

Altra Holdings, Inc.  
Form DEF 14A  
April 03, 2009

**Table of Contents**

**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 (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 Pursuant to Section 240.14a-11(c) or Section 240.14a-12

ALTRA HOLDINGS, INC.  
(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:

Edgar Filing: Altra Holdings, Inc. - Form DEF 14A

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

---

**Table of Contents**

**Altra Holdings, Inc.**  
**300 Granite Street, Suite 201**  
**Braintree, Massachusetts 02184**  
**www.altramotion.com**

April 3, 2009

Dear Fellow Stockholders:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Altra Holdings, Inc. (Altra) to be held at 9:00 a.m. EDT on Wednesday, May 6, 2009 at the Boston Marriott Quincy, 1000 Marriott Drive, Quincy, Massachusetts 02169. You will find directions to the meeting on the back cover of the accompanying Proxy Statement.

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  
*President and Chief Executive Officer*

---

**Table of Contents**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**Altra Holdings, Inc.  
300 Granite Street, Suite 201  
Braintree, Massachusetts 02184**

April 3, 2009

The 2009 Annual Meeting of Stockholders of Altra Holdings, Inc. (Altra) will be held as follows:

DATE: Wednesday, May 6, 2009  
TIME: 9:00 a.m. EDT  
LOCATION: Boston Marriott Quincy, 1000 Marriott Drive, Quincy, MA 02169  
PURPOSE: To consider and act upon the following proposals:  
1. The election of directors;  
2. The ratification of the selection of the independent registered public accounting firm; and  
3. 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.

Stockholders of record at the close of business on March 23, 2009 will be entitled to vote at the meeting.

By order of the Board of Directors,

Glenn E. Deegan  
*Vice President, 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. BY TELEPHONE:**

**Call toll-free 1-800-690-6903 and follow the instructions.**

**3. BY INTERNET:**

**Access [www.proxyvote.com](http://www.proxyvote.com) and follow the on-screen instructions.**

**4. IN PERSON:**

**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 MAY 6, 2009**

Altra's proxy statement, form of Proxy Card and 2008 Annual Report on Form 10-K are available at  
<http://ir.altramotion.com/financials.cfm>.

---

**Table of Contents**

**Table of Contents**

<u>GENERAL INFORMATION</u>	1
<u>Proxy Solicitation</u>	1
<u>Stockholders Entitled to Vote</u>	1
<u>How to Vote</u>	1
<u>Revocation of Proxies</u>	1
<u>Quorum; Required Vote</u>	1
<u>Other Matters</u>	2
<u>Additional Information</u>	2
<u>OWNERSHIP OF ALTRA COMMON STOCK</u>	3
<u>Securities Owned by Certain Beneficial Owners</u>	3
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	4
<u>ELECTION OF DIRECTORS (Proposal 1)</u>	5
<u>NOMINEES FOR DIRECTOR</u>	5
<u>BOARD OF DIRECTORS</u>	7
<u>Board of Directors Composition</u>	7
<u>Committees of the Board of Directors</u>	7
<u>Audit Committee</u>	7
<u>Personnel and Compensation Committee</u>	7
<u>Nominating and Corporate Governance Committee</u>	8
<u>Board, Committee and Annual Meeting Attendance</u>	8
<u>Director Compensation</u>	8
<u>Standard Board Fees</u>	8
<u>Non-Employee Director Compensation Table</u>	9
<u>Compensation Committee Interlocks and Insider Participation</u>	9
<u>Certain Relationships and Related Transactions</u>	9
<u>Transactions with Directors and Management</u>	9
<u>Joy Global Sales</u>	10
<u>Indemnification Agreements</u>	10
<u>Corporate Governance</u>	10
<u>The Governance Committee's Role and Responsibilities</u>	10
<u>Director Independence</u>	10
<u>Board Evaluation</u>	10
<u>Director Nomination Process</u>	10
<u>Changes to Our Bylaws Regarding Proposals by Stockholders</u>	11
<u>Business Conduct and Compliance</u>	11
<u>Succession Planning</u>	12
<u>Communication with Directors</u>	12
<u>OUR EXECUTIVE OFFICERS</u>	13
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	14
<u>Personnel and Compensation Committee</u>	14
<u>Objectives of Our Compensation Programs</u>	15
<u>Recruiting and Retention of Talented Professionals</u>	15
<u>Alignment of Individual and Short-Term and Long-Term Organizational Goals</u>	15
<u>Rewarding Meaningful Results</u>	15
<u>Elements of Compensation</u>	15





**Table of Contents**

<u>What We Reward, Why We Pay Each Element of Compensation and How Each Element Relates to Our Compensation Objectives</u>	16
<u>How We Determine the Amounts We Pay</u>	16
<u>Base Salary</u>	17
<u>Annual Cash Incentives</u>	18
<u>Discretionary Bonus</u>	18
<u>Long-Term Incentive Compensation</u>	19
<u>Other Benefits</u>	19
<u>Perquisites</u>	20
<u>Stock Ownership Guidelines</u>	20
<u>Tax and Accounting Considerations</u>	20
<u>Change of Control Matters and Employment Contracts</u>	20
<u>Employment Agreements</u>	20
<u>Change of Control Provisions</u>	21
<u>Indemnification Agreements</u>	22
<u>COMPENSATION COMMITTEE REPORT</u>	22
<u>COMPENSATION OF NAMED EXECUTIVES</u>	23
<u>Summary Compensation Table</u>	23
<u>Grants of Plan-Based Awards Table</u>	24
<u>Outstanding Equity at Fiscal Year-End Table</u>	24
<u>Option Exercises and Stock Vested Table</u>	25
<u>Pension Benefits Table</u>	25
<u>2004 Equity Incentive Plan</u>	25
<u>Equity Compensation Plan Information</u>	26
<u>Potential Payments Upon Termination or Change In Control and Tables</u>	26
<u>Severance Policy</u>	26
<u>Retirement</u>	27
<u>Change of Control</u>	27
<u>Potential Post-Employment Payments to Named Executive Officers</u>	29
<u>REPORT OF THE AUDIT COMMITTEE</u>	30
<u>RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	
<u>(Proposal 2)</u>	31
<u>Auditor Fees</u>	31
<u>Pre-Approval of Audit and Non-Audit Services</u>	31
<u>Audit Services</u>	31
<u>Non-Audit Services</u>	32
<u>STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING</u>	32
<u>Requirements for Stockholder Proposals to Be Considered for Inclusion in Altra's Proxy Materials</u>	32
<u>Requirements for Stockholder Proposals to Be Brought Before the Annual Meeting</u>	32
<u>DIRECTIONS TO THE BOSTON MARRIOTT QUINCY</u>	33

**Table of Contents**

**PROXY STATEMENT**

**2009 ANNUAL MEETING OF STOCKHOLDERS**

**Wednesday, May 6, 2009**

**ALTRA HOLDINGS, INC.  
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 Holdings, Inc. ( Altra or the Company ) on or about April 3, 2009 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, May 6, 2009 at the Boston Marriott Quincy, 1000 Marriott Drive, Quincy, Massachusetts 02169. 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 23, 2009 are entitled to notice of and to vote at the meeting. As of such date, there were 26,663,399 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](http://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. If you hold shares beneficially in street name and do not provide your broker with

voting instructions, your shares may constitute broker non-votes. Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered votes cast on that proposal. Thus, broker non-votes

---

**Table of Contents**

will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained. Abstentions are considered votes cast and thus have the same effect as votes against the matter.

A plurality of the votes cast is required for the election of directors (Proposal 1). 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** with respect to the election of directors will be counted for purposes of determining the presence or absence of a quorum at the Annual Meeting but will have no other legal effect upon election of directors. You may not cumulate your votes for the election of directors.

Ratification of the selection of our independent registered public accounting firm (Proposal 2) requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote. You may vote **FOR**, **AGAINST** or **ABSTAIN** in connection with Proposal 2. If you elect to **ABSTAIN**, the abstention has the same effect as a vote **AGAINST**. 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, 2008, which accompanies this Proxy Statement.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 6, 2009**

Altra's proxy statement, form of Proxy Card and 2008 Annual Report on Form 10-K are available at <http://ir.altramotion.com/financials.cfm>.

**Table of Contents****OWNERSHIP OF ALTRA COMMON STOCK****Securities Owned by Certain Beneficial Owners**

The following table sets forth certain information as of March 23, 2009 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.

Except as otherwise noted below, each of the following individual's address of record is c/o Altra Holdings, Inc., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184.

Beneficial ownership is determined in accordance with the rules of 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 23, 2009, 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 based on 26,663,399 shares of common stock outstanding as of March 23, 2009.

<b>Name and Address of Beneficial Owner</b>	<b>Securities Beneficially Owned Shares of Common Stock Beneficially Owned</b>	<b>Percentage of Common Stock Outstanding</b>
<b>Principal Securityholders:</b>		
Keeley Asset Management Corp.(1)	2,791,540	10.5%
Thomson Hortsman & Bryant, Inc.(2)	1,705,600	6.4%
Capital World Investors(3)	1,705,548	6.4%
Reid S. Walker and G. Stacy Smith(4)	1,426,872	5.4%
American Century Companies, Inc.(5)	1,363,321	5.1%
<b>Named Executive Officers:</b>		
Michael L. Hurt	345,253	1.3%
Carl R. Christenson	547,661	2.1%
Christian Storch	79,496	*
Gerald Ferris	112,319	*
Craig Schuele	107,701	*
<b>Non-Employee Directors:</b>		
Edmund M. Carpenter	16,387	*
Lyle G. Ganske	15,761	*
Michael S. Lipscomb	13,061	*
Larry McPherson	105,470	*
James H. Woodward Jr.	16,387	*
All directors and executive officers as a group (13 persons)	1,394,835	5.2%

\* Represents beneficial ownership of less than 1%.

