Altra Industrial Motion Corp.
Form DEF 14A
March 24, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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

ALTRA INDUSTRIAL MOTION CORP.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):
No fee required
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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Altra Industrial Motion Corp.

300 Granite Street, Suite 201

Braintree, Massachusetts 02184

www.altramotion.com

March 24, 2017

Dear Fellow Stockholders:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders of Altra Industrial Motion Corp. (Altra) to be held at 9:00 a.m. EDT on Wednesday, April 26, 2017 at the Boston Harbor Hotel, 70 Rowes Wharf, Boston, Massachusetts 02110.

The Notice of Annual Meeting and Proxy Statement describe the matters to be acted upon at the meeting. We will also report on matters of interest to Altra stockholders.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, we encourage you to submit a proxy so that your shares will be represented and voted at the meeting. You may submit a proxy by calling a toll-free telephone number, by accessing the internet or by completing and mailing the enclosed proxy card in the return envelope provided. If you do not vote by one of the methods described above, you still may attend the Annual Meeting and vote in person.

Thank you for your continued support of Altra.

Sincerely,

Carl R. Christenson
Chairman and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Altra Industrial Motion Corp.

300 Granite Street, Suite 201

Braintree, Massachusetts 02184

March 24, 2017

The 2017 Annual Meeting of Stockholders of Altra Industrial Motion Corp. (Altra , the Company , we or our) will be held as follows:

DATE:	Wednesday, April 26, 2017
TIME:	9:00 a.m. EDT
LOCATION:	Boston Harbor Hotel, 70 Rowes Wharf, Boston, Massachusetts 02110
PURPOSE:	To consider and act upon the following proposals:

1. The election of the 7 nominees for director named in the accompanying Proxy Statement;
2. The ratification of the selection of the independent registered public accounting firm;
3. The approval of amendments to the Altra Industrial Motion Corp. 2014 Omnibus Incentive Plan and of its material terms to ensure compliance with the NASDAQ market rules and Section 162(m) of the Internal Revenue Code of 1986 (as amended, the Code);
4. An advisory vote to approve the compensation of Altra s named executive officers (Say on Pay);
5. An advisory vote on the frequency of the advisory vote on Say on Pay in the future (Say on Frequency); and
6. Such other business as may properly come before the meeting.

Shares represented by properly executed proxies that are hereby solicited by the Board of Directors of Altra will be voted in accordance with the instructions specified therein. Shares represented by proxies that are not limited to the contrary will be voted in favor of the election as directors of the persons nominated pursuant to Proposal 1 in the accompanying Proxy Statement and in favor of Proposal 2, Proposal 3 and Proposal 4 and 1 Year on Proposal 5.

Stockholders of record at the close of business on March 14, 2017 will be entitled to vote at the meeting.

By order of the Board of Directors,

Glenn E. Deegan
Vice President, Legal and Human Resources, General Counsel and Secretary

It is important that your shares be represented and voted, whether or not you plan to attend the meeting.

YOU CAN VOTE:

1. BY MAIL:
Promptly return your signed and dated proxy/voting instruction card in the enclosed envelope.

2. <u>BY TELEPHONE</u>:
Call toll-free 1-800-690-6903 and follow the instructions.

3. <u>BY INTERNET</u>:
Access www.proxyvote.com and follow the on-screen instructions.

4. <u>IN PERSON</u>:
You may attend the Annual Meeting and vote in person.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 26, 2017

Altra s proxy statement, form of Proxy Card and 2016 Annual Report on Form 10-K are available at http://ir.altramotion.com/financials.cfm.

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PROXY STATEMENT

2017 ANNUAL MEETING OF STOCKHOLDERS

Wednesday, April 26, 2017

ALTRA INDUSTRIAL MOTION CORP.

300 Granite Street, Suite 201

Braintree, Massachusetts 02184

GENERAL INFORMATION

Proxy Solicitation

These proxy materials are being mailed or otherwise sent to stockholders of Altra Industrial Motion Corp. (Altra , the Company , we or our) on o about March 24, 2017, in connection with the solicitation of proxies by Altra s Board of Directors (the Board of Directors or the Board) for the Annual Meeting of Stockholders of Altra to be held at 9:00 a.m. EDT on Wednesday, April 26, 2017, at the Boston Harbor Hotel, 70 Rowes Wharf, Boston, Massachusetts 02110. Directors, officers and other Altra employees also may solicit proxies by telephone or otherwise, but will not receive compensation for such services. Altra pays the cost of soliciting your proxy and reimburses brokers and other nominees their reasonable expenses for forwarding proxy materials to you.

Stockholders Entitled to Vote

Stockholders of record at the close of business on March 14, 2017, are entitled to notice of and to vote at the meeting. As of such date, there were 29,309,448 shares of Altra common stock outstanding, each entitled to one vote.

How to Vote

Stockholders of record described above may cast their votes by:

(1) signing, completing and returning the enclosed proxy card in the enclosed postage-paid envelope;

(2) calling toll-free 1-800-690-6903 and following the instructions;

(3) accessing www.proxyvote.com and following the instructions; or

(4) attending the Annual Meeting and voting in person.

Revocation of Proxies

A proxy may be revoked at any time before it is voted by delivering written notice of revocation to the Corporate Secretary of Altra at the address set forth above, by delivering a proxy bearing a later date, or by voting in person at the meeting.

Quorum; Required Vote

The holders of a majority of the shares entitled to vote at the meeting must be present in person or represented by proxy to constitute a quorum. Proxies received but marked as withheld, abstentions, or those treated as broker non-votes will be included in the calculation of the number of shares considered to be present at the Annual Meeting in determining a quorum. If a quorum is not present at the Annual Meeting, we will be forced to reconvene the Annual Meeting at a later date.

Your shares may be voted if they are held in the name of a brokerage firm or bank (a broker), even if you do not provide the broker with voting instructions. Brokers have the authority, under applicable rules, to vote

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shares on certain routine matters for which their customers do not provide voting instructions. The ratification of the appointment of the independent registered public accounting firm of the Company is considered a routine matter. The election of directors, the approval of amendments to the 2014 Omnibus Incentive Plan, the advisory vote to approve the compensation of the Company s named executive officers (Say on Pay) and the advisory vote on the frequency of the advisory vote on Say on Pay in the future (Say on Frequency) are not considered routine matters. Broker non-votes are shares held by brokers or nominees for which instructions have not been received from the beneficial owners, or persons entitled to vote, and the broker is barred from exercising its discretionary authority to vote the shares because the proposal is a non-routine matter.

Election of Directors: Proposal 1. A plurality of the votes cast is required for the election of directors. You may vote FOR all or some of the nominees or your vote may be WITHHELD with respect to one or more of the nominees. Votes WITHHELD and broker non-votes with respect to the election of directors will have no effect upon election of directors. You may not cumulate your votes for the election of directors.

Ratification of Independent Registered Public Accounting Firm: Proposal 2. Ratification of the selection of our independent registered public accounting firm requires the affirmative vote of a majority of the votes cast for or against the matter. You may vote FOR, AGAINST or ABSTAIN in connection with Proposal 2. Abstentions and broker non-votes will have no effect on this proposal.

Approval of Amendments to and Material Terms of the Altra Industrial Motion Corp. 2014 Omnibus Incentive Plan: Proposal 3. Approval of amendments to and the material terms of Altra s 2014 Omnibus Incentive Plan requires the affirmative vote of a majority of the votes cast for or against the matter. You may vote FOR, AGAINST or ABSTAIN in connection with Proposal 3. Abstentions and broker non-votes will have no effect on this proposal.

Advisory Vote to Approve the Compensation of our Named Executive Officers: Proposal 4. The approval of Proposal 4, regarding the compensation of our named executive officers, requires the affirmative vote of a majority of the votes cast for or against the matter. You may vote FOR, AGAINST or ABSTAIN in connection with Proposal 4. Abstentions and broker non-votes have no effect on this proposal. Because the vote on the Say on Pay proposal is advisory, it will not be binding on the Board of Directors or the Company. However, the Compensation Committee will take into account the outcome of the Say on Pay vote when considering future executive compensation arrangements.

Advisory Vote on the Frequency of an Advisory Vote on the Compensation of our Named Executive Officers: Proposal 5. The approval of Proposal 5, regarding the frequency of an advisory vote on the compensation of our named executive officers, requires the affirmative vote of a majority of votes cast for or against the matter. Abstentions and broker non-votes have no effect on this proposal. With respect to this item, if none of the frequency alternatives (one year, two years or three years) receive a majority vote, we will consider the frequency that receives the highest number of votes by stockholders to be the frequency that has been selected by stockholders. However, because this vote is advisory and not binding on us or our board in any way, our board may decide that it is in our and our stockholders best interests to hold an advisory vote on executive compensation more or less frequently than the alternative approved by our stockholders.

