

TENNANT CO
Form DEF 14A
March 15, 2012

SCHEDULE 14A
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. ____)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
- [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Under Rule 14a-12

TENNANT COMPANY
(Name of the Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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Tennant Company
701 N. Lilac Drive
Minneapolis, Minnesota 55422

March 15, 2012

Dear Shareholder,

On behalf of your Board of Directors and management, I am pleased to invite you to attend the 2012 Annual Meeting of Shareholders of Tennant Company to be held on Wednesday, April 25, at 10:30 a.m. (CDT) at the Golden Valley Country Club in Golden Valley, Minnesota.

The attached Notice of Annual Meeting and Proxy Statement describe the business to be conducted at the meeting. We have elected, where possible, to provide access to our proxy materials over the Internet under the Securities and Exchange Commission's "notice and access" rules. We believe that providing our proxy materials over the Internet reduces the environmental impact of our Annual Meeting without limiting our shareholders' access to important information about Tennant.

Whether or not you plan on attending the meeting, we encourage you to vote promptly.

We appreciate your continued confidence in Tennant, and we look forward to seeing you at the meeting.

Sincerely,

H. Chris Killingstad
President and Chief Executive Officer

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2012 PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting.

Annual Meeting of Shareholders

Time and Date	10:30 a.m., April 25, 2012
Place	Golden Valley Country Club 7001 Golden Valley Road Golden Valley, Minnesota 55427
Record Date	March 1, 2012
Voting	Shareholders owning shares of our Common Stock as of the close of business on the record date are entitled to vote. Each share of Common Stock is entitled to one vote for each director nominee and one vote for each of the items to be voted on.

Voting Matters	Board Vote Recommendation	Page Reference (for more detail)
1. Election of Directors	FOR EACH DIRECTOR NOMINEE	20
2. Ratification of KPMG as the independent registered public accounting firm for 2012	FOR	22
3. Advisory approval of executive compensation	FOR	47
4. Approve the Amended and Restated 2010 Stock Incentive Plan	FOR	49

Board of Directors Overview

All directors attended at least 88% of Board and respective Committee meetings on which they serve.

Director Nominees for Terms Expiring in 2012 (Class II Directors)

Name	Age	Director Since	Occupation	Primary Experience/ Qualification	Independent	Committee Memberships			
						AC	CC	GC	EC
Jeffrey A. Balagna	51	2004	SVP and CIO, Eli Lilly and Company	Global Operations Marketing Technology Leadership	X	X		X	X
Steven A. Sonnenberg	59	2005	EVP, Emerson Electric Company & Business	Global Sales Operations	X		X	X	X

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			Leader, Emerson Process Management	Leadership Acquisitions				
David S. Wichmann	49	2009	President, Operations and Technology, and CFO, UnitedHealth Group Incorporated	Global Finance Operations Leadership	X	F	X	X

Abbreviation Key

AC	Audit Committee	EC	Executive Committee	GC	Governance Committee
C	Chair	F	Financial Expert	LD	Lead Director of the Board
CC	Compensation Committee				

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Directors Whose Terms Expire in 2013 (Class III Directors)

Name	Age	Director Since	Occupation	Primary Experience/ Qualification	Independent	Committee Memberships			
						AC	CC	GC	EC
William F. Austen	53	2007	VP, Operations, Bemis Company	Leadership Global Operations Acquisitions	X		X	X	X
James T. Hale	71	2001	Corporate Governance Consultant	Governance Acquisitions	X		X	C	X
H. Chris Killingstad	56	2005	President and CEO, Tennant Company	Global Industry Marketing Leadership					

Directors Whose Terms Expire in 2014 (Class I Directors)

Name	Age	Director Since	Occupation	Primary Experience/ Qualification	Independent	Committee Memberships			
						AC	CC	GC	EC
Carol S. Eicher	53	2008	Business Group VP for Building and Construction, The Dow Chemical Company	Global Operations Acquisitions Leadership	X	X		X	X
David Mathieson	57	2006	EVP and CFO, Comverge, Inc.	Global Finance Acquisitions Leadership	X	C F		X	X
Donal L. Mulligan	51	2009	EVP and CFO, General Mills, Inc.	Global Finance Marketing Leadership	X	F	X		X
Stephen G. Shank	68	2000	Retired CEO and Chair of Board, Capella Education Company	Leadership	X		C	X	LD C

Auditors

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As a matter of good corporate governance, we are asking our shareholders to ratify the selection of KPMG as our independent registered public accounting firm. The following table summarizes fees for professional services rendered by KPMG in 2011 and 2010:

Description of Fees	2011 Amount	2010 Amount
Audit Fees	\$ 1,203,896	\$ 947,794
Audit-Related Fees	—	—
Tax Fees	493,253	251,933
All Other Fees	8,110	—
Total	\$ 1,705,259	\$ 1,199,727

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Advisory Approval of Executive Compensation

We are presenting our shareholders with the opportunity to submit an advisory approval of our executive compensation program for our Named Executives. The Board believes that our long-standing executive compensation programs have been effective at motivating the achievement of strong results even during challenging economic times, creating a relationship between pay and performance and aligning the interests of executive officers with those of our shareholders while discouraging risk-taking behavior that would be likely to have a material adverse effect on us.

Overview of 2011 Performance

We had strong performance in 2011 despite continued volatility in the global economy. We saw year-over-year improvements in incentive operating profit, revenue growth, adjusted earnings per share and working capital.

Performance Measure	2010	2011	Change
Incentive operating profit(1)	\$36,900,000(2)	\$53,900,000(3)	46.1% improvement
Revenue	\$668,000,000	\$754,000,000	12.9% improvement
Adjusted EPS(1)	\$1.31	\$1.95	48.9% improvement
EPS (GAAP)	\$1.80	\$1.69	6.1% decline
Working capital (as a percentage of sales)	23.5%	23.3%	20 basis point improvement

(1) A reconciliation of adjusted EPS and EPS (GAAP) is included in the supplemental non-GAAP financial tables to our earnings release for the year ended December 31, 2011 as filed with the Securities and Exchange Commission on a Form 8-K on February 21, 2012. For explanation regarding incentive operating profit, see Compensation Discussion and Analysis, Compensation Elements, Short-Term Incentive Plans, 2011 STIP.”

(2) The Committee exercised discretionary authority by reducing the incentive operating profit achievement to deduct profits that were due to the reversal of an unused portion of the 2008 restructuring charge.

(3) For the purpose of calculating incentive operating profit, the Committee exercised discretionary authority to exclude a non-operating, predominately non-cash special charge related to the Hofmans product obsolescence.

This performance is a direct result of actions taken to become a global leader in chemical-free cleaning and other technologies, and to strive for an operating profit margin of 12% by the fourth quarter of 2013 by the way we run and grow our business. In 2011, we focused on improving processes, cost controls and operational excellence. We sought to grow our business through new products and solutions for our customers’ needs, developing new technologies and market expansion through growth in various geographies, global strategic accounts and increased penetration in key vertical markets.

The compensation of our Named Executives reflects the achievement of the performance objectives established under our long-term and short-term compensation plans, consistent with our compensation objectives set forth on page 24 of the Proxy Statement.

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2011 Compensation Summary for Current Named Executives

Set forth below is the 2011 compensation for Named Executives currently serving as executive officers, as determined under SEC rules. The SEC's calculation of total compensation (reflected in the column entitled "Total") includes several items that are driven by accounting and actuarial assumptions, which are not necessarily reflective of compensation actually realized by the Named Executives in 2011.

Name and Principal Position	Salary (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
H. Chris Killingstad President and CEO	622,694	964,005	657,354	719,148	119	134,412	3,097,732
Thomas Paulson VP and CFO	353,364	252,767	172,344	212,921	22	55,570	1,046,988
Thomas J. Dybsky VP, Administration	294,124	168,315	114,763	132,920	181,369	43,350	934,841
Andrew J. Eckert VP, Americas	296,058	177,476	121,012	144,265	15	48,247	787,073
Don B. Westman VP, Global Operations	327,896	206,413	140,737	164,647	396	47,887	887,976

For more information on Total Compensation as calculated under the SEC rules, see the narrative and notes accompanying the 2011 Summary Compensation Table set forth on page 36 of the Proxy Statement.

Amended and Restated 2010 Stock Incentive Plan

The Board, upon recommendation of the Compensation Committee, approved an amendment and restatement of the 2010 Stock Incentive Plan to be effective upon shareholder approval at this Annual Meeting. The amended and restated 2010 Plan (i) increases the number of shares available under the 2010 Plan from 1,000,000 shares to 1,500,000 shares and (ii) retains a fungible share pool design; however, full value awards will be counted as one and seventy-four hundredths shares against the pool, instead of one and fifty-one hundredths shares as under the current 2010 Plan. As of December 31, 2011, 554,998 shares remain available for issuance under the 2010 Plan.

The Committee and Board believe that stock-based compensation programs are a key element in achieving our continued financial and operational success. Our compensation programs have been designed to motivate key personnel to increase shareholder return.

2013 Annual Meeting

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- Deadline for shareholder proposals for inclusion in Proxy Statement: November 15, 2012
 - Deadline for other proposals not intended for inclusion in Proxy Statement: January 25, 2013
 - Deadline for submission of director nominees: 75 days before date of 2013 Annual Meeting
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NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS

- Time and Date: 10:30 a.m. Central Daylight Time
Wednesday, April 25, 2012
- Place: Golden Valley Country Club
7001 Golden Valley Road
Golden Valley, Minnesota 55427
- Items of Business: (1) Elect three directors to a three-year term;
- (2) Ratify the appointment of KPMG LLP (“KPMG”) as our independent registered public accounting firm;
- (3) Advisory approval of executive compensation; and
- (4) Approve the Amended and Restated 2010 Stock Incentive Plan.
- Who May Vote: You may vote if you were a You may vote if you were a shareholder of record as of the close of business on March 1, 2012.
- Proxy Voting: It is important that your shares are voted, whether or not you attend the meeting. Please vote your shares, as instructed in the Notice of Internet Availability of Proxy Materials, by voting over the Internet as promptly as possible. You may also request a paper proxy card, which will include a reply envelope, to submit your vote by mail or to vote by telephone as described in the Notice of Internet Availability of Proxy Materials. Your prompt response will help reduce solicitation costs incurred by us.

March 15, 2012

Heidi M. Wilson, Secretary

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TENNANT COMPANY PROXY STATEMENT

Why did I receive a Notice of Internet Availability of Proxy Materials?

Tennant Company (“we,” “us,” “our,” “the Company”), on behalf of our Board of Directors (“Board”), is supplying this Proxy Statement in order to obtain your Proxy vote in connection with the Annual Meeting of Shareholders.

The Annual Meeting will be held at the Golden Valley Country Club, 7001 Golden Valley Road, Golden Valley, Minnesota, on Wednesday, April 25, 2012, at 10:30 a.m. Central Daylight Time.

The Notice of Internet Availability of Proxy Materials is being mailed to shareholders on or about March 15, 2012.

How do I access the proxy materials?

Under rules of the Securities and Exchange Commission, we are furnishing proxy materials to our shareholders on the Internet, rather than mailing printed copies to our shareholders. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one as instructed in that notice. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials.

What is a Proxy?

The Proxy serves as a ballot for elections to our Board, as well as listing information about any other items to be discussed and voted on at the Annual Meeting. It allows an authorized agent to act on your behalf in the event you do not attend the Annual Meeting in person.

Who is entitled to vote?

You may vote if you owned shares of our Common Stock as of the close of business on March 1, 2012. As of March 1, 2012, there were 18,897,289 shares of Common Stock outstanding, each entitled to one vote.

How do I vote?

You may vote in one of four ways:

1. By Internet

You may access the website at www.proxyvote.com to cast your vote 24 hours a day, 7 days a week, until 11:59 p.m. (EDT) on April 24, 2012. Please have your Notice of Internet Availability of Proxy Materials or, if you have requested one, your Proxy Card, in hand and the last four digits of your social security number available to verify your identity. Follow the instructions provided to obtain your records and create an electronic ballot.

2. By Phone

Request a Proxy Card from us by following the instructions on your Notice of Internet Availability of Proxy Materials. Then you may call 1-800-690-6903 by using any touch-tone phone, 24 hours a day, 7 days a week, until

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11:59 p.m. (EDT) on April 24, 2012. Have your Proxy Card in hand when calling. You will need to provide the last four digits of your social security number to verify your identity. Follow the voice prompts to cast your vote.

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3. By Mail

Request a Proxy Card from us by following the instructions on your Notice of Internet Availability of Proxy Materials. Mark, sign and date your Proxy Card and return it in the postage-paid envelope that will be provided, or return it to Tennant Company, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

4. In person at the Annual Meeting

All shareholders may vote in person at the Annual Meeting. Paper ballots will be available for voting at the meeting. See below for instructions on voting in person if your shares are held through a third party.

What happens if my shares are held in an account at a brokerage firm, bank, broker-dealer or similar organization?

If your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are the beneficial owner of shares held in “street name,” and the Notice of Internet Availability of Proxy Materials was forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting.

As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account. You should follow the instructions received from that organization to vote your shares. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares.

Can my broker vote my shares on my behalf without receiving voting instructions from me?

The election of directors, the advisory approval of executive compensation and the approval of the Amended and Restated 2010 Stock Incentive Plan will be considered proposals on which your broker does not have discretionary authority to vote. Thus, if your shares are held in street name and you do not provide instructions as to how your shares are to be voted on these matters, your broker or other nominee will not be able to vote your shares on these matters. Accordingly, we urge you to provide instructions to your broker or nominee so that your votes may be counted on these matters. You should vote your shares by following the instructions provided on the voting instruction card that you receive from your broker.

What happens if my shares are held in the Tennant Company Profit Sharing and Employee Stock Ownership Plan?

If your shares are held in the Tennant Company Profit Sharing and Employee Stock Ownership Plan (“Profit Sharing Plan”), your vote will be communicated to the Trustee who will vote all shares held in the Profit Sharing Plan in proportion to votes cast by all participants who submit voting instructions. You should follow the instructions provided in the voting instruction card that you receive from the Trustee to vote your shares. To be effective, such instructions must be received by the Trustee at least 10 days prior to the Annual Meeting. Shares held in the Profit Sharing Plan may not be voted in person.