- (1) The address of Keeley Asset Management Corp. is 401 South LaSalle Street, Chicago, Illinois 60605. Shares are held by Keeley Asset Management Corp. and Keeley Small Cap Value Fund, a series of Keeley Funds, Inc. Share amounts listed are derived from Keeley Asset Management Corp. s Schedule 13G/A filed with the SEC on February 13, 2009.
- (2) The address of Thomson Hortsman & Bryant, Inc. is Park 80 West, Plaza One, Saddle Brook, NJ 07663. Share amounts listed are derived from Thomson Hortsman & Bryant, Inc. s Schedule 13G filed with the SEC on February 13, 2009.

**Table of Contents**

- (3) The address of Capital World Investors (a division of Capital Research and Management Company) is 333 South Hope Street, Los Angeles, CA 90071. Share amounts listed are derived from Capital World Investors Schedule 13G/A filed with the SEC on February 13, 2009.
- (4) The address of Reid S. Walker and G. Stacy Smith is 300 Crescent Court, Suite 1111, Dallas, Texas 75201. Shares are held by Walker Smith Capital, L.P. ( WSC ), Walker Smith Capital (Q.P.), L.P. ( WSCQP ), Walker Smith International Fund, Ltd. ( WS International ) and HHMI Investments, L.P. ( HHMI, and collectively with WSC, WSCQP and WS International, the WS Funds ). WS Capital Management, L.P. ( WSC Management ) is the general partner of WSC and WSCQP, the agent and attorney-in-fact for WS International and the investment manager for HHMI. WS Capital, L.L.C. ( WS Capital ) is the general partner of WSC Management. Reid S. Walker and G. Stacy Smith are members of WS Capital. As a result, WSC Management, WS Capital, and Messrs. Reid S. Walker and G. Stacy Smith possess shared power to vote and direct the disposition of, and are deemed to beneficially own, the shares held by the WS Funds. In addition, shares are held by WS Opportunity Fund, L.P. ( WSO ) and WS Opportunity Fund (Q.P.), L.P. ( WSOQP, and together with WSO, the WSO Funds ). WS Ventures Management, L.P. ( WSVM ) is the general partner of the WSO Funds. WSV Management, L.L.C. ( WSV ) is the general partner of WSVM. Reid S. Walker, G. Stacy Smith, and Patrick P. Walker are members of WSV. As a result, WSVM, WSV, and Messrs. Reid S. Walker, Patrick P. Walker, and G. Stacy Smith possess shared power to vote and direct the disposition of, and are deemed to beneficially own, the shares held by the WSO Funds. Share amounts listed are derived from Reid S. Walker's and G. Stacy Smith's Schedule 13G/A filed with the SEC on February 17, 2009.
- (5) The address of American Century Companies, Inc. is 4500 Main Street, 9th Floor, Kansas City, MO 64111. Shares are held by James E. Stowers, Jr., as Trustee of the James E. Stowers Twentieth Century Companies, Inc. Stock Trust dtd 1-13-95, American Century Companies, Inc. and American Century Investment Management, Inc. Share amounts listed are derived from American Century Companies, Inc.'s Schedule 13G/A filed with the SEC on February 13, 2009.

**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 2008, 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) Gerald P. Ferris was late in filing a report on Form 4 for a transaction that occurred on February 7, 2008; (ii) Larry McPherson was late in filing a report on Form 4 for a transaction that occurred on February 7, 2008; (iii) James H. Woodward, Jr. was late in filing a report on Form 4 for a transaction that occurred on February 7, 2008 and (iv) Keeley Asset Management Corp. is late in filing a report on Form 3 for a transaction that occurred on April 30, 2008.

**Table of Contents**

**PROPOSAL 1. ELECTION OF DIRECTORS**

The current Board of Directors is made up of seven directors each of whom's term expires at the 2009 Annual Meeting. The following directors have been nominated for re-election to serve for a term of one year until the 2010 Annual Meeting and until their successors have been duly elected and qualified:

Edmund M. Carpenter  
Carl R. Christenson  
Lyle G. Ganske  
Michael L. Hurt  
Michael S. Lipscomb  
Larry McPherson  
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 April 3, 2009, is presented below.

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

**NOMINEES FOR DIRECTOR**

*Edmund M. Carpenter*, 67, 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. He has served as a director at Campbell Soup Company since 1990. He holds both an M.B.A. and a B.S.E. in Industrial Engineering from the University of Michigan.

*Carl R. Christenson*, 49, has been a director since July 2007 and our President and Chief Executive Officer since January 2009. 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 Corporation (now a subsidiary of Altra) and several positions at the Torrington Company. Mr. Christenson holds M.S. and B.S. degrees in Mechanical Engineering from the University of Massachusetts and an M.B.A. from Rensselaer Polytechnic.

*Lyle G. Ganske*, 50, has been a director since November 2007. Mr. Ganske co-chairs Jones Day's global mergers & acquisitions practice. He is an advisor to significant companies, focusing primarily on M&A, takeovers, takeover preparedness, corporate governance, executive compensation, and general corporate counseling. Mr. Ganske 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 and currently serves on the boards of the Greater Cleveland Partnership, Rock and Roll Hall of Fame, Business Volunteers of America, and Leadership Cleveland.

*Michael L. Hurt, P.E.*, 63, has been a director since November 2004 and our Executive Chairman since January 2009. Prior to his current position, Mr. Hurt served as Chief Executive Officer since our formation in 2004. In November



2006, Mr. Hurt was elected as Chairman of the Board. During 2004, prior to Altra's formation, Mr. Hurt provided consulting services to Genstar Capital and was appointed Chairman and Chief Executive Officer of Kilian Manufacturing Corporation (now a subsidiary of Altra) in October 2004. From January 1991 to November 2003, Mr. Hurt was the President and Chief Executive Officer of TB Woods Corporation (now a subsidiary of Altra). Prior to TB Woods, Mr. Hurt spent 23 years in a variety of management positions at the Torrington Company, a major manufacturer of bearings and a subsidiary of

**Table of Contents**

Ingersoll Rand. Mr. Hurt holds a B.S. degree in Mechanical Engineering from Clemson University and an M.B.A. from Clemson-Furman University.

*Michael S. Lipscomb*, 62, has been a director since November 2007. Mr. Lipscomb was the Chairman and CEO of Argo-Tech, a leading supplier to the aerospace industry, where he led the company through five bank refinances, 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 has gained global industrial operating experience as a co-founder of Argo-Tech, as a Managing Director at TRW and in plant and engineering management roles at the Utica Tool Company. He currently serves as the CEO of Aviation Component Solutions, Inc. Mr. Lipscomb received his MBA from Clemson-Furman University and his B.S. from Clemson University and previously served on the boards of Argo-Tech, MAMCO Enterprises, Ruhlin Construction Company, Duradyne, and SIFCO (Audit Committee Chair).

*Larry McPherson*, 63, 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 2003 and served as Chairman and CEO of NSK Europe from January 2002 to December 2003. In total he was employed by NSK Ltd. for 21 years and was Chairman and CEO 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.

*James H. Woodward, Jr.*, 56, has been a director since March 2007. Mr. Woodward currently serves as interim Senior Vice President and Chief Financial Office 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 positions at Dana Corporation since 1982. Mr. Woodward is a Certified Public Accountant and holds a B.A. degree in Accounting from Michigan State University.

**Table of Contents**

**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 McPherson and James H. Woodward Jr. 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 <http://www.altramotion.com>. Printed copies of these charters may be obtained, without charge, by contacting the Corporate Secretary, Altra Holdings, Inc., 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 internal controls and risk management;
- our compliance with legal and regulatory requirements;
- our independent auditors' qualifications and independence;
- the performance of our independent auditors and our internal audit function; and
- the preparation of the report required to be prepared by the Audit Committee pursuant to SEC rules.

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act and currently consists of Messrs. Woodward, Carpenter and Ganske. Mr. Woodward serves as chairman of our Audit Committee. Mr. Woodward, Mr. Carpenter 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 is to oversee our compensation and employee benefit plans and practices, review director compensation policy and produce a report on executive compensation as required by SEC rules. Messrs. Carpenter, McPherson and Lipscomb serve on the Personnel and 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 Personnel and Compensation Committee. We believe that the composition of our Personnel and Compensation Committee meets the criteria for independence under, and the functioning of our Personnel and Compensation Committee complies with the applicable requirements of, the NASDAQ Rules.

**Table of Contents**

***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, 2008, the Board and its Committees held the following aggregate number of regular and special meetings:

Board	5
Audit Committee	8
Personnel and Compensation Committee	4
Nominating and Corporate Governance Committee	3

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

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 2008 Annual Meeting of Stockholders.

**Director Compensation**

***Standard Board Fees***

The Board of Directors previously engaged the Hay Group in 2007 to perform a competitive review of market practices for non-employee director compensation including through retainers, meeting fees and equity participation. Based upon the findings in the Hay Group's 2007 report, the Board of Directors determined that non-employee

directors should receive the following standard cash compensation:

Annual Retainer Fee: \$60,000 (payable in equal quarterly installments);

Chairman of the Audit Committee: \$8,000;

Chairman of the Personnel and Compensation Committee: \$5,000; and

Chairman of the Nominating and Corporate Governance Committee: \$5,000.

In addition, each of the non-employee directors will receive an annual grant of restricted stock with a value equal to \$60,000 on the date of grant. Such grants will generally vest immediately on the initial date of grant.

**Table of Contents**

In March 2009, in connection with the Company's cost reduction efforts in light of the global recession and the uncertain global economic environment, our Board of Directors agreed to a temporary 10% reduction of the non-employee director Annual Retainer Fee. The temporary fee reductions are voluntary and can be discontinued at any time.

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, 2008.