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If no instructions are indicated, the shares will be voted as recommended by the Board of Directors.

Other Matters

The Board of Directors is not aware of any matters to be presented at the meeting other than those set forth in the accompanying notice. If any other matters properly come before the meeting, the persons named in the proxy will vote on such matters in accordance with their best judgment.

Additional Information

Additional information regarding the Company appears in our Annual Report on Form 10-K for the year ended December 31, 2016, a copy of which, including the financial statements and schedules thereto, but not the exhibits, accompanies this Proxy Statement. In addition, such report and the other reports we file with the Securities and Exchange Commission (SEC) are available, free of charge, through the Investor Relations section of our internet website at http://www.altramotion.com. Printed copies of these documents and any exhibit to our Form 10-K may be obtained, without charge, by contacting the Corporate Secretary, Altra Industrial Motion Corp., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184, telephone (781) 917-0600.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 26, 2017

Altra s proxy statement, form of Proxy Card and 2016 Annual Report on Form 10-K are available at http://ir.altramotion.com/financials.cfm.

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OWNERSHIP OF ALTRA COMMON STOCK

Securities Owned by Certain Beneficial Owners and Management

The following table sets forth certain information as of March 14, 2017, regarding the beneficial ownership of shares of our common stock by: (i) each person or entity known to us to be the beneficial owner of more than 5% of our common stock; (ii) each of our named executive officers; (iii) each member of our Board of Directors; and (iv) all members of our Board of Directors and executive officers as a group.

Beneficial ownership is determined in accordance with rules adopted by the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock issuable upon the exercise of stock options or warrants or the conversion of other securities held by that person that are currently exercisable or convertible, or are exercisable or convertible within 60 days of March 14, 2017, are deemed to be issued and outstanding. These shares, however, are not deemed outstanding for the purposes of computing percentage ownership of each other stockholder. Percentage of beneficial ownership is otherwise based on 29,309,448 shares of common stock outstanding as of March 14, 2017.

	Securities Beneficially Owned	
Name and Address of Beneficial Owner	**Shares of Common Stock Beneficially Owned**	**Percentage of Common Stock Outstanding**
Principal Securityholders:		
Wellington Management Group LLP(2)	3,642,818	12.4%
The Vanguard Group(3)	1,922,584	6.6%
Silvercrest Asset Management Group LLC(4)	1,671,859	5.7%
BlackRock, Inc.(5)	1,565,015	5.3%
EARNEST Partners, LLC(6)	1,560,995	5.3%
JPMorgan Chase & Co.(7)	1,553,838	5.3%
Lazard Asset Management LLC(8)	1,495,448	5.1%
Named Executive Officers:		
Carl R. Christenson(1)(9)	437,873	1.5%
Christian Storch(1)(10)	89,628	*
Gerald Ferris(1)	40,419	*
Glenn Deegan(1)	45,805	*
Craig Schuele(1)	87,213	*
Directors:		
Edmund M. Carpenter(1)	37,795	*
Lyle G. Ganske(1)(11)	24,612	*
Michael S. Lipscomb(1)	34,469	*
Larry P. McPherson(1)(12)	78,358	*
Thomas W. Swidarski(1)	5,891	*
James H. Woodward Jr.(1)	22,833	*
All directors and executive officers as a group (12 persons)	934,279	3.2%

* Represents beneficial ownership of less than 1%.

(1) Except as otherwise noted below, each of these individuals address of record is c/o Altra Industrial Motion Corp., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons listed in the table have sole investment and voting power with respect to all Company securities owned by them.

(2) The address of Wellington Management Group LLP is c/o the Wellington Management Company LLP, 280 Congress Street, Boston, MA 02210. A portion of the shares are held by Wellington Management Group

LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP and Wellington Management Company LLP. Information and share amounts listed are derived from Wellington Management Group LLP s Schedule 13G/A filed with the SEC on February 9, 2017, in which Wellington Management Group LLP states that it has shared voting power over 3,031,675 shares of Altra s common stock, and shared dispositive power over 3,642,818 shares of Altra s common stock.

(3) The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355. A portion of the shares are held by Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd., each of which is a subsidiary of The Vanguard Group, Inc. Information and share amounts listed are derived from The Vanguard Group s Schedule 13G/A filed with the SEC on February 9, 2017, in which The Vanguard Group states that it has sole voting power over 46,786 shares of Altra s common stock, shared voting power over 5,421 shares of Altra s common stock, sole dispositive power over 1,871,756 shares of Altra s common stock, and shared dispositive power over 50,828 shares of Altra s common stock.

(4) The address of Silvercrest Asset Management Group LLC is 1330 Avenue of the Americas, 38th Floor, New York, NY 10019. Shares are held by investment advisory clients of Silvercrest Asset Management Group LLC. Silvercrest L.P. is the sole member of Silvercrest Asset Management Group LLC and Silvercrest Asset Management Group Inc. is the general partner of Silvercrest L.P. Information and share amounts listed are derived from Silvercrest Asset Management Group LLC s Schedule 13G/A filed with the SEC on February 14, 2017, in which Silvercrest Asset Management Group LLC states that it has shared voting power over and shared dispositive power over 1,671,859 shares of Altra s common stock.

(5) The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055. Shares are held by BlackRock (Netherlands) B.V., BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Ltd, and BlackRock Investment Management, LLC, each of which is a subsidiary of BlackRock, Inc. Information and share amounts listed are derived from BlackRock, Inc. s Schedule 13G/A filed with the SEC on January 19, 2017, in which BlackRock, Inc. states that it has sole voting power over 1,506,697 shares of Altra s common stock and sole dispositive power over 1,565,015 shares of Altra s common stock.

(6) The address of EARNEST Partners, LLC is 1180 Peachtree Street NE, Suite 2300, Atlanta, Georgia 30309. Information and share amounts listed are derived from EARNEST Partners, LLC s Schedule 13G/A filed with the SEC on February 14, 2017, in which EARNEST Partners, LLC states that it has sole voting power over 385,152 shares of Altra s common stock, shared voting power over 105,159 shares of Altra s common stock and sole dispositive power over 1,560,995 shares of Altra s common stock.

(7) The address of JPMorgan Chase & Co. is 270 Park Avenue, New York, NY 10017. Shares are held by JPMorgan Chase & Co., JPMorgan Chase Bank, National Association and J.P. Morgan Investment Management Inc. Information and share amounts listed are derived from JPMorgan Chase & Co. s Schedule 13G/A filed with the SEC on January 19, 2017, in which JPMorgan Chase & Co. states that it has sole voting power over 1,438,985 shares of Altra s common stock and sole dispositive power over 1,531,138 shares of Altra s common stock.

(8) The address of Lazard Asset Management LLC is 30 Rockefeller Plaza, New York, New York 10112. Information and share amounts listed are derived from Lazard Asset Management LLC s Schedule 13G filed with the SEC on February 1, 2017, in which Lazard Asset Management LLC states that it has sole voting power over 1,101,921 shares of Altra s common stock and sole dispositive power over 1,495,448 shares of Altra s common stock.

(9) Includes 301,697 shares held in trust, for which Mr. Christenson serves as trustee and for which Mr. Christenson shares voting and investment power.

(10) Includes 58,561 shares held in trust, for which Mr. Storch serves as trustee and for which Mr. Storch shares voting and investment power.

(11) Includes 500 shares as to which Mr. Ganske shares voting and investment power with his wife and includes 3,486 shares held in trust for the benefit of Mr. Ganske s daughters, for which Mr. Ganske s wife serves as trustee and for which Mr. Ganske does not have voting or investment power.

(12) Includes 70,840 shares held in trust, for which Mr. McPherson and his wife serve as trustees and for which Mr. McPherson shares voting and investment power.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires Altra s directors, executive officers and beneficial owners of more than 10% of Altra s equity securities (10% Owners) to file initial reports of their ownership of Altra s equity securities and reports of changes in such ownership with the SEC. Directors, executive officers and 10% Owners are required by SEC regulations to furnish Altra with copies of all Section 16(a) forms they file. Based solely on a review of copies of such forms and written representations from Altra s directors, executive officers and 10% Owners, Altra believes that for the fiscal year of 2016, all of its directors, executive officers and 10% Owners were in compliance with the disclosure requirements of Section 16(a) except for the following: (i) James H. Woodward, Jr. was late in filing a report on Form 4 for a transaction that occurred on May 4, 2016.

