COGNIZANT TECHNOLOGY SOLUTIONS CORP
Form 4
April 04, 2017

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Middleton Sean

(Last) (First) (Middle)

C/O COGNIZANT TECHNOLOGY SOLUTIONS CORP., 500 FRANK W. BURR BLVD.

(Street)

TEANECK, NJ 07666

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
COGNIZANT TECHNOLOGY SOLUTIONS CORP [CTSH]

3. Date of Earliest Transaction (Month/Day/Year)
04/01/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Pres - Cognizant Accelerator

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Common Stock	04/01/2017		M		52 (1)	A	$ 0	7,830 (2)	D	
Class A Common Stock	04/01/2017		F		18 (3)	D	$ 59.52	7,812	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form

SEC 1474 (9-02)

displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Restricted Stock Units	$ 0 (4)	04/01/2017		M			52	04/01/2017 (5)	04/01/2017 (5)	Class A Common Stock	52

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Middleton Sean C/O COGNIZANT TECHNOLOGY SOLUTIONS CORP. 500 FRANK W. BURR BLVD. TEANECK, NJ 07666			Pres - Cognizant Accelerator	

Signatures

/s/ Harry Demas, on behalf of Sean Middleton, by Power of Attorney	04/04/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares of the Company's Class A Common Stock received from the vesting of 1/12 of the restricted stock unit award granted on September 14, 2015.

(2) Includes 217 shares acquired under the Company's 2004 Employee Stock Purchase Plan, as amended, on March 31, 2017.

(3) Represents the portion of shares of Class A Common Stock that the Company determined to settle in cash to pay applicable tax withholding.

(4) Each restricted stock unit represents a contingent right to receive one share of the Company's Class A Common Stock.

(5) The restricted stock units were granted on September 14, 2015 under the Cognizant Technology Solutions 2009 Incentive Compensation Plan and vest in quarterly installments over three years, commencing on January 1, 2016, with 1/12th of the stock units vesting on each quarterly vesting date so that the stock units will be fully vested on the twelfth quarterly vesting date. The stock units will be fully vested on October 1, 2018.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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style="vertical-align:bottom;background-color:#cceeff;padding-left:2px;padding-top:2px;padding-bottom:2px;">
11.3

Impairment may exist if the carrying amount of the asset in question exceeds the sum of the undiscounted cash flows expected to result from the use of the asset. The impairment loss, if any, would be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair market value as determined by appropriate valuation techniques.

Marketable Securities. On a quarterly basis, we review our marketable securities for declines in market value that may be considered other than temporary. We generally consider market value declines to be other than temporary if there are declines for a period longer than six months and in excess of 20% of original cost. We also consider the nature of the underlying investments and other market conditions or when other evidence indicates impairment.

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Effects of New Accounting Pronouncements

Information regarding the effects of new accounting pronouncements is included in Note 21 to the accompanying consolidated financial statements included in this March 31, 2016 10K report.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This report may include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by us and our subsidiaries, conditions affecting our customers and suppliers, competitor responses to our products and services, the overall market acceptance of such products and services, facility consolidations and other restructurings, our asbestos-related liability, the integration of acquisitions and other factors disclosed in our periodic reports filed with the Commission. Consequently such forward-looking statements should be regarded as our current plans, estimates and beliefs. We do not undertake and specifically decline any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Our primary commodity risk is related to changes in the price of steel. We control this risk through negotiating purchase contracts on a consolidated basis and by attempting to build changes in raw material costs into the selling prices of or surcharges on our products. We have not entered into financial instrument transactions related to raw material costs.

In fiscal 2016, 37% of our net sales were from manufacturing plants and sales offices in foreign jurisdictions. We manufacture our products in the United States, China, Germany, United Kingdom, Hungary, Mexico and France and sell our products in approximately 50 countries. Our results of operations could be affected by factors such as changes in foreign currency rates or weak economic conditions in foreign markets. Our operating results are exposed to fluctuations between the U.S. Dollar and the Canadian Dollar, European currencies, the South African Rand, the Mexican Peso, the Brazilian Real, and the Chinese Yuan. For example, when the U.S. dollar weakens against the Euro, the value of our net sales and net income denominated in Euros increases when translated into U.S. dollars for inclusion in our consolidated results. We are also exposed to foreign currency fluctuations in relation to purchases denominated in foreign currencies. Our foreign currency risk is mitigated since the majority of our foreign operations' net sales and the related expense transactions are denominated in the same currency so therefore a significant change in foreign exchange rates would likely have a very minor impact on net income. For example, a 10% change in the value of the U.S. dollar in relation to our most significant foreign currency exposures would have had an impact of approximately $800,000 on our income from operations. In addition, the majority of our export sale transactions are denominated in U.S. dollars.

The Company has foreign currency forward agreements in place to offset changes in the value of intercompany loans to foreign subsidiaries due to changes in foreign exchange rates. The notional amount of these derivatives is $2,118,000 and all of the contracts mature by June 30, 2016. These contracts are marked to market each balance sheet date and are not designated as hedges.

The Company has foreign currency forward agreements that are designated as cash flow hedges to hedge a portion of forecasted inventory purchases denominated in foreign currencies. The notional amount of those derivatives is $14,585,000 and all contracts mature within twelve months of March 31, 2016. From its March 31, 2016 balance of AOCL, the Company expects to reclassify approximately $207,000 out of AOCL during the next 12 months based on the underlying transactions of the sales of the goods purchased.

The Company's policy is to maintain a capital structure that is comprised of 50-70% of fixed rate long-term debt and 30-50% of variable rate long-term debt. The Company entered into two interest rate swap agreements in which the Company receives interest at a variable rate and pays interest at a fixed rate. These interest rate swap agreements are designated as cash flow hedges to hedge changes in interest expense due to changes in the variable interest rate of the senior secured term loan. The amortizing interest rate swaps mature on February 19, 2020 and have a total notional amount of $161,000,000 as of March 31, 2016. The effective portion of the changes in fair values of the interest rate swaps is reported in AOCL and will be reclassified to interest expense over the life of the swap agreements. The ineffective portion was not material and was recognized in the current period interest expense. From its March 31, 2016 balance of AOCL, the Company expects to reclassify approximately $700,000 out of AOCL, and into interest expense, during the next 12 months.

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Item 8. Financial Statements and Supplemental Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Columbus McKinnon Corporation

Audited Consolidated Financial Statements as of March 31, 2016:

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Columbus McKinnon Corporation

We have audited the accompanying consolidated balance sheets of Columbus McKinnon Corporation as of March 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Columbus McKinnon Corporation at March 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 16 to the consolidated financial statements, the Company changed its method of presenting deferred tax assets and liabilities in the consolidated balance sheet as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2015-17, “Balance Sheet Classification of Deferred Taxes,” effective March 31, 2016.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Columbus McKinnon Corporation’s internal control over financial reporting as of March 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated June 1, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Buffalo, New York
June 1, 2016

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COLUMBUS McKINNON CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 2016	2015
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$51,603	$63,056
Trade accounts receivable, less allowance for doubtful accounts ($2,177 and $2,155, respectively)	83,812	80,531
Inventories	118,049	103,187
Prepaid expenses and other	19,265	27,255
Total current assets	272,729	274,029
Net property, plant, and equipment	104,790	91,127
Goodwill	170,716	121,461
Other intangibles, net	122,129	19,104
Marketable securities	18,186	19,867
Deferred taxes on income	73,158	28,695
Other assets	11,336	12,041
Total assets	$773,044	$566,324
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$36,061	$33,406
Accrued liabilities	53,210	50,263
Current portion of long-term debt	43,246	13,292
Total current liabilities	132,517	96,961
Senior debt, less current portion	844	1,478
Term loan and revolving credit facility	223,735	111,942
Other non-current liabilities	129,639	87,224
Total liabilities	486,735	297,605
Shareholders' equity:		
Voting common stock: 50,000,000 shares authorized; 20,109,868 and 19,989,548 shares issued and outstanding	201	200
Additional paid-in capital	206,682	203,156
Retained earnings	174,173	157,811
Accumulated other comprehensive loss	(94,747)	(92,448)
Total shareholders' equity	286,309	268,719
Total liabilities and shareholders' equity	$773,044	$566,324

See accompanying notes.

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COLUMBUS McKINNON CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended March 31,		
	2016	2015	2014
	(In thousands, except per share data)		
Net sales	$597,103	$579,643	$583,290
Cost of products sold	409,840	398,036	402,242
Gross profit	187,263	181,607	181,048
Selling expenses	72,858	69,819	68,963
General and administrative expenses	68,811	54,874	55,754
Amortization of intangibles	5,024	2,266	1,981
Income from operations	40,570	54,648	54,350
Interest and debt expense	7,904	12,390	13,492
Cost of bond redemption	—	8,567	—
Investment (income) loss	(796)	(2,725)	(1,595)
Foreign currency exchange loss (gain)	2,215	863	1,124
Other income, net	(377)	(462)	(1,393)
Income from continuing operations before income tax expense	31,624	36,015	42,722
Income tax expense	12,045	8,825	12,301
Net income	$19,579	$27,190	$30,421
Average basic shares outstanding	20,079	19,939	19,655
Average diluted shares outstanding	20,315	20,224	19,950
Basic income per share	$0.98	$1.36	$1.55
Diluted income per share	$0.96	$1.34	$1.52
Dividends declared per common share	$0.16	$0.16	$0.04

See accompanying notes.

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COLUMBUS McKINNON CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	March 31,		
	2016	2015	2014
	(In thousands)		
Net income	$19,579	$27,190	$30,421
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	3,650	(29,907)	3,067
Pension liability adjustments, net of taxes of $4,635, $12,409, and $(8,086)	(5,394)	(19,724)	12,595
Other post retirement obligations adjustments, net of taxes of $(372), $233, and $(49)	604	(371)	75
Split-dollar life insurance arrangement adjustments, net of taxes of $(66), $42, and $(43)	105	(67)	68
Change in derivatives qualifying as hedges, net of taxes of $430, $233, and $(119)	(1,031)	(334)	254
Change in investments:			
Unrealized holding (loss) gain arising during the period, net of taxes of $43, $(234), and $(35)	(79)	433	395
Reclassification adjustment for gain included in net income, net of taxes of $83, $723, and $773	(154)	(1,342)	(1,435)
Net change in unrealized gain (loss) on investments	(233)	(909)	(1,040)
Total other comprehensive income (loss)	(2,299)	(51,312)	15,019
Comprehensive income (loss)	$17,280	$(24,122)	$45,440

See accompanying notes.

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

	Common Stock ($0.01 par value)	Additional Paid-in Capital	Retained Earnings	ESOP Debt Guarantee	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at April 1, 2013	$ 195	$ 192,308	$ 104,191	$ (552)	$ (56,155)	$ 239,987
Net income 2014	—	—	30,421	—	—	30,421
Dividends declared	—	—	(792)	—	—	(792)
Change in foreign currency translation adjustment	—	—	—	—	3,067	3,067
Change in net unrealized gain on investments, net of tax of $695	—	—	—	—	(1,040)	(1,040)
Change in derivatives qualifying as hedges, net of tax of $119	—	—	—	—	254	254
Change in pension liability and postretirement obligations, net of tax of $8,178	—	—	—	—	12,738	12,738
Stock compensation - directors	—	315	—	—	—	315
Stock options exercised, 229,516 shares	2	2,192	—	—	—	2,194
Stock compensation expense	—	3,318	—	—	—	3,318
Tax effect of exercise of stock options		613				613
Earned 25,611 ESOP shares	—	195	—	410	—	605
Restricted stock units released, 56,203 shares, net of shares withheld for minimum statutory tax obligation	1	(395)	—	—	—	(394)
Balance at March 31, 2014	$ 198	$ 198,546	$ 133,820	$ (142)	$ (41,136)	$ 291,286
Net income 2015	—	—	27,190	—	—	27,190
Dividends declared	—	—	(3,199)	—	—	(3,199)
Change in foreign currency translation adjustment	—	—	—	—	(29,907)	(29,907)
Change in net unrealized gain on investments, net of tax of $489	—	—	—	—	(909)	(909)
Change in derivatives qualifying as hedges, net of tax of $233	—	—	—	—	(334)	(334)
Change in pension liability and postretirement obligations, net of tax of $12,684	—	—	—	—	(20,162)	(20,162)
Stock compensation - directors	—	440	—	—	—	440
Stock options exercised, 87,210 shares	2	1,605	—	—	—	1,607
Stock compensation expense	—	3,455	—	—	—	3,455
Tax effect of exercise of stock options	—	(65)	—	—	—	(65)
Earned 8,369 ESOP shares	—	109	—	142	—	251
Restricted stock units released,78,734 shares, net of shares withheld for minimum statutory tax obligation	—	(934)	—	—	—	(934)
Balance at March 31, 2015	$ 200	$ 203,156	$ 157,811	$ —	$ (92,448)	$ 268,719

Net income 2016	—	—	19,579	—	—	19,579
Dividends declared	—	—	(3,217)	—	—	(3,217)
Change in foreign currency translation adjustment	—	—	—	—	3,650	3,650
Change in net unrealized gain on investments, net of tax of $126	—	—	—	—	(233)	(233)
Change in derivatives qualifying as hedges, net of tax of $430	—	—	—	—	(1,031)	(1,031)
Change in pension liability and postretirement obligations, net of tax of $4,197	—	—	—	—	(4,685)	(4,685)
Stock compensation - directors	—	440	—	—	—	440
Stock options exercised, 16,033 shares	1	242	—	—	—	243
Stock compensation expense	—	3,623	—	—	—	3,623
Tax effect of exercise of stock options	—	118	—	—	—	118
Shares retired	—	(10)	—		—	(10)
Restricted stock units released, 75,370 shares, net of shares withheld for minimum statutory tax obligation	—	(887)	—	—	—	(887)
Balance at March 31, 2016	$ 201	$ 206,682	$ 174,173	$ —	$ (94,747)	$ 286,309

See accompanying notes.

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COLUMBUS McKINNON CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended March 31,		
	2016	2015	2014
Operating activities:	(In thousands)		
Net income	$19,579	$27,190	$30,421
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	20,531	14,562	13,380
Deferred income taxes	7,336	2,074	5,031
Gain on sale of real estate/investments and other	34	(1,897)	(2,332)
Cost of bond redemption	—	8,567	—
Impairment of assets	429	—	—
Amortization of deferred financing costs and discount on debt	600	805	870
Stock-based compensation	4,063	3,895	3,633
Changes in operating assets and liabilities, net of effects of business acquisitions and divestitures:			
Trade accounts receivable	12,409	8,302	(9,318)
Inventories	2,483	(9,080)	1,312
Prepaid expenses and other	(375)	(3,192)	(3,750)
Other assets	3,179	(572)	(273)
Trade accounts payable	(5,308)	1,084	(2,821)
Accrued liabilities	(5,799)	(872)	1,081
Non-current liabilities	(6,516)	(12,612)	(7,727)
Net cash provided by operating activities	52,645	38,254	29,507
Investing activities:			
Proceeds from sale of marketable securities	5,869	6,919	6,689
Purchases of marketable securities	(4,311)	(3,689)	(4,099)
Capital expenditures	(22,320)	(17,243)	(20,846)
Other	—	(74)	—
Purchases of businesses, net of cash acquired	(182,467)	(19,992)	(22,169)
Net cash used for investing activities	(203,229)	(34,079)	(40,425)
Financing activities:			
Proceeds from exercise of stock options	242	1,607	2,194
Payment of dividends	(3,212)	(3,192)	—
Payment of bond redemption tender fees	—	(5,907)	—
Restricted cash related to purchase of business	—	(5,431)	—
Net borrowings under lines of credit	154,057	—	(7)
Repayment of debt	(13,187)	(157,203)	(858)
Proceeds from issuance of long term debt	—	124,423	—
Payment of deferred financing costs		(1,825)	—
Change in ESOP debt guarantee and other	(897)	(859)	410
Net cash provided by (used for) financing activities	137,003	(48,387)	1,739
Effect of exchange rate changes on cash	2,128	(5,041)	(172)
Net change in cash and cash equivalents	(11,453)	(49,253)	(9,351)
Cash and cash equivalents at beginning of year	63,056	112,309	121,660
Cash and cash equivalents at end of year	$51,603	$63,056	$112,309

Supplementary cash flows data:			
Interest paid	$7,649	$13,750	$13,003
Income taxes paid, net of refunds	$4,175	$10,215	$11,769
Property, plant and equipment purchases included in trade accounts payable	$1,638	$1,216	2,624
Non cash release of restricted cash	$822	$—	—

See accompanying notes.