**Non-Employee Director Compensation Table**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Non-Equity Incentive Plan	All Other	Total (\$)
			Compensation (\$)	Compensation (\$)	
<b>Edmund M. Carpenter</b>	65,000	40,000(2)			105,000
<b>Lyle G. Ganske</b>	60,000	20,000(3)			80,000
<b>Michael S. Lipscomb</b>	60,000	20,000(3)			80,000
<b>Larry McPherson</b>	65,000	21,365(4)			86,365
<b>James H. Woodward Jr.</b>	68,000	40,000(2)			108,000

- (1) Stock award values represent the portion of restricted stock grants expensed in accordance with the requirements of FAS 123R (but disregarding estimates for forfeitures, if any) for fiscal year 2008.
- (2) Expenses recorded in 2008 related to two restricted stock awards each having a fair value on their respective dates of grant of \$60,000. Mr. Carpenter and Mr. Woodward each had 4,415 unvested shares of restricted stock outstanding as of December 31, 2008.
- (3) Expenses recorded in 2008 related to a restricted stock award having a fair value on the date of grant of \$60,000. Mr. Ganske and Mr. Lipscomb each had 4,415 unvested shares of restricted stock outstanding as of December 31, 2008.
- (4) Expenses recorded in 2008 related to two restricted stock awards with such awards having fair values on the applicable dates of grant of \$60,000 and \$6,825, respectively. Mr. McPherson had 18,065 unvested shares of restricted stock outstanding as of December 31, 2008.

**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 2008 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.



## **Table of Contents**

### ***Joy Global Sales***

One of our directors, James H. Woodward, Jr., had been Executive Vice President and Chief Financial Officer of Joy Global Inc. until his resignation from the executive position on March 3, 2008. The Company sold approximately \$5.6 million and \$5.4 million in goods to divisions of Joy Global Inc. in 2008 and 2007, respectively, which represented less than five percent (5%) of the Company's consolidated gross revenues for each of those years. Other than his prior position as Executive Vice President and Chief Financial Officer of Joy Global Inc., Mr. Woodward had no interest in sales transactions between the Company and Joy Global Inc.

### ***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 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 to stockholders for election as a director and consideration of stockholder nomination for election as a director; (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 for optimality thereof; (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 executive 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 directors 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 McPherson and James H. Woodward, Jr.

### ***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 a year earlier, 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 regarding factors such as size, composition, diversity, skills, significant experience and time commitment to Altra.

## **Table of Contents**

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.

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.

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.

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 Holdings, Inc., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184.

### ***Changes to Our Bylaws Regarding Proposals by Stockholders***

In October 2008, Article I, Section 2 of our bylaws was amended to (i) clarify that the advance notice provisions in our bylaws extend to all stockholder nominations of persons to stand for election as directors of the Company and to all other stockholder proposals of business and are the exclusive means for a stockholder to submit such business, with certain exceptions, (ii) revise and expand the scope of information that a stockholder must provide in connection with any proposal to explicitly include, among other items, any short position and any hedging or other derivative position, (iii) revise the scope of information that a stockholder must provide in connection with a proposal other than a nomination of a director to explicitly include a description of all arrangements between such stockholder and any other person in connection with the proposal of such business and (iv) revise and expand the scope of information that a stockholder must provide in connection with a proposal for the nomination of a director to include, among other items, a description of all direct and other indirect compensation and other material arrangements between such stockholder and each proposed nominee, and any other information reasonably required by the Company to determine the independence of such nominee.

For more information, see the discussion under "Stockholder Proposals for 2010 Annual Meeting" below.

### ***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://www.altramotion.com>. Individuals can report suspected violations of the Altra Holdings, Inc. 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 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

**Table of Contents**

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 Holdings, Inc., 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 Holdings, Inc., 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. In 2008, the Governance Committee implemented a succession plan for the departure of Mr. Hurt as our Chief Executive Officer and the appointment of Mr. Christenson to that position. The Governance Committee is in the process of developing a new succession plan for the Chief Executive Officer position.

**Communication with Directors**

Stockholders or other interested parties wishing to communicate with the Board, the non-management directors, or any individual director may do so by contacting the Chairman of the Board by mail, addressed to Chairman of the Board, c/o Altra Holdings, Inc., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184.

All communications to the Board will remain unopened and be promptly forwarded to the Chairman of the Board, 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 by the Chairman of the Board, 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. The director(s) to whom such information is addressed is informed that the information has been removed, and that it will be made available to such director(s) upon request.

**Table of Contents****OUR EXECUTIVE OFFICERS**

The following table sets forth names, ages and positions of the persons who are our executive officers as of April 3, 2009:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Michael L. Hurt	63	Executive Chairman and Chairman of the Board
Carl R. Christenson	49	President and Chief Executive Officer
Christian Storch	49	Vice President and Chief Financial Officer
Glenn E. Deegan	42	Vice President, General Counsel and Secretary
Gerald P. Ferris	59	Vice President of Global Sales
Todd B. Patriacca	39	Vice President of Finance, Corporate Controller and Assistant Treasurer
Craig Schuele	45	Vice President of Marketing and Business Development
Chet Shubert	52	Vice President of Human Resources

*Michael L. Hurt, P.E. (age 63)* has been a director since November 2004 and our Executive Chairman since January 2009. Prior to his current position, Mr. Hurt served as Chief Executive Officer since our formation in 2004. In November 2006, Mr. Hurt was elected as chairman of our board. During 2004, prior to our formation, Mr. Hurt provided consulting services to Genstar Capital and was appointed Chairman and Chief Executive Officer of Kilian Manufacturing Corporation (now a subsidiary of Altra) in October 2004. From January 1991 to November 2003, Mr. Hurt was the President and Chief Executive Officer of TB Woods Incorporated (now a subsidiary of Altra), a manufacturer of industrial power transmission products. Prior to TB Woods, Mr. Hurt spent 23 years in a variety of management positions at the Torrington Company, a major manufacturer of bearings and a subsidiary of Ingersoll Rand. Mr. Hurt holds a B.S. degree in Mechanical Engineering from Clemson University and an M.B.A. from Clemson-Furman University.

*Carl R. Christenson (age 49)* has been a director since July 2007 and our President and Chief Executive Officer since January 2009. 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 Woods Incorporated (now a subsidiary of Altra) and several positions at the Torrington Company. Mr. Christenson holds M.S. and B.S. degrees in Mechanical Engineering from the University of Massachusetts and an M.B.A. degree from Rensselaer Polytechnic.

*Christian Storch (age 49)* 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, a publicly held diversified multi-industry manufacturer. 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 (age 42)* has been our Vice President, 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

**Table of Contents**

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. degree from Providence College and a J.D. degree from Boston College.

*Gerald P. Ferris (age 59)* 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.

*Todd B. Patriacca (age 39)* has been our Vice President of Finance, Corporate Controller and Assistant Treasurer since October 2008. Prior to his current position, Mr. Patriacca served as Vice President of Finance and Corporate Controller since May 2007 and previous to that, Corporate Controller since May 2005. Prior to joining us, Mr. Patriacca was Corporate Finance Manager at MKS Instrument Inc., 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. degree in History from Colby College and M.B.A. and M.S. in Accounting degrees from Northeastern University.

*Craig Schuele (age 45)* has been our Vice President of Marketing and Business Development since May 2007 and held the same position with Power Transmission Holdings, LLC, our predecessor, since July 2004. Prior to his current position, Mr. Schuele has been Vice President of Marketing since March 2002, and previous to that he was a Director of Marketing. Mr. Schuele joined our predecessor in 1986 and holds a B.S. degree in Management from Rhode Island College.

*Chet Shubert (age 52)* has been our Vice President of Human Resources since January 2009. Prior to his current position, from 2006 to 2008, Mr. Shubert served as Vice President of Human Resources for the Electronic Materials Division of National Starch and Chemicals, Inc. From 1993 to 2006, Mr. Shubert held senior human resources positions at various divisions of Wyeth. Earlier in his career, Mr. Shubert held a senior human resources role at Nabisco Brands. He holds a B.S. degree in safety and health management from Indiana University of Pennsylvania.

**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 relating to the following persons, whom we refer to as our named executive officers:

Michael L. Hurt, Executive Chairman and Chairman of the Board;

Carl R. Christenson, President and Chief Executive Officer;

Christian Storch, Chief Financial Officer and Treasurer;

Gerald P. Ferris, Vice President of Global Sales; and

Craig Schuele, Vice President of Marketing and Business Development.

**Personnel and Compensation Committee**



The Personnel and Compensation Committee of the Board of Directors (the Compensation Committee), 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, review and approve equity grants to directors and executive officers and determine and approve annually all compensation

## **Table of Contents**

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 the Hay Group in 2007 to perform an executive compensation study for purposes of assisting in the establishment of executive compensation. The Compensation Committee meets a minimum of four times annually to review executive compensation programs, determine compensation levels and performance targets, review management performance, and approve final executive bonus distributions.

The Compensation Committee operates in accordance with a charter which sets forth its rights and responsibilities. The Compensation Committee and the Board review the charter annually.

### **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.

#### ***Rewarding Meaningful Results***

We believe that 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 each executive's contribution to sales and earnings growth and working capital management of Altra. Our strategy is to compensate our executives at competitive levels, with the opportunity to earn above-median compensation for above-market performance as compared to our peer group, through programs that emphasize performance-based incentive compensation in the form of annual cash payments and equity-based awards.

### **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 individual objectives;

## **Table of Contents**

Long-term incentive compensation through grants of equity-based awards, which have traditionally been in the form of restricted stock;

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, 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.

## **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 non-cash compensation to motivate executives to achieve the business goals set by us and reward the executives for achieving such goals.

Through our annual cash bonus program, we attempt to tailor performance goals to each individual executive officer and 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.