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PROPOSAL 1. ELECTION OF DIRECTORS

The current Board of Directors is made up of seven directors each of whom s term expires at the 2017 Annual Meeting. The following directors have been nominated by the Company s Nominating and Corporate Governance Committee for re-election to serve for a term of one year until the 2018 Annual Meeting and until their successors have been duly elected and qualified:

Edmund M. Carpenter

Carl R. Christenson

Lyle G. Ganske

Michael S. Lipscomb

Larry P. McPherson

Thomas W. Swidarski

James H. Woodward Jr.

All of the nominees for election have consented to being named in this Proxy Statement and to serve if elected. Biographical information for each of the nominees as of the most recent practicable date, is presented below.

The Board of Directors recommends that stockholders vote FOR the election of Messrs. Carpenter, Christenson, Ganske, Lipscomb, McPherson, Swidarski and Woodward.

NOMINEES FOR DIRECTOR

Edmund M. Carpenter, 75, has been a director since March 2007. Mr. Carpenter currently serves as an operating partner to Genstar Capital. Mr. Carpenter was President and Chief Executive Officer of Barnes Group Inc. from 1998 until his retirement in December 2006. Prior to joining Barnes Group Inc., Mr. Carpenter was Senior Managing Director of Clayton, Dubilier & Rice from 1996 to 1998, and Chief Executive Officer of General Signal from 1988 to 1995. Prior to joining General Signal Corporation, Mr. Carpenter held various executive positions at ITT Corporation, including President and Chief Operating Officer. Prior to joining ITT, he held executive positions with Fruehauf Corporation and served as a partner in the management services division of Touche Ross & Company. He began his career at Michigan Bell Telephone Company. He served as a director at Campbell Soup Company from 1990 to 2014. He holds both an M.B.A. and a B.S.E. in Industrial Engineering from the University of Michigan. Having served as CEO of a diversified global manufacturing and logistical services company, Mr. Carpenter presents valuable insight into organizational and operational management issues crucial to a public manufacturing company.

Carl R. Christenson, 57, has been our Chairman since April 2014, our Chief Executive Officer since January 2009 and a director since July 2007. Prior to his current position, Mr. Christenson served as our President and Chief Operating Officer from January 2005 to December 2008. From 2001 to 2005, Mr. Christenson was the President of Kaydon Bearings, a manufacturer of custom-engineered bearings and a division of Kaydon Corporation. Prior to joining Kaydon, Mr. Christenson held a number of management positions at TB Wood s Incorporated and several positions at the Torrington Company. Mr. Christenson served as a director at Vectra Co., f/k/a OM Group, Inc., a NYSE listed technology-driven diversified industrial company, from 2014 to 2015. Mr. Christenson holds a M.S. and B.S. degree in Mechanical Engineering from the University of Massachusetts and an M.B.A. from Rensselaer Polytechnic. In addition to more than twenty five years of experience in manufacturing companies, Mr. Christenson brings vast knowledge of the Company s business, structure, history and culture to the Board and the CEO position.

Lyle G. Ganske, 58, has been a director since November 2007. Mr. Ganske is a Partner and M&A Worldwide Practice Leader at Jones Day. He is an advisor to significant companies, focusing primarily on M&A,

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takeovers, takeover preparedness, corporate governance, executive compensation, and general corporate counseling. Mr. Ganske has been involved in over 50 transactions that each had a value in excess of $1 billion and 48 proxy contests and battles for corporate control. He has experience in transactions involving regulated industries, including telecom and energy. Mr. Ganske received his J.D. from Ohio State University and his B.S.B.A. at Bowling Green State University. He currently serves on the boards of the Greater Cleveland Partnership, Rock and Roll Hall of Fame and Museum, and Flashes of Hope. Mr. Ganske is the former chair of Business Volunteers Unlimited and the Commission on Economic Inclusion. In addition to his substantial legal skills and expertise, Mr. Ganske brings to the Company s Board well-developed business and financial acumen critical to a dynamic public company.

Michael S. Lipscomb, 70, has been a director since November 2007. Mr. Lipscomb served as Chairman and Chief Executive Officer of SIFCO Inc., a NYSE company in the aerospace business, from January 2015 to January 2017 and prior to that served as SIFCO s Chief Executive Officer since 2010, and as a board member since 2002. As CEO, Mr. Lipscomb led SIFCO through four acquisitions, a divestiture, and a business closure. These moves resulted in SIFCO becoming a leading precision component supplier to the aerospace and energy markets. Mr. Lipscomb also serves as Managing Partner of GS Capital Investments LLC, owner of Aviation Component Solutions, a company in the aerospace aftermarket business, and JC Carter Nozzles, a supplier of refueling nozzles and other components to the LNG market. Mr. Lipscomb serves as a Board member of both Integrity Organics (2014-present), a green company in the waste reclamation business, and The Ruhlin Company (board member 1996-present, Audit Chair 1996-2004), an integrated ESOP-owned construction company. Previously, Mr. Lipscomb was a founding partner of Argo-Tech Corp. (1986-2007), where he became CEO in 1990 and Chairman in 1994. As CEO of Argo-Tech he led the company through five bank refinances and four high yield bond offerings, and successfully managed the sale of the company to Eaton Corporation in March of 2007. During his career, Mr. Lipscomb served as a Managing Director at TRW, and in various operational and engineering management roles at the Utica Tool Company and Dow Chemical. Mr. Lipscomb received his MBA from Furman University and his B.S. from Clemson University. Mr. Lipscomb brings to the Company s Board a depth of global industrial operating experience and knowledge of organizational management essential to a public manufacturing company.

Larry P. McPherson, 71, has been a director since January 2005. Prior to joining the Board, Mr. McPherson was a Director of NSK Ltd. from 1997 until his retirement in 2004 and served as Chairman and Chief Executive Officer of NSK Europe from January 2002 to December 2003. In total he was employed by NSK Ltd. for 22 years during which time he was responsible for the major expansion of manufacturing operations in the U.S. and the reorganization and consolidation of European operations. Mr. McPherson served as Chairman and Chief Executive Officer of NSK Americas for the six years prior to his European assignment. Mr. McPherson serves as a board member of McNaughton and Gunn, Inc., a privately owned printing company. Mr. McPherson earned his MBA from Georgia State and his undergraduate degree in Electrical Engineering from Clemson University. Mr. McPherson contributes to the Company s Board significant organizational and operational management skills combined with a wealth of experience in global manufacturing businesses.

Thomas W. Swidarski, 58, has been a director since April 2014. Mr. Swidarski has also been a director and CEO of Paragon Consulting, Inc., a website development company, since May 2016 and a director of EVERTEC, Inc., an information technology service management company, since December 2012. Mr. Swidarski previously served as the Chief Executive Officer and President of Diebold Nixdorf, Incorporated, f/k/a Diebold, Incorporated (Diebold), a $3 billion global leader in designing, manufacturing and distributing self-service technologies (ATMs) in over 100 countries, from October 12, 2005 to January 19, 2013. Mr. Swidarski served as Senior Vice President of Financial Self-Service Group of Diebold, from 2001 to September 2005 and served as its Chief Operating Officer from October 12, 2005 to December 2005. Mr. Swidarski also held various strategic development and marketing positions at Diebold since 1996. Prior to Diebold, he held various positions within the financial industry for nearly 20 years focusing on marketing, product management, retail bank profitability, branding and retail distribution. Mr. Swidarski served as a Director of Diebold from December 12, 2005 to January 8, 2013. He holds a BA in marketing from the University of Dayton and an MBA in business

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management from Cleveland State University. Having served as Chief Executive Officer of a global provider of technology and services to a wide range of businesses, Mr. Swidarski brings to the Company s Board valuable insight into organizational management, global business, financial matters and marketing matters.

James H. Woodward, Jr., 64, has been a director since March 2007. From March 2009 to October 2011, Mr. Woodward served as Senior Vice President and Chief Financial Officer of Accuride Corporation. Previously, Mr. Woodward served as Executive Vice President and Chief Financial Officer and Treasurer of Joy Global Inc. from January 2007 until February 2008. Prior to joining Joy Global Inc., Mr. Woodward was Executive Vice President and Chief Financial Officer of JLG Industries, Inc. from August 2000 until its sale in December 2006. Prior to JLG Industries, Inc., Mr. Woodward held various financial and operational positions at Dana Incorporated, f/k/a Dana Corporation, since 1982. Mr. Woodward is a Certified Public Accountant and holds a B.A. degree in Accounting from Michigan State University. Mr. Woodward s depth and breadth of exposure to complex issues from his long and distinguished career in the manufacturing industry make him a skilled advisor who provides critical insight into organizational and operational management, global business and financial matters.

