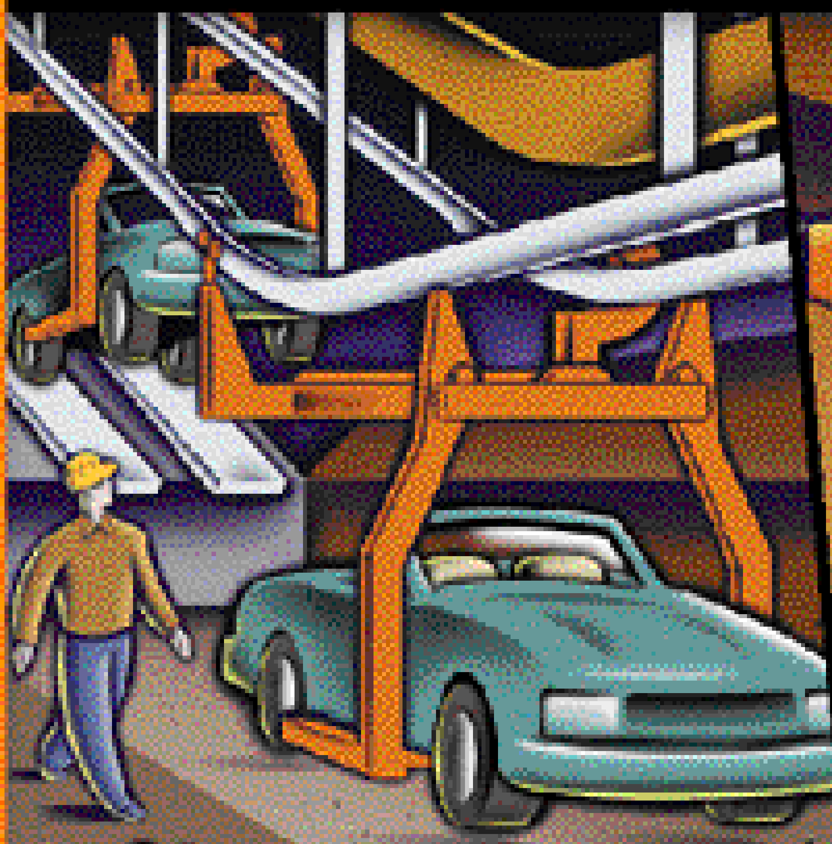


Columbus Mckinnon Corpration

1999 Annual Report

TABLE OF CONTENTS

01 Financial and Performance Highlights
02 Shareholders' Letter
07 Acquisitions History
08 Products / Solutions Business Summary
10 Review of Operations
21 Glossary
22 Selected Financial Information
24 Management's Discussion and Analysis
30 Consolidated Statements of Income
31 Consolidated Balance Sheets
32 Consolidated Statements of Shareholders' Equity
33 Consolidated Statements of Cash Flows
34 Notes to Consolidated Financial Statements
52 Report of Independent Auditors
53 Shareholder / Corporate Information
54 Board of Directors / Officers
Back Foldout Facilities Location Map

COMPANY PROFILE

Columbus McKinnon (CM) is a broad-line designer, manufacturer and supplier of sophisticated material handling products and integrated material handling solutions that are widely distributed to industrial, automotive and consumer markets worldwide.

CM's Products segment includes hoists, carbon and alloy steel chain and attachments, overhead cranes and other industrial components. Many well-known brands come together under the CM umbrella to provide material handling services for a wide range of load weights, from a few pounds to many tons.

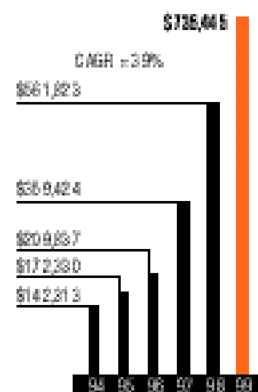
CM's Solutions segments (Industrial and Automotive) provide integrated material handling systems that are custom designed to increase productivity and decrease production cycle times. Through its solutions businesses, CM combines its high-quality products with its state-of-the-art engineering capabilities to solve the door-to-door material handling needs of entire manufacturing facilities and other working environments.

CM's CraneMart™ strategy of assembling an integrated North American network of full-service crane builders is taking shape with the acquisitions of Abell-Howe Crane, Washington Equipment and the merger with GL International. The Company expects to expand the concept with the formation of strategic alliances—from supporting independent participants to partial or full equity ownership—in major North American industrial markets.

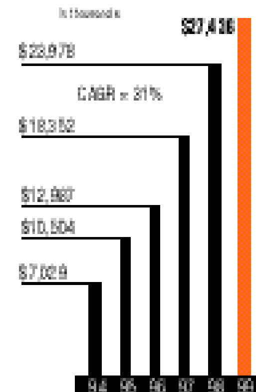
With 4,350 employees working at 76 locations in 14 countries, and in excess of 11,000 distributors worldwide, CM has assembled the industry's premier distribution and service network providing continuous customer support all over the world.

By consistently remaining focused on its growth strategy, CM has managed over the last five years to grow its sales by a compound annual growth rate (CAGR) of 39%, and its net income by a CAGR of 31%. This strategy of leveraging its dominant market position, continually achieving cost synergies, expanding its presence globally and integrating complementary, non-dilutive acquisitions, has CM poised today to generate further opportunities for growth, success and continued market dominance.

NET SALES



INCOME BEFORE DEBT EXTINGUISHMENT



FINANCIAL HIGHLIGHTS

(In thousands, except per share, percent change, margin and ratio data)	Data as of or for year ended March 31, 1999	1998	% Change
Net sales	$735,445	$561,823	30.9%
Income from operations	$ 85,082	$ 69,918	21.7%
Income before debt extinguishment	$ 27,436	$ 23,978	14.4%
Net income	$ 27,436	$ 19,458	41.0%
Net income per share	$ 1.92	$ 1.35	42.3%
Economic Value Added (EVA™)*	$ 3,142	$ 2,444	28.6%
Cash flow from operating activities per share	$ 4.02	$ 2.66	51.1%
Capital expenditures	$ 12,992	$ 11,406	13.9%
Working capital	$166,473	$188,000	(12.0%)
Shareholders' equity	$188,674	$170,946	10.4%
Margin Data			
Gross margin	26.2%	28.5%	
EBITDA margin	15.5%	16.3%	
Operating income margin	11.6%	12.4%	
Pre-tax income margin	6.9%	8.3%	
Net income margin	3.7%	3.5%	
Ratio Data			
Return on assets	3.6%	2.5%	
Return on equity	14.5%	11.4%	
Current ratio	2.37 : 1	2.63 : 1	

* Excludes LICO, Abell-Howe, Raccords Gautier, Camlock/Tigrip, GLInternational, Washington Equipment.

PERFORMANCE HIGHLIGHTS

Record High Results

- Net sales increased by 30.9% over fiscal 1998
- Net income per share increased by 42.3% over fiscal 1998
- Cash flow from operating activities per share increased by 51.1%

Strategic Acquisitions

- Initiated CraneMart™ strategy, assembling an integrated North American network of full-service crane builders, through three acquisitions:
  - Abell-Howe Crane, a Chicago-based crane manufacturer (August 1998)
  - GL International, one of North America's largest full-service crane builders (March 1999)
  - Washington Equipment Company, a Central Illinois-based crane manufacturer (April 1999, FY 2000)
- Acquired Raccords Gautier, a French rotary union and swivel joint manufacturer (December 1998)
- Acquired Camlok, a U.K. plate clamp manufacturer, and the Tigrip product line, to complement CM's hoist product lines (January 1999)

Board Expanded and Strengthened

- Appointed Carlos Pascual, Senior Vice President, Xerox Corporation and President of U.S. Customer Relations to CM's Board of Directors (August 1998)
- Appointed Richard Fleming, Chief Financial Officer and Executive Vice President of USG Corporation, to CM's Board of Directors (March 1999)

Consistent Performance Strengthens Customer Relationships

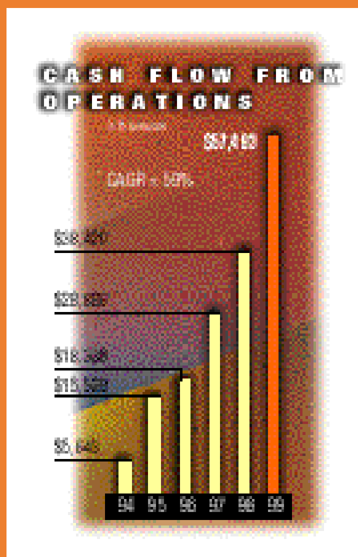
- CM subsidiary Automatic Systems, Inc. (ASI, formerly LICO, Inc.), earned General Motors' 1997 and 1998 Supplier of the Year Award

The Columbus McKinnon annual report contains "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 the actual results of the Company to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries, conditions affecting the Company's customers and suppliers, competitor responses to the Company's products and services, the overall market acceptance of such products and services, the integration of acquisitions and other factors disclosed in the Company's periodic reports filed with the Securities and Exchange Commission. Consequently, such forward looking statements should be regarded as the Company's current plans, estimates and beliefs. The Company does not undertake and specifically declines 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.

TO OUR SHAREHOLDERS:

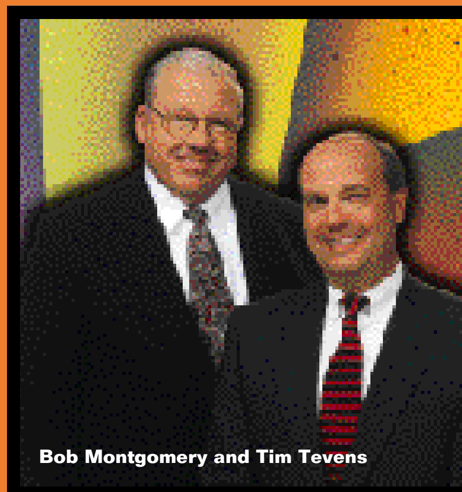
Fiscal 1999 was an excellent year for Columbus McKinnon. Sales, earnings and operating cash flow all increased to record levels for the seventh consecutive year. CM also entered the strategically important crane building and service markets through a merger with GL International, North America's largest crane builder, acquisitions of two significant regional crane builders and the launch of our CraneMart™ strategy. Reflecting the diverse markets and customers served by our businesses, we organized CM into three business segments: Products, Solutions–Industrial and Solutions–Automotive.

We are pleased to have produced another record year for CM, though in many respects, it was a challenging one and our growth was not as significant as initially expected. Sales and earnings were both affected by softer conditions in several markets served by our Products segment and the substantial impact of last summer's General Motors strike on our newly formed Solutions–Automotive segment. At the same time, this year's strong financial performance despite a difficult external industrial business environment demonstrates the overall cyclical resistance and the formidable strength of CM's broad and diverse, yet complementary businesses.



Looking at CM's financial results, net sales increased 30.9% in fiscal 1999 to $735.4 million, reflecting growth resulting from our March 1998 acquisition of LICO and three smaller acquisitions in fiscal 1999. Net income for fiscal 1999 increased to $27.4 million, 41.0% and 14.4% higher than fiscal 1998 net income and income before extraordinary charge, respectively. Net income per diluted share for fiscal 1999 rose to $1.92, a 42.3% increase from $1.35 in fiscal 1998 and 15.5% greater than fiscal 1998 income per share before extraordinary charge of $1.66. One of CM's key operating characteristics is its ability to generate significant cash flow. CM's growth in net cash provided by operating activities continued to be very strong, increasing 51.1% to $4.02 per diluted share.

CM's financial performance is marked by steady and consistent growth reflected in five-year compound annual growth rates of 39% for net sales, 49% for EBITDA, 31% for net income and 59% for net cash provided by operating activities. Since management's 1986 purchase of the company, Columbus McKinnon has grown from a nationally recognized manufacturer of chain and hoists to a leading international provider of material handling products and solutions. In just over three years since our February 1996 IPO, CM has successfully established itself as a publicly held industrial growth company—more than tripling sales and net cash provided by operating activities and doubling earnings, while strategically expanding both its capabilities and markets to become well positioned for continued profitable growth.

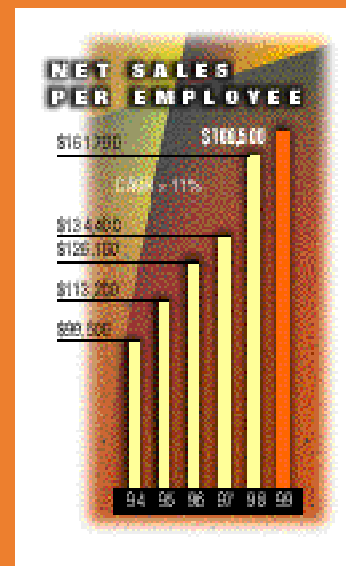

Bob Montgomery and Tim Tevens

Significant advancement in that short timeframe has been driven by our three-prong growth strategy which is based on core business focus, strategic acquisitions, and international growth. The thrust of the first

prong—core business focus—is that we manage our multiple businesses as an integrated unit to maximize operating and marketing synergies, and CM's overall profitability. In this regard, CM's centralized cost management and control mechanisms have proven very effective. Major contributions have come from our Purchasing Council through mutually beneficial relationships with key suppliers and centralized purchasing control. Our CM business information system—CMBIS—which links most of the Company on one common integrated system has also substantially increased our operating efficiencies and synergies. Within the next year, we expect that most of the North American locations will be on the CMBIS system enabling us to truly operate as one Company and maximize operating efficiency.

Our integrated approach to business also led to the recent formation of CraneMart™, under which we will build a network of owned and independent value-added crane builders that will source CM products when servicing end-user markets. The CraneMart™ strategy also ensures that our hoist products, other crane components and parts retain a high level of access to this important channel.

Another important element of our core business focus is that we invest significant effort in the integration of acquisitions to increase their contribution to CM's productivity and profitability. With the exception of LICO's Automatic Systems Inc. (ASI)—now CM's Solutions–Automotive segment—all our acquisitions prior to January 1, 1999 have completed the important first phase of integration into CM. Our progress in achieving the synergistic sales growth and cost savings anticipated with the ASI acquisition lagged our original plans given the interruption in project work occurring in fiscal 1999. With these markets just returning to a more normal operating level, the integration is underway and ASI should be integrated into CM during fiscal 2000.



Assimilating acquired companies into CM's operations is vital to our success, as much of our successful financial growth has been driven by acquisitions, the second prong of our growth strategy. CM has successfully completed a total of 14 strategic and accretive acquisitions in the last decade with nine completed since our 1996 IPO. In fiscal 1999, our primary acquisition initiative was to expand into the crane building business, which led to our August 1998 acquisition of Abell-Howe Crane, our March 1999 merger with GL International, and the concurrent launch of our CraneMart™ strategy, as well as our first quarter fiscal 2000 acquisition of Washington Equipment Company. During fiscal 1999, we also made two additional acquisitions which further enhanced both CM's exceptional product breadth and the international strength of our Products segment. We added Raccords Gautier, a French rotary union manufacturer and Tigrip/Camlock a German and English manufacturer of plate clamps used as below-the-hook lifting components.

Thus far, acquisitions have been a significant driver both in CM's track record of strong financial performance and its growth as an industry leader. As a result, CM now has the scale, breadth of product line and strong market position to further build our business and profitability through internal growth. Going forward, strategic acquisitions remain an important part of our growth strategy and will be pursued selectively. Over the next year though, we expect greater focus will be placed on integrating all businesses of CM, which we expect will contribute consistent earnings and cash flow growth.

Expanding the markets we serve is also an important part of our growth strategy, and that links CM to its strategy's third prong–international growth. CM's fiscal 1999 acquisitions of Raccords Gautier and Tigrip/Camlock further expanded our already significant European presence, while the GL transaction added Larco, a Canadian crane builder to complement our existing Canadian hoist business. In recent years, we have added to CM's traditional global distribution network which now allows access to virtually every country in the world and can be used to leverage further international growth. Our focus on global growth has produced a nine-fold increase in CM's international sales in the last five years. In fiscal 1999, international sales rose 52% to a record $191.6 million or 26% of sales.

CM continues to see very significant long-term growth potential in international markets for several reasons. The size of the global market for the material handling industry is estimated at $121 billion (Source: Material Handling Industry Association) with half of this market outside the United States. American multinational companies continue to expand their non-domestic manufacturing operations creating new demand for material handling products and systems. To an increasing degree, foreign manufacturing facilities are being built and upgraded to fit American standards for safety and productivity. The combination of these favorable market factors, together with CM's expanding global presence and established track record for success in international markets, should further increase CM's international sales.

Overall, management and the Board are very confident about CM's future prospects for building earnings and value. Our confidence is grounded in both our track record and the significant strength of CM's business. CM's key strengths include:

The Broadest Product Line, Strong Brand Names

CM offers the broadest product line with many of the most recognized and respected brand names in the industry. CM is also unique in that we have significant capabilities in five of the seven product categories defined by the Material Handling Industry Association—no other company matches the breadth of our product line.

Market Leadership

CM holds the leading market position in 12 of the product lines we make and sell. We believe we are the largest manufacturer of hoists and chain in North America with more overhead hoists in use than all our competitors combined.

Broad Range of Customers

CM sells to a very broad range of customers and industries in our Products and Solutions – Industrial segments which make up 78.0% of current sales. Our Products segment truly covers the market selling through a global network of over 11,000 distributors and customers with no customer accounting for more than 5% of Product segment sales.

Significant Producer of Operating Cash Flow

CM's operating cash flow generation is very strong while our businesses are not capital intensive, contributing to our ability to continue growing our business while building the profitability and intrinsic value of the Company.

Industry Trends Favorable to CM

We also see broad general industrial trends continuing to have a favorable long-term impact on the demand for CM products and our growth prospects. Among these trends are:

Increased Outsourcing of Material Handling Projects

Large manufacturers continue to outsource the design, construction, installation and servicing of their material handling needs. As a provider of both material handling products and systems, CM will benefit from this trend.

Increased Productivity/Decreased Cycle Times

The industrial sector continues to make gains in profitability through a strong emphasis on increasing productivity and decreasing production cycle times. Material handling products and systems make a significant contribution to enhancing productivity and production line efficiency.

Greater Safety Consciousness

Making loads easier and safer to lift by a more diverse workforce continues to be a priority for industry worldwide, and CM's entire product line of lifting, positioning and moving products serve these needs well.

Fewer, Larger, More Diversified Suppliers

Distributors worldwide continue to show an increasing preference for doing business with fewer suppliers, which favorably positions CM as a leading broad-line supplier of diverse material handling products through multiple distribution channels.

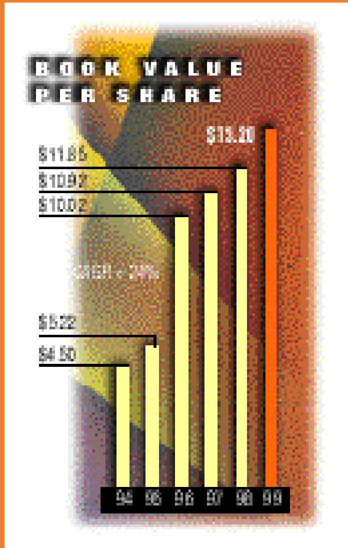
Per Share Value	1999	1998
Net sales	$ 51.45	$ 38.94
Cash flow from operations	4.02	2.66
Earnings	1.92	1.35
Dividends	0.28	0.28
Book value	13.20	11.85

These favorable trends and CM's key strengths bode well for your Company's future. Our expanded business mix also represents the best of both worlds to further advance CM as an industry leader. In the Products segment, anchored by our traditional hoist and chain business, we have a strong, steady and reasonably predictable business that generates healthy cash flow and attractive margins. As a mature business already holding a dominant market position, however, CM's growth rates in U.S. markets are expected to be more modest. Our Solutions segments, with an engineered-to-order focus, provide significantly higher growth potential—within highly complementary businesses— based on a growing demand for material handling systems and access to new markets. For example, with Solutions–Automotive, formed as a result of the ASI acquisition, CM gained as customers the world's two largest automobile manufacturers—GM and Ford—which typically spend in excess of one billion dollars a year on material handling systems. At the same time, we are conscious of the risks inherent in high customer concentrations within the automotive industry.

Solid Long-Term Performance Five Year Averages	
Gross margin	27.9%
EBITDA margin	15.6%
Operating income margin	12.0%
Pre-tax income margin	8.3%
Net income margin	4.2%

The net result of CM's business mix is that the strength of the Products segment—70.1% of current sales—is complemented by the growth opportunity of both Solutions segments—29.9% of current sales—providing a solid, balanced platform for sustained top- and bottom-line growth.

Fiscal 1999 marked CM's third full year as a public company. Each of those years was strong from the perspective of financial performance and the building and management of CM's business. The last year, however, was a disappointing one for all of us as shareholders, with CM's total shareholder return declining in fiscal 1999 after performing ahead of our peers following our first two years of public ownership. In assessing how CM performed as an investment over the last year, it is important to consider that equity markets did not favor either smaller capitalization or industrial companies in 1998, which is reflected in the performance of our shares and those of our peers. We are pleased to see a recent shift in market interest and sentiment in favor of both our peer group and smaller capitalization industrial stocks.