## **How We Determine the Amounts We Pay**

The Company was originally formed as a private company and established its executive compensation structure in accordance with such status. Since the Company's initial public offering in December 2006, the Compensation Committee has found it advisable to conduct a review of its executive compensation structure and practices. As permitted by its charter, the Compensation Committee retained the services of the Hay Group, an independent compensation consultant to assist in this review. The Hay Group assisted the Compensation Committee in assessing the prior compensation and benefit programs and helped to develop new compensation and benefit programs appropriate for the Company's publicly held status. This analysis included benchmarking the Company's prior programs against industry peers and other relevant public companies and providing insight into the structuring of compensation programs to achieve various short-term and long-term objectives while retaining key executives. The peer group companies reviewed by the Hay Group included Twin Disc Inc., RBC Bearings Inc., NN Inc., Kaydon Corp., Franklin Electric Company Inc., CIRCOR International Inc., Robbins & Myers Inc., Baldor Electric Company, Woodward Governor Company and IDEX Corporation.

The Compensation Committee received the Hay Group's report during 2007, which indicated that certain of the Company's executive officers received compensation below median levels for its peer group. The Hay Group recommended that the Compensation Committee consider increasing certain executive officer base salaries to market median levels. In addition, the Hay Group recommended the Compensation Committee consider increasing long-term incentive grants and establishing share ownership guidelines. The Hay Group

**Table of Contents**

indicated that these actions were designed to more closely align officer compensation with long-term results and stockholder interests. No pay increases were granted to our named executive officers for 2009, except for Carl R. Christenson. Mr. Christenson was given a base salary increase in connection with his new position of President and Chief Executive Officer.

***Base Salary***

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

In addition to the recommendations received from the Hay Group, 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. Hurt, 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.

Annualized base salaries of our named executive officers for the year 2008 are disclosed in the table below. On March 2, 2009, the Compensation Committee approved the 2009 compensation for the named executive officers (retroactive to January 1, 2009) after a review of competitive market data and consideration of current market and economic conditions. In connection with Mr. Christenson's promotion to the position of President and Chief Executive Officer and Mr. Hurt's transition to the position of Executive Chairman, both of which were effective January 1, 2009, the Compensation Committee approved adjustments to the base salaries of Messrs. Christenson and Hurt to reflect their new positions and responsibilities. Given the current global recession and uncertain economic environment, the Compensation Committee did not approve base salary increases for the remaining named executive officers. For the year 2009, the executive officers will receive base salaries as set forth below.

<b>Officer</b>	<b>2008 Base</b>	<b>2009 Base</b>	<b>Percentage Increase</b>
Michael L. Hurt(1)	\$ 580,000	\$ 250,000	(56.9)%
Carl R. Christenson(2)	\$ 367,250	\$ 425,000	15.7%
Christian Storch	\$ 340,000	\$ 340,000	
Gerald P. Ferris	\$ 206,000	\$ 206,000	
Craig Schuele	\$ 187,460	\$ 187,460	

(1) In accordance with his amended and restated employment agreement dated as of September 25, 2008, Mr. Hurt transitioned from the position of Chief Executive Officer to the position of Executive Chairman effective January 1, 2009. The 2008 base salary reflected in the table above represents Mr. Hurt's salary as Chief Executive Officer. Mr. Hurt's base salary as Executive Chairman in 2009 will be \$250,000.

(2) Effective January 1, 2009, Mr. Christenson assumed the position of President and Chief Executive Officer. In connection with his promotion to the position of President and Chief Executive Officer, the Company entered into an amended and restated employment agreement with Mr. Christenson. Mr. Christenson's amended and

restated employment agreement was approved by our Board of Directors on March 2, 2009, was executed on March 3, 2009 and has an effective date of January 1, 2009.

As part of the Company's cost reduction efforts in light of the global recession and the uncertain global economic environment, each of the Company's named executive officers has agreed to a voluntary, temporary reduction in base salary. Messrs. Christenson, Storch, Hurt, Ferris and Schuele have agreed to temporary base salary reductions of 10%, 7.5%, 2%, 5% and 5%, respectively. The temporary base salary reductions are

**Table of Contents**

voluntary and can be discontinued at any time. Assuming the voluntary base salary reductions remain in place for the remainder of the fiscal year ending December 31, 2009, Messrs. Christenson, Storch, Hurt, Ferris and Schuele will receive base salaries during 2009 of approximately \$393,125, \$320,875, \$245,000, \$198,275 and \$180,430.

***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 2008 were based on adjusted EBITDA, working capital management goals and sales and earnings 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 2008 was approximately \$99 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 2008 was approximately 4.9 turns. The sales and earnings growth target is based on the growth of sales and recurring earnings per share compared to the prior year. 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. In addition, if the Company does not achieve at least 80% of the working capital management target, our executive officers are not entitled to any bonus related to that factor.

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. These percentages are then adjusted upwards or downwards based on the Company's financial performance in relation to the Company's targeted EBITDA and working capital numbers by plotting actual results on established target performance grids. For example, if the Company's actual adjusted EBITDA achieved is greater than targeted adjusted EBITDA, the executives' bonus percentages would be correspondingly increased. On the other hand, if the Company's actual adjusted EBITDA achieved is lower than targeted adjusted EBITDA, the executives' bonus percentages would be correspondingly decreased. These percentages may be further adjusted upward based on the Company's targeted recurring earnings per share and sales growth numbers.

For fiscal year 2008, Messrs. Hurt, Christenson, Storch, Ferris and Schuele had target bonus percentage amounts of 75%, 65%, 50%, 50% and 40% of their respective base salary. The Company's actual results for fiscal 2008 exceeded the adjusted EBITDA target, were slightly below the working capital management target, and exceeded the recurring earnings per share and sales growth target. Based upon these results and the combined above target performance of the Company, the Compensation Committee approved bonuses to each of Messrs. Hurt, Christenson, Storch, Ferris and Schuele equal to approximately 113%, 98%, 76%, 76% and 60% of their respective base salary. 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.

***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 \$100,000 worth of additional discretionary bonuses in 2008 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 2008.





**Table of Contents*****Long-Term Incentive Compensation***

We believe that equity-based compensation ensures that our executives have a continuing stake in the long-term success of the Company. We issue equity-based compensation in the form of restricted stock, which generally vests ratably over a period of years. The purpose of these equity incentives is to encourage stock ownership, offer long-term performance incentive and to more closely align the executive's compensation with the return received by the Company's stockholders.

During its review of the Company's long-term incentive compensation structure for its executive officers, the Compensation Committee noted the Hay Group's recommendation that long-term incentive grants be made to the Company's executive officers to further align executive officers compensation with the long-term performance of the Company and to aid in retention. The Compensation Committee therefore determined that it was appropriate and in the best interests of the Company and its stockholders to make incentive grants to the executive officers as a component of total compensation. On February 3, 2009, the Compensation Committee approved the following grants of restricted stock, which, with the exception of Mr. Hurt's grant, will vest in equal annual installments on August 3, 2009, August 3, 2010, August 3, 2011 and August 3, 2012, for each of the named executive officers set forth below:

<b>Officer</b>	<b>Number of Shares Granted</b>	<b>Cash Value at Time of Grant</b>
Michael L. Hurt	17,291	\$ 120,000
Carl R. Christenson	79,377	\$ 550,875
Christian Storch	24,496	\$ 170,000
Gerald P. Ferris	10,389	\$ 72,100
Craig Schuele	9,454	\$ 65,611

Mr. Hurt's grant vested in its entirety on February 3, 2009, the date of grant.

***Other Benefits***

We have a 401(k) plan in which the named executive officers currently participate. We also have a frozen defined benefit plan from which Mr. Ferris and Mr. Schuele are eligible to receive benefits. We also provide life, disability, medical and dental insurance as part of our compensation package. The Compensation Committee considers all of these plans and benefits when reviewing the total compensation of our executive officers.

Prior to February 1, 2009, the 401(k) plan offered a company match of \$0.50 for every \$1.00 contributed by a named executive officer to the plan, up to 6% of the executive officer's pre-tax pay. Effective February 1, 2009, in connection with the Company's efforts to reduce costs, the 401(k) match was suspended with respect to many of the Company's employees, including the named executive officers. Additionally, the Company contributes an amount equal to 3% of a named executive's pre-tax pay to their account regardless of the amount of the contributions made by the named executive officer.

Mr. Ferris and Mr. Schuele previously participated in the Colfax PT Pension Plan; however on December 31, 1998 participation in and benefits accrued under such plan were frozen. Under the provisions of the plan, upon reaching the

normal retirement age of sixty-five, Mr. Ferris will receive annual payments of approximately \$38,661 and Mr. Schuele will receive annual payments of approximately \$10,814. As part of its acquisition of Power Transmission Holding LLC from Colfax Corporation, the Company assumed certain liabilities of the Colfax PT Pension Plan, including such future payments to Messrs. Ferris and Schuele.

The named executive officers are provided with the same short-term and long-term disability benefits as our other salaried employees. Additionally, the named executive officers are provided with life insurance and supplemental long-term disability benefits that are not available to all salaried employees.

## **Table of Contents**

### ***Perquisites***

We do not provide the named executive officers with perquisites or other personal benefits such as company vehicles, club memberships, financial planning assistance, tax preparation or other similar benefits with the exception of Mr. Ferris, our Vice President of Global Sales, who as a sales executive has use of a company-leased automobile.

### **Stock Ownership Guidelines**

In accordance with the recommendation of the Hay Group, the Compensation Committee has established the following stock ownership guidelines for six of the Company's senior executive positions, including the position formerly held by Mr. Hurt and those held by Messrs. Christenson, Storch, Ferris and Schuele:

Michael L. Hurt As Chief Executive Officer, Mr. Hurt was to retain the value of Company stock and/or cash value of his personal 401(k) account to be equivalent to five (5) times his base annual salary. Effective January 1, 2009, Mr. Hurt transitioned from Chief Executive Officer to the position of Executive Chairman. The Compensation Committee has not established stock ownership guidelines for the position of Executive Chairman.

