreciation Rights

7.1 Grant of SARs. Subject to the terms and conditions of this Plan, SARs may be granted to Eligible Participants at any time and from time to time as shall be determined by the Committee. However, unless legitimate business criteria exist (within the meaning of Treas. Reg. 1.409A-1(b)(5)(E)(1)), an Employee who is employed by an Affiliate and/or Subsidiary and is subject to Code Section 409A may only be granted SARs to the extent the Affiliate and/or Subsidiary is part of the Company's consolidated group for United States federal tax purposes, in accordance with Section 25.14(d) (Determining "Controlled Group").

Subject to the terms and conditions of this Plan, the Committee shall have complete discretion in determining the number of SARs granted to each Participant and, consistent with the provisions of this Plan, in determining the terms and conditions pertaining to such SARs.

The Grant Price for each grant of an SAR shall be determined by the Committee and shall be specified in the Award Agreement; provided, however, the Grant Price on the Grant Date must be at least equal to one hundred percent (100%) of the FMV of the Shares as determined on the Grant Date.

7.2 SAR Agreement. Each SAR Award shall be evidenced by an Award Agreement that shall specify the Grant Price, the term of the SAR, and such other provisions as the Committee shall determine.

7.3 Term of SAR. The term of an SAR granted under this Plan shall be determined by the Committee, in its sole discretion, and except as determined otherwise by the Committee and specified in the SAR Award Agreement, no SAR shall be exercisable later than the tenth (10th) anniversary date of its grant.

7.4 Exercise of SARs. SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes.

7.5 Settlement of SARs. Upon the exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The excess of the Fair Market Value of a Share on the date of exercise over the Grant Price; by
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, Shares, or any combination thereof, or in any other manner approved by the Committee in its sole discretion. The Committee's determination regarding the form of SAR payout shall be set forth in the Award Agreement pertaining to the grant of the SAR.

7.6 Other Restrictions. The Committee shall impose such other conditions and/or restrictions on any Shares received upon exercise of an SAR granted pursuant to this Plan as it may deem advisable or desirable. These restrictions may include, but shall not be limited to, a requirement that the Participant hold the Shares received upon exercise of an SAR for a specified period of time.

Article 8. Restricted Stock and Restricted Stock Units

8.1 Grant of Restricted Stock or Restricted Stock Units. Subject to the terms and provisions of this Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock and/or Restricted Stock Units to Eligible Individuals in such amounts as the Committee shall determine. Restricted Stock Units shall be similar to Restricted Stock except that no Shares are actually awarded to the Eligible Individual on the Grant Date.

8.2 Restricted Stock or Restricted Stock Unit Agreement. Each Restricted Stock and/or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock or the number of Restricted Stock Units granted, and such other provisions as the Committee shall determine.

8.3 Other Restrictions. The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock or Restricted Stock Units granted pursuant to this Plan as it may deem advisable, including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock or each Restricted Stock Unit, restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, time-based restrictions, and/or restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Restricted Stock or Restricted Stock Units.

To the extent deemed appropriate by the Committee, the Company may retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied or lapse.

Except as otherwise provided in this Article 8 (Restricted Stock and Restricted Stock Units), Shares of Restricted Stock covered by each Restricted Stock Award shall become freely transferable by the Participant after all conditions and restrictions applicable to such Shares have been satisfied or lapse (including satisfaction of any applicable tax withholding obligations), and Restricted Stock Units shall be paid in cash, Shares, or a combination of cash and Shares as the Committee, in its sole discretion, shall determine, and unless otherwise required to be paid at a different time in accordance with Code Section 409A, any such payment shall be made by the fifteenth (15th) day of the third (3rd) month following the completion of the year in which the restrictions on such Restricted Stock Units lapse.

8.4 Certificate Legend. In addition to any legends placed on certificates pursuant to Section 8.3 (Other Restrictions), each certificate representing Shares of Restricted Stock granted pursuant to this Plan may bear a legend such as the following or as otherwise determined by the Committee in its sole discretion:

“The sale or transfer of Shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer as set forth in the Columbus McKinnon Corporation 2010 Long Term Incentive Plan and in the associated Award Agreement. A copy of this Plan and such Award Agreement may be obtained from Columbus McKinnon Corporation.”

8.5 Voting Rights. Unless otherwise determined by the Committee and set forth in a Participant's Award Agreement, to the extent permitted or required by law, as determined by the Committee, Participants holding Shares of Restricted Stock granted hereunder may be granted the right to exercise full voting rights with respect to those Shares during the Period of Restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

8.6 Section 83(b) Election. The Committee may provide in an Award Agreement that the Award of Restricted Stock is conditioned upon the Participant making or refraining from making an election with respect to the Award under Code Section 83(b). If a Participant makes an election pursuant to Code Section 83(b) concerning a Restricted Stock Award, the Participant shall be required to file promptly a copy of such election with the Company.

Article 9. Deferred Stock Units

9.1 In General. Deferred Stock Units may be granted to Eligible Individuals at such time or times as shall be determined by the Committee without regard to any election by the Participant to defer receipt of any compensation or bonus amount payable to him. Deferred Stock Units shall be evidenced by an Award Agreement that shall specify the number of Shares to which the Deferred Stock Unit pertains, and such terms and conditions not inconsistent with the Plan as the Committee shall determine, including customary representations, warranties, and covenants with respect to securities law matters. Upon the grant of Deferred Stock Units pursuant to the Plan, the Company shall establish a notional account for the Participant and will record in such account the number of Shares underlying the Deferred Stock Units awarded to the Participant. No Shares will be issued to the Participant at the time an award of Deferred Stock Units is granted.

9.2 Rights as a Stockholder. The Committee shall determine whether and to what extent Dividend Equivalent Rights will be credited to the account of, or paid currently to, a Participant receiving an Award of Deferred Stock Units. Unless otherwise provided by the Committee at or after the grant date, (a) any cash dividends or distributions credited to the Participant's account shall be deemed to have been invested in additional Deferred Stock Units on the record date established for the related dividend or distribution in an amount equal to the number which may be obtained by dividing (i) the value of such dividend or distribution on the record date by (ii) the Fair Market Value of one Share on such date, and such additional Deferred Stock Units shall be subject to the same terms and conditions as are applicable in respect of the Deferred Stock Units with respect to which such dividends or distributions were payable, and (b) if any such dividends or distributions are paid in Shares or other securities, such shares and other securities shall be subject to the same Restriction Period and other restrictions, if any, as apply to the Deferred Stock Units with respect to which they were paid. A Participant shall not have any rights as a stockholder in respect of Deferred Stock Units awarded pursuant to the Plan (including, without limitation, the right to vote on any matter submitted to the Company's stockholders) until such time as the Shares attributable to such Deferred Stock Units have been issued to such Participant or his beneficiary.

9.3 Vesting. Unless the Committee provides otherwise at or after the Grant Date, the portion of each Award of Deferred Stock Units that consists of Deferred Stock Units, together with any Dividend Equivalent Rights credited with respect thereto, will be subject to a Restriction Period that shall lapse based on the performance of a minimum period of service or the occurrence of any event or events, including a Change in Control, as the Committee shall determine, either at or after the grant date. Notwithstanding the immediately preceding sentence, the Board may accelerate the lapse of the Restriction Period of any Deferred Stock Units at or after the Grant Date. The portion of each Award of Deferred Stock Units that consists of Elective Deferred Stock Units, together with any Dividend Equivalent Rights credited with respect thereto, shall not be subject to any Restriction Period and shall be non-forfeitable at all times.

9.4 Settlement. Subject to Articles 15 (Transferability of Awards), 21 (Change in Control), and 25 (General Provisions), and the last sentence of Section 9.1 (In General), unless the Committee determines otherwise at or after the Grant Date, the Company shall issue the Shares underlying any of a Participant's Deferred Stock Units (and related Dividend Equivalent Rights) for which the Restriction Period shall have lapsed other than a termination for Cause, as soon as administratively practicable, but not later than two and one-half (2½) months following the end of the year in which the Participant's termination of employment or service occurs. In the event of the termination of a Participant's employment with or service to the Company, Affiliates, and the Subsidiaries for Cause, the Participant shall immediately forfeit all rights with respect to any shares of Deferred Stock Units (and related Dividend Equivalent Rights) credited to his account, whether or not the Restriction Period shall have then lapsed. Subject to Articles 15 (Transferability of Awards), 21 (Change in Control), and 25 (General Provisions), and the last sentence of Section 9.1 (In General), unless the Committee determines otherwise at or after the grant date, the Company shall issue the Shares underlying any of a Participant's Elective Deferred Stock Units (and related Dividend Equivalent Rights) credited to such Participant's account under the Plan as soon as administratively practicable, but not later than two and one-half (2½) months following the date of such Participant's termination of employment or service (or such later date as may be elected by the Participant in accordance with the rules and procedures of the Committee). The Committee may provide in the Award Agreement applicable to any Award of Deferred Stock Units that, in lieu of issuing Shares in settlement of any Deferred Stock Units, the Committee may direct the Company to pay to the Participant the Fair Market Value of the Shares corresponding to such Deferred Stock Units in cash. For each Share received in settlement of Deferred Stock Units, the Company shall deliver to the Participant a certificate representing such Share, bearing appropriate legends, if applicable. Notwithstanding anything to the contrary in this Section 9.4 (Settlement), the Committee may accelerate the distribution of any and all Shares subject to any Award of Deferred Stock Units prior to the time otherwise specified in this Section 9.4 (Settlement).

9.5 Further Deferral Elections. A Participant may elect to further defer receipt of Shares issuable in respect of Deferred Stock Units (or an installment of an Award) for a specified period or until a specified event, subject in each case to the Committee's approval and to such terms as are determined by the Committee, all in its sole discretion, in accordance with Section 25.14(c)(iii) (Subsequent Deferral Elections).

Article 10. Performance Shares, Performance Share Units, and Performance Units

10.1 Grant of Performance Shares, Performance Share Units, and Performance Units. Subject to the terms and provisions of this Plan, the Committee, at any time and from time to time, may grant Performance Shares, Performance Share Units, and/or Performance Units to Eligible Individuals in such amounts and upon such terms as the Committee shall determine.