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COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular amounts in thousands, except share data)

1. Description of Business

Columbus McKinnon Corporation (the Company) is a leading global designer, manufacturer and marketer of hoists, actuators, cranes, rigging tools, digital power control systems, and other material handling products, which efficiently and safely move, lift, position, and secure materials and people. Key products include hoists, rigging tools, cranes, actuators, digital power control and delivery systems, and elevator application drive systems. On September 2, 2015, the Company acquired 100% of the shares of Magnetek, Inc. (“Magnetek”), which is a global provider of digital power control systems that are used to control motion and power primarily in material handling, elevator, and mining applications. The Company’s material handling products are sold globally, principally to third party distributors through diverse distribution channels, and to a lesser extent directly to end-users. During fiscal 2016, approximately 63% of sales were to customers in the United States.

2. Accounting Principles and Practices

Advertising

Costs associated with advertising are expensed as incurred and are included in selling expense in the consolidated statements of operations. Advertising expenses were $1,690,000, $2,147,000, and $2,492,000 in fiscal 2016, 2015, and 2014, respectively.

Cash and Cash Equivalents

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

Concentrations of Labor

In the U.S., approximately 13% of the Company’s employees are represented by three separate collective bargaining agreements which terminate at various times between May 2017 and April 2018. None of the collective bargaining agreements expire within 12 months.

Consolidation

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

Foreign Currency Translations

The Company translates foreign currency financial statements as described in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 830, “Foreign Currency Matters.” Under this method, all items of income and expense are translated to U.S. dollars at average exchange rates during the year. All assets and liabilities are translated to U.S. dollars at the year-end exchange rate. Gains or losses on translations are recorded in accumulated other comprehensive loss in the shareholders’ equity section of the balance sheet. The functional currency is the foreign currency in which the foreign subsidiaries conduct their business. Gains and losses from foreign currency transactions are reported in foreign currency exchange loss (gain). There were losses/(gains), including changes in the fair value of derivatives, on foreign currency transactions of approximately $2,215,000, $863,000, and $1,124,000 in fiscal 2016, 2015, and 2014, respectively.

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

Goodwill

Goodwill is not amortized but is tested for impairment at least annually, or more frequently if indicators of impairment exist, in accordance with the provisions of ASC Topic 350-20-35-1. Goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. The fair value of a reporting unit is determined using a discounted cash flow methodology. The Company’s reporting units are determined based upon whether discrete financial information is available and reviewed regularly, whether those units constitute a business, and the extent of economic similarities and interdependencies between those reporting units for purposes of aggregation. The Company’s reporting units identified under ASC Topic 350-20-35-33 are at the component level, or one level below the reporting segment level as defined under ASC Topic 280-10-50-10 “Segment Reporting – Disclosure.” The Company’s one segment is subdivided into four reporting units.

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

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

The Company performed its qualitative assessment as of February 29, 2016 and determined that the two-step goodwill impairment test should be performed for both the Rest of Products reporting unit and the Duff-Norton reporting unit. Based on the results of step one of the two-step impairment test, the Company determined that the Rest of Products and Duff Norton reporting units' fair value was not less than its applicable carrying value. See Note 8 for further discussion of goodwill and intangible assets.

Impairment of Long-Lived Assets

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

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(tabular amounts in thousands, except share data)

In assessing long-lived assets for an impairment loss, assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Asset grouping requires a significant amount of judgment. Accordingly, facts and circumstances will influence how asset groups are determined for impairment testing. In assessing long-lived assets for impairment, management considered the Company’s product line portfolio, customers and related commercial agreements, labor agreements and other factors in grouping assets and liabilities at the lowest level for which identifiable cash flows are independent. The Company considers projected future undiscounted cash flows, trends and other factors in its assessment of whether impairment conditions exist. While the Company believes that its estimates of future cash flows are reasonable, different assumptions regarding such factors as future production volumes, customer pricing, economics and productivity and cost initiatives, could significantly affect its estimates. In determining fair value of long-lived assets, management uses management estimates, discounted cash flow calculations, and appraisals where necessary.

Intangible Assets

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

Amortization of intangible assets with finite lives is recognized over their estimated useful lives using an amortization method that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized. The straight line method is used for customer relationships. As a result of the negligible attrition rate in our customer base, the difference between the straight line method and attrition method is not considered significant. The estimated useful lives for our intangible assets range from 2 to 25 years.

Inventories

Inventories are valued at the lower of cost or market. Cost of approximately 34% and 35% of inventories at March 31, 2016 and March 31, 2015, respectively, have been determined using the LIFO (last-in, first-out) method. Costs of other inventories have been determined using the FIFO (first-in, first-out) or average cost method. FIFO cost approximates replacement cost. Costs in inventory include components for direct labor and overhead costs. The decrease in the percentage of LIFO inventory is due to the acquisition of Magnetek which determines the cost of its inventory using the FIFO method.

Marketable Securities

All of the Company’s marketable securities, which consist of equity securities, have been classified as available-for-sale securities and are therefore recorded at their fair values with the unrealized gains and losses, net of tax, reported in accumulated other comprehensive loss in the shareholders’ equity section of the consolidated balance sheet unless unrealized losses are deemed to be other than temporary. In such instance, the unrealized losses are reported in the consolidated statements of operations within investment income. Estimated fair value is based on published trading values at the balance sheet dates. The cost of securities sold is based on the specific identification method. Interest and dividend income are included in investment income in the consolidated statements of operations.

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

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost and depreciated principally using the straight-line method over their respective estimated useful lives (buildings and building equipment—15 to 40 years; machinery and equipment—3 to 18 years). When depreciable assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operating results. Included within other assets is a building that is held for sale in the amount of $425,000 and $854,000 at March 31, 2016 and 2015, respectively. The building was closed as part of the Company's fiscal 2010 restructuring activities. During the year ended March 31, 2016 the Company reduced the asset held for sale to its current fair value less costs to sell resulting in additional expense of $429,000 in cost of products sold on the consolidated statement of operations.

Research and Development

Research and development (R&D) costs as defined in ASC Topic 730, “Research and Development,” were $7,393,000, $5,242,000, and $5,470,000 for the years ended March 31, 2016, 2015 and 2014, respectively, and are classified as general and administrative expense in the consolidated statements of operations. The acquisition of Magnetek added $1,964,000 to R&D costs for the year ended March 31, 2016.

Revenue Recognition, Accounts Receivable and Concentration of Credit Risk

Sales are recorded when title passes to the customer which is generally at time of shipment to the customer. The Company performs ongoing credit evaluations of its customers’ financial condition, but generally does not require collateral to support customer receivables. The credit risk is controlled through credit approvals, limits and monitoring procedures. Accounts receivable are reported at net realizable value and do not accrue interest. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other factors. Accounts receivable are charged against the allowance for doubtful accounts once all collection efforts have been exhausted. The Company does not routinely permit customers to return product. However, sales returns are permitted in specific situations and typically include a restocking charge or the purchase of additional product. Sales tax is excluded from revenue.

Shipping and Handling Costs

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

Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC Topic 718, “Compensation – Stock Compensation.” This Statement requires all equity-based payments to employees, including grants of employee stock options, to be recognized in the consolidated statements of operations based on the grant date fair value of the award. Stock compensation expense is included in cost of goods sold, selling, and general and administrative expense. The Company uses a straight-line method of attributing the value of stock-based compensation expense, subject to minimum levels of expense, based on vesting. See Note 14 for further discussion of stock-based compensation.

Leases

All leases are reviewed for capital or operating classification at their inception. Rent expense for leases that contain scheduled rent increases is recognized on a straight-line basis over the lease term, including any option periods included in the determination of the lease term.

Use of Estimates

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

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

Warranties

The Company offers warranties for certain products it sells. The specific terms and conditions of those warranties vary depending upon the product sold and the country in which the Company sold the product. The Company generally provides a basic limited warranty, including parts and labor for any product deemed to be defective for a period of one year and for certain products a lifetime warranty. The Company estimates the costs that may be incurred under its basic limited warranty, based largely upon actual warranty repair costs history, and records a liability in the amount of such costs in the month that the product revenue is recognized. The resulting accrual balance is reviewed during the year. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rate of warranty claims, and cost per claim. Changes in the Company's product warranty accrual are as follows:

	March 31,	
	2016	2015
Balance at beginning of year	$655	$759
Accrual for warranties issued	2,618	1,388
Warranties settled	(2,420)	(1,492)
Warranties assumed in Magnetek acquisition	376	—
Balance at end of year	$1,229	$655

3. Acquisitions

On December 30, 2014 the Company acquired 100% of the outstanding common shares of Stahlhammer Bommern GmbH ("STB") located in Hamm, Germany, a privately-owned company with annual sales of approximately $16,000,000. STB manufactures a large range of lifting tools and forged parts that are able to withstand particularly heavy, static and dynamic loads, including single and ramshorn lifting hooks. The Company believes STB is a strong strategic fit allowing further expansion of the rigging business globally. The results of STB are included in the Company's consolidated financial statements from the date of acquisition. The acquisition of STB is not considered significant to the Company's consolidated financial position and results of operations.

The acquisition of STB was funded with existing cash. The purchase price has been allocated to the assets acquired and liabilities assumed as of the date of the acquisition. The excess consideration of $7,818,000 has been recorded as goodwill. The identifiable intangible assets acquired include customer relationships of $2,957,000, trademark and trade names of $1,301,000, non-compete agreements of $221,000, backlog of $74,000, and patents of $82,000. During the fiscal year ended March 31, 2016, the Company increased the value of its customer relationships by $1,227,000 and decreased the liability for contingent consideration by $810,000 due to modifications made during the measurement period. Both of these adjustments have reduced goodwill at March 31, 2016 by $1,669,000 and increased long term deferred tax liabilities by $368,000 as of the opening balance sheet date.

The weighted average life of the acquired identifiable intangible assets subject to amortization was estimated at 9 years at the time of acquisition. Goodwill recorded in connection with the acquisition is not deductible for income tax purposes. The terms of the acquisition require the Company to pay additional consideration to the seller if certain performance measures are met by STB. The potential additional consideration ranges from $0 to $3,681,000. The

Company had preliminarily estimated the fair value of the liability related to this contingent consideration to be $982,000 at March 31, 2015. The Company then adjusted this estimate to $172,000 during the first quarter of fiscal 2016. This liability is included in the Company's consolidated balance sheet within other non-current liabilities as of the opening balance sheet date. The value has been estimated by simulating the future performance of STB in a Geometric Brownian Motion model. Key assumptions used in this model include a volatility factor of 45% and a credit risk adjusted discount rate of 3%. During fiscal year 2016 the Company revalued the contingent consideration based on updated performance forecasts. Based on this revaluation, the liability related to the contingent consideration has been reduced to no value with the resulting gain recorded in cost of products sold on the Company's Consolidated Statements of Operations. External acquisition related costs totaling $150,000 have been expensed.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

The assignment of purchase consideration to the assets acquired and liabilities assumed is as follows:

Working capital	$9,444
Property, plant and equipment	13,616
Intangible assets	4,561
Other long term assets	67
Debt	(6,487)
Other liabilities	(3,596)
Goodwill	7,818
Total purchase consideration	$25,423

In connection with the acquisition of STB, the Company withheld $5,431,000 to be paid to the seller upon satisfaction of certain conditions, of which $822,000 related to a working capital adjustment which was paid during fiscal 2016. Of this amount, $4,609,000 and $822,000 is expected to be paid to the seller within one year of the periods ending March 31, 2016 and March 31, 2015, respectively. At March 31, 2015, $4,609,000 was expected to be paid to the seller in a time period exceeding one year. The Company has recorded current assets on its condensed consolidated balance sheets of $4,609,000 and $822,000 within prepaid expenses and other at March 31, 2016 and March 31, 2015, respectively. Long term restricted cash of $4,609,000 is recorded in other assets at March 31, 2015. Further, the Company has recorded a short term liability to the seller of $4,609,000 and $822,000 within accrued liabilities at March 31, 2016 and March 31, 2015, respectively. A long term liability to the seller of $4,609,000 was recorded within other non current liabilities at March 31, 2015. During the first quarter of fiscal 2017 the remaining amounts withheld have been paid to the seller.

On September 2, 2015, the Company completed its acquisition of Magnetek, a designer and manufacturer of digital power and motion control solutions for material handling, elevators, and mining applications with annual sales of approximately $112,000,000. The transaction combines Magnetek's technology with the Company's broad line of lifting and positioning mechanical products to create a more comprehensive solution for customers. In connection with the acquisition, the Company completed a tender offer to acquire all of the outstanding shares of common stock of Magnetek at a purchase price of $50.00 per share in cash for a total acquisition value of $182,467,000, net of cash acquired. The results of Magnetek included in the Company’s consolidated financial statements from the date of acquisition are net sales and income from operations of $65,662,000 and $6,395,000, respectively for the year ended March 31, 2016. Magnetek's income from operations for the year ended March 31, 2016 includes acquisition related severance costs of $2,300,000. These costs have been included in general and administrative expenses. Acquisition expenses incurred by the Company total $5,746,000 through March 31, 2016 and have been recorded in general and administrative expenses.

In preparation for the Magnetek acquisition, on July 26, 2015 the Company, JPMorgan Chase Bank, N.A. (“JP Morgan Chase Bank”) and J.P. Morgan Securities LLC entered into a commitment letter in which JPMorgan Chase Bank committed to extend $75,000,000 of incremental revolving commitments to the Company’s existing credit agreement dated as of January 23, 2015. The incremental revolving commitment are on terms and conditions consistent with the Company’s existing revolving credit facility under the Credit Agreement. The Company drew upon its revolving credit facilities to fund the purchase price and fees associated with the acquisition of Magnetek. Revolver borrowings totaled $195,000,000 of which $40,000,000 had been repaid by March 31, 2016.

The purchase price has been preliminarily allocated to the assets acquired and liabilities assumed as of the date of acquisition. The excess consideration of $49,204,000 has preliminarily been recorded as goodwill. The identifiable intangible assets acquired include customer relationships of $41,000,000, engineered drawings of $28,488,000, trademark and trade names of $26,600,000, patents and technology of $9,750,000, and in-process research and development of $160,000. The weighted average life of the acquired identifiable intangible assets subject to amortization was estimated at 18 years at the time of acquisition. Goodwill recorded in connection with the acquisition is not deductible for income tax purposes. The allocation of the purchase price to the assets acquired and liabilities assumed of Magnetek is not complete as of March 31, 2016 as the Company is continuing to gather information regarding Magnetek's contingent liabilities and intangible assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

The preliminary assignment of purchase consideration to the assets acquired and liabilities assumed is as follows:

Cash	$8,205
Working capital	19,660
Property, plant and equipment	5,660
Intangible assets	105,998
Other long term assets	3,921
Other long term liabilities	(44,052)
Deferred taxes, net	42,076
Goodwill	49,204
Total	$190,672

For each of the Company's acquisitions disclosed, goodwill represents future economic benefits arising from other assets acquired that do not meet the criteria for separate recognition apart from goodwill, including assembled workforce, growth opportunities and increased presence in the markets served by the acquired companies.

See Note 4 for assumptions used in valuing of the intangible assets acquired.

The following unaudited pro forma financial information presents the combined results of operations as if the acquisition of Magnetek had occurred as of April 1, 2013. The pro forma information includes certain adjustments, including depreciation and amortization expense, interest expense and certain other adjustments, together with related income tax effects. The pro forma amounts may not be indicative of the results that actually would have been achieved had the acquisitions occurred as of April 1, 2013 and are not necessarily indicative of future results of the combined companies (in thousands, except per share data):

	March 31,		
	2016	2015	2014
Net sales	$641,937	$688,251	$685,101
Net income	$22,520	$(6,592)	$27,154
Net income per share - Basic	$1.12	$(0.33)	$1.38
Net income per share - Diluted	$1.11	$(0.33)	$1.36

4. Fair Value Measurements

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

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

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

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

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

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

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

The Company primarily uses readily observable market data in conjunction with internally developed discounted cash flow valuation models when valuing its derivative portfolio and, consequently, the fair value of the Company’s derivatives is based on Level 2 inputs. The carrying amount of the Company's annuity contract acquired in connection with the acquisition of Magnetek is recorded at net asset value of the contract and, consequently, it's fair value is based on Level 2 inputs and is included in other assets on the Company's consolidated balance sheet. The carrying value of the Company’s term loan, revolving credit facility, and senior debt approximate fair value based on current market interest rates for debt instruments of similar credit standing and, consequently, their fair values are based on Level 2 inputs.