We have just completed our second year as a Stern Stewart Economic Value Added (EVA®) company and are pleased with its effectiveness in aligning our decisions and employee incentives with shareholder interests. With respect to acquisitions, our policy is to incorporate a newly acquired entity into our EVA program beginning with the first full year following the year of acquisition. This allows time for training and rollout of the program. We're pleased that, for those businesses included in our EVA program during fiscal 1999, we grew EVA by 28.6% over fiscal 1998.

At this year's annual meeting, Ed Duffy, Chairman of Columbus McKinnon from 1986 to 1998, will retire from his current post as a Director. We will miss Ed's counsel and expertise and appreciate all he has contributed to CM throughout his association with the Company. Joining CM's Board in the last year were Rick Fleming, the Executive Vice President and Chief Financial Officer of USG Corporation, and Carlos Pascual, the President of U.S. Customer Operations and Senior Vice President of Xerox Corporation. Both Rick and Carlos bring us valuable perspective from their association with world leaders in their industries, along with significant expertise and experience in their respective specialties: Rick's in corporate finance and Carlos' in technology and international business. We are very fortunate and pleased to add business leaders of their caliber to CM's Board.

As Columbus McKinnon enters our fourth year as a public company, we are superbly positioned to build on the leadership and growth accomplished by the associates of Columbus McKinnon over the last decade. Our collective efforts have built a company possessing a dominant market position with respected brands and the broadest product offering, serving a wide range of end users, through an extensive distribution system, that can be leveraged globally for further growth. Add to that our track record of profitable growth and CM stands out as a company with the commitment and capability to create new value for you, our shareholders.

We look forward to further building Columbus McKinnon as a leading global provider of material handling products and solutions. Thank you for your continued confidence and support.

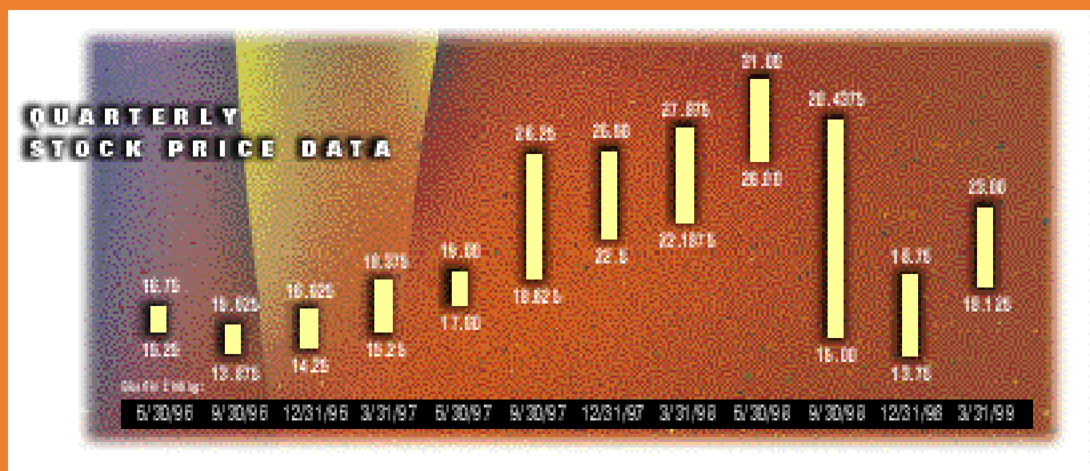
Timothy T. Tevens
President & Chief Executive Officer

Robert L. Montgomery, Jr.
Executive Vice President & Chief Financial Officer

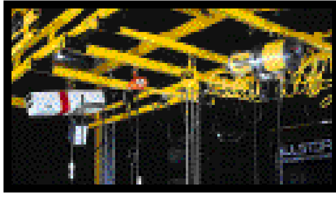
CM ACQUISITIONS HISTORY

Fiscal Year	Acquisition	Product Line	Result
2000	**Washington Equipment**	Designer, manufacturer and servicer of overhead cranes	Extends CM's crane lines and strengthens its CraneMart™ strategy. Provides additional engineering capabilities as well
1999	**GL International**	Full-service designer and builder of industrial overhead bridge and jib cranes, and related components	Formed the cornerstone of CM's CraneMart™ strategy. Established CM as a significant player in the strategically important crane building and service markets, with the addition of the Gaffey and Larco product lines
1999	**Camlok / Tigrip**	Manufactures plate clamps, crane weighers and related products	Makes CM the largest plate clamp manufacturer in Europe. Increases international reach and provides numerous cross-selling opportunities with CM's hoist products
1999	**Raccords Gautier**	Rotary union and swivel joint manufacturer	Complements CM's Duff-Norton line of rotary unions, while improving CM's international presence
1999	**Abell-Howe**	Manufacturer of jib, gantry and overhead cranes	Complementary product line providing numerous cross-selling opportunities for hoist products and solutions segments
1998	**LICO (ASI)**	Designer and installer of automated material handling and custom conveyor systems	Gave CM a significant presence in the integrated material handling industry as a full-service designer, fabricator and installer of automated material handling systems
1998	**Univeyor**	Designer and installer of turnkey integrated material handling systems	Enhanced CM's expertise in material handling solutions. Allows CM to offer material handling design and implementation services for entire facilities
1997	**Yale** *	Hoist, lift table, jack and actuator manufacturer	Broadened product lines. Access to new markets and products. Strengthened international presence. Solidified CM as the leading domestic hoist producer
1997	**Lister**	Specialty bolt and anchor- and kiln-chain manufacturer	Complementary chain products. Access to new markets and products. Strengthened international presence
1996	**Lift-Tech**	Hoist and crane component manufacturer	Complementary product lines. Made CM the leading domestic hoist producer
1996	**Endor**	Hoist manufacturer	Provided a manufacturing presence and strengthened market access in Mexico
1995	**Cady**	"Below-the-hook" lift manufacturer	Custom-designed tooling complemented hoist products
1995	**Conco**	Manipulator manufacturer	Enhanced existing manipulator lines
1994	**Durbin Durco**	Load securement attachments manufacturer	Provided metal stamping capabilities and complementary products
1990	**Positech**	Manipulator manufacturer	Gave CM entry to the manipulator market

* In Fiscal 1999, CMdivested its Mechanical Products operation, a division of Yale Industrial Products.



PRODUCTS



Financial Facts
(In thousands, except percent, order size and employee data)

	Fiscal Year 1999	1998
Net sales	$515,701	$521,978
% of total	70.1%	92.9%
Income from operations before amortization as a % of net sales	15.5%	14.6%
Identifiable assets	$517,774	$515,772
Capital expenditures	$ 11,201	$ 10,580
Average order size	$ 2M	$ 2M
Employees	3,390	3,420
Revenue per employee	$152,200	$152,700

OVERVIEW

CM is the largest North American manufacturer of overhead hoists and alloy and high-strength carbon chain, with leading market share for electric chain hoists, hand hoists, wire rope hoists, lever chain hoists, hoist trolleys, grades 43, 70 and 80 chain and hoist load chain. The Company also has the largest installed base of hoists and the leading market share for mechanical actuators and jib cranes in North America.

During fiscal year '99, the Company implemented its "CraneMart™" strategy, an integrated North American network of full-service crane builders. CM expects to continue the formation of strategic alliances—from supporting independent participants to partial or full equity ownership—in major North American industrial markets.

PRODUCTS

Electric, Hand and Air Chain Hoists
Electric Wire Rope Hoists
Air Balancers
Lever and Ratchet Binders and Load Securement Devices
Motorized, Manual and Geared Trolleys
Beam Clamps
Wire Rope Worm Gear Drive Hoists
Electric Chain Worm Gear Drive Hoists
Crane Forks and C-Hooks
Coil and Sheet Lifters
Pallet Trucks
Forged Attachments (Hooks, Shackles, etc.)
End Tools (Vacuum Lift, Vertical/Horizontal Core Lifters)
Textile Slings
High-Strength Chain and Overhead Lifting Chain Slings
Mill Liner and Heavy Construction Bolts
Anchors, Mooring Buoy Chain, Kiln Chain
Mechanical Actuators, Rotary Unions and Industrial Jacks
Single/Double Girder Overhead Bridge Cranes
Jib and Gantry Cranes
Light Rail Systems

SOLUTIONS—AUTOMOTIVE

Financial Facts
(In thousands, except percent, order size and employee data)

	Fiscal Year 1999	1998
Net sales	$161,443	—
% of total	22.0%	—
Income from operations before amortization as a % of net sales	9.2%	—
Identifiable assets	$180,617	—
Capital expenditures	$ 321	—
Average order size	$10-15MM	—
Employees	490	—
Revenue per employee	$330,800	—

OVERVIEW

CM's Automatic Systems, Inc. (ASI) unit, added when CM acquired LICO, specializes in overhead conveyors, electric monorail systems, robotic indexing systems, and automatic body transfer systems. ASI designs, fabricates and installs custom conveyor and automated material handling systems, primarily for the automotive industry, principally General Motors and Ford.

PRODUCTS

Overhead Power and Free Conveyor Systems
Inverted Power and Free Conveyor Systems
Autoflex Power and Free Conveyor Systems
Electrified Monorails
Robotic Indexing Systems
Special and Custom Designed Product Transfer Systems
Belt Skid and Skillet Conveyors
Specialized Mold, Flask and Casting Handling Equipment
Aggregate and Bulk Material Handling Equipment

SOLUTIONS—INDUSTRIAL

Financial Facts
(In thousands, except percent, order size and employee data)

	Fiscal Year 1999	1998
Net sales	$ 58,301	$ 39,845
% of total	7.9%	7.1%
Income from operations before amortization as a % of net sales	9.6%	10.0%
Identifiable assets	$ 68,520	$ 71,499
Capital expenditures	$ 1,468	$ 712
Average order size	$ 1MM	$ 1MM
Employees	480	500
Revenue per employee	$122,200	$111,700

OVERVIEW

CM's FY '98 acquisition of Univeyor A/S established it as a significant player in the integrated material handling industry. Univeyor designs, manufactures and supplies computer-controlled and automated powered roller conveyors, warehousing operations and distribution systems.

CM is also the largest North American manufacturer of operator-controlled manipulators and manufactures one of the industry's widest variety of standard scissor lift tables.

PRODUCTS

Custom-Designed Material Handling Systems
Unit Handling Powered Roller Conveyor Systems
Mini-Load Systems
Pneumatic, Hydraulic and Electric Manipulators
Vertical Lift Cylinders
Articulated Jibs
Reaction and Transfer Arms
Custom Engineered Tooling
Single and Double Arm Scissor Lifts
Tilters, Tilt Lifts, Tilt Stations
Stackers, Palletizers, Inverted Lifters
Stacker Cranes
Light Rail Systems
Tire Shredders

SALES/SERVICES

Products are sold primarily to distributors in commercial and consumer distribution channels both domestically and internationally

Commercial distribution channels: general, specialty and service-after-sale distributors and original equipment manufacturers ("OEMs")

General distributors (10,583) include industrial distributors, rigging shops and crane builders

Specialty distributors (819) include catalog houses, material handling specialists and entertainment equipment distributors

Designed and sold directly to U.S. and Canadian governments and to numerous OEM accounts worldwide

CM's extensive service-after-sale network (483) includes repair parts distribution centers, chain service centers, and hoist repair centers, trained and supported by CM

More than 1,100 consumer distributors, including mass merchandisers, rental outlets, and hardware, trucking, transportation and farm hardware distributors

MARKETS

Worldwide, General Manufacturing, Overhead Crane, Automotive, Construction, Logging, Mining, Entertainment, Transportation, Power Generation, Agriculture, Marine, Consumer, Significant Parts and Service Business

COMPETITIVE STRENGTHS

81% of fiscal '99 U.S. Products segment sales are into markets where CM is the number one supplier

Largest North American manufacturer of hoisting equipment

Largest installed base of hoists in North America, providing strong recurring sales and parts base

Widely known and respected brand names in all product categories

Number one market position in load chain for use in hoists, one of the largest markets for quality chain and in other grades of high-strength carbon steel chain used in the transportation industry for load securement and alloy chain for overhead lifting

Leading supplier of marine chain to U.S. and Canadian governments

Second largest North American producer of forged products and rigging accessories

CraneMart™ established CM's position as full-service supplier of hoists, cranes, and components, and expands parts and service opportunities

Most facilities are certified to ISO 9000 standards

GROWTH DRIVERS

According to the U.S. Department of Commerce and Bureau of Labor Statistics, material handling is one of America's largest and fastest-growing industries

U.S. material handling products market is expected to grow to a $65 billion industry by 2001

Industry trends driving material handling growth:

- More outsourcing
- Demands for increased productivity, reduced cycle time
- Increased focus on worker safety
- Growing workforce diversity
- Fewer, larger, more diversified suppliers

75% of CM's Products sales are for maintenance, repair, operating and production supplies, as contrasted with more cyclical higher cost capital goods

CM's strong global presence; 24% of FY '99 products sales were from outside the U.S.

SALES/SERVICES

ASI provides custom engineered systems by functioning either as a turnkey contractor or as a supplier working in conjunction with the customer's general contractor.

MARKETS

Worldwide, Automotive, Steel, Foundry

COMPETITIVE STRENGTHS

CM's ASI subsidiary enjoys preferred provider status with many key customers, bidding on virtually every GM and Ford material handling system project

ASI's engineering, estimating and bidding capabilities are among the best in the industry, along with its project implementation skills

ASI was one of only 184 companies worldwide—from over 30,000 supplier companies—recognized by General Motors as a supplier of the year, a distinction awarded to ASI for two consecutive years

GROWTH DRIVERS

American automotive industry trends driving material handling growth:

- Shorter new model life cycles
- Emphasis on rapid plant changeovers
- Focus on increasing plant flexibility
- Outsourcing larger internal work-flow projects to fewer preferred suppliers
- Increasing work force diversity and workplace safety mandates
- New assembly concepts focused on reducing costs

ASI's blue-chip client list: General Motors, Ford, Harley-Davidson, American Steel and Wire, John Deere

SALES/SERVICES

CM Solutions–Industrial sells customized systems directly to end-users. Univeyor designs, manufactures and supplies products and turnkey systems for integrated material handling systems, based on standardized products and high-tech operating systems that are tailored to the customers needs.

Manipulators and scissor lifts are sold by Company sales employees and independent distributors which focus on these specialized products.

MARKETS

Worldwide, Metals, Construction, Food and Beverage, Storage and Distribution, Electronics, Consumer Products Manufacturing, Heavy Manufacturing, Pharmaceuticals, Warehousing, Aerospace, Waste Management

COMPETITIVE STRENGTHS

Continual emphasis on innovation and technology with a number of proprietary material handling systems and components

CM holds a leadership position in operator-controlled manipulators

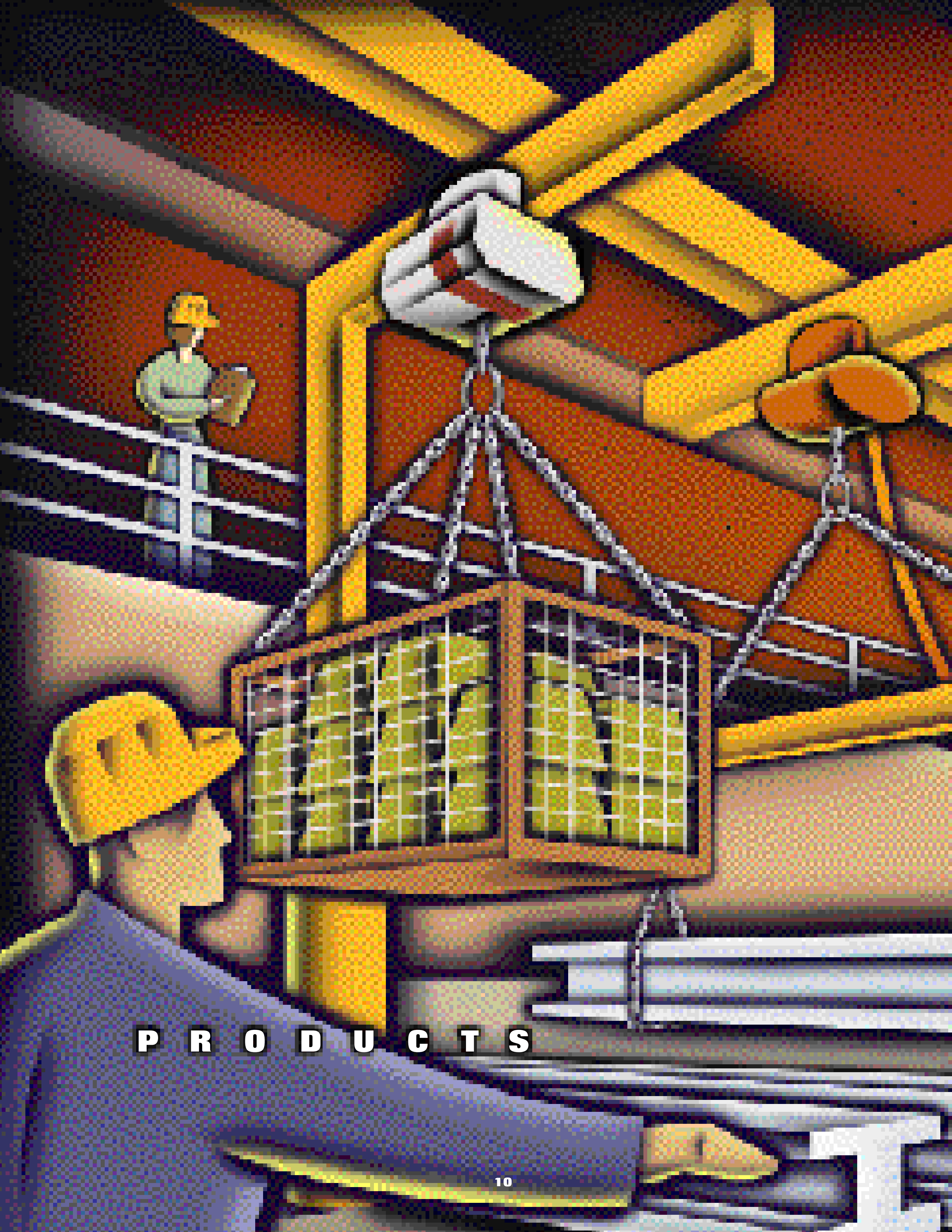
GROWTH DRIVERS

Manufacturing and distribution trends to outsource the design and implementation of work flow and material handling systems worldwide

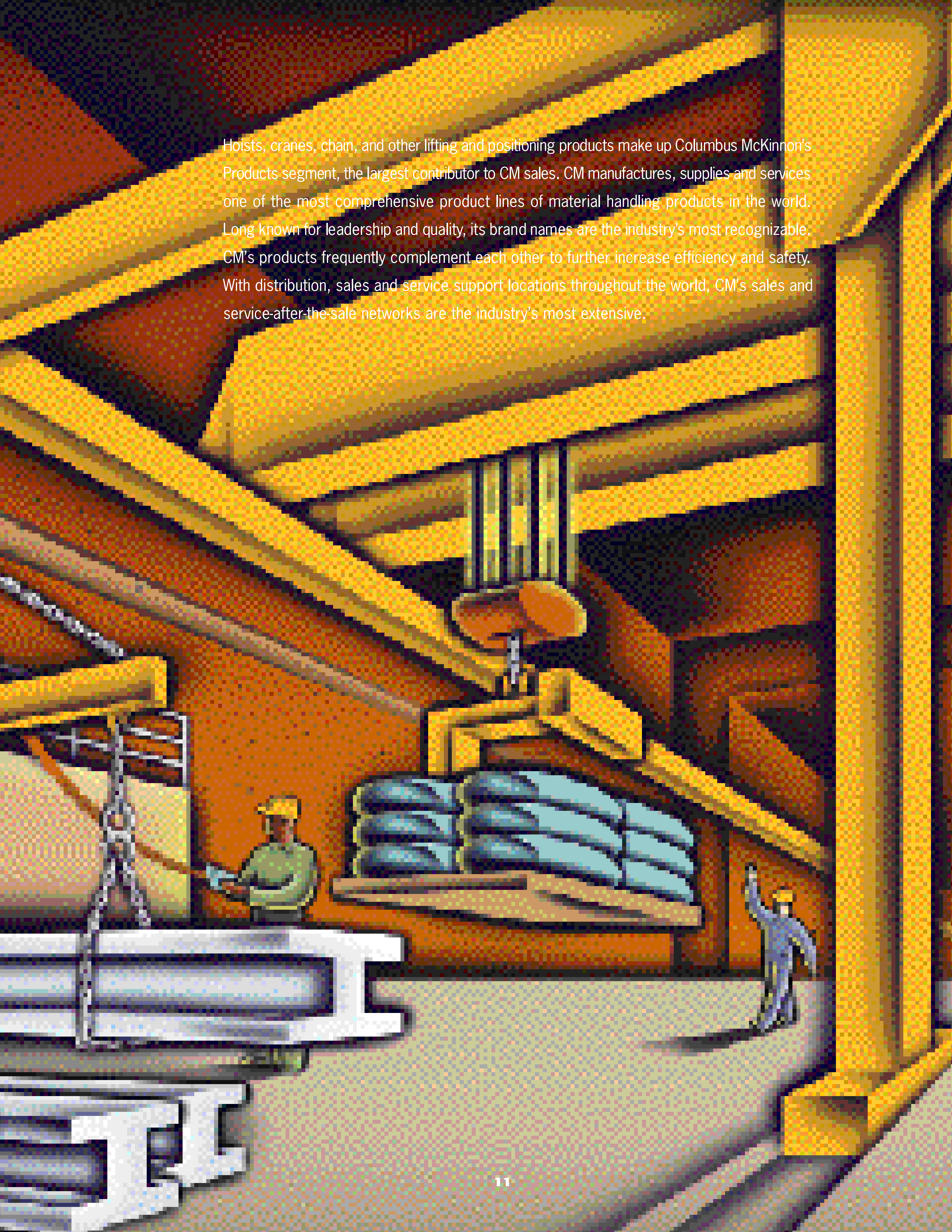
Manipulators provide productivity and safety enhancements

CM's blue-chip client list for Solutions–Industrial: Volvo, Saab-Scania, TRW, Apple Computer, Siemens, Chivas Regal, Dansk, Electrolux, Kellogg's, LEGO, Mars, Nestlé, Polygram, Sony and United Biscuits

Significant potential for maintenance and long-term relationships



P R O D U C T S



Hoists, cranes, chain, and other lifting and positioning products make up Columbus McKinnon's Products segment, the largest contributor to CM sales. CM manufactures, supplies and services one of the most comprehensive product lines of material handling products in the world. Long known for leadership and quality, its brand names are the industry's most recognizable. CM's products frequently complement each other to further increase efficiency and safety. With distribution, sales and service support locations throughout the world, CM's sales and service-after-the-sale networks are the industry's most extensive.