Can the Trustee vote my shares on my behalf without receiving voting instructions from me?

The Trustee will vote all shares held in the Profit Sharing Plan in proportion to votes cast by all participants who submit voting instructions. You should vote your shares by following the instructions provided on the voting instruction card that you receive from the Trustee.

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How is my Proxy voted?

Shares represented by Proxy will be voted in the following manner:

- As specified by the Proxy; or
- Where a Proxy is submitted, but no specification is given, shares will be voted as the Board recommends, which is that you vote FOR each of the nominees listed in Item 1 (election of directors), FOR Item 2 (ratification of independent registered public accounting firm), FOR Item 3 (advisory approval of executive compensation) and FOR Item 4 (approve the Amended and Restated 2010 Stock Incentive Plan).

Why should I vote?

Your vote is important! It ensures that your ownership interests are represented even if you are unable to attend the Annual Meeting in person. A promptly voted Proxy will save us additional solicitation expense.

May I revoke my Proxy or change my vote?

Proxies may be revoked at any time before being voted at the Annual Meeting. The Proxy may be revoked or changed only by use of the following methods:

- Sending a signed, written notice of revocation, dated later than the Proxy, to the attention of the Secretary at the Company's address listed on page 4 of this Proxy Statement;
- Sending a signed Proxy, dated later than the prior Proxy, to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717;
 - Voting again by telephone or on the Internet prior to the Annual Meeting; or
- Attending the Annual Meeting, revoking your Proxy and voting in person. Your attendance at the Annual Meeting will not revoke your Proxy unless you revoke your Proxy.

For shares held in an account at a brokerage firm, bank, broker-dealer or other similar organization, or in the Profit Sharing Plan, see restrictions described above.

How many votes are needed to hold the Annual Meeting?

The meeting can take place when holders of a majority of the outstanding shares of common stock, either in person or by Proxy, are present at the meeting. This is known as a quorum. Abstentions and broker non-votes will be counted as present when determining whether a quorum exists.

What is a broker non-vote?

Broker non-votes are shares held of record by a broker that are not voted on a matter because the broker has not received voting instructions from the beneficial owner of the shares and either lacks or declines to exercise the authority to vote the shares in its discretion.

How many votes are needed to elect directors?

As established by Minnesota Statute 302A.215, the affirmative vote of a plurality of outstanding shares of common stock present and entitled to vote is required to elect each director nominated. The director nominees with the most votes will be elected. If you (or a broker), either in person or by Proxy, withhold your vote or do not give authority to vote for a director, your shares will not be voted in favor of such director nominee.

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How many votes are needed to ratify KPMG as the independent registered public accounting firm for our Company?

The affirmative vote of the holders of a majority of outstanding shares of common stock present and entitled to vote is required to ratify the appointment of KPMG as our independent registered accounting firm (provided that the number of shares voted in favor of the proposal constitutes more than 25% of the outstanding shares). For this purpose, a shareholder voting through a Proxy who abstains with respect to ratification of KPMG is considered to be present and entitled to vote, and is in effect a negative vote; however, broker non-votes will not be counted as votes on this matter and will have no effect.

How many votes are needed to approve the advisory approval of executive compensation?

The approval on this matter is advisory and not binding on the Company. The Company will consider shareholders to have approved our executive compensation if the number of votes cast FOR this proposal exceed the number of votes cast AGAINST it. For this purpose, a shareholder who abstains with respect to this proposal and any broker non-votes on this proposal will have no effect.

How many votes are needed to approve the Amended and Restated 2010 Stock Incentive Plan?

The affirmative vote of the holders of a majority of the outstanding shares of common stock present and entitled to vote is required to approve the Amended and Restated 2010 Stock Incentive Plan (provided that the number of shares voted in favor of the proposal constitutes more than 25% of the outstanding shares). For this purpose, a shareholder voting through a Proxy who abstains with respect to approval of an amendment to the plan is considered to be present and entitled to vote, and is in effect a negative vote. Under New York Stock Exchange rules, the votes cast on this proposal must exceed 50% of all shares entitled to vote. Accordingly, a shareholder who does not give authority to a Proxy to vote, including a broker non-vote, on the approval of an amendment to the plan shall have the effect of a negative vote.

Who can solicit Proxies?

To assist us in soliciting Proxies for the Annual Meeting, we have retained Morrow & Co., LLC, for a total fee not to exceed \$8,000 plus out-of-pocket expenses. Proxies may also be solicited on our behalf by directors, officers or employees, in person or by telephone, electronic transmission and facsimile transmission. No additional compensation will be paid to such persons for such solicitation.

Who will pay the cost of this Proxy solicitation?

We will bear the cost of solicitation. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending Proxy materials to beneficial owners of shares.

What address should I use for correspondence with the Company?

Our principal executive office is located at 701 North Lilac Drive, P.O. Box 1452, Minneapolis, Minnesota, 55440-1452.

If you have questions or need additional Proxy material, please contact our Solicitation Agent:

Morrow & Co., LLC
470 West Avenue – 3rd Floor
Stamford, CT 06902

Banks and Brokerage Firms, please call (203) 658-9400
Shareholders, please call (800) 607-0088

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BOARD OF DIRECTORS INFORMATION AND QUALIFICATIONS

Director Nominees for Terms Expiring in 2012 (Class II Directors)

JEFFREY A. BALAGNA, 51

Director Since 2004

- Senior Vice President and Chief Information Officer for Eli Lilly and Company, a pharmaceutical company, since February 2012.
- President and Chief Executive Officer for Carlson Marketing Worldwide, a marketing, travel and hospitality company, from 2008 – September 2011.
- Executive Vice President, Chief Information Officer and Customer Technology Officer for Carlson Companies from 2005-2008.
- Senior Vice President and Chief Information Officer for Medtronic, Inc., from 2001-2005.
- General Manager, Operations and eBusiness, for General Electric Medical Systems America from 1999-2001.
- Member of the Audit, Governance and Executive Committees.

Qualifications:

Mr. Balagna has a history of demonstrated leadership in global operations, marketing and technology in his roles at Eli Lilly and Company, Carlson Marketing Worldwide, Carlson Companies, Medtronic, Inc. and General Electric. His wide-ranging expertise and strong process improvement skills are particularly valuable as we seek to improve our underlying business processes and build a more scalable business model to support global expansion.

STEVEN A. SONNENBERG, 59

Director Since 2005

- Executive Vice President, Emerson Electric Company, and President for Emerson Process Management, a worldwide technology and engineering company, since October 2008.
- President for Rosemount, Inc., a business unit of Emerson Electric Company, from 2002 to October 2008. Held various positions with Rosemount and Emerson, including General Manager for Rosemount China and President for Emerson Process Management Asia Pacific, from 1992-2002.

- Member of the Compensation, Governance and Executive Committees.

Qualifications:

Mr. Sonnenberg is an expert in global sales, operations and expansion. His leadership roles with Emerson Electric Company and its various divisions have helped him acquire a specific expertise in process improvement, grounded in systems and metrics that are critical to successful, scalable growth and expansion, which applies directly to our recent process improvement and growth initiatives. His experience with global acquisitions and joint ventures is particularly valuable as we grow our global business.

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[DAVID S. WICHMANN, 49 Director Since 2009

- President, Operations and Technology, and Chief Financial Officer for UnitedHealth Group Incorporated, a diversified health and well-being company, since January 2011.
- Held various executive positions with UnitedHealth Group since 1998, including President, Operations and Technology, President, Commercial Market Group, President and Chief Operating Officer, UnitedHealthcare, President and Chief Executive Officer, Specialized Care Services, and Senior Vice President, Corporate Development.
- Partner, Arthur Andersen, from 1995-1998.
- Chief Financial Officer for Advance Machine Company from 1992-1994.
- Member of the Audit, Compensation and Executive Committees.

Qualifications:

Mr. Wichmann was selected by the Board for his global financial and operations expertise. In addition to being a seasoned senior executive with UnitedHealth Group Incorporated, he has experience across multiple businesses through his early consulting practice with Arthur Andersen and as Chief Executive Officer of a company in the same business segment as our Company. His understanding of business processes, finance, accounting and internal controls adds discipline to our growth initiatives.

First time nomination for election by shareholders:

This is the first time that Mr. Wichmann has been nominated for election by shareholders. In 2009, the Board, upon recommendation of the Governance Committee, appointed Mr. Wichmann as a member of our Board. At that time, the Board specifically sought candidates with operations and financial expertise who could serve on our Audit Committee, understood strategic risk, and possessed a reputation for effective and ethical leadership. Although the Board had previously retained search firms to assist in the identification of candidates, on this occasion it used an internally developed search process led by the Governance Committee to support the Company's commitment to reducing expenses given the state of the economy in 2009. The process included research on chief financial officers and other senior management with financial and leadership expertise at public companies headquartered in Minnesota, a review of the research results and interviews of potential candidates. Mr. Wichmann, who was identified by non-management directors as a potential

candidate in this process, was selected and appointed because he met the above criteria and brought the specific expertise described above.

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Directors Whose Terms Expire in 2013 (Class III Directors):

WILLIAM F. AUSTEN, 53

Director Since 2007

- Vice President, Operations, for Bemis Company, the largest flexible packaging company in the Americas and a major international manufacturer of pressure-sensitive materials used for labels, decoration and signage, since 2004.
- President and Chief Executive Officer for Morgan Adhesives Company from 2000-2004.
- Held various positions with General Electric Company from 1980-2000, culminating in General Manager, Switch Gear Business.
- Member of the Compensation, Governance and Executive Committees.

Qualifications:

Mr. Austen brings a broad strategic perspective as one of the top leaders at Bemis Company where he serves as Vice President, Operations. He is a talented leader in global manufacturing and operations with experience in global mergers, acquisitions and business integration. This experience is relevant to our business due to our international operations and growth through acquisitions.

[

JAMES T. HALE, 71

Director Since 2001

- Corporate Governance Consultant since 2004.
- Executive Vice President, General Counsel and Corporate Secretary for Target Corporation from 2000-2004. Senior Vice President, General Counsel and Corporate Secretary for Target from 1981-2000.
- Held various Vice President positions with General Mills, Inc., from 1979-1981.
- Practiced law at Faegre & Benson LLP from 1966-1979.
- Chair of the Governance Committee, member of the Compensation and Executive Committees.

Qualifications:

Mr. Hale, a corporate governance expert and the former General Counsel and Executive Vice President of Target Corporation, has significant experience working with public company corporate governance. As part of his past legal experience in private practice and in-house at General Mills, Inc. and Target Corporation, he also acquired significant experience with mergers and acquisitions, an important

component of our growth strategy.

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H. CHRIS KILLINGSTAD, 56 Director Since 2005

- President and Chief Executive Officer for Tennant Company since 2005.
- Vice President, North America, for Tennant from 2002-2005.
- Held various senior management positions with The Pillsbury Company, including Senior Vice President and General Manager, from 1990-2002.
- International Business Development Manager for PepsiCo Inc. from 1982-1990.
- Financial Manager for General Electric from 1978-1980.

Qualifications:

Mr. Killingstad, our President and CEO, through his work with General Electric, PepsiCo Inc. and The Pillsbury Company, as well as with the Company, has led global expansion and turnaround efforts and has developed expertise in the areas of product innovation, brand marketing and building strong leadership teams. He has also developed and grown start-up enterprises within a corporate environment, a skill that he is applying to our chemical-free business expansion.

Directors Whose Terms Expire in 2014 (Class I Directors):

CAROL S. EICHER, 53 Director Since 2008

- Business Group Vice President for Building and Construction for The Dow Chemical Company, a manufacturer and seller of chemicals, plastic materials, agricultural and other specialized products and services, since August 2010. Business Director, Performance Monomers, for Dow Chemical from April 2009 to July 2010.
- Vice President/Global Business Director, Primary Materials and Process Chemicals, Rohm and Haas Company, a developer of solutions for the specialty materials industry acquired by Dow Chemical in 2009, from 2003 to July 2010. General Manager, Americas & Europe, Electronics, Organic Specialties, for Rohm and Haas from 2001-2003. Business Director, Organic Specialties, for Rohm and Haas from 2000-2001.
- Held various senior management positions with Ashland Chemical Company, a division of Ashland, Inc., from

1992-2000.

- Held various management positions with E.I. DuPont de Nemours and Company, Inc., from 1979-1992.
- Member of the Audit, Governance and Executive Committees.

Qualifications:

Ms. Eicher brings a wealth of global manufacturing, operations and merger and acquisition experience from her senior leadership positions at The Dow Chemical Company, Rohm and Hass Company, Ashland Chemical Company and E.I. DuPont de Nemours and Company, Inc. In these positions she has led expansion efforts in developing countries and can provide insights as to the issues we may face as we expand our presence in Brazil, Russia, India, China, the Middle East and other developing countries.

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DAVID MATHIESON, 57

Director Since 2006

- Executive Vice President and Chief Financial Officer for Comverge, Inc., a clean energy company providing demand management solutions in the form of peaking and base load capacity to electric utilities, grid operators and associated electricity markets, since May 2011.
- Principal of David Mathieson LLC, a company offering management consulting, project management and interim management, from September 2010 to May 2011.
 - Senior Vice President and Chief Financial Officer for RSC Holdings, Inc., a provider of equipment rental services, from January 2008 to May 2010.
 - Vice President and Chief Financial Officer for Brady Corporation, an international manufacturer and marketer of identification solutions and specialty materials, from 2003-2007. European Finance Director for Brady Corporation from 2001-2003.
 - Held various executive positions with Honeywell International, Inc., from 1981-2001, including Vice President and Chief Financial Officer of Honeywell Europe.
 - Chair of the Audit Committee, member of the Governance and Executive Committees.

Qualifications:

Mr. Mathieson, a Scottish native, has extensive management experience and global financial expertise from his consulting, executive and financial roles with Comverge, Inc., David Mathieson LLC, RSC Holdings, Inc., Brady Corporation, Honeywell, Inc. and other multinational public companies. In addition, he has led global acquisition teams and implemented systematic processes to measure and enhance operational effectiveness, a skill set that has proved invaluable to us as we continue to cut costs and make our internal operations more scalable.

