

**ALTRA HOLDINGS, INC.**  
**STATEMENT OF GOVERNANCE PRINCIPLES,**  
**POLICIES AND PROCEDURES**

**Purpose of the Board of Directors**

The Board of Directors of Altra Holdings, Inc. is responsible for overseeing the management of the business and affairs of the Corporation on behalf of the stockholders. In carrying out its responsibilities to the stockholders, the fundamental roles of the Board of Directors are (1) to ensure continuity of leadership; (2) to ensure that a sound strategy for the success of the enterprise is in place, understood and being pursued; and, (3) to ensure that financial and management resources are available and control systems are in place to carry out that strategy. The Board will provide accountability, objectivity, perspective, judgment and in some cases, specific industry or technical knowledge or experience. The Board will also provide high-level advice and guidance to management. Relevant diversity of experience, background and perspective among Board members is desirable, but representation of specific constituencies is not.

**Composition of the Board**

*Size of the Board* -- The Bylaws authorize the directors to determine, from time to time, the optimum number of directors of the Company. At this time, it is the sense of the Board that the optimum size of the Board is seven members. The Company's Chief Financial Officer and General Counsel should generally attend Board meetings as non-voting resources.

*Mix of Directors* – At least a majority of the directors will be independent. No director will be deemed independent unless the Nominating and Corporate Governance Committee recommends and the Board affirmatively determines that the director has no material relationship with the Corporation. The Board will observe all criteria for independence established by the NASDAQ Stock Market and other governing laws and regulations.

*Board Membership Criteria* – The Nominating and Corporate Governance Committee is responsible for assessing and recommending to the Board the qualifications or criteria for Board nomination to stockholders for election as a director. Currently, the Nominating and Corporate Governance Committee does not believe it is in the best interests of the Corporation to establish rigid criteria for the selection of nominees to the Board. Rather, the Committee recognizes that the challenges and needs of the Corporation will vary over time and, accordingly, believes that the selection of director nominees should be based on skill sets most pertinent to the issues facing or likely to face the Corporation at the time of nomination. At the same time, the Committee believes that the Corporation will benefit from a diversity of background and experience on the Board and, therefore, will consider and seek nominees who, in addition to general management experience and business knowledge, possess, among other attributes, an expertise in one or more of the following areas: finance, manufacturing technology, business strategy, organizational development, international business, investment banking, business law, corporate governance, risk assessment, and investor relations. In addition, there are certain general attributes that the Committee believes all director candidates must possess including:

- A commitment to ethics and integrity;
- A commitment to personal and organizational accountability;
- A history of achievement that reflects superior standards for themselves and others; and
- A willingness to express alternate points of view while, at the same time, being respectful of the opinions of others and working collaboratively with colleagues.

As noted above, a majority of directors must be independent.

*Selection of New Director Candidates:* The Nominating and Corporate Governance Committee is responsible for assisting the Board in identifying, screening and reviewing individuals qualified to serve as directors and, when appropriate, recommending to the Board director nominee candidates. The Nominating and Corporate Governance Committee, at its discretion, may consider candidates discovered through personal introduction, recommendation of the CEO and/or other directors, and any candidates proposed by executive search firms. In addition, the Committee will consider for nomination a candidate recommended by a stockholder that submits such proposed nomination in accordance with procedures adopted by the Committee from time to time and published in the Corporation's proxy statement for its annual meeting.

*Directors Who Change Their Primary Job Responsibility:* In the event a director undergoes a change of their primary job, such director is required to send a letter to the Nominating and Corporate Governance Committee informing the Committee of the change.

### **Board and Committee Meetings**

The Board shall meet at least four times a year, on dates selected by the Chairman of the Board. One of the Board's meetings each year will occur on the same date and at the same place as the Annual Meeting of Stockholders and directors should attend the Annual Meeting of Stockholders. The non-management directors shall meet in executive sessions at least once each year following a regularly scheduled Board meeting and may hold such additional executive sessions as they determine necessary or appropriate.

The Chairman of the Board and the Chief Executive Officer, in consultation with other Directors, will establish the agenda for each Board meeting. When possible, meeting agendas should, in addition to normal content, include one report on operating platform/business unit strategies and participants should include one or more managers from that operating platform/business unit. Staff material for Committee meetings and Board meetings should be provided to members sufficiently prior to meetings to allow for careful review. In addition to regular meetings at Altra Holdings, Inc. headquarters, Board meetings periodically should be scheduled at field locations, if possible.

The Board shall at all times maintain the following Committees: an audit committee, a compensation committee and a nominating and corporate governance committee. All members of these committees shall be independent directors. Each Committee shall have its own charter that sets forth the purposes and responsibilities of the Committee. Each of these Committees

shall operate in accordance with applicable law, its charter and the applicable rules of the Securities Exchange Commission and the NASDAQ Stock Market. The Board may also establish other committees as it deems appropriate and delegate to those committees any authority permitted by applicable law and the Corporation's by-laws.

The Chairman of each Committee will determine the frequency of committee meetings, consistent with such Committee's charter and the Corporation's needs. The Chairman will also be responsible for the final agenda of each Committee meeting. The members of the Committee will report their general discussions to the full Board at the next regularly scheduled meeting.

### **Communications with Directors**

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

### **Compensation of the Board**

The Compensation Committee shall have the responsibility for recommending to the Board compensation and benefits for non-employee directors. The Compensation Committee shall be guided by the following goals: compensation should fairly pay directors for work required in a company of the corporation's size and scope and compensation should align directors' interests with the long-term interests of stockholders.

### **Management Compensation**

The Compensation Committee shall annually report to the Board on its performance review of the Chief Executive Officer and other executive officers. The Board shall review this report outside of the presence of the management directors.

### **Succession Planning**

Management should annually report to the Board its plan for management succession as well as preparations for emergency succession. Management should also report its management development efforts to the Board on an annual basis. In addition, on an annual basis, the Board should review its plans regarding CEO succession.

### **Access to Management and Independent Advisors**

The Board has full and free access to senior management and employees of the Corporation. The Board and its Committees may engage and consult with financial, legal, or other independent advisors at the Corporation's expense.

### **Director Orientation and Continuing Education**

All new directors shall be provided an orientation program, including personal briefing sessions from members of senior management on the Corporation's accounting policies, financial reporting, business strategies and key regulatory issues. Directors are encouraged to participate in continuing educational programs, including strategy reviews, visits to field locations and business briefings.

### **Code of Conduct and Business Ethics**

The Company maintains a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of the Company.

### **Annual Performance Evaluation**

The Board conducts an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all directors and report annually to the Board regarding the Board's Committees and recommendations for improvements in the performance of the Board and its Committees.

Adopted July 28, 2009