70.1% of CM Fiscal 1999 Sales

Columbus McKinnon's Products segment represents our core products: hoists and other lifting products, chain and forgings, as well as our recently added crane building business. With sales of $516 million in fiscal 1999, the Products segment currently makes up over 2/3 of CM's current net sales and collectively forms one of the world's largest and most comprehensive lines of lifting and positioning devices. The products manufactured and sold by CM's Products segment make CM the leading developer, manufacturer and supplier of hoists and other related material handling products in North America.

Through this segment, CM holds the dominant market position in 12 product lines with 81% of domestic product sales into markets where we are the largest supplier. In our Products segment, CM also has a significant and growing international presence with 24% of sales coming from markets outside the United States, up from 21% last year.

With a broad and diverse product line and a reputation for quality and service after the sale, CM is firmly established as a preferred provider to major distributors and end users. CM's Products segment sells through a network of over 11,000 distributors and customers with no single customer accounting for more than 5% of net sales. Commercial distribution channels include general distributors, specialty distributors, service-after-sale distributors, original equipment manufacturers (OEMs), and the American and Canadian governments. Consumer distribution channels include mass merchandisers, hardware distributors, trucking and transportation distributors, farm hardware distributors and rental outlets.

Through these multiple channels, CM covers diverse markets selling to a very broad range of industries and customers. CM products are sold to industries such as general manufacturing, crane building, mining, construction, entertainment, transportation, power generation, government, waste management, agriculture, logging, marine and defense.

There are a number of general distribution trends favoring large broad-line suppliers like CM: consolidation of distributors, market share shift between distribution channels, the rise of marketing and buying consortiums, increasing focus on supply chain management, and the growth of electronic commerce and integrated supply contracts. With multiple product lines and distributor relationships in every major sales channel, CM has already anticipated and positioned itself to keep pace with these changes in distribution mix and patterns.

Another benefit of the diversity of CM's product lines and markets is a reduction in the overall cyclical exposure of its Products segment. Approximately 75% of CM's Products segment sales are for maintenance, repair, operating and production supplies (MROP), as contrasted with more cyclical, higher cost capital goods.

An important strength of CM's Products segment and a significant contributor to sales is our service-after-the-sale operations. To effectively service end users of its products, CM has built an extensive service-after-the-sale network of independent parts distributors and service and repair centers. The service-after-sale network includes repair parts distribution centers, chain service centers, and hoist repair centers. This network of over 483 service suppliers based in strategically located American and foreign markets are trained and supported by CM ensuring an accessible and responsive service network.

Service currently provides CM's Products segment with 5% of its sales. The size and quality of CM's service operations also contribute significantly to the strength of CM's brand portfolio which is reflected in a high level of repeat business for CM's Products segment.

Hoists

56% of Products segment fiscal 1999 sales

Hoists are the largest selling product in CM's Products segment. CM's hoist lines cover a wide range of electric powered chain, wire rope and hand chain hoists with the most well known and established brand names in the world, including Chester, Budgit, Coffing, Yale, Shaw-Box and CM. Our hoists perform a broad range of applications providing lifting capability from less than one ton up to 100 tons.

The entertainment industry is among CM's biggest purchasers of hoists and other lifting products used by theaters, stadiums and concert halls.

The combination of over 30 high quality brand names and a versatile product line solidifies CM's leadership position in many markets. CM has the largest market share of hoists in North America with its electric chain and wire rope hoists, hand chain hoists, lever tools and trolleys, all holding the leading market position. CM also holds the leading market position in North America for hoist parts and load chain.

Contributing significantly to CM's strong leadership in hoist markets were its October 1996 acquisition of Yale Industrial Products and its November 1995 acquisition of Lift-Tech. Yale, CM's largest acquisition to date, solidified our position as the leading producer of hoists in North America while bringing complementary lifting products and a significant European presence which offers greater growth potential than domestic markets. Lift-Tech gave us electric wire rope and air chain hoists, making CM's product line the broadest in the industry. Lift-Tech was also key in expanding CM's sales to the crane builder market.

Chain and Forged Attachments

22% of Products segment fiscal 1999 sales

A major producer of high quality chain for over six decades, CM is a leading manufacturer of both alloy chain and high-strength carbon steel chain which are used in lifting and rigging applications.

CM's new ColorLinks™ system is designed to help simplify the sale of its chain, cable and forged attachments within the consumer market.

CM's Herc-Alloy, chain—developed in 1933—provides strength and durability in a light-weight chain and was the first welded alloy steel overhead lifting chain. Federal regulations in the United States now require the use of alloy chain for all overhead chain lifting applications.

CM has the number one market position in Grades 43, 70 and 80 chain. From an end user perspective, CM holds the number one market share in high-strength carbon steel chain used in the transportation industry for load securement and the number one market position in load chain for use in hoists. These two market segments are among the largest consumers of high quality chain.

CM's December 1996 acquisition of Lister Bolt & Chain further broadened its chain product line to include anchor, buoy and kiln chain markets and established CM as a leading supplier of marine chain to the American and Canadian governments.

Complementing CM's chain products are forged attachments and rigging accessories including hooks, shackles, and load binders. CM is one of the largest North American producers of forged attachments, which are used in virtually all types of chain and wire rope rigging applications.

Industrial Components

7% of Products segment fiscal 1999 sales

CM's Products segment generates over $38 million in sales of additional industrial lifting and positioning equipment and components that round out our comprehensive product line. CM's Duff-Norton, one of the largest manufacturers of heavy duty industrial jacks, rotary unions and mechanical actuators, is the leading contributor to this group. These products meet lifting, positioning and fluid transfer needs of industrial customers worldwide. CM's December 1998 acquisition of French rotary union and swivel joint manufacturer Raccords Gautier complements Duff-Norton's product line while expanding its global reach.

Other industrial components include the products of Camlok (England) and the Tigrip line (Germany) acquired in February 1999 and now managed under the German unit of CM's Yale Industrial Products. The major products of these combined lines include crane weighers and standard and specialized plate clamps, which are below-the-hook devices used in conjunction with hoists to lift large steel plates weighing up to 30 tons. Camlock and Tigrip are well known brand names in Europe and these related acquisitions make CM the European market leader for plate clamps. As a complementary product with hoists, plate clamps are sold through existing marketing channels, producing new cross-selling opportunities with hoists, particularly in North America, where CM is the market leader.

Industrial Overhead Cranes

15% of Products segment fiscal 1999 sales

CM entered crane building in fiscal 1999 through our August 1998 acquisition of Abell-Howe Crane, a Chicago-based regional manufacturer of jib and overhead cranes. This acquisition brought CM another complementary product line further expanding our capabilities as a full service provider of material handling products and solutions. It was also CM's first step toward the development and introduction of the CraneMart™ strategy which coincided with CM's March 1999 merger with GL International, the largest crane builder in North America.

The merger with GL International established CM as a significant player in the strategically important crane building and service market, which is a strong complement to our core hoist business. With annual sales of approximately $70 million, GL is a full service crane builder that is geographically dispersed over a substantial portion of North America including several key southern U.S. markets and the industrial center of eastern Canada. GL also brings to CM an extensive, successful parts and service business. It solidified an already strong business relationship—CM sells about $7 million annually in hoists and crane components and parts to GL—an amount that is expected to grow.

Abell-Howe brings numerous cross-selling opportunities to CM, while simultaneously expanding our industrial and workstation product lines.

Given its size and multi-market presence, GL is also an exceptionally strong cornerstone for CM's newly launched CraneMart™ program.

In the first quarter of fiscal 2000, we followed the GL transaction with the acquisition of the Washington Equipment Company, a central Illinois-based crane builder with $16.5 million in annual sales. In Washington Equipment, CM gained both additional engineering capabilities and a presence in five important markets: central Illinois and eastern Iowa, significant heavy manufacturing areas and the major markets around St. Louis, Missouri and Jacksonville, Florida. Through three transactions over the course of less than a year, CM has become a major crane builder with over $90 million in pro forma annual sales. The combination of a strong foundation of wholly owned crane builders with the added value of CraneMart™ points to favorable long-term growth prospects for CM's crane-related business.

CraneMart™

The launch of CraneMart™, along with our entry into the crane building market as an equity owner, is a major long-term strategic initiative for Columbus McKinnon. Our goal in this strategy is to build an integrated North American network of full-service crane builders though strategic alliances—from supporting independent participants to partial or full equity ownership—in major North American industrial markets.

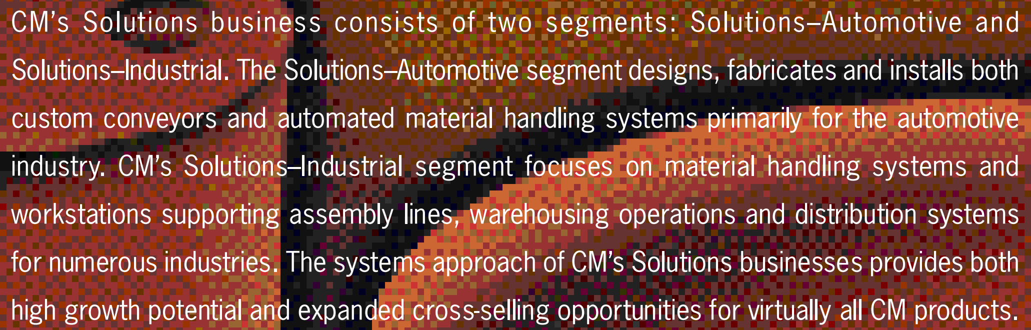
Our rationale in developing CraneMart™ is based on changing market conditions including greater competition and the growing appeal of strategic alliances with major manufacturers to smaller, independently owned and regionally based manufacturers, the profile of the typical crane builder. CraneMart™ is housed in CM's Products segment, reflecting the close tie of crane building markets to CM's flagship hoist product line.

Through CraneMart™, CM becomes a full service supplier of cranes, hoists, and components, with expanded parts and service offerings to meet increasing demands of end-user customers. CraneMart™ will strengthen existing customer relationships and expand business through new alliances and partnerships with crane builders throughout North America. The strong margins and growth potential of the service business for cranes are added benefits of this strategy for CM.

The benefits for CraneMart™ participants are significant. Affiliation with CraneMart™, a national network sponsored by an industry leader, will provide greater exposure for members and open doors to national accounts in their region. CraneMart™ participants will also gain access to CM's extensive and sophisticated crane engineering capabilities. Expanded and enhanced field support through a well-trained sales force currently in place will be available to CraneMart™ members. There are also major financial advantages for members who will receive CM's most competitive pricing, along with the ability to source and redistribute parts cost effectively through our CraneSource program. The CraneMart™ program also provides for equal treatment of independent and CM-owned participants who already operate on an arms-length basis from CM.

Since CraneMart's™ March 1, 1999 launch, CM has reviewed program parameters and benefits with a sizable targeted group in several major markets. Based on both favorable response and initial customer commitments, we anticipate most of this group will join CraneMart™ as independent participants when the fully developed program will be in place later this year.

S O L U T I O N S



CM's Solutions business consists of two segments: Solutions–Automotive and Solutions–Industrial. The Solutions–Automotive segment designs, fabricates and installs both custom conveyors and automated material handling systems primarily for the automotive industry. CM's Solutions–Industrial segment focuses on material handling systems and workstations supporting assembly lines, warehousing operations and distribution systems for numerous industries. The systems approach of CM's Solutions businesses provides both high growth potential and expanded cross-selling opportunities for virtually all CM products.

Automotive 22% of CM Fiscal 1999 sales
Industrial 7.9% of CM Fiscal 1999 sales

CM's Solutions business includes two segments, Solutions–Automotive and Solutions–Industrial, which collectively make up just under 1/3 of CM's current sales. The organization of CM's Solutions business into two segments reflects the large customer concentration in the domestic automotive markets served by Automatic Systems Inc. (ASI) which was the major operating subsidiary of LICO, Inc. acquired by CM in March 1998. ASI is now the primary operating unit of Solutions–Automotive while the rest of CM's material handling systems business is organized under Solutions–Industrial, reflecting both the broader markets and customer base served by this group of five operations.

As companies continue to outsource larger internal work-flow projects and demand increasing plant flexibility, the opportunities for CM's Solutions business should continue to grow.

CM's recent diversification into the design, manufacturing and installation of facility-wide material handling systems stems from our fiscal 1998 fourth quarter acquisitions of LICO and Univeyor. Both firms brought substantial engineering and design capabilities to CM. Our prior roots as a provider of material handling solutions lie in our development of workstations, using products such as lifts, manipulators and balancers which increase productivity and safety by lifting and positioning loads with ease, flexibility and precision.

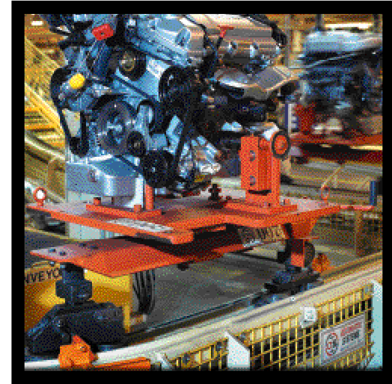
Our strategic rationale for this expanded and complementary business focus remains its stronger and broader longer-term growth prospects compared to our traditional products business. The persistent emphasis of manufacturers on optimizing productivity points to greater future demand for an integrated, technologically advanced, facility-wide approach to material handling. Adding to that demand driver is increased outsourcing of engineering and design for material handling projects which should benefit those firms with the engineering capabilities to produce systems-type solutions. As a broad line provider of material handling products in addition to solutions, CM is also focused on expanding the market for its products through this enhanced capability.

Increasing workplace diversity is expected to increase the demand for productivity and safety enhancing workstation products like those produced by CM's Solutions–Industrial segment.

Conveyor systems are the primary products designed and manufactured by CM's two solutions business segments. Manufactured by ASI, Univeyor and newly added Handling Systems and Conveyors (HSC), conveyors are the most important component of a material handling system, reflecting their high functionality for transporting material throughout manufacturing and warehouse facilities. Other CM products that fit the systems profile for inclusion in solutions are those

with a workstation focus: manipulators, scissor lifts, and balancers. Conco and Positech produce manipulators while American Lifts manufactures scissor lifts.

For CM's Solutions segments, the primary customers are currently concentrated in the automotive, consumer products manufacturing and warehousing industries. The Solutions-Industrial segment also serves steel, construction, and other industrial markets.

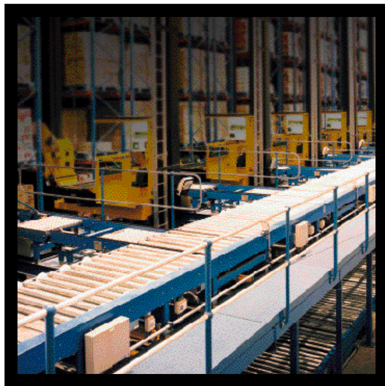


CM's ASI subsidiary enjoys preferred provider status with many key customers, bidding on virtually every GM and Ford material handling system project.

Companywide, CM's only significant customer concentration is in our Solutions-Automotive segment, which currently generates a substantial portion of its sales through General Motors and Ford, the world's two largest automobile manufacturers. Due to this concentration, sales in our Solutions-Automotive segment were below our original expectations as a result of the mid-year General Motors strike. Additionally, a significant portion of the Solutions-Automotive segment's future growth depends on the implementation of modular automotive assembly processes by U.S. automotive manufacturers. Domestic automakers have committed to the concept of modular assembly, although a significant, previously announced program was recently deferred. Nonetheless, the frequency of model changeovers and the effort to build more productive manufacturing operations should continue to drive demand within this segment.

As one of the largest material handling suppliers to the domestic automotive industry, ASI also enjoys strong established relationships, which is reflected in their inclusion on the bid list for every significant material handling project for both GM and Ford. ASI was recognized in April 1999 as a General Motors Worldwide Supplier of the Year for the second consecutive year. The award was given to only 184 firms out of its 30,000 suppliers worldwide.

Sales in the Solutions-Industrial segment increased 46.3% in fiscal 1999, primarily due to the January 1998 Univeyor acquisition. Univeyor, based in Denmark and the largest contributor to sales in the Solutions-Industrial segment, has a broad array of major industrial customers, including United Biscuits, Chivas Regal, Mars, Sony, British Telecom, Volvo and Saab Scania. Univeyor's products focus includes powered floor-mounted roller conveyor systems and sophisticated electronic control systems. In addition to expanding CM's global reach, Univeyor has also gained new markets in the United States for its services and products through cooperation with ASI and other CM units.



CM's Univeyor subsidiary is the largest contributor to the Solutions-Industrial segment. In addition to expanding CM's global presence, it provides numerous cross-selling opportunities for ASI and many other CM business units.

In March 1999, CM acquired additional capability as a material handling solutions provider through its merger with crane builder GL International. HSC, a GL unit, designs and builds overhead monorail systems for industrial customers. Based in Little Rock, Arkansas, HSC broadens the base of industrial customers for CM's Solutions business.

Both Solutions segments share common characteristics which distinguish them from CM's core Products segment, which primarily sells standard manufactured products through distributors. CM's Solutions segments focus to a large degree on engineered-to-order material handling systems primarily sold directly to end users. While the Solutions business generally produces lower gross profit margins than CM's Products business, this is favorably offset by the lower capital base needed to design and manufacture systems.

Larger custom systems are typically awarded through a competitive bidding process and revenue recognition occurs as the work is performed, which can create some variability in quarterly results. This aspect of the Solutions business is balanced by the strength of our very complementary Products business and Solutions' potential for generating attractive long-term growth and returns. With the recent return of automotive markets to normal conditions and the continued integration and development of CM's expanded solutions capability, our Solutions segments are favorably positioned to become a strong growth platform for CM.

CM's Solutions business provides engineering capabilities which often combine multiple CM products to improve ergonomics, productivity and safety, such as this combination of a Conco® manipulator and a CM MAX™ air balancer.

Actuators: both electromechanical and mechanical lifting and positioning devices. Capacities range from 100 pounds to 250 tons.

Attachments: forged, stamped and cast components most frequently used in conjunction with chain and other lifting mediums.

Automatic Body Transfer Systems: automation used to load, unload and transfer automobiles between and off of conveyors during assembly.

Bridge Cranes: overhead beams mounted across the full span of a facility, providing wall-to-wall lifting and transportation options via a suspended hoist for both front/back and left/right movement.

Catalog Distributors: distributors who market their products through printed catalogs to industrial companies and consumers.

Carbon Chain: general purpose and transportation chain for towing, pulling and securing applications.

Crane End-Trucks: manual or powered wheeled devices affixed to the end of overhead cranes. Used to move the cranes along a steel runway.

Electrified Monorail Systems: specialized types of overhead conveyors that provide manufacturing flexibility and productivity at greater speeds in automotive assembly plants.

Entertainment Equipment Distributors: distributors who specialize in lifting applications required by theaters, stadiums, sports arenas, concert halls, convention centers and discos.

Forging: manufacturing technique of hammering steel into wire rope and chain attachments. Examples: hooks, shackles, load binders, masterlinks.

Gantry Cranes: mobile overhead lifting devices that, when used in conjunction with hoists, allow for the lifting and transportation of objects throughout a work environment.