DONAL L. MULLIGAN, 51

Director Since 2009

- Executive Vice President and Chief Financial Officer for General Mills, Inc., the world's sixth largest food company, since 2007.
- Held various executive positions with General Mills from 2001-2007, including Vice President Financial Operations for the International division; Vice President Financial Operations for Operations and Technology and Vice President and Treasurer.
- Served as Chief Financial Officer, International, for The Pillsbury Company from 1999-2001.
- Held various international positions with PepsiCo Inc. and YUM! Brands, Inc., including Regional CFO, Americas, Finance Director, Asia, and Finance Director, Canada, from 1987-1998.

· Member of the Audit, Compensation and Executive Committees.

Qualifications:

Mr. Mulligan is the Executive Vice President and Chief Financial Officer for General Mills, Inc. He was selected by the Board not only because of his financial expertise and his various senior financial and operations leadership positions at large multinational public companies, but also because of his knowledge in developing, marketing and branding innovative products, which is particularly relevant to our current business, which involves the regular introduction of new and innovative products to the market.

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STEPHEN G. SHANK, 68

Director Since 2000
Lead Director Since 2009

- Retired Chief Executive Officer and Chair of the Board for Capella Education Company, an accredited online university offering undergraduate and graduate degree programs; current member of Board of Directors of Capella.
- Chair for Capella from 1993 to February 2010. CEO for Capella from 1993 to March 2009.
- Chairman and Chief Executive Officer for Tonka Corporation from 1979-1991, and General Counsel from 1974-1978.
- Practiced law at Dorsey & Whitney LLP from 1972-1974.
- Lead Director, Chair of the Compensation and Executive Committees, member of the Governance Committee.

Qualifications:

Mr. Shank has a unique background and skills that qualify him not only to be on the Board, but to serve in the role of Lead Director. He was a corporate lawyer with Dorsey & Whitney LLP, a well-recognized Minneapolis law firm, served as General Counsel and then became the CEO of Tonka Corporation, and developed and took public one of the first successful accredited online universities, Capella Education Company. He recently retired as CEO and Chair of Capella but continues to serve on Capella's board. He is able to devote considerable attention to our Company matters and brings a visionary yet disciplined approach to our business.

Meeting Attendance

During 2011, our Board met on four occasions. All directors attended at least 88% of Board and respective Committee meetings on which they serve.

As set forth in our Corporate Governance Principles, all members of our Board are encouraged to attend all annual meetings of shareholders. All directors attended the 2011 Annual Meeting of Shareholders, except Mr. Balagna who had a schedule conflict.

Director Independence

Our Board uses criteria established by the New York Stock Exchange ("NYSE") and the Securities and Exchange Commission to determine director independence. The Governance Committee reviews relevant information no less than annually to determine whether the Board members meet the applicable criteria. Our Board has determined that Ms. Eicher and Messrs. Austen, Balagna, Hale, Mathieson, Mulligan, Shank, Sonnenberg and Wichmann are independent based on the standards referred to above.

The only relationships that exist between our directors and our Company or management are ordinary course of business commercial transactions involving the purchase of the Company's products and product maintenance services by companies that employ certain of our directors or our purchase of products and services from companies that

employ certain of our directors. These transactions were considered by our Board in determining the independence of our directors. The Board considered the fact that in 2011 Ms. Eicher was an executive officer of The Dow Chemical Company, Mr. Austen was an executive officer of Bemis Company, Mr. Balagna was then serving as an executive officer of Carlson Marketing Worldwide, Mr. Mulligan was an executive officer of General Mills, Inc., Mr. Sonnenberg was an executive officer of Emerson Electric Company and Mr. Wichmann was an executive officer of UnitedHealth Group Incorporated. Their respective companies purchased goods and/or product maintenance services from us in amounts that were less than 2% of our and their respective employers gross revenues (which, in each case, are greater than \$1 million) for the year. Based on the relevant facts and circumstances, neither Ms. Eicher nor Messrs. Austen, Balagna, Mulligan, Sonnenberg or Wichmann has a material interest in these ordinary course of business

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transactions. In addition, certain of our non-management directors are affiliated with entities that have business relationships with us where we purchase goods. The Board also considered that the Company has purchased: (i) vision insurance from a subsidiary of UnitedHealth Group, Mr. Wichmann's employer, in the approximate amount of \$89,084; (ii) various machine parts from a subsidiary of Bemis Company, Mr. Austen's employer, in the approximate amount of \$196,926; and (iii) various machine parts from subsidiaries of Emerson Electric Company, Mr. Sonnenberg's employer, in the approximate amount of \$540,890. Based on the relevant facts and circumstances, Messrs. Austen, Sonnenberg and Wichmann do not have a material interest in these ordinary course of business commercial transactions. In addition, the amounts we paid to each of these companies in 2011 were less than 2% of the respective company's gross revenues (which are greater than \$1 million).

The Board was provided with this information and concluded that none of the relationships interfere with the independence of these directors or present a conflict of interest.

Board Leadership Structure

Our Board has four standing committees: Audit, Compensation, Governance and Executive. Each of the Board committees is comprised solely of independent directors with each committee having its own chair.

Our President and Chief Executive Officer ("CEO"), Mr. Killingstad, is a member of our Board. However, as was the case with his predecessor, he has not been appointed as Chair. He works closely with our Lead Director to set and approve the agenda of the Board meetings, to ensure that there is an appropriate flow of information to the Board, and to make sure that management properly and adequately addresses matters of interest to the Board. Mr. Killingstad conducts the actual Board meetings but our Lead Director conducts the meetings of the Executive Committee of the Board, which consists of all non-management directors. Currently, the positions of Lead Director and Chair of the Executive Committee are combined.

Our Board appointed Stephen Shank, Chair of the Executive Committee, as Lead Director in August 2009. Our Board's criterion for Lead Director is that he or she must be an independent director appointed by the Board. The role of the Lead Director is to provide independent leadership to our Board, act as a liaison between the non-management directors and the Company and ensure that our Board operates independently of management. The Lead Director is appointed for a one-year term and may serve successive terms, but our Board retains the right to remove or replace the Lead Director in its discretion. The person serving as Chair of the Executive Committee shall typically also be the Lead Director, unless our Board decides otherwise.

The principal responsibilities assigned to the Lead Director include:

- Chairing the Board in the absence of our CEO;
- Organizing and presiding over all executive sessions of our Board;
- Serving as liaison between the non-management members of the Board and our CEO;
- In concert with our CEO and other directors, setting and approving the agenda for Board meetings, including approval of schedules to assure sufficient time for discussion of all agenda items;
- In concert with our CEO and committee chairs, ensuring the appropriate flow of information to the Board and reviewing the adequacy and timing of documentary materials provided to the Board;
- Communicating to management as appropriate the results of private discussions among independent directors;

- Holding one-on-one discussions with individual directors where requested by the directors or the Board;
- Ensuring his or her availability for consultation and direct communication with major shareholders, if requested by such shareholders; and
 - Carrying out other duties as requested by our Board.

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Our Board has chosen this leadership structure because it believes that it fosters good communication between management and the Board, provides strong independent leadership to oversee and challenge management and provides the optimal level of Board involvement in strategic decision making and risk oversight.

Board's Role in Risk Oversight

Our Board takes an active role in risk oversight of the Company both as a full Board and through its Committees. The agendas for our Board and Committee meetings are specifically designed to include an assessment of opportunities and risks inherent in our operations, strategies and compensation plans. Our Board meets in executive session after each regularly scheduled Board meeting to, among other things, assess the quality of the meetings and to collect feedback for our Lead Director to present to our CEO and management. Such feedback includes any requests for specific information to assist our Board in carrying out its duties, including risk oversight. We believe that the process followed by our independent directors and led by our Lead Director provides an appropriate level of Board oversight of risk.

In addition, we conduct an annual enterprise-wide risk assessment. A formal report is delivered to our Audit Committee and to our Board each December. Risk assessment updates are provided at each regularly scheduled quarterly Audit Committee and Board meeting and more frequently if requested by a Committee, our Board or recommended by management. The objectives for the risk assessment process include (i) facilitating the NYSE governance requirement that our Audit Committee discuss policies around risk assessment and risk management, (ii) developing and addressing a defined list of key risks to be shared with our Audit Committee, Board and management, (iii) reviewing management's risk mitigation efforts, (iv) determining whether there are risks that require additional or higher priority mitigation efforts, (v) facilitating discussion of the risk factors to be included in Item 1A of our Annual Report on Form 10-K, and (vi) guiding the development of the next year's audit plans.

In 2011, we, working with our outsourced internal auditor and through members of an internal risk committee ("Risk Committee") consisting of senior level staff from the legal, finance and risk departments, refreshed our enterprise risk assessment process, conducted a detailed enterprise risk assessment, improved how we communicated the results of the risk assessment and recommended risk mitigation activities. Among other things, the process was revised to better link the risk areas with our strategies, objectives and entity-level controls and expanded the number of senior management and global employees participating in risk identification, ranking and assessment of management preparedness to address identified risks.

The internal auditor surveyed key department and functional leaders from all functions and geographies and then, along with members of our Risk Committee, facilitated group meetings to better identify and evaluate risks and the steps being taken to mitigate the risks. Any identified risks were prioritized based on the potential exposure to the business and measured as a function of severity of impact and likelihood of occurrence. The process also included evaluating management's preparedness to respond to the risk if realized. The risk profiles and current and future mitigating actions were discussed and refined during subsequent discussions with management. A summary of the results of the risk assessment process and our risk mitigation activities was presented to our Audit Committee, provided to our full Board, and discussed by our Board in executive session.

Additionally, to monitor transactions that could potentially expose us to risk, our Board has a formal delegation of authority policy for non-ordinary course expenditures which specifies areas for which Board review and approval are required.

Annually, our Compensation Committee discusses our compensation policies and practices regarding the appropriateness of the level of enterprise risk associated with our incentive plans, including a review of the metrics and checks and balances that mitigate risks for inappropriate or fraudulent behavior which could potentially arise in

connection with our plans, including our short-term and long-term incentive compensation plans and sales commission and incentive plans. In February 2012, management presented our Compensation Committee with its analysis of the risks associated with our compensation policies and practices and its conclusion that such policies and practices are not reasonably likely to have a material adverse effect on us, and our Compensation Committee discussed this conclusion with management.

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Board Committees

As mentioned above, we have four standing committees of our Board: Audit, Compensation, Governance and Executive. Membership on these committees is limited to independent directors. Our Board has determined that each of our committee members is free of any relationship that would interfere with their exercise of independent judgment and is an independent director within the meaning of the listing standards of the NYSE and applicable Securities and Exchange Commission regulations and, if applicable, certain Internal Revenue Code provisions.

Audit Committee

Our Audit Committee is comprised of David Mathieson (Chair), Jeffrey A. Balagna, Carol S. Eicher, Donal L. Mulligan and David S. Wichmann.

Our Board uses the listing standards of the NYSE to determine whether our Audit Committee members possess the requisite financial literacy to serve on the Committee. Our Board has determined that all Audit Committee members are financially literate and independent.

At least one member of our Audit Committee must have accounting or related financial management expertise as required by NYSE rules. Our Audit Committee endeavors to have at all times a member who qualifies as an “audit committee financial expert” as defined by the Securities and Exchange Commission. Our Board has determined that Messrs. Mathieson, Mulligan and Wichmann satisfy the requirements of an “audit committee financial expert” and that their expertise has been acquired through training and relevant experience.

Our Audit Committee operates under a written charter adopted by our Board, which was most recently amended on December 14, 2010. Our Audit Committee is required to meet no less than four times throughout the year and in 2011 met on ten occasions.

The primary functions of our Audit Committee are to oversee:

- The integrity of our financial statements;
- Our compliance with legal and regulatory requirements;
- The independent registered public accounting firm’s qualifications, independence and performance;
 - The performance of our internal audit function;
- Our system of internal controls over financial reporting;
- Our risk assessment and management policies; and
 - Significant financial matters.

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Compensation Committee

Our Compensation Committee is comprised of Stephen G. Shank (Chair), William F. Austen, James T. Hale, Donal L. Mulligan, Steven A. Sonnenberg and David S. Wichmann, all of whom meet the criteria for independence under the NYSE listing standards, Section 162(m) of the Internal Revenue Code and Rule 16b-3 of the Securities Exchange Act of 1934, as amended (“Exchange Act”).

Our Compensation Committee operates under a written charter adopted by our Board, which was most recently amended on February 17, 2010. Our Compensation Committee is required to meet no less than two times throughout the year and in 2011 met on five occasions.

The primary functions of our Compensation Committee are to assist us in maximizing shareholder value by ensuring that executive officers are compensated in accordance with our philosophy, objectives and policies. Specifically, our Compensation Committee has established a total compensation policy that:

- Supports our overall strategy and objectives;
- Attracts and retains key executive officers;
- Links total compensation to financial performance and the attainment of strategic objectives;
- Provides competitive total compensation opportunities at a reasonable cost while enhancing short-term and long-term shareholder value creation;
- Discourages risk-taking behavior that would be likely to have a material adverse effect on our Company; and
 - Provides transparency consistent with good corporate governance practices.

Our Compensation Committee sets the compensation for our executive officers and evaluates their compensation against performance goals and objectives. The Committee also reviews management’s process for assessing whether incentive compensation plans for both executive and non-executive employees are likely to have a material adverse effect on our Company. In February 2012, our Compensation Committee conducted its annual review of our incentive plans and of management’s conclusion that the plans do not pose a level of risk that could have a material adverse effect on our Company. In addition, the Committee recommends pay levels for non-management directors including retainers and fees for approval by our full Board. Given the inherent conflict of directors setting their own pay levels, these recommendations are reviewed by third parties such as our human resources department and outside consultants.

Use of Outside Compensation Consultants

Our Compensation Committee engages outside compensation consultants to assist it in the performance of its duties. In August of 2011, the Committee retained Aon Hewitt (“Hewitt”) to advise it on 2012 executive officer and non-management director compensation including (i) making recommendations regarding the form and amounts of executive officer and non-management director compensation, (ii) providing market and performance data as a backdrop to the Committee’s decisions regarding executive officer and non-management director compensation, and (iii) advising the Committee as to best practices and recent legal, governance and regulatory considerations regarding executive officer and non-management director compensation. Hewitt has performed services for our Compensation Committee since 2008.