Carl R. Christenson As President and Chief Executive Officer, Mr. Christenson should retain the value of Company stock and/or cash value of his personal 401(k) account to be equivalent to five (5) times his base annual salary.

Christian Storch As Chief Financial Officer, Mr. Storch should retain the value of Company stock and/or cash value of his personal 401(k) account to be equivalent to three (3) times his base annual salary.

Gerald P. Ferris As Vice President of Global Sales, Mr. Ferris should retain the value of Company stock and/or cash value of his personal 401(k) account to be equivalent to one (1) time his base annual salary.

Craig Schuele As Vice President of Marketing and Business Development, Mr. Schuele should retain the value of Company stock and/or cash value of his personal 401(k) account to be equivalent to one (1) time his base annual salary.

All of these executive officers have a five (5) year period to accumulate these specific values.

### **Tax and Accounting Considerations**

Section 162(m) of the Internal Revenue Code of 1986, as amended places a limit of \$1,000,000 on the amount of compensation that we may deduct in any one year with respect to our Chief Executive Officer and each of the next four most highly compensated executive officers. The Compensation Committee considers the anticipated tax treatment to the Company and its executive officers when reviewing the executive compensation programs. However, the Compensation Committee will not necessarily seek to limit executive compensation to amounts deductible under Section 162(m), as the Compensation Committee wishes to maintain flexibility to structure our executive compensation programs in ways that best promote the interests of the Company and its stockholders.

### **Change of Control Matters and Employment Contracts**

#### ***Employment Agreements***

Three of our named executive officers, Messrs. Hurt, Christenson and Storch, have entered into employment agreements with us and our wholly-owned subsidiary Altra Industrial Motion, Inc. Mr. Hurt originally entered into his employment agreement in January 2005, which was subsequently amended on December 5, 2006 and on September 25, 2008. Under the terms of his employment agreement, Mr. Hurt's term of employment as the Company's Executive Chairman commenced on January 1, 2009 and, unless sooner terminated, continues until December 31, 2013. Mr. Christenson entered into his employment agreement in

**Table of Contents**

early January 2005, which was subsequently amended on March 3, 2009 (with such amendment effective as of January 1, 2009). Under the terms of his employment agreement, Mr. Christenson has a five-year employment term, beginning on January 1, 2009, following which the agreement automatically renews for successive one-year terms unless either Mr. Christenson or Altra terminates the agreement upon 6 months prior notice to such renewal date. Mr. Storch entered into his employment agreement in December 2007. Under the terms of his employment agreement, Mr. Storch has a five-year employment term. Each of the employment agreements contain usual and customary restrictive covenants, including 12 month non-competition provisions and non-solicitation/no hire of employees or customers provisions, non-disclosure of proprietary information provisions and non-disparagement provisions. In the event of a termination without cause or departure for good reason, Messrs. Christenson and Storch are entitled to severance equal to 12 months salary, continuation of medical and dental benefits for the 12-month period following the date of termination, and an amount equal to their pro-rated bonus for the year of termination. In the event of a termination without cause or departure for good reason, Mr. Hurt is entitled to severance equal to continuation of his salary from the date of termination through December 31, 2013. In addition, upon such termination, all of Mr. Hurt's and Mr. Christenson's unvested restricted stock received from our Incentive Plan shall automatically vest. Any payments upon termination are subject to certain conditions including compliance with the non-competition, non-solicitation, non-disclosure and non-disparagement provisions described above.

Under the agreements, each of Messrs. Christenson and Storch is also eligible to participate in all compensation or employee benefit plans or programs and to receive all benefits and perquisites for which salaried employees of Altra Industrial Motion, Inc. generally are eligible under any current or future plan or program on the same basis as other senior executives of Altra Industrial Motion, Inc.

***Change of Control Provisions***

Pursuant to the terms of the employment agreements discussed above under the caption Employment Agreements, we provide benefits to Messrs. Hurt, Christenson and Storch upon termination of employment from the Company under certain circumstances. The benefits described under the caption Employment Agreements are in addition to the benefits to which the executives would be entitled upon a termination of employment generally (i.e. vested retirement benefits accrued as of the date of termination, stock awards that are vested as of the date of termination and the right to elect continued health coverage pursuant to COBRA).

The Company and its wholly-owned subsidiary, Altra Industrial Motion, Inc., have entered into change of control agreements, effective as of October 28, 2008, with each of our named executive officers (collectively, the Executives). The change of control agreements provide that, subject to certain conditions, including compliance with non-competition, non-solicitation, non-disclosure and non-disparagement provisions, in the event that (a) the Executive is terminated without cause or such Executive terminates employment for good reason within 24 months following a change of control of the Company (as defined in the change of control agreements) or (b) the Executive is terminated without cause in anticipation of a change of control of the Company within 90 days prior to such change of control (each, a triggering event), such Executive will be entitled to certain benefits. Such benefits include (i) a lump sum amount payable in cash equal to the sum of (A) a multiple (shown below for each of the named executive officers) of the Executive's annual base salary then in effect and (B) a multiple (shown below for each of the named executive officers) of the Executive's target bonus amount for the year of termination and (ii) continuation of medical and dental benefits for up to 18 months (period shown below for each of the named executive officers) following the date of termination. In addition, upon a change of control, the Executive will be entitled to an amount equal to such Executive's pro-rated bonus for the year of termination and all of such Executive's outstanding equity incentive awards will automatically vest in full and be exercisable as of the date of termination.



**Table of Contents**

<b>Executive</b>	<b>Title</b>	<b>Multiple of Base Salary and Target Bonus</b>	<b>Medical and Dental Continuation</b>
Michael L. Hurt	Executive Chairman	2x	18 Months
Carl R. Christenson	President and Chief Executive Officer	2x	18 Months
Christian Storch	Chief Financial Officer	2x	18 Months
Gerald P. Ferris	Vice President of Global Sales	1.5x	18 Months
Craig Schuele	Vice President of Marketing and Business Development	1.5x	18 Months

Because Messrs. Hurt, Christenson and Storch also have employment agreements with the Company, the change of control agreements for these Executives provide that in the event of a triggering event, such Executive shall be entitled to receive benefits and payments under only one of the employment agreement or the change of control agreement, whichever is more favorable to the Executive at the time of such triggering event.

The Compensation Committee has approved an Executive Severance Policy, effective as of November 1, 2008, applicable to officers of the Company holding the title of Vice President or Vice President and General Manager, including two named executive officers, Gerald P. Ferris and Craig Schuele (collectively, the Vice Presidents). The Executive Severance Policy provides that, subject to certain conditions including compliance with non-competition, non-solicitation, non-disclosure and non-disparagement provisions, in the event that a Vice President is terminated without cause by the Company, such Vice President will be entitled to continue receiving his base salary and medical and dental benefits for a period of 12 months following such termination. In the event a Vice President enters into a written agreement with the Company regarding severance, including a change of control agreement, the terms and conditions of such written agreement shall control with respect to the termination circumstances covered by such agreement and the Vice President shall not be eligible to receive benefits under this policy.

Amounts payable to our named executive officers due to termination of employment or a change of control under any employment agreements or otherwise are disclosed in further detail in the table entitled Potential Post-Employment Payments to Named Executive Officers contained in this Proxy Statement.

***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.

**COMPENSATION COMMITTEE REPORT**

The Personnel and Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this Proxy Statement. Based on this review and discussion, the Personnel and Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included



in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

**Personnel and Compensation Committee:**

**Edmund M. Carpenter (Chairman)**

**Larry McPherson**

**Michael S. Lipscomb**

Table of Contents**COMPENSATION OF NAMED EXECUTIVES**

The following table summarizes all compensation paid during fiscal 2007 and fiscal 2008 to our principal executive officer, our principal financial officer and our three other most highly compensated executive officers whose total annual salary and bonus exceeded \$100,000 for services rendered in all capacities to us during the year ended December 31, 2008. We refer to these executive officers as the named executive officers.

**Summary Compensation Table**

Name & Principal Position	Year	Salary	Bonus	Stock	Non-Equity Incentive Plan	All Other	Total
				Awards(1)	(2)	Compensation	Compensation
<b>Michael L. Hurt</b>	2008	\$ 580,000	\$	\$ 961,978	\$ 657,720	\$ 46,784(3)	\$ 2,246,482
Chief Executive Officer	2007	475,000		670,297	410,400	24,612(4)	1,580,309
<b>Carl R. Christenson</b>	2008	367,250		470,360	360,933	35,651(5)	866,944
President & Chief Operating Officer	2007	325,000		347,071	224,640	31,137(6)	927,848
<b>Christian Storch</b>	2008	340,000		251,100	257,040	28,810(7)	876,950
Vice President & Chief Financial Officer	2007	15,475		20,873		25,000(8)	61,348
<b>Gerald P. Ferris</b>	2008	206,000		27,932	155,736	38,622(9)	428,290
Vice President Global Sales	2007	200,000		3,900	115,200	39,262(10)	348,866
<b>Craig Schuele</b>	2008	187,460		22,490	113,376	25,408(11)	348,734
Vice President of Marketing and Business Development	2007	182,000	75,000	3,705	83,866	17,991(12)	362,562

(1) Stock award values represent the portion of restricted stock grants expensed in accordance with the requirements of FAS 123R (but disregarding estimates for forfeitures, if any) for fiscal year 2008. See Note 12 Stockholders' Equity in the Company's Annual Report on Form 10-K for fiscal year 2008 filed with the Securities and Exchange Commission on March 6, 2009 for further details.

(2) Paid in March 2009 under the Company's Management Incentive Compensation Program.

(3) Represents our 401(k) contribution of \$35,881 and premiums paid for medical, dental, life and disability benefits.

(4) Represents our 401(k) contribution of \$15,831 and premiums paid for medical, dental, life and disability benefits.

(5) Represents our 401(k) contribution of \$24,657 and premiums paid for medical, dental, life and disability benefits.