10.2 Value of Performance Shares, Performance Share Units, and Performance Units. Each Performance Share and each Performance Share Unit shall have an initial value equal to the Fair Market Value of a Share on the Grant Date. Each Performance Unit shall have an initial value that is established by the Committee at the time of grant. The Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the value and/or number of Performance Shares, Performance Share Units, and/or Performance Units that will be paid out to the Participant.

10.3 Earning of Performance Shares, Performance Share Units, and Performance Units. Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Shares, Performance Share Units, and/or Performance Units shall be entitled to receive payout on the value and number of Performance Shares, Performance Share Units, and/or Performance Units earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

10.4 Form and Timing of Payment of Performance Shares, Performance Share Units, and Performance Units. Payment of earned Performance Shares, Performance Share Units, and/or Performance Units shall be as determined by the Committee and as evidenced in the Award Agreement. Subject to the terms of this Plan, the Committee, in its sole discretion, may pay earned Performance Shares, Performance Share Units, and/or Performance Units in the form of cash or in Shares (or in a combination thereof) equal to the value of the earned Performance Shares, Performance Share Units, and/or Performance Units at the close of the applicable Performance Period, but no later than the fifteenth (15th) day of the third (3rd) month after the year in which the Performance Period ended. Any Shares may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award. The Committee, in its sole discretion, may permit the deferrals of any such Performance Shares, Performance Share Units, and Performance Units in a manner that complies with the requirements of Code Section 409A.

Article 11. Cash-Based Awards and Other Stock-Based Awards

11.1 Grant of Cash-Based Awards. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Cash-Based Awards to Eligible Individuals in such amounts and upon such terms as the Committee may determine.

11.2 Other Stock-Based Awards. The Committee may grant to Eligible Individuals other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions as the Committee shall determine. Such Awards may involve the transfer of actual Shares to Participants, or payment in cash or otherwise of amounts based on the value of Shares and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

11.3 Value of Cash-Based and Other Stock-Based Awards. Each Cash-Based Award shall specify a payment amount or payment range as determined by the Committee. Each Other Stock-Based Award shall be expressed in terms of Shares or units based on Shares, as determined by the Committee. The Committee may establish performance goals in its discretion. If the Committee exercises its discretion to establish performance goals, the number and/or value of Cash-Based Awards or Other Stock-Based Awards that will be paid out to the Participant will depend on the extent to which the performance goals are met.

11.4 Payment of Cash-Based Awards and Other Stock-Based Awards. Payment, if any, with respect to a Cash-Based Award or an Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash or Shares as the Committee determines. The Company may pay earned Cash-Based Awards and Other Stock-Based Awards in the form of cash or in Shares (or in a combination thereof) equal to the value of the earned Award at the close of the applicable Performance Period, if any, but no later than the fifteenth (15th) day of the third (3rd) month after the year in which the Performance Period ended, the award vests (unless a valid deferral election has been made), or the payment was otherwise scheduled to be made.

Article 12. Covered Employee Annual Incentive Awards

12.1 Establishment of Annual Incentive Awards. The Committee may designate Covered Employees who are eligible to receive a monetary payment in any Plan Year based on achievement of performance goals established for the year using the Performance Measures set out in Article 14 (Performance Measures). Within the first ninety (90) days of the beginning of a Plan Year, the Committee shall establish the potential amounts that each Covered Employee could earn based on performance for the year under one or more Performance Measures, select the Performance Measure(s) to be used, and establish the goals for each Performance Measure selected.

12.2 Determination of Covered Employees' Portions. As soon as possible after the end of a Plan Year, the Committee shall assess the performance achieved under each Performance Measure used for that Plan Year, and determine the payout to each Covered Employee based upon Company and individual performance for the Plan Year.

Article 13. Nonemployee Director Awards

Nonemployee Directors may only be granted Awards under the Plan in accordance with this Article 13 (Nonemployee Director Awards) and which shall not be subject to management's discretion. From time to time, the Board shall set the amount(s) and type(s) of equity awards that shall be granted to all Nonemployee Directors on a periodic, nondiscriminatory basis pursuant to the Plan, as well as any additional amount(s), if any, to be awarded, also on a periodic, nondiscriminatory basis, based on each of the following: the number of committees of the Board on which a Nonemployee Director serves, service of a Nonemployee Director as the chair of a committee of the Board, service of a Nonemployee Director as Chairman of the Board, or the first selection or appointment of an individual to the Board as a Nonemployee Director. Subject to the limits set forth in Section 4.1(d) (Limit on Nonemployee Director Awards) the foregoing, the Board shall grant such Awards to Nonemployee Directors and any Nonemployee Chairman of the Board, and grant New Nonemployee Director Awards, as it shall from time to time determine.

If a Nonemployee Director subsequently becomes an Employee while remaining a member of the Board, any Award held by such individual at the time of such commencement of employment will not be affected thereby.

Nonemployee Directors, pursuant to this Article 13 (Nonemployee Director Awards), may be awarded, or may be permitted to elect to receive, pursuant to the procedures established by the Board or a committee of the Board, all or any portion of their annual retainer, meeting fees, or other fees in Shares, Restricted Stock, Restricted Stock Units, Deferred Stock Units, or other Awards as contemplated by this Plan in lieu of cash.

Article 14. Performance Measures

14.1 In General. The performance goals upon which the payment or vesting of an Award to a Covered Employee (other than a Covered Employee Annual Incentive Award awarded or credited pursuant to Article 12 (Covered Employee Annual Incentive Awards)) that is intended to qualify as Performance-Based Compensation shall be limited to the following Performance Measures:

(a) Net earnings or net income (before or after taxes);

(b) Operating earnings or income;

(c) Earnings or diluted earnings per share;

(d) Net sales or revenue growth;

(e) Net operating profit;

(f) Return measures (including, but not limited to, return on assets, net assets, capital, investment, invested capital, equity, shareholders' equity sales, or revenue);

(g) Cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, cash flow return on capital, and cash flow return on investment);

(h) Earnings before or after taxes, interest, depreciation, and/or amortization;

(i) Gross or operating margins;

(j) Productivity ratios;

(k) Share price (including, but not limited to, growth measures and total shareholder return);

(l) Expense targets;

(m) Debt reduction;

- (n) Cost reduction or savings;
- (o) Margins;
- (p) Operating efficiency;
- (q) Market share;
- (r) Customer and/or employee satisfaction;
- (s) Safety;
- (t) Working capital targets and change in working capital; and

(u) Economic value added or EVA® (net operating profit after tax minus the sum of capital multiplied by the cost of capital).

Any Performance Measure(s) may be used to measure the performance of the Company, Subsidiary, and/or Affiliate as a whole or any business unit of the Company, Subsidiary, and/or Affiliate or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Measures as compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Company may select Performance Measure (j) above as compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals pursuant to the Performance Measures specified in this Article 14 (Performance Measures).

14.2 Evaluation of Performance. The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occur during a Performance Period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary nonrecurring items as described in Financial Accounting Standards Board Accounting Standards Codification Topic 225 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year, (f) acquisitions or divestitures, and (g) foreign exchange gains and losses. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

14.3 Adjustment of Performance-Based Compensation. Awards that are intended to qualify as Performance-Based Compensation may not be adjusted upward. The Committee shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis or any combination, as the Committee determines.

14.4 Committee Discretion. In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval. In addition, in the event that the Committee determines that it is advisable to grant Awards that shall not qualify as Performance-Based Compensation, the Committee may make such grants without satisfying the requirements of Code Section 162(m) and base vesting on Performance Measures other than those set forth in Section 14.1 (In General).

Article 15. Transferability of Awards

15.1 In General. Except as provided in Section 15.2 (Committee Action) below, during a Participant's lifetime, his or her Awards shall be exercisable only by the Participant. Awards shall not be transferable other than by will or the laws of descent and distribution; no Awards shall be subject, in whole or in part, to attachment, execution, or levy of any kind; and any purported transfer in violation hereof shall be null and void.

15.2 Committee Action. The Committee may, in its sole discretion, determine that notwithstanding Section 15.1 (In General), any or all Awards (other than ISOs) shall be transferable to and exercisable by such transferees, and subject to such terms and conditions, as the Committee may deem appropriate; provided, however, no Award may be transferred for value (as defined in the General Instructions to Form S-8).

Article 16. Impact of Termination of Employment/Service on Awards

16.1 In General. Unless otherwise determined by the Committee and set forth in the Award Agreement, upon the termination of a Participant's employment with the Company, Affiliate, and/or Subsidiary or service as a Nonemployee Director or to the Company, Affiliate and/or Subsidiary, for any reason whatsoever, except as otherwise set forth in this Article 16 (Impact of Termination of Employment/Service on Awards), in an Award Agreement or, with the consent of such individual, as determined by the Committee at any time prior to or after such termination, Awards granted to such Participant will be treated as follows:

- (a) Any Options and SARs will (i) to the extent not vested and exercisable as of the date of such termination of employment or of service as a Nonemployee Director or to the Company, Affiliate, and/or Subsidiary, terminate on the date of such termination, and (ii) to the extent vested and exercisable as of the date of such termination of employment or of service as a Nonemployee Director or to the Company, Affiliate, and/or Subsidiary, remain exercisable for a period of thirty (30) days following the later of the date of such termination or the date of any period of non-trading, or, in the event of the Participant's death during such thirty (30) day period, remain exercisable by the estate of the deceased Participant until the end of the period of one (1) year following the date of such termination (but in no event beyond the maximum term of such Award).
- (b) Any unvested portion of any Restricted Stock, Restricted Stock Units, or Deferred Stock Units will be immediately forfeited.
- (c) Any Performance Shares, Performance Share Units, or Performance Units will be immediately forfeited and terminate.

(d) Any other Awards, including, but not limited to, Cash-Based Awards and Other Stock-Based Awards, to the extent not vested will be immediately forfeited and terminate.