Hewitt reports directly to our Compensation Committee and works collaboratively, as directed by the Chair of the Committee, with management. Hewitt's primary responsibilities include providing market data and interpretive information on executive and non-management director compensation, best practices and trends and background information for recommendations on the design and composition of compensation packages for our executive officers and non-management directors.

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Our Compensation Committee annually evaluates Hewitt's ability to provide independent advice and has concluded that Hewitt was independent with regard to the services it provided to the Committee in 2011 because (i) it reported directly to the Committee, (ii) the Committee could solicit advice and consultation without management's direct involvement and (iii) all of the services performed by Hewitt in 2011 were at the request of the Committee.

Our Compensation Committee has established a process to limit potential conflicts of interest should management desire to seek advice from the Committee's retained outside compensation consultant for non-executive compensation matters. Specifically, the Committee determined that if management desires to use the consultant to provide any advice on non-executive compensation matters, the consultant shall contact the Chair and inform the Chair of such request for non-executive compensation services. The Committee delegated to the Chair the authority to make a decision as to whether the service is appropriate. The Chair is required to inform the Committee of any such request or approval granted no later than at the next scheduled meeting of the Compensation Committee. The outside consultant, no less than annually, must provide a summary to the Committee describing any non-executive compensation services provided to our Company. No such services were provided in 2011.

Additional information about the role of the compensation consultant is set forth below under "Compensation Discussion and Analysis, Compensation Determination Process."

Governance Committee

Our Governance Committee is comprised of James T. Hale (Chair), William F. Austen, Jeffrey A. Balagna, Carol S. Eicher, David Mathieson, Stephen G. Shank and Steven A. Sonnenberg.

Our Governance Committee operates under a written charter adopted by our Board, which was last amended on February 18, 2004. Our Governance Committee does not have a required number of meetings. In 2011, our Governance Committee met on three occasions.

The primary purpose of our Governance Committee is to:

- Assist our Board in identifying individuals qualified to become Board members;
 - Determine the composition of our Board and its Committees;
 - Lead our Board in its annual review of the Board's performance;
- Regularly review and, when applicable, recommend to our Board changes to our Corporate Governance Principles, Articles of Incorporation, By-Laws and Board committee charters; and
- Assist our Board in understanding and complying with new corporate governance laws, regulations and policies affecting our Company.

Executive Committee

Our Executive Committee is comprised of Stephen G. Shank (Chair), William F. Austen, Jeffrey A. Balagna, Carol S. Eicher, James T. Hale, David Mathieson, Donal L. Mulligan, Steven A. Sonnenberg and David S. Wichmann, constituting all of the independent, non-management directors. Mr. Shank, as Chair of the Executive Committee and Lead Director, presides at the Executive Committee meetings.

Our Executive Committee operates under a written charter adopted by our Board which was last amended on February 18, 2004. Our Executive Committee is to meet no less than four times throughout the year and in 2011 met on four occasions following scheduled Board meetings, which constitute executive sessions.

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The primary purpose of our Executive Committee is to review such matters and take such actions as are appropriate to be reviewed or taken by the non-management directors of our Board, including the annual review of our CEO’s performance, setting our CEO’s compensation, review and approval of our management succession plan and review and assessment of the risks and opportunities inherent in our strategic decision making. In addition, our Executive Committee formulates feedback to be provided by our Lead Director to management after each meeting. Such feedback includes future agenda items, requests for additional information and other recommendations.

Board and Committee Member Nominations and Appointments

Committee Appointments

Our Board appoints members of its Committees annually upon recommendation of our Governance Committee after taking into account the desires, experiences and expertise of individual directors, the recommendations of our CEO and the benefits of rotating Committee membership.

Director Nomination Process

Our Governance Committee is responsible for recommending nominees for election to our Board. As required by our Corporate Governance Principles, this Committee is responsible for reviewing with our Board, on an annual basis, the requisite skills and characteristics of individual members. The Committee must also balance the composition of our Board, as a whole, with the needs of our Company. Our Governance Committee reviews all director nominees and recommends to our Board those persons whose attributes it believes are most beneficial to our Company.

The Committee’s assessment of each director nominee takes into consideration the needs of our Board, the ability to effectively represent the shareholders and stakeholders generally, as well as the following attributes:

- | | |
|--------------|--------------|
| • Experience | • Skills |
| • Diversity | • Competence |
| • Integrity | • Dedication |

Our Board does not have a policy with regard to the consideration of diversity in identifying director nominees; however, as indicated above, diversity is one of the factors that our Board takes into consideration when assessing director nominees. In that regard, our Board defines “diversity” broadly to include race, gender, national origin, functional experience, geographic representation and personal skills and attributes. Our Board looks for candidates who have public company experience, have a history of demonstrating strong and ethical leadership, are sufficiently senior and adept at understanding and evaluating strategic, financial and operational risks and have the expertise to create a well-rounded board. Our Board has recently sought to identify, appoint and nominate for shareholder approval candidates with expertise in global expansion, global sales and marketing, mergers and acquisitions, manufacturing and operations, process improvement, financial expertise, executive compensation and change management, corporate governance and experience in disruptive technologies.

The Committee also considers our Corporate Governance Principles, which include the following factors when considering director nominees:

- | | |
|------------------------------|------------------------|
| • The size of our Board | • Other board service |
| • Directors with job changes | • Retirement |
| • Director terms | • Independence matters |

Once a recommendation is made by our Governance Committee, it is reviewed by our full Board. In making its decision to nominate directors, our Board considers all of the above factors.

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Shareholder Nominations

Our Governance Committee will consider director candidates recommended by shareholders. Shareholder recommendations must be accompanied by a sufficiently detailed description of the candidate's background and qualifications. The Committee will evaluate the candidate using the same aforementioned criteria. To recommend a qualified candidate, shareholders should write to the Chair of the Governance Committee at our principal executive office listed below.

If a shareholder wishes to nominate a director other than a person nominated by our Board of Directors, under our Restated Articles of Incorporation a shareholder of record must submit to our secretary a written request that a person's name be placed in nomination. This request must be received not less than 75 days prior to the date fixed for the meeting, along with the written consent of the proposed nominee to serve as a director.

Communication with the Board of Directors

All interested parties, including shareholders, may communicate with the independent members of our Board by writing to our Lead Director at:

ATTN: General Counsel, Mail Drop #29
Tennant Company
701 North Lilac Drive
P. O. Box 1452
Minneapolis, MN 55440-1452

All of the communications will be delivered to our General Counsel who will forward communications to our Lead Director to address the matter.

Committee Charters and Other Governance Documents

All four Committee Charters, as well as other governance documents including our Corporate Principles and Business Ethics Guide, are available online by following these instructions:

- Go to our website at www.tennantco.com
 - Click on "Company"
- Click on "More about NYSE:TNC" under "For Investors"
 - Click on "Corporate Governance"
 - Click on "Charters and Principles"

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Director Compensation for 2011

Since the Board Year (the period between annual shareholders' meetings) commencing with the 2010 annual shareholders' meeting, our non-management directors received the following compensation for their services: (i) an annual \$10,000 cash stipend to our Lead Director/Chair of our Executive Committee and Chair of our Audit Committee; (ii) an annual \$5,000 cash stipend to the Chairs of our Governance and Compensation Committees; (iii) an annual retainer of \$40,000; (iv) meeting fees of \$1,500 per Board and Committee meeting; (v) an annual grant of restricted shares with a fair market value of \$30,000 as of the grant date; and (vi) an annual grant of stock options with a fair market value of \$30,000 as of the grant date. Fees earned may be paid in cash or elected to be deferred under the Tennant Company Executive Non-Qualified Deferred Compensation Plan. For additional information on this plan, see the Non-Qualified Deferred Compensation discussion under "Compensation Discussion and Analysis, Compensation Elements, Other Plans, Agreements and Special Payments, Non-Qualified Deferred Compensation."

With the exception of meeting fees, all other compensation paid to our directors who join the Board between annual shareholder meetings is pro-rated for partial years of Board service.

This non-management director compensation package is reviewed periodically by our Compensation Committee and our Board using external data derived from the outside compensation consultant's review of proxy and survey data from the same sources as used in the executive compensation determination process. See "Compensation Discussion and Analysis, Compensation Determination Process."

Our Board has adopted a stock ownership goal for non-management directors of five times their annual cash retainer paid by our Company, to be attained within five years from the date of election to our Board. Progress toward these ownership grants is measured once each year at the time of the February Board meeting. Ownership levels are calculated using the estimated after-tax value of restricted shares and the potential gains from vested and unvested options, as of the close of market on December 31 of the year immediately preceding the year of calculation. Directors who have served on our Board for five years or more have achieved their goals. Newer Board members are on pace for achieving their ownership targets within the five-year period.

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The table below summarizes compensation paid to non-management directors for fiscal 2011:

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)(3)	Option Awards (\$)(2)(3)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)(4)	Total (\$)
William F. Austen	58,000	29,995	29,938	—	117,933
Jeffrey A. Balagna	62,500	29,995	29,938	64	122,497
Carol S. Eicher	62,500	29,995	29,938	—	122,433
James T. Hale	63,000	29,995	29,938	—	122,933
David Mathieson	74,000	29,995	29,938	130	134,063
Donal L. Mulligan	62,500	29,995	29,938	—	122,433
Stephen G. Shank	71,500	29,995	29,938	141	131,574
Steven A. Sonnenberg	56,500	29,995	29,938	—	116,433
David S. Wichmann	65,500	29,995	29,938	—	125,433

- (1) Includes annual retainer, meeting fees and fees to committee chairs paid in cash as well as deferred.
- (2) The valuation of stock and option awards is calculated using the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718. See Note 15 – "Stock-Based Compensation" to our financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2011, for the assumptions used in such valuation.
- (3) The table below shows the aggregate number of stock awards and option awards held by each person who served as a non-management director during 2011, as of December 31, 2011.
- (4) In 2011, amounts include above-market earnings on non-qualified deferred compensation, using 120% of the applicable federal long-term rate as the basis for market earnings.

STOCK AND OPTION AWARDS

Name	Outstanding Shares (#)	Outstanding Options (#)
William F. Austen	6,439	10,444
Jeffrey A. Balagna	9,542	16,006
Carol S. Eicher	4,158	7,403
James T. Hale	14,386	12,006
David Mathieson	6,870	11,020
Donal L. Mulligan	2,157	4,735

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Stephen G. Shank	15,042	18,006
Steven A. Sonnenberg	8,352	13,490
David S. Wichmann	2,649	5,391

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Director Compensation for 2012

Based on a review of external data presented by Hewitt showing that the compensation of the non-management directors of our Company was below that of our comparator group, at its meeting on February 15, 2012, our Board approved certain changes to the non-management director compensation package. For the Board Year commencing with the 2012 annual shareholders' meeting, our Compensation Committee recommended and our Board approved the following: (i) an increase in the annual grant of restricted shares with a fair market value of approximately \$45,000 as of the grant date instead of \$30,000 as of the grant date; (ii) an increase in the annual grant of stock options with a fair market value of approximately \$45,000 as of the grant date instead of \$30,000 as of the grant date; and (iii) an increase in the annual cash stipend to our Compensation Committee Chair from \$5,000 to \$10,000. The annual retainer of \$40,000, meeting fee of \$1,500 per Board and Committee meeting, annual \$10,000 cash stipend to our Lead Director/Chair of our Executive Committee, annual \$10,000 cash stipend to our Audit Committee Chair and the annual \$5,000 cash stipend to our Governance Committee Chair remained unchanged from 2010.

ITEM 1 – ELECTION OF DIRECTORS

Our Restated Articles of Incorporation state that directors are elected for staggered three-year terms, with approximately one-third of the directors elected each year.

At the Annual Meeting, three directors are to be elected. If elected, each will serve a three-year term to expire at the time of the Annual Meeting in 2015 and, in each case, until their successors are elected and have qualified. Each nominee has expressed his willingness to serve. In the event that any of the nominees is not a candidate at the Annual Meeting, it is the intention of the named Proxies on the Proxy Card to vote in favor of the remaining named nominees and to vote for a substitute nominee selected by our Governance Committee.

Our Board, upon recommendation of our Governance Committee, has designated Jeffrey A. Balagna, Steven A. Sonnenberg and David S. Wichmann as nominees for election at the 2012 Annual Meeting to serve a three-year term expiring in 2015.

Our Board of Directors, upon recommendation of our Governance Committee, recommends a vote FOR each of the director nominees.

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AUDIT COMMITTEE AND INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM INFORMATION

Fees Paid to Independent Registered Public Accounting Firm

The following table represents fees for professional services rendered by KPMG for the audit of our annual consolidated financial statements, certain audit-related services, tax services and all other fees paid to KPMG for the years ended December 31, 2011 and 2010:

Description of Fees	2011 Amount	2010 Amount
Audit Fees(1)	\$ 1,203,896	\$ 947,794
Audit-Related Fees	—	—
Tax Fees(2)	493,253	251,933
All Other Fees(3)	8,110	—
Total	\$ 1,705,259	\$ 1,199,727

(1) Audit Fees for 2011 and 2010 include professional services rendered in connection with the audit of our consolidated financial statements, including quarterly reviews, statutory audits of certain of our international subsidiaries and the audit of internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

(2) Tax Fees for 2011 and 2010 consisted primarily of international tax compliance and consulting services.

(3) All Other Fees for 2011 consisted primarily of international miscellaneous services.

Our Audit Committee has adopted a Pre-Approval Policy for Non-Audit Services, which appears on our website as an exhibit to the Audit Committee charter. All audit-related, tax and other non-audit services were performed in compliance with the Pre-Approval Policy. Our Audit Committee has determined that the provision of the above non-audit services was compatible with maintaining the independence of our independent registered public accounting firm.

Audit Committee Report

Our Audit Committee's meetings are designed to facilitate and encourage private communication between the Committee and our independent registered public accounting firm, KPMG. In addition, the Committee complied with its charter responsibilities and reviewed and discussed the audited consolidated financial statements with management. Our Audit Committee discussed with our independent registered public accounting firm the matters required to be discussed by the FASB Accounting Standards Codification relating to Auditor's Communication With Those Charged With Governance.