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BOARD OF DIRECTORS

Board of Directors Composition

Our bylaws provide that the size of the Board of Directors shall be determined from time to time by our Board of Directors. Our Board of Directors currently consists of seven members. Each of our executive officers and directors, other than non-employee directors, devotes his or her full time to our affairs. Our non-employee directors devote the amount of time to our affairs as necessary to discharge their duties. Edmund M. Carpenter, Lyle G. Ganske, Michael S. Lipscomb, Larry P. McPherson, and Thomas W. Swidarski are each independent within the meaning of the Marketplace Rules of the NASDAQ Global Market (the NASDAQ Rules) and the federal securities laws and collectively constitute a majority of our Board of Directors.

Committees of the Board of Directors

Pursuant to our bylaws, our Board of Directors is permitted to establish committees from time to time as it deems appropriate. To facilitate independent director review and to make the most effective use of our directors time and capabilities, our Board of Directors has established the following committees: the Audit Committee, the Personnel and Compensation Committee and the Nominating and Corporate Governance Committee. The charter of each of the committees discussed below is available on our website at ir.altramotion.com/corporate-governance.cfm. Printed copies of these charters may be obtained, without charge, by contacting the Corporate Secretary, Altra Industrial Motion Corp., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184, telephone (781) 917-0600. The membership and function of each committee are described below.

Audit Committee

The primary purpose of the Audit Committee is to assist the Board s oversight of:

- the integrity of our financial statements and reporting;
- our independent auditors qualifications, independence and performance;
- our internal controls and risk management;
- our compliance with legal and regulatory requirements;
- the performance of our internal audit function;
- the preparation of all reports and disclosure required or appropriate including the disclosure required by Item 407(d)(3)(i) of Regulation S-K; and
- legal, ethical and regulatory compliance including application of our Code of Business Conduct and Ethics.

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act and currently consists of Messrs. Ganske, Carpenter and Lipscomb. Mr. Ganske serves as chairman of our Audit Committee. Mr. Carpenter, Mr. Lipscomb and Mr. Ganske qualify as independent audit committee financial experts as such term has been defined by the SEC in Item 407 of Regulation S-K. We believe that the composition of our audit committee meets the criteria for independence under, and the functioning of our audit committee complies with the applicable requirements of, the NASDAQ Rules and federal securities law.

Personnel and Compensation Committee

The primary purpose of our Personnel and Compensation Committee (the Compensation Committee) is to establish and review our overall compensation philosophy and policy, to establish and review our director compensation philosophy and policy, and to review and approve corporate goals and objectives relevant to compensation of the Company s executive officers. In addition, the Compensation Committee oversees our

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employee benefit plans and practices and produces a report on executive compensation as required by SEC rules. The Compensation Committee may form, and delegate any of its responsibilities to, a subcommittee so long as such subcommittee is solely comprised of one or more members of the Compensation Committee.

The Compensation Committee has the authority, pursuant to its charter, to retain outside counsel, compensation consultants or other advisors to assist it in carrying out its activities. The Compensation Committee retains Frederic W. Cook & Co., Inc. (FW Cook), as the Compensation Committee s independent compensation consultant.

Messrs. Carpenter, McPherson and Swidarski serve on the Compensation Committee, each of whom is a non-employee member of our Board of Directors and independent within the meaning of the NASDAQ Rules. Mr. Carpenter serves as chairman of the Compensation Committee. We believe that the composition of our Compensation Committee meets the criteria for independence under, and the functioning of our Compensation Committee complies with the applicable requirements of, the NASDAQ Rules.

Compensation Policies and Practices Regarding Risk Taking

The Company has considered its compensation policies and practices for its employees and concluded that the policies and practices do not give rise to risks that are reasonably likely to have a material adverse effect on the Company. This conclusion was based on the assessment performed by the Company s management and was reviewed by the Compensation Committee of the Company s Board of Directors.

Nominating and Corporate Governance Committee

The primary purpose of the Nominating and Corporate Governance Committee is to:

- identify and recommend to the Board individuals qualified to serve as directors of our company and on committees of the Board;
- advise the Board with respect to Board composition, procedures and committees;
- develop and recommend to the Board a set of corporate governance principles and guidelines applicable to us; and
- oversee the evaluation of the Board and our management.

Messrs. McPherson, Ganske and Lipscomb serve on the Nominating and Corporate Governance Committee, each of whom is a non-employee member of our Board of Directors and independent within the meaning of the NASDAQ Rules. Mr. McPherson serves as chairman of the Nominating and Corporate Governance Committee. We believe that the composition of our Nominating and Corporate Governance Committee meets the criteria for independence under, and the functioning of our Nominating and Corporate Governance Committee complies with the applicable requirements of, the NASDAQ Rules. Please see the section entitled Corporate Governance herein for further discussion of the roles and responsibilities of the Nominating and Corporate Governance Committee.

Board, Committee and Annual Meeting Attendance

For the fiscal year ended December 31, 2016, the Board and its Committees held the following aggregate number of regular and special meetings:

Board	6
Audit Committee	5
Personnel and Compensation Committee	1
Nominating and Corporate Governance Committee	3

Each of our directors attended 75% or more of the aggregate number of the meetings of the Board and of the Committees on which he served during the year.

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The independent members of the Board, and each of the three standing committees of the Board, met in independent director sessions without the Chairman, Chief Executive Officer or members of management present at least four (4) times during 2016.

The Board has adopted a policy pursuant to which directors are expected to attend the Annual Meeting of Stockholders in the absence of a scheduling conflict or other valid reason. All of our directors serving at such time attended the 2016 Annual Meeting of Stockholders in person.

Board Leadership Structure and Board Oversight of Risk Management

Pursuant to our bylaws, our Board of Directors determines the best board leadership structure for the Company from time to time by appointing the Chairman of the Board. As part of our annual board self-evaluation process, the Board evaluates our leadership structure to ensure that it provides the optimal structure for the Company and stockholders. While we recognize that different board leadership structures may be appropriate for companies in different situations, we believe our current leadership structure, with Mr. Christenson serving as Chairman and CEO and with independent Board leadership provided by the appointment of a Lead Director, is the optimal structure for the Company.

Edmund M. Carpenter, who has served on the Board since 2007, currently serves as the Lead Director. The Board believes that a Lead Director improves the Board s overall performance by improving the efficiency of the Board s oversight and governance responsibilities and by enhancing the relationship between the Chief Executive Officer and the independent directors. The Lead Director acts as an intermediary between the Board and senior management. Among other things, the Lead Director is responsible, along with the Chairman, for facilitating communication among Directors and between the Board and the Chief Executive Officer, for working with the Chief Executive Officer and the Board to set the agenda for Board meetings, and for working with the Chief Executive Officer to provide an appropriate information flow to the Board. The Lead Director is also responsible for presiding over and setting the agenda for executive sessions of the Board and independent director meetings. The Lead Director is expected to foster a cohesive Board that cooperates with the Chief Executive Officer towards the ultimate goal of creating shareholder value.

Our Board of Directors currently has six members (five of which are independent) in addition to the Chairman and CEO. A number of the members of our Board of Directors are currently serving or have served as members of senior management of other public companies and have served as directors of other public companies. We have three board committees comprised solely of independent directors. We believe that the number of independent, experienced directors that make up our Board of Directors, along with the oversight of the Board of Directors by the Lead Director, provides our management with appropriate oversight, leadership and guidance. In addition, our non-employee directors meet in executive session, led by our Lead Director, without management present as frequently as they deem appropriate, typically at the time of each regular board meeting.

Our Board is responsible for overseeing our risk management. The Board s role in the Company s risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks. The full Board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from the appropriate person within the Company to enable the Board to understand our risk identification, risk management and risk mitigation strategies. When a committee receives the report, the chairman of the relevant committee reports on the discussion to the full Board during the committee reports portion of the next Board meeting. This enables the Board and its Committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. The Audit Committee also discusses guidelines and policies to govern the process by which risk management is handled. The Audit Committee discusses the Company s major risk exposures and the steps management has taken to monitor and control such exposures. The Board believes that the work undertaken by the full Board, together with the work undertaken by the Audit Committee and the other committees, enables the Board to effectively oversee the Company s risk management function.

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Director Compensation

In 2014, the Compensation Committee engaged the services of FW Cook, an independent compensation consultant, to review the design and competitiveness of the Company s non-employee director compensation program. FW Cook s review found that while the Company s non-employee director compensation program structure was generally consistent with peer group policies and emerging trends, total director compensation was below the 25th percentile of peer group practice.