16.2 Upon Death or Disability. Except as otherwise provided in an Award Agreement, in the event a Participant's employment is terminated with the Company, Affiliate, and/or Subsidiary or Participant's service on the Board or to the Company, Affiliate, and/or Subsidiary is terminated as a result of the Participant's death or Disability, Awards granted to such Participant will be treated as follows:

- (a) Any Options and SARs shall become immediately exercisable as of the date of such termination of employment or service, and the Participant, or in the event the Participant is incapacitated and unable to exercise the rights granted hereunder, the Participant's legal guardian or legal representative, or in the event the Participant dies, the estate of the Participant, shall have the right to exercise any rights the Participant would otherwise have had under the Plan for a period of one (1) year after the date of such termination (but in no event beyond the maximum term of the Award).
- (b) Any unvested portion of any Restricted Stock, Restricted Stock Units, or Deferred Stock Units will become immediately vested.
- (c) Any Performance Shares, Performance Share Units, or Performance Units will remain outstanding and the Participant or the Participant's estate will be entitled to the payment of the Award earned (based on the actual performance achieved during the applicable Performance Period), which will be paid on the date the Award would have been paid if the Participant had remained employed with or continued to provide service to the Company, Affiliate, or Subsidiary.

16.3 Upon Retirement. Except as otherwise provided in an Award Agreement, in the event a Participant's employment with the Company, Affiliate, and/or Subsidiary or service on the Board is terminated by reason of the Participant's Retirement, Awards granted to such Participant will be treated as follows:

- (a) With respect to any Options and SARs, for a period of thirty-six (36) months following the date of such Retirement (but in no event beyond the maximum term of the Award), the Options or SARs shall remain outstanding and (i) to the event not then fully vested, will continue to vest in accordance with the applicable vesting schedule, and (ii) the Participant shall have the right to exercise any rights the Participant would otherwise have had under the Plan. Notwithstanding the foregoing, in the event a Participant does not exercise an Incentive Stock Option prior to the expiration of the three (3) month period after the date of the Participant's Retirement, such Option shall be treated as a Nonqualified Stock Option upon exercise.

(b) Any unvested portion of any Restricted Stock, Restricted Stock Units, or Deferred Stock Units will become immediately vested.

(c) Any Performance Shares, Performance Share Units, or Performance Units will remain outstanding and the Participant will be entitled to the payment of the Award earned (based on the actual performance achieved during the applicable Performance Period), which will be paid on the date the Award would have been paid if the Participant had remained employed with or continued to provide service to the Company, Affiliate, or Subsidiary.

16.4 For Cause. Except as otherwise provided in an Award Agreement, in the event a Participant's employment with the Company, Affiliate, and/or Subsidiary or service on the Board is terminated for Cause, Awards granted to such Participant will be treated as follows:

(a) Any Options and SARs, whether vested or unvested, will be immediately forfeited and terminate.

(b) Any unvested portion of any Restricted Stock, Restricted Stock Units, or Deferred Stock Units will be immediately forfeited and terminate.

(c) Any Performance Shares, Performance Share Units, or Performance Units will be immediately forfeited and terminate.

(d) Any other Awards to the extent not vested will be immediately forfeited and terminate.

16.5 Upon Termination of Employment in Connection With a Change in Control. Except as otherwise provided in an Award Agreement, upon a termination in connection with a Change in Control, Awards granted to a Participant will be treated as set forth in Article 21 (Change in Control).

16.6 Bona Fide Leave. Notwithstanding the fact that a Participant's employment ostensibly terminates and except as otherwise provided in an Award Agreement, if the Participant is on a bona fide leave of absence, as defined in Treas. Reg. 1.409A-1(h)(1), then the Participant will be treated as having a continuing employment relationship (and not as having terminated employment for purposes of this Plan) so long as the period of the leave does not exceed six (6) months, or if longer, so long as the Participant retains a right to reemployment with the Company, Subsidiary, and/or Affiliate under an applicable statute or by contract.

Article 17. Substitution Awards

Awards may be granted under the Plan from time to time in substitution for stock options and other awards held by employees or directors of other entities who are about to become Employees, whose employer is about to become an Affiliate as the result of a merger or consolidation of the Company with another corporation, or the acquisition by the Company of substantially all the assets of another corporation, or the acquisition by the Company of at least fifty percent (50%) of the issued and outstanding stock of another corporation as the result of which such other corporation will become a Subsidiary. The terms and conditions of the substitute Awards so granted may vary from the terms and conditions set forth in the Plan to such extent as the Board at the time of grant may deem appropriate to conform, in whole or in part, to the provisions of the award in substitution for which they are granted.

Article 18. Dividend Equivalent Rights

Any Participant selected by the Committee may be granted Dividend Equivalent Rights based on the dividends declared on Shares that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests, or expires, as determined by the Committee. Such Dividend Equivalent Rights shall be converted to cash or additional Shares by such formula and at such time and subject to such limitations as may be determined by the Committee. Notwithstanding the foregoing, if any Award for which Dividend Equivalent Rights have been granted has its vesting or grant dependent upon the achievement of one or more Performance Measures, then the Dividend Equivalent Rights shall accrue and only be paid to the extent the Award becomes vested. Under no circumstances may Dividend Equivalent Rights be granted for any Option or SAR.

Article 19. Beneficiary Designation

Each Participant under this Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Plan is to be paid in case of his death before he receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such beneficiary designation, benefits remaining unpaid or rights remaining unexercised at the Participant's death shall be paid to or exercised by the Participant's executor, administrator, or legal representative.

Article 20. Rights of Participants

20.1 Employment/Service. Nothing in this Plan or an Award Agreement shall interfere with or limit in any way the right of the Company, its Affiliates, and/or its Subsidiaries to terminate any Participant's employment or service on the Board or to the Company at any time or for any reason not prohibited by law, nor confer upon any Participant any right to continue his employment or service as a Director or Third-Party Service Provider for any specified period of time.

Neither an Award nor any benefits arising under this Plan shall constitute an employment contract with the Company, its Affiliates, and/or its Subsidiaries and, accordingly, subject to Articles 3 (Administration) and 22 (Amendment, Modification, Suspension, and Termination), this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Committee without giving rise to any liability on the part of the Company, its Affiliates, and/or its Subsidiaries.

20.2 Participation. No individual shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

20.3 Rights as a Shareholder. Except as otherwise provided herein, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

Article 21. Change in Control

Unless the Committee otherwise determines and sets forth in an Award Agreement, upon the occurrence of a Change in Control, Awards shall have their vesting and payment accelerated based on a “double trigger” which shall require the occurrence of a Change in Control coupled with the termination of the Participant’s employment or service to the Company, Subsidiary, or Affiliate within two (2) years, or such other events as the Committee may decide, with the specific details of the treatment of Awards as determined by the Compensation Committee, in its sole discretion, and set forth in the Award Agreement at the time of grant.

Article 22. Amendment, Modification, Suspension, and Termination

22.1 Amendment, Modification, Suspension, and Termination. Subject to Sections 22.3 (Awards Previously Granted) and 22.5 (Repricing Prohibition), the Committee may, at any time and from time to time, alter, amend, modify, suspend, or terminate this Plan and/or any Award Agreement in whole or in part; provided, however, that no material amendment of this Plan shall be made without shareholder approval if shareholder approval is required by law, regulation, or stock exchange rule.

22.2 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (other than those described in Section 4.4 (Adjustments in Authorized Shares) hereof) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under this Plan.

22.3 Awards Previously Granted. Notwithstanding any other provision of this Plan to the contrary (other than Section 22.4 (Amendment to Conform to Law)), no termination, amendment, suspension, or modification of this Plan or an Award Agreement shall adversely affect in any material way any Award previously granted under this Plan without the written consent of the Participant holding such Award.

22.4 Amendment to Conform to Law. Notwithstanding any other provision of this Plan to the contrary, the Board of Directors may amend the Plan or an Award Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming the Plan or an Award Agreement to any present or future law relating to plans of this or similar nature (including, but not limited to, Code Section 409A), and to the administrative regulations and rulings promulgated thereunder. By accepting an Award under this Plan, a Participant agrees to any amendment made pursuant to this Section 22.4 (Amendment to Conform to Law) to any Award granted under the Plan without further consideration or action.

22.5 Repricing Prohibition. Except to the extent (a) approved in advance by holders of a majority of the Shares of the Company entitled to vote generally in the election of Directors or (b) provided in Section 4.4 (Adjustments in Authorized Shares), the Committee shall not have the power or authority to reduce, whether through amendment or otherwise, the Option Price or the Grant Price of any outstanding Option or SAR or to grant any new Award, or make any cash payment, in substitution for or upon the cancellation of Options or SARs previously granted.

Article 23. Withholding

23.1 Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

23.2 Share Withholding. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock and Restricted Stock Units, or upon the achievement of performance goals related to Performance Shares, or any other taxable event arising as a result of an Award granted hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction. All such elections shall be irrevocable, made in writing, and signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

Article 24. Successors

All obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Article 25. General Provisions

25.1 Forfeiture Events.

(a) The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of employment for Cause, termination of the Participant's provision of services to the Company, Affiliate, and/or Subsidiary, violation of material Company, Affiliate, and/or Subsidiary policies, breach of noncompetition, confidentiality, or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company, its Affiliates, and/or its Subsidiaries.

(b) If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, if the Participant knowingly or grossly negligently engaged in the misconduct, or knowingly or grossly negligently failed to prevent the misconduct, or if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve (12) month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever just occurred) of the financial document embodying such financial reporting requirement.

25.2 Legend. The certificates for Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer of such Shares.

25.3 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the singular shall include the plural, and the plural shall include the singular.

25.4 Severability. In the event that any one or more of the provisions of this Plan shall be or become invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not be affected thereby. If, in the opinion of any court of competent jurisdiction, such covenants are not reasonable in any respect, such court shall have the right, power, and authority to excise or modify such provision or provisions of these covenants as to the court shall appear not reasonable and to enforce the remainder of these covenants as so amended.

25.5 Compliance With Legal and Exchange Requirements. The Plan, the granting and exercising of Awards thereunder, and any obligations of the Company under the Plan shall be subject to all applicable federal and state laws, rules, and regulations, and to such approvals by any regulatory or governmental agency as may be required, and to any rules or regulations of any exchange on which the Shares are listed. The Company, in its discretion, may postpone the granting and exercising of Awards, the issuance or delivery of Shares under any Awards, or any other action permitted under the Plan to permit the Company, with reasonable diligence, to complete such stock exchange listing or registration or qualification of such Shares or other required action under any federal or state law, rule, or regulation, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules, and regulations. The Company shall not be obligated by virtue of any provision of the Plan to recognize the exercise of any Award or to otherwise sell or issue Shares in violation of any such laws, rules, or regulations, and any postponement of the exercise or settlement of any Award under this provision shall not extend the term of such Awards. Neither the Company nor its Directors or officers shall have any obligation or liability to a Participant with respect to any Award (or Shares issuable thereunder) that shall lapse because of such postponement.