Our independent registered public accounting firm also provided to the Committee the written disclosures required by applicable requirements of the Public Company Accounting Oversight Board regarding independence, and the Committee discussed with our independent registered public accounting firm the firm's independence.

Based upon the Committee's discussion with management and our independent registered public accounting firm and the Committee's review of audited consolidated financial statements and the report of our independent registered public accounting firm to the Committee, the Committee recommended that our Board include the audited

consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission.

Members of our Audit Committee

David Mathieson (Chair)

Donal L. Mulligan

Jeffrey A. Balagna

Carol S. Eicher
David S. Wichmann

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ITEM 2 – RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

At the Annual Meeting, the shareholders will vote on the proposal to ratify the appointment of KPMG as our independent registered public accounting firm for the year ending December 31, 2012.

KPMG is an independent registered public accounting firm that has audited our accounts annually since 1954. We have been advised that a representative of the firm will attend the Annual Meeting. The representative will be available to respond to appropriate questions and will be given the opportunity to make a statement if the firm so desires.

Our Board of Directors, upon recommendation of our Audit Committee, recommends a vote FOR ratification of KPMG LLP as our independent registered public accounting firm.

EXECUTIVE COMPENSATION INFORMATION

Compensation Discussion and Analysis

The Compensation Committee of our Board (the “Committee”) administers and makes decisions regarding our executive compensation and benefit programs. The following discussion should be read in conjunction with the Summary Compensation Table and related tables and footnote disclosure setting forth the compensation of our CEO and other executive officers named in the Summary Compensation Table (the “Named Executives”).

Overview of 2011 Performance

We had strong performance in 2011 despite continued volatility in the global economy. We saw year-over-year improvements in incentive operating profit, revenue growth, adjusted earnings per share and working capital. See also our Annual Report on Form 10-K for the year ended December 31, 2011, for more details on our 2011 financial performance.

Performance Measure	2010	2011	Change
Incentive operating profit(1)	\$36,900,000(2)	\$53,900,000(3)	46.1% improvement
Revenue	\$668,000,000	\$754,000,000	12.9% improvement
Adjusted EPS(1)	\$1.31	\$1.95	48.9% improvement
EPS (GAAP)	\$1.80	\$1.69	6.1% decline
Working capital (as a percentage of sales)	23.5%	23.3%	20 basis point improvement

(1) A reconciliation of adjusted EPS and EPS (GAAP) is included in the supplemental non-GAAP financial tables to our earnings release for the year ended December 31, 2011 as filed with the Securities and Exchange Commission on a Form 8-K on February 21, 2012. For explanation regarding incentive operating profit, see Compensation Discussion and Analysis, Compensation Elements, Short-Term Incentive Plans, 2011 STIP.”

(2) The Committee exercised discretionary authority by reducing the incentive operating profit achievement to deduct profits that were due to the reversal of an unused portion of the 2008 restructuring charge.

(3) For the purpose of calculating incentive operating profit, the Committee exercised discretionary authority to exclude a non-operating, predominately non-cash special charge related to the Hofmans product obsolescence.

This performance is a direct result of actions taken to become a global leader in chemical-free cleaning and other technologies, and to strive for an operating profit margin of 12% by the fourth quarter of 2013 by the way we run and grow our business. In 2011, we focused on improving processes, cost controls and operational excellence. We sought to grow our business through new

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products and solutions for our customers' needs, developing new technologies and market expansion through growth in various geographies, global strategic accounts and increased penetration in key vertical markets.

The compensation of our Named Executives reflects the achievement of our performance objectives established under our short-term compensation plans and provides incentive for achievement of the long-term goals, consistent with our compensation objectives set forth below.

For 2011, reflecting the economic conditions as of February 2011, the Committee designed our 2011 Short-Term Incentive Plan ("STIP") to focus management incentives on improving our Operating Profit ("OP") and Working Capital ("WC"). For eligible employees in the United States, our OP goal was \$52.3 million (weighted 70%) and our WC goal, as a percentage of sales, was 22.7% (weighted 30%). Achieving these goals would have entitled our executive officers to earn 100% of their target payout. For 2011, OP was \$49.6 million, a 100 basis point improvement as a percent of revenue as compared to OP in 2010. However, the Committee exercised its discretionary authority to exclude a \$4.3 million non-operating, predominately non-cash special charge related to the Hofmans product obsolescence because it was a unique and non-recurring item. This resulted in a \$53.9 million OP achievement (referred to as "Incentive OP"). WC, as a percentage of sales, was 23.3%, which represented a 20 basis point year-over-year improvement, but below the goal set by the Committee. These results led the Committee to approve a payout of 100% of each Named Executive's target bonus level, except for Mr. Eckert, whose bonus level was partially calculated based on the OP and WC goals established for the Americas business unit, and Mr. Huijser who is no longer with the Company. As a result of the WC achievement for the Americas business unit, Mr. Eckert's payout was 90% of his target bonus level. Additional information on our 2011 STIP payout and calculation is discussed in the 2011 STIP section under "Short-Term Incentive Plans."

With respect to the 2011-2013 Long-Term Incentive Plan ("LTIP"), the Committee designed the plan to focus on stock appreciation for the 2011-2013 fiscal years through a mix of stock options, performance-based Restricted Stock Units ("RSUs") and restricted stock. The performance-based RSUs are paid in shares at the end of the three years if the performance target is achieved. The performance target used for the 2011-2013 RSUs was Return On Invested Capital ("ROIC") relative to internal and peer group performance metrics. For more details, see the Long-Term Incentive Plans section under "Compensation Elements."

Role of the Committee in the Compensation Process

The Committee ensures that our executive compensation and benefit programs are consistent with our compensation philosophy and other corporate goals and makes decisions regarding our Named Executives' compensation and, subject to final approval from our Executive Committee, our CEO's compensation. It is responsible for approving our Named Executives' Total Compensation and analyzing other benefits and perquisites for executive officers.

The Committee conducts a comprehensive review of Named Executive compensation in February of each year. The Committee deliberates in executive session to determine the level of Total Compensation for our CEO to be recommended to our Board. The Executive Committee of the Board completes an annual performance evaluation on Mr. Killingstad in February of each year and reviews other internal performance evaluations, a competitive market analysis and information provided by Hewitt and by our Vice President, Administration. For the other Named Executives, the Committee takes into consideration the recommendations of our CEO based on Company and individual performance evaluations, competitive market data and feedback provided by Hewitt and by our Vice President, Administration.

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Compensation Objectives

Our overall objective is to align executive compensation with the short-term and long-term operating goals of our Company and our shareholders. In this connection, the Committee considered the response of our shareholders to the advisory “say-on-pay” vote received at the Annual Shareholders Meeting. The 2011 advisory resolution on the compensation of our Named Executives was approved by 95.6% of the shares voted. The Committee interpreted this vote as strong support for our compensation philosophy, design and decisions. The Committee has retained a similar design of our compensation program for 2012.

In addition, we seek to offer a program that provides a comprehensive compensation package that is competitive with those of similarly sized U.S. durable goods manufacturing companies. Our compensation programs take into account that an executive’s actual compensation level may be greater or less than average competitive levels based on our annual and long-term financial performance against pre-established goals, the individual’s performance and the individual’s scope of responsibilities.

Specifically, our compensation programs are designed to:

- Create a relationship between pay and performance by providing a strong link between our short-term and long-term business goals and executive compensation;
- Attract and retain high-caliber key executive officers who can create long-term financial success for our Company and enhance shareholder return;
 - Motivate executive officers to achieve our goals by placing a significant portion of pay at risk;
- Align the interests of executive officers with those of our shareholders by providing a significant portion of compensation in stock-based awards; and
 - Discourage risk-taking behavior that would be likely to have a material adverse effect on our Company.

Compensation Determination Process

The Committee typically meets three to four times a year to consider various aspects of executive officer and non-management director compensation. Among other things, it decides how to allocate executive compensation among base salary, short-term and long-term variable pay, and equity awards (together, “Total Compensation”), and also determines the target level of Total Compensation for each executive. The Committee seeks to set Total Compensation and the allocation between each element so that it is consistent with our compensation objectives.

When setting the executive officers’ Total Compensation, the Committee considers both internal and external data. It receives information from our human resources department and our CEO regarding (i) each executive officer’s performance, tenure, experience, management capabilities and contributions to our operations, and (ii) the tactical and strategic value to us of specific skill sets of certain key executives. In assessing our CEO’s performance, the Committee and Executive Committee evaluate our Company’s financial performance against that of peer companies, our CEO’s performance against goals, strategic development of our Company and our CEO’s self-evaluation of his own performance. The Committee receives external reference data, primarily in the form of competitive market data, from its outside compensation consultant. Since 2008, the Committee has used Hewitt to provide such external market information. See discussion regarding “Use of Outside Compensation Consultants” under the “Compensation Committee” description. For 2011 and 2012, the Committee reviewed competitive market data drawn from the proxy data of the comparator group identified below, the survey data from the Hewitt Total Compensation Measurement™ database

("Survey Data") and Hewitt's analysis of the collected data.

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Comparator Group

The comparator group used for benchmarking 2011 Total Compensation for our Named Executives and for our non-management director compensation is comprised of companies that (i) have annual revenues approximately in line with ours, (ii) have a global presence, (iii) are in the same general industry as us, and (iv) are contained in Hewitt's proprietary survey database, thereby giving the Committee access to detailed compensation and plan design information. The Committee believes that this selection process to determine a relevant comparator group is appropriate and reflects best practice.

The 21 companies that made up our 2011 comparator group were:

Ameron International	Nordson Corporation
Chart Industries, Inc.	Omnova Solutions, Inc.
Circor International, Inc.	Polaris Industries, Inc.
Donaldson Company, Inc.	Robbins & Myers, Inc.
Esco Technologies, Inc.	Sauer-Danfoss, Inc.
Federal Signal Corporation	Thermadyne Holdings Corporation
H.B. Fuller Company	Tredegar Corporation
Graco, Inc.	Trimas Corporation
Johnson Outdoors, Inc.	Valmont Industries, Inc.
Kaydon Corporation	Zep, Inc.
Mueller Water Products, Inc.	

The comparator group used for benchmarking 2012 Total Compensation for our Named Executives and for our non-management director compensation is comprised of the same companies listed above except that (i) Ameron International was removed as it was sold to National Oilwell Varco Inc., (ii) Thermadyne Holdings Corporation was removed as it was acquired by Irving Place Capital, and (iii) Flow International Corporation, The Middleby Corporation and The Toro Company were added.

The following table summarizes our revenue percentile ranking within this comparator group:

	Revenue
25th percentile	\$579.2
50th percentile	\$648.6
75th percentile	\$1,159.0
Tennant Company	\$595.9
Tennant Company percentile rank	38%

All figures in millions as of the latest fiscal year-end available as of February 15, 2011, the date on which the Committee considered this information in connection with setting compensation for 2011.

Factors Considered in Setting Compensation Levels

For 2011, the Committee used the external reference data described above to benchmark the positions of our Named Executives. This data was used to provide a range of market compensation related to our compensation strategy, for positions of similar size and complexity. This is one of the many factors considered by the Committee in setting compensation. In addition to the data, the Committee also reviews strategic contributions, areas of responsibility,

internal equity and the general economic climate when setting compensation levels.

Based on the Committee's review of the internal and external information described above, it placed our Named Executives into four tiers for Total Compensation. The most highly paid Named Executive was our President and CEO, Chris Killingstad, due to his key role in setting the strategic direction of our Company, driving our Company's overall performance and managing our Europe, Middle East and African business unit. The Committee's intent was that the next most highly paid Named Executive be our Chief Financial Officer, Thomas Paulson, due in large part to the fact that Mr. Paulson has a broader role than a typical CFO, including overseeing our information technologies group, our business development activities and our Asia Pacific business unit. The Vice President, Americas, Andrew Eckert, Vice President, Global Operations, Don Westman, and former Vice

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President, International, Karel Huijser, comprised the third tier, and our Vice President, Administration, Thomas Dybsky, was in the fourth tier for Total Compensation. Despite the intended tiering described above, Mr. Huijser's Total Compensation, as disclosed in the Summary Compensation Table, was above that of many of the Named Executives due to the fact that (i) he received perquisites not paid to other officers because of the different compensation package structures common for a person in his position based in Europe and (ii) he was paid in Euros and his relative position in terms of U.S. dollars was affected by fluctuations in the value of the Euro. In 2011, the Committee considered these tiers when it set the short-term and long-term targets for our Named Executives.

Our compensation strategy is to target compensation levels with a competitive range around the 50th percentile in cash compensation (base salary plus short-term incentive) and the 75th percentile for long-term incentive, therefore resulting in a Total Compensation level targeted between the 50th and 75th percentile.

In setting 2011 compensation levels, the Committee reviewed the target cash compensation of each Named Executive from 2010 against the compensation strategy and found that overall, we were competitive with the market, but there was some variation by Named Executives within certain components. Target cash compensation was competitive with the median overall except for Mr. Huijser, whose total cash was above the competitive range. The Committee also determined that Mr. Eckert, who had assumed significant additional duties over the year, including responsibility for sales and service in all of the Americas, should be raised from the fourth to the third tier of compensation and thus was granted a 9% merit increase. Mr. Killingstad received a 5% merit increase described further below. Other than Messrs. Eckert and Killingstad, all other Named Executives received annual base salary increases of 3% consistent with pay increases allocated to the overall employee population.

In setting 2011 long-term compensation, the Committee assessed the 2010 performance of our Named Executives, including our CEO, and determined that they had achieved pre-established goals and delivered strong performance despite continued volatile market conditions. The Committee also determined that in order to keep the focus on long-term improved profitability it would increase the percentage of shares tied to performance. The Committee maintained the same long-term incentive target structure for all Named Executives except for Mr. Eckert, whose target structure was raised from 100% to 110%, consistent with the increase in his duties and the decision to move him from the fourth to the third tier of executive compensation.