- (6) Represents our 401(k) contribution of \$20,250 and premiums paid for medical, dental, life and disability benefits.
- (7) Represents our 401(k) contribution of \$17,850 and premiums paid for medical, dental, life and disability benefits.
- (8) Represents signing bonus awarded to Mr. Storch upon starting with the Company.
- (9) Represents our 401(k) contribution of \$16,536, a car allowance of \$9,155 and premiums paid for medical, dental, life and disability benefits.
- (10) Represents our 401(k) contribution of \$16,875, a car allowance of \$9,496 and premiums paid for medical, dental, life and disability benefits.
- (11) Represents our 401(k) contribution of \$15,040 and premiums paid for medical, dental, life and disability benefits.
- (12) Represents our 401(k) contribution of \$7,578 and premiums paid for medical, dental, life and disability benefits.

**Table of Contents**

The following table presents information regarding grants of plan-based awards to our named executive officers during the fiscal year ended December 31, 2008.

**Grants of Plan-Based Awards**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	Market Price on Grant Date	Grant Date Fair Value of Stock & Option Awards
		Threshold	Target	Maximum	Threshold	Target	Maximum			
		(\$)	(\$)	(\$)	(#)	(#)	(#)			
Michael L. Hurt	2/7/08							64,018	13.59	870,005
Carl R. Christenson	2/7/08							27,024	13.59	367,256
Christian Storch	2/7/08							5,305	13.59	72,095
Gerald Ferris	2/7/08							4,828	13.59	65,613
Craig Schuele	2/7/08									

(1) Represents the grant date fair value of each equity award computed in accordance with FAS 123(R).

The following table presents information concerning the number and value of restricted stock that has not vested for our named executive officers outstanding as of the end of the fiscal year ended December 31, 2008.

**Outstanding Equity at Fiscal Year-End**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	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 (\$)
Michael L. Hurt					295,306(1)	\$ 2,335,870

<b>Carl R. Christenson</b>	217,811(2)	\$ 1,722,882
<b>Christian Storch</b>	40,000(3)	\$ 316,400
<b>Gerald P. Ferris</b>	42,979(4)	\$ 339,962
<b>Craig Schuele</b>	42,621(5)	\$ 337,132

- (1) 29,267 restricted shares will vest in October of 2009 and 2010. 109,013 restricted shares will vest in January of 2009 and 2010. 16,004 restricted shares will vest in September of 2009, 2010 and 2011.
- (2) 98,771 restricted shares will vest in January of 2009 and 2010. 6,756 restricted shares will vest in September 2009, 2010 and 2011.
- (3) 15,000 restricted shares will vest in December of 2009 and 2010. 5,000 restricted shares will vest in December of 2011 and 2012.
- (4) 19,500 restricted shares will vest in January of 2009 and 2010. 1,326 restricted shares will vest in September of 2009, 2010 and 2011.
- (5) 19,500 restricted shares will vest in January of 2009 and 2010. 1,207 restricted shares will vest in September 2009, 2010 and 2011.

**Table of Contents**

The following table presents information concerning the vesting of restricted stock for our named executive officers during the fiscal year ended December 31, 2008. The Company has not granted any options.

**Option Exercises and Stock Vested**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Michael L. Hurt			154,284	\$ 2,264,301
Carl R. Christenson			105,527	\$ 1,690,029
Christian Storch			15,000	\$ 111,600
Gerald P. Ferris			20,826	\$ 333,519
Craig Schuele			20,707	\$ 331,374

**Pension Benefits**

The following table presents information concerning payments or other benefits for our named executive officers in connection with their retirement.\*

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year
Michael L. Hurt				
Carl R. Christenson				
Christian Storch				
Gerald P. Ferris(1)	Altra Industrial Motion, Inc. Retirement Plan	20.66	\$ 309,688	
Craig Schuele(1)	Altra Industrial Motion, Inc. Retirement Plan	12.33	\$ 39,660	

\* For further discussion of the valuation method and material assumptions used in quantifying the present value of accumulated benefit, see Note 10 of our Consolidated Financial Statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

- (1) Reflects pension benefits accrued for Mr. Ferris and Mr. Schuele under PTH's Colfax PT Pension Plan, which Altra assumed in connection with its acquisition of PTH. Messrs. Ferris and Schuele's participation in and benefits accrued under such plan were frozen since December 31, 1998. Altra Industrial Motion, Inc. Retirement Plan manages the assumed liabilities under the Colfax Plan. Under the provisions of the Colfax Plan, upon reaching the normal retirement age of 65, Messrs. Ferris and Schuele will receive annual payments of approximately \$38,661 and \$10,800, respectively. Messrs. Ferris and Schuele are eligible to receive a reduced annual payment in the event of their early retirement. For further discussion, please see the section of this Proxy Statement entitled Retirement.

#### **2004 Equity Incentive Plan**

Our 2004 Equity Incentive Plan, or Incentive Plan, permits the grant of restricted stock, stock units, stock appreciation rights, cash, non-qualified stock options and incentive stock options to purchase shares of our common stock, par value \$0.001 per share. Currently, the maximum number of shares of our common stock that may be issued under the terms of the Incentive Plan is 3,004,256 and the maximum number of shares that may be subject to incentive stock options (within the meaning of Section 422 of the Code) is 1,750,000 shares. The Compensation Committee of our Board of Directors administers the Incentive Plan and

**Table of Contents**

has discretion to establish the specific terms and conditions for each award. Our employees, consultants and directors are eligible to receive awards under our Incentive Plan. Stock options, stock appreciation rights, restricted stock, stock units and cash awards may constitute performance-based awards in accordance with Section 162(m) of the Code at the discretion of the Compensation Committee. Any grant of restricted stock under the Incentive Plan may be subject to vesting requirements, as provided in its applicable award agreement, and will generally vest in equal annual installments over a period of years. The Compensation Committee may provide that any time prior to a change in control, any outstanding stock options, stock appreciation rights, stock units and unvested cash awards shall immediately vest and become exercisable and any restriction on restricted stock awards or stock units shall immediately lapse. In addition, the Compensation Committee may provide that all awards held by participants who are in our service at the time of the change of control, shall remain exercisable for the remainder of their terms notwithstanding any subsequent termination of a participant's service. All awards shall be subject to the terms of any agreement effecting a change of control. Other than Mr. Hurt's and Mr. Christenson's grants, upon a participant's termination of employment (other than for cause), unless the Board or committee provides otherwise: (i) any outstanding stock options or stock appreciation rights may be exercised 90 days after termination, to the extent vested, (ii) unvested restricted stock awards and stock units shall expire and (iii) cash awards and performance-based awards shall be forfeited. Under the terms of his restricted stock agreements, in the event Mr. Hurt's employment is terminated by us other than for cause, or terminates for good reason, death or disability all of his unvested restricted stock awards shall vest automatically. Under the terms of his employment agreement, in the event Mr. Christenson's employment is terminated by us other than for cause, or terminates for good reason, all of his unvested restricted stock awards shall vest automatically. In the event Mr. Christenson's employment is terminated due to death or disability, certain of Mr. Christenson's restricted stock awards shall vest automatically.

The following table presents information concerning our 2004 Equity Incentive Plan.

**Equity Compensation Plan Information**

	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans(1)</b>
Equity compensation plans approved by security holders	885,827

(1) The equity compensation plans were approved by the Company's shareholders prior to the initial public offering.

**Potential Payments Upon Termination or Change-In-Control****Severance Policy*****Employment Agreements***

Three of our named executive officers, Messrs. Hurt, Christenson and Storch, have entered into employment agreements with us and our wholly-owned subsidiary Altra Industrial Motion, Inc. Mr. Hurt originally entered into his employment agreement in January 2005, which was subsequently amended on December 5, 2006 and on September 25, 2008. Under the terms of his employment agreement, Mr. Hurt's term of employment as the Company's Executive Chairman commenced on January 1, 2009 and, unless sooner terminated, continues until December 31,



2013. Mr. Christenson entered into his employment agreement in early January 2005, which was subsequently amended on March 3, 2009 (with such amendment effective as of January 1, 2009). Under the terms of his employment agreement, Mr. Christenson has a five-year employment term beginning on January 1, 2009, following which the agreement automatically renews for successive one-year terms unless either Mr. Christenson or Altra terminates the agreement upon 6 months prior notice to such renewal date. Mr. Storch entered into his employment agreement in December 2007. Under the terms of his employment agreement, Mr. Storch has a five-year employment term. Each of the employment agreements

## **Table of Contents**

contain usual and customary restrictive covenants, including 12 month non-competition provisions and non-solicitation/no hire of employees or customers provisions, non-disclosure of proprietary information provisions and non-disparagement provisions. In the event of a termination without cause or departure for good reason, Messrs. Christenson and Storch are entitled to severance equal to 12 months salary, continuation of medical and dental benefits for the 12-month period following the date of termination, and an amount equal to their pro-rated bonus for the year of termination. In the event of a termination without cause or departure for good reason, Mr. Hurt is entitled to severance equal to continuation of his salary from the date of termination through December 31, 2013. In addition, upon such termination, all of Mr. Hurt's and Mr. Christenson's unvested restricted stock received from our Incentive Plan shall automatically vest. Any payments upon termination are subject to certain conditions including compliance with the non-competition, non-solicitation, non-disclosure and non-disparagement provisions described above.

Under the agreements, each of Messrs. Christenson and Storch is also eligible to participate in all compensation or employee benefit plans or programs and to receive all benefits and perquisites for which salaried employees of Altra Industrial Motion, Inc. generally are eligible under any current or future plan or program on the same basis as other senior executives of Altra Industrial Motion, Inc.