25.6 No Limitation on Compensation. Nothing in the Plan shall be construed to limit the right of the Company to establish other plans or to pay compensation to its employees, in cash or property, in a manner which is not expressly authorized under the Plan.

25.7 Deferrals. The Committee may postpone the exercising of Awards, the issuance or delivery of Shares under any Award or any action permitted under the Plan to prevent the Company or any Subsidiary from being denied a federal income tax deduction with respect to any Award other than an ISO, in accordance with Treas. Reg. 1.409A-1(b)(4)(ii). In such case, payment of such deferred amounts must be made as soon as reasonably practicable following the first date on which the Company, Subsidiary, and/or Affiliate anticipates or reasonably should anticipate that, if the payment were made on such date, the Company's, Affiliate's, and/or Subsidiary's deduction with respect to such payment would no longer be restricted due to the application of Code Section 162(m).

25.8 Investment Representations. The Committee may require any individual receiving Shares pursuant to an Award under this Plan to represent and warrant in writing that the individual is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

25.9 Employees Based Outside of the United States. Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws in other countries in which the Company, its Affiliates, and/or its Subsidiaries operate or have Employees, Directors, or Third-Party Service Providers, the Committee, in its sole discretion, shall have the power and authority to:

- (a) Determine which Affiliates and Subsidiaries shall be covered by this Plan;
- (b) Determine which Employees, Directors, and/or Third-Party Service Providers outside the United States are eligible to participate in this Plan;
- (c) Modify the terms and conditions of any Award granted to Employees, Directors, and/or Third-Party Service Providers outside the United States to comply with applicable foreign laws;
- (d) Establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 25.9 (Employees Based Outside of the United States) by the Committee shall be attached to this Plan document as appendices; and

(e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate applicable law.

25.10 **Uncertificated Shares.** To the extent that this Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange.

25.11 **Unfunded Plan.** Participants shall have no right, title, or interest whatsoever in or to any investments that the Company, its Subsidiaries, and/or its Affiliates may make to aid it in meeting its obligations under this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other individual. To the extent that any individual acquires a right to receive payments from the Company, its Subsidiaries, and/or its Affiliates under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company, a Subsidiary, or an Affiliate, as the case may be. All payments to be made hereunder shall be paid from the general funds of the Company, a Subsidiary, or an Affiliate, as the case may be, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in this Plan.

25.12 **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to this Plan or any Award. The Committee shall determine whether cash, Awards, or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

25.13 **No Impact on Benefits.** Except as may otherwise be specifically stated under any employee benefit plan, policy, or program, no amount payable in respect of any Award shall be treated as compensation for purposes of calculating a Participant's right under any such plan, policy, or program.

25.14 **Compliance With Code Section 409A.**

(a) **In General.** The Plan is intended to be administered in a manner consistent with the requirements, where applicable, of Code Section 409A. Where reasonably possible and practicable, the Plan shall be administered in a manner to avoid the imposition on Participants of immediate tax recognition and additional taxes pursuant to such Section 409A. Notwithstanding the foregoing, neither the Company nor the Committee shall have any liability to any person in the event such Section 409A applies to any such Award in a manner that results in adverse tax consequences for the Participant or any of his beneficiaries or transferees.

- (b) Elective Deferrals. No elective deferrals or re-deferrals of compensation (as defined under Code Section 409A and/or guidance thereto) other than in regard to Deferred Stock Units and/or Restricted Stock Units are permitted under this Plan. Instead, any such elective deferrals of compensation shall only be permitted pursuant to the Company's nonqualified deferred compensation plan, as may be in effect from time to time.
- (c) Applicable Requirements. To the extent any of the Awards granted under this Plan are deemed "deferred compensation" and hence subject to Code Section 409A, the following rules shall apply to such Awards:
- (i) Mandatory Deferrals. If the Company decides that the payment of compensation under this Plan shall be deferred within the meaning of Code Section 409A, then, except as provided pursuant to Treas. Reg. 1.409A-1(b)(4)(ii), at grant of the Award to which such compensation payment relates, the Company shall specify the date(s) at which such compensation will be paid in the Award Agreement.
- (ii) Initial Deferral Elections. For Awards of Deferred Stock Units and Restricted Stock Units where the Participant is given the opportunity to elect the timing and form of the payment of the underlying Shares at some future time once any requirements have been satisfied, the Participant must make his or her initial deferral election for such Award in accordance with the requirements of Code Section 409A, i.e., within thirty (30) days of first becoming eligible to receive such award or prior to the start of the year in which the Award is granted to the Participant, in each case pursuant to the requirements of Code Section 409A and Treas. Reg. Section 1.409A-2.
- (iii) Subsequent Deferral Elections. To the extent the Company or Committee decides to permit compensation subject to Code Section 409A to be re-deferred pursuant to Treas. Reg. 1.409A-2(b), then the following conditions must be met: (A) such election will not take effect until at least twelve (12) months after the date on which it is made; (B) in the case of an election not related to a payment on account of Disability, death, or an unforeseeable emergency, the payment with respect to which such election is made must be deferred for a period of not less than five (5) years from the date such payment would otherwise have been paid; and (C) any election related to a payment at a specified time or pursuant to a fixed schedule (within the meaning of Treas. Reg. 1.409A-3(a)(4)) must be made not less than twelve (12) months before the date the payment is scheduled to be paid.

- (iv) **Timing of Payments.** Payment(s) of compensation that is subject to Code Section 409A shall only be made upon an event or at a time set forth in Treas. Reg. 1.409A-3, i.e., the Participant's separation from service, the Participant's becoming disabled, the Participant's death, at a time or a fixed schedule specified in the Plan or an Award Agreement, a change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets of the corporation, or the occurrence of an unforeseeable emergency.
- (v) **Certain Delayed Payments.** Notwithstanding the foregoing, to the extent an amount was intended to be paid such that it would have qualified as a short-term deferral under Code Section 409A and the applicable regulations, then such payment is or could be delayed if the requirements of Treas. Reg. 1.409A-1(b)(4)(ii) are met.
- (vi) **Acceleration of Payment.** Any payment made under this Plan to which Code Section 409A applies may not be accelerated, except in accordance with Treas. Reg. 1.409A-3(j)(4), i.e., upon a Participant's separation from service, the Participant becomes disabled, the Participant's death, a change of ownership or effective control, or in the ownership of a substantial portion of the assets, or upon an unforeseeable emergency (all as detailed in Treas. Reg. 1.409A-3(a)).
- (d) **Determining "Controlled Group."** In order to determine for purposes of Code Section 409A whether a Participant or Eligible Individual is employed by a member of the Company's controlled group of corporations under Code Section 414(b) (or by a member of a group of trades or businesses under common control with the Company under Code Section 414(c)) and, therefore, whether the Shares that are or have been purchased by or awarded under this Plan to the Participant are shares of "service recipient" stock within the meaning of Code Section 409A:
 - (i) In applying Code Section 1563(a)(1), (2), and (3) for purposes of determining the Company's controlled group under Code Section 414(b), the language "at least 50 percent" is to be used instead of "at least 80 percent" each place it appears in Code Section 1563(a)(1), (2), and (3);
 - (ii) In applying Treasury Regulation Section 1.414(c)-2 for purposes of determining trades or businesses under common control with the Corporation for purposes of Code Section 414(c), the language "at least 50 percent" is to be used instead of "at least 80 percent" each place it appears in Treasury Regulation Section 1.414(c)-2; and

(iii) Notwithstanding the above, to the extent that the Company finds that legitimate business criteria exist within the meaning of Treas. Reg. 1.409A-1(b)(5)(E)(1), then the language “at least 50 percent” in clause (i) and (ii) above shall instead be “at least 20 percent.”

25.15 Non-exclusivity of This Plan. The adoption of this Plan shall not be construed as creating any limitations on the power of the Board or Committee to adopt such other compensation arrangements as it may deem desirable for any Participant.

25.16 No Constraint on Corporate Action. Nothing in this Plan shall be construed to: (a) limit, impair, or otherwise affect the Company’s or a Subsidiary’s or an Affiliate’s right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or (b) limit the right or power of the Company or a Subsidiary or an Affiliate to take any action which such entity deems to be necessary or appropriate.

25.17 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

25.18 Governing Law. The Plan and each Award Agreement shall be governed by the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under this Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of New York to resolve any and all issues that may arise out of or relate to this Plan or any related Award Agreement.

25.19 Delivery and Execution of Electronic Documents. To the extent permitted by applicable law, the Company may (a) deliver by email or other electronic means (including posting on a Web site maintained by the Company or by a third party under contract with the Company) all documents relating to the Plan or any Award thereunder (including without limitation, prospectuses required by the U.S. Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements), and (b) permit Participants to electronically execute applicable Plan documents (including, but not limited to, Award Agreements) in a manner prescribed by the Committee.

25.20 No Representations or Warranties Regarding Tax Effect. Notwithstanding any provision of the Plan to the contrary, the Company, its Affiliates and Subsidiaries, the Board, and the Committee neither represent nor warrant the tax treatment under any federal, state, local, or foreign laws and regulations thereunder (individually and collectively referred to as the “Tax Laws”) of any Award granted or any amounts paid to any Participant under the Plan including, but not limited to, when and to what extent such Awards or amounts may be subject to tax, penalties, and interest under the Tax Laws.

25.21 Indemnification. Subject to requirements of New York law, each individual who is or shall have been a member of the Board, or a committee appointed by the Board, or an officer of the Company to whom authority was delegated in accordance with Article 3 (Administration) shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his/her own behalf, unless such loss, cost, liability, or expense is a result of his/her own willful misconduct or except as expressly provided by statute.

The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

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COLUMBUS McKINNON CORPORATION

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 26, 2010

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints TIMOTHY T. TEVENS and KAREN L. HOWARD and each or any of them, attorneys and proxies, with full power of substitution, to vote at the Annual Meeting of Shareholders of COLUMBUS McKINNON CORPORATION (the "Company") to be held at the Martha Washington Inn, 150 West Main Street, Abingdon, Virginia, on July 26, 2010 at 10:00 a.m., local time, and any adjournment(s) thereof revoking all previous proxies, with all powers the undersigned would possess if present, to act upon the following matters and upon such other business as may properly come before the meeting or any adjournment(s) thereof.