The following table provides information regarding financial assets and liabilities measured or disclosed at fair value on a recurring basis:

		Fair value measurements at reporting date using		
Description	At March 31, 2016	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/(Liabilities)				
Measured at fair value:				
Marketable securities	$18,186	$18,186	$—	$ —
Annuity contract	3,267		3,267	
Derivative liabilities:				
Foreign exchange contracts	(131)	—	(131)	—

Interest rate swap	(2,211)		(2,211)	
Disclosed at fair value:				
Term loan and revolving credit facility	$(266,235)	$—	$(266,235)	$ —
Senior debt	(1,590)	—	(1,590)	—

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Explanation of Responses:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

		Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
Description	At March 31, 2015	(Level 1)	(Level 2)	(Level 3)
Assets/(Liabilities)				
Measured at fair value:				
Marketable securities	$19,867	$19,867	$ —	$ —
Derivative assets (liabilities)				
Foreign exchange contracts	82	—	82	—
Interest rate swap	(955)		(955)	
Contingent purchase consideration	(982)			(982)
Disclosed at fair value:				
Term loan	(124,442)	—	(124,442)	—
Senior debt	(2,270)	—	(2,270)	—

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

At March 31, 2016, the term loan, revolving credit facility, and senior debt have been recorded at carrying value which approximates fair value.

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

Assets and liabilities that were measured on a non-recurring basis during fiscal 2016 and 2015 include assets and liabilities acquired in connection with the acquisition of Magnetek and STB described in Note 3. The estimated fair values allocated to the assets acquired and liabilities assumed relied upon fair value measurements based primarily on Level 3 inputs. The long term debt of STB was measured at fair value and subsequently repaid prior to March 31, 2015. The valuation techniques used to allocate fair values to working capital items; property, plant, and equipment; and identifiable intangible assets included the cost approach, market approach, and other income approaches. The valuation techniques relied on a number of inputs which included the cost and condition of property, plant, and equipment and forecasted net sales and income. For STB significant valuation inputs included an attrition rate of 10.0% for customer relationships, a royalty rate of 1.0% for trademarks and domain names.

For Magnetek, the valuation techniques used to allocate fair values to working capital items; property, plant, and equipment; and identifiable intangible assets included the excess earnings approach, cost approach, relief from royalty approach, and other income approaches. Significant valuation inputs included an attrition rate of 5.0% for customer relationships, an engineering cost per hour of $70.00 and obsolescence factors ranging from 0% to 80% for engineered drawings, a royalty rate of 2.5% for trademark and trade names, royalty rates ranging from 3.5% to 5.0% for patented technology, and a weighted average cost of capital of 11.6%.

Additional assets and liabilities that were measured on a non-recurring basis during fiscal 2016 and 2015 include the net assets of the Company’s Rest of Products and Duff-Norton reporting units. These measurements have been used to test goodwill for impairment on an annual basis under the provisions of ASC Topic 350-20-35-1 “Intangibles, Goodwill and Other – Goodwill Subsequent Measurement.”

During fiscal 2016, Step 1 of the goodwill impairment test consisted of determining a fair value of the Company’s Rest of Products and Duff-Norton reporting units. The fair value for the Company’s Rest of Products and Duff-Norton reporting units cannot be determined using readily available quoted Level 1 inputs or Level 2 inputs that are observable in active markets. Therefore, the Company used a blended discounted cash flow and market-based valuation model to estimate the fair value of its Rest of Products and Duff-Norton reporting units, using Level 3 inputs. To estimate the fair value of the Rest of Products and Duff-Norton reporting units, the Company used significant estimates and judgmental factors. The key estimates and factors used in the discounted cash flow valuation include revenue growth rates and profit margins based on internal forecasts, terminal value, and the weighted-average cost of capital used to discount future cash flows.

For Rest of Products the compound annual growth rate for revenue during the first five years of the projections was approximately 4.6%. The terminal value was calculated assuming a projected growth rate of 3.0% after five years. The estimated weighted-average cost of capital for the reporting unit was determined to be 9.9% based upon an analysis of similar companies and their debt to equity mix, their related volatility and the size of their market capitalization.

For the Duff-Norton reporting unit the compound annual growth rate for revenue during the first five years of the projections was approximately 4.0%. The terminal value was calculated assuming a projected growth rate of 3.0% after five years. The estimated weighted-average cost of capital for the reporting units was determined to be 10.0% based upon an analysis of similar companies and their debt to equity mix, their related volatility and the size of their market capitalization.

The Company also measured indefinite-lived intangible assets from the Magnetek, STB, and Unified Industries acquisitions on a non-recurring basis. The fair value measurements were calculated using discounted cash flow analyses which rely upon unobservable inputs classified as Level 3 inputs. In performing these analyses, royalty rates of 2.5%, 1.0% and 1.5% were used for the indefinitely-lived intangible assets of Magnetek, STB, and Unified Industries, respectively. A discount rate of 11.3% was used for each analysis.

During fiscal 2015, Step 1 of the goodwill impairment test consisted of determining a fair value of the Company’s Rest of Products reporting unit. The fair value for the Company’s Rest of Products reporting unit cannot be determined using readily available quoted Level 1 inputs or Level 2 inputs that are observable in active markets. Therefore, the Company used a blended discounted cash flow and market-based valuation model to estimate the fair value of its Rest of Products reporting unit, using Level 3 inputs. To estimate the fair value of the Rest of Products reporting unit, the Company used significant estimates and judgmental factors. The key estimates and factors used in the discounted cash flow valuation include revenue growth rates and profit margins based on internal forecasts, terminal value, and the weighted-average cost of capital used to discount future cash flows. The compound annual growth rate for revenue during the first five years of the projections was approximately 3.8%. The terminal value was calculated assuming a projected growth rate of 3.0% after five years. The estimated weighted-average cost of capital for the reporting units was determined to be 10.1% based upon an analysis of similar companies and their debt to equity mix, their related volatility and the size of their market capitalization.

See Note 8 for additional discussion on the Company's goodwill impairment assessment and the conclusions reached.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

5. Inventories

Inventories consisted of the following:

	March 31, 2016	2015
At cost—FIFO basis:		
Raw materials	$74,968	$62,513
Work-in-process	18,877	16,893
Finished goods	41,517	41,807
	135,362	121,213
LIFO cost less than FIFO cost	(17,313)	(18,026)
Net inventories	$118,049	$103,187

The acquisition of Magnetek contributed $16,659,000 to the increase in inventory since March 31, 2015.

There were LIFO liquidations resulting in $384,000, $6,000 and $830,000 of additional income in fiscal 2016, 2015 and 2014 income, respectively.

6. Marketable Securities

All of the Company’s marketable securities, which consist of equity securities and fixed income securities, have been classified as available-for-sale securities and are therefore recorded at their fair values with the unrealized gains and losses, net of tax, reported in accumulated other comprehensive loss in the shareholders’ equity section of the consolidated balance sheet unless unrealized losses are deemed to be other-than-temporary. In such instances, the unrealized losses are reported in the consolidated statements of operations within investment income. Estimated fair value is based on quoted market prices at the balance sheet dates. The cost of securities sold is based on the specific identification method. Interest and dividend income are included in investment income in the consolidated statements of operations.

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

In accordance with ASC Topic 320-10-35-30 “Investments – Debt & Equity Securities – Subsequent Measurement,” the Company reviews its marketable securities for declines in market value that may be considered other-than-temporary. The Company generally considers market value declines to be other-than-temporary if they are declines for a period longer than six months and in excess of 20% of original cost, or when other evidence indicates impairment. We also consider the nature of the underlying investments, our intent and ability to hold the investments until their market values recover, and other market conditions in making this assessment. Based on this assessment, no other-than-temporary impairment charge has been recorded during fiscal 2016, 2015, or 2014.

During the year ended March 31, 2009, because of uncertain market conditions and the duration at which certain securities had been trading below cost, the Company reduced the cost basis of certain equity securities since it was determined that the unrealized losses on those securities were other than temporary in nature. This determination resulted in the recognition of a pre-tax charge to earnings of $4,014,000 for the year ended March 31, 2009, classified within investment (income) loss. There were no other than temporary impairments for the years ended March 31, 2016, 2015, and 2014. Since fiscal 2009, the Company has sold all of these previously written down investments, which resulted in the recognition of gains of approximately $27,000, and $350,000 in fiscal 2015 and 2014, respectively. There were no such gains recorded in fiscal 2016.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

The following is a summary of available-for-sale securities at March 31, 2016 (In thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Marketable securities	$ 18,080	$ 253	$ 147	$ 18,186

The aggregate fair value of investments and unrealized losses on available-for-sale securities in an unrealized loss position at March 31, 2016 are as follows (In thousands):

	Aggregate Fair Value	Unrealized Losses
Securities in a continuous loss position for less than 12 months	$ 1,138	$ 58
Securities in a continuous loss position for more than 12 months	4,871	89
	$ 6,009	$ 147

The Company considered the nature of the investments, causes of previous impairments, the severity and duration of unrealized losses and other factors and determined that the unrealized losses at March 31, 2016 were temporary in nature.

Net realized gains related to sales of marketable securities are included in investment (income) loss in the consolidated statements of operations and were $235,000, $2,065,000, and $854,000, in fiscal 2016, 2015 and 2014, respectively.

The following is a summary of available-for-sale securities at March 31, 2015 (In thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Marketable securities	$ 19,402	$ 525	$ 60	$ 19,867

The aggregate fair value of investments and unrealized losses on available-for-sale securities in an unrealized loss position at March 31, 2015 are as follows (In thousands):

	Aggregate Fair Value	Unrealized Losses
Securities in a continuous loss position for less than 12 months	$ 45	$ 26
Securities in a continuous loss position for more than 12 months	4,155	34
	$ 4,200	$ 60

In addition to the above, during the year ended March 31, 2014 the Company sold certain equity securities previously recorded on the consolidated statement of operations in prepaid expenses and other resulting in a gain of $1,354,000.

This gain has been recorded within other income, net in the consolidated statement of operations.

Net unrealized gains included in the balance sheet amounted to $106,000 at March 31, 2016 and $465,000 at March 31, 2015. The amounts, net of related deferred tax liabilities of $37,000 and $163,000 at March 31, 2016 and 2015, respectively, are reflected as a component of accumulated other comprehensive loss within shareholders’ equity.

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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7. Property, Plant, and Equipment

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

	March 31,	
	2016	2015
Land and land improvements	$4,583	$3,238
Buildings	42,864	35,633
Machinery, equipment, and leasehold improvements	204,043	164,843
Construction in progress	10,463	13,342
	261,953	217,056
Less accumulated depreciation	157,163	125,929
Net property, plant, and equipment	$104,790	$91,127

Buildings include assets recorded under capital leases amounting to $4,838,000 as of March 31, 2016 and 2015. Machinery, equipment, and leasehold improvements include assets recorded under capital leases amounting to $694,000 and $737,000 as of March 31, 2016 and 2015, respectively. Accumulated depreciation includes accumulated amortization of the assets recorded under capital leases amounting to $3,673,000 and $4,379,000 at March 31, 2016 and 2015, respectively.

Depreciation expense, including amortization of assets recorded under capital leases, was $15,507,000, $12,296,000, and $11,399,000, for the years ended March 31, 2016, 2015 and 2014, respectively.

Gross property, plant, and equipment includes capitalized software costs of $29,470,000 and $22,892,000 at March 31, 2016 and 2015, respectively. Accumulated depreciation includes accumulated amortization on capitalized software costs of $10,732,000 and $6,276,000 at March 31, 2016 and 2015 respectively. Amortization expense on capitalized software costs was $2,085,000, $1,514,000, and $932,000 during the years ended March 31, 2016, 2015, and 2014, respectively.

8. Goodwill and Intangible Assets

As discussed in Note 2, goodwill is not amortized but is tested for impairment at least annually, in accordance with the provisions of ASC Topic 350-20-35-1. Goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. The fair value of a reporting unit is determined using a discounted cash flow methodology. The Company’s reporting units are determined based upon whether discrete financial information is available and reviewed regularly, whether those units constitute a business, and the extent of economic similarities and interdependencies between those reporting units for purposes of aggregation. The Company’s reporting units identified under ASC Topic 350-20-35-33 are at the component level, or one level below the operating segment level as defined under ASC Topic 280-10-50-10 “Segment Reporting – Disclosure.” The Company has four reporting units as of March 31, 2016 and 2015. Only two of the four reporting units carried goodwill at March 31, 2016 and only two of the four reporting units carried goodwill at March 31, 2015. The Duff-Norton reporting unit (which designs, manufactures and sources mechanical and electromechanical actuators and rotary unions) had goodwill of $9,627,000 and $9,563,000 at March 31, 2016 and 2015, respectively, and the Rest of Products reporting unit (representing the hoist, chain, and forgings design, manufacturing, digital power control systems, and distribution businesses) had goodwill of $161,089,000 and $111,898,000 at March 31, 2016 and 2015, respectively. Both STB and Magnetek have been determined to be part of the Rest of Products reporting unit.

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(tabular amounts in thousands, except share data)

When we evaluate the potential for goodwill impairment, we assess a range of qualitative factors including, but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for our products and services, regulatory and political developments, entity specific factors such as strategy and changes in key personnel and overall financial performance. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value or if economic or other business factors indicate that the fair value of our reporting units may have declined since our last quantitative test, we proceed to a two-step impairment test. The Company performed its qualitative assessment as of February 29, 2016 and determined that the two-step goodwill impairment test should be performed for both the Rest of Products reporting unit and the Duff-Norton reporting unit.

In accordance with ASC Topic 350-20-35-3, the measurement of impairment of goodwill consists of two steps. In the first step, the Company compares the fair value of each reporting unit to its carrying value. As part of the impairment analysis, the Company determines the fair value of each of its reporting units with goodwill using the income approach and market approach. The income approach uses a discounted cash flow methodology to determine fair value. This methodology recognizes value based on the expected receipt of future economic benefits. Key assumptions in the income approach include a free cash flow projection, an estimated discount rate, a long-term growth rate and a terminal value. These assumptions are based upon the Company’s historical experience, current market trends and future expectations.

The Company performed step one of the two-step impairment test for the Rest of Products and Duff-Norton reporting units as of February 29, 2016. Based on the results of the two-step impairment test, the Company determined that the Rest of Products and Duff-Norton reporting units' fair values were not less than their applicable carrying values.

Future impairment indicators, such as declines in forecasted cash flows, may cause additional significant impairment charges. Impairment charges could be based on such factors as the Company’s stock price, forecasted cash flows, assumptions used, control premiums or other variables.

Identifiable intangible assets acquired in a business combination are amortized over their estimated useful lives.

A summary of changes in goodwill during the years ended March 31, 2016 and 2015 is as follows:

Balance at April 1, 2014	$119,303
Acquisition of STB (See Note 3)	9,487
Currency translation	(7,329)
Balance at March 31, 2015	121,461
STB purchase accounting adjustment (See Note 3)	(1,669)
Acquisition of Magnetek (See Note 3)	49,204
Currency translation	1,720
Balance at March 31, 2016	$170,716

Goodwill is recognized net of accumulated impairment losses of $107,000,000 as of March 31, 2016 and 2015, respectively. There were no goodwill impairment losses recorded in fiscal 2016, 2015, or 2014.

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Explanation of Responses:

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

Intangible assets at March 31, 2016 are as follows:

	Gross Carrying Amount	Accumulated Amortization	Net
Trademark	$5,467	$ (2,431)	$3,036
Indefinite lived trademark	29,006	—	29,006
Customer relationships	58,535	(10,688)	47,847
Acquired technology	43,198	(1,873)	41,325
Other	1,481	(566)	915
Balance at March 31, 2016	$137,687	$ (15,558)	$122,129

Intangible assets at March 31, 2015 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Net
Trademark	$4,656	$ (1,657)	$2,999
Indefinite lived trademark	2,338	—	2,338
Customer relationships	15,653	(7,442)	8,211
Acquired technology	4,960	(218)	4,742
Other	1,251	(437)	814
Balance at March 31, 2015	$28,858	$ (9,754)	$19,104

The Company's intangible assets that are considered to have finite lives are amortized over the period in which the assets are expected to generate future cash flows. The weighted-average amortization periods are 18 years for trademarks, 17 years for customer relationships, 18 years for acquired technology, 11 years for other, and 17 years in total. Trademarks with a book value of $29,006,000 have an indefinite useful life and are therefore not being amortized. Total amortization expense was $5,024,000, $2,266,000, and $1,981,000 for fiscal 2016, 2015, and 2014, respectively. Based on the current amount of intangible assets, the estimated amortization expense for each of the succeeding five years is expected to be approximately $7,000,000.