Herc-Alloy® Chain: made with an alloy-steel blend, this light-weight chain offers its users extreme strength and durability. An original CM innovation, it is now required by federal safety regulations for use in all overhead lifting applications.

Hoists: overhead lifting equipment which utilizes either manual, electric or air power, and either chain or wire rope as a lifting medium for capacities of up to 100 tons.

Hoist Trolleys: used to affix a hoist to an overhead steel beam, safely providing balanced lateral movement after an object has been vertically lifted.

Industrial Wholesale Distributors: distributors who sell a variety of products for maintenance, repair, operating and production applications through their own direct sales force and also provide service-after-sales support to their customers.

Integrated Material Handling Solutions: full-scale design of material handling products and systems that, when used together, provide a customized and safe work flow throughout an entire facility.

Jib Cranes: overhead beam-like devices for mounting hoists to extend over a work station.

Lifters: generally working in conjunction with a hoist, below-the-hook lifters are specialized grabs which attach, hold, protect, control and orient a load in the material handling process.

Material Handling Products: tools which assist in lifting loads from point A to point B, horizontally or vertically.

Material Handling Specialists: distributors who design and assemble systems such as overhead rail systems incorporating trolleys, hoists, chain and other products.

Operator-Controlled Manipulators: articulated mechanical arms with specialized end tooling designed to perform lifting, rotating, turning, tilting, reaching and positioning tasks in a variety of environments both safely and precisely.

Plate Clamps: below-the-hook devices used in conjunction with hoists to lift large steel plates weighing up to 30 tons.

Power-and-Free Conveyors: the most versatile and cost effective material handling system, allowing products of any size and weighing up to several tons to be delivered at high speeds to multiple locations within a facility.

Rigging Shops: specialized distributors who manufacture and repair wire rope slings and chain slings, and sell various rigging supplies.

Robotic Indexing Systems: allow for products to be indexed at very high speeds from a materials handling perspective—up to 500 feet per minute—and with great position accuracy—from .001 to .002 inches.

Roller Conveyors: floor-mounted systems designed to transport, sort and distribute products.

Rotary Union: a rotating mechanical seal used to facilitate the transfer of liquids or gases from a stationary pipe to a rotating mechanism.

Scissor Lift Tables: provide a surface upon which objects may be placed and subsequently raised, lowered or tilted so as to make handling of the objects ergonomically correct.

Service-After-Sale Distributors: distributors who provide end-users with repair services and replacement parts.

Synergies: cross-selling and cost-saving opportunities that make a business combination more valuable than its individual parts.

Work Stations: application-specific work areas designed to ergonomically lift, position and tilt objects using multiple material handling products.

The following table sets forth selected consolidated financial information of the Company for each of the seven fiscal years in the period ended March 31, 1999. This information includes (i) the results of operations of Lift-Tech since its acquisition on November 1, 1995, (ii) the results of operations of Yale since its acquisition on October 17, 1996, (iii) the results of operations of Lister since its acquisition on December 19, 1996, (iv) the results of operations of Univeyor since its acquisition on January 8, 1998, (v) the results of operations of LICO since its acquisition on March 31, 1998, (vi) the results of operations of Mechanical Products through its divestiture on August 7, 1998, (vii) the results of operations of Abell-Howe since its acquisition on August 21, 1998, (viii) the results of operations of Gautier since its acquisition on December 4, 1998, (ix) the results of operations of Camlok and Tigrip since their acquisition on January 29, 1999, and (x) the results of operations of GL since its formation on April 1, 1997, including the restatement of Company data reported prior to GL's merger with the Company on March 1, 1999. This table should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Consolidated Financial Statements of the Company, including the notes thereto, included elsewhere herein. Refer to the "Description of Business and Business Acquisitions" note to the Consolidated Financial Statements regarding the unaudited pro forma information presented, which reflects the fiscal 1999 and 1998 business acquisitions and divestiture, and related capital impact, as if they occurred on April 1, 1997, which is the beginning of fiscal 1998.

(Dollars in thousands, except per share data)	Fiscal Years Ended March 31, 1999	1998
Statement of Income Data:		
Net sales	**$735,445**	$561,823
Cost of products sold	**542,975**	401,669
Gross profit	**192,470**	160,154
Selling expenses	**52,059**	46,578
General and administrative expenses	**39,850**	33,361
Amortization of intangibles	**15,479**	10,297
Other charges	**—**	—
Income from operations	**85,082**	69,918
Interest and debt expense	**35,923**	25,104
Interest and other income	**1,565**	1,940
Income before income taxes, minority interest, extraordinary charge, and cumulative effect of accounting change	**50,724**	46,754
Income tax expense	**23,288**	22,776
Minority interest	**—**	—
Extraordinary charge for early debt extinguishment	**—**	(4,520)
Cumulative effect of accounting change	**—**	—
Net income	**$ 27,436**	$ 19,458
Earnings per share data—diluted[a]:		
Income before extraordinary charge and cumulative effect of accounting change	**$ 1.92**	$ 1.66
Net income	**1.92**	1.35
Cash dividend per common share[a]	**0.28**	0.28
Pro Forma Statement of Income Data:		
Net sales	**$732,143**	$735,525
Income from operations	**84,702**	81,963
Income before extraordinary charge	**27,355**	24,354
Net income	**27,355**	19,834
Earnings per share data—diluted[a]:		
Income before extraordinary charge	**1.91**	1.69
Net income	**1.91**	1.37
Balance Sheet Data (at end of period):		
Total assets	**$766,911**	$788,862
Total long-term debt (including current maturities)	**423,612**	458,577
Total liabilities	**578,237**	617,916
Total shareholders' equity	**188,674**	170,946

(a) Reflects a 17 to 1 stock split of the common stock effected on February 15, 1996; fiscal 1993 through 1996 per share data also impacted by the Company's initial public offering effected on February 22, 1996.

Fiscal Years Ended March 31,				
1997	1996	1995	1994	1993
$ 359,424	$ 209,837	$ 172,330	$ 142,313	$ 128,338
251,987	149,511	124,492	103,527	93,220
107,437	60,326	47,838	38,786	35,118
32,550	19,120	15,915	13,828	12,825
24,636	13,941	11,449	10,105	9,787
5,197	791	600	378	307
—	672	1,598	2,055	26
45,054	25,802	18,276	12,420	12,173
11,930	5,292	2,352	2,126	2,464
1,168	1,134	472	371	266
34,292	21,644	16,396	10,665	9,975
15,617	8,657	5,892	4,637	3,703
(323)	—	—	—	—
(3,198)	—	—	—	—
—	—	—	1,001	—
$ 15,154	$ 12,987	$ 10,504	$ 7,029	$ 6,272
$ 1.39	$ 1.69	$ 1.48	$ 0.85	$ 0.87
1.15	1.69	1.48	0.99	0.87
0.27	0.24	0.21	0.18	0.18
$ 548,245	$ 188,734	$ 97,822	$ 93,378	$ 83,026
286,288	9,744	22,587	20,222	20,492
398,089	51,112	56,972	60,914	55,895
150,156	137,622	40,850	32,464	27,131

OVERVIEW

The Company is a broad-line designer, manufacturer, and supplier of sophisticated material handling products and integrated material handling solutions that are widely distributed to industrial, automotive and consumer markets worldwide. The Company's material handling products are sold, domestically and internationally, principally to third party distributors in commercial and consumer distribution channels, and to a lesser extent directly to manufacturers and other end-users. Commercial distribution channels include general distributors, specialty distributors, service-after-sale distributors, original equipment manufacturers ("OEMs"), and the U.S. and Canadian governments. The general distributors are comprised of industrial distributors, rigging shops and crane builders. Specialty distributors include catalog houses, material handling specialists and entertainment equipment riggers. The service-after-sale network includes repair parts distribution centers, chain service centers, and hoist repair centers. Company products are also sold to OEMs, and to the U.S. and Canadian governments. Consumer distribution channels include mass merchandisers, hardware distributors, trucking and transportation distributors, farm hardware distributors and rental outlets. The Company's integrated material handling solutions businesses primarily deal with end-users. Material handling solution sales are concentrated, domestically and internationally (primarily Europe), in the automotive industry, and consumer products manufacturing, warehousing and, to a lesser extent, the steel, construction and other industrial markets.

On March 1, 1999, GL International, Inc. ("GL") was merged with and into the Company through the issuance of new Company stock and options to purchase Company stock for all issued and outstanding stock and options of GL. The merger was accounted for as a pooling of interests and, accordingly, the 1999 and 1998 consolidated financial statements have been restated to include the accounts of GL from the date of GL's formation, April 1, 1997.

This section should be read in conjunction with the consolidated financial statements of the Company included elsewhere herein.

RESULTS OF OPERATIONS

The following table sets forth certain income statement data for the Company, expressed as a percentage of net sales, for each of the periods presented:

	Fiscal Years Ended March 31,		
	1999	1998	1997
Products Segment sales	**71.9%**	93.4%	88.6%
Solutions–Industrial Segment sales	**7.9**	7.1	7.9
Solutions–Automotive Segment sales	**22.0**	—	—
Intercompany eliminations/Other sales	**(1.8)**	(0.5)	3.5
Net sales	**100.0**	100.0	100.0
Cost of products sold	**73.8**	71.5	70.1
Gross profit	**26.2**	28.5	29.9
Selling expenses	**7.1**	8.3	9.1
General and administrative expenses	**5.4**	5.9	6.9
Amortization of intangibles	**2.1**	1.9	1.4
Income from operations	**11.6**	12.4	12.5
Interest and debt expense	**4.9**	4.4	3.3
Interest and other income	**0.2**	0.3	0.3
Income before income taxes, minority interest and extraordinary charge	**6.9**	8.3	9.5
Income tax expense	**3.2**	4.0	4.3
Income before minority interest and extraordinary charge	**3.7%**	4.3%	5.2%

Fiscal Years Ended March 31, 1999, 1998, and 1997

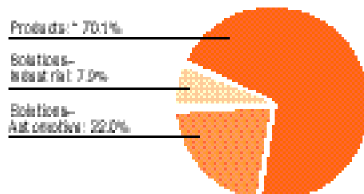
Sales growth during the periods was primarily due to the March 1999 GL merger, the March 1998 LICO acquisition, the January 1998 Univeyor acquisition, the December 1996 Lister acquisition and the October 1996 Yale acquisition, offset by the August 1998 Mechanical Products divestiture. Sales in 1999 of $735,445,000 increased $173,622,000 or 30.9% over 1998, and sales in 1998 of $561,823,000 increased $202,399,000 or

56.3% over 1997. On a pro forma basis, considering the effects of fiscal 1999 and 1998 acquisitions and divestiture, the Company experienced a 0.5% decrease in sales in fiscal 1999 compared to 1998. This comparison is impacted by the following economic factors: 1) a relatively soft industrial market, 2) the effect of the mid-1998 General Motors strike, 3) the impact of the Asian and South American economic situations, and 4) a shift in demand from small retail hardware stores to larger do-it-yourself superstores, to which the Company supplies only a small share. On a pro forma basis, considering the effects of fiscal 1998 and 1997 acquisitions, the Company experienced a 10.6% increase in sales in fiscal 1998 compared to 1997. This growth was due to strong Solutions-Automotive segment demand as well as solid demand by nearly all Products segment market channels. In addition, during these periods the Company introduced list price increases of approximately 4% in both December 1998 and 1997 affecting certain of the Company's hoist, chain and forged products sold in its domestic commercial markets. Sales in the Products, Solutions-Industrial and Solutions-Automotive segments were as follows, in thousands of dollars and with percentage changes for each segment:

(In thousands, except percentages)	Fiscal Years Ended March 31, 1999	1998	1997	Change 1999 vs 1998 Amount	%	Change 1998 vs 1997 Amount	%
Products	**$528,974**	$524,949	$318,544	$ 4,025	0.8	$206,405	64.8
Solutions–Industrial	**58,301**	39,845	28,308	18,456	46.3	11,537	40.8
Solutions–Automotive	**161,443**	—	—	161,443	—	—	—
Eliminations/Other	**(13,273)**	(2,971)	12,572	(10,302)	—	(15,543)	—
Consolidated net sales	**$735,445**	$561,823	$359,424	$173,622	30.9	$202,399	56.3

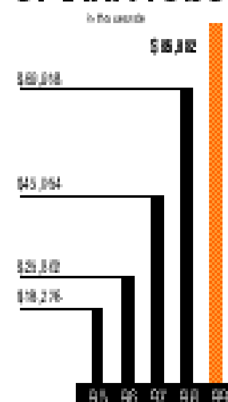
The addition of the Solutions–Automotive segment in fiscal 1999 is due to the March 1998 LICO acquisition. The 46.3% and 40.8% growth in the Solutions–Industrial segment in fiscal 1999 and 1998, respectively, is due to the January 1998 Univeyor acquisition and also the October 1996 Yale acquisition, for which this segment includes a portion of that business. The 64.8% growth in the Products segment in fiscal 1998 is due to the formation of GL in April 1997, the December 1996 Lister acquisition, the October 1996 Yale acquisition and solid sales growth in nearly all market channels within this segment. The fluctuation in Eliminations/Other in each of the periods is due to the addition of intercompany sales between GL and the other businesses within the Company in fiscal 1999 and 1998, offset by the August 1998 Mechanical Products divestiture. Sales per employee increased to $169,500 in fiscal 1999 from $134,400 in fiscal 1997.

SALES BY SEGMENT



The Company's gross profit margins were approximately 26.2%, 28.5% and 29.9% for 1999, 1998 and 1997, respectively. The decrease in gross profit margin in fiscal 1999 is primarily due to the LICO acquisition which formed the Solutions–Automotive segment and generally produces lower gross profit margins than the other segments. The lower profitability of this segment is offset by a lower capital base required to design and manufacture its products. After isolating the effect of the LICO acquisition, the 1999 gross profit margin increased by approximately 90 basis points. The decrease in gross profit margin in fiscal 1998 resulted primarily from a change in the classification of approximately $7.6 million of costs into cost of products sold which previously had been classified as general and administrative expenses. This change was made for intracorporate consistency and had a minimal effect on income from operations. In addition, the fiscal 1998 gross profit margin was also impacted by the addition of GL, which also generates lower gross profit margins on a lower capital base as compared to the pre-existing Products segment businesses. After isolating the effect of the classification change and the GL merger, the 1998 gross profit margin increased by approximately 50 basis points compared to 1997. Excluding the effects of those specific items noted above, the resulting increase in gross profit margin in each of the periods resulted from the effects of the Company's cost control efforts and integration of acquisitions.

INCOME FROM OPERATIONS



Selling expenses were $52,059,000, $46,578,000 and $32,550,000 in fiscal 1999, 1998, and 1997, respectively. The 1999 expenses include the full year

of LICO activity; 1998 expenses include the full year of Yale and GL activity as compared to fiscal 1997. As a percentage of consolidated net sales, selling expenses were 7.1%, 8.3% and 9.1% in fiscal 1999, 1998 and 1997, respectively. The 1999 and 1998 improvements reflect a lower level of selling expenses incurred on behalf of the LICO and GL businesses, relative to sales.

General and administrative expenses were $39,850,000, $33,361,000 and $24,636,000 in fiscal 1999, 1998 and 1997, respectively. The 1999 expenses include the full year of LICO activity; 1998 expenses include the full year of Yale and GL activity as compared to fiscal 1997. As a percentage of consolidated net sales, general and administrative expenses were 5.4%, 5.9% and 6.9% in fiscal 1999, 1998 and 1997, respectively. The 1999 improvement reflects a lower level of general and administrative expenses incurred on behalf of the LICO business, relative to sales. As noted above, the improved percentage in fiscal 1998 was primarily due to a change that reclassified approximately $7.6 million of expenses previously classified as general and administrative into costs of products sold for intracorporate consistency. This 1998 improvement was offset somewhat by a higher level of general and administrative expenses incurred on behalf of the GL business, relative to sales.

Amortization of intangibles was $15,479,000, $10,297,000 and $5,197,000 in fiscal 1999, 1998 and 1997, respectively. Fiscal 1999 includes a full year of goodwill amortization resulting from the LICO acquisition; 1998 includes a full year of goodwill amortization resulting from the Yale acquisition; 1997 includes a partial year of Yale and a full year of goodwill amortization resulting from the Lift-Tech acquisition.

Interest and debt expense was $35,923,000, $25,104,000 and $11,930,000 in fiscal 1999, 1998 and 1997, respectively. The fiscal 1999 and 1998 increases were primarily due to the financing required to complete the LICO and Yale acquisitions. As a percentage of consolidated net sales, interest and debt expense was 4.9%, 4.4% and 3.3% in fiscal 1999, 1998 and 1997, respectively.

Interest and other income was $1,565,000, $1,940,000 and $1,168,000 in fiscal 1999, 1998 and 1997, respectively. The fluctuations reflect changes in the investment return on marketable securities held for settlement of a portion of the Company's general and products liability claims.

Income taxes as a percentage of pre-tax accounting income were 45.9%, 48.7% and 45.5% in fiscal 1999, 1998 and 1997, respectively. The percentages reflect the effect of non-deductible goodwill amortization resulting from the business acquisitions.

In fiscal 1997, the minority interest share of Yale earnings of $323,000 resulted from the fact that the Company acquired 72% of the outstanding Yale shares on a fully diluted basis in October 1996 and the remainder in January 1997.

As a result of the above, income before extraordinary charges increased $3,458,000 or 14.4% in 1999 and $5,626,000 or 30.7% in 1998. This is based on income before extraordinary charges of $27,436,000, $23,978,000 and $18,352,000 or 3.7%, 4.3% and 5.2% as a percentage of consolidated net sales in fiscal 1999, 1998 and 1997, respectively.

In fiscal 1998, the extraordinary charge for early debt extinguishment of $4,520,000 resulted from the non-cash write-off of unamortized deferred financing costs upon refinancing of the Company's bank debt effective March 31, 1998. The charge is net of $3,012,000 of tax benefit. In 1997, the extraordinary charge for early debt extinguishment of $3,198,000 resulted from the tender in December 1996 for 11.5% acquired Yale notes. The charge consisted of redemption premiums, costs to exercise the tender offer, and write-off of previously incurred deferred financing costs, and was net of $2,133,000 of tax benefit.

Net income, therefore, increased $7,978,000 or 41.0% in 1999 and $4,304,000 or 28.4% in 1998. This is based on net income of $27,436,000, $19,458,000 and $15,154,000 in fiscal 1999, 1998 and 1997, respectively.

LIQUIDITY AND CAPITAL RESOURCES

On March 1, 1999, GL was merged with and into the Company through the issuance of 897,114 shares of newly issued Company stock and options to purchase 154,848 shares of Company stock for all issued and outstanding stock and options of GL. The fair market value of the stock and options exchanged was approximately $20.6 million.

On January 29, 1999, the Company acquired all of the outstanding stock of Camlok and the net assets of the Tigrip product line for $10.6 million in cash, financed by a German subsidiary revolving credit facility and term note.

On December 4, 1998, the Company acquired all of the outstanding stock of Gautier for $3 million in cash, financed by the Company's revolving credit facility.

During October 1998, the Company's ESOP borrowed $7,682,000 from the Company and purchased 479,900 shares of Company common stock on the open market at an average cost of $16 per share.

On August 21, 1998, the Company acquired the net assets of Abell-Howe for $7 million in cash, financed by the Company's revolving credit facility.

On August 7, 1998, the Company sold its Mechanical Products division for $11.5 million, consisting of $9.1 million in cash and a $2.4 million note receivable.

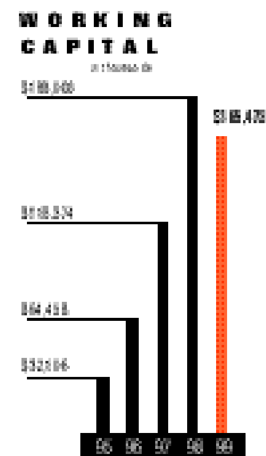
On March 31, 1998, the Company acquired all of the outstanding stock of LICO for approximately $155 million of cash, which was financed by proceeds from the Company's revolving credit facility and a private placement of senior subordinated notes, both of which also closed effective March 31, 1998. The Company's previously existing Term Loan A, Term Loan B and revolving credit facility were repaid and retired on March 31, 1998.

On January 7, 1998, the Company acquired all of the outstanding stock of Univeyor for approximately $15 million of cash plus the assumption of certain debt, financed by the Company's revolving credit facility.

The 1998 Revolving Credit Facility provides availability up to $300 million, due March 31, 2003, against which $212.4 million was outstanding at March 31, 1999. Interest is payable at varying Eurodollar rates based on LIBOR plus a spread determined by the Company's leverage ratio, amounting to 112.5 basis points at March 31, 1999. The 1998 Revolving Credit Facility is secured by all equipment, inventory, receivables, subsidiary stock (limited to 65% for foreign subsidiaries) and intellectual property. To manage its exposure to interest rate fluctuations, the Company has an interest rate swap and cap.