(Continued and to be signed on the reverse side)

ANNUAL MEETING OF SHAREHOLDERS OF
COLUMBUS McKINNON CORPORATION

July 26, 2010

PROXY VOTING INSTRUCTIONS

MAIL - Date, sign and mail your proxy card in the envelope provided as soon as possible.

- or -

TELEPHONE - call toll-free 1-800-PROXIES (1 800-776-9437) from any touch tone telephone and follow the instructions. Have your control number and the proxy card available when you call.

- or -

INTERNET - access www.voteproxy.com and follow the on-screen instructions. Have your control number available when you access the web page.

COMPANY NUMBER IS _____

ACCOUNT NUMBER IS _____

You may enter your voting instructions at 1 -800-PROXIES or www.voteproxy.com up until 11:59 PM Eastern Time the day before the cut-off or meeting date.

Please detach along the perforated line and mail in the envelope provided IF you are not voting via telephone or the internet.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL NOMINEES FOR ELECTION OF DIRECTORS. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE /X/

- | | | |
|--|---|---|
| 1. | ELECTION OF DIRECTORS:
NOMINEES: | |
| <input type="radio"/> FOR ALL NOMINEES | | TIMOTHY T. TEVENS
RICHARD H. FLEMING
ERNEST R. VEREBELYI
WALLACE W. CREEK
STEPHEN RABINOWITZ
LINDA A. GOODSPEED
NICHOLAS T. PINCHUK
LIAM G. McCARTHY
CHRISTIAN B. RAGOT |
| <input type="radio"/> WITHHOLD AUTHORITY
FOR ALL NOMINEES | | |
| <input type="radio"/> FOR ALL EXCEPT
(see instructions below) | | |

INSTRUCTION: To withhold authority to vote for any individual nominee(s) mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here

2. RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2011.

3. ADOPTION OF THE COLUMBUS McKINNON CORPORATION 2010 LONG TERM INCENTIVE PLAN

“ FOR” AGAINST” ABSTAIN

“ FOR” AGAINST” ABSTAIN

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

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED “FOR” PROPOSAL NOS. 1, 2 AND 3.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of
Shareholder

Date:

Signature of
Shareholder

Date:

Note: Please sign exactly as name appears on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign in full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

COLUMBUS McKINNON CORPORATION

EMPLOYEE STOCK OWNERSHIP PLAN
VOTING INSTRUCTION CARD FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 26, 2010

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The Trustees of the Columbus McKinnon Corporation Employee Stock Ownership Plan (the "ESOP") are hereby authorized to be present and to vote at the Annual Meeting of Shareholders of COLUMBUS McKINNON CORPORATION (the "Company") to be held at the Martha Washington Inn, 150 West Main Street, Abingdon, Virginia, on July 26, 2010 at 10:00 a.m., local time, and any adjournment(s) thereof revoking all previous proxies, with all powers the undersigned would possess if present, to act upon the following matters and upon such other business as may properly come before the meeting or any adjournment(s) thereof.

(Continued and to be signed on the reverse side)

ANNUAL MEETING OF SHAREHOLDERS OF

COLUMBUS McKINNON CORPORATION

July 26, 2010

ESOP

PROXY VOTING INSTRUCTIONS

MAIL - Date, sign and mail your proxy card in the envelope provided as soon as possible.

- or -

TELEPHONE - call toll-free 1-800-PROXIES (1 800-776-9437) from any touch tone telephone and follow the instructions. Have your control number and the proxy card available when you call.

- or -

INTERNET - access www.voteproxy.com and follow the on-screen instructions. Have your control number available when you access the web page.

COMPANY NUMBER IS _____

ACCOUNT NUMBER IS _____

You may enter your voting instructions at 1 -800-PROXIES or www.voteproxy.com up until 11:59 PM Eastern Time the day before the cut-off or meeting date.

Please detach along the perforated line and mail in the envelope provided IF you are not voting via telephone or the internet.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL NOMINEES FOR THE ELECTION OF DIRECTORS. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE /X/

THE TRUSTEES MAKE NO RECOMMENDATION WITH RESPECT TO VOTING YOUR ESOP SHARES ON ANY PROPOSALS.

1. ELECTION OF DIRECTORS:

NOMINEES:

o FOR ALL NOMINEES

o WITHHOLD AUTHORITY
FOR ALL NOMINEES

o FOR ALL EXCEPT
(see instructions below)

TIMOTHY T. TEVENS
RICHARD H. FLEMING
ERNEST R. VEREBELYI
WALLACE W. CREEK
STEPHEN RABINOWITZ
LINDA A. GOODSPEED
NICHOLAS T. PINCHUK
LIAM G. McCARTHY
CHRISTIAN B. RAGOT

INSTRUCTION: To withhold authority to vote for any individual nominee(s) mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here

2. RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AUDITORS FOR THE FISCAL YEAR ENDING MARCH 31, 2011

“ FOR ” “ AGAINST ” “ ABSTAIN ”

3. ADOPTION OF THE COLUMBUS McKINNON CORPORATION 2010 LONG TERM INCENTIVE PLAN

“ FOR ” “ AGAINST ” “ ABSTAIN ”

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

WHEN PROPERLY EXECUTED, THIS VOTING INSTRUCTION WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THE TRUSTEES WILL VOTE ANY ALLOCATED ESOP SHARES “FOR” PROPOSAL NOS. 1, 2 AND 3.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of
Shareholder

Date:

Signature of
Shareholder

Date:

Note: Please sign exactly as name appears on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign in full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

BROKER CARD

COLUMBUS McKINNON CORPORATION

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 26, 2010

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints TIMOTHY T. TEVENS and KAREN L. HOWARD and each or any of them, attorneys and proxies, with full power of substitution, to vote at the Annual Meeting of Shareholders of COLUMBUS McKINNON CORPORATION (the "Company") to be held at the Martha Washington Inn, 150 West Main Street, Abingdon, Virginia, on July 26, 2010 at 10:00 a.m., local time, and any adjournment(s) thereof revoking all previous proxies, with all powers the undersigned would possess if present, to act upon the following matters and upon such other business as may properly come before the meeting or any adjournment(s) thereof.

(Continued and to be signed on the reverse side)

ANNUAL MEETING OF SHAREHOLDERS OF

COLUMBUS McKINNON CORPORATION

July 26, 2010

PROXY VOTING INSTRUCTIONS

Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible

Please detach along the perforated line and mail in the envelope provided IF you are not voting via telephone or the internet.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL NOMINEES FOR THE ELECTION OF DIRECTORS. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE /X/

1. ELECTION OF DIRECTORS:

NOMINEES:

- | | |
|--|--|
| <ul style="list-style-type: none"><input type="radio"/> FOR ALL NOMINEES<input type="radio"/> WITHHOLD AUTHORITY
FOR ALL NOMINEES<input type="radio"/> FOR ALL EXCEPT
(see instructions below) | <p>TIMOTHY T. TEVENS
RICHARD H. FLEMING
ERNEST R. VEREBELYI
WALLACE W. CREEK
STEPHEN RABINOWITZ
LINDA A. GOODSPEED
NICHOLAS T. PINCHUK
LIAM G. McCARTHY
CHRISTIAN B. RAGOT</p> |
|--|--|

INSTRUCTION: To withhold authority to vote for any individual nominee(s) mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here

2. RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AUDITORS FOR THE FISCAL YEAR ENDING MARCH 31, 2011

FOR AGAINST ABSTAIN

3. ADOPTION OF THE COLUMBUS McKINNON CORPORATION 2010 LONG TERM INCENTIVE PLAN

FOR AGAINST ABSTAIN

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

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" PROPOSAL NOS. 1, 2 and 3.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of
Shareholder

Date:

Signature of
Shareholder

Date:

Note: Please sign exactly as name appears on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign in full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

es,serif;font-size: 8pt;"> \$

—

\$

—

\$

—

\$

3,213,482

Intrinsic Value of Unvested Stock Options

—

—

—

206,537

206,537

206,537

Intrinsic Value of Unvested Restricted Stock/Units

—

—

—

—

1,329,560

1,329,560

Benefits & Perquisites

Equity Based Retirement Benefit (7)

—

—

—

1,146,371

1,146,371

1,146,371

Medical & Dental Insurance

—

3,831

—

—

—

—

Tax Gross Up (6)

—

—

—

—

—

2,501,601

Total Benefit

\$

—

\$

275,689

\$

—

\$

1,352,908

\$

2,682,468

\$

8,397,551

-
- (1) The Company shall have no further obligation to the Executive. A noncompetition agreement will be in force for a period of 24 months with no payment due to the Executive.
 - (2) The Company shall pay to the Executive his Base Salary for six months following his termination through customary payroll practices. The Company shall also contribute to Executive's COBRA premium by paying the same monthly amount for health and dental insurance coverage as it would if he were an active employee for a period of six months.
 - (3) Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Vesting of Performance RSUs is not accelerated upon termination in the event of disability. Rather, awards vest as scheduled after the performance period on a pro-rata basis, based on the percentage of the performance period for which the participant was employed.
 - (4) Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Performance RSUs will vest at 100% of the Target level performance (included in the value above) or, if greater, based on actual performance through the end of the most recent quarter ended.
 - (5) The Company (or its successors) shall pay the Executive, or his beneficiary in the event of his subsequent death, an amount equal to two and one-half times Executive's Total Compensation (Change in Control Payment) in effect at the date of termination of employment. Two equal payments shall be made, each consisting of one-half the total Change in Control Payment with the first payment to be made immediately upon cessation of employment and the second to be made exactly one year later.

Upon a Change in Control, with or without termination, Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Performance RSUs will vest at 100% of the Target level performance (included in the value above) or, if greater, based on actual performance through the end of the most recent quarter ended. The value of Option Awards is based on the difference between the current market price as of December 31, 2017 and the exercise price for options in the-money (i.e., options with an exercise price below the current market price). The value of Restricted Stock Awards and RSUs is based on the market price of \$87.15 as of December 31, 2017.