9. Derivative Instruments

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

The Company is exposed to credit losses in the event of non-performance by the counterparties on its financial instruments. The counterparties have investment grade credit ratings. The Company anticipates that these counterparties will be able to fully satisfy their obligations under the contracts. The Company has derivative contracts with two counterparties as of March 31, 2016.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

The Company's agreements with its counterparties contain provisions pursuant to which the Company could be declared in default of its derivative obligations. As of March 31, 2016, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions as of March 31, 2016, it could have been required to settle its obligations under these agreements at amounts which approximate the March 31, 2016 fair values reflected in the table below. During the year ended March 31, 2016, the Company was not in default of any of its derivative obligations.

As of March 31, 2016 and 2015, the Company had no derivatives designated as net investments or fair value hedges in accordance with ASC Topic 815, "Derivatives and Hedging."
The Company has foreign currency forward agreements in place to offset changes in the value of intercompany loans to foreign subsidiaries due to changes in foreign exchange rates. The notional amount of these derivatives is $2,118,000 and all of the contracts mature by June 30, 2016. These contracts are marked to market each balance sheet date and are not designated as hedges.

The Company has foreign currency forward agreements that are designated as cash flow hedges to hedge a portion of forecasted inventory purchases denominated in foreign currencies. The notional amount of those derivatives is $14,585,000 and all contracts mature within twelve months of March 31, 2016. From its March 31, 2016 balance of AOCL, the Company expects to reclassify approximately $207,000 out of AOCL during the next 12 months based on the underlying transactions of the sales of the goods purchased.

The Company's policy is to maintain a capital structure that is comprised of 50-70% of fixed rate long-term debt and 30-50% of variable rate long-term debt. The Company entered into two interest rate swap agreements in which the Company receives interest at a variable rate and pays interest at a fixed rate. These interest rate swap agreements are designated as cash flow hedges to hedge changes in interest expense due to changes in the variable interest rate of the senior secured term loan. The amortizing interest rate swaps mature on February 19, 2020 and have a total notional amount of $161,000,000 as of March 31, 2016. The effective portion of the changes in fair values of the interest rate swaps is reported in AOCL and will be reclassified to interest expense over the life of the swap agreements. The ineffective portion was not material and was recognized in the current period interest expense. From its March 31, 2016 balance of AOCL, the Company expects to reclassify approximately $700,000 out of AOCL, and into interest expense, during the next 12 months.

The following is the effect of derivative instruments on the consolidated statements of operations for the years ended March 31, 2016, 2015, and 2014 (in thousands):

Derivatives Designated as Cash Flow Hedges	Type of Instrument	Amount of Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on Derivatives (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Reclassified from AOCL into Income (Effective Portion)

March 31,				
2016	Foreign exchange contracts	$ (186)	Cost of products sold	$ 74
2016	Interest rate swap	$ (2,025)	Interest expense	$ (1,254)
2015	Foreign exchange contracts	$ 81	Cost of products sold	$ (171)
2015	Interest rate swap	$ (586)	Interest expense	$ —
2014	Foreign exchange contracts	$ 70	Cost of products sold	$ (184)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

Derivatives Not Designated as Hedging Instruments (Foreign Exchange Contracts)	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives
March 31,		
2016	Foreign currency exchange loss (gain)	$ 32
2015	Foreign currency exchange loss (gain)	(122)
2014	Foreign currency exchange loss (gain)	(55)

The following is information relative to the Company's derivative instruments in the consolidated balance sheets as of March 31, 2016 and 2015 (in thousands):

		Fair Value of Asset (Liability) March 31,	
Derivatives Designated as Hedging Instruments	Balance Sheet Location	2016	2015
Foreign exchange contracts	Prepaid expenses and other	$200	$ 58
Foreign exchange contracts	Accrued Liabilities	(420)	(34)
Interest rate swap	Other Assets	—	71
Interest rate swap	Accrued Liabilities	(1,129)	(1,026)
Interest rate swap	Other non current liabilities	(1,082)	—

		Fair Value of Asset (Liability) March 31,	
Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	2016	2015
Foreign exchange contracts	Prepaid expenses and other	$96	$61
Foreign exchange contracts	Accrued Liabilities	(7)	(3)

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

10. Accrued Liabilities and Other Non-current Liabilities

Consolidated accrued liabilities of the Company consisted of the following:

	March 31,	
	2016	2015
Accrued payroll	$18,597	$20,041
Interest payable	13	73
Accrued workers compensation	965	944
Accrued income taxes payable	819	2,325
Accrued health insurance	2,498	2,491
Accrued general and product liability costs	3,895	3,500
Customer advances, deposits, and rebates	10,370	8,246
Other accrued liabilities	16,053	12,643
	$53,210	$50,263

Magnetek contributed $5,309,000 to accrued liabilities at March 31, 2016.

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

	March 31,	
	2016	2015
Accumulated postretirement benefit obligation	$4,540	$5,559
Accrued general and product liability costs	10,640	9,030
Accrued pension cost	102,467	56,601
Accrued workers compensation	2,307	1,162
Deferred income tax	59	2,786
Other non-current liabilities	9,626	12,086
	$129,639	$87,224

Magnetek contributed $46,824,000 to other non-current liabilities at March 31, 2016.

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

	March 31,	
	2016	2015
Capital lease obligations	$1,590	$2,270
Total senior debt	1,590	2,270
Term loan (net of the unamortized discount of $444 and $558 respectively)	112,056	124,442
Revolving Credit Facility (net of unamortized discount of $821)	154,179	—
Total debt	267,825	126,712

Less: current portion	43,246	13,292
Total debt, less current portion	$224,579	$113,420

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

Through January 23, 2015 the Company had access to borrow funds under a revolving credit facility ("Replaced Revolving Credit Facility"). The Replaced Revolving Credit Facility provided availability up to a maximum of $100,000,000 and had an initial term ending October 31, 2017.

Through February 19, 2015 the Company had outstanding $150,000,000 principal amount of 7 7/8% Senior Subordinated Notes due 2019 registered under the Securities Act of 1933, as amended (7 7/8% Notes). The offering price of the notes was 98.545% of par after adjustment for original issue discount.

Provisions of the 7 7/8% Notes included, without limitation, restrictions on indebtedness, asset sales, and dividends and other restricted payments. On or after February 1, 2015, the 7 7/8% Notes were redeemable at the option of the Company, in whole or in part, at a redemption price of 103.938%, reducing to 101.969% and 100% on February 1, 2016 and February 1, 2017, respectively and were due February 1, 2019. In the event of a Change of Control (as defined in the indenture for such notes), each holder of the 7 7/8% Notes could require the Company to repurchase all or a portion of such holder’s 7 7/8% Notes at a purchase price equal to 101% of the principal amount thereof. The 7 7/8% Notes were guaranteed by certain existing and future U.S. subsidiaries and were not subject to any sinking fund requirements.

On January 23, 2015, the Company, Columbus McKinnon Dutch Holdings 3 B.V. (“BV 3”), and Columbus McKinnon EMEA GmbH (“EMEA GMBH”) as borrowers (collectively referred to as the "Borrowers"), entered into a new credit agreement (the "New Credit Agreement"). The Borrowers entered into a new $150,000,000 New Revolving Credit Facility and established a new $125,000,000 delayed draw senior secured Term Loan. The Company’s Replaced Revolving Credit Facility was terminated in connection with this transaction. Both the New Revolving Credit Facility and the Term Loan have five-year terms maturing in 2020. The New Revolving Credit Facility has an initial term ending January 23, 2020 and the Term Loan has a term ending February 19, 2020.

The terms of the New Credit Agreement include the following:

- Term Loan: An aggregate $125,000,000 secured term loan facility which requires quarterly principal amortization of 2.5% with the remaining principal due at maturity date.

- New Revolving Credit Facility: An aggregate $150,000,000 secured revolving credit facility which includes sublimits for the issuance of standby letters of credit, swingline loans and multi-currency borrowings in certain specified foreign currencies.

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

- Accordion Feature: Provisions permitting a Borrower from time to time to increase the aggregate amount of the credit facility by up to $75,000,000, with a minimum increase of $20,000,000 and with additional commitments from the Lenders, as they may agree, or new commitments from financial institutions acceptable to the Administrative Agent and the Company.

- Prepayments: Provisions permitting a Borrower to voluntarily prepay either the Term Loan or New Revolving Credit Facility in whole or in part at any time, and provisions requiring certain mandatory prepayments of the Term Loan or New Revolving Credit Facility on the occurrence of certain events which will permanently reduce the commitments under the New Credit Agreement, each without premium or penalty, subject to reimbursement of certain costs of the Lenders.

- Reduction of Commitment: A Borrower may irrevocably cancel, in whole or in part, the unutilized portion of the commitments under the New Credit Agreement in excess of any outstanding loans, the stated amount of all outstanding letters of credit and all unreimbursed amounts drawn under any letters of credit.

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(tabular amounts in thousands, except share data)

- Covenants: Provisions containing covenants required of the Company and its subsidiaries including various affirmative and negative financial and operational covenants. Key financial covenants include a minimum fixed charge coverage ratio of 1.25x; a maximum total leverage ratio, net of cash, of 3.50x (which may be temporarily increased following a material acquisition, which may be elected two times over the course of the New Credit Agreement, (i) if financed by secured debt the total leverage rate as at the end of the fiscal quarter in which such material acquisition occurs and the three fiscal quarters immediately thereafter, shall not be greater than 4.00:1.00 and as at the end of any fiscal quarter thereafter, the total leverage ratio shall not be greater than 3.50:1.00, and (ii) if financed with unsecured or subordinated indebtedness, the total leverage ratio at the end of the fiscal quarter in which such material acquisition occurs and at the end of any fiscal quarter thereafter, shall not be greater than 4.50:1.00, and permit the secured leverage ratio, to be greater than 3.25:1.00), and maximum capital expenditures of $30 million per fiscal year ($40 million following a material acquisition) with the ability to transfer any unused portion of expenditure to the immediately following fiscal year.

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

On February 19, 2015, the Company borrowed $124,442,000 under the Term Loan. The Term Loan proceeds were net of fees paid to the lenders of $558,000 which were accounted for as a debt discount. On February 23, 2015 the Company redeemed all of the outstanding $150 million of the 7 7/8% Notes. The aggregated price paid for the redemption was $156,630,000, including a 3.938% call premium or $5,907,000, and $723,000 of accrued interest on the Notes. The redemption was funded by the Term Loan and cash on hand. The cost of bond redemption on the Company's consolidated statements of operations includes the call premium, write-off of previously unamortized deferred financing costs, and other expenses.

On September 2, 2015 the Company entered into the first Amendment of the New Credit Agreement (Amended Credit Agreement) exercising the Accordion Feature. The existing Lenders provided additional commitments for the incremental $75,000,000, bringing the total available borrowing capacity under the Amended Credit Agreement facility to an aggregate of $225,000,000.

Additionally on September 2, 2015, the Company borrowed $195,000,000 under the New Revolving Credit facility. The proceeds were net of fees paid to the lenders of $943,000 which were accounted for as a debt discount. The company used $188,900,000 of the proceeds to purchase 100% of the stock of Magnetek as described in Note 2. The Company repaid $40,000,000 of the amount borrowed by March 31, 2016. The Company expects to repay an additional $30,000,000 of the amounts borrowed under the New Revolving Credit Facility over the next 12 months. This amount has been recorded within the current portion of long term debt on the Company's consolidated balance sheet with the remaining balance recorded as long term debt.

The outstanding balance of the Term Loan was $112,056,000 and $124,442,000 as of March 31, 2016 and 2015 respectively net of the unamortized discount. The company made $12,500,000 of scheduled principal payments during fiscal 2016. The Company is obligated to pay $12,500,000 over the next 12 months. This amount has been recorded within the current portion of long term debt on the Company's condensed consolidated balance sheet with the remaining balance recorded as long term debt.

The unused portion of the New Revolving Credit Facility totaled $64,341,000 net of outstanding borrowings of $155,000,000 and outstanding letters of credit of $5,659,000 as of March 31, 2016. The outstanding letters of credit at March 31, 2016 consisted of $1,136,000 in commercial letters of credit and $4,523,000 of standby letters of credit.

The gross balances of deferred financing costs were $1,825,000 as of March 31, 2016 and 2015, respectively. The accumulated amortization balances were $425,000 and $61,000 as of March 31, 2016 and 2015, respectively. The balance at March 31, 2016 is related to the New Credit Agreement.

On June 22, 2007, the Company recorded a capital lease resulting from the sale and partial leaseback of its facility in Charlotte, NC under a 10 year lease agreement. The Company also has capital leases on certain production machinery and equipment. The outstanding balance on the capital lease obligations of $1,590,000 and $2,270,000 as of March 31, 2016 and 2015, respectively, are included in current portion of long-term debt and senior debt in the consolidated balance sheets.

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The principal payments obligated to be made as of March 31, 2016 on the above debt are as follows:

FY 2017	$13,246
FY 2018	13,256
FY 2019	12,588
FY 2020	230,000
FY 2021	—
Thereafter	—
	$269,090

Non-U.S. Lines of Credit and Loans

Unsecured and uncommitted lines of credit are available to meet short-term working capital needs for certain of our subsidiaries operating outside of the U.S. The lines of credit are available on an offering basis, meaning that transactions under the line of credit will be on such terms and conditions, including interest rate, maturity, representations, covenants and events of default, as mutually agreed between our subsidiaries and the local bank at the time of each specific transaction. As of March 31, 2016, unsecured credit lines totaled approximately $7,623,000, of which $0 was drawn. In addition, unsecured lines of $8,651,000 were available for bank guarantees issued in the normal course of business of which $4,557,000 was utilized.

12. Pensions and Other Benefit Plans

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

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Pension Plans

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

	March 31,	
	2016	2015
Change in benefit obligation:		
Benefit obligation at beginning of year	$261,540	$225,685
Benefit obligation assumed in Magnetek acquisition	168,855	—
Service cost	2,187	2,153
Interest cost	13,926	9,850
Actuarial (gain) loss	(6,979)	39,131
Benefits paid	(19,196)	(10,219)
Foreign exchange rate changes	814	(5,060)
Benefit obligation at end of year	$421,147	$261,540
Change in plan assets:		
Fair value of plan assets at beginning of year	$204,201	$188,228
Plan assets acquired in Magnetek acquisition	127,726	—
Actual gain (loss) on plan assets	(691)	15,799
Employer contribution	5,936	11,013
Benefits paid	(19,196)	(10,219)
Foreign exchange rate changes	(108)	(620)
Fair value of plan assets at end of year	$317,868	$204,201
Funded status	$(103,279)	$(57,339)
Unrecognized actuarial loss	98,630	88,477
Unrecognized prior service cost	15	42
Net amount recognized	$(4,634)	$31,180

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

Amounts recognized in the consolidated balance sheets are as follows:

	March 31,	
	2016	2015
Accrued liabilities	$(812)	$(738)
Other non-current liabilities	(102,467)	(56,601)
Deferred tax effect of accumulated other comprehensive loss	27,256	22,524
Accumulated other comprehensive loss	71,389	65,995
Net amount recognized	$(4,634)	$31,180

In fiscal 2017, an estimated net loss of $3,201,000 and prior service cost of $7,000 for the defined benefit pension plans will be amortized from accumulated other comprehensive loss to net periodic benefit cost.

Net periodic pension cost included the following components:

	2016	2015	2014
Service costs—benefits earned during the period	$2,187	$2,153	$2,481
Interest cost on projected benefit obligation	13,926	9,850	9,716
Expected return on plan assets	(19,783)	(14,241)	(12,618)
Net amortization	10	3,517	6,259
Other	2,452	82	—
Net periodic pension cost (benefit)	$(1,208)	$1,361	$5,838

As part of the acquisition of Magnetek, the Company became the sponsor of Magnetek's pension plan ("Magnetek's Plan"), a single-employer defined benefit plan. Magnetek's Plan provides benefits to certain current and former employees of Magnetek. Future benefits under Magnetek's Plan have been frozen since 2003. As of the date of acquisition, the benefit obligation was actuarially determined to be $168,855,000 and the fair value of the Magnetek's Plan assets were $127,726,000.

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

	March 31,	
	2016	2015
Projected benefit obligation	$421,147	$261,540
Fair value of plan assets	317,868	204,201

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

	March 31,	
	2016	2015
Accumulated benefit obligation	$415,772	$255,295
Fair value of plan assets	317,868	204,201

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

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(tabular amounts in thousands, except share data)

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

	2016	2015	2014
Discount rate	4.03%	3.83%	4.60%
Expected long-term rate of return on plan assets	7.22%	7.50%	7.50%
Rate of compensation increase	0.44%	2.30%	2.00%

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

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

	Target	Actual	
	2017	2016	2015
Equity securities	65%	67%	65%
Fixed income	35%	33%	35%
Total plan assets	100%	100%	100%

The Company has an investment objective for domestic pension plans to adequately provide for both the growth and liquidity needed to support all current and future benefit payment obligations. The investment strategy is to invest in a diversified portfolio of assets which are expected to satisfy the aforementioned objective and produce both absolute and risk adjusted returns competitive with a benchmark that is a blend of major U.S. and international equity indexes and an aggregate bond fund.