	2010 LTIP Target (% of Salary)	2011 LTIP Target (% of Salary)
President and CEO	275%	275%
Vice President and Chief Financial Officer	125%	125%
Vice President, Administration	100%	100%
Vice President, Americas	100%	110%
Vice President, Global Operations	110%	110%
Former Vice President, International	110%	110%

The Committee continues to monitor market trends for long-term incentives.

In addition, as part of the process in setting Total Compensation each year, the Committee determines the relative mix for each Named Executive between fixed compensation and variable compensation, keeping in mind our compensation objectives. Over the past several years, the Committee has increased the relative proportion of each executive officer's variable compensation in an effort to increase the amount of the executive officer's Total Compensation that is at risk and tied to performance. This reflects the Committee's belief that as an executive officer's scope and level within the organization increases so does their ability to impact our financial results and increase shareholder value. With this in mind for 2011, Mr. Killingstad's target Total Compensation was allocated approximately 67% to variable compensation and 33% fixed compensation and Mr. Paulson's target Total Compensation was allocated approximately 51% to variable compensation and 49% fixed compensation. The Total Compensation for the other Named Executives was allocated in the range of 44 - 47% to variable compensation and 53 - 56% fixed compensation.

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Compensation Elements

We seek to achieve our compensation objectives using the following elements of compensation:

Annual Compensation

Base Salary

On an annual basis, the Committee determines base salaries for executive officers including our Named Executives. We use base salaries to provide competitive compensation to attract and retain talented executive officers. The Committee considers the following factors in setting annual base salaries:

- The individual's experience and scope of responsibility;
 - The individual's level of performance;
 - Any promotions or increases in responsibility; and
- Competitive salaries within the market, drawing on data from our compensation survey analysis and our comparator group.

For 2011, consistent with the level of pay increases allocated to the overall employee population, the Committee approved 3% raises for all Named Executives, effective April 1, 2011, except Mr. Killingstad received a 5% raise in recognition of his superior performance in 2010 and to keep his base salary level competitive within the market, and Mr. Eckert received a 9% raise in recognition of his increasing job responsibilities. For 2012, the Committee approved 3% raises for all the Named Executives effective March 1, 2012, consistent with overall employee pay increases.

Short-Term Incentive Plans

2011 STIP

Bonus awards under the STIP are paid in cash and dependent on achievement of annual performance goals established by the Committee for our Company or the relevant business line. Our 2011 STIP used OP (weighted 70%) and WC (weighted 30%) to evaluate our Company's annual financial performance. OP is determined by measuring gross sales minus operating expenses, which includes the cost of sales and selling and administration expenses. WC is determined by calculating the 12-month average of: $(\text{Accounts Receivable} + \text{FIFO Inventory} - \text{Accounts Payable}) / 12$ Months of Net Sales. The Committee selected these metrics because they (i) balance growth and continued operational improvement, (ii) directly measure results that would be impacted by strong performance of management, and (iii) are broadly used by other companies, easily understood by investors and reflect compensation-setting best practices. With respect to our STIP, the Committee has authority to interpret the plan and adjust the metrics and take other actions in its sole discretion to assure that the plan operates consistently with the Committee's goals, so long as its actions do not cause awards under the plan to fail to qualify as performance-based compensation.

Target bonus levels under the 2011 STIP were set as a percentage of a Named Executive's base salary. For 2011, our Named Executive's target STIP percentages remained consistent with that of 2010 and were as follows: our CEO's target was 115% of annual base salary; our Vice President, Chief Financial Officer's target was 60% of annual base salary; our Vice President, Americas, Vice President, Global Operations, and our former Vice President, International, target was 50% of annual base salary; and our Vice President, Administration target was 45% of annual base

salary. The target bonus levels for our Named Executives vary for the reasons discussed in the “Setting Compensation Levels” section under “Compensation Determination Process.”

Generally, the STIP target payout for our executive officers is based 100% on the financial performance of our Company as a whole; however, for Messrs. Eckert and Huijser, 70% of the 2011 target bonus was tied to financial results of our Company as a whole and 30% of the 2011

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target bonus was tied to the financial results of the Americas or international business units, respectively.

The 2011 STIP provided that bonus payments could exceed the targeted level, but could not exceed a payment of \$2 million per executive officer, the cap provided in our shareholder-approved 2009 short-term incentive plan. In addition, the total percentage payout level under the 2011 STIP was capped at 300% of the target bonus award.

The 2011 Company OP goal was \$52.3 million and the Company WC goal, as a percentage of sales, was 22.7%. The performance metrics for the Americas and international business units generally required a proportionate level of performance by that unit substantially similar to that of our Company as a whole in order to achieve the target payout. Our Named Executives would have earned 100% of their target bonus if our Company met these goals.

For 2011, OP was \$49.6 million, a 100 basis point improvement as a percent of revenue as compared to OP in 2010. However, the Committee exercised its discretionary authority to exclude a \$4.3 million non-operating, predominately non-cash special charge related to the Hofmans product obsolescence because it was a unique and non-recurring item. This resulted in a \$53.9 million Incentive OP achievement. WC, as a percentage of sales, was 23.3%, which represented a 20 basis point year-over-year improvement, but below the goal set by the Committee.

These results led the Committee to approve a payout of 100% of each Named Executive's target bonus level, except for Mr. Eckert, whose bonus level was partially calculated based on the OP and WC goals established for the Americas business unit, and Mr. Huijser who is no longer with our Company. As a result of the WC achievement in the Americas business unit, Mr. Eckert's payout was 90% of his target bonus level.

Outlined below is an example of how the STIP payment is calculated using the Committee-approved levels of 2011 Incentive OP and WC achieved for an employee whose base salary is \$300,000, target bonus award is 50% of base salary and whose payout is based solely on the performance of our Company as a whole:

OP Payout = Base Salary x STIP Target x Incentive OP% Achieved x OP Weighting (as a % of STIP Target)

OP Payout = \$300,000 x 50% x 117% x 70% = \$122,850

WC Payout = Base Salary x STIP Target x WC% Achieved x WC Weighting (as a % of STIP Target)

WC Payout = \$300,000 x 50% x 63% x 30% = \$28,350

Total STIP Payout = \$122,850 (OP Payout) + \$28,350 (WC Payout) = \$151,200

2012 STIP

For 2012, the Committee applied the same basic plan design as implemented in 2011, but adjusted the annual OP and WC targets to continue to drive improved performance and shareholder return.

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Perquisites

To support our objective of competitive compensation and consistent with market practice, in 2011, the Committee provided our Named Executives with an annual gross perquisite allowance in lieu of providing benefits such as financial planning services, automobile expenses and club membership dues. The amount of the annual gross allowance for our Named Executives ranges from \$12,000 to \$25,000. In addition, we make an executive medical examination available to our executive officers. Please see footnote 7 to the Summary Compensation Table for specifics.

In geographies where prevailing market practices provide, some executive officers may receive use of a Company automobile and other benefits. In 2011, Mr. Huijser, a citizen of the Netherlands, was the only Named Executive to receive a Company automobile and educational allowance for his children. Please see footnote 7 to the Summary Compensation Table for specifics.

Long-Term Compensation

We believe that enabling our executive officers to develop and maintain a significant long-term ownership in our Company through our stock-based plans aligns the interests of our executive officers with our shareholders' interests by creating a close link between executive pay and shareholder return.

We offer several ways in which executive officers receive and maintain ownership of Company stock. Stock-based awards have typically been made available under our long-term incentive plans and restricted stock programs. The share-settled awards made under these plans are from our shareholder-approved equity compensation plans.

Equity Awards

In conjunction with our long-term compensation programs, as well as in other limited circumstances, we provide restricted stock, stock option awards, deferred stock units, restricted stock units and performance shares. The purpose of these awards is typically to attract new executive officers, to reward achievement of specific, pre-defined goals tied to Company performance or to align executive officers with shareholders' interests by providing a portion of compensation in equity.

- Restricted Stock Awards generally have time-based restrictions. The Committee may determine such vesting conditions, in its sole discretion, provided that restrictions or conditions on an award of restricted stock may not lapse in their entirety earlier than three years from the date of grant, except a shorter vesting period may be specifically approved by the Committee (i) to attract a key executive to join the Company, (ii) to attract or retain key employees provided the award is no more than 75,000 shares, or (iii) when issuing restricted stock in exchange for other compensation. For any restricted stock awarded prior to December 13, 2010, dividends are paid in cash when declared. For any restricted stock awarded after December 13, 2010, dividends are accrued when declared and paid out in cash upon lapse of the restriction.
- Stock Option Awards generally have a 10-year term and will vest annually in equal installments over a three-year period. Options granted prior to 2005 had, for certain participants, a one-time reload option upon exercise during the term. This feature, when triggered by an executive officer's exercise of the original grant, results in a new stock option grant with the same terms and conditions of the grant being exercised but with an exercise price tied to the exercise date. We have not granted options with reload features since March 1, 2004, and do not plan to grant options with reload features in the future.

- Deferred Stock Units are awarded to participants who elect to defer a portion or all of their STIP or LTIP awards.
- o For participants who elected this option for all or a portion of their 2009 STIP and/or 2010 STIP, the deferred portion was converted into deferred stock units

having a fair market value as of the date of conversion of 120% of the amount deferred. Those stock units are paid in stock, reduced by an amount necessary to cover taxes, plus any accrued dividends, three years following the year in which the award was earned. A participant who terminates prior to such date for reasons other than death, disability or retirement, receives only the base number of units (equal to 100% of the amount deferred on the date of conversion) in stock and any accrued dividends. A participant who terminates prior to such date for death, disability or retirement, receives the base number of units and a pro-rata portion of the 20% premium units and any accrued dividends. Upon a change of control, all units, including the premium, are paid in full immediately. Beginning with the 2011 STIP, participants no longer have the option to defer into deferred stock units.

- o For participants who elect to defer all or a portion of the equity portion of their LTIP, the funds are converted into deferred stock units having a fair market value as of the date of the conversion. LTIP deferrals do not receive the 20% premium that is awarded with respect to STIP deferrals. Deferrals of the cash portion of an LTIP award will be paid in cash and deferrals of the equity portion of an LTIP award will be paid in stock, but otherwise the deferrals have the same features as described above.
- Restricted Stock Units were awarded as part of the 2009, 2010 and 2011 LTIP. The 2009 LTIP RSUs were time-based, vesting in February 2012, and paid out in cash at the end of the three-year period. The 2010 LTIP RSUs are performance-based and will be paid in cash following the end of the three-year period based on our performance against the ROIC metrics relative to internal and peer group performance set by the Committee at the start of the three-year period. There is a 200% cap on a performance-based RSU award payment. RSUs awarded as part of the 2011 LTIP are performance-based and will be paid in stock following the end of the three-year period based on our performance against the ROIC metrics relative to internal and peer group performance set by the Committee at the start of the three-year period.

Long-Term Incentive Plans

2009 LTIP

In February 2009, in order to be consistent with its desire to align the interests of executive officers with those of our shareholders by providing a significant portion of Total Compensation in equity-based awards, the Committee approved the 2009 LTIP for executive officers with the following structure: (i) 65% non-qualified stock options, (ii) 20% restricted stock units (“RSUs”), and (iii) 15% restricted shares. Stock options have a ten-year term and vest ratably over three years. The RSUs were scheduled to pay out in cash at the end of the three-year plan period, which ended on December 31, 2011. The restricted stock cliff vests after three years.

The target 2009 LTIP awards for our Named Executives continued to be set as a percentage of our Named Executives’ base salary and the percentages were increased to reflect that their targeted Total Compensation was below the 50th percentile at that time. Our CEO’s target was 385% of annual base salary; our Vice President, Chief Financial Officer’s target was 155% of annual base salary; our Vice President, Global Operations and our former Vice President, International were set at 130% of annual base salary; and our Vice President, Administration was 120% of annual base salary. Our Vice President, Americas, was not a Named Executive in 2009.

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2010 LTIP

For the 2010 LTIP, in light of the increased ability to forecast performance given the improvements in the global economy and the desire to incent long-term operational performance improvements, the Committee added performance-based shares to the LTIP design. Therefore, in February 2010, the Committee approved the 2010 LTIP for executive officers with the following structure: (i) 65% non-qualified stock options, (ii) 20% new performance-based RSUs, and (iii) 15% restricted shares. The performance-based RSUs are to be paid in cash at the end of the three years if the performance target is achieved. The performance target used for the 2010-2012 RSUs is a ROIC metric relative to internal and peer group performance metrics. Our executive officers will be eligible to receive 0-200% of their performance-based RSU target. ROIC is defined as: $\text{Operating Profit} / (\text{Total Assets} - \text{Cash} - \text{Short-Term Investments}) - (\text{Total Liabilities} - \text{Debt})$.

The target 2010 LTIP awards continued to be set as a percentage of our Named Executives' base salary, but were reduced to bring their long-term compensation in line with 75th percentile market levels. Our CEO's target was 275% of annual base salary; our Vice President, Chief Financial Officer's target was 125% of annual base salary; our former Vice President, International and Vice President, Global Operations target was 110% of annual base salary; and our Vice President, Administration target was 100% of annual base salary. Our Vice President, Americas was not a Named Executive in 2010.

2011 LTIP

For the 2011 LTIP, in order to increase focus on long-term improved profitability, the Committee increased by 20% the amount of shares tied to performance. Therefore, in February 2011, the Committee approved the 2011 LTIP for executive officers with the following structure: (i) 40% non-qualified stock options, (ii) 40% performance-based RSUs using ROIC as the metric, and (iii) 20% restricted shares. With respect to the 2011-2013 LTIP, the performance-based RSUs will be paid in shares, rather than cash, at the end of the three years if the performance target is achieved.

The target 2011 LTIP awards continued to be set as a percentage of our Named Executives' base salary at approximately the 75th percentile market levels (additional information is set forth above under "Factors Considered in Setting Compensation Levels"). Our CEO's target was 275% of annual base salary; our Vice President, Chief Financial Officer's target was 125% of annual base salary; our Vice President, Americas, Vice President, Global Operations, and former Vice President, International target was 110% of annual base salary; and our Vice President, Administration target was 100% of annual base salary.