- (6) Per Mr. Pollok's Employment Agreement dated December 31, 2008, in the event of a Change in Control, Mr. Pollok is entitled to receive an additional payment (a "Gross-Up Payment") in an amount equal to the federal, state and local income and excise tax imposed by Section 4999 of the Internal Revenue Code. The Company believes that the structure and timing of Mr. Pollok's payments upon a change in control as of December 31, 2017 would have caused the payments or distributions to be subject to the excise tax imposed by Section 4999 of the Internal

Revenue Code. The amount included here is the payment which he would receive from the Company on an after-tax basis equal to the federal, state and local income and excise tax imposed.

(7) Mr. Pollok's SERP was replaced in January 2009 with a grant of restricted stock which is intended to provide similar economic benefit to Mr. Pollok and more closely align his interests with the long-term profitability of the Company and its shareholders.

John F. Windley

The following table describes the potential payments upon termination for various reasons for John F. Windley, the President, Chief Executive Officer and Chief Banking Officer of the Bank.

Compensation and/or Benefits Payable Upon Termination	Voluntary Termination by Employee Without Good Reason		Involuntary Termination by Company w/out Cause		Involuntary Termination by Company in the Event of Disability or Death		Qualifying Termination Following a Change in Control
	(1)	(2)	(1)	(3)	(4)	(5) (6)	
John F. Windley Compensation							
Cash Severance	\$ —	\$ 182,145	\$ —	\$ —	\$ —	\$ 1,398,740	
Intrinsic Value of Unvested Stock Options	—	—	—	93,837	93,837	93,837	
Intrinsic Value of Unvested Restricted Stock/Units	—	—	—	—	593,840	593,840	
Benefits & Perquisites							
Supplemental Non-Qualified Pension							
(7)	597,142	597,142	—	597,491	707,736	621,028	
Medical & Dental Insurance	—	3,610	—	—	—	—	
Total Benefit	\$ 597,142	\$ 782,897	\$ —	\$ 691,328	\$ 1,395,413	\$ 2,707,445	

- (1) The Company shall have no further obligation to the Executive, other than the vested portion of the Supplemental Non-Qualified Pension in the case of voluntary termination by the employee without Good Reason. A noncompetition agreement will be in force for a period of eighteen months with no payment due to the Executive.
- (2) The Company shall pay to the Executive his Base Salary for six months following his termination through customary payroll practices. The Company shall also contribute to Executive's COBRA premium by paying the same monthly amount for health and dental insurance coverage as it would if he were an active employee for a period of 6 months.
- (3) Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Performance RSUs will vest pro-rata, the numerator of which shall be the number of whole months during the performance period that the Participant was employed by the Company, and the denominator of which shall be the total number of months in the performance period.
- (4) Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Vesting of Performance RSUs is not accelerated upon termination in the event of disability. Rather, awards vest as scheduled after the performance period on a pro-rata basis, based on the percentage of the performance period for which the participant was employed.
- (5) The Company (or its successors) shall pay the Executive, or his beneficiary in the event of his subsequent death, an amount equal to two times Executive's Total Compensation (Change in Control Payment) in effect at the date of termination of employment. Two equal payments shall be made, each consisting of one-half the total Change in

Control Payment with the first payment to be made immediately upon cessation of employment and the second to be made exactly one year later.

Upon a Change in Control, with or without termination, Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Performance RSUs will vest at 100% of the Target level performance (included in the value above) or, if greater, based on actual performance through the end of the most recent quarter ended. The value of Option Awards is based on the difference between the current market price as of December 31, 2017 and the exercise price for options in the-money (i.e., options with an exercise price below the current market price). The value of Restricted Stock Awards and RSUs is based on the market price of \$87.15 as of December 31, 2017.

- (6) The benefit shall be reduced to the extent necessary to cause the aggregate present value of all payments in the nature of compensation to the Executive not to exceed 2.99 times the base amount as defined per Code §280G. As of December 31, 2017, no such reduction in benefit would have been necessary for Mr. Windley.
- (7) The amounts payable under the Supplemental Non-Qualified Pension are in accordance with a SERP that is generally targeted to pay \$50,000 annually for fifteen years to Mr. Windley at his normal retirement date. No payment is due if Mr. Windley is involuntarily terminated by the Company for Cause. The following table provides the assumptions used to calculate the total benefit

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under each termination or retirement scenario. In the table on the prior page, we presented the present values of all benefits using a 2.00% discount rate (120% of mid-term semi-annual AFR as of December 2017):

Scenario	Payment Term	Annual Benefit	Total Benefit	Explanation of Calculation
Voluntary Termination by Employee Without Good Reason	15 years payable at normal retirement age	\$ 38,461	\$ 576,922	80% of \$48,077, the present value of \$50,000 (annual benefit) discounted using a 4% annual rate from normal retirement age times payment term.
Termination by Company Without Cause	15 years payable at normal retirement age	\$ 38,461	\$ 576,922	80% of \$48,077, the present value of \$50,000 (annual benefit) discounted using a 4% annual rate from normal retirement age times payment term.
Termination Due to Disability	15 years payable at normal retirement age	\$ 48,077	\$ 721,153	Present value at 12/31/17 of \$50,000 annual benefit discounted using a 4% annual rate from normal retirement age.
Termination Due to Death	10 years payable at time of death + lump sum of \$250,000	\$ 50,000	\$ 750,000	The annual benefit times payment term plus additional lump sum of \$250,000.
Termination Associated with a Change in Control Joseph E. Burns	15 years payable at normal retirement age	\$ 50,000	\$ 750,000	The annual benefit of \$50,000 times the payment terms.

The following table describes the potential payments upon termination for various reasons for Joseph E. Burns, the Company's Chief Credit Officer.

Compensation and/or Benefits Payable Upon Termination Joseph E. Burns	Voluntary Termination by Employee Without Good Cause (1)		Involuntary Termination by Company Termination in the Event of Disability (3)		Qualifying Termination Following a Change in Control (5) (6)	
	Without Good Cause (1)	by Company Termination w/out Cause (2)	by Company For Cause (1)	Termination in the Event of Disability (3)	Termination in the Event of Death (4)	Qualifying Termination Following a Change in Control (5) (6)
Compensation						
Cash Severance	\$ —	\$ 169,876	\$ —	\$ —	\$ —	\$ 1,305,495
Intrinsic Value of Unvested Stock Options	—	—	—	87,176	87,176	87,176
Intrinsic Value of Unvested Restricted Stock/Units	—	—	—	—	553,054	553,054
Benefits & Perquisites						
Supplemental Non-Qualified Pension (7)	—	—	—	143,362	143,362	143,362
Medical & Dental Insurance	—	3,610	—	—	—	—
Total Benefit	\$ —	\$ 173,486	\$ —	\$ 230,538	\$ 783,592	\$ 2,089,087

- (1) The Company shall have no further obligation to the Executive. A noncompetition agreement will be in force for a period of twelve months with no payment due to the Executive.
- (2) The Company shall pay to the Executive his Base Salary for six months following his termination through customary payroll practices. The Company shall also contribute to Executive's COBRA premium by paying the same monthly amount for health and dental insurance coverage as it would if he were an active employee for a period of six months.
- (3) Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Vesting of Performance RSUs is not accelerated upon termination in the event of disability. Rather, awards vest as scheduled after the performance period on a pro-rata basis, based on the percentage of the performance period for which the participant was employed.
- (4) Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Performance RSUs will vest at 100% of the Target level performance (included in the value above) or, if greater, based on actual performance through the end of the most recent quarter ended.
- (5) The Company (or its successors) shall pay the Executive, or his beneficiary in the event of his subsequent death, an amount equal to two times Executive's Total Compensation (Change in Control Payment) in effect at the date of termination of employment. Two equal payments shall be made, each consisting of one-half the total Change in Control Payment with the first payment to be made immediately upon cessation of employment and the second to be made exactly one year later.

Upon a Change in Control, with or without termination, Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Performance RSUs will vest at 100% of the Target level performance (included in the value above) or, if greater, based on actual performance through the end of the most recent quarter ended. The value of Option Awards is based on the difference between the current market price as of December 31, 2017 and the exercise price for options

in the-money (i.e., options with an exercise price below the current market price). The value of Restricted Stock Awards and RSUs is based on the market price of \$87.15 as of December 31, 2017.

- (6) The benefit shall be reduced to the extent necessary to cause the aggregate present value of all payments in the nature of compensation to the executive not to exceed 2.99 times the base amount as defined per Code §280G. As of December 31, 2017, no such reduction in benefit would have been necessary for Mr. Burns.
- (7) Mr. Burns' SERP was replaced in January 2009 with a grant of restricted stock which is intended to provide similar economic benefit to Mr. Burns and more closely align his interests with the long-term profitability of the Company and its shareholders.

Renee R. Brooks

The following table describes the potential payments upon termination for various reasons for Renee R. Brooks, the Company's Chief Administrative Officer.

Compensation and/or Benefits Payable Upon Termination	Involuntary Termination		Involuntary Termination		Qualifying Termination	
	Voluntary Termination by Employee Without Good Reason (1)	Termination by Company w/out Cause (2)	Termination by Company For Cause (1)	Termination in the Event of Disability (3)	Termination in the Event of Death (4)	Following a Change in Control (5) (6)
Renee R. Brooks Compensation						
Cash Severance	\$ —	\$ 339,751	\$ —	\$ —	\$ —	\$ 1,113,768
Intrinsic Value of Unvested Stock Options	—	—	—	82,680	82,680	82,680
Intrinsic Value of Unvested Restricted Stock/Units	—	—	—	121,661	661,294	661,294
Benefits & Perquisites						
Medical & Dental Insurance	—	13,219	—	—	—	—
Total Benefit	\$ —	\$ 352,970	\$ —	\$ 204,341	\$ 743,974	\$ 1,857,742

- (1) The Company shall have no further obligation to the Executive. A noncompetition agreement will be in force for a period of 12 months with no payment due to the Executive.
- (2) The Company shall pay to the Executive her Base Salary for 12 months following her termination through customary payroll practices. The Company shall also contribute to Executive's COBRA premium by paying the same monthly amount for health and dental insurance coverage as it would if she were an active employee for a period of 12 months.
- (3) Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Vesting of Performance RSUs is not accelerated upon termination in the event of disability. Rather, awards vest as scheduled after the performance period on a pro-rata basis, based on the percentage of the performance period for which the participant was employed.
- (4) Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Performance RSUs will vest at 100% of the Target level performance (included in the value above) or, if greater, based on actual performance through the end of the most recent quarter ended.
- (5)

The Company (or its successors) shall pay the Executive, or his beneficiary in the event of his subsequent death, an amount equal to two times Executive's Total Compensation (Change in Control Payment) in effect at the date of termination of employment. Two equal payments shall be made, each consisting of one-half the total Change in Control Payment with the first payment to be made immediately upon cessation of employment and the second to be made exactly one year later.