The Company's funding policy with respect to the defined benefit pension plans is to contribute annually at least the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA). Additional contributions may be made to minimize PBGC premiums. The Company expects to contribute approximately $5,961,000 to its pension plans in fiscal 2017.

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

2017	$8,218
2018	8,435
2019	8,935
2020	9,447
2021	9,932
2022-2026	55,310

Postretirement Benefit Plans

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

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

	March 31,	
	2016	2015
Change in benefit obligation:		
Benefit obligation at beginning of year	$6,234	$5,873
Interest cost	189	209
Actuarial gain	(887)	660
Benefits paid	(392)	(508)
Benefit obligation at end of year	$5,144	$6,234
Funded status	$(5,144)	$(6,234)
Unrecognized actuarial loss	818	1,794
Net amount recognized	$(4,326)	$(4,440)

Amounts recognized in the consolidated balance sheets are as follows:

	March 31,	
	2016	2015
Accrued liabilities	$(604)	$(675)
Other non-current liabilities	(4,540)	(5,559)
Deferred tax effect of accumulated other comprehensive loss	1,182	1,554
Accumulated other comprehensive loss	(364)	240
Net amount recognized	$(4,326)	$(4,440)

In fiscal 2017, an estimated net loss of $37,000 for the defined benefit postretirement health care plans will be amortized from accumulated other comprehensive loss to net periodic benefit cost. In fiscal 2016, net periodic postretirement benefit cost included the following:

	Year Ended March 31,		
	2016	2015	2014
Interest cost	$189	$209	$254
Net amortization	89	60	101
Net periodic postretirement benefit cost	$278	$269	$355

For measurement purposes, healthcare costs are assumed to increase 6.75% in fiscal 2017, grading down over time to 5.0% in five years. The discount rate used in determining the accumulated postretirement benefit obligation was 3.45% as of March 31, 2016 and 2015.

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

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

2017	$ 604
2018	563
2019	547
2020	510
2021	460
2022-2026	1,859

Assumed medical claims cost trend rates have an effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of service and interest cost components	$ 11	$ (10)
Effect on postretirement obligation	303	(273)

The Company has collateralized split-dollar life insurance arrangements with two of its former officers. Under these arrangements, the Company pays certain premium costs on life insurance policies for the former officers. Upon the later of the death of the former officer or their spouse, the Company will receive all of the premiums paid to-date. The net periodic pension cost for fiscal 2016 was $232,000 and the liability at March 31, 2016 is $4,467,000 with $4,327,000 included in other non-current liabilities and $140,000 included in accrued liabilities in the consolidated balance sheet. The cash surrender value of the policies is $2,754,000 and $2,528,000 at March 31, 2016 and 2015, respectively. The balance is included in other assets in the consolidated balance sheet.

Other Benefit Plans

The Company also sponsors defined contribution plans covering substantially all domestic employees. Participants may elect to contribute basic contributions. These plans provide for employer contributions based on employee eligibility and participation. The Company recorded a charge for such contributions of approximately $3,485,000, $2,998,000, and $2,658,000 for the years ended March 31, 2016, 2015 and 2014, respectively. The Company expects its contributions for the defined contribution plans in future years to remain comparable to its fiscal 2016 contributions.

Fair Values of Plan Assets

The Company classified its investments within the categories of equity securities, fixed income securities, and cash equivalents, as the Company’s management bases its investment objectives and decisions from these three categories. The Company’s investment policy as it relates to its pension assets is to invest in broad-based mutual funds, with an investment objective of being diversified. Further the Company’s investment objective of its equity securities is long-term growth, its objective of the fixed income securities is long-term growth, consistency of income and preservation of capital, and its objective of cash equivalents is preservation of capital. It is the Company’s position that its investment policy and investment objectives as defined above reduce the risk of concentrations within its investments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

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

	March 31, 2016	2015
Asset categories:		
Equity securities	$212,301	$132,743
Fixed income securities	104,622	70,493
Cash equivalents	945	965
Total	$317,868	$204,201

The fair values of our defined benefit plans’ consolidated assets were determined using the fair value hierarchy of inputs described in Note 4. The fair values by category of inputs as of March 31, 2016 and March 31, 2015 were as follows:

As of March 31, 2016:	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)	Total
Asset categories:				
Equity securities	$142,947	$69,354	$ —	$212,301
Fixed income securities	34,326	52,438	17,858	104,622
Cash equivalents	945	—	—	945
Total	$178,218	$121,792	$ 17,858	$317,868

As of March 31, 2015:	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)	Total
Asset categories:				
Equity securities	$73,853	$ 58,890	$ —	$132,743
Fixed income securities	53,022	—	17,471	70,493
Cash equivalents	965	—	—	965
Total	$127,840	$ 58,890	$ 17,471	$204,201

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

The Level 2 securities are investments in common collective trust funds and certain debt securities. The fair values of the common collective trust fund securities are determined based on the net asset value of these funds. Each of these investment funds has a stated performance objective to approximate as closely as practicable, before expenses, the performance of the stated benchmark to which the funds are indexed, over the long term. Redemptions of the units held in these funds may be made on the last business day of each month and on at least one other business day during the month, based on the net asset value per unit of the funds. We are not aware of any significant restrictions on the issuances or redemptions of units of participation in these funds. Debt securities categorized as level 2 assets are generally valued based on independent broker/dealer bids, or by comparison to other debt securities having similar durations, yields, and credit ratings.

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(tabular amounts in thousands, except share data)

Fair value of Level 3 fixed income securities at the beginning of the year was $17,471,000. During fiscal 2016 fixed income securities earned investment return of $767,000 and had disbursements of $380,000 resulting in an ending balance of $17,858,000. These fixed income securities consist primarily of insurance contracts which are carried at their liquidation value based on actuarial calculations and the terms of the contracts. Significant inputs in determining the fair value for these contracts include company contributions, contract disbursements and stated interest rates. Gains and losses on these contracts are recognized as part of net periodic pension cost and recorded as part of cost of sales, selling, or general and administrative expense.

13. Employee Stock Ownership Plan (ESOP)

The guidance in ASC Topic 718 "Compensation - Stock Compensation" and covered in sub-topic 718-40 "Employee Stock Ownership Plans" requires that compensation expense for ESOP shares be measured based on the fair value of those shares when committed to be released to employees, rather than based on their original cost. Also, dividends on those ESOP shares that have not been allocated or committed to be released to ESOP participants are not reflected as a reduction of retained earnings. Rather, since those dividends are used for debt service, a charge to compensation expense is recorded. Furthermore, ESOP shares that have not been allocated or committed to be released are not considered outstanding for purposes of calculating earnings per share.

The obligation of the ESOP to repay borrowings incurred to purchase shares of the Company’s common stock is guaranteed by the Company; the unpaid balance of such borrowings, if any, would be reflected in the consolidated balance sheet as a liability. An amount equivalent to the cost of the collateralized common stock and representing deferred employee benefits has been recorded as a deduction from shareholders’ equity.

Effective January 1, 2012 the ESOP was closed to new hires. Prior to this date, substantially all of the Company’s U.S. non-union employees were participants in the ESOP. Additionally, during the year ended March 31, 2015 the final loan payment was made by the ESOP to the Company.

Contributions to the plan result from the release of collateralized shares as debt service payments are made. Compensation expense was $0, $251,000, and $608,000 recorded in fiscal 2016, 2015, and 2014, respectively, based on the guaranteed release of the ESOP shares at their fair market value. Dividends on allocated ESOP shares, if any, are recorded as a reduction of retained earnings and are applied toward debt service.

At March 31, 2016 and 2015, 398,000 and 423,000 of ESOP shares, respectively, were allocated or available to be allocated to participants’ accounts. There are no shares of collateralized common stock related to the ESOP loan outstanding at March 31, 2016 and no ESOP shares were pledged as collateral to guarantee the ESOP term loans.

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

14. Earnings per Share and Stock Plans

Earnings per Share

The Company calculates earnings per share in accordance with ASC Topic 260, "Earnings per Share." Basic earnings per share exclude any dilutive effects of options, warrants, and convertible securities. Diluted earnings per share include any dilutive effects of stock options, unvested restricted stock units, unvested performance shares, and unvested restricted stock. Stock options and performance shares with respect to 282,000, 114,000, and 16,000 common shares were not included in the computation of diluted earnings per share for fiscal 2016, 2015 and 2014, respectively, because they were antidilutive. For the year ended March 31, 2016 an additional 77,000 in contingently issuable shares were not included in the computation of diluted earnings per share because a performance condition had not yet been met.

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

	Year Ended March 31,		
Numerator for basic and diluted earnings per share:	2016	2015	2014
Net income (loss)	$19,579	$27,190	$30,421
Denominators:			
Weighted-average common stock outstanding— denominator for basic EPS	20,079	19,939	19,655
Effect of dilutive employee stock options, RSU's and performance shares	236	285	295
Adjusted weighted-average common stock outstanding and assumed conversions— denominator for diluted EPS	20,315	20,224	19,950

The weighted-average common stock outstanding shown above is net of unallocated ESOP shares (see Note 13).

Stock Plans

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

Prior to the adoptions of the 2010 Long Term Incentive Plan, the Company maintained several different stock plans, specifically: 1995 Incentive Stock Option Plan, Non-Qualified Stock Option Plan, Restricted Stock Plan and 2006 Long Term Incentive Plan, collectively referred to as the "Prior Stock Plans". The specifics of each of these plans are discussed below.

Stock based compensation expense was $4,063,000, $3,895,000, and $3,633,000 for fiscal 2016, 2015 and 2014, respectively. Stock compensation expense is included in cost of goods sold, selling, and general and administrative expenses. The Company recognizes expense for all share–based awards over the service period, which is the shorter of the period until the employees' retirement eligibility dates or the service period for the award, for awards expected to vest. Accordingly, expense is generally reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised if necessary, in subsequent periods if actual forfeitures differ from those estimates.

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

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Long Term Incentive Plan

On July 26, 2010, the shareholders of the Company approved the 2010 Long Term Incentive Plan (“LTIP” or the "Plan"). The Company grants share based compensation to eligible participants under the LTIP. The total number of shares of common stock with respect to which awards may be granted under the plan is 1,250,000 including shares not previously authorized for issuance under any of the Prior Stock Plans and any shares not issued or subject to outstanding awards under the Prior Stock Plans. As of March 31, 2016, 291,817 shares remain for future grants. The LTIP was designed as an omnibus plan and awards may consist of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, or stock bonuses.

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

In connection with the acquisition of Magnetek, the Company agreed to continue the 2014 Stock Incentive Plan of Magnetek, Inc. (the "Magnetek Stock Plan"). In doing so, the Company has available under the Magnetek Stock Plan 205,602 of the Company's shares which can be granted to certain employees as stock based compensation.

Stock Option Plans

Existing prior to the adoption of the LTIP, the Company maintained two stock option plans, a Non-Qualified Stock Option Plan ("Non-Qualified Plan") and an Incentive Stock Option Plan ("Incentive Plan"). Effective with adoption of the LTIP no new grants can be made from the Non-Qualified Plan or the Incentive Stock Plan. Options outstanding under the Non-Qualified Plan or the Incentive Stock Plan generally become exercisable over a four-year period at a rate of 25% per year commencing one year from the date of grant and exercise price of not less than 100% of the fair market value of the common stock on the date of grant. Options granted under the Non-Qualified Plan or the Incentive Stock Plan are exercisable not earlier than one year and not later than ten years from the date such option was granted.

A summary of option transactions during each of the three fiscal years in the period ended March 31, 2016 is as follows:

	Shares	Weighted-average Exercise Price	Weighted-average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at April 1, 2013	736,301	14.46		
Granted	136,793	18.95		
Exercised	(230,619)	9.51		
Cancelled	(29,969)	20.00		
Outstanding at March 31, 2014	612,506	17.05		
Granted	118,060	27.08		
Exercised	(87,210)	18.41		

Cancelled	(31,207)	15.71		
Outstanding at March 31, 2015	612,149	18.86		
Granted	157,999	24.94		
Exercised	(16,033)	15.07		
Cancelled	(35,314)	21.90		
Outstanding at March 31, 2016	718,801	20.13	6.64	$ 465
Exercisable at March 31, 2016	383,631	$ 17.47	5.30	$ 378

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The Company calculated intrinsic value for those options that had an exercise price lower than the market price of our common shares as of March 31, 2016. The aggregate intrinsic value of outstanding options as of March 31, 2016 is calculated as the difference between the exercise price of the underlying options and the market price of our common shares for the 201,498 options that were in-the-money at that date. The aggregate intrinsic value of exercisable options as of March 31, 2016 is calculated as the difference between the exercise price of the underlying options and the market price of our common shares for the 164,391 exercisable options that were in-the-money at that date. The Company's closing stock price was $15.76 as of March 31, 2016. The total intrinsic value of stock options exercised was $81,000, $839,000, and $3,251,000 during fiscal 2016, 2015 and 2014, respectively. As of March 31, 2016, there are no options available for future grants under the two stock option plans.

The grant date fair value of options that vested was $8.85, $8.52, and $8.11 during fiscal 2016, 2015 and 2014, respectively.

Cash received from option exercises under all share-based payment arrangements during fiscal 2016 and 2015 was approximately $242,000 and $1,607,000, respectively. Proceeds from the exercise of stock options under stock option plans are credited to common stock at par value and the excess is credited to additional paid-in capital.

As of March 31, 2016, $2,045,000 of unrecognized compensation cost related to non-vested stock options is expected to be recognized over a weighted-average period of approximately 2.5 years.

Exercise prices for options outstanding as of March 31, 2016, ranged from $13.10 to $28.45. The following table provides certain information with respect to stock options outstanding at March 31, 2016:

Range of Exercise Prices	Stock Options Outstanding	Weighted-average Exercise Price	Weighted-average Remaining Contractual Life
$10.01 to 20.00	436,886	$ 16.37	5.52
$20.01 to 30.00	281,915	25.96	8.37
	718,801	$ 20.13	6.64

The following table provides certain information with respect to stock options exercisable at March 31, 2016:

Range of Exercise Prices	Stock Options Exercisable	Weighted- average Exercise Price
$10.01 to $20.00	342,174	$ 16.25
$20.01 to $30.00	41,457	27.52
	383,631	$ 17.47

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The fair value of stock options granted was estimated on the date of grant using a Black-Scholes option pricing model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company’s employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management’s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. The weighted-average grant date fair value of the options was $8.58, $10.67, and $8.98 for options granted during fiscal 2016, 2015 and 2014, respectively. The following table provides the weighted-average assumptions used to value stock options granted during fiscal 2016, 2015 and 2014:

	Year Ended March 31, 2016		Year Ended March 31, 2015		Year Ended March 31, 2014	
Assumptions:						
Risk-free interest rate	0.82	%	0.70	%	0.41	%
Dividend yield	0.60	%	0.60	%	—	%
Volatility factor	0.391		0.453		0.533	
Expected life	5.5 years		5.5 years		5.5 years	

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

Restricted Stock Units

The Company granted restricted stock units under the LTIP during fiscal 2016, 2015 and 2014 to employees as well as to the Company’s non-executive directors as part of their annual compensation. Restricted stock units for employees prior to fiscal 2016 vest ratably based on service one-third after each of years three, four, and five. Beginning in fiscal 2016 restricted stock units for employees vest ratably based on service one-quarter after each of years one, two, three, and four.

A summary of the restricted stock unit awards granted under the Company’s LTIP plan as of March 31, 2016 is as follows:

	Shares	Weighted-average Grant Date Fair Value
Unvested at April 1, 2013	203,644	$ 15.95
Granted	97,095	20.70

Vested	(89,729)	17.51
Forfeited	(10,416)	16.37
Unvested at March 31, 2014	200,594	$ 17.53
Granted	85,821	26.38
Vested	(91,439)	19.03
Forfeited	(13,961)	17.16
Unvested at March 31, 2015	181,015	$ 20.99
Granted	287,585	19.86
Vested	(87,380)	20.20
Forfeited	(9,718)	22.65
Unvested at March 31, 2016	371,502	$ 20.26

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Total unrecognized compensation cost related to unvested restricted stock units as of March 31, 2016 is $5,267,000 and is expected to be recognized over a weighted average period of 2.6 years. The fair value of restricted stock units that vested during the year ended March 31, 2016 and 2015 was $2,049,000 and $1,740,000, respectively.