The senior subordinated 8½% Notes issued on March 31, 1998 amounted to $199,468,000, net of original issue discount of $532,000 and are due March 31, 2008. Interest is payable semi-annually based on an effective rate of 8.45%, considering $1,902,000 of proceeds from rate hedging in advance of the placement. Provisions of the 8½% Notes include, without limitation, restrictions of liens, indebtedness, asset sales, and dividends and other restricted payments. Prior to April 1, 2003, the 8½% Notes are redeemable at the option of the Company, in whole or in part, at the Make-Whole Price (as defined). On or after April 1, 2003, they are redeemable at prices declining annually from 108.5% to 100% on and after April 1, 2006. In addition, on or prior to April 1, 2001, the Company may redeem up to 35% of the outstanding notes with the proceeds of equity offerings at a redemption price of 108.5%, subject to certain restrictions. In the event of a Change of Control (as defined), each holder of the 8½% Notes may require the Company to repurchase all or a portion of such holder's 8½% Notes at a purchase price equal to 101% of the principal amount thereof. The 8½% Notes are not subject to any sinking fund requirements.

The Company believes that its cash on hand, cash flows, and borrowing capacity under its revolving credit facility will be sufficient to fund its ongoing operations, budgeted capital expenditures, and business acquisitions for the next twelve months.



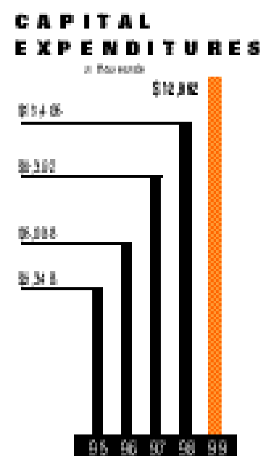
Net cash provided by operating activities increased to $57,493,000 in fiscal 1999 from $38,420,000 in 1998 and $28,886,000 in 1997. The $19,073,000 increase in net cash provided by operating activities in fiscal 1999 compared to 1998 results from increased net income of $7,978,000, increased depreciation and amortization of $7,360,000, and a decrease of changes in net working capital components, offset by the extraordinary charge for early debt extinguishment of $4,520,000 in 1998. The $9,534,000 increase in net cash provided by operating activities in fiscal 1998 compared to 1997 results from increased net income of $4,304,000, and increased depreciation and amortization of $8,611,000, offset by decreased deferred income tax expense by $4,761,000. Operating assets net of liabilities

decreased by $4,412,000 in fiscal 1999 and increased by $5,509,000 and $5,905,000 in fiscal 1998 and 1997, respectively.

Net cash used in investing activities was $23,943,000 in fiscal 1999 compared to $185,034,000 in 1998 and $215,851,000 in 1997. The 1999 amount includes the acquisitions of Camlok/Tigrip, Gautier, and Abell-Howe for $19,021,000, net of cash acquired; it is reduced by $8,801,000 of net proceeds from the Mechanical Products divestiture and $2,182,000 of proceeds from the sale of a portion of non-operating assets acquired with Yale in fiscal 1997. The 1998 amount includes the acquisitions of LICO, Univeyor and a GL business acquisition for $175,686,000, net of cash acquired; it is reduced by $4,575,000 of proceeds from the sale of a portion of the non-operating Yale assets. The net cash used in investing activities in fiscal 1997 includes $203,577,000 for the Yale and Lister acquisitions, net of cash acquired.

CAPITAL EXPENDITURES

In addition to keeping its current equipment and plants properly maintained, the Company is committed to replacing, enhancing, and upgrading its property, plant, and equipment to reduce production costs, increase flexibility to respond effectively to market fluctuations and changes, meet environmental requirements, enhance safety, and promote ergonomically correct work stations. Consolidated capital expenditures for fiscal 1999, 1998 and 1997 were $12,992,000, $11,406,000 and $9,392,000, respectively, excluding those capital assets acquired in conjunction with business acquisitions.



INFLATION AND OTHER MARKET CONDITIONS

The Company's costs are affected by inflation in the U.S. economy, and to a lesser extent, in foreign economies including those of Europe, Canada, Mexico, and the Pacific Rim. The Company does not believe that inflation has had a material effect on results of operations over the periods presented because of low inflation levels over the periods and because the Company has generally been able to pass on rising costs through price increases. However, in the future there can be no assurance that the Company's business will not be affected by inflation or that it will be able to pass on cost increases.

SEASONALITY AND QUARTERLY RESULTS

Lower than average orders and shipments during the December holiday period have a slight effect on the Company. In addition, quarterly results may be materially affected by the timing of large customer orders, by periods of high vacation concentrations, and by acquisitions and the magnitude of acquisition costs. Therefore, the operating results for any particular fiscal quarter are not necessarily indicative of results for any subsequent fiscal quarter or for the full fiscal year.

YEAR 2000 CONVERSIONS

The Company's corporate-wide Year 2000 initiative is being managed by a team of internal staff and administered by the Director of Information Services. The Company has completed the assessment phase of its Year 2000 compliance project and is currently working on remediation of affected components.

The Company has determined that it needs to modify significant portions of its corporate business information software so that its computer system will function properly with respect to dates in the year 2000 and beyond. Both internal and external resources have been dedicated to identifying, implementing, and testing corrective action in order to make such programs Year 2000 compliant; all such work is planned to be completed by July 1999 and is currently on schedule. To date the corporate business information software has been 100% assessed, approximately 95% has been remedially reprogrammed, and approximately 72% is now certified

to be Year 2000 compliant. The Company believes that, with modifications to existing software, the Year 2000 issue will not pose significant operational problems for its computer systems.

The Company has completed a corporate-wide assessment of the Year 2000 readiness of microprocessor controlled equipment such as robotics, CNC machines, and security and environmental systems. This assessment has revealed that at least 98% of all microprocessor-controlled equipment, including over 98% of all security and environmental systems, is currently compliant. Any necessary upgrades to ensure Year 2000 readiness are expected to be in place by the end of June 1999. In addition, the Company has determined that all of its manufactured products are 100% Year 2000 compliant.

The Company has initiated communications with its suppliers and customers to determine the extent to which systems, products or services are vulnerable to failure should those third parties fail to remediate their own Year 2000 issues. To date the Company has received responses to over 80% of its inquiries and no Year 2000 compliance problem has been identified from these responses. While we believe that our Year 2000 compliance plan adequately addresses potential Year 2000 concerns and to date no significant Year 2000 issues have been identified with our suppliers and customers, there can be no guarantee that the systems of other companies on which our operations rely will be compliant on a timely basis and will not have an effect on our operations.

The Company has conducted preliminary contingency planning and identified the critical need areas. A high level approach incorporating manual workarounds, increasing critical inventories, identifying alternate suppliers, and adjusting staffing levels has been discussed and forms the basis for the initial contingency planning. The Company believes this level of planning is appropriate at the current time, however, the planning will be further expanded if warranted by future events.

The cost of the Year 2000 initiatives is not expected to be material to the Company's results of operations or financial position.

The forward looking statements contained in the Year 2000 Conversions should be read in conjunction with the Company's disclosures under the heading "Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995".

EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities," in June of 1998 which is effective for fiscal 2001. Statement No. 133 establishes accounting and reporting standards for hedging activities. It requires that entities recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The intended use of the derivative and its designation as either (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or a firm commitment (a fair value hedge) (2) a hedge of the exposure to variable cash flows of a forecasted transaction (a cash flow hedge), or (3) a hedge of the foreign currency exposure of a net investment in a foreign operation (a foreign currency hedge), will determine when the gains and losses on the derivatives are reported in earnings and when they are to be reported as a component of other comprehensive income. The impact of compliance with this Statement has not yet been determined by the Company.

In March of 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The Company adopted the provisions of the SOP in its financial statements for the year ended March 31, 1999. The SOP requires the capitalization of certain costs incurred in connection with developing or obtaining software for internal use. The impact of the SOP was not material to the Company.

In April of 1998, the AICPA issued SOP 98-5, "Reporting the Costs of Start-Up Activities," which requires costs related to start-up activities be expensed as incurred. The Company adopted the provisions of the SOP in its financial statements for the year ended March 31, 1999. The adoption of SOP 98-5 had no effect on the Company's reported earnings.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)	Year Ended March 31, 1999	1998	1997
Net sales	**$735,445**	$561,823	$359,424
Cost of products sold	**542,975**	401,669	251,987
Gross profit	**192,470**	160,154	107,437
Selling expenses	**52,059**	46,578	32,550
General and administrative expenses	**39,850**	33,361	24,636
Amortization of intangibles	**15,479**	10,297	5,197
	107,388	90,236	62,383
Income from operations	**85,082**	69,918	45,054
Interest and debt expense	**35,923**	25,104	11,930
Interest and other income	**1,565**	1,940	1,168
Income before income taxes, minority interest and extraordinary charge	**50,724**	46,754	34,292
Income tax expense	**23,288**	22,776	15,617
Income before minority interest and extraordinary charge	**27,436**	23,978	18,675
Minority interest	**—**	—	(323)
Income before extraordinary charge	**27,436**	23,978	18,352
Extraordinary charge for early debt extinguishment	**—**	(4,520)	(3,198)
Net income	**$ 27,436**	$ 19,458	$ 15,154
Earnings per share data, basic:			
Income before extraordinary charge for debt extinguishment	**$ 1.94**	$ 1.69	$ 1.39
Extraordinary charge for debt extinguishment	**—**	(0.32)	(0.24)
Net income	**$ 1.94**	$ 1.37	$ 1.15
Earnings per share data, diluted:			
Income before extraordinary charge for debt extinguishment	**$ 1.92**	$ 1.66	$ 1.39
Extraordinary charge for debt extinguishment	**—**	(0.31)	(0.24)
Net income	**$ 1.92**	$ 1.35	$ 1.15

See accompanying notes.

CONSOLIDATED BALANCE SHEETS

(In thousands)	March 31, 1999	1998
Assets		
Current assets:		
Cash and cash equivalents	**$ 6,867**	$ 22,861
Trade accounts receivable, less allowance for doubtful accounts ($2,271 and $2,511 respectively)	**136,988**	124,637
Unbilled revenues	**9,821**	19,634
Inventories	**115,979**	115,126
Net assets held for sale	**8,214**	10,396
Prepaid expenses	**8,160**	10,407
Total current assets	**286,029**	303,061
Net property, plant, and equipment	**90,004**	87,662
Goodwill and other intangibles, net	**357,727**	368,946
Marketable securities	**19,355**	16,665
Deferred taxes on income	**5,627**	7,045
Other assets	**8,169**	5,483
Total assets	**$ 766,911**	$ 788,862
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes payable to banks	**$ 4,590**	$ 5,184
Trade accounts payable	**54,651**	58,639
Excess billings	**5,058**	4,653
Accrued liabilities	**54,331**	44,405
Current portion of long-term debt	**1,926**	2,180
Total current liabilities	**120,556**	115,061
Senior debt, less current portion	**222,165**	256,929
Subordinated debt	**199,521**	199,468
Other non-current liabilities	**35,995**	46,458
Total liabilities	**578,237**	617,916
Shareholders' equity:		
Class A voting common stock; 50,000,000 shares authorized; 14,663,697 and 14,652,972 shares issued	**146**	146
Additional paid-in capital	**102,313**	100,425
Retained earnings	**100,455**	76,744
ESOP debt guarantee; 708,382 and 325,092 shares	**(9,865)**	(3,203)
Unearned restricted stock; 152,775 and 134,550 shares	**(1,009)**	(538)
Accumulated other comprehensive loss	**(3,366)**	(2,628)
Total shareholders' equity	**188,674**	170,946
Total liabilities and shareholders' equity	**$ 766,911**	$ 788,862

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except share and per share data)	Common Stock ($.01 par value)	Additional Paid-in Capital	Retained Earnings	ESOP Debt Guarantee	Unearned Restricted Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at March 31, 1996	**$137**	**$ 94,283**	**$ 49,386**	**$(5,238)**	**$ (836)**	**$ (110)**	**$137,622**
Comprehensive income:							
Net income 1997	—	—	15,154	—	—	—	15,154
Change in foreign currency translation adjustment	—	—	—	—	—	(1,309)	(1,309)
Net unrealized gain on investments	—	—	—	—	—	318	318
Change in minimum pension liability adjustment	—	—	—	—	—	(111)	(111)
Total comprehensive income	—	—	—	—	—	—	14,052
Earned 105,601 ESOP shares	—	665	—	1,037	—	—	1,702
Restricted common stock granted, 19,800 shares; net of 3,111 shares canceled	—	289	—	—	(280)	—	9
Earned portion of restricted stock	—	17	—	—	295	—	312
Common dividends declared $0.27 per share	—	—	(3,541)	—	—	—	(3,541)
Balance at March 31, 1997	**137**	**95,254**	**60,999**	**(4,201)**	**(821)**	**(1,212)**	**150,156**
Issued 897,114 common shares	9	3,881	—	—		—	3,890
Comprehensive income:							
Net income 1998	—	—	19,458	—	—	—	19,458
Change in foreign currency translation adjustment	—	—	—	—	—	(1,527)	(1,527)
Net unrealized gain on investments	—	—	—	—	—	558	558
Change in minimum pension liability adjustment	—	—	—	—	—	(447)	(447)
Total comprehensive income	—	—	—	—	—	—	18,042
Earned 101,416 ESOP shares	—	1,270	—	998	—	—	2,268
Earned portion of restricted stock	—	20	—	—	283	—	303
Common dividends declared $0.28 per share	—	—	(3,713)	—	—	—	(3,713)
Balance at March 31, 1998	**146**	**100,425**	**76,744**	**(3,203)**	**(538)**	**(2,628)**	**170,946**
Comprehensive income:							
Net income 1999	—	—	27,436	—	—	—	27,436
Change in foreign currency translation adjustment	—	—	—	—	—	(1,399)	(1,399)
Net unrealized gain on investments	—	—	—	—	—	714	714
Change in minimum pension liability adjustment	—	—	—	—	—	(53)	(53)
Total comprehensive income	—	—	—	—	—	—	26,698
Earned 96,610 ESOP shares	—	1,108	—	1,020	—	—	2,128
Repurchase of 479,900 common shares by ESOP	—	—	—	(7,682)	—	—	(7,682)
Restricted common stock granted, 19,500 shares; net of 1,275 shares canceled	—	780	—	—	(759)	—	21
Earned portion of restricted stock	—	—	—	—	288	—	288
Common dividends declared $0.28 per share	—	—	(3,725)	—	—	—	(3,725)
Balance at March 31, 1999	**$146**	**$102,313**	**$100,455**	**$(9,865)**	**$(1,009)**	**$(3,366)**	**$188,674**

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended March 31, 1999	1998	1997
Operating activities:			
Net income	**$27,436**	$ 19,458	$ 15,154
Adjustments to reconcile net income to net cash provided by operating activities:			
Extraordinary charge for early debt extinguishment	**—**	4,520	3,198
Minority interest	**—**	—	323
Depreciation and amortization	**27,256**	19,896	11,285
Deferred income taxes	**(2,235)**	55	4,816
Other	**624**	—	15
Changes in operating assets and liabilities net of effects from businesses purchased:			
Trade accounts receivable and unbilled revenues	**37**	(8,224)	(3,320)
Inventories	**(865)**	(5,454)	(2,177)
Prepaid expenses	**1,952**	4,008	(1,721)
Other assets	**(96)**	2,135	(949)
Trade accounts payable and excess billings	**(5,940)**	(646)	(586)
Accrued and non-current liabilities	**9,324**	2,672	2,848
Net cash provided by operating activities	**57,493**	38,420	28,886
Investing activities:			
Purchase of marketable securities, net	**(1,976)**	(2,517)	(2,098)
Capital expenditures	**(12,992)**	(11,406)	(9,392)
Proceeds from sale of business	**8,801**	—	—
Purchase of businesses, net of cash acquired	**(19,958)**	(175,686)	(203,577)
Net assets held for sale	**2,182**	4,575	(784)
Net cash used in investing activities	**(23,943)**	(185,034)	(215,851)
Financing activities:			
Proceeds from issuance of common stock, net	**—**	1,914	—
Net (payments) borrowings under revolving line-of-credit agreements	**(28,194)**	159,101	75,293
Repayment of debt	**(8,179)**	(198,251)	(78,528)
Proceeds from issuance of long-term debt, net	**—**	203,357	206,000
Deferred financing costs incurred	**(1,272)**	(1,313)	(10,000)
Dividends paid	**(3,725)**	(3,713)	(4,390)
Repurchase of stock by ESOP	**(7,682)**	—	—
Change in ESOP debt guarantee	**1,020**	998	(1,596)
Net cash (used in) provided by financing activities	**(48,032)**	162,093	186,779
Effect of exchange rate changes on cash	**(1,512)**	(1,525)	(1,078)
Net change in cash and cash equivalents	**(15,994)**	13,954	(1,264)
Cash and cash equivalents at beginning of year	**22,861**	8,907	10,171
Cash and cash equivalents at end of year	**$ 6,867**	$ 22,861	$ 8,907
Supplementary cash flows data:			
Interest paid	**$27,595**	$ 26,553	$ 8,683
Income taxes paid	**$22,829**	$ 15,040	$ 14,993

See accompanying notes.

1. DESCRIPTION OF BUSINESS AND BUSINESS ACQUISITIONS

Columbus McKinnon Corporation (the Company) is a leading broad-line designer, manufacturer and supplier of sophisticated material handling products and integrated material handling solutions that are widely distributed to industrial, automotive, and consumer markets worldwide. The Company's material handling products are sold, domestically and internationally, principally to third party distributors in commercial and consumer distribution channels. The Company's integrated material handling solutions businesses primarily deal with end users, both domestically and internationally (primarily Europe) in the automotive and industrial markets. During fiscal 1999, approximately 75% of sales were to customers in the United States.

On March 1, 1999, GL International, Inc. ("GL"), was merged with and into the Company through the issuance of 897,114 shares of newly issued Company stock and options to purchase 154,848 shares of Company stock for all issued and outstanding stock and options of GL. GL is a full-service designer and builder of industrial overhead bridge and jib cranes and related components. The merger was accounted for as a pooling of interests and, accordingly, the 1999 and 1998 consolidated financial statements have been restated to include the accounts of GL from the date of GL's formation, April 1, 1997. The fair market value of the stock and options exchanged was approximately $20.6 million. In connection with the merger, the Company incurred $560,000 of merger related costs which were charged to operations during the year ended March 31, 1999. Net sales and net income of the separate companies for the periods preceding the merger were as follows:

In thousands)	9 Months Ended December 27, 1998	Year Ended March 31, 1998
Net sales:		
Columbus McKinnon, as reported	**$510,865**	$510,731
GL International, Inc.	**51,558**	59,860
Intercompany eliminations	**(5,455)**	(8,768)
Combined	**$556,968**	$561,823
Net income:		
Columbus McKinnon, as reported	**$ 16,865**	$ 18,901
GL International, Inc.	**1,736**	1,140
Intercompany eliminations	**142**	(583)
Combined	**$ 18,743**	$ 19,458

On January 29, 1999, the Company acquired all of the outstanding stock of Camlok Lifting Clamps Limited ("Camlok") and the net assets of the Tigrip product line ("Tigrip") from Schmidt-Krantz & Co. GmbH for $10.6 million in cash. The acquisition was accounted for as a purchase and was financed through cash, a revolving credit facility, and a $4 million term note. Camlok manufactures plate clamps, crane weighers and related products and is based in Chester, England, while the Tigrip line of standard and specialized plate clamps is produced in Germany. The consolidated statement of income and the consolidated statement of cash flows for the year ended March 31, 1999 include Camlok and Tigrip activity since their January 29, 1999 acquisition by the Company.

On December 4, 1998, the Company acquired all of the outstanding stock of Societe D'Exploitation des Raccords Gautier ("Gautier"), a French-based manufacturer of industrial components. The total cost of the acquisition, which was accounted for as a purchase, was approximately $3 million in cash, consisting of $2.4 million financed by proceeds from the Company's revolving debt facility and the assumption of certain debt. The consolidated statement of income and the consolidated statement of cash flows for the year ended March 31, 1999 include Gautier activity since its December 4, 1998 acquisition by the Company.

On August 21, 1998 the Company acquired the net assets of Abell-Howe Crane division ("Abell-Howe") of Abell-Howe Company, a regional manufacturer of jib, gantry, and bridge cranes. The total cost of the acquisition, which was accounted for as a purchase, was approximately $7 million of cash, which was financed by proceeds from the Company's revolving debt facility. The consolidated statement of income and the consolidated statement of cash flows for the year ended March 31, 1999 include Abell-Howe activity since its August 21, 1998 acquisition by the Company.

On August 7, 1998 the Company sold its Mechanical Products division, a producer of circuit controls and protection devices, for $11.5 million, consisting of $9.1 million in cash and a $2.4 million note receivable, to Mechanical Products' senior management team. The selling price approximated the net book value of the division. The consolidated statement of income and the consolidated statement of cash flows for the year ended March 31, 1999 include Mechanical Products activity through its August 7, 1998 sale by the Company.