The number of stock options granted to each Named Executive was calculated as follows: our Named Executives' total target bonus in dollars, multiplied by 40% (the allocation of the 2011 LTIP to options), divided by the Black Scholes valuation, divided by the market price of our Company's stock at the time of grant, which was \$40.21. This calculation resulted in 39,557 non-qualified stock options being granted to our CEO, and an average of 8,062 non-qualified stock options for all other Named Executives.

The number of RSUs and restricted shares granted to each of our Named Executives was calculated by multiplying our Named Executives' total target bonus in dollars by the percentage of the 2011 LTIP award allocated to RSUs or restricted shares (40% and 20%, respectively) and dividing that by \$40.21. RSUs granted under the 2011 LTIP were 16,346 for our CEO and an average of 3,332 for all other Named Executives. Restricted shares granted were 8,173 for our CEO and an average of 1,666 for all other Named Executives.

For specific grants to our Named Executives, see the Summary Compensation Table and the table relating to Grants of Plan-Based Awards in 2011. For an explanation of why the grant size varied by Named Executive, see above section on “Setting Compensation Levels.”

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2012 LTIP

For the 2012 LTIP, the Committee approved the same structure as the 2011 LTIP. With respect to the 2012-2014 LTIP, the performance-based RSUs will be paid in shares at the end of the three years if the performance target is achieved.

Other Plans, Agreements and Special Payments

Executive officers may also receive payments through various other agreements and plans or in the event of special circumstances. These agreements and plans are typically required in the competitive environment to attract and retain talent.

Retirement Plans

Our Named Executives are generally eligible to participate in the broad-based pension and welfare benefit programs that we sponsor, including the following qualified retirement plans:

Tennant Company Profit Sharing and Employee Stock Ownership Plan (“Profit Sharing Plan”). This plan is available to all eligible employees, as defined by the plan, and allows for pre-tax elective deferrals and a Company matching contribution of up to 3% of eligible compensation up to \$245,000. In addition, the plan allows profit sharing contributions by us based on our annual OP performance. This additional profit sharing contribution is paid into each eligible employee’s account under the plan unless the amount exceeds 3.5% of eligible compensation, in which case, 3% is paid into the eligible employee’s account under the plan and the balance of the actual calculated profit sharing amount is paid in cash to the employee. For 2011, the OP goal was \$52.3 million and our Company achieved \$53.9 million, which, under the terms of the plan, resulted in a profit sharing contribution equal to 3.24% of eligible compensation up to \$245,000.

Tennant Company Pension Plan. This plan is a non-contributory defined benefit retirement plan that covers only those employees, including Named Executives, who were active participants in the Pension Plan on December 31, 2000, and who elected to continue participation under the Pension Plan sponsored by our Company. This plan was frozen and closed to new employees as of December 31, 2000.

Non-Qualified Deferred Compensation

In addition to tax-qualified retirement benefits provided under the plans referenced above, our executive officers are eligible for supplemental non-qualified pension benefits under the Tennant Company Executive Non-Qualified Deferred Compensation Plan. The intention of this portion of the plan is to provide participating individuals with benefits that would otherwise be available to them under our tax-qualified plans but for the application of limitations on benefits to highly compensated employees imposed by the Internal Revenue Code of 1986. In addition, the Tennant Company Executive Non-Qualified Deferred Compensation Plan allows participants to defer the receipt of salary and incentive payments. The plan was amended in 2004 to give our non-management directors the ability to defer their annual retainers and meeting fees. The plan is unfunded, meaning our obligation to make payments under the plan is unsecured. Specifically, this plan permits the following:

Executive Officer and Non-Management Director Deferred Compensation

- Executive officers may elect to defer three elements of their Total Compensation: base salary, STIP payouts and LTIP payouts. Our Named Executives may elect to defer 0-25% of their base salary, 0-100% of their STIP payout

and 0-100% of their LTIP payout.

- Non-management directors may elect to defer all or a portion of their annual retainer and committee meeting fees. They may elect to defer 0%, 50% or 100% of their annual retainer and 0% or 100% of their meeting fees.
 - The interest rate earned on deferrals in 2011 was 4.28%.

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Defined Contribution Features

- Certain management and executive employees may defer income on a pre-tax basis in excess of the deferral amounts allowed under our tax-qualified Profit Sharing Plan.
- Participating management and executive employees may receive discretionary Company contributions under this plan in the form of excess profit sharing and matching contributions not available to them under the Profit Sharing Plan.

Defined Benefit Feature

- A defined benefit portion of the plan is intended to provide benefits not otherwise available to participants in the frozen tax-qualified Tennant Company Pension Plan.

Participants' accounts are fully vested at all times except that a participant forfeits all Company discretionary matching contributions and profit sharing contributions in the event of termination for cause. Pursuant to this plan, "cause" means (i) the participant's gross negligence, fraud, disloyalty, dishonesty or willful violation of any law or significant policy, to the extent committed in connection with the position or (ii) the participant's failure to substantially perform (for reasons other than disability) the duties reasonably assigned or appropriate to his or her position. In each case, the participant's behavior must have resulted in a material adverse effect on our Company or an affiliate.

The plan came into existence on January 1, 2003, when we merged the Tennant Company Excess Benefit Plan into the Tennant Company Deferred Compensation Plan. The Plan was amended on June 15, 2004, to add the non-management directors' deferral component. By Committee action, the Plan was subsequently amended on December 18, 2006, and again on December 17, 2008, to account for changes to the Internal Revenue Code §409A, which governs non-qualified deferral plans, and to allow deferral of payments upon settlement of DSUs in the form of stock units, and again on January 1, 2009, to comply with final §409A regulations. As a result of these regulatory changes, the Plan accommodates different benefit commencement dates depending on when amounts were deferred or contributed and which account within the Plan was selected by the employee. Benefits attributable to amounts contributed or deferred after January 1, 2003, and allocated to Account A, commence distribution within an administratively feasible time following the participant's termination date, or if necessary to comply with Internal Revenue Code §409A, the payment will be delayed at least six months following termination. Benefits attributable to amounts deferred by a participant after January 1, 2003, and allocated to Account B, commence distribution on the date specified by the participant in the participant's Deferral Election Agreement. Such distribution may not be earlier than two years following the beginning of the plan year in which the deferrals first began, unless the participant terminates, in which case distribution may occur within an administratively practicable period following termination, or if necessary to comply with Internal Revenue Code §409A, the payment will be delayed at least six months following termination.

Benefits attributable to deferrals made after January 1, 2003, Company contributions, and gains and losses credited thereon, are payable in either a lump sum or in quarterly installments over a period of up to ten years. Benefits attributable to deferrals made prior to January 1, 2003, are payable in accordance with the participant's Deferral Election Agreement which was executed prior to January 1, 2003.

Executive Employment Agreements and Management Agreements

The Committee has determined that we should provide certain post-termination benefits to our executive officers to obtain the benefits of their services and attention to our affairs. In exchange for the benefits we provide, our executive

officers are required to agree to certain confidentiality, non-competition and cooperation covenants, which our Committee believes are valuable to us when an executive's employment terminates. In addition, the Committee believes that we should provide an inducement for our executive officers to remain in the service of our Company in the event of any proposed or anticipated change in control of our Company in order to facilitate an orderly transition in the event of a change in control of our Company, without placing the executive in a position where he or she is concerned about being terminated without compensation in connection with such a transaction. We also require executive officers to sign a release of their claims against us as a condition to receiving payments from us, and this release and the other covenants are more likely to be

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enforceable as a result of the benefits we provide to employees under these agreements. For these reasons, we have entered into Executive Employment Agreements and Management Agreements with our executive officers, including the Named Executives, the terms of which are described below under “Potential Payments upon Termination or Change in Control.”

Generally, the agreements only provide for benefits in the event the executive is terminated without cause; however, certain benefits are also provided if the executive voluntarily terminates his or her employment for good reason. The Committee believes that a termination by an executive for good reason may be conceptually the same as termination by our Company without cause. This is particularly true in the case of a change in control where a potential acquirer would otherwise have an incentive to constructively terminate the executive’s employment to avoid paying severance benefits. As a result, the definition of good reason in the context of a termination following a change in control is broader than the definition that applies to a termination prior to a change in control. These good-reason definitions are described below under “Potential Payments upon Termination of Change in Control.” No payments become due merely upon a change in control, but rather only if the executive officer’s employment is terminated without cause or if the executive officer terminates for good reason following the change in control, which is often referred to as a “double trigger.”

The form and level of benefits provided under these agreements have been approved by the Committee based on historical practices at our Company and general information about the level of benefits provided by other companies with whom we compete for executive talent.

Our equity awards for all employees generally provide for acceleration of vesting, or lapse of restrictions, upon a change in control. The Committee believes that acceleration upon a change in control is appropriate to minimize the risk that executive officers might favor a particular transaction based on the likely impact on the executive officer’s equity awards, to increase the likelihood that the employees will remain with the Company after becoming aware of a pending or threatened change in control, and due to the increased likelihood that employees may be terminated by a successor through no fault of their own.

Compensation Policies

Recoupment Policy

In February 2010, our Board added a recoupment policy to our cash incentive plan and our equity award agreements, which provides that, in the event our Company is required to restate its financial results, then our Board, in its discretion, may require certain recipients of such payments to forfeit their equity awards and pay back to our Company the net proceeds from any cash incentive payment and proceeds from the sale of shares received under the equity awards. The amount of the repayment for any cash incentive award is the difference between the amount paid to the employee less the amount that would have been paid based on the restated results. The policy is applicable to all employees designated as access persons under our insider trading policy (persons with access to detailed financial and other insider information, a group that includes all executive officers). The amount of any equity award repayment may include dividends paid on the shares.

Prohibition on Hedging and Pledging

In February 2010, our Board amended our insider trading policy with respect to access persons to prohibit speculative trading or hedging of positions in Tennant securities, including writing or trading in options, warrants or any other derivatives of Tennant securities, or entering into any transactions designed specifically to protect or hedge against a decrease in value of Tennant securities. It also prohibits pledges of any Tennant securities (e.g., pledge to a bank or financial institution as collateral for a loan, or pledge to a broker in connection with a market transaction, such as a

margin loan or prepaid forward sale contract).

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Granting of Equity Awards

In December 2007, we adopted an equity award approval policy to ensure that all equity awards are approved pursuant to proper authority, following a consistent process, and are reflected in appropriate documentation. Under the policy, equity awards that have an exercise price or number of shares that are based on the fair market value of our stock on the date of grant are only granted at times when trading is permitted under our insider trading policy. This policy ensures that the exercise price or number of shares is determined by reference to a stock price that reflects current public information about our Company. The policy includes procedures for granting equity awards to our executive officers and non-management directors, as well as all other employees. Under our plans, the exercise price of stock options is based on the fair market value on the date of grant. Our plans define fair market value as the closing price of our common stock on the preceding trading day.

Executive Officer Stock Ownership Guidelines

To align our executive officers' interests with our shareholders' interests, the Committee expects our executive officers to acquire significant equity ownership. We adopted these guidelines in 1993 and revised them last in 2004. The current guidelines require that within five years of service in an executive role, each executive must have achieved an equity ownership level equal to a specified multiple of his or her base salary.

The minimum equity ownership levels are five times annual base salary for our CEO and one times annual base salary for the other Named Executives. Ownership levels are calculated based on actual shares owned plus the estimated after-tax value of restricted and unrestricted shares, deferred stock units, shares held under our benefit plans and potential gains from vested and unvested options. The calculation uses a stock value as of the close of market on December 31 of the year immediately preceding the year of calculation.

Executive officers who have held executive positions with us for five years or more have achieved their goals. Newer executive officers are on pace for achieving their ownership targets well within the five-year range.

Internal Revenue Code §162(m)

We seek to structure our compensation programs, where possible, to qualify for exemptions from the deduction limitations under Internal Revenue Code Section 162(m). Section 162(m) limits the deductibility of compensation paid to our covered officers to \$1 million per year. This limitation does not apply to "performance-based compensation" that complies with Section 162(m). One of the conditions for qualification as "performance-based compensation" is that our shareholders must approve the material terms of the performance measures and reapprove those material terms every five years.

Certain of our compensation programs, including our 2009 Short-Term Incentive Plan and our Stock Incentive Plan, are designed so that certain payments made under those plans qualify for the exemption from the deduction limitations of this section. The Committee retains the authority to authorize the payment of compensation that may not be deductible if it believes such payments would be in the best interests of our Company and our shareholders.

Compensation Committee Interlocks and Insider Participation

The Committee is comprised entirely of independent, outside directors. No employee of our Company serves on the Committee. The Committee members have no interlocking relationships as defined by the SEC.

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Compensation Committee Report

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

Members of our Compensation Committee

Stephen G. Shank (Chair) William F. Austen James T. Hale
 Donal L. Mulligan Steven A. Sonnenberg David S. Wichmann

Summary Compensation Table

The following table sets forth the cash and non-cash compensation awarded to, earned by or expensed with respect to each person who served as Chief Executive Officer or Chief Financial Officer, the three other most highly compensated executive officers for 2011 and an individual for whom disclosure would have been provided but for the fact that he was not serving as an executive officer at the end of 2011. The individuals set forth in this table comprise the list of Named Executives.