Performance Shares

The Company granted performance shares under the LTIP during fiscal 2016, 2015, and 2014. Fiscal year 2016 and 2015 performance shares granted are based upon the Company's Consolidated Net Revenue for the two year period ended March 31, 2017 and March 31, 2016, respectively. Fiscal 2014 performance shares granted are based upon the Company's adjusted earnings before interest and taxes (EBIT) for the one year period ended March 31, 2014. Fiscal year 2016, 2015, and 2014 performance based nonvested shares are recognized as compensation expense based upon their grant date fair value. This expense is recognized ratably over the three year period that these shares are restricted. During fiscal 2016, the Company determined that the fiscal year 2015 performance shares would not vest due to the performance condition not being met. The Company reversed $260,000 in stock compensation expense related to these performance shares that was previously recorded in fiscal 2015

A summary of the performance shares transactions during each of the three fiscal years in the period ended March 31, 2016 is as follows:

	Shares	Weighted-average Grant Date Fair Value
Unvested at April 1, 2013	103,864	$ 21.47
Granted	46,327	26.79
Unvested at March 31, 2014	150,191	$ 23.11
Granted	35,001	27.12
Vested	(37,627)	24.65
Forfeited	(34,118)	24.74
Unvested at March 31, 2015	113,447	$ 23.35
Granted	41,504	24.94
Vested	(53,298)	19.25
Unvested at March 31, 2016	101,653	$ 26.15

Total unrecognized compensation costs related to the unvested performance share awards as of March 31, 2016 was $760,000 and is expected be recognized over a weighted average period of 2.1 years. The fair value of performance shares that vested during the year ended March 31, 2016 was $1,026,000 and $928,000 both years ended March 31, 2015 and 2014.

Directors Stock

During fiscal 2016, 2015 and 2014, a total of 19,384, 17,304, and 12,642 shares of stock, respectively, were granted under the LTIP to the Company's non-executive directors as part of their annual compensation. The weighted average fair value grant price of those shares was $22.70, $25.43, and $24.92 for fiscal 2016, 2015 and 2014, respectively. The expense related to the shares for fiscal 2016, 2015 and 2014 was $440,000, $440,000, and $315,000, respectively.

Shareholder Rights Plan

On May 19, 2009 the Company announced that its Board of Directors had adopted a Shareholder Rights Plan, pursuant to which a dividend distribution was declared of one preferred share purchase right to each outstanding common share of the Company. Subject to limited exceptions, the rights will be exercisable if a person or group acquires 20% or more of the Company's common shares or announces a tender offer for 20% or more of the common shares. Under certain circumstances, each right will entitle shareholders to buy one one-thousandth of a share of the newly created series A junior participating preferred shares of the Company at an exercise price of $80.00 per share.

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Dividends

On March 31, 2016 the Company's Board of Directors approved payment of a quarterly dividend of $0.04 per common share, representing an annual dividend rate of $0.16 per share. The dividend was paid on May 16, 2016 to shareholders of record on May 6, 2016 and totaled approximately $804,000.

15. Loss Contingencies

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

Accrued general and product liability costs are the actuarially estimated reserves based on amounts determined from loss reports, individual cases filed with the Company, and an amount for losses incurred but not reported. The aggregate amounts of reserves were $14,535,000 and $12,530,000 as of March 31, 2016 and 2015, respectively. The liability for accrued general and product liability costs are funded by investments in marketable securities (see Notes 2 and 6).

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

	Year Ended March 31,		
	2016	2015	2014
Accrued general and product liability, beginning of year	$12,530	$14,480	$17,119
Add provision for claims	5,277	3,726	3,292
Additional product liability assumed from Magnetek	1,523	—	—
Deduct payments for claims	(4,795)	(5,676)	(5,931)
Accrued general and product liability, end of year	$14,535	$12,530	$14,480

The per occurrence limits on the self-insurance for general and product liability coverage to Columbus McKinnon through its wholly-owned captive insurance company were $2,000,000 from inception through fiscal 2003 and $3,000,000 for fiscal 2004 and thereafter. In addition to the per occurrence limits, the Company’s coverage is also subject to an annual aggregate limit, applicable to losses only. These limits range from $2,000,000 to $6,000,000 for each policy year from inception through fiscal 2016.

Along with other manufacturing companies, the Company is subject to various federal, state and local laws relating to the protection of the environment. To address the requirements of such laws, the Company has adopted a corporate environmental protection policy which provides that all of its owned or leased facilities shall, and all of its employees have the duty to, comply with all applicable environmental regulatory standards, and the Company has initiated an environmental auditing program for its facilities to ensure compliance with such regulatory standards. The Company has also established managerial responsibilities and internal communication channels for dealing with environmental compliance issues that may arise in the course of its business. Because of the complexity and changing nature of environmental regulatory standards, it is possible that situations will arise from time to time requiring the Company to incur expenditures in order to ensure environmental regulatory compliance. However, the Company is not aware of any environmental condition or any operation at any of its facilities, either individually or in the aggregate, which would cause expenditures having a material adverse effect on its results of operations, financial condition or cash flows and, accordingly, has not budgeted any material capital expenditures for environmental compliance for fiscal 2017.

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(tabular amounts in thousands, except share data)

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

Based on actuarial information, the Company has estimated its asbestos-related aggregate liability including related legal costs to range between $5,400,000 and $8,300,000 using actuarial parameters of continued claims for a period of 37 years from March 31, 2016. The Company's estimation of its asbestos-related aggregate liability that is probable and estimable, in accordance with U.S. generally accepted accounting principles approximates $7,198,000, which has been reflected as a liability in the consolidated financial statements as of March 31, 2016. The recorded liability does not consider the impact of any potential favorable federal legislation. This liability will fluctuate based on the uncertainty in the number of future claims that will be filed and the cost to resolve those claims, which may be influenced by a number of factors, including the outcome of the ongoing broad-based settlement negotiations, defensive strategies, and the cost to resolve claims outside the broad-based settlement program. Of this amount, management expects to incur asbestos liability payments of approximately $2,000,000 over the next 12 months. Because payment of the liability is likely to extend over many years, management believes that the potential additional costs for claims will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period.

The Company believes that a share of its previously incurred asbestos-related expenses and future asbestos-related expenses are covered by pre-existing insurance policies. The Company has engaged in a legal action against the insurance carriers for those policies to recover these expenses and future costs incurred. When the Company resolves this legal action, it is expected that a gain will be recorded for previously expensed cost that is recovered.

The Company is also involved in other unresolved legal actions that arise in the normal course of business. The most prevalent of these unresolved actions involve disputes related to product design, manufacture and performance liability. The Company's estimation of its product-related aggregate liability that is probable and estimable, in accordance with U.S. generally accepted accounting principles approximates $5,966,000, which has been reflected as a liability in the consolidated financial statements as of March 31, 2016. In some cases, we cannot reasonably estimate a range of loss because there is insufficient information regarding the matter. Management believes that the potential additional costs for claims will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period.

In connection with the acquisition of Magnetek, the following loss contingencies have been assumed by the Company:

Product Liability

Magnetek has been named, along with multiple other defendants, in asbestos-related lawsuits associated with business operations previously acquired but which are no longer owned. During Magnetek's ownership, none of the businesses produced or sold asbestos-containing products. For such claims, Magnetek is uninsured and either contractually indemnified against liability, or contractually obligated to defend and indemnify the purchaser of these former business operations. The Company aggressively seeks dismissal from these proceedings. Based on actuarial information, the asbestos related liability including legal costs is estimated to be approximately $1,371,000 which has been reflected as a liability in the consolidated financial statements at March 31, 2016.

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COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

Litigation-Other

In October 2010, Magnetek received a request for indemnification from Power-One, Inc. ("Power-One") for an Italian tax matter arising out of the sale of Magnetek's power electronics business to Power-One in October 2006. With a reservation of rights, Magnetek affirmed its obligation to indemnify Power-One for certain pre-closing taxes. The sale included an Italian company, Magnetek, S.p.A., and its wholly owned subsidiary, Magnetek Electronics (Shenzhen) Co. Ltd. (the “Power-One China Subsidiary”). The tax authority in Arezzo, Italy, issued a notice of audit report in September 2010 wherein it asserted that the Power-One China Subsidiary had its administrative headquarters in Italy with fiscal residence in Italy and, therefore, is subject to taxation in Italy. In November 2010, the tax authority issued a notice of tax assessment for the period of July 2003 to June 2004, alleging that taxes of approximately $2,200,000 (Euro 1,900,000) were due in Italy on taxable income earned by the Power-One China Subsidiary during this period. In addition, the assessment alleges potential penalties together with interest in the amount of approximately $3,000,000 (Euro 2,600,000) for the alleged failure of the Power-One China Subsidiary to file its Italian tax return. The Power-One China Subsidiary filed its response with the provincial tax commission of Arezzo, Italy in January 2011. The tax authority in Arezzo, Italy issued a tax inspection report in January 2011 for the periods July 2002 to June 2003 and July 2004 to December 2006 claiming that the Power-One China Subsidiary failed to file Italian tax returns for the reported periods. A hearing before the Tax Court was held in July 2012 on the tax assessment for the period of July 2003 to June 2004. In September 2012, the Tax Court ruled in favor of the Power-One China Subsidiary dismissing the tax assessment for the period of July 2003 to June 2004. In February 2013, the tax authority filed an appeal of the Tax Court's September 2012 ruling. The Regional Tax Commission of Florence heard the appeal of the tax assessment dismissal for the period of July 2003 to June 2004 and thereafter issued its ruling finding in favor of the tax authority. Magnetek believes the court’s decision was based upon erroneous interpretations of the applicable law and appealed the ruling to the Italian Supreme Court in April 2015.

In August 2012, the tax authority in Arezzo, Italy issued notices of tax assessment for the periods July 2002 to June 2003 and July 2004 to December 2006, alleging that taxes of approximately $7,600,000 (Euro 6,700,000) were due in Italy on taxable income earned by the Power-One China Subsidiary together with an allegation of potential penalties in the amount of approximately $3,200,000 (Euro 2,800,000) for the alleged failure of the Power-One China Subsidiary to file its Italian tax returns. On June 3, 2015, the Tax Court ruled in favor of the Power-One China Subsidiary dismissing the tax assessments for the periods of July 2002 to June 2003 and July 2004 to December 2006. On July 27, 2015, the tax authority filed an appeal of the Tax Court's ruling of June 3, 2015. In May 2016 the Regional Tax Court of Florence rejected the appeal of the tax authority and at the same time canceled the notices of assessment for the fiscal years of 2004/2005 and 2005/2006. The tax authority has up to six months to appeal the decision. The Company believes it will be successful and does not expect to incur a liability related to these tax assessments.

Environmental Matters

From time to time, Magnetek has taken action to bring certain facilities associated with previously owned businesses into compliance with applicable environmental laws and regulations. Upon the subsequent sale of certain businesses, Magnetek agreed to indemnify the buyers against environmental claims associated with the divested operations, subject to certain conditions and limitations. Remediation activities, including those related to indemnification obligations, did not involve material expenditures during the first nine months of fiscal year 2016.

Magnetek has also been identified by the United States Environmental Protection Agency and certain state agencies as a potentially responsible party for cleanup costs associated with alleged past waste disposal practices at several previously utilized, owned or leased facilities and offsite locations. Its remediation activities as a potentially responsible party were not material in the first nine months of fiscal year 2016. Although the materiality of future expenditures for environmental activities may be affected by the level and type of contamination, the extent and nature of cleanup activities required by governmental authorities, the nature of Magnetek's alleged connection to the contaminated sites, the number and financial resources of other potentially responsible parties, the availability of indemnification rights against third parties and the identification of additional contaminated sites, Magnetek's estimated share of liability, if any, for environmental remediation, including its indemnification obligations, is not expected to be material.

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(tabular amounts in thousands, except share data)

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

In January 2007, the Connecticut Department of Environmental Protection (“DEP”) requested parties, including Magnetek, to submit reports summarizing the investigations and remediation performed to date at the site and the proposed additional investigations and remediation necessary to complete those actions at the site. DEP requested additional information relating to site investigations and remediation. Magnetek and the DEP agreed to the scope of the work plan in November 2010. The Company has recorded a liability of $422,000, included in the amount specified above, related to the Bridgeport facility, representing the best estimate of future site investigation costs and remediation costs which are expected to be incurred in the future.

FOL's inability to satisfy its remaining obligations to the state of Connecticut related to the Bridgeport facility and any offsite disposal locations, or the discovery of additional environmental contamination at the Bridgeport facility is not expected to have a material adverse effect on the Company's financial position, cash flows or results of operations.

The Company has recorded total liabilities of $890,000 for all environmental matters related to Magnetek in the consolidated financial statements as of March 31, 2016 on an undiscounted basis.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

16. Income Taxes

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

	Year Ended March 31,		
	2016	2015	2014
Expected tax at 35%	$11,068	$12,605	$14,953
State income taxes net of federal benefit	717	721	1,119
Foreign taxes less than statutory federal rate	(2,370)	(2,471)	(2,284)
Permanent items	1,187	(264)	(384)
Valuation allowance	2,860	(18)	(1,563)
(Utilization)/Expiration of foreign tax credits	(945)	—	1,440
Research and development credits	(200)	(1,641)	(521)
Other	(272)	(107)	(459)
Actual tax provision expense (benefit)	$12,045	$8,825	$12,301

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

	Year Ended March 31,		
	2016	2015	2014
Current income tax expense (benefit):			
United States Federal	$1,905	$2,853	$2,585
State taxes	441	257	701
Foreign	2,363	3,641	3,984
Deferred income tax expense (benefit):			
United States	7,235	5,098	6,587
Foreign	101	(3,024)	(1,556)
	$12,045	$8,825	$12,301

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

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

	March 31,	
	2016	2015
Deferred tax assets:		
Federal net operating loss carryforwards	$56,142	$—
State and foreign net operating loss carryforwards	11,797	6,283
Employee benefit plans	38,146	21,641
Insurance reserves	6,144	5,661
Accrued vacation and incentive costs	3,038	3,516
Federal tax credit carryforwards	517	2,134
Equity compensation	3,213	2,496
Other	5,637	3,814
Valuation allowance	(4,131)	(1,977)
Deferred tax assets after valuation allowance	120,503	43,568
Deferred tax liabilities:		
Property, plant, and equipment	(3,448)	(3,568)
Intangible assets	(43,956)	(5,949)
Total deferred tax liabilities	(47,404)	(9,517)
Net deferred tax assets (liabilities)	$73,099	$34,051

The Company early adopted the Financial Accounting Standards Boards Accounting Standards Update 2015-17, "Income Taxes (Topic 740)" effective March 31, 2016. The Update requires deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The Company adopted this Update on a prospective basis. Therefore, the Company reclassified its current deferred tax assets included in prepaid expenses and other to deferred income taxes (noncurrent asset/noncurrent liability) on its Balance Sheet at March 31, 2016. Net current deferred tax assets of $8,300,000 are included in prepaid expenses and other in the consolidated balance sheet at March 31, 2015. Net current deferred tax liabilities of $158,000 are included in accrued liabilities in the consolidated balance sheet at March 31, 2015.

The gross amount of the Company's deferred tax assets were $124,634,000 and $45,545,000 at March 31, 2016 and 2015, respectively.

The valuation allowance includes $3,426,000, $1,207,000 and $1,976,000 related to foreign net operating losses at March 31, 2016, 2015 and 2014, respectively. The increase in the foreign valuation allowance is primarily due to recording a valuation allowance on the deferred tax assets of certain foreign subsidiaries of the Company. The Company's foreign subsidiaries have net operating loss carryforwards that expire in periods ranging from five years to indefinite.

The federal net operating losses arose from the acquisition of Magnetek and have expiration dates ranging from 2020 through 2035. The state net operating losses have expiration dates ranging from 2021 through 2035. The federal tax credits have indefinite expiration dates.

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

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

	March 31,	
	2016	2015
Net current deferred tax assets	$—	$8,300
Net current deferred tax liabilities	—	(158)
Net non-current deferred tax assets	73,158	28,695
Net non-current deferred tax liabilities	(59)	(2,786)
Net deferred tax assets (liabilities)	$73,099	$34,051

The net current deferred tax assets are included in prepaid expenses. The net current deferred tax liabilities are included in accrued liabilities. Net non-current deferred tax liabilities are included in other non-current liabilities.