### ***Executive Severance Policy***

The Compensation Committee of the Board of Directors of the Company has approved an Executive Severance Policy, effective as of November 1, 2008, applicable to officers of the Company holding the title of Vice President or Vice President and General Manager, including named executive officers Gerald P. Ferris and Craig Schuele (collectively, the Vice Presidents). The Executive Severance Policy provides that, subject to certain conditions including compliance with non-competition, non-solicitation, non-disclosure and non-disparagement provisions, in the event that a Vice President is terminated without cause by the Company, such Vice President will be entitled to continue receiving his base salary and medical and dental benefits for a period of twelve (12) months following such termination. In the event a Vice President enters into a written agreement with the Company regarding severance, including a change of control agreement, the terms and conditions of such written agreement shall control with respect to the termination circumstances covered by such agreement and the Vice President shall not be eligible to receive benefits under this policy.

### **Retirement**

As part of the acquisition of Power Transmission Holding LLC (PTH) from Colfax Corporation, we agreed to assume active pension plan liabilities of PTH, including certain liabilities under its Colfax PT Pension Plan. Mr. Ferris and Mr. Schuele previously participated in the Colfax PT Pension Plan; however, on December 31, 1998, their participation in and benefits accrued under such plan were frozen. Under the provisions of the plan, upon reaching the normal retirement age of 65, Mr. Ferris will receive annual payments of approximately \$38,661 and Mr. Schuele will receive annual payments of approximately \$10,800. These amounts were determined from a formula set forth in the plan and are based upon (i) a participant's years of service, (ii) a participant's compensation at the time the plan was frozen, and (iii) a standard set of benefit percentage multipliers. The assumed liabilities of the Colfax PT Pension Plan, including the retirement benefits payable to Mr. Ferris and Mr. Schuele, will be managed under the Altra Industrial Motion, Inc. Retirement Plan, which has been frozen at identical levels to the Colfax PT Pension Plan.

### **Change of Control**

As more fully discussed in the captioned 2004 Equity Incentive Plan herein, the Compensation Committee has the authority to effect immediate vesting of various employee incentive awards upon a change of control of Altra. The Compensation Committee may provide that any time prior to a change in control, any outstanding stock options, stock appreciation rights, stock units and unvested cash awards shall immediately vest and become exercisable and any

restriction on restricted stock awards or stock units shall immediately lapse. In addition, the Compensation Committee may provide that all awards held by participants who are in our service at the time of the change of control, shall remain exercisable for the remainder of their terms notwithstanding any subsequent termination of a participant's service.

**Table of Contents**

As more fully discussed under the caption Severance Policy, Messrs. Hurt, Christenson and Storch may be eligible to receive certain severance benefits pursuant to their respective employment agreements and Messrs. Ferris and Schuele may be eligible to receive certain severance benefits pursuant to the Executive Severance Policy.

The Company and its wholly-owned subsidiary, Altra Industrial Motion, Inc., have entered into change of control agreements, effective as of October 28, 2008, with each of our named executive officers (collectively, the Executives). The change of control agreements provide that, subject to certain conditions including compliance with non-competition, non-solicitation, non-disclosure and non-disparagement provisions, in the event that (a) the Executive is terminated without cause or such Executive terminates employment for good reason within 24 months following a change of control of the Company (as defined in the change of control agreements) or (b) the Executive is terminated without cause in anticipation of a change of control of the Company within 90 days prior to such change of control (each, a triggering event), such Executive will be entitled to certain benefits. Such benefits include (i) a lump sum amount payable in cash equal to the sum of (A) a multiple (shown below for each of the named executive officers) of the Executive's annual base salary then in effect and (B) a multiple (shown below for each of the named executive officers) of the Executive's target bonus amount for the year of termination and (ii) continuation of medical and dental benefits for up to 18 months (period shown below for each of the named executive officers) following the date of termination. In addition, upon a change of control, the Executive will be entitled to an amount equal to such Executive's pro-rated bonus for the year of termination and all of such Executive's outstanding equity incentive awards will automatically vest in full and be exercisable as of the date of termination.

<b>Executive</b>	<b>Title</b>	<b>Multiple of Base Salary and Target Bonus</b>	<b>Medical and Dental Continuation</b>
Michael L. Hurt	Executive Chairman	2x	18 Months
Carl R. Christenson	President and Chief Executive Officer	2x	18 Months
Christian Storch	Chief Financial Officer	2x	18 Months
Gerald P. Ferris	Vice President of Global Sales	1.5x	18 Months
Craig Schuele	Vice President of Marketing and Business Development	1.5x	18 Months

Because Messrs. Hurt, Christenson and Storch also have employment agreements with the Company, the change of control agreements for these Executives provide that in the event of a triggering event, such Executive shall be entitled to receive benefits and payments under only one of the employment agreement or the change of control agreement, whichever is more favorable to the Executive at the time of such triggering event.

**Table of Contents****Potential Post-Employment Payments to Named Executive Officers**

The table below sets forth potential payments that could be received by our named executive officers upon termination from employment with Altra, assuming such event took place on December 31, 2008 for the purposes of quantifying the amounts below.\*

	<b>Michael L. Hurt</b>				<b>Carl R. Christenson</b>			
	<b>Termination Without Cause or for Good Reason</b>	<b>Involuntary for Cause/ Voluntary Termination</b>	<b>Change in Control</b>	<b>Incremental and Earned Compensation</b>	<b>Termination Without Cause or for Good Reason</b>	<b>Involuntary for Cause/ Voluntary Termination</b>	<b>Change in Control</b>	<b>Incremental and Earned Compensation</b>
<i>Severance(1)</i>	\$	\$ 580,000	\$	\$ 1,160,000	\$	\$ 367,250	\$	\$ 734,250
<i>Health Insurance(1)</i>	\$	\$ 10,000	\$	\$ 15,000	\$	\$ 10,000	\$	\$ 15,000
<i>Restricted Stock(2)</i>	\$ 2,335,870	\$ 2,335,870	\$	\$ 2,335,870	\$ 1,722,822	\$ 1,722,822	\$	\$ 1,722,822
<i>Performance Bonus(1)</i>	\$ 657,720	\$ 657,720	\$ 657,750	\$ 1,973,250	\$ 360,933	\$ 360,933	\$ 360,933	\$ 1,082,866
<b>Total</b>	\$ 2,993,590	\$ 3,583,590	\$ 657,750	\$ 5,484,120	\$ 2,083,755	\$ 2,461,005	\$ 360,933	\$ 3,555,733

	<b>Christian Storch</b>				<b>Gerald Ferris</b>			
	<b>Termination Without Cause or for Good Reason</b>	<b>Involuntary for Cause/ Voluntary Termination</b>	<b>Change in Control</b>	<b>Incremental and Earned Compensation</b>	<b>Termination Without Cause or for Good Reason</b>	<b>Involuntary for Cause/ Voluntary Termination</b>	<b>Change in Control</b>	<b>Incremental and Earned Compensation</b>
<i>Cash Severance(1)</i>	\$	\$ 340,000	\$	\$ 680,000	\$	\$ 206,000	\$	\$ 412,000
<i>Health Insurance(1)</i>	\$	\$ 10,000	\$	\$ 15,000	\$	\$ 10,000	\$	\$ 15,000
<i>Restricted Stock(2)</i>	\$	\$	\$	\$ 316,400	\$	\$	\$	\$ 339,962
<i>Performance Bonus(1)</i>	\$ 257,040	\$ 257,040	\$ 257,040	\$ 771,120	\$	\$	\$	\$ 345,600
<b>Total</b>	\$ 257,040	\$ 607,040	\$ 257,040	\$ 1,782,520	\$	\$ 216,000	\$	\$ 1,112,562

	<b>Craig Schuele</b>			
	<b>Termination Without Cause or for Good Reason</b>	<b>Involuntary for Cause/ Voluntary Termination</b>	<b>Change in Control</b>	<b>Incremental and Earned Compensation</b>
<i>Cash Severance(1)</i>	\$	\$ 206,000	\$	\$ 412,000
<i>Health Insurance(1)</i>	\$	\$ 10,000	\$	\$ 15,000
<i>Restricted Stock(2)</i>	\$	\$	\$	\$ 339,962
<i>Performance Bonus(1)</i>	\$ 257,040	\$ 257,040	\$ 257,040	\$ 771,120
<b>Total</b>	\$ 257,040	\$ 607,040	\$ 257,040	\$ 1,782,520

	<b>Disability</b>	<b>Good Reason</b>	<b>Termination</b>	<b>Control</b>
	<b>Incremental and Earned Compensation</b>			
<i>Cash Severance(1)</i>	\$	\$ 187,460	\$	\$ 374,920
<i>Health Insurance(1)</i>	\$	\$ 10,000	\$	\$ 15,000
<i>Restricted Stock(2)</i>	\$	\$	\$	\$ 337,132
<i>Performance Bonus(1)</i>	\$	\$	\$	\$ 340,128
<i>Total</i>	\$	\$ 197,460	\$	\$ 1,067,180

- (1) Cash severance, health insurance and performance bonus amounts payable upon termination as reflected herein were determined by the terms of the applicable employment agreement (with respect to Messrs. Hurt, Christenson and Storch), executive severance policy (with respect to Messrs. Ferris and Schuele), or change of control agreement, which are further discussed in this Proxy Statement under the captions *Severance Policy* and *Change of Control*.
- (2) The restricted stock values were determined using the number of shares that will immediately vest upon termination per the applicable agreement multiplied by Altra's stock price at December 31, 2008.

\* Messrs. Schuele and Ferris will be entitled to receive certain annual pension payments upon reaching the normal retirement age of 65 or a reduced benefit if earlier than normal retirement age, as further described in this Proxy Statement under the caption *Retirement*.

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee reviews Altra's financial reporting process on behalf of the Board of Directors and reports to the Board on audit, financial and related matters. Altra's management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. Ernst & Young LLP (the independent external auditor for fiscal year ended December 31, 2008) was responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing principles and to issue a report thereon. The Audit Committee oversees these processes.