Upon a Change in Control, with or without termination, Option Awards and Restricted Stock Awards will be fully accelerated based on 100% of remaining non-vested shares. Performance RSUs will vest at 100% of the Target level performance (included in the value above) or, if greater, based on actual performance through the end of the most recent quarter ended. The value of Option Awards is based on the difference between the current market price as of December 31, 2017 and the exercise price for options in the-money (i.e., options with an exercise price below the current market price). The value of Restricted Stock Awards and RSUs is based on the market price of \$87.15 as of December 31, 2017.

- (6) The benefit shall be reduced to the extent necessary to cause the aggregate present value of all payments in the nature of compensation to the executive not to exceed 2.99 times the base amount as defined per Code §280G. As a result of this benefit limit, the cash severance level was reduced from \$1,291,054 to \$1,113,768.

CEO Pay Ratio

As required by Item 402(u) of Regulation S-K, as of December 31, 2017, the pay ratio for total compensation of our Chief Executive Officer to the median of the annual total compensation of all employees was 63 to 1. For the period ending December 31, 2017, the median of the annual total compensation of all employees of our Company, with the exception of Robert R. Hill, Jr., our CEO, was \$48,389, and the annual total compensation of Mr. Hill was \$3,055,398.

We completed the following steps to identify the median of the annual total compensation of all our employees and to determine the annual total compensation of our median employee and CEO:

1. As of October 13, 2017, our employee population consisted of approximately 2,294 individuals, including any full-time, part-time, temporary, or seasonal employees employed on that date, as well as employees who joined the organization through the acquisition of Southeastern Bank Financial Corporation. This date was selected because it aligned with a payroll cycle and allowed us to identify employees in a reasonably efficient manner.
2. To find the median of the annual total compensation of all our employees (other than our CEO), we used wages from our payroll records as reported to the Internal Revenue Service on Form W-2 for fiscal 2017. In making this determination, we annualized the compensation of full-time and part-time permanent employees who were employed on October 13, 2017, but did not work for us for the entire year. No full-time equivalent adjustments were made for part time employees.
3. We identified our median employee using this compensation measure and methodology, which was consistently applied to all our employees included in the calculation.
4. After identifying the median employee, we added together all of the elements of such employee's compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$48,389.

Total compensation for Mr. Hill represents the amount reported in the "Total" column of our 2017 Summary Compensation Table and includes salary, restricted stock grants, option awards, non-equity incentive compensation, nonqualified deferred compensation and other compensation.

DIRECTOR COMPENSATION

The Company uses a combination of cash and stock based compensation to attract and retain qualified persons to serve on the Board of Directors. Directors are subject to a minimum share ownership requirement. Each director is required to directly own \$125,000 of the Company's stock by the end of the third anniversary of the first election to the board of directors, and \$250,000 of the Company's stock by the end of the sixth anniversary of the first election to the Board of Directors. Director compensation is recommended by the Compensation Committee after discussion with the compensation consultant and is approved by the Board of Directors, and is intended to provide an appropriate level of compensation to attract and retain qualified directors and is competitive with that of comparable financial institutions.

For the fiscal year ended December 31, 2017, non-employee directors of the Company were paid \$1,000 per regularly scheduled board meeting attended. The Company pays a quarterly cash retainer fee to each director. Directors who are also officers employed by the Company or the Bank do not receive fees or any other separate cash compensation for serving as a director. Members of the committees are paid additional compensation of \$500, for each regularly scheduled meeting attended. The chair of the Audit, Compensation, Governance, and Risk Committees received \$1,000 per committee meeting attended in lieu of the corresponding amounts above. For special meetings, the director is paid at the same rates above, except for those attended via telephone, which are paid at one-half the regular rate.

In May 2017, the Company awarded to each non-employee director serving at the time 435 shares of restricted stock except for 492 shares awarded to Jimmy Addison, Martin B. Davis, Cynthia A. Hartley, and Kevin P. Walker, who serve as the chair of the Governance, Risk, Compensation, and Audit Committees, respectively. These awards were granted following the Company's 2017 Annual Shareholders Meeting and vest 25% per quarter over a period of one year from the date of grant. The Company intends to grant restricted stock awards annually to its non-employee directors in similar amounts and terms following the Annual Shareholders Meeting, under the authorization of the 2018 stock incentive plan.

Robert R. Horger, who serves as chairman of the Board of the Company, currently receives \$130,317 annually for serving in that capacity. In addition, in January 2017, the Company granted to Mr. Horger 373 shares of restricted stock valued at \$87.30 per share at the date of grant and 963 stock options at an exercise price per share of \$87.30. The restricted stock cliff vests 100% at the end of four years and the stock options become exercisable in four equal annual installments over the four-year period following the date of grant.

The following table sets forth the fees and all other forms of compensation paid to Chairman Horger and the Company's directors in 2017. Each component of compensation is discussed in further detail in the footnotes following the table.

Name	Fees Earned or Paid in Cash (\$) (1)	Stock Awards (\$) (2)	Option Awards (3)	Change in Pension Value and Nonqualified Non-Equity Deferred Compensation			Total (\$)
				Incentive Plan Compensation (\$) (4)	Contributions (\$) (5)	All Other Compensation (\$) (6)	
Robert R. Horger (6)	\$ 130,317	\$ 32,563	\$ 32,569	\$ —	\$ —	\$ 10,865	\$ 206,314
Jimmy E. Addison	44,750	43,271	—	—	—	420	88,441
Paula Harper Bethea	37,000	38,258	—	—	—	372	75,630

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James C. Cherry (7)	—	—	—	—	—	—	—
Jean E. Davis (7)	—	—	—	—	—	—	—
Martin B. Davis	44,875	43,271	—	—	—	398	88,544
Robert H. Demere Jr.	36,500	38,258	—	—	—	372	75,130
M. Oswald Fogle (8)	15,625	—	—	—	—	55	15,680
Cynthia A. Hartley	46,250	43,271	—	—	—	420	89,941
Thomas J. Johnson	34,750	38,258	—	—	—	372	73,380
Grey B. Murray	37,000	74,798	—	—	—	653	112,451
James W. Roquemore	37,000	38,258	—	—	—	372	75,630
Thomas E. Suggs	36,250	38,258	—	—	—	372	74,880
Kevin P. Walker	50,000	43,271	—	—	—	420	93,691

-
- (1) Includes total compensation earned through salary (Chairman Horger only), Board fees, retainers and committee fees, whether paid or deferred. Refer to the Board of Directors and Committees section of this proxy statement for more information regarding committee membership and fees.
- (2) From time to time, the Company has awarded shares of restricted stock to its directors. All shares of restricted stock awarded to the non-employee directors during 2017 vest at 25% per calendar quarter over a period of four quarters. Each director generally has the right to vote restricted shares and to receive dividends paid on the shares prior to vesting. The market value of the shares is

determined by the closing market price of the Company's common stock on the date of the grant (\$87.30 on the date of grant for Chairman Horger, \$91.35 on the date of grant for Mr. Murray, and \$87.95 on the date of grant for all of the other directors). The value of restricted stock grants shown above equals the grant date fair value in accordance with FASB ASC Topic 718.

- (3) These totals reflect the dollar amount of the grant date fair value of the option award, in accordance with FASB ASC Topic 718. The valuation assumptions for the Black-Scholes model used to value these option awards is found on page 32. The Black-Scholes price for the option awards granted to Mr. Horger on January 3, 2017 was \$33.82 per option. The Board of Directors' total aggregate amount of stock options outstanding at December 31, 2017 was 17,993.
- (4) During 2017, nonqualified deferred compensation plan balances experienced an unrealized gain/loss; however, there was no income exceeding 120% of the applicable long-term federal rate ("AFR").
- (5) Includes a \$1.32 dividend (\$0.33 for first quarter, \$0.33 for second quarter, \$0.33 for third quarter, and \$0.33 for fourth quarter) on all unvested restricted stock grants outstanding at the time of the dividend. For Chairman Horger the amount includes an employer matching contribution to an employee savings plan and also life insurance premiums.
- (6) In October 2017, the Compensation Committee recommended that the Board of Directors increase the base compensation of Chairman Horger by 2.75% effective January 1, 2018.
- (7) James C. Cherry and Jean E. Davis joined the Board of Directors in December 2017.
- (8) M. Oswald Fogle retired effective as of the 2017 Annual Meeting.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Bank has loan and deposit relationships with some of the directors of the Company and the Bank and loan, deposit, and fee-for-service relationships with some of the companies with which the directors are associated, as well as with some members of the immediate families of the directors. (The term “members of the immediate families” for purposes of this paragraph includes each person’s spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law, and brothers and sisters-in-law.) Such loan, deposit, or fee relationships were made in the ordinary course of business, were made on substantially the same terms, including interest rates, collateral and fee pricing as those prevailing at the time for comparable transactions with other persons not related to the lender, and did not, at the time they were made, involve more than the normal risk of collectability or present other unfavorable features.

Robert R. Horger, Chairman of the Board of the Company, is a partner in the law firm of Horger, Barnwell & Reid, L.L.P., which the Company, engaged, among other law firms, as counsel during 2017 and may engage during the current fiscal year. In 2017, the Company and Mr. Horger were involved in non-material related party transactions in that the Company made payments totaling approximately \$7,338 to Horger, Barnwell & Reid, and L.L.P. This amount did not exceed either \$200,000 or 5% of the law firm’s gross revenue.