Income from continuing operations before income tax expense includes foreign subsidiary income of $5,448,000, $10,570,000, and $11,459,000 for the years ended March 31, 2016, 2015, and 2014, respectively. As of March 31, 2016, the Company had unrecognized deferred tax liabilities related to approximately $95,000,000 of cumulative undistributed earnings of foreign subsidiaries. These earnings are considered to be permanently invested in operations outside the United States. Determination of the amount of unrecognized deferred U.S. income tax liability with respect to such earnings is not practicable.

There were shares of common stock issued through restricted stock units, the exercise of non-qualified stock options, or through the disqualifying disposition of incentive stock options in the years ended March 31, 2016 and 2015. The tax effects to the Company from these transactions, recorded in additional paid-in capital rather than recognized as an increase in (reduction to) income tax expense, were $118,000 and $(65,000) in fiscal 2016 and 2015, respectively. The fiscal 2016 and 2015 tax windfall (shortfall) was also recognized in the consolidated balance sheet as an increase (decrease) in deferred tax assets.

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

	2016	2015	2014
Beginning balance	$1,833	$2,357	$1,986
Additions for prior year tax positions	—	—	754
Additions for current year tax positions	—	—	828
Reductions for prior year tax positions	—	(198)	—
Settlements	(771)	(50)	—
Foreign currency translation	30	(276)	42
Lapses in statutes of limitation	—	—	(1,253)
Ending balance	$1,092	$1,833	$2,357

The Company had $14,000 and $200,000 accrued for the payment of interest and penalties at March 31, 2016 and 2015, respectively. The Company recognizes interest expense or penalties related to uncertain tax positions as a part of income tax expense in its consolidated statements of operations.

All of the unrecognized tax benefits as of March 31, 2016 would impact the effective tax rate if recognized.

The Company and its subsidiaries file income tax returns in the U.S., various state, local, and foreign jurisdictions. The Internal Revenue Service has completed an examination of the Company’s U.S. income tax returns for fiscal 2009 and 2010 resulting in no adjustments. Current examinations include an IRS audit for the fiscal year 2015 U.S. income tax return and various state audits.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

The Company's major tax jurisdictions are the United States and Germany. With few exceptions, the Company is no longer subject to tax examinations by tax authorities in the United States for tax years prior to March 31, 2013 and in Germany for tax years prior to March 31, 2010.

The Company does not anticipate that total unrecognized tax benefits will change significantly due to the settlement of audits or the expiration of statutes of limitation prior to March 31, 2017.

17. Rental Expense and Lease Commitments

Rental expense for the years ended March 31, 2016, 2015, and 2014 was $7,532,000, $5,229,000, and $5,397,000, respectively. The following amounts represent future minimum payment commitments as of March 31, 2016 under non-cancelable operating leases extending beyond one year:

Year Ended March 31,	Real Property	Vehicles/Equipment	Total
2017	5,228	1,091	6,319
2018	4,643	727	5,370
2019	3,940	437	4,377
2020	3,501	244	3,745
2021	3,068	178	3,246
Thereafter	9,551	—	9,551
Total	$ 29,931	$ 2,677	$ 32,608

18. Business Segment Information

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

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

	Year Ended March 31,		
	2016	2015	2014
Net sales:			
United States	$ 382,923	$ 345,244	$ 338,744
Europe	151,702	161,620	171,605
Canada	20,750	21,731	21,723
Other	41,728	51,048	51,218
Total	$ 597,103	$ 579,643	$ 583,290

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

	Year Ended March 31,		
	2016	2015	2014
Total assets:			
United States	$519,361	$304,888	$374,033
Europe	199,385	208,015	156,101
Canada	9,665	8,055	15,635
Other	44,633	45,366	52,905
Total	$773,044	$566,324	$598,674

	Year Ended March 31,		
	2016	2015	2014
Long-lived assets:			
United States	$308,504	$142,241	$142,409
Europe	78,831	79,496	65,994
Other	10,300	9,955	10,429
Total	$397,635	$231,692	$218,832

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

Sales by major product group are as follows:	Year Ended March 31,		
	2016	2015	2014
Hoists	$351,965	$393,571	$400,565
Chain and rigging tools	75,432	76,604	76,112
Industrial cranes	30,526	26,595	18,502
Actuators and rotary unions	63,923	72,021	78,642
Digital power control and delivery systems	50,361	—	—
Elevator application drive systems	14,554	—	—
Other	10,342	10,852	9,469
Total	$597,103	$579,643	$583,290

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

19. Selected Quarterly Financial Data (Unaudited)

Below is selected quarterly financial data for fiscal 2016 and 2015:

	Three Months Ended			
	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
Net sales	$136,236	$146,041	$159,738	$155,088
Gross profit	43,584	46,945	48,341	48,393
Income from operations	11,291	6,512	10,958	11,809
Net income	$6,911	$(448)	$7,227	$5,889
Net income per share – basic	$0.35	$(0.02)	$0.36	$0.29
Net income per share – diluted	$0.34	$(0.02)	$0.36	$0.29

	Three Months Ended			
	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015
Net sales	$142,932	$146,991	$140,791	$148,929
Gross profit	45,565	47,156	43,409	45,477
Income from operations	13,006	16,134	12,615	12,893
Net income	$6,733	$10,599	$7,861	$1,997
Net income per share – basic	$0.34	$0.53	$0.39	$0.10
Net income per share – diluted	$0.34	$0.53	$0.39	$0.08

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COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

20. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss is as follows:

	March 31,	
	2016	2015
Foreign currency translation adjustment – net of tax	$(20,985)	$(24,635)
Pension liability – net of tax	(71,389)	(65,995)
Postretirement obligations – net of tax	364	(240)
Split-dollar life insurance arrangements – net of tax	(1,799)	(1,904)
Derivatives qualifying as hedges – net of tax	(1,564)	(533)
Net unrealized investment gain – net of tax	626	859
Accumulated other comprehensive loss	$(94,747)	$(92,448)

The deferred taxes related to the adjustments associated with the items included in accumulated other comprehensive loss, net of deferred tax asset valuation allowances, were $4,753,000, $13,406,000, and $8,992,000 for 2016, 2015, and 2014 respectively. Refer to Note 16 for discussion of the deferred tax asset valuation allowance. In the period subsequent to our initial recording of the valuation allowance in fiscal 2011, increases and decreases to both the deferred tax assets associated with items in accumulated other comprehensive loss, and the valuation allowance, have been recorded as offsets to comprehensive income.

As a result of the recording of a deferred tax asset valuation allowance in fiscal 2011, the Company recorded as an offsetting entry a $10,006,000 charge in the minimum pension liability component, $935,000 benefit in the other post retirement obligations component, $747,000 charge in the split dollar life insurance arrangement component, and a $557,000 charge in the net unrealized investment gain component of other comprehensive income. With the reversal of that valuation allowance in fiscal 2013, the Company recorded the reversal of the valuation allowance as a reduction of income taxes in the consolidated statement of operations. This is in accordance with ASC Topic 740, “Income Taxes,” even though the valuation allowance was initially established by a charge against comprehensive income. These amounts will remain indefinitely as a component of accumulated other comprehensive loss.

As a result of the recording of a deferred tax asset valuation allowance in fiscal 2005, the Company recorded as an offsetting entry a $534,000 charge in the minimum pension liability component of other comprehensive income. With the reversal of that valuation allowance in fiscal 2006, the Company recorded the reversal of the valuation allowance as a reduction of income taxes in the consolidated statement of operations. This is in accordance with ASC Topic 740, “Income Taxes,” even though the valuation allowance was initially established by a charge against comprehensive income. This amount will remain indefinitely as a component of accumulated other comprehensive loss.

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

	Year Ended March 31,		
	2016	2015	2014
Net unrealized investment gain (loss) at beginning of year	$859	$1,768	$2,808
Unrealized holdings gain (loss) arising during the period	(79)	433	395

Reclassification adjustments for gain included in earnings	(154)	(1,342)	(1,435)
Net change in unrealized gain (loss) on investments	(233)	(909)	(1,040)
Net unrealized investment gain at end of year	$626	$859	$1,768

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Explanation of Responses:

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(tabular amounts in thousands, except share data)

Changes in accumulated other comprehensive income by component for the year ended March 31, 2016 are as follows (in thousands):

	March 31, 2016				
	Unrealized Investment Gain	Retirement Obligations	Foreign Currency	Change in Derivatives Qualifying as Hedges	Total
Beginning balance net of tax	$859	$ (68,139)	$(24,635)	$ (533)	(92,448)
Other comprehensive income (loss) before reclassification	(79)	(4,749)	3,650	(2,211)	(3,389)
Amounts reclassified from other comprehensive loss to net income	(154)	64	—	1,180	1,090
Net current period other comprehensive (loss) income	(233)	(4,685)	3,650	(1,031)	(2,299)
Ending balance	$626	$ (72,824)	$(20,985)	$ (1,564)	$(94,747)

Details of amounts reclassified out of accumulated other comprehensive loss for the year ended March 31, 2016 are as follows (in thousands):

Details of AOCL Components	Amount reclassified from AOCL	Affected line item on consolidated statement of operations
Unrealized gain on investments		
	$ (237)	Investment income
	(237)	Total before tax
	83	Tax expense
	$ (154)	Net of tax
Net amortization of prior service cost		
	$ 99	(1)
	99	Total before tax
	35	Tax benefit
	$ 64	Net of tax
Change in derivatives qualifying as hedges		
	$ 1,815	Cost of products sold
	1,815	Total before tax
	635	Tax benefit
	$ 1,180	Net of tax

(1)

These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. (See Note 12 — Pensions and Other Benefit Plans for additional details.)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

21. Effects of New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." This ASU makes several modifications to Topic 718 related to the accounting for forfeitures, employer tax withholding on share-based compensation and the financial statement presentation of excess tax benefits or deficiencies. ASU 2016-09 also clarifies the statement of cash flows presentation for certain components of share-based awards. The ASU is effective for interim and annual reporting periods beginning after December 15, 2016, although early adoption is permitted. We are currently evaluating the impact that the standard will have on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)." This ASU amends the principal-versus-agent implementation guidance and illustrations in the FASB’s new revenue standard (ASC 606). The FASB issued the ASU in response to concerns identified by stakeholders, including those related to (1) determining the appropriate unit of account under the revenue standard’s principal-versus-agent guidance and (2) applying the indicators of whether an entity is a principal or an agent in accordance with the revenue standard’s control principle. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. We are currently evaluating the impact that the ASU will have on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, "Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting." This ASU eliminates the requirement that when an existing cost method investment qualifies for use of the equity method, an investor must restate its historical financial statements, as if the equity method had been used during all previous periods. Under the new guidance, at the point an investment qualifies for the equity method, any unrealized gain or loss in AOCI will be recognized through earnings. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-06, "Contingent Put and Call Options in Debt Instruments (Topic 815): Contingent Put and Call Options in Debt Instruments (A Consensus of the Emerging Issues Task Force)." This ASU requires that embedded derivatives be separated from the host contract and accounted for separately as derivatives if certain criteria are met. One of those criteria is that the economic characteristics and risks of the embedded derivatives are not clearly and closely related to the economic characteristics and risks of the host contract (the “clearly and closely related” criterion). The amendments in this ASU clarify what steps are required when assessing whether the economic characteristics and risks of call (put) options are clearly and closely related to the economic characteristics and risks of their debt hosts, which is one of the criteria for bifurcating an embedded derivative. Consequently, when a call (put) option is contingently exercisable, an entity does not have to assess whether the event that triggers the ability to exercise a call (put) option is related to interest rates or credit risks. The ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-05, "Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (A Consensus of the Emerging Issues Task Force)". The amendments in this ASU clarify that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." This standard will require all leases with durations greater than twelve months to be recognized on the balance sheet. The ASU effective for interim and annual reporting periods beginning after December 15, 2018, although early adoption is permitted. Although we have not completed our assessment, we do not expect the adoption to change the recognition, measurement or presentation of lease expenses within the Consolidated Statements of Operations and Cash Flows. Information about our undiscounted future lease payments and the timing of those payments is in Note 17.

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COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.” The update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments, including the Company's marketable securities. ASU 2016-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. We are currently evaluating the impact that the standard will have on our consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." The update requires companies to present deferred income tax assets and deferred income tax liabilities as noncurrent in a classified balance sheet instead of the current requirement to separate deferred income tax liabilities and assets into current and noncurrent amounts. ASU 2015-17 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early application is permitted either prospectively or retrospectively. The Company has elected to adopted ASU 2015-17 at March 31, 2016 on a prospective basis. Refer to Note 16 for additional information regarding the impact of adopting this ASU.

In September 2015, the FASB issued ASU 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments." The update requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, including the cumulative effect of the change in provisional amount as if the accounting had been completed at the acquisition date. The adjustments related to previous reporting periods since the acquisition date must be disclosed by income statement line item either on the face of the income statement or in the notes. The ASU is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015. The Company intends to adopt ASU 2015-16 at April 1, 2016 and is evaluating the impact that this adoption will have on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, “Inventory (Topic 330): Simplifying the Measurement of Inventory”. ASU 2015-11 requires an entity to measure inventory that is within the scope of this ASU at the lower of cost and net realizable value. Existing impairment models will continue to be used for inventories that are accounted for using the last-in first-out (“LIFO”) method. ASU 2015-11 requires prospective adoption for inventory measurements for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. Early adoption is permitted. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In June 2015, the FASB issued ASU No. 2015-10, "Technical Corrections and Updates." The amendments in this update cover a wide range of topics in the codification and are generally categorized as follows: Amendments Related to Differences between Original Guidance and the Codification; Guidance Clarification and Reference Corrections; Simplification; and, Minor Improvements. The amendments are effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In May 2015, the FASB issued ASU 2015-08, "Business Combinations (Topic 805): Pushdown Accounting - Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115." The amendments in the ASU amend various SEC paragraphs included in the FASB’s Accounting Standards Codification to reflect the issuance of Staff Accounting Bulletin No. 115, or SAB 115. SAB 115 rescinds portions of the interpretive guidance included in the

SEC's Staff Accounting Bulletins series and brings existing guidance into conformity with ASU No. 2014-17, Business Combinations (Topic 805): Pushdown Accounting, which provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. We have adopted the amendments in ASU 2015-08 as the amendments in the update are effective upon issuance. The adoption of this standard did not have a significant effect on the Company's consolidated financial statements.

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COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

In May 2015, the FASB issued ASU No. 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (A Consensus of the FASB Emerging Issue Task Force)." The ASU provides guidance on the disclosures for investments in certain entities that calculate net asset value (NAV) per share (or its equivalent). The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share (or its equivalent) as a practical expedient. ASU No. 2015-07 is to be applied retrospectively and is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those fiscal years, with early application permitted. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-05, "Intangibles-Goodwill and Other-Internal Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." The ASU provides guidance to entities about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the entity should account for the software license element of the arrangement consistent with the acquisition of other software license. If a cloud computing arrangement does not include a software license, the entity should account for the arrangement as a service contract. The guidance does not change GAAP for an entity's accounting for service contracts. The ASU is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-04, "Compensation – Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets." The ASU provides the use of a practical expedient that permits the entity to measure defined benefit plans assets and obligations using the month-end that is closest to the entity's fiscal year-end and apply that practical expedient consistently from year to year. Further, if a contribution or significant event occurs between the month-end date used to measure defined benefit plan asset and obligations and an entity's fiscal year-end, the entity should adjust the measurement of defined plan assets and obligations to reflect of those contributions of significant events. However, an entity should not adjust the measurement of defined benefit plan asset and obligations for other events that occur between the month-end measurement and the entity's fiscal year-end that are not caused by the entity. The amendments are effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance also requires retrospective application to all prior periods presented. ASU 2015-03 is effective for the first interim period for fiscal years beginning after December 15, 2015. In August 2015, the FASB issued ASU No. 2015-15, “Interest — Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements — Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting” (“ASU 2015-15”), which clarifies the treatment of debt issuance costs from line-of-credit arrangements after the adoption of ASU 2015-03. In particular, ASU 2015-15 clarifies that the SEC staff would not object to an entity deferring and presenting debt issuance costs related to a line-of-credit arrangement as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of such arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." This update is intended to improve certain areas of consolidation guidance by simplifying the consolidation evaluation process, and by placing more emphasis on risk of loss when determining a controlling financial interest. The provisions of this ASU are effective for interim and annual periods beginning after December 15, 2015. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

COLUMBUS McKINNON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(tabular amounts in thousands, except share data)

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements — Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern.” ASU 2014-15 addresses management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. Management’s evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, "Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period." ASU 2014-12 requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2015. The Company does not anticipate that the adoption of this standard will have a material impact on its consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-11, "Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures." ASU 2014-11 changes the accounting for repurchase-to-maturity transactions and linked repurchase financings to secured borrowing accounting, which is consistent with the accounting for other repurchase agreements. ASU 2014-11 also requires new disclosures about transfers that are accounted for as sales in transactions that are economically similar to repurchase agreements and increased transparency about the types of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. This ASU is effective for the first interim or annual period beginning after December 15, 2014. The adoption of this standard did not have a significant effect on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. In August 2015, the FASB issued Accounting Standards Update No. 2015-14, “Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date,” which delays the effective date of ASU 2014-09 by one year. This ASU is now effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company is evaluating the potential impact of this adoption on its consolidated financial statements.