On March 31, 1998, the Company acquired all of the outstanding stock of LICO, Inc. ("LICO"), a leading designer, manufacturer and installer of custom conveyor and automated material handling systems primarily for the automotive industry. The total cost of the acquisition, which was accounted for as a purchase, was approximately $155 million of cash, which was financed by proceeds from the Company's revolving credit facility and a private placement of senior subordinated notes, both of which also closed effective March 31, 1998. The consolidated statement of income and the consolidated statement of cash flows for the year ended March 31, 1998 do not include any LICO activity.

On January 7, 1998, the Company acquired all of the outstanding stock of Univeyor A/S ("Univeyor"), a Denmark-based designer, manufacturer and distributor of automated material handling systems for the industrial market, and has accounted for the acquisition as a purchase. The cost of the acquisition was approximately $15 million of cash plus certain debt, financed by the Company's revolving debt facility. The consolidated statement of income and the consolidated statement of cash flows for the year ended March 31, 1998 include Univeyor activity since its January 7, 1998 acquisition by the Company.

On October 17, 1996, through a tender offer, the Company acquired approximately 72% of the outstanding stock (on a diluted basis) of Spreckels Industries, Inc., now known as Yale Industrial Products, Inc. ("Yale"), a manufacturer of a wide range of industrial products, including hoists, scissor lift tables, mechanical jacks, rotating joints, actuators and circuit protection devices. On January 3, 1997, the Company acquired the remaining outstanding shares, effected a merger, and accounted for the acquisition as a purchase. The total cost of the acquisition was approximately $270 million, consisting of $200 million of cash and $70 million of acquired Yale debt. The consolidated statement of income and the consolidated statement of cash flows for the year ended March 31, 1997 include Yale activity since its October 17, 1996 acquisition by the Company. The minority interest share of Yale's earnings since acquisition through January 3, 1997 has been appropriately segregated from consolidated net income for the year ended March 31, 1997.

Included with the Yale acquired assets were real estate properties and equipment retained from Yale's April 19, 1996 sale of two of its subsidiaries in unrelated businesses. Certain assets were sold during fiscal 1998 and 1999 and the remaining assets held for sale are expected to be sold in fiscal 2000. They have been recorded at their estimated realizable values net of disposal costs, separately reflected on the consolidated balance sheet and amounting to $8,214,000 and $10,396,000 as of March 31, 1999 and 1998, respectively.

On December 19, 1996, the Company acquired all of the outstanding stock of Lister Bolt & Chain Ltd. and of Lister Chain & Forge, Inc. (together known as "Lister"), a chain and forgings manufacturer, and has accounted for the acquisition as a purchase. The total cost of the acquisition was approximately $7 million of cash, which was financed by the Company's revolving debt facility. The consolidated statement of income and the consolidated statement of cash flows for the year ended March 31, 1997 include Lister activity since its December 19, 1996 acquisition by the Company.

The following table presents pro forma summary information, which is not covered by the report of independent auditors, for the years ended March 31, 1999 and 1998, as if the Abell-Howe, LICO, and Univeyor acquisitions and related borrowings and also the private placement of senior subordinated notes and the sale of Mechanical Products, had occurred as of April 1, 1997 which is the beginning of fiscal 1998. The pro forma information is provided for informational purposes only. It is based on historical information and does not necessarily reflect the actual results that would have occurred nor is it necessarily indicative of future results of operations of the combined enterprise:

(In thousands, except per share data)	Year Ended March 31, 1999	1998
Pro forma:		
Net sales	**$732,143**	$735,525
Income from operations	**84,702**	81,963
Income before extraordinary charge	**27,355**	24,354
Net income	**27,355**	19,834
Earnings per share, basic:		
Income before extraordinary charge	**$ 1.93**	$ 1.71
Extraordinary charge	**—**	(0.32)
Net income	**$ 1.93**	$ 1.39
Earnings per share, diluted:		
Income before extraordinary charge	**$ 1.91**	$ 1.69
Extraordinary charge	**—**	(0.32)
Net income	**$ 1.91**	$ 1.37

2. ACCOUNTING PRINCIPLES AND PRACTICES

Consolidation

These consolidated financial statements include the accounts of the Company and its domestic and foreign 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 (FAS) No. 52. Under this method, all items of income and expense are translated at average exchange rates for the year. All assets and liabilities are translated at the year-end exchange rate. Gains or losses on translations are recorded in accumulated other comprehensive income (loss) in the shareholders' equity section of the balance sheet.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Revenue Recognition and Concentration of Credit Risk

Sales are recorded when products are shipped to a customer, except as described below. 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. The Company established an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other factors.

LICO and Univeyor recognize contract revenues under the percentage of completion method, measured by comparing direct costs incurred to total estimated direct costs. Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined. In the event that a loss is anticipated on an uncompleted contract, a provision for the estimated loss is made at the time it is determined. Billings on contracts may precede or lag revenues earned, and such differences are reported in the balance sheet as current liabilities (excess billings) and current assets (unbilled revenues), respectively.

As of March 31, 1999, approximately $26 million ($26 million in 1998) of trade accounts receivable was concentrated in the automotive industry, including retainages amounting to $9,061,000 ($7,870,000 in 1998). The accounts receivable included $22,007,000 ($13,840,000 in 1998) due from General Motors Corporation. This one customer accounted for $96,663,000 or 13% of consolidated net sales and is included within the Solutions - Automotive segment for the year ended March 31, 1999.

Concentrations of Labor

Approximately 36% of the Company's employees are represented by twelve separate domestic and Canadian collective bargaining agreements which terminate at various times between September 26, 1999 and April 30, 2003. Approximately 3% of the labor force is covered by collective bargaining agreements that will expire within one year. In addition, the Company hires union production workers for field installation under its material handling systems contracts.

Cash and Cash Equivalents

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

Inventories

Inventories are valued at the lower of cost or market. Costs of approximately 49% of inventories at March 31, 1999 and 1998 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.

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.

Goodwill
It is the Company's policy to account for goodwill and other intangible assets at the lower of amortized cost or fair value based on discounted cash flows, if indicators of impairment exist. As a result of the Yale, Lister, Univeyor, LICO, Abell-Howe, Gautier, Camlok and Tigrip acquisitions, the Company recorded approximately $200 million, $2 million, $9 million, $123 million, $3 million, $1 million, and $6 million of goodwill, respectively, which is being amortized on a straight-line basis over twenty five years. As a result of the sale of Mechanical Products, the Company reduced goodwill by approximately $8 million. At March 31, 1999 and 1998 accumulated amortization was $29,864,000 and $14,979,000, respectively.

Marketable Securities
All of the Company's investments, which consist of equity securities and corporate and governmental obligations, 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 income (loss) within shareholders' equity. Estimated fair value is based on published trading values at the balance sheet dates. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. The cost of securities sold is based on the specific identification method. Interest and dividend income are included in interest and other income on the consolidated statements of income.

The marketable securities are carried as long-term assets since they are retained for the settlement of a portion of the Company's general liability and products liability insurance claims filed through CM Insurance Company, Inc., a wholly owned captive insurance subsidiary.

Fair Value of Financial Instruments
The fair value of interest rate swap and cap agreements is the amount that the Company would receive or pay to terminate the agreements, based on quoted market prices and considering current interest rates and remaining maturities.

Research and Development
Research and development costs as defined in FAS No. 2, for the years ended March 31, 1999, 1998 and 1997 were $1,663,000, $1,497,000 and $1,283,000, respectively.

3. UNBILLED REVENUES AND EXCESS BILLINGS

(In thousands)	March 31, 1999	1998
Costs incurred on uncompleted contracts	$255,706	$194,359
Estimated earnings	54,013	38,255
Revenues earned to date	309,719	232,614
Less billings to date	304,956	217,633
	$ 4,763	$ 14,981

The net amounts to the left are included in the consolidated balance sheets under the following captions:

(In thousands)	March 31, 1999	1998
Unbilled revenues	$9,821	$19,634
Excess billings	(5,058)	(4,653)
	$4,763	$14,981

4. INVENTORIES

Inventories consisted of the following:

(In thousands)	March 31, 1999	1998
At cost—FIFO basis:		
Raw materials	$ 54,648	$ 57,103
Work-in-process	21,663	24,696
Finished goods	45,042	37,089
	121,353	118,888
LIFO cost less than FIFO cost	(5,374)	(3,762)
Net inventories	$115,979	$115,126

5. MARKETABLE SECURITIES

Marketable securities are retained for the settlement of a portion of the Company's general liability and products liability insurance claims filed through CM Insurance Company, Inc. (see Notes 2 and 13). The following is a summary of available-for-sale securities at March 31, 1999:

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Government securities	$ 7,668	$ 203	$ 1	$ 7,870
U. S. corporate securities	700	31	—	731
Total debt securities	8,368	234	1	8,601
Equity securities	7,134	3,710	90	10,754
	$15,502	$3,944	$91	$19,355

The following is a summary of available-for-sale securities at March 31, 1998:

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Government securities	$10,180	$ 285	$13	$10,452
U. S. corporate securities	1,107	36	1	1,142
Total debt securities	11,287	321	14	11,594
Equity securities	2,847	2,247	23	5,071
	$14,134	$2,568	$37	$16,665

The amortized cost and estimated fair value of debt and equity securities at March 31, 1999, by contractual maturity, are shown below:

(In thousands)	Cost	Estimated Fair Value
Due in one year or less	$ 4,688	$ 4,688
Due after one year through three years	100	107
Due after three years	3,580	3,806
	8,368	8,601
Equity securities	7,134	10,754
	$15,502	$19,355

Net unrealized gains included in the balance sheet amounted to $3,853,000 and $2,531,000 at March 31, 1999 and 1998, respectively. The amounts, net of related income taxes of $1,541,000 and $933,000 at March 31, 1999 and 1998, respectively, are reflected as a component of accumulated other comprehensive income (loss) within shareholders' equity.

6. PROPERTY, PLANT, AND EQUIPMENT

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

(In thousands)	March 31, 1999	1998
Land and land improvements	$ 4,592	$ 4,980
Buildings	31,880	29,570
Machinery, equipment, and leasehold improvements	92,991	81,418
Construction in progress	2,589	3,162
	132,052	119,130
Less accumulated depreciation	42,048	31,468
Net property, plant, and equipment	$90,004	$87,662

7. ACCRUED LIABILITIES AND OTHER NON-CURRENT LIABILITIES

Consolidated accrued liabilities of the Company included the following:

(In thousands)	March 31, 1999	1998
Accrued payroll	**$12,233**	$17,228
Accrued pension cost	**4,508**	5,195
Interest payable	**10,394**	499
Income taxes payable	**10,133**	5,546
Other accrued liabilities	**17,063**	15,937
	$54,331	$44,405

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

(In thousands)	March 31, 1999	1998
Accumulated postretirement benefit obligation	**$15,379**	$17,154
Accrued general and product liability costs	**11,416**	11,688
Other non-current liabilities	**9,200**	17,616
	$35,995	$46,458

8. LONG-TERM DEBT

Consolidated long-term debt payable to banks (except as noted) of the Company consisted of the following:

(In thousands)	March 31, 1999	1998
Revolving Credit Facility with availability up to $300 million, due March 31, 2003 with interest payable at varying Eurodollar rates based on LIBOR plus a spread determined by the Company's leverage ratio, amounting to 112.5 basis points at March 31, 1999 (6.09% and 6.85% at March 31, 1999 and 1998)	**$212,400**	$240,000
Revolving credit facilities, term note, subordinated term loan, and mortgage note payable repaid and retired March 1999	**—**	10,265
Industrial Development Revenue Bonds payable annually at $625,000 through 1999, $620,000 thereafter through 2001, $315,000 in 2002, and $52,000 in 2003 in quarterly sinking fund installments plus interest payable at varying effective rates (3.58% and 3.98% at March 31, 1999 and 1998)	**1,608**	2,232
Term loan of foreign subsidiary payable in two installments of $1,639,000 and $2,186,000, due on December 30, 2000 and December 30, 2001, respectively; interest payable monthly at 4.255%	**3,825**	—
Employee Stock Ownership Plan term loans payable in quarterly installments of $148,000 through January 2002 and $1,099,000 in April 2002 plus interest payable at a Eurodollar rate based on LIBOR plus a spread determined by the Company's leverage ratio (6.62% and 7.34% at March 31, 1999 and 1998)	**3,173**	3,765
Other senior debt	**3,085**	2,847
Total senior debt	**224,091**	259,109
8½% Senior Subordinated Notes due March 31, 2008 with interest payable in semi-annual installments at 8.45% effective rate, recorded net of unamortized discount of $479,000 ($532,000 at March 31, 1998)	**199,521**	199,468
Total	**423,612**	458,577
Less current portion	**1,926**	2,180
	$421,686	$456,397

On March 31, 1998, the Company entered into a new revolving credit facility ("1998 Revolving Credit Facility") with a group of financial institutions. Concurrently, the Company issued $200 million of 8½% Senior Subordinated Notes ("the 8½% Notes") due March 31, 2008. Proceeds from both the bank refinancing and the note offering were used to finance the acquisition of LICO, and to repay the outstanding balances and retire the Company's then existing Term Loan A, Term Loan B and revolving credit facility.

The 1998 Revolving Credit Facility is secured by all equipment, inventory, receivables, subsidiary stock (limited to 65% for foreign subsidiaries) and intellectual property. The corresponding credit agreement places certain debt covenant restrictions on the Company including, but not limited to, maximum annual cash dividends of $10 million. Upon refinancing its bank debt in 1998, the Company wrote off unamortized financing costs of $7,532,000 and recorded an extraordinary charge of $4,520,000, which is net of $3,012,000 of tax.

8. LONG-TERM DEBT (continued)

To manage its exposure to interest rate fluctuations, the Company has an interest rate swap with a notional amount of $3.5 million from January 2, 1999 through July 2, 2000, based on LIBOR at 5.9025%. In order to comply with its credit agreements, the Company also has a LIBOR-based interest rate cap on $49.5 million of debt through December 16, 1999 at 10%. Net payments or receipts under the swap and cap agreements are recorded as adjustments to interest expense. The carrying amount of the Company's debt instruments approximates the fair values.

The Industrial Development Revenue Bonds are held by institutional investors and are guaranteed by a bank letter of credit (IDRB letter of credit), which is collateralized by the assets also securing the 1998 Revolving Credit Facility. The Employee Stock Ownership Plan term loans (ESOP loans) are guaranteed by the Company and are collateralized by an equivalent number of shares of Company common stock. The ESOP loans are not further collateralized.

Provisions of the 8½% Notes include, without limitation, restrictions of liens, indebtedness, asset sales, and dividends and other restricted payments. Prior to April 1, 2003, the 8½% Notes are redeemable at the option of the Company, in whole or in part, at the Make-Whole Price (as defined in the 8½% Notes agreement). On or after April 1, 2003, they are redeemable at prices declining annually to 100% on and after April 1, 2006. In addition, on or prior to April 1, 2001, the Company may redeem up to 35% of the outstanding notes with the proceeds of equity offerings at a redemption price of 108.5%, subject to certain restrictions. In the event of a Change of Control (as defined in the indenture for such notes), each holder of the 8½% Notes may require the Company to repurchase all or a portion of such holder's 8½% Notes at a purchase price equal to 101% of the principal amount thereof. The 8½% Notes are guaranteed by certain existing and future domestic subsidiaries and are not subject to any sinking fund requirements.

The principal payments scheduled to be made as of March 31, 1999 on the above debt, for the next five annual periods subsequent thereto, are as follows:

(In thousands)	March 31, 1999
2000	$ 1,926
2001	3,213
2002	3,422
2003	213,870
2004	295

In December 1996, the Company tendered to purchase the outstanding Yale Senior Secured Notes at a premium and redeemed $69,480,000 of the $70,000,000 face value which was outstanding. The Company recorded an extraordinary charge of $5,331,000 ($3,198,000 net of taxes), consisting of redemption premiums, costs to exercise the tender offer, and write-off of deferred financing costs related to early retirement of debt. The debt extinguishment was funded by the Company's revolving credit facility. The remaining $520,000 was redeemed during fiscal 1999.

As of March 31, 1999, the Company had letters of credit outstanding of $3.6 million, including those issued as security for the IDRBs as referred to above.

9. RETIREMENT PLANS

The Company provides defined benefit pension plans to certain employees. The following provides a reconciliation of benefit obligations, plan assets, and funded status of plans:

(In thousands)	March 31, 1999	1998
Change in benefit obligation:		
Benefit obligation at beginning of year	**$69,680**	$62,093
Benefit obligation of sold businesses	**(9,590)**	—
Service cost	**3,151**	3,244
Interest cost	**4,489**	4,787
Effect of amendments	**—**	(522)
Actuarial loss	**5,866**	3,476
Benefits paid	**(2,975)**	(3,398)
Benefit obligation at end of year	**$70,621**	$69,680
Change in plan assets:		
Fair value of plan assets at beginning of year	**69,203**	54,844
Assets of sold plans	**(10,348)**	—
Actual return on plan assets	**7,015**	13,706
Employer contribution	**3,381**	4,051
Benefits paid	**(2,975)**	(3,398)
Fair value of plan assets at end of year	**$66,276**	$69,203
Funded Status	**$ (4,345)**	$ (477)
Unrecognized transition obligation	**(85)**	(113)
Unrecognized actuarial loss (gain)	**1,661**	(3,037)
Unrecognized prior service cost	**1,610**	855
Net amount recognized	**$ (1,159)**	$ (2,772)

Amounts recognized in the consolidated balance sheets are as follows:

(In thousands)	March 31, 1999	1998
Intangible asset	**$ 1,172**	$ 776
Accrued liabilities	**(4,066)**	(5,195)
Deferred tax effect of equity charge	**694**	659
Accumulated other comprehensive income	**1,041**	988
Net amount recognized	**$ (1,159)**	$ (2,772)

Net periodic pension cost included the following components:

(In thousands)	Year Ended March 31, 1999	1998	1997
Service costs–benefits earned during the period	**$ 3,151**	$ 3,244	$ 2,354
Interest cost on projected benefit obligation	**4,489**	4,787	2,744
Expected return on plan assets	**(5,124)**	(6,670)	(2,966)
Net amortization	**167**	1,951	475
Net periodic pension cost	**$ 2,683**	$ 3,312	$ 2,607

The aggregate accumulated benefit obligation and aggregate fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $9,932,000 and $7,293,000, respectively as of March 31, 1999 and $11,311,000 and $9,090,000, respectively as of March 31, 1998.

The unrecognized transition obligation is being amortized on a straight-line basis over 20 years. Unrecognized gains and losses are amortized on a straight-line basis over the average remaining service period of active participants.

9. RETIREMENT PLANS (continued)

The weighted-average discount rate used in determining the actuarial present value of the projected benefit obligation of all of the defined benefit plans was 7% and 7½% as of March 31, 1999 and 1998, respectively. Future average compensation increases are assumed to be 4.0% and 4.3% per year as of March 31, 1999 and 1998, respectively. The weighted-average expected long-term rate of return on plan assets used in determining the expected return on plan assets included in net periodic pension cost was 8⅞% for the each of the years ended March 31, 1999, 1998 and 1997. Plan assets consist of equities, corporate and government securities, and fixed income annuity contracts.

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).

The Company also sponsors defined contribution plans covering substantially all domestic employees. Participants may elect to contribute basic contributions. Effective April 1, 1998, these plans provide for employer contributions based primarily on employee participation. The Company recorded a charge for such contributions of approximately $1,410,000 during 1999.

10. EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

The AICPA Statement of Position 93-6, "Employers' Accounting for 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 previously to purchase shares of the Company's common stock is guaranteed by the Company; the unpaid balance of such borrowings, therefore, has been reflected in the accompanying 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.

Substantially all of the Company's domestic non-union employees, excluding LICO, Abell-Howe and GL employees, are participants in the ESOP. Contributions to the plan result from the release of collateralized shares as debt service payments are made. Compensation expense amounting to $2,128,000, $2,268,000 and $1,704,000 in fiscal 1999, 1998 and 1997, respectively, is recorded based on the guarantee release of the ESOP shares at their fair market value. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings and are applied toward debt service.

During fiscal 1999, the ESOP borrowed $7,682,000 from the Company and purchased 479,900 shares on the open market at an average cost of $16 per share.

At March 31, 1999 and 1998, 886,684 and 855,337 of ESOP shares, respectively, were allocated or available to be allocated to participants' accounts. At March 31, 1999 and 1998, 708,382 and 325,092 of ESOP shares were pledged as collateral to guarantee the ESOP term loans.

The fair market value of unearned ESOP shares at March 31, 1999 amounted to $14,256,000.

11. POSTRETIREMENT BENEFIT OBLIGATION

The Company sponsors defined benefit postretirement health care plans that provide medical and life insurance coverage to Yale domestic retirees and their dependents. Prior to the acquisition of Yale, the Company did not sponsor any postretirement benefit plans. The Company pays the majority of the medical costs for Yale 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.