Standard Board Fees

Our non-employee directors receive the following standard cash compensation:

- Annual Retainer Fee: $60,000 (payable in equal quarterly installments);
- Lead Director: $10,000;
- Chairman of the Audit Committee: $8,000;
- Chairman of the Compensation Committee: $5,000; and
- Chairman of the Nominating and Corporate Governance Committee: $5,000.

Directors may elect to receive, in lieu of their regular cash compensation as outlined above, an amount of shares of Company stock equal in value to the cash compensation that otherwise would be paid at the time such cash compensation would have been payable.

In addition, during 2016 each of the non-employee directors received grants of restricted stock with an annual value equal to $60,000 paid in four equal quarterly installments with each such quarterly grant vesting immediately. To move non-employee director compensation, which FW Cook found was below the 25th percentile of peer group practice, towards the median, in 2017 each of the non-employee directors will receive grants of restricted stock with an annual value equal to $80,000 paid in four equal quarterly installments with each such quarterly grant vesting immediately.

All members of our Board of Directors are reimbursed for their usual and customary expenses incurred in connection with attending all Board and other committee meetings.

The following table sets forth information concerning compensation paid to our non-employee directors during the fiscal year ended December 31, 2016.

Non-Employee Director Compensation Table for Fiscal Year 2016

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)(2)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Edmund M. Carpenter	72,500(3)	60,000			132,500
Lyle G. Ganske	70,500(3)(4)	60,000			130,500
Michael S. Lipscomb	60,000	60,000			120,000
Larry P. McPherson	65,000	60,000			125,000

Thomas W. Swidarski	60,000	60,000	120,000
James H. Woodward Jr.	60,000(3)(4)	60,000	120,000

(1) These amounts reflect the aggregate grant date fair value of restricted stock awards granted in fiscal year 2016 in accordance with ASC Topic 718. For additional information on the valuation assumptions regarding the restricted stock awards, refer to Note 10 to our financial statements for the year ended December 31, 2016, which are included in our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC.

(2) Stock grants to non-employee directors are paid in four equal quarterly installments. As of December 31, 2016, there were no outstanding unvested stock awards to non-employee directors.

(3) Mr. Ganske s term as Lead Director concluded in the second quarter of 2016 and Mr. Carpenter was appointed as Lead Director to succeed Mr. Ganske. As a result, for 2016 Mr. Ganske and Mr. Carpenter each received a portion of the $10,000 Lead Director fee with Mr. Ganske receiving $2,500 and Mr. Carpenter receiving $7,500.

(4) Mr. Ganske and Mr. Woodward elected to receive, in lieu of regular cash compensation, an amount of shares of Company stock equal in value to the cash compensation that otherwise would be paid at the time such cash compensation would otherwise have been payable for all or a portion of 2016. As a result, for 2016, all of Mr. Ganske s cash retainer and $15,000 of Mr. Woodward s cash retainer were paid in shares of Company stock.

Stock Ownership Guidelines

Our Board of Directors established stock ownership guidelines applicable to the Company s non-employee directors pursuant to which each non-employee director should retain the value of Company stock equivalent to three (3) times his annual cash retainer. All of the Company s non-employee directors have a five (5) year period to accumulate these specific values.

The following categories satisfy a participant s ownership guidelines: (i) shares of common stock owned directly; (ii) shares of common stock owned indirectly (e.g., by a spouse or a trust); (iii) shares of common stock represented by amounts invested in a 401(k) plan or deferred compensation plan maintained by the Company or an affiliate; and (iv) restricted stock (vested and unvested), earned performance shares (vested and unvested), restricted stock units (vested and unvested), or phantom stock. Unexercised options, unearned performance shares, and pledged shares are not counted toward meeting the guidelines.

The Company s Board of Directors has the discretion to enforce the stock ownership guidelines on a case-by-case basis. Violations of the Company s stock ownership guidelines may, without limitation and in the Board s discretion, result in the participant not receiving future grants of long-term incentive plan awards or annual equity retainer or result in the participant being required to retain all or a portion of future grants of long-term incentive plan awards or annual equity retainers until compliance is achieved.

Compensation Committee Interlocks and Insider Participation.

During our last completed fiscal year, no member of the Compensation Committee was an employee, officer or former officer of Altra. None of our executive officers served on the board of directors or compensation committee of any entity in 2016 that had an executive officer serving as a member of our Board or Compensation Committee.

Certain Relationships and Related Transactions

Transactions with Directors and Management

Under our Code of Business Conduct and Ethics, all transactions involving a conflict of interest, including holding a financial interest in a significant supplier, customer or competitor of the Company, are generally prohibited. However, holding a financial interest of less than 2% in a publicly held company and other limited circumstances are excluded transactions. Our directors and officers are prohibited from using his or her position to influence the Company s decision relating to a transaction with a significant supplier, customer, or competitor to which he or she is affiliated. Our Audit Committee Charter provides that the Audit Committee shall review, discuss and approve any transactions or courses of dealing with related parties that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties.

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Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. We believe that these agreements are necessary to attract and retain qualified persons as directors and executive officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

Corporate Governance

The Nominating and Corporate Governance Committee s Role and Responsibilities

Primary responsibility for Altra s corporate governance practices rests with the Nominating and Corporate Governance Committee (the Governance Committee). The Governance Committee is responsible for, among other things, (i) overseeing the Company s policies and procedures for the Board s nomination of persons to stand for election to serve on the Board of Directors by stockholders and consideration of any stockholder nominations of persons to stand for election to the Board of Directors; (ii) identifying, screening and reviewing individuals qualified to serve as directors and recommending candidates for nomination for election or to fill vacancies; (iii) reviewing annually the composition and size of the Board; (iv) aiding the Board and its committees in their annual self-evaluations; (v) developing, recommending and overseeing implementation of the Company s corporate governance guidelines and principles; (vi) reviewing, monitoring and addressing conflicts of interest of directors and executives officers; and (vii) reviewing on a regular basis the overall corporate governance of the Company and recommending improvements when necessary. Described below are some of the significant corporate governance practices that have been instituted by the Board of Directors at the recommendation of the Governance Committee.

Director Independence

The Governance Committee annually reviews the independence of all directors and reports its findings to the full Board. The Governance Committee has determined that the following director nominees are independent within the meaning of the NASDAQ Rules and relevant federal securities laws and regulations: Edmund M. Carpenter, Lyle G. Ganske, Michael S. Lipscomb, Larry P. McPherson and Thomas W. Swidarski.

Board Evaluation

The Board of Directors has adopted a policy whereby the Governance Committee will assist the Board and its committees in evaluating their performance and effectiveness on an annual basis. As part of this evaluation, the Governance Committee assesses the progress in the areas targeted for improvement during previous evaluations, and develops recommendations to enhance the respective Board or committee effectiveness over the next year.

Director Nomination Process

The Governance Committee reviews the skills, characteristics and experience of potential candidates for election to the Board of Directors and recommends nominees for director to the full Board for approval. In addition, the Governance Committee assesses the overall composition of the Board of Directors, including factors such as size, composition, diversity, skills, significant experience and time commitment to Altra.

It is the Governance Committee s policy to utilize a variety of means to identify prospective nominees for the Board, and it considers referrals from other Board members, management, stockholders and other external sources such as retained executive search firms. The Governance Committee utilizes the same criteria for evaluating candidates irrespective of their source.

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The Governance Committee believes that any nominee must meet the following minimum qualifications:

- Candidates should be persons of high integrity who possess independence, forthrightness, inquisitiveness, good judgment and strong analytical skills.

- Candidates should demonstrate a commitment to devote the time required for Board duties including, but not limited to, attendance at meetings.

- Candidates should possess a team-oriented ethic consistent with Altra s core values, and be committed to the interests of all stockholders as opposed to those of any particular constituency.

The Governance Committee seeks nominees with a broad diversity of experience, professions, skills, geographic representation and backgrounds. Accordingly, when considering director candidates, the Governance Committee will seek individuals with backgrounds and qualities that, when combined with those of Altra s other directors, provide a blend of skills and experience that will further enhance the Board s effectiveness. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability, or any other basis proscribed by law.

To recommend a candidate for consideration, a stockholder should submit a written statement of the qualifications of the proposed nominee, including full name and address, to the Nominating and Corporate Governance Committee Chairman, c/o Altra Industrial Motion Corp., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184.

Corporate Governance Guidelines

The Governance Committee has developed and recommended the Company s Statement of Governance Principles, Policies and Procedures (the Governance Principles) which has been approved by our full Board. Altra s Governance Principles are available on the Company s website at *http://ir.altramotion.com/corporate-governance.cfm*.