Thomas E. Suggs, a director, has served as President and Chief Executive Officer of HUB Carolinas, a region of HUB International, an insurance brokerage and consulting firm that the Company has used since 2011 and will continue to use during the current fiscal year as an insurance broker for certain policies. Mr. Suggs was previously the President and Chief Executive Officer, and a majority owner, of Keenan & Suggs, Inc., an insurance broker and consulting firm that the Company also used for certain policies, before it was acquired by HUB International, the 7th largest brokerage in the world, in August 2016. In 2017, the Company made insurance premium payments directly to either HUB International, as the Company’s insurance placement agent, or insurance carriers. Commissions earned on these policies were well below 5% of HUB International’s total gross revenue for 2017, which is a key measure under NASDAQ’s independence requirements.

The Company has adopted a Conflict of Interest/Code of Ethics Policy that contains written procedures for reviewing transactions between the Company and its directors and executive officers, their immediate family members, and entities with which they have a position or relationship. These procedures are intended to determine whether any such related person transaction impairs the independence of a director or presents a conflict of interest on the part of a director or executive officer. This policy also requires the Bank to comply with Regulation O, which contains restrictions on extensions of credit to executive officers, directors, certain principal shareholders, and their related interests. Such extensions of credit (i) must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties and (ii) must not involve more than the normal risk of repayment or present other unfavorable features. The Conflict of Interest/Code of Ethics policy is located on the Company’s website at <https://www.southstatebank.com/> under Investor Relations.

The Company annually requires each of its directors and executive officers to complete a directors’ and officers’ questionnaire that elicits information about related person transactions. The Company’s Governance Committee, which consists entirely of independent directors, annually reviews all relationships and amounts disclosed in the directors’ and officers’ questionnaires, and the Board of Directors makes a formal determination regarding each director’s independence under The NASDAQ Stock Market listing standards and applicable SEC rules.

In addition, the Bank is subject to the provisions of Section 23A of the Federal Reserve Act, which places limits on the amount of loans or extensions of credit to, or investments in, or certain other transactions with, affiliates and on the amount of advances to third parties collateralized by the securities or obligations of affiliates. The Bank is also subject to the provisions of Section 23B of the Federal Reserve Act which, among other things, prohibits an institution from engaging in certain transactions with certain affiliates unless the transactions are on terms substantially the same, or at least as favorable to such institution or its subsidiaries, as those prevailing at the time for comparable transactions

with nonaffiliated companies.

In addition to the annual review, the Company has appointed a corporate ethics officer to implement and monitor compliance with the Conflict of Interest/Code of Ethics Policy. The corporate ethics officer reports to the Company's general auditor who passes this information to the board's Audit Committee and Chief Executive Officer quarterly and also advises the Company's executive committee and management with respect to potential conflicts of interest. The related party transactions described above were approved by the Company.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

As required by Section 16(a) of the Securities Exchange Act of 1934, the Company's directors and executive officers are required to report periodically their ownership of the Company's stock and any changes in ownership to the SEC.

Based on written representations made by these affiliates to the Company and a review of the Forms 3, 4 and 5, it appears that all such reports for these persons were filed timely in 2017, except for (i) one late Form 4 filing relating to 98 shares of common stock sold by Joseph E. Burns, Chief Credit Officer, on August 11, 2017, pursuant to which the related Form 4 was inadvertently not reported until August 17, 2017; and (ii) one late Form 4 filing relating to the acquisition of 4,866 shares of common stock pursuant to the exercise of stock options, and the disposition of 1,712 shares of common stock to satisfy related withholding taxes, by Mr. Burns on June 5, 2017, pursuant to which such transactions were inadvertently not reported until February 23, 2018 on an amended Form 5.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Dixon Hughes Goodman LLP, certified public accountants, as the independent registered public accounting firm for the Company and the Bank for the current fiscal year ending December 31, 2018, subject to ratification by the Company's shareholders. Dixon Hughes Goodman LLP has advised the Company that neither the firm nor any of its partners has any direct or material interest in the Company and its subsidiary except as independent registered auditors and certified public accountants of the Company. Representatives of Dixon Hughes Goodman LLP are expected to be at the Annual Meeting, will have the opportunity to make a statement if they desire, and will be available to respond to appropriate questions.

AUDIT COMMITTEE REPORT

The Audit Committee oversees the Company's financial reporting process, including internal controls, on behalf of the Board of Directors. The committee is composed of four directors of the Company, each of whom is independent as defined by the rules of The NASDAQ Stock Market applicable to directors who serve on the Audit Committee. The Audit Committee operates under an Audit Committee charter that complies with the requirements regarding Audit Committees established by the Sarbanes Oxley Act of 2002 and the rules and regulations of the SEC and The NASDAQ Stock Market.

Management has the primary responsibility for the Company's financial statements, internal controls, and financial reporting. The Company's independent registered public accounting firm is responsible for expressing an opinion on the conformity of the Company's audited financial statements to generally accepted accounting principles and the conformity of the Company with maintaining internal controls over financial reporting as specified by the Sarbanes Oxley Act of 2002.

In the context of its responsibilities, the Audit Committee met with management and the independent registered public accounting firm to review and discuss the December 31, 2017 audited financial statements. The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by the auditors with the Audit Committee under the rules adopted by the Public Company Accounting Oversight Board (the "PCAOB").

In addition, the Audit Committee has received from the independent registered public accounting firm the written disclosures and letter required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and discussed with them their independence from the Company and its management. The Audit Committee also has considered whether the independent registered public accounting firm's provision of non-audit services, as set forth in the section entitled Audit and Other Fees below, is compatible with the auditor's independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on SEC Form 10-K for the year ended December 31, 2017 for filing with the SEC.

This report is provided by the following independent directors, who comprise the Audit Committee:

Kevin P. Walker, Chairman Martin B. Davis Robert H. Demere Jr.
Grey B. Murray

AUDIT AND OTHER FEES

The Audit Committee selected Dixon Hughes Goodman LLP as the Company’s Independent Registered Public Accounting Firm for the year ended December 31, 2017. Fees for professional services provided for the respective fiscal years ended December 31 are set forth below:

	2017	2016
Audit fees(1)	\$ 957,530	\$ 750,982
Audit related fees(2)	62,220	92,970
Total Audit Fees	\$ 1,019,750	\$ 843,952

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- (1) All fees related to the financial statement audit, required quarterly reviews of interim financial information, audit of internal controls over financial reporting, and attesting to internal control over financial reporting in accordance with the Federal Deposit Insurance Corporation Improvement Act of 1991.
 - (2) Audit related fees are for services rendered in connection with audits of the Company’s employee benefit plans, the audit of the Company’s broker dealer subsidiary, and reports on compliance with mortgage servicing related standards.

Pre-Approval Policy

The Audit Committee’s policy is to pre-approve all audit and non-audit services provided by the independent registered public accounting firm. Under the policy, and in accordance with the Sarbanes Oxley Act of 2002, the Audit Committee may delegate pre-approval authority to one or more of its members. However, any member to whom such authority is delegated is required to report on any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee pre-approved all services provided by Dixon Hughes Goodman LLP during 2017. None of the services were performed by individuals who were not employees of the independent registered public accounting firm.

AVAILABILITY OF ANNUAL REPORT ON FORM 10-K

The Company will mail to shareholders who request them, these proxy materials and/or a copy of its Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC. Further inquiries regarding the Annual Report on Form 10-K should be directed to: South State Corporation, P.O. Box 1030, Columbia, South Carolina 29202, Attention: John C. Pollok, Chief Financial Officer and Chief Operating Officer.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No current or former officer, and no other member of the Compensation Committee, has directly or indirectly entered into any transactions with the Company of a nature that would be required to be disclosed in this proxy statement.

OTHER BUSINESS

The Company does not know of any other business to be presented at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, however, it is the intention of the persons named in the accompanying proxy to vote such proxy in accordance with their best judgment.

. Electronic Voting Instructions Available 24 hours a day, 7 days a week! Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy. **VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.** Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Eastern Time, on April 19, 2018. Vote by Internet • Go to www.envisionreports.com/SSB • Or scan the QR code with your smartphone • Follow the steps outlined on the secure website Vote by telephone • Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone • Follow the instructions provided by the recorded message Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. **q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q A** Proposals — The Board of Directors recommends a vote FOR all nominees, and FOR Proposal 2 and 3. 1. Election of Directors: + For Withhold For Withhold For Withhold 01 - John C. Pollok 02 - Cynthia A. Hartley 03 - Thomas E. Suggs 04 - Kevin P. Walker 05 - James C. Cherry 06 - Jean E. Davis For Against Abstain ForAgainst Abstain 2. Proposal to conduct an advisory vote on the compensation of the Company’s named executive officers (this is a non-binding, advisory vote; the Board of Directors unanimously recommends that you vote “FOR” this proposal); and 3. Proposal to ratify, as an advisory, non-binding vote, the appointment of Dixon Hughes Goodman LLP, Certified Public Accountants, as independent registered public accounting firm for the Company for the fiscal year ending December 31, 2018 (Board of Directors unanimously recommends that you vote “FOR” this proposal). **B** Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title. Date (mm/dd/yyyy) — Please print date below. Signature 1 — Please keep signature within the box. Signature 2 — Please keep signature within the box. **IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD. + 1 P C F** 02RESD Annual Meeting Proxy Card X **IMPORTANT ANNUAL MEETING INFORMATION** South State Corporation

. Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting The proxy statement and 2017 Annual Report to Shareholders (which includes our 2017 Annual Report on Form 10-K) are available at <http://www.envisionreports.com/SSB>. q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q Proxy — South State Corporation + This Proxy is Solicited on Behalf of the Board of Directors for the 2018 Annual Meeting of Shareholders William C. Bochette, III and Robert R. Hill, Jr., and each of them, with full power of substitution, are hereby appointed as agent(s) of the undersigned to vote as proxies all of the shares of Common Stock of South State Corporation held of record by the undersigned on the record date at the annual meeting of shareholders to be held on April 19, 2018, and at any adjournment thereof. YOUR VOTE IS IMPORTANT Regardless of whether you plan to attend the Annual Meeting of Shareholders, you can be sure your shares are represented at the meeting by promptly returning your proxy in the enclosed envelope. THE PROXIES WILL BE VOTED AS INSTRUCTED. IF NO CHOICE IS INDICATED WITH RESPECT TO A MATTER WHERE A CHOICE IS PROVIDED, THIS PROXY WILL BE VOTED “FOR” SUCH MATTER. (Items to be voted appear on the reverse.) C Non-Voting Items Change of Address — Please print new address below. Comments — Please print your comments below. + IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.