In this context, the Audit Committee has met and held discussions with Altra's management and the independent auditor. Management has represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States, and the Audit Committee reviewed and discussed the consolidated financial statements with management and the independent auditor. The Audit Committee also discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 114 *The Auditor's Communication with Those Charged with Governance*.

In addition, the Audit Committee discussed with the independent auditor such auditor's independence from the Company and its management, and the independent auditor provided to the Audit Committee the written disclosures and communications required by the Public Company Accounting Oversight Board regarding the independent auditor's communication with the Audit Committee concerning independence.

The Audit Committee discussed with the Company's internal audit staff and independent auditor the overall scope and plans for their respective audits. The Audit Committee met with the internal audit staff and the independent auditor, with and without management present, to discuss the results of their examinations, their evaluations of Altra's internal controls, and the overall quality of Altra's financial reporting.

Based on the reviews and discussions with management and the independent auditor referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited financial statements be included in Altra's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and filed with the SEC.

**AUDIT COMMITTEE**

**James H. Woodward Jr. (Chairman)**

**Edmund M. Carpenter**

**Lyle G. Ganske**

**Table of Contents****Proposal 2. RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Deloitte & Touche LLP (D&T) has been selected by the Audit Committee of the Board of Directors to audit the accounts of Altra and its subsidiaries for the fiscal year ending December 31, 2009. Ernst & Young LLP (E&Y) served as our independent auditor for fiscal years 2008 and 2007. At the Annual Meeting, the stockholders are being asked to ratify the appointment of D&T as Altra's independent auditor for fiscal year 2009. If ratification is withheld, the Audit Committee will reconsider its selection. A representative of D&T will attend our Annual Meeting to respond to appropriate questions and will have the opportunity to make a statement if the representative desires to do so.

**The Board of Directors recommends that the stockholders vote FOR Proposal 2.**

**Auditor Fees**

The aggregate professional fees billed or to be billed by E&Y for the audit of our annual financial statements for fiscal 2008 and 2007 and fees billed or to be billed for audit related services, tax services and all other services rendered by E&Y for these periods are as follows (in thousands):

	<b>2008</b>	<b>2007</b>
Audit Fees(1)	\$ 2,380	\$ 3,284
Audit Related Fees(2)		242
Tax Fees(3)	8	236
All Other Fees		
Total	\$ 2,388	\$ 3,762

- (1) Audit Fees for the years ended December 31, 2008 and 2007 were for professional services provided for the audit of the Company's consolidated financial statements, statutory audits, audit of internal controls, consents and assistance with review of documents filed with the SEC.
- (2) For the year ended December 31, 2007, the Audit-Related Fees were for services associated with the TB Wood's acquisition and related financing transactions.
- (3) Tax Fees for the years ended December 31, 2008 and 2007 were for services related to tax compliance, including the preparation of tax returns; and tax planning and tax advice, including assistance with acquisitions, mergers and foreign operations.

**Pre-Approval of Audit and Non-Audit Services**

Altra's Audit Committee is responsible for appointing Altra's independent auditor and approving the terms of the independent auditor's services. The Audit Committee has established a policy for the pre-approval of all audit and permissible non-audit services to be provided by the independent auditor, as described below and must pre-approve any internal control related service, including any changes in the nature, scope or extent of such services.



*Audit Services*

Under the policy, the Audit Committee is to approve the engagement of Altra's independent auditor each fiscal year and pre-approve each audit and audit-related services to be performed by such independent auditor, including, but not limited to, the audit of Altra's financial statements and the provision of an attestation report on management's evaluation of Altra's internal controls over financial reporting. As noted above, the Audit Committee must specifically approve, in advance, any proposed change in the nature, scope or extent of any internal control related service.

**Table of Contents**

***Non-Audit Services***

In accordance with the pre-approval policy, the Audit Committee must pre-approve non-audit services that may be performed by the independent auditor during the fiscal year. The Audit Committee will approve the provision of only those non-audit services deemed permissible under the federal securities laws and regulations. The Audit Committee may delegate to the Chair of the Audit Committee the authority to approve additional permissible non-audit services to be performed by the independent auditor, provided that the full Audit Committee shall be informed of such approval at its next scheduled meeting.

All services performed by E&Y in fiscal 2008 were pre-approved by the Audit Committee pursuant to the foregoing pre-approval policy.

**STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING**

**Requirements for Stockholder Proposals to Be Considered for Inclusion in Altra's Proxy Materials**

Any proposal or director nomination that a stockholder wishes to submit for inclusion in Altra's proxy materials for the 2010 Annual Meeting of Stockholders pursuant to and in accordance with Rule 14a-8 of the Exchange Act must be received by Altra not later than December 4, 2009.

**Requirements for Stockholder Proposals to Be Brought Before the Annual Meeting**

Altra's bylaws provide that any proposal or director nomination that a stockholder wishes to propose for consideration at an annual meeting, but does not seek to include in Altra's Proxy Statement and related materials, must be received by the Company within a specified period prior to the annual meeting. Absent specific circumstances set forth in our bylaws, to be considered at the 2010 Annual Meeting such proposal must be delivered to Altra no earlier than January 6, 2010 and no later than February 5, 2010. In addition, any stockholder proposal to Altra must set forth the information required by Altra's bylaws with respect to each matter the stockholder proposes to bring before the annual meeting. The proxy solicited by the Board of Directors for the 2010 Annual Meeting will confer discretionary authority to vote on any proposal presented by a stockholder at the meeting that was not included in the proxy materials for such meeting.

Any stockholder proposals or notices submitted to Altra in connection with the 2010 Annual Meeting should be addressed to: Corporate Secretary, Altra Holdings, Inc., 300 Granite Street, Suite 201, Braintree, Massachusetts 02184.

**Table of Contents**

**DIRECTIONS TO THE  
BOSTON MARRIOTT QUINCY**

Boston Marriott Quincy

**1000 Marriott Drive,  
Quincy, MA 02169 U.S.A.  
Phone: (617) 472-1000  
Fax: (617) 472-7095**

**FROM LOGAN INTERNATIONAL AIRPORT:**

Take 93 S to Exit #7 (Rt. 3).  
Immediately take Exit 18/19 (Braintree/Quincy).  
Bear left off ramp Exit 19 ( T Station/Quincy).  
Follow to traffic light and turn left onto Center St.  
Take immediate left into Crown Colony Park.  
Hotel is 1/4 mile on left.

**FROM PROVIDENCE AIRPORT:**

I-95 North to I-93 North.  
Take Exit 7, Rt. 3 South (Braintree/Cape Cod).  
Take first Exit 18, turn left off ramp.  
Stay left until traffic light.  
Take left at light, and left into Crown Colony Park.  
Left onto Marriott Drive.

**FROM ROUTE 3 (PLYMOUTH/CAPE COD):**

Take Exit 19.  
Stay left until traffic light.  
Take left at light.  
Left into Crown Colony Park.  
Left onto Marriott Drive

**FROM POINTS WEST:**

From Mass Turnpike (Rt 90): Rt 95 S to 93 N to Exit 7.  
Immediately take Exit 18/19 (Braintree/Quincy).  
Bear left off ramp Exit 19 ( T Station/Quincy).  
Follow to traffic light and turn left onto Center St.  
Take immediate left into Crown Colony Park.  
Hotel is 1/4 mile on left.

**Table of Contents**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**Electronic Delivery of Future PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**The Board of Directors recommends that you**

	<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	<b>To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.</b>
--	----------------	---------------------	-----------------------	--

**vote For the following.**

1. Election of Directors	o	o	o	
--------------------------	---	---	---	--

**Nominees**

01 Edmund M. Carpenter	02 Carl R. Christenson	03 Lyle G. Ganske	04 Michael L. Hurt	05 Michael S. Lipscomb
06 Larry McPherson	07 James H. Woodward Jr.			

**The Board of Directors recommends you vote FOR the following proposal(s).**      **For    Against    Abstain**

2 To ratify the selection of Deloitte and Touche LLP as Altra Holdings, Inc.'s independent registered public accounting firm to serve for the fiscal year ending December 31, 2009. o o o

Such other business as may properly come before the meeting or any adjournment thereof.

For address change/comments, mark here. (see reverse for instructions) o

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

---

**Table of Contents**

**ANNUAL MEETING OF STOCKHOLDERS OF  
ALTRA HOLDINGS, INC.  
Wednesday, May 6, 2009**

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

**Important Notice Regarding the Availability of Proxy Materials:** The Notice & Proxy Statement, Annual Report with 10-K is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**ALTRA HOLDINGS, INC.  
This proxy is solicited by the Board of Directors  
Annual Meeting of Stockholders  
5/6/2009 9:00 AM**

**THIS PROXY, WHEN PROPERLY EXECUTED AND RETURNED IN A TIMELY MANNER, WILL BE VOTED AS YOU SPECIFY ON THE REVERSE SIDE. IF NO CHOICE IS SPECIFIED, THEN THIS PROXY WILL BE VOTED IN FAVOR OF ELECTING THE SEVEN NOMINEES NOTED HEREON TO THE BOARD OF DIRECTORS AND IN FAVOR OF PROPOSAL 2. IN THEIR DISCRETION, THE PROXIES APPOINTED HEREIN ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.**

By signing the proxy, you revoke all prior proxies, acknowledge receipt of the notice of the Annual Meeting of Stockholders to be held May 6, 2009 and the proxy statement, and appoint Carl R. Christenson and Christian Storch, and each of them with full power of substitution, to vote all shares of Common Stock of Altra Holdings, Inc. you are entitled to vote, either on your behalf or on behalf of an entity or entities, at the Annual Meeting of Stockholders of Altra Holdings, Inc., to be held on Wednesday, May 6, 2009, and at any adjournment or postponement thereof, with the same force and effect as if you were personally present thereat.

**Address change / comments:**

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**