Majority Voting Policy in Uncontested Director Elections

Our Board has adopted a majority voting policy in uncontested director elections which is set forth in Altra s Governance Principles. Under the policy, any nominee for Director who receives a greater number of votes withheld from his or her election than votes for his or her election (a Majority Withheld Vote) in an election of Directors that is not a contested election is expected to tender his or her resignation as a Director to the Board promptly following the certification of the election results. The Governance Committee will consider each resignation tendered under the policy and recommend to the Board whether to accept or reject it. The Board will act on each tendered resignation, taking into account the Governance Committee s recommendation, within 90 days following the certification of the election results.

Business Conduct and Compliance

Altra maintains a Code of Business Conduct and Ethics (the Code of Ethics) that is applicable to all directors, officers and employees of the Company. It sets forth Altra s policies and expectations on a number of topics, including conflicts of interest, protection and proper use of company assets, relationships with customers and vendors (business ethics), accounting practices, and compliance with laws, rules and regulations. A copy of the Code of Ethics is available on the Company s website at *http://ir.altramotion.com/corporate-governance.cfm*. Individuals can report suspected violations of the Altra Industrial Motion Corp. Code of Ethics anonymously by contacting the Altra Compliance and Ethics Hotline at (800) 826-6762.

Altra also maintains policies regarding insider trading and communications with the public (the Insider Trading Policy) and procedures for the Audit Committee regarding complaints about accounting matters (the

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Whistleblower Policy). The Insider Trading Policy sets forth the Company s limitations regarding trading in Company securities and the handling of non-public material information. The policy is applicable to directors, officers and employees of Altra and is designed to help ensure compliance with federal securities laws. The Insider Trading Policy prohibits the pledging of shares effective as of February 12, 2013, but this prohibition does not apply to pledges of the Company s securities in effect prior to February 12, 2013. The Insider Trading Policy does require, however, that existing pledges be minimized and terminated as soon as practicable. The Whistleblower Policy was established to set forth the Audit Committee s procedures to receive, retain, investigate and act on complaints and concerns of employees and stockholders regarding accounting, internal accounting controls and auditing matters, including complaints regarding attempted or actual circumvention of internal accounting controls. Accounting complaints may be made directly to the Chairman of the Audit Committee in writing as follows: Audit Committee Chairman, c/o Altra Industrial Motion Corp., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184. A copy of the Audit Committee s Whistleblower Policy and procedures may be requested from the Corporate Secretary, Altra Industrial Motion Corp., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184.

Succession Planning

The Board of Directors recognizes that a sudden or unexpected change in leadership could cause the Company to experience management transition issues that could adversely affect the Company s operations, relations with employees and results. The Governance Committee has developed and periodically reviews a succession plan for the Chief Executive Officer position and other key executive positions.

Communication with Directors

Stockholders or other interested parties wishing to communicate with the Board, the non-employee directors, or any individual director may do so by contacting the Lead Director of the Board by mail, addressed to Lead Director, c/o Altra Industrial Motion Corp., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184.

All communications to the Board will remain unopened and be promptly forwarded to the Lead Director, who shall in turn forward them promptly to the appropriate director(s). Such items as are unrelated to a director s duties and responsibilities as a Board member may be excluded from this policy by the Lead Director, including, without limitation, solicitations and advertisements; junk mail; product-related communications; job referral materials such as resumes; surveys; and material that is determined to be illegal or otherwise inappropriate. Before being discarded, the director(s) to whom such information is addressed is generally informed that the information has been removed, and that it will be made available to such director(s) upon request.

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OUR EXECUTIVE OFFICERS

The following table sets forth names, ages and positions of the persons who are our executive officers as of March 14, 2017:

Name	Age	Position
Carl R. Christenson	57	Chairman and Chief Executive Officer
Christian Storch	57	Vice President and Chief Financial Officer
Glenn E. Deegan	50	Vice President, Legal and Human Resources, General Counsel and Secretary
Gerald P. Ferris	67	Vice President of Global Sales
Todd B. Patriacca	47	Vice President of Finance, Corporate Controller and Treasurer
Craig Schuele	53	Vice President of Marketing and Business Development

Carl R. Christenson, 57, has been our Chairman since April 2014, our Chief Executive Officer since January 2009, and a director since July 2007. Prior to his current position, Mr. Christenson served as our President and Chief Operating Officer from January 2005 to December 2008. From 2001 to 2005, Mr. Christenson was the President of Kaydon Bearings, a manufacturer of custom-engineered bearings and a division of Kaydon Corporation. Prior to joining Kaydon, Mr. Christenson held a number of management positions at TB Wood s Incorporated and several positions at the Torrington Company. Mr. Christenson served as a director at Vectra Co., f/k/a OM Group, Inc., a NYSE listed technology-driven diversified industrial company, from 2014 to 2015. Mr. Christenson holds a M.S. and B.S. degree in Mechanical Engineering from the University of Massachusetts and an M.B.A. from Rensselaer Polytechnic.

Christian Storch, 57, has been our Chief Financial Officer since December 2007. From 2001 to 2007, Mr. Storch was the Vice President and Chief Financial Officer at Standex International Corporation (Standex International). Mr. Storch also served on the Board of Directors of Standex International from October 2004 to December 2007. Mr. Storch also served as Standex International s Treasurer from 2003 to April 2006 and Manager of Corporate Audit and Assurance Services from July 1999 to 2003. Prior to Standex International, Mr. Storch was a Divisional Financial Director and Corporate Controller at Vossloh AG, a publicly held German transport technology company. Mr. Storch has also previously served as an Audit Manager with Deloitte & Touche, LLP. Mr. Storch holds a degree in business administration from the University of Passau, Germany.

Glenn E. Deegan, 50, has been our Vice President, Legal and Human Resources, General Counsel and Secretary since June 2009. Prior to his current position, Mr. Deegan served as our General Counsel and Secretary since September 2008. From March 2007 to August 2008, Mr. Deegan served as Vice President, General Counsel and Secretary of Averion International Corp., a publicly held global provider of clinical research services. Prior to Averion, from June 2001 to March 2007, Mr. Deegan served as Director of Legal Affairs and then as Vice President, General Counsel and Secretary of MacroChem Corporation, a publicly held specialty pharmaceutical company. From 1999 to 2001, Mr. Deegan served as Assistant General Counsel of Summit Technology, Inc., a publicly held manufacturer of ophthalmic laser systems. Mr. Deegan previously spent over six years engaged in the private practice of law and also served as law clerk to the Honorable Francis J. Boyle in the United States District Court for the District of Rhode Island. Mr. Deegan holds a B.S. from Providence College and a J.D. from Boston College.

Gerald P. Ferris, 67, has been our Vice President of Global Sales since May 2007 and held the same position with Power Transmission Holdings, LLC, our predecessor, since March 2002. He is responsible for the worldwide sales of our broad product platform. Mr. Ferris joined our predecessor in 1978 and since joining has held various positions. He became the Vice President of Sales for Boston Gear in 1991. Mr. Ferris holds a B.A. degree in Political Science from Stonehill College.

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Todd B. Patriacca, 47, has been our Vice President of Finance, Corporate Controller and Treasurer since February 2010. Prior to his current position, Mr. Patriacca served as our Vice President of Finance, Corporate Controller and Assistant Treasurer since October 2008 and previous to that, as Vice President of Finance and Corporate Controller since May 2007 and as Corporate Controller since May 2005. Prior to joining us, Mr. Patriacca was Corporate Finance Manager at MKS Instruments Inc. (MKS), a semi-conductor equipment manufacturer since March 2002. Prior to MKS, Mr. Patriacca spent over ten years at Arthur Andersen LLP in the Assurance Advisory practice. Mr. Patriacca is a Certified Public Accountant and holds a B.A. in History from Colby College and an M.B.A. and an M.S. in Accounting from Northeastern University.

Craig Schuele, 53, has been our Vice President of Marketing and Business Development since May 2007 and held the same position with our predecessor since July 2004. He is responsible for global marketing as well as coordinating Altra s merger and acquisition activity. Prior to his current position, Mr. Schuele was our Vice President of Marketing since March 2002, and previous to that he was our Director of Marketing. Mr. Schuele joined our predecessor in 1986 and holds a B.S. degree in Management from Rhode Island College.

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COMPENSATION DISCUSSION AND ANALYSIS

The following discussion provides an overview and analysis of our compensation programs and policies and the major factors that shape the creation and implementation of those policies. In this discussion and analysis, and in the more detailed tables and narrative that follow, we will discuss compensation and compensation decisions for fiscal 2016 relating to the following persons, whom we refer to as our named executive officers:

Carl R. Christenson, Chairman and Chief Executive Officer;

Christian Storch, Chief Financial Officer;

Gerald P. Ferris, Vice President of Global Sales;

Glenn E. Deegan, Vice President, Legal and Human Resources, General Counsel and Secretary; and

Craig Schuele, Vice President of Marketing and Business Development.