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU 2014-08 changes the criteria for disposals to qualify as discontinued operations and requires new disclosures about disposals of both discontinued operations and certain other disposals that do not meet the new definition. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2014. The adoption of this standard did not have a significant effect on the Company's consolidated financial statements.

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COLUMBUS McKINNON CORPORATION

SCHEDULE II—Valuation and qualifying accounts
March 31, 2016, 2015 and 2014
Dollars in thousands

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Charged to Other Accounts	Acquisition	Deductions		Balance at End of Period
Year ended March 31, 2016:							
Deducted from asset accounts:							
Allowance for doubtful accounts	$ 2,155	$(13)	$401	$ —	$ 366	(1)	$2,177
Deferred tax asset valuation allowance	1,977	2,860	(706)	—	—		4,131
Total	$ 4,132	$2,847	$(305)	$ —	$ 366		$6,308
Reserves on balance sheet:							
Accrued general and product liability costs	$ 12,530	$5,277	$—	$ 1,523	$ 4,795	(2)	$14,535
Year ended March 31, 2015:							
Deducted from asset accounts:							
Allowance for doubtful accounts	$ 2,323	$876	$—	$ —	$ 1,044	(1)	$2,155
Deferred tax asset valuation allowance	2,361	(19)	(365)	—	—		1,977
Total	$ 4,684	$857	$(365)	$ —	$ 1,044		$4,132
Reserves on balance sheet:							
Accrued general and product liability costs	$ 14,480	$3,726	$—	$ —	$ 5,676	(2)	$12,530
Year ended March 31, 2014:							
Deducted from asset accounts:							
Allowance for doubtful accounts	$ 2,256	$319	$—	$ —	$ 252	(1)	$2,323
Deferred tax asset valuation allowance	3,924	667	(2,230)	—	—		2,361
Total	$ 6,180	$986	$(2,230)	$ —	$ 252		$4,684
Reserves on balance sheet:							
Accrued general and product liability costs	$ 17,119	$3,292	$—	$ —	$ 5,931	(2)	$14,480

(1) Uncollectible accounts written off, net of recoveries
(2) Insurance claims and expenses paid
(3) Charged against accumulated other comprehensive loss

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

None.

Item 9A. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

As of March 31, 2016, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of March 31, 2016. There were no changes in our internal controls or in other factors during our fourth quarter ended March 31, 2016.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of March 31, 2016 based on the framework in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of March 31, 2016.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2016 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

The Company acquired 100% of the outstanding common shares of Magnetek, Inc. ("Magnetek") on September 2, 2015. Magnetek was excluded from management's annual report on internal control over financial reporting as of March 31, 2016. The results of Magnetek are included in the Company's fiscal 2016 consolidated financial statements and constituted $256,162,000 and $194,394,000 of total assets and net assets, respectively, as of March 31, 2016 and $65,662,000 and $3,634,000 of net sales and net income, respectively, for the year then ended.

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

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the three months ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting other than what is described below.

Effective during our fiscal 2016, we are utilizing the 2013 version of the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Columbus McKinnon Corporation

We have audited Columbus McKinnon Corporation’s internal control over financial reporting as of March 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Columbus McKinnon Corporation’s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

As indicated in the accompanying Management’s Report on Internal Control Over Financial Reporting, management’s assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Magnetek, Inc., which is included in the March 31, 2016 consolidated financial statements of Columbus McKinnon Corporation and constituted $256,162,000 and $194,394,000 of total and net assets, respectively, as of March 31, 2016 and $65,662,000 and $3,634,000 of net sales and net income, respectively, for the year then ended. Our audit of internal control over financial reporting of Columbus McKinnon Corporation also did not include an evaluation of the internal control over financial reporting of Magnetek, Inc.

In our opinion, Columbus McKinnon Corporation maintained, in all material respects, effective internal control over financial reporting as of March 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Columbus McKinnon Corporation as of March 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2016 of Columbus McKinnon Corporation, and our report dated June 1, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Buffalo, New York
June 1, 2016

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Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information regarding Directors and Executive Officers of the Registrant will be included in a Proxy Statement to be filed with the Commission prior to July 31, 2016 and upon the filing of such Proxy Statement, is incorporated by reference herein.

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

We have adopted a code of ethics that applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer, as well as our directors. Our code of ethics, the Columbus McKinnon Corporation Legal Compliance & Business Ethics Manual, is available on our website at www.cmworks.com. We intend to disclose any amendment to, or waiver from, the code of ethics that applies to our principal executive officer, principal financial officer or principal accounting officer otherwise required to be disclosed under Item 10 of Form 8-K by posting such amendment or waiver, as applicable, on our website.

Item 11. Executive Compensation

The information regarding Executive Compensation will be included in a Proxy Statement to be filed with the Commission prior to July 31, 2016 and upon the filing of such Proxy Statement, is incorporated by reference herein.

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

The information regarding Security Ownership of Certain Beneficial Owners and Management and regarding equity compensation plan incorporation will be included in a Proxy Statement to be filed with the Commission prior to July 31, 2016 and upon the filing of such Proxy Statement, is incorporated by reference herein.

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

The information regarding Certain Relationships and Related Transactions will be included in a Proxy Statement to be filed with the Commission prior to July 31, 2016 and upon the filing of such Proxy Statement, is incorporated by reference herein.

Item 14. Principal Accountant Fees and Services

The information regarding Principal Accountant Fees and Services will be included in a Proxy Statement to be filed with the Commission prior to July 31, 2016 and upon the filing of such Proxy Statement, is incorporated by reference herein.

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PART IV
Item 15. Exhibits and Financial Statement Schedules

(1) Financial Statements:

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

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

(3) Exhibits:

Exhibit Number	Exhibit
3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Company’s Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995).
3.2	Amended By-Laws of the Registrant (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K dated March 28, 2013).
3.3	Certificate of Amendment to the Restated Certificate of Incorporation of Columbus McKinnon Corporation, dated as of May 18, 2009 (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K dated May 18, 2009).
4.1	

	Specimen common share certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995.)
4.2	Rights Agreement, dated as of May 18, 2009, between Columbus McKinnon Corporation and American Stock Transfer & Trust Company, LLC, which includes the form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated May 18, 2009).
4.3	Indenture related to the Company's 7.875% Senior Subordinated Notes due 2019 (incorporated by reference to exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 28, 2011)
4.4	Supplemental Indenture related to the Company's subsidiary guarantors as defined in the Indenture agreement related to the Company's 7.875% Senior Subordinated Notes due 2019 (incorporated by reference to exhibit 4.3 to the Company's Current Report on Form 8-K filed on January 28, 2011)

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#10.1	Agreement by and among Columbus McKinnon Corporation Employee Stock Ownership Trust, Columbus McKinnon Corporation and Marine Midland Bank, dated November 2, 1995 (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995).
#10.2	Columbus McKinnon Corporation Employee Stock Ownership Plan Restatement Effective April 1, 1989 (incorporated by reference to Exhibit 10.23 to the Company's Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995).
#10.3	Amendment No. 1 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated March 2, 1995 (incorporated by reference to Exhibit 10.24 to the Company's Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995).
#10.4	Amendment No. 2 to the Columbus McKinnon Corporation Employee Stock Ownership Plan, dated October 17, 1995 (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1997).
#10.5	Amendment No. 3 to the Columbus McKinnon Corporation Employee Stock Ownership Plan, dated March 27, 1996 (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1997).
#10.6	Amendment No. 4 of the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated September 30, 1996 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1996).
#10.7	Amendment No. 5 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated August 28, 1997 (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1998).
#10.8	Amendment No. 6 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated June 24, 1998 (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1998).
#10.9	Amendment No. 7 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated April 30, 2000 (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2000).
#10.10	Amendment No. 8 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated March 26, 2002 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
#10.11	Amendment No. 9 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated March 27, 2003 (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2003).
#10.12	Amendment No. 10 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated February 28, 2004 (incorporated by reference to Exhibit 10.12 to the

	Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2004).
#10.13	Amendment No. 11 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated December 19, 2003 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2003).
#10.14	Amendment No. 12 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated March 17, 2005 (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2005).
#10.15	Amendment No. 13 to the Columbus McKinnon Corporation Employee Stock Ownership Plan as Amended and Restated as of April 1, 1989, dated December 19, 2008 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2008).
#10.16	Columbus McKinnon Corporation Personal Retirement Account Plan Trust Agreement, dated April 1, 1987 (incorporated by reference to Exhibit 10.25 to the Company's Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995).
#10.17	Second Amendment to the Columbus McKinnon Corporation Restricted Stock Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 29, 2002).
#10.18	Columbus McKinnon Corporation Thrift [401(k)] Plan 1989 Restatement Effective January 1, 1998 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 27, 1998).
#10.19	Amendment No. 1 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated December 10, 1998 (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1999).
#10.20	Amendment No. 2 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401 (k)] Plan, dated June 1, 2000 (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2000).

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#10.21	Amendment No. 3 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401 (k)] Plan, dated March 26, 2002 (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
#10.22	Amendment No. 4 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated May 10, 2002 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 29, 2002).
#10.23	Amendment No. 5 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated December 20, 2002 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002).
#10.24	Amendment No. 6 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated May 22, 2003 (incorporated by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2003).
#10.25	Amendment No. 7 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated April 14, 2004 (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2004).
#10.26	Amendment No. 8 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated December 19, 2003 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2003).
#10.27	Amendment No. 9 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated March 16, 2004 (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2004).
#10.28	Amendment No. 10 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated July 12, 2004 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended July 4, 2004).
#10.29	Amendment No. 11 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated March 31, 2005 (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2005).
#10.30	Amendment No. 12 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated December 27, 2005 (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2006).
#10.31	Amendment No. 13 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated December 21, 2006 (incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the fiscal year ended March, 31, 2007).
#10.32	Amendment No. 14 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated December 21, 2007 (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008).

#10.33	Amendment No. 15 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Thrift [401(k)] Plan, dated January 29, 2009 (incorporated by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2008).
#10.34	Columbus McKinnon Corporation Thrift 401(k) Plan Trust Agreement Restatement Effective August 9, 1994 (incorporated by reference to Exhibit 10.32 to the Company’s Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995).
#10.35	Columbus McKinnon Corporation Monthly Retirement Benefit Plan Restatement Effective April 1, 1998 (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended December 27, 1998).
#10.36	Amendment No. 1 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated December 10, 1998 (incorporated by reference to Exhibit 10.32 to the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 1999).
#10.37	Amendment No. 2 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated May 26, 1999 (incorporated by reference to Exhibit 10.33 to the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 1999).
#10.38	Amendment No. 3 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated March 26, 2002 (incorporated by reference to Exhibit 10.44 to the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
#10.39	Amendment No. 4 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated December 20, 2002 (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002).

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#10.40	Amendment No. 5 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated February 28, 2004 (incorporated by reference to Exhibit 10.37 to the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2004).
#10.41	Amendment No. 6 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated March 17, 2005 (incorporated by reference to Exhibit 10.41 to the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2005).
#10.42	Amendment No. 7 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated December 28, 2005 (incorporated by reference to Exhibit 10.43 to the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2006).
#10.43	Amendment No. 8 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated December 28, 2005 (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2006).
#10.44	Amendment No. 9 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated April 21, 2008 (incorporated by reference to Exhibit 10.47 to the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2008).
#10.45	Amendment No. 10 to the 1998 Plan Restatement of the Columbus McKinnon Corporation Monthly Retirement Benefit Plan, dated December 19, 2008 (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2008).
#10.46	Columbus McKinnon Corporation Monthly Retirement Benefit Plan Trust Agreement Effective as of April 1, 1987 (incorporated by reference to Exhibit 10.34 to the Company’s Registration Statement No. 33-80687 on Form S-1 dated December 21, 1995).
#10.47	Columbus McKinnon Corporation 2006 Long Term Incentive Plan (incorporated by reference to Appendix A to the definitive Proxy Statement for the Annual Meeting of Stockholders of Columbus McKinnon Corporation held on July 31, 2006).
#10.48	Amendment No. 1 to the Columbus McKinnon Corporation 2006 Long Term Incentive Plan, dated December 30, 2008 (incorporated by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2008).
#10.49	Form of Change in Control Agreement as entered into between Columbus McKinnon Corporation and certain of its executive officers. (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1998).
#10.50	Form of Omnibus Code Section 409A Compliance Policy as entered into between Columbus McKinnon Corporation and certain of its executive officers. (incorporated by reference to Appendix to the definitive Proxy Statement for the Annual Meeting of Stockholders of Columbus McKinnon Corporation held on July 31, 2006).
# 10.51	Fourth amended and restated credit agreement dated as of December 31, 2009 (incorporated by reference to exhibit 10.1 to the Company’s Current Report on Form 8-K filed on January 14, 2010)

#10.52	2010 Long Term Incentive Plan effective July 26, 2010 (incorporated by reference to Exhibit 4.1 of the Company's S-8 filed on August 12, 2010.
#10.53	First Amendment to the Company's Fourth Amended and Restated Credit Agreement dated December 31, 2009. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 26, 2010)
#10.54	Second Amendment to the Company's Fourth Amended and Restated Credit Agreement dated December 31, 2009. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on December 22, 2010)
#10.55	Third Amendment to the Company's Fourth Amended and Restated Credit Agreement dated December 31, 2009. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on July 20, 2011)
#10.56	Fourth Amendment to the Company's Fourth Amended and Restated Credit Agreement dated December 31, 2009. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on February 15, 2012)
#10.57	Amendment to the Company's non-qualified deferred compensation plan, effective January 1, 2013. (incorporated by reference to Exhibit 5.02 of the Company's Current Report on Form 8-K filed on July 19, 2012)
#10.58	Fifth Amendment to the Company's Fourth Amended and Restated Credit Agreement dated December 31, 2009. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on October 24, 2012)
#10.59	Credit agreement dated January 23, 2015. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on January 27, 2015)
#10.60	Amendment to Credit Agreement, dated as of September 2, 2015. (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on September 2, 2015)
#10.61	Agreement and Plan of Merger, dated July 26, 2015 and completed on September 2, 2015. (incorporated by reference to Exhibit 2.1 and 2.2 of the Company's Current Report on Form 8-K filed on September 2, 2015)

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*21.1	Subsidiaries of the Registrant.
*23.1	Consent of Independent Registered Public Accounting Firm.
*31.1	Certification of the principal executive officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
*31.2	Certification of the principal financial officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
*32.1	Certification of the principal executive officer and the principal financial officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended and 18 U.S.C. Section 1350, as adopted by pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. The information contained in this exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement foiled by the Registrant under the Securities Act of 1933, as amended.
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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

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SIGNATURES

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

Date: June 1, 2016

COLUMBUS McKINNON
CORPORATION

By:/s/ Timothy T. Tevens
Timothy T. Tevens
President and Chief Executive Officer
(Principal Executive Officer)

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

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Signature	Title	Date
/s/ Timothy T. Tevens Timothy T. Tevens	President, Chief Executive Officer and Director (Principal Executive Officer)	June 1, 2016
/s/ Gregory P. Rustowicz Gregory P. Rustowicz	Vice President and Chief Financial Officer (Principal Financial Officer)	June 1, 2016
/s/ Ernest R. Verebelyi Ernest R. Verebelyi	Chairman of the Board of Directors	June 1, 2016
/s/ Richard H. Fleming Richard H. Fleming	Director	June 1, 2016
/s/ Linda A. Goodspeed Linda A. Goodspeed	Director	June 1, 2016
/s/ Liam G. McCarthy Liam G. McCarthy	Director	June 1, 2016
/s/ Heath A. Mitts Heath A. Mitts	Director	June 1, 2016
/s/ Nicholas T. Pinchuk Nicholas T. Pinchuk	Director	June 1, 2016
/s/ Stephen Rabinowitz Stephen Rabinowitz	Director	June 1, 2016
/s/ R. Scott Trumbull R. Scott Trumbull	Director	June 1, 2016