The Company's postretirement health benefit plans are not funded. In accordance with FAS No. 132 "Employers' Disclosures about Pensions and Other Postretirement Benefits," the following sets forth a reconciliation of benefit obligations and the funded status of the plan:

(In thousands)	March 31, 1999	1998
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 16,509	$ 17,057
Service cost	257	348
Interest cost	1,061	1,203
Effect of amendments	(4,035)	—
Actuarial loss (gain)	1,713	(645)
Benefits paid	(1,475)	(1,454)
Curtailment effect	(1,618)	—
Benefit obligation at end of year	$ 12,412	$ 16,509
Funded Status	$ (12,412)	$(16,509)
Unrecognized actuarial loss (gain)	1,068	(645)
Unrecognized prior service gain	(4,035)	—
Net amount recognized in other non-current liabilities	$ (15,379)	$(17,154)

Net periodic postretirement benefit cost included the following components since the October 17, 1996 Yale acquisition:

(In thousands)	Year Ended March 31, 1999	1998	1997
Service cost–benefits attributed to service during the period	$ 257	$ 348	$ 187
Interest cost	1,061	1,203	609
Net periodic postretirement benefit cost	$ 1,318	$ 1,551	$ 796

For measurement purposes, a 6.5% annual rate of increase in the per capita cost of postretirement medical benefits was assumed at the beginning of the period; the rate was assumed to decrease 0.5% per year to 5.5% by 2001. The discount rate used in determining the accumulated postretirement benefit obligation was 7% and 7½% as of March 31, 1999 and 1998, respectively.

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:

(In thousands)	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of service and interest cost components	$ 86	$ (79)
Effect on postretirement obligation	600	(541)

12. EARNINGS PER SHARE AND STOCK PLANS

Earnings per Share

In 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" (FAS No. 128). FAS No. 128 replaced the previously reported primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants, and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented, and where necessary, restated to conform to the FAS No. 128 requirements. The following table sets forth the computation of basic and diluted earnings per share before extraordinary charge for debt extinguishment:

(In thousands)	Year Ended March 31, 1999	1998	1997
Numerator for basic and diluted earnings per share:			
Income before extraordinary charge	$27,436	$23,978	$18,352
Denominators:			
Weighted-average common stock outstanding—denominator for basic EPS	14,137	14,221	13,210
Effect of dilutive employee stock options	157	206	5
Adjusted weighted-average common stock outstanding and assumed conversions—denominator for diluted EPS	14,294	14,427	13,215

The weighted-average common stock outstanding shown above is net of unallocated ESOP shares (see Note 10).

Stock Plans

The Company maintains two stock option plans, a Non-Qualified Stock Option Plan ("Non-Qualified Plan") and an Incentive Stock Option Plan ("Incentive Plan"). Under the Non-Qualified Plan, options may be granted to officers and other key employees of the Company as well as to non-employee directors and advisors. The Company has not granted any options under the Non-Qualified Plan and accordingly, at March 31, 1999, 250,000 shares were reserved for grant under that plan. Options granted under the Incentive Plan become exercisable over a four-year period at the rate of 25% per year commencing one year from the date of grant at an exercise price of not less than 100% of the fair market value of the common stock on the date of grant. Any option granted under this plan may be exercised not earlier than one year and not later than ten years from the date such option is granted. A summary of Incentive Plan option transactions during each of the three fiscal years in the period ended March 31, 1999 is as follows:

Number of Shares	Year Ended March 31, 1999	1998	1997
Outstanding at beginning of year	200,000	200,000	—
Granted	31,000	—	200,000
Canceled	(32,500)	—	—
Exercised	—	—	—
Outstanding at end of year	198,500	200,000	200,000
Exercisable at end of year	92,500	50,000	—
Available for grant at end of year	1,051,500	1,050,000	1,050,000
Price range of options outstanding	$15.50–$29.00	$15.50	$15.50

In conjunction with the March 1, 1999 merger of GL International, Inc. (see Note 1), outstanding GL options which were originally issued in fiscal years 1999 and 1998 became fully vested and were converted into options to acquire 154,848 Company shares at prices of $4.34 to $17.36. Those options expire approximately three years after the date of their original issuance, ranging from September 30, 1999 through June 5, 2001.

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under FAS No. 123, "Accounting for Stock-Based Compensation," requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the grant date, no compensation expense is recognized.

Pro forma information regarding net income and earnings per share is required by FAS No. 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement. 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.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The fair value for issued options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions and yielding the following pro forma results:

(In thousands, except for assumptions and earnings per share data)	Year Ended March 31, 1999	1998	1997
Assumptions:			
Risk-free interest rate	**5.5%**	5.5%	5.5%
Dividend yield—Incentive Plan	**0.97%**	—	1.80%
Dividend yield—GL conversions	**1.33%**	1.33%	—
Volatility factor	**0.200**	0.245	0.245
Expected life—Incentive Plan	**4 years**	—	4 years
Expected life—GL conversions	**1 year**	3 years	—
Pro forma results:			
Net income	**$26,314**	$ 18,946	$ 15,127
Earnings per share, basic	**1.86**	1.33	1.15
Earnings per share, diluted	**1.84**	1.31	1.14

The Company maintains a Restricted Stock Plan, under which the Company has reserved 60,700 shares at March 31, 1999. The Company charges unearned compensation, a component of shareholders' equity, for the market value of shares, as they're issued. It is then ratably amortized over the restricted period. Grantees who remain continuously employed with the Company become vested in their shares five years after the date of the grant.

13. LOSS CONTINGENCIES

General and Product Liability—$10,392,000 of the accrued general and product liability costs which are included in other non-current liabilities at March 31, 1999 ($9,688,000 at March 31, 1998) are the actuarial present value of estimated reserves based on an amount determined from loss reports and individual cases filed with the Company and an amount, based on past experience, for losses incurred but not reported. The accrual in these consolidated financial statements was determined by applying a discount factor based on interest rates customarily used in the insurance industry, between 6.76% and 8.12%, to the undiscounted reserves of $13,897,000 and $12,685,000 at March 31, 1999 and 1998, respectively. This liability is funded by investments in marketable securities (see Notes 2 and 5).

Prior to its acquisition by the Company, Yale was self-insured for product liability claims up to a maximum of $500,000 per occurrence and maintained product liability insurance with a $100 million cap per occurrence. The Company was advised that a customer alleged that one of Yale's products was the cause of a fire which occurred in January 1995 at a manufacturing facility, resulting in losses in excess of Yale's policy limits. A formal complaint was filed seeking damages in excess of $500 million. This claim was settled during fiscal 1999 within the Company's policy limits.

14. INCOME TAXES

The following is a reconciliation of the difference between the effective tax rate and the statutory federal tax rate:

(In thousands)	Year Ended March 31, 1999	1998	1997
Computed statutory provision	**$17,753**	$16,363	$12,002
State income taxes net of federal benefit	**1,767**	1,945	1,700
Nondeductible goodwill amortization	**4,540**	2,870	1,961
Foreign taxes greater than statutory provision	**790**	949	301
Other	**(1,562)**	649	(347)
Actual tax provision	**$23,288**	$22,776	$15,617

The provision for income tax expense consisted of the following:

(In thousands)	Year Ended March 31, 1999	1998	1997
Current income tax expense:			
Federal taxes	**$18,775**	$15,800	$ 8,399
State taxes	**2,770**	3,081	1,124
Foreign	**3,978**	3,840	1,278
Deferred income tax (benefit) expense:			
Domestic	**(2,298)**	(238)	4,736
Foreign	**63**	293	80
	$23,288	$22,776	$15,617

The Company applies the liability method of accounting for income taxes as required by FAS Statement No. 109, "Accounting for Income Taxes."

The gross composition of the net current deferred tax asset, included in prepaid expenses within the consolidated balance sheet, is as follows:

(In thousands)	March 31, 1999	1998
Inventory	**$(5,366)**	$(5,357)
Accrued vacation and incentive costs	**1,596**	1,724
Other	**5,945**	4,463
Net current deferred tax asset	**$ 2,175**	$ 830

The gross composition of the net non-current deferred tax asset is as follows:

(In thousands)	March 31, 1999	1998
Insurance reserves	**$10,718**	$11,087
Property, plant, and equipment	**(7,438)**	(8,109)
Other	**2,347**	4,067
Net non-current deferred tax asset	**$ 5,627**	$ 7,045

Income before income taxes, minority interest and extraordinary charge includes foreign subsidiary income of $9,288,000, $9,097,000, and $3,650,000 for the years ended March 31, 1999, 1998, and 1997 respectively. United States income taxes have not been provided on unremitted earnings of the Company's foreign subsidiaries as such earnings are considered to be permanently reinvested.

15. RENTAL EXPENSE AND LEASE COMMITMENTS

Rental expense for the years ended March 31, 1999, 1998 and 1997 was $6,672,000, $4,478,000 and $2,805,000, respectively. The following amounts represent future minimum payment commitments as of March 31, 1999 under non-cancelable operating leases extending beyond one year (in thousands):

Year Ended March 31,	Real Property	Vehicles and Equipment	Total
2000	$1,984	$1,940	$3,924
2001	1,705	1,476	3,181
2002	1,538	752	2,290
2003	1,478	252	1,730
2004	1,466	118	1,584

16. SUMMARY FINANCIAL INFORMATION

The summary financial information of the parent, domestic subsidiaries (guarantors) and foreign subsidiaries (nonguarantors) of the 8½% senior subordinated notes follows:

As of and for the year ended March 31, 1999:

(In thousands)	Parent	Domestic Subsidiaries	Foreign Subsidiaries	Eliminations	Consolidated
As of March 31, 1999:					
Current assets:					
Cash	$ 3,109	$ 408	$ 3,350	$ —	$ 6,867
Trade accounts receivable and unbilled revenues	55,479	66,556	24,774	—	146,809
Inventories	47,792	41,707	27,488	(1,008)	115,979
Other current assets	3,168	10,645	2,561		16,374
Total current assets	109,548	119,316	58,173	(1,008)	286,029
Net property, plant, and equipment	36,649	33,058	20,297	—	90,004
Goodwill and other intangibles, net	42,993	260,406	54,328	—	357,727
Intercompany balances	205,830	(368,479)	(66,710)	229,359	—
Other non-current assets	220,453	162,153	(833)	(348,622)	33,151
Total assets	$615,473	$206,454	$65,255	$(120,271)	$766,911
Current liabilities	$ 40,258	$ 55,088	$25,846	$ (636)	$120,556
Long-term debt, less current portion	415,096	—	6,590	—	421,686
Other non-current liabilities	11,311	21,849	2,835	—	35,995
Total liabilities	466,665	76,937	35,271	(636)	578,237
Shareholders' equity	148,808	129,517	29,984	(119,635)	188,674
Total liabilities and shareholders' equity	$615,473	$206,454	$65,255	$(120,271)	$766,911
For the Year Ended March 31, 1999:					
Net sales	$265,284	$368,716	$122,300	$ (20,855)	$735,445
Cost of products sold	184,781	291,446	87,744	(20,996)	542,975
Gross profit	80,503	77,270	34,556	141	192,470
Selling, general and administrative expenses	34,395	35,188	22,326	—	91,909
Amortization of intangibles	1,961	11,349	2,169	—	15,479
	36,356	46,537	24,495	—	107,388
Income from operations	44,147	30,733	10,061	141	85,082
Interest and debt expense	34,349	947	627	—	35,923
Interest and other income	1,531	249	(215)	—	1,565
Income before income taxes and extraordinary charge	11,329	30,035	9,219	141	50,724
Income tax expense	4,521	14,709	4,006	52	23,288
Income before extraordinary charge	6,808	15,326	5,213	89	27,436
Extraordinary charge for early debt extinguishment	—	—	—	—	—
Net income	$ 6,808	$ 15,326	$ 5,213	$ 89	$ 27,436
For the Year Ended March 31, 1999:					
Operating activities:					
Cash provided by (used in) operating activities	$ 36,147	$ 10,776	$ 9,877	$ 693	$ 57,493
Investing activities:					
Purchase of marketable securities, net	(1,976)	—	—	—	(1,976)
Capital expenditures	(8,414)	(2,809)	(1,769)	—	(12,992)
Proceeds from sale of business	9,390	(589)	—	—	8,801
Purchase of businesses, net of cash acquired	(9,597)	(1,313)	(8,861)	(187)	(19,958)
Net assets held for sale	—	2,182	—	—	2,182
Net cash (used in) provided by investing activities	(10,597)	(2,529)	(10,630)	(187)	(23,943)
Financing activities:					
Proceeds from issuance of common stock	—	—	1,449	(1,449)	—
Net (payments) borrowings under revolving line-of-credit agreements	(27,600)	(1,340)	746	—	(28,194)
Repayment of debt	(1,216)	(8,365)	1,402	—	(8,179)
Dividends paid	(3,725)	1,078	(2,070)	992	(3,725)
Other	(7,934)	—	—	—	(7,934)
Net cash provided by (used in) financing activities	(40,475)	(8,627)	1,527	(457)	(48,032)
Effect of exchange rate changes on cash	(1)	—	(1,462)	(49)	(1,512)
Net change in cash and cash equivalents	(14,926)	(380)	(688)	—	(15,994)
Cash and cash equivalents at beginning of year	18,035	788	4,038	—	22,861
Cash and cash equivalents at end of year	$ 3,109	$ 408	$ 3,350	$ —	$ 6,867

16. SUMMARY FINANCIAL INFORMATION (continued)

As of and for the year ended March 31, 1998:

(In thousands)	Parent	Domestic Subsidiaries	Foreign Subsidiaries	Elimina-tions	Consoli-dated
As of March 31, 1998:					
Current assets:					
Cash	$ 18,035	$ 788	$ 4,038	$ —	$ 22,861
Trade accounts receivable and unbilled revenues	41,651	79,245	24,744	(1,369)	144,271
Inventories	47,201	44,314	24,712	(1,101)	115,126
Other current assets	5,050	12,919	2,834	—	20,803
Total current assets	111,937	137,266	56,328	(2,470)	303,061
Net property, plant, and equipment	32,159	35,517	19,986	—	87,662
Goodwill and other intangibles, net	43,404	276,210	49,332	—	368,946
Intercompany balances	237,011	(400,737)	(65,997)	229,723	—
Other non-current assets	214,997	165,698	494	(351,996)	29,193
Total assets	$639,508	$213,954	$ 60,143	$(124,743)	$788,862
Current liabilities	$ 35,854	$ 54,748	$ 25,933	$ (1,474)	$115,061
Long-term debt, less current portion	444,225	9,098	3,074	—	456,397
Other non-current liabilities	10,576	31,065	4,817	—	46,458
Total liabilities	490,655	94,911	33,824	(1,474)	617,916
Shareholders' equity	148,853	119,043	26,319	(123,269)	170,946
Total liabilities and shareholders' equity	$639,508	$213,954	$ 60,143	$(124,743)	$788,862
For the Year Ended March 31, 1998:					
Net sales	$269,675	$212,269	$101,279	$(21,400)	$561,823
Cost of products sold	192,684	156,749	72,688	(20,452)	401,669
Gross profit	76,991	55,520	28,591	(948)	160,154
Selling, general and administrative expenses	36,804	26,122	17,013	—	79,939
Amortization of intangibles	1,892	6,475	1,930	—	10,297
	38,696	32,597	18,943	—	90,236
Income from operations	38,295	22,923	9,648	(948)	69,918
Interest and debt expense	24,125	594	385	—	25,104
Interest and other income	1,764	7	169	—	1,940
Income before income taxes and extraordinary charge	15,934	22,336	9,432	(948)	46,754
Income tax expense	7,326	11,529	4,286	365	22,776
Income before extraordinary charge	8,608	10,807	5,146	(583)	23,978
Extraordinary charge for early debt extinguishment	(4,520)	—	—	—	(4,520)
Net income	$ 4,088	$ 10,807	$ 5,146	$ (583)	$ 19,458
For the Year Ended March 31, 1998:					
Operating activities:					
Cash provided by (used in) operating activities	$ 40,272	$ (5,864)	$ 3,361	$ 651	$ 38,420
Investing activities:					
Purchase of marketable securities, net	(2,517)	—	—	—	(2,517)
Capital expenditures	(6,518)	(3,044)	(1,844)	—	(11,406)
Purchase of businesses, net of cash acquired	(170,277)	(5,918)	509	—	(175,686)
Net assets held for sale	—	4,575	—	—	4,575
Net cash (used in) provided by investing activities	(179,312)	(4,387)	(1,335)	—	(185,034)
Financing activities:					
Proceeds from issuance of stock	—	1,914	—	—	1,914
Net (payments) borrowings under revolving line-of-credit agreements	157,058	2,551	(508)	—	159,101
Repayment of debt	(196,353)	(955)	(943)	—	(198,251)
Proceeds from issuance of long-term debt, net	196,120	7,237	—	—	203,357
Dividends paid	(3,713)	—	—	—	(3,713)
Other	(275)	(219)	740	(561)	(315)
Net cash provided by (used in) financing activities	152,837	10,528	(711)	(561)	162,093
Effect of exchange rate changes on cash	—	—	(1,435)	(90)	(1,525)
Net change in cash and cash equivalents	13,797	277	(120)	—	13,954
Cash and cash equivalents at beginning of year	4,238	511	4,158	—	8,907
Cash and cash equivalents at end of year	$ 18,035	$ 788	$ 4,038	$ —	$ 22,861

17. EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities," in June of 1998 which is effective for fiscal 2001. Statement No. 133 establishes accounting and reporting standards for hedging activities. It requires that entities recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The intended use of the derivative and its designation as either (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or a firm commitment (a fair value hedge) (2) a hedge of the exposure to variable cash flows of a forecasted transaction (a cash flow hedge), or (3) a hedge of the foreign currency exposure of a net investment in a foreign operation (a foreign currency hedge), will determine when the gains and losses on the derivatives are reported in earnings and when they are to be reported as a component of other comprehensive income. The impact of compliance with this Statement has not yet been determined by the Company.

In March of 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The Company adopted the provisions of the SOP in its financial statements for the year ended March 31, 1999. The SOP requires the capitalization of certain costs incurred in connection with developing or obtaining software for internal use. The impact of the SOP was not material to the Company.

In April of 1998, the AICPA issued SOP 98-5, "Reporting the Costs of Start-Up Activities," which requires costs related to start-up activities be expensed as incurred. The Company adopted the provisions of the SOP in its financial statements for the year ended March 31, 1999. The adoption of SOP 98-5 had no effect on the Company's reported earnings.

18. BUSINESS SEGMENT INFORMATION

In June of 1997, SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" was issued effective for fiscal years ending after December 15, 1998. The Company has adopted the statement for the year ended March 31, 1999.

As a result of how the Company manages the business, its reportable segments are strategic business units that offer products with different characteristics. The most defining characteristic is the extent of customized engineering required on a per-order basis. In addition, the segments serve different customer bases through differing methods of distribution. The Company has three reportable segments: material handling products, integrated material handling solutions—industrial, and integrated material handling solutions—automotive. The Company's material handling products segment sells hoists, chains, attachments, and other material handling products principally to third party distributors in commercial and consumer distribution channels. The material handling solutions segments sell engineered material handling systems such as conveyors, manipulators, and lift tables primarily to end-users in the consumer products manufacturing, warehousing, and general manufacturing industries or the automotive segment.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Intersegment sales are not significant. The Company evaluates performance based on operating earnings of the respective business units prior to the effects of amortization.

Segment information as of and for the years ended March 31, 1999, 1998, and 1997, is as follows:

(In thousands)	Products	Solutions–Industrial	Solutions–Automotive	Eliminations/Other	Total
Year Ended March 31, 1999:					
Sales to external customers	$528,974	$58,301	$161,443	$(13,273)	$735,445
Operating income before amortization	81,165	5,592	14,925	(1,121)	100,561
Depreciation and amortization	18,237	3,045	5,652	322	27,256
Total assets	517,774	68,520	180,617	—	766,911
Capital expenditures	11,201	1,468	321	2	12,992

18. BUSINESS SEGMENT INFORMATION (continued)

(In thousands)	Products	Solutions – Industrial	Solutions – Automotive	Eliminations/ Other	Total
Year Ended March 31, 1998:					
Sales to external customers	$524,949	$39,845	$ —	$ (2,971)	$561,823
Operating income before amortization	76,188	3,992	—	35	80,215
Depreciation and amortization	17,094	1,957	—	845	19,896
Total assets	515,772	71,499	183,609	17,982	788,862
Capital expenditures	10,580	712	—	114	11,406
Year Ended March 31, 1997:					
Sales to external customers	$318,544	$28,308	$ —	$ 12,572	$359,424
Operating income before amortization	45,169	3,513	—	1,569	50,251
Depreciation and amortization	10,571	506	—	208	11,285
Total assets	485,350	43,744	—	19,151	548,245
Capital expenditures	8,851	541	—	—	9,392

The following provides a reconciliation of operating income before amortization to consolidated income before income taxes, minority interest, and extraordinary charge:

(In thousands)	Year Ended March 31, 1999	1998	1997
Operating income before amortization	**$100,561**	$80,215	$50,251
Amortization of intangibles	**15,479**	10,297	5,197
Interest and debt expense	**35,923**	25,104	11,930
Interest and other income	**(1,565)**	(1,940)	(1,168)
Income before income taxes, minority interest and extraordinary charge	**$ 50,724**	$46,754	$34,292

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

(In thousands)	Year Ended March 31, 1999	1998	1997
Net sales:			
United States	**$613,179**	$462,120	$313,705
Europe	**65,000**	39,208	14,146
Canada	**51,653**	55,367	27,951
Other	**5,613**	5,128	3,622
Total	**$735,445**	$561,823	$359,424

(In thousands)	Year Ended March 31, 1999	1998	1997
Identifiable and total assets:			
United States	**$634,720**	$662,371	$457,501
Europe	**100,317**	90,036	61,696
Canada	**28,265**	32,258	26,191
Other	**3,609**	4,197	2,857
Total	**$766,911**	$788,862	$548,245

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

In accordance with the pooling of interests method of accounting, the following selected quarterly financial data has been restated to include the accounts of GL from the date of GL's formation, April 1, 1997.