Executive Summary

Overview

The Compensation Committee believes that executive compensation should be structured to encourage and reward performance that leads to meaningful results for the Company. Both our cash and equity incentive compensation programs are tied primarily to performance metrics designed to measure sales and earnings growth and working capital management of Altra. Our strategy is to compensate our executives at competitive levels through programs that emphasize performance-based incentive compensation in the form of annual cash payments and equity-based awards. Our executives have the opportunity to earn above-median compensation for above-market performance while below-market performance will result in below-median compensation.

Operating Performance

During 2016, ongoing challenges in the economy and certain of our key end markets, coupled with changes in foreign exchange rates, contributed to a decline in net sales of approximately 5%. Despite this challenging environment, our efforts to manage our cost structure allowed us to increase gross profit as a percentage of net sales, to generate strong operating cash flow of $76.6 million, and to continue to return funds to our shareholders through the payment of our dividend. In addition, during 2016 we continued to execute our business simplification plan which we believe can improve operating performance by streamlining our divisional structure, having fewer but larger facilities, and simplifying and improving our supply chain. On December 30, 2016, we completed our acquisition of the Stromag business, which is expected to be accretive in the first 12 months of operations. We financed the Stromag acquisition by amending and expanding our existing credit facility and, in connection with this financing, we executed multiple cross-currency interest rate swaps that provide a lower effective interest rate for the next three years. We also further strengthened our balance sheet by issuing a notice to redeem our outstanding 2.75% Convertible Senior Notes due 2031, all of which were converted or redeemed by January 12, 2017. Finally, our stock price increased significantly during 2016 and this increase, together with our quarterly dividends, resulted in a total shareholder return for 2016 that exceeded 45%

Our 2016 non-GAAP adjusted EBITDA was approximately $97.5 million, which was in line with the non-GAAP adjusted EBITDA target of $96.7 million, our 2016 working capital turns were 4.33, which exceeded the working capital management target of 4.12, and our non-GAAP adjusted diluted earnings per share of $1.56 exceeded the non-GAAP adjusted diluted earnings per share target of $1.44, resulting in an annual cash incentive payout equal to approximately 127.5% of target under our Management Incentive Compensation Plan for our named executive officers. Our return on invested capital (ROIC) for 2016 was approximately 10.2%, which exceeded our 2016 ROIC target of 9.6%. As a result, our named executive officers received payouts equal to approximately 164.17% of target for the portion of their performance share awards tied to 2016 ROIC.

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Elements of Compensation

Total compensation for our executive officers consists of the following elements of pay:

- Base salary;
- Annual cash incentive bonus dependent on our financial performance and achievement of performance objectives;
- Long-term incentive compensation through grants of equity-based awards, which have traditionally been in the form of restricted stock and performance share awards;
- Participation in retirement benefits through a 401(k) Savings Plan;
- Severance benefits payable upon termination under specified circumstances to our key executive officers;
- Medical and dental benefits that are available to substantially all our employees. We share the expense of such health benefits with our employees, with the cost depending on the level of benefits coverage an employee elects to receive. Our health plan offerings are the same for our executive officers and our other non-executive employees; and
- Our named executive officers are provided with the same short-term and long-term disability insurance benefits as our other salaried employees. Additionally, our named executive officers are provided with life insurance and supplemental long-term disability benefits that are not available to all salaried employees.

2016 Compensation Structure

The Compensation Committee received a series of reports from FW Cook during the second half of 2014 (the 2014 FW Cook Reports), which among other things: (i) recommended certain changes to the Company s compensation peer group; (ii) indicated that certain executive officer base salaries were below, and in some cases were significantly below, median market levels and could be increased to more closely reflect market median levels as part of the Company s annual salary review process; and (iii) that the total target annual compensation (the sum of base salary and target bonus) and the total target direct compensation (the sum of base salary, target bonus and the annualized grant date present value of long-term incentive grants) for the Company s executive officers were below, and in some cases were significantly below, market median levels.

Based on its review of the compensation of the Company s executives, and taking into account the findings and recommendations in the 2014 FW Cook Reports, the Compensation Committee approved certain changes to compensation levels and structure for 2015. For 2016, our compensation levels and structure continued to reflect the changes implemented in 2015 including, without limitation, the following:

- The Company s compensation peer group for 2016 remained consistent with its 2015 peer group and the recommendations contained in the 2014 FW Cook Reports with the exception of the removal of OM Group, Inc., which was acquired by funds managed by Apollo Global Management, LLC during 2015, from the peer group;
- Modifications to base salary, total target annual compensation and total target direct compensation levels were made in 2015 to move the compensation of the Company s executives closer to market median levels and peer group practice. These changes continue to be

reflected in our 2016 compensation levels and structure. We estimate that our 2016 total target direct compensation levels were 10% to 15% below the market median based on the 2014 FW Cook Reports;

Although the general structure of the Company s Management Incentive Compensation Program was retained, a provision was added in 2015, and retained for 2016, to limit the maximum award under the plan to 2.0x the target award for the Company s executives; and

The Company s 2016 long term incentive program included a performance share component based on relative total shareholder return measured over a three (3) year period to better align executive compensation with the return received by the Company s stockholders.

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For 2016, one-third of the Chief Executive Officer s target long term incentive award is comprised of performance shares and one-half of the other named executive officers target long term incentive award is comprised of performance shares.

Practices and Policies to Promote Effective Compensation Governance

Examples of practices and policies that the Committee has implemented to ensure effective governance of compensation plans include:

We maintain rigorous share ownership guidelines which are applicable to all executives and non-employee directors, as appropriate.

We provide double trigger change-in-control protection to our executive officers in which they may be entitled to severance benefits in the event of a change-in-control of the Company and qualifying employment termination. In addition, performance share awards granted under the 2014 Omnibus Incentive Plan also provide for double trigger change-in-control vesting.

The Compensation Committee has the authority to hire independent counsel and other advisors and the Committee has engaged its own independent compensation consultant.

The Compensation Committee has conducted a review and assessment of risk as it relates to our compensation policies and practices.

Our Policy on Insider Trading prohibits hedging and short sale transactions and no director or officer may pledge Company securities as collateral.

The Company has adopted a clawback policy that permits us to seek to recover certain amounts of incentive compensation under certain circumstances. Refer to the section entitled Clawback Policy for a description of the Company s clawback policy.

Personnel and Compensation Committee

The Compensation Committee of the Board of Directors, as further discussed in this Proxy Statement under the caption Committees of the Board of Directors, has responsibility for establishing, implementing and monitoring adherence with the Company s compensation program. The role of the Compensation Committee is to oversee, on behalf of the Board and for the benefit of the Company and its stockholders, the Company s compensation and benefit plans and policies, to review and approve equity grants to directors and executive officers and to determine and approve annually all compensation relating to the CEO and the other executive officers of the Company. The Compensation Committee utilizes the Company s Human Resources Department and reviews data from market surveys and proxy statements to assess the Company s competitive position with respect to base salary, annual incentives and long-term incentive compensation. The Compensation Committee has the authority to engage the services of independent compensation consultants and engaged Frederic W. Cook & Co., Inc. (FW Cook) in 2011 and again in 2014 to conduct reviews of the competitiveness of the Company s executive and non-employee director compensation programs and also engaged FW Cook to review the Company s change in control agreements with its executives in 2015. The Compensation Committee meets annually to review executive compensation programs, determine compensation levels and performance targets, review management performance, and approve final executive bonus distributions.

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Objectives of Our Compensation Programs

We believe that compensation paid to executive officers should be closely aligned with the performance of the Company on both a short-term and long-term basis, and that such compensation should assist the Company in attracting and retaining key executives critical to the Company s success. To this end, our compensation program for executive officers is structured to achieve the following objectives:

Recruiting and Retention of Talented Professionals

We believe that it is primarily the dedication, creativity, competence and experience of our workforce that enables us to compete, given the realities of the industry in which we operate. We aim to compensate our executives at competitive levels in order to attract and retain highly qualified professionals critical to our success. There are many important factors in attracting and retaining qualified individuals. Compensation is one of them but not the only one.

Alignment of Individual and Short-Term and Long-Term Organizational Goals

We seek to align the short-term interests of our executives with those of our stockholders by structuring a significant portion of executive compensation as a performance-based bonus. In particular, the level of cash incentive compensation is determined by the use of annual performance targets, which we believe encourages superior short-term performance and operating results for the organization.

We strive to align the long-term interests of our executives with those of our stockholders and foster an ownership mentality in our executives by giving them a meaningful stake in our success through our equity incentive programs. Our equity compensation program for executives is designed to link the long-term compensation levels of our executives to the creation of lasting stockholder value.

What We Reward, Why We Pay Each Element of Compensation and How Each Element Relates to Our Compensation Objectives

Base salary, as well as other benefits such as 401(k) participation, severance, health care and life and disability insurance, are intended to provide a level of income and benefits commensurate with the executive s position, responsibilities and contributions to the Company. We believe the combined value of base salary, annual cash incentives and other fringe benefits should be competitive with the salary, bonus and general benefits provided to similarly situated executives in the industry.

We compensate our executives through programs that emphasize performance-based incentive compensation. We have structured annual cash and long-term equity compensation to motivate executives to achieve the business goals set by us and reward the executives for achieving such goals. Depending on the executive, target annual cash incentives comprise approximately 19%-23% of target total direct compensation and target long term incentives comprise approximately 38%-58% of target total direct compensation.

Through our annual cash bonus program, we attempt to tailor performance goals to our current priorities and needs. Through our long-term, non-cash incentive compensation, we attempt to align the interests of our executive officers with those of our stockholders by rewarding our executives based on increases in our stock price over time through awards of restricted stock and performance shares.

How We Determine the Amounts We Pay

The Compensation Committee utilizes the Company s Human Resources Department and reviews data from market surveys and proxy statements to assess the Company s competitive position with respect to base salary, annual incentives and long-term incentive compensation. The Compensation Committee engaged FW Cook in 2011 and again in 2014 to assist it in assessing and recommending changes to the Company s compensation peer group and to conduct reviews of the competitiveness of the Company s executive and non-employee director compensation programs.

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Compensation Peer Group

Based on the recommendations in the 2014 FW Cook Reports, the Compensation Committee established the below compensation peer group for 2016 compensation decisions.

Actuant Corporation	CLARCOR Inc.	The Gorman-Rupp Company	NN, Inc.
Blount International, Inc.	Columbus McKinnon Corp.	JBT Corporation	Powell Industries, Inc.
Chart Industries, Inc.	EnPro Industries, Inc.	L.B. Foster Company	RBC Bearings Incorporated
Circor International, Inc.	ESCO Technologies, Inc.	Lydall, Inc.	Watts Water Technologies, Inc.

We believe that our compensation peer group for 2016 is representative of the market in which we compete for talent. The size of the group has been established so as to provide sufficient benchmarking data across the range of senior positions in our Company. Our compensation peer group companies were chosen because they are similar to Altra in terms of size, industry and business mix. We believe the quality of these organizations will allow Altra to maintain a high level of continuity in the peer group, providing a consistent measure for benchmarking compensation. Our revenues and market capitalization were in the median range of the peer companies at the time of the 2014 FW Cook Reports.

Base Salary

Base salaries for executives are determined by the Compensation Committee or the Board based upon job responsibilities, level of experience, individual performance, comparisons to the salaries of executives in similar positions at other companies within the compensation peer group, as well as internal comparisons of the relative compensation paid to the members of our executive team.

In addition, our CEO makes recommendations to the Compensation Committee with respect to the base compensation of our executives other than himself. In the case of the CEO, the Compensation Committee evaluates his performance and makes a recommendation of base compensation to the Board. These recommendations are then evaluated, discussed, modified as appropriate and ultimately approved by the Compensation Committee or the Board. Pursuant to the employment agreements the Company has entered into with Messrs. Christenson and Storch, the Board may not reduce, but may increase, their base salaries so long as their employment agreements are in effect. For further discussion of the employment agreements, see the section entitled Employment Agreements in this Proxy Statement.

On February 10, 2016, the Compensation Committee approved the 2016 base salary compensation for the following named executive officers after a review of competitive market data and consideration of the 2014 FW Cook Reports, which indicated that certain executive officer base salaries were below, and in some cases were significantly below, median market levels and could be increased to more closely reflect market median levels as part of the Company s annual salary review process. For the year 2016, the named executive officers received base salaries as set forth in the table below.

Named Executive Officer	**2015 Base Salary**	**2016 Base Salary**	**Percentage Increase**
Carl R. Christenson	$ 650,000	$ 669,500	3%
Christian Storch	$ 405,000	$ 417,150	3%
Gerald P. Ferris	$ 250,000	$ 257,500	3%
Glenn E. Deegan	$ 325,000	$ 334,750	3%
Craig Schuele	$ 240,000	$ 247,200	3%

Annual Cash Incentives

Our executive officers are eligible to participate in the Company s Management Incentive Compensation Program (MICP). Under the MICP, the Compensation Committee establishes an annual target bonus opportunity for each of our executive officers based upon the Company s achievement of certain financial performance targets. The financial performance targets in 2016 were based on adjusted EBITDA, working capital management, and sales and earnings per share (sales/EPS) growth goals. Overall, this combination of performance targets is designed to emphasize profitability and productivity, and drive sales growth.

The adjusted EBITDA target consists of earnings before interest, income taxes, depreciation and amortization and is adjusted further for certain non-recurring costs, including, but not limited to, inventory fair value adjustments recorded in connection with acquisitions. The adjusted EBITDA target for fiscal 2016 was approximately $96.7 million. The working capital management target is based on the number of working capital turns for the year. The working capital management target for fiscal 2016 was approximately 4.12 turns. The sales/EPS growth component of the MICP is based on the growth of sales and non-GAAP adjusted earnings per diluted share. The baselines for measuring sales/EPS growth for the 2016 MICP were budgeted 2016 net sales of approximately $708 million and budgeted 2016 non-GAAP adjusted earnings per diluted share of $1.44. Our executive officers are not entitled to a bonus under the MICP if the Company does not achieve at least 80% of the adjusted EBITDA target.

The Compensation Committee annually establishes a target bonus opportunity for each executive officer which represents the percentage of base salary to be received by the executive officer as a cash bonus if the Company meets its adjusted EBITDA and working capital management targets. This target percentage is then adjusted upwards or downwards by plotting actual adjusted EBITDA results on an established adjusted EBITDA target performance grid (EBITDA Multiplier). The resulting percentage is then further adjusted upwards or downwards by plotting actual working capital turns on an established working capital turns performance grid (Working Capital Turns Multiplier). The resulting percentage may then be further adjusted upward, but not downward, by plotting actual sales and non-GAAP adjusted earnings per diluted share on an established sales/EPS performance grid (Sales/EPS Multiplier). The maximum award under the MICP is limited to 2.0x the target award for the Company s executives.

The Company s actual results for fiscal 2016 were: (i) adjusted EBITDA of approximately $97.5 million which was slightly above the adjusted EBITDA target and resulted in an EBITDA Multiplier of 1.00, (ii), working capital turns of approximately 4.33 which was greater than the working capital management target and resulted in a Working Capital Turns Multiplier of 1.02, and (iii) sales of approximately $709 million and non-GAAP adjusted earnings per diluted share of $1.56 which resulted in a Sales/EPS Multiplier of 1.25. Based upon these results, the Compensation Committee approved bonuses to each of Messrs. Christenson, Storch, Ferris, Deegan and Schuele as set forth in the table below.

Officer	2016 Target Bonus - Percentage of Base Salary	2016 Actual Bonus Payout $	2016 Actual Bonus Payout Percentage of Base Salary	2016 Actual Bonus Payout Percentage of Target Bonus
Carl R. Christenson	75%	$ 640,209	96%	127%
Christian Storch	60%	$ 319,120	77%	128%
Gerald P. Ferris	55%	$ 180,572	70%	128%
Glenn E. Deegan	55%	$ 234,743	70%	127%
Craig Schuele	50%	$ 157,590	64%	128%

Any bonuses earned are fully paid in cash following the end of the year earned and after the completion of the consolidated financial statement audit.

To further clarify the bonus calculation, the following is an example calculation for Mr. Christenson:

Base Salary	Target %	Target $	EBITDA Multiplier	Working Capital Turns Multiplier	Sales/EPS Growth Multiplier	Bonus Payment(1)
$669,500	75%	$ 502,125	1.00	1.02	1.25	$ 640,209

(1) (640,209 = 502,125 * 1.00 * 1.02 * 1.25)

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Discretionary Bonus

In addition to the amounts earned under the MICP, the Compensation Committee has recognized that certain special situations may arise where the Company may benefit from an employee significantly exceeding expectations and that such performance may warrant additional compensation. The Compensation Committee therefore granted our CEO the authority to award up to an aggregate of $330,000 worth of additional discretionary bonuses in 2016 to Company employees for services the CEO determines to be beneficial to the Company and above and beyond the scope of such employee s regular services. No named executive officers received discretionary bonuses during 2016.

Long-Term Incentive Compensation