(In thousands, except per share data)	Three Months Ended June 28,1998	Sept. 27,1998	Dec. 27,1998	March 31,1999	Year Ended March 31,1999
Net sales	$184,616	$185,357	$186,995	$178,477	**$735,445**
Gross profit	47,313	47,042	47,396	50,719	**192,470**
Income from operations	21,223	20,578	21,402	21,879	**85,082**
Income before extraordinary charge	6,375	5,923	6,445	8,693	**27,436**
Net income	6,375	5,923	6,445	8,693	**27,436**
Income per share before extraordinary charge	0.44	0.41	0.46	0.62	**1.92**
Net income per share	0.44	0.41	0.46	0.62	**1.92**

(In thousands, except per share data)	Three Months Ended June 29,1997	Sept. 28,1997	Dec. 28,1997	March 31,1998	Year Ended March 31,1998
Net sales	$136,858	$136,060	$137,329	$151,576	$561,823
Gross profit	38,273	39,008	38,634	44,239	160,154
Income from operations	15,663	17,312	16,112	20,831	69,918
Income before extraordinary charge	4,579	5,850	5,619	7,930	23,978
Net income	4,579	5,850	5,619	3,410 [a]	19,458 [a]
Income per share before extraordinary charge	0.32	0.41	0.39	0.55	1.66
Net income per share	0.32	0.41	0.39	0.24 [a]	1.35 [a]

(In thousands, except per share data)	Three Months Ended June 30,1996	Sept. 29,1996	Dec. 29,1996	March 31,1997	Year Ended March 31,1997
Net sales	$ 65,735	$ 64,426	$103,393	$125,870	$359,424
Gross profit	20,017	19,184	30,104	38,132	107,437
Income from operations	8,681	8,910	11,240	16,223	45,054
Income before extraordinary charge	5,032	5,211	3,219	4,890	18,352
Net income	5,032	5,211	118 [b]	4,793 [b]	15,154 [b]
Income per share before extraordinary charge	0.38	0.39	0.24	0.37	1.39
Net income per share	0.38	0.39	0.01 [b]	0.36 [b]	1.15 [b]

[a] Includes extraordinary charges for early debt extinguishment amounting to $4,520,000 in the quarter ended March 31, 1998, net of the tax effect.

[b] Includes extraordinary charges for early debt extinguishment amounting to $3,101,000 and $97,000 in the quarters ended December 29, 1996 and March 31, 1997, respectively, net of the tax effect.

20. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) are as follows:

(In thousands)	March 31, 1999	1998
Net unrealized investment gains—net of tax	**$ 2,312**	$ 1,598
Minimum pension liability adjustment—net of tax	**(1,041)**	(988)
Foreign currency translation adjustment	**(4,637)**	(3,238)
Accumulated other comprehensive loss	**$(3,366)**	$(2,628)

The net tax liability associated with items included in comprehensive income (loss) was $847,000 and $406,000 for 1999 and 1998, respectively.

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Columbus McKinnon Corporation

We have audited the accompanying consolidated balance sheets of Columbus McKinnon Corporation as of March 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements give retroactive effect to the merger of Columbus McKinnon Corporation and GL International, Inc., which has been accounted for as a pooling of interests as described in Note 1 to the consolidated financial statements. We did not audit the balance sheet of GL International, Inc. as of March 31, 1998, or the related statements of income and cash flows for the year then ended, which statements reflect total assets of $27,921,000 as of March 31, 1998, and total revenues of $59,860,000 for the year ended March 31, 1998. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for GL International, Inc. for 1998, is solely based on the report of such other auditors.

We conducted our audits in accordance with generally accepted auditing standards. 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Columbus McKinnon Corporation at March 31, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 1999, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Ernst & Young LLP
Buffalo, New York
May 17, 1999

COMPANY RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Columbus McKinnon have been prepared by management, which is responsible for their integrity and objectivity. The statements have been prepared in conformity with generally accepted accounting principles and include amounts based on management's best estimates and judgments. Financial information elsewhere in this Annual Report is consistent with that in the consolidated financial statements.

The Company has established and maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded and that the financial records reflect the authorized transactions of the Company.

The financial statements have been audited by Ernst & Young LLP, independent accountants. As part of their audit of the Company's 1999 financial statements, Ernst & Young LLP considered the Company's system of internal control to the extent they deemed necessary to determine the nature, timing and extent of their audit tests.

The Board of Directors pursues its responsibility for the Company's financial reporting through its Audit Committee, which is composed entirely of outside directors. The independent accountants have direct access to the Audit Committee, with and without the presence of management representatives, to discuss the results of their audit work and their comments on the adequacy of internal accounting controls and the quality of financial reporting.

Timothy T. Tevens
President and
Chief Executive Officer

Robert L. Montgomery, Jr.
Executive Vice President
and Chief Financial Officer

Company Information on the Internet
Information of interest to shareholders, potential investors, customers, vendors and employees is available on-line. For details on CM's recent acquisitions, company news, financial documents, time-delayed stock quotes, and an opportunity to e-mail senior management, visit CM at:
http://www.cmworks.com

Shareholder Information
As of March 31, 1999, there were 162 shareholders of record of the Company's common stock. 1,400 Columbus McKinnon employees own shares through the Company ESOP. Approximately 2,000 additional shareholders hold shares in "street name."

Trading Information
The Company's common stock is traded in the over-the-counter market and quoted on the Nasdaq Stock Market® under the trading symbol, "CMCO".

Analyst Coverage
These firms have recently produced research about Columbus McKinnon. Information may be obtained by contacting the following security analysts:

Michael Braig, A.G. Edwards & Sons
(314) 955-5894
John Inch, Bear Stearns & Co.
(212) 272-4054
John Walthausen, C. L. King & Associates
(212) 421-3242
Ed LaVarnway, First Albany Corporation
(518) 447-8500
Karen A. Ubelhart, Goldman Sachs & Co.
(212) 902-6773
Jennifer Cole, First Union Capital Markets Corp.
(212) 891-5030

Dividend Policy
The Company has continuously paid a cash dividend on its common stock since 1988. The Board of Directors, when justified by the financial condition of the Company, intends to continue its present policy of declaring quarterly dividends. The Company has paid a dividend of $.07 per share since July 1996. However, the amount of future dividends, if any, will always depend on the Company's earnings and capital requirements, and on such other factors as the Board of Directors may deem relevant.

Annual Shareholders Meeting
August 16, 1999; 10:00 a.m.
Columbus McKinnon Corporation
Corporate Headquarters
140 Audubon Parkway
Amherst, NY 14228-1197

Transfer Agent
Please direct questions about lost certificates, change of address and consolidation of accounts to the Company's transfer agent and registrar:

American Stock Transfer & Trust Company
40 Wall Street, New York, NY 10005
(212) 936-5100 www.amstock.com

Conference Call Recordings
A recording of the Company's most recent quarterly earnings release conference call is available year-round, toll-free, at 1-800-925-0870.

Form 10-K and Other Information
In addition to the Company's Web Site, information may be requested by calling or writing:

Lois H. Demler, Corporate Secretary
Columbus McKinnon Corporation
140 Audubon Parkway, Amherst, NY 14228-1197
(716) 689-5409

Corporate Headquarters
Columbus McKinnon Corporation
140 Audubon Parkway, Amherst, NY 14228-1197
Telephone: (716) 689-5400

Independent Auditors
Ernst & Young LLP
50 Fountain Plaza, 14th floor
Buffalo, NY 14202-2297

Corporate Counsel for Securities Matters
Lippes, Silverstein, Mathias & Wexler, LLP
700 Guaranty Building, Buffalo, NY 14202

General Counsel
Phillips, Lytle, Hitchcock, Blaine & Huber, LLP
3400 HSBC Center, Buffalo, NY 14203

The following are trademarks of Columbus McKinnon Corporation registered in the U.S. Patent and Trademark Office: CM, ASI, Big Orange, Bossman, Budgit, Cady, Coffing, Conco, Cyclone, Duff-Norton, Hammerlok, Herc-Alloy, Lift-Tech LTI, Little Mule, Lodestar, Shaw-Box, Tigrip, Yale.

The following are trademarks of Columbus McKinnon Corporation: Abell-Howe, Camlock, CM Max, CraneMart, Deeweld, Gaffey, HSC, Larco, LICO, Positech, Raccords Gautier, Rotary Union, Univeyor, WECO.

EVA is a trademark of Stern Stewart registered in the U.S. Patent and Trademark Office.

BOARD OF DIRECTORS

Herbert P. Ladds, Jr. was elected Chairman of the Board of Columbus McKinnon Corporation in January 1998, and has been a Director of the Company since 1973. He served as Chief Executive Officer of the Company from 1982 until his retirement in July, 1998. He served as President and Chief Executive Officer from 1982 until January 1998. Prior to this, he served as Executive Vice President from 1981 to 1982, and Vice President—Sales and Marketing from 1971 to 1980. At age 66, he is also a Director of Utica Mutual Insurance Company and Eastman Machine Company, in addition to various not-for-profit entities.

L. David Black, age 62, has been a Director of the Company since 1995. He has served as Chairman of the Board, President and Chief Executive Officer of JLG Industries, Inc., since 1993. Prior thereto, he served as President of JLG Industries, Inc. He is also a member of Columbus McKinnon's Audit and Compensation committees.

Edward W. Duffy has been a Director of the Company since 1986. He served as Chairman of the Board of the Company from 1986 until his retirement in January 1998. Mr. Duffy is also a retired Chairman of the Board and Chief Executive Officer of Marine Midland Bank and a retired Director of W. R. Grace & Company, Niagara Mohawk Power Corporation, Oneida Limited and Utica Mutual Insurance Company. At age 73, he serves on Columbus McKinnon's Audit and Compensation committees.

Richard H. Fleming was named a Director in 1999. Fleming, age 51, is currently Executive Vice President and Chief Financial Officer of USG Corporation. Prior to his appointment as Chief Financial Officer of USG in 1994, Mr. Fleming held several executive positions in finance at USG, including Treasurer, and Assistant Treasurer and Director, Corporate Finance. Mr. Fleming joined USG in 1984 following its acquisition of Masonite Corporation, where he was Vice President and Chief Financial Officer. He also serves as President of the Board of Directors of the Child Defense League of America in Washington, D.C.

Randolph A. Marks, age 63, has been a Director of the Company since 1986. A private investor, he is a retired Chairman of the Board of American Brass Company and a current Director of Computer Task Group, Inc. He is also a member of Columbus McKinnon's Audit and Compensation committees.

Robert L. Montgomery, Jr. has served as Executive Vice President, Chief Financial Officer and Director since 1987. Mr. Montgomery, age 61, has been with Columbus McKinnon since 1974. Prior thereto, he was a certified public accountant with Price Waterhouse LLP. He also currently serves on the Kaleida Health System Trustee Council and the Beechwood Continuing Care Board of Directors.

Carlos Pascual, age 54, has been a Director of the Company since August 1998. A 30-year veteran of Xerox Corporation, he currently serves as Senior Vice President, Xerox Corporation and President of U.S. Customer Operations for Xerox. Mr. Pascual also serves on the board of the United States Chamber of Commerce. He is a member of Columbus McKinnon's Audit and Compensation Committees.

Timothy T. Tevens, age 43, was named a Director in January 1998, in conjunction with his promotion to President. Having served as Chief Operating Officer since October 1996, Mr. Tevens succeeded Herb Ladds as Chief Executive Officer in July, 1998. He joined the Company in 1991 as Vice President of Information Services. He is a director of the American Supply & Machinery Manufacturers Association.

OFFICERS

Timothy T. Tevens, President and Chief Executive Officer
Robert L. Montgomery, Jr., Executive Vice President and Chief Financial Officer
Karen L. Howard, Vice President, Controller
Ned T. Librock, Vice President, Sales and Marketing
Ernst K. H. Marburg, Vice President, Total Quality and Standards
Lois H. Demler, Corporate Secretary

BOARD OF DIRECTORS

Herbert Ladds

Robert Montgomery

Timothy Tevens

Edward Duffy

David Black

Randolph Marks

Carlos Pascual

Richard Fleming

EXECUTIVE COMMITTEE

From left to right:

Ned Librock, Bob Montgomery, Karen Howard and Tim Tevens

CORPORATE SECRETARY

Lois Demler

CM WORKS AROUND THE GLOBE

Columbus McKinnon has 76 facilities and warehouses located throughout the world. CM products are serviced by strategically located Master Parts Depots, Chain Repair Stations and warehouses. The Company maintains its worldwide headquarters in Amherst, New York, and conducts its principal manufacturing and distribution operations at the following facilities:

CM U.S. FACILITIES

1 Amherst, New York
Worldwide Headquarters

2 Reform, Alabama
Durbin Durco Stampings, Assemblies

***3** Forrest City, Arkansas
Yale Hoists

4 Little Rock, Arkansas
HSC Power & Free Conveyors

5 Jacksonville, Florida
Washington Equipment Co. OverheadCranes

6 Sarasota, Florida
CM Tire Shredder

7 Atlanta, Georgia
GL International Bridge and JibCranes

8 Eureka, Illinois
Washington Equipment Co. Overhead Cranes

9 Forest Park, Illinois
Abell-Howe Cranes

10 Moline, Illinois
Washington Equipment Co. Overhead Cranes

11 Greensburg, Indiana
American Lifts Scissor Lifts

12 Cedar Rapids, Iowa
Big Orange Forged Products

***13** Laurens, Iowa
Positech Manipulators

14 Covington, Kentucky
GL International Sales Office

15 Baton Rouge, Louisiana
GL International Sales Office

16 Broussard, Louisiana
GL International Bridge and Jib Cranes

17 Houma, Louisiana
GL International Sales Office

18 Brighton, Michigan
Sales and Engineering

19 Lansing, Michigan
Sales and Engineering

20 Muskegon, Michigan
Budgit and Shaw-Box Hoists

21-23 Kansas City, Missouri
LICO, Inc. and ASI, Integrated Material Handling Systems

24 St. Louis, Missouri
Washington Equipment Co. OverheadCranes

25 Tonawanda, New York
Cady Lifters, Conco Manipulators, Specialty Forgings

***26** Charlotte, North Carolina
Duff-Norton Actuators, Rotary Unions, Jacks

27 Wadesboro, North Carolina
Coffing Hoists

28 Lisbon, Ohio
Chester Specialty Hoists

29 Claremore, Oklahoma
GL International Bridge and JibCranes

30 Tulsa, Oklahoma
GL International Sales Office

31-32 Chattanooga, Tennessee
Forgings, Dixie Load Binders, Logging Tools (2 plants)

***33** Lexington, Tennessee
CM Herc-Alloy and Carbon Chain

34 Bedford, Texas
GL International Bridge and Jib Cranes, Main Office

35 Corpus Christi, Texas
GL International Sales Office

***36** Fort Worth, Texas
GL International Sales Office

***37** Houston, Texas
GL International Bridge and Jib Cranes

***38** Longview, Texas
GL International Sales Office

39 Midland, Texas
GL International Sales Office

40 San Antonio, Texas
GL International Sales Office

***41** Abingdon, Virginia
CM Hand and Electric Hoists

***42** Damascus, Virginia
CM Hand and Electric Hoists

43 Blaine, Washington
Lister Chain & Forge

CM INTERNATIONAL FACILITIES

44 Melbourne, Victoria, Australia
ASI of Australia Pty. Ltd.
Sales Office

***45** Pfaffstatten, Austria
Sales, Distribution

****46** Richmond, B.C., Canada
Lister Bolt & Chain

***47** Cambridge, Ontario, Canada
Lift-Tech Hoists and Service

***48** Cobourg, Ontario, Canada
CM Hoists and Chain

49 Hamilton, Ontario, Canada
Automatic Systems Inc.
Sales Office

50 Stoney Creek, Ontario, Canada
Larco Industrial Services

***51** Hangzhou, China
LILA Lifting and Lashing
LILA Textile Strapping

52 Yiquiao, Zhejiang, China
Yale Hangzhou Industrial Products
Yale Pallet Trucks

***53** Arden, Denmark
Univeyor A/S, Integrated Material
Handling Systems

***54** Hobro, Denmark
Univeyor Electronic A/S
Material Handling Systems

55 Cairo, Egypt
Egyptian American Crane Co.

56 Romeny-sur-Marne, France
Raccords Gautier
Rotary Unions, Swivel Joints

***57** Vierzon, France
Manufacturing, Sales, Distribution

***58** Velbert, Germany
Yale Hoists, Tigrip Plate Clamps

59 Mexico City, Mexico
Endor Hoists Sales Office

60 Santiago Tianguistenco, Mexico
Endor Hoists

61 Durban, South Africa
Sales, Distribution

62 Hat Yai, Thailand
Sales and Distribution

63 Chester, United Kingdom
Camlok Plate Clamps

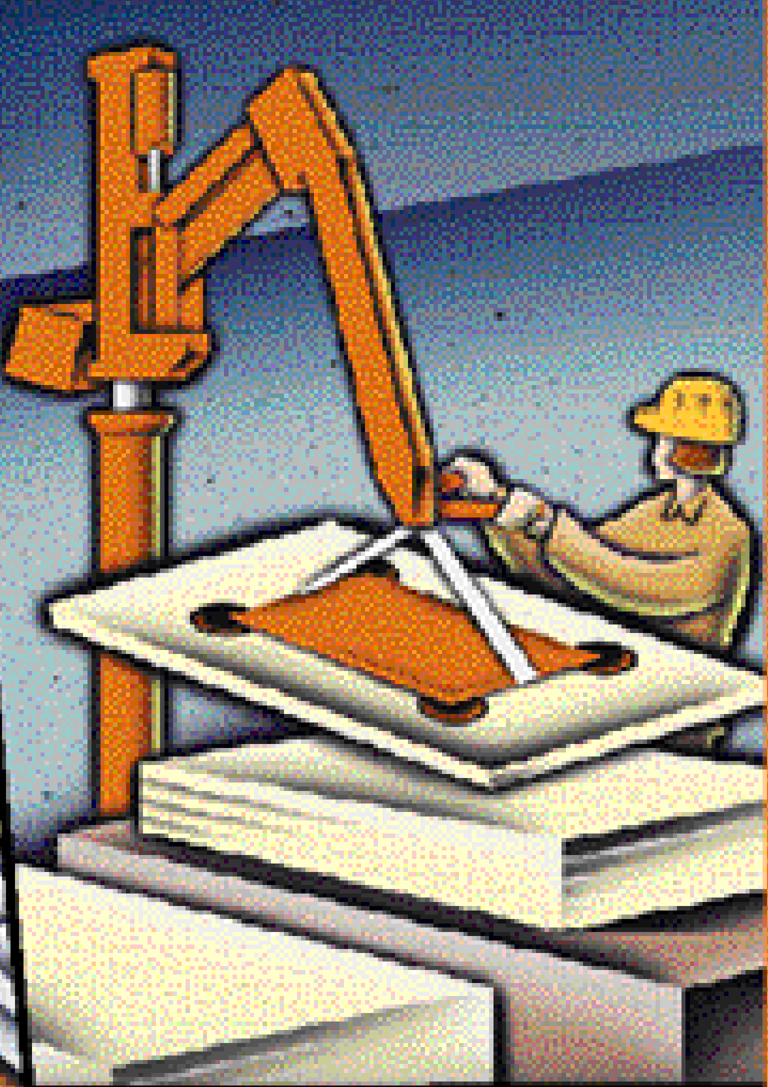
64 Leicester, United Kingdom
Univeyor Conveyor Systems Ltd.
Material Handling Systems

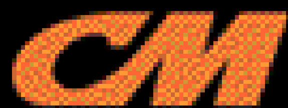
***65** Telford, United Kingdom
Sales, Distribution

CM WAREHOUSE LOCATIONS

***66** Ontario, California
67 Woodland, California
***68** Atlanta, Georgia
***69** Romeoville, Illinois
***70** Tonawanda, New York
71 Milwaukie, Oregon
***72** Lexington, Tennessee
Fleet Distribution Center
***73** Houston, Texas
74 Seattle, Washington
75 Edmonton, Alberta, Canada
76 Rotterdam, Netherlands

* ISO 9000 certified
** Approved by Lloyds and numerous government agencies





Columbus McKinnon Corporation
140 Audubon Parkway
Amherst, New York 14228-1197
716-689-5400 http://www.cmworks.com

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