Name and Principal Position	Year	Salary \$(2)	Stock Awards \$(3)	Option Awards \$(4)	Non-Equity Incentive Plan Compensation \$(5)	Change in Pension Value and Non-qualified Deferred Compensation Earnings \$(6)	All Other Compensation \$(7)	Total (\$)
H. Chris Killingstad President and Chief Executive Officer	2011	622,694	964,005	657,354	719,148	119	134,412	3,097,732
	2010	593,312	745,497	1,038,444	1,064,744	—	120,579	3,562,576
	2009	602,438	655,768	492,744	972,758	—	62,050	2,785,758
Thomas Paulson Vice President and Chief Financial Officer	2011	353,364	252,767	172,344	212,921	22	55,570	1,046,988
	2010	342,222	195,459	272,263	321,404	—	50,097	1,181,445
	2009	347,485	152,280	114,424	292,740	—	33,370	940,299
Thomas J. Dybsky Vice President, Administration	2011	294,124	168,315	114,763	132,920	181,369	43,350	934,841
	2010	284,850	130,168	290,207	201,069	140,130	41,656	1,088,080
	2009	289,231	98,145	73,736	182,748	123,477	29,788	797,125
Andrew J. Eckert Vice President, Americas	2011	296,058	177,476	121,012	144,265	15	48,247	787,073
Don B. Westman Vice President, Global Operations	2011	327,896	206,413	140,737	164,647	396	47,887	887,976
	2010	317,558	159,621	222,319	248,852	—	44,636	992,986
	2009	322,442	118,530	89,051	226,369	—	35,796	792,188

Karel Huijser	2011	362,839	177,476	121,012	—	39,269	1,156,866	1,857,462
Former Vice	2010	396,855	159,621	222,319	276,025	49,706	103,354	1,207,880
President	2009	415,164	141,823	106,569	286,799	53,159	112,525	1,116,039

, International

(1)

(1) On June 28, 2011, our Company delivered a notice to Mr. Huijser to commence a 120-day period that concluded his employment with our Company on October 31, 2011. Effective June 28, 2011, Mr. Huijser resigned his position with our Company. On June 28, 2011, our Company and Tennant N.V., a wholly-owned subsidiary of our Company, entered into a Settlement Agreement with Mr. Huijser. The amounts reflected were paid pursuant to the Settlement Agreement which takes into account those amounts required to be paid under his executive employment agreement (Services Agreement dated August 16, 2006), as well as resolution of payments under Dutch and Belgium law. For 2011, currency is converted from Euros to U.S. Dollars using the daily average exchange rate between January 1, 2011 and October 31, 2011 which was 1.40371. Unless otherwise noted, this exchange rate has been utilized on all applicable compensation tables for Mr. Huijser. For 2010, currency was converted from Euros to U.S. Dollars using the daily average

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exchange rate of 1.3370 on December 31, 2010. For 2009, currency was converted from Euros to U.S. Dollars using the daily average exchange rate of 1.4316 on December 31, 2009.

- (2) The 2009 salary represents one additional pay period as compared to 2010 and 2011.
- (3) Amounts represent the aggregate grant date fair value of restricted stock awards and restricted stock units that were granted in each fiscal year, as computed in accordance with FASB ASC Topic 718. See Footnote 15 to our financial statements for the year ended December 31, 2011, for the assumptions used in this calculation. Assuming the highest level of performance is attained, for 2011 the grant date fair value of the award on the date of grant would have been as follows: Mr. Killingstad, \$1,599,374; Mr. Paulson, \$419,364; Mr. Dybsky, \$279,250; Mr. Eckert, \$294,436; Mr. Westman, \$342,458; and Mr. Huijser, \$294,436.
- (4) Amounts represent the aggregate grant date fair value of stock options that were granted in each fiscal year, as computed in accordance with FASB ASC Topic 718. See Footnote 15 to our financial statements for the year ended December 31, 2011, for the assumptions used in this calculation.
- (5) For 2011, amounts reflect payments earned under our 2011 Short-Term Incentive Plan. For 2010, amounts reflect payments earned under our 2010 Short-Term Incentive Plan and an additional contribution made under our Profit Sharing Plan based on annual Company performance. As we exceeded our financial goals for 2010, all eligible employees, including our Named Executives, were entitled to receive, in addition to the 3% of eligible compensation matching contribution into their 401(k) account, an additional 0.60% of eligible compensation in cash. For 2009, amounts reflect payments earned under the 2009 Short-Term Incentive Plan.
- (6) Amounts represent the change in the present value of the accrued benefit for the last fiscal year. The present value as of December 31, 2011, was calculated by discounting the accrued benefit payable at normal retirement age using a 4.4% discount rate for the Pension Plan benefit, and 4.3% for the Excess Benefit Plan, and the RP-2000 Combined Health Mortality Table for males and females, with generational mortality projected using Scale AA. In 2011, amounts include above-market earnings on non-qualified deferred compensation, using 120% of the applicable federal long-term rate as the basis for market earnings. The present value as of December 31, 2010, was calculated by discounting the accrued benefit payable at normal retirement age using a 5.4% discount rate for the Pension Plan benefit, and 5.2% for the Excess Benefit Plan, and the RP-2000 Combined Health Mortality Table for males and females, with generational mortality projected using Scale AA. The present value as of December 31, 2009, was calculated by discounting the accrued benefit payable at normal retirement age using a 5.9% discount rate for the Pension Plan benefit, and 5.6% for the Excess Benefit Plan, and the RP-2000 Combined Health Mortality Table for males and females, with generational mortality projected using Scale AA.
- (7) All Other Compensation for 2011 consists of the following:

Name	Profit Sharing Plan			Perquisites		Perquisite Allowance (\$)	Spousal Travel (\$)	Gross-ups (\$)	Severance (\$)	Other (\$)	Total (\$)
	Match (\$)	Profit Sharing (\$)	Excess (\$)	Education (\$)	Car (\$)						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
H. Chris Killingstad	7,350	7,938	89,422	—	—	29,600	—	—	—	—	134,412
Thomas Paulson	7,350	7,938	26,580	—	—	13,600	—	—	—	102	55,570
Thomas J. Dybsky	7,350	7,938	15,437	—	—	12,625	—	—	—	—	—43,350

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Andrew J. Eckert	7,350	7,938	15,108	—	—	12,000	3,869	1,880	—	102	48,247
Don B. Westman	7,350	7,938	20,497	—	—	12,000	—	—	—	102	47,887
Karel Huijser	—	—	—	38,462	24,972	12,000	—	—	446,533	634,899	1,156,866

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- (a) Reimbursements for dependent education paid by us pursuant to Mr. Huijser's Services Agreement.
- (b) Company car expenses paid for Mr. Huijser in accordance with his Services Agreement.
- (c) In lieu of executive perquisites, we provided a cash payment. Amount also includes reimbursement by our Company for an executive medical examination for Messrs. Killingstad, Paulson and Dybsky.
- (d) Spousal travel expenses paid in connection with sales incentive trips where Mr. Eckert and spouse were expected to entertain high performing sales representatives and their respective spouses.

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(e) Amount represents the gross-up portion for Mr. Eckert's spousal travel.

(f) Mr. Huijser received the following payments under the Settlement Agreement referred to above: fees for tax preparation \$1,621, legal assistance \$20,754 and a lump sum bonus payment in lieu of any 2011 Short-Term Incentive Plan payment and other negotiated amounts to resolve matters under local Dutch and Belgium requirements \$612,524. Amounts for Messrs. Killingstad, Paulson, Eckert and Westman represent life insurance premiums paid by our Company.

GRANTS OF PLAN-BASED AWARDS IN 2011

Name	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		Estimated Future Payouts Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock Underlying	All Other Option Awards: Number of Securities or Base Price of Option Awards	Exercise Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
			Threshold Target (\$)(1)	Maximum Target (\$)(2)	Threshold Target (\$)(3)	Maximum Target (\$)(4)				
H. Chris Killingstad	2/25/2011	2/16/2011			8,173	16,346	32,692			635,36
	2/25/2011	2/16/2011						8,173		328,63
	2/25/2011	2/16/2011							39,557	40.21 657,35
			358,049	716,098	2,000,000					
				8,390						
Thomas Paulson	2/25/2011	2/16/2011			2,143	4,286	8,572			166,59
	2/25/2011	2/16/2011						2,143		51,88
	2/25/2011	2/16/2011							10,371	40.21 172,34
			106,009	212,018	636,054					
				3,355						
Thomas J. Dybsky	2/25/2011	2/16/2011			1,427	2,854	5,708			110,93
	2/25/2011	2/16/2011						1,427		34,54
	2/25/2011	2/16/2011							6,906	40.21 114,76
			66,178	132,356	397,067					
				2,462						
Andrew J. Eckert	2/25/2011	2/16/2011			1,505	3,009	6,018			116,96
	2/25/2011	2/16/2011						1,505		36,43
	2/25/2011	2/16/2011							7,282	40.21 121,01
			74,014	148,029	444,086					
				2,436						
Don B. Westman	2/25/2011	2/16/2011			1,750	3,500	7,000			136,04
	2/25/2011	2/16/2011						1,750		42,36
	2/25/2011	2/16/2011							8,469	40.21 140,73
			81,974	163,948	491,844					

			2,867					
Karel Huijser	2/25/2011	2/16/2011		1,505	3,009	6,018		116,96
	2/25/2011	2/16/2011					1,505	36,34
	2/25/2011	2/16/2011					7,282	40.21 121,01
			107,967	215,933	647,800			

(1) The threshold amount represents a minimum performance that results in a payout equal to 50% of the target award under our 2011 Short-Term Incentive Plan.

(2) The amount represents the target amount under our 2011 Short-Term Incentive Plan and the target cash payout under our Profit Sharing Plan. All eligible employees, including our Named Executives, except Mr. Huijser, are also entitled to receive a Profit Sharing Plan contribution if certain performance targets are met. At target, the Profit Sharing Plan contribution would be 3% of eligible compensation and would be paid into the employee's respective 401(k) account. Amounts earned over the 3% target are paid as follows: (i) any Profit Sharing contribution under 3.5% is paid into the employee's 401(k) account and (ii) any Profit Sharing contribution over 3.5% is paid by a 3% contribution to the employee's 401(k) account and the excess over 3% is paid to the employee in cash. For 2011, the profit sharing contribution, according to the terms of the Profit Sharing Plan, was 3.24% of eligible compensation, all of which was paid into the employee's

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respective 401(k) accounts. Additional information is contained in the Retirement Plans section under “Compensation Discussion and Analysis.”

(3) The maximum payout under our 2011 Short-Term Incentive Plan is 300% of target and no Named Executive may receive a payout in excess of \$2 million.

(4) The exercise price is based on the closing price on the last trading day prior to the date of grant.

OUTSTANDING EQUITY AWARDS AT 2011 FISCAL YEAR-END

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)(2)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(3)	Market Value or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)(4)	
H. Chris Killingstad	20,000	—	20.995	04/08/2012				
	14,800	—	15.375	02/19/2013				
	12,400	—	15.375	02/19/2013				
	19,200	—	20.815	02/17/2014				
	139,501	69,750	10.08	02/27/2019				
	38,528	77,055	24.21	02/26/2020				
	—	39,557	40.21	02/25/2021				
					52,060	2,023,573		
							21,352(5)	829,952
Thomas Paulson	10,000	—	24.995	03/23/2016				
	32,395	16,197	10.08	02/27/2019				
	10,102	20,202	24.21	02/26/2020				
	—	10,371	40.21	02/25/2021				
					12,631	490,967		
							5,598(5)	217,594
Thomas J. Dybsky	3,118	—	17.45	02/21/2012				
	13,800	—	15.375	02/19/2013				
	11,000	—	20.815	02/17/2014				

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	15,000	—	23.71	11/08/2015				
	20,875	10,438	10.08	02/27/2019				
	6,727	13,452	24.21	02/26/2020				
	5,696	—	36.68	02/21/2012				
	2,837	—	36.68	02/21/2012				
	—	6,906	40.21	02/25/2021				
					8,242	320,349		
							3,728(5)	144,907
Andrew J. Eckert	15,000	—	23.71	11/08/2015				
	311	—	32.33	02/19/2013				
	1,296	—	43.83	02/19/2013				
	138	—	34.81	02/19/2013				
	11,738	9,369	10.08	02/27/2019				
	3,022	—	27.34	02/17/2014				
	6,038	12,074	24.21	02/26/2020				
	—	7,282	40.21	02/25/2021				
					7,621	296,228		
							4,750(5)	184,613
							(6)	
Don B. Westman	6,000	—	27.44	10/30/2016				
	15,211	12,606	10.08	02/27/2019				
	8,249	16,496	24.21	02/26/2020				
	—	8,469	40.21	02/25/2021				
					10,012	389,148		
							4,572(5)	177,714
Karel Huijser	—	—	—		—	—	—	—

(1) Stock options granted with a ten-year term become exercisable in 33.33% increments on each annual anniversary of the date of the grant.

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- (2) Options vest in 33.33% increments on each annual anniversary of the date of the 2/27/2009, 2/26/2010 and 2/25/2011 grant dates.
- (3) Restricted stock awards granted on 2/27/2009 vested 100% on 2/27/2012. Restricted stock awards granted on 2/26/2010 will vest 100% on 2/26/2013. Restricted stock awards granted on 2/25/2011 will vest 100% on 2/25/2014.
- (4) The average return on invested capital for the three-year period ending 12/31/2011 exceeds threshold; therefore, the 2010 LTIP awards are reflected at target. The 2011 LTIP awards are reflected at threshold.
- (5) 2010 LTIP award will vest on 12/31/2012 and 2011 LTIP will vest on 12/31/2013 if the specified performance conditions are met.
- (6) Includes 2009 STIP DSU 20% premium award of 705 units granted on 2/26/2010 that will vest on 2/26/2013 and 2010 STIP DSU 20% premium award of 475 units granted on 2/25/2011 that will vest on 2/25/2014.

OPTION EXERCISES AND STOCK VESTED IN 2011

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
H. Chris Killingstad	20,000	409,168	—	—
Thomas Paulson	—	—	—	—
Thomas J. Dybsky	400	10,042	3,550	144,308
Andrew J. Eckert	5,792	65,773	2,236	90,893
Don B. Westman	10,000	334,200	—	—
Karel Huijser	23,334	578,358	—	—

Tennant Company Pension Plan

The Tennant Company Pension Plan provides fixed retirement benefits for certain employees of our Company. The Plan is open to employees hired on or before December 31, 2000, who met the Plan's participation requirements on or before that date and who elected to remain in the Plan after December 31, 2000. No employees hired on or after January 1, 2001, are eligible to participate in this plan. The Tennant Netherlands Pension Plan is still open for new enrollment.

Under our Pension Plan, the normal monthly retirement benefit is calculated as the participants' years of credited services up to 30 years, times the difference between (a) 1.4% of the participants' Final Average Monthly Earnings and (b) the lesser of .609% of the participants' Final Average Monthly Earnings, 1/12 of the participants' Final Average Compensation, or 1/12 of Social Security Covered Compensation. Participants may retire with an unreduced benefit at age 65, or, if earlier, when the sum of their age and service is equal to or greater than 85. Optional forms of benefit may be elected that are actuarially equivalent to the normal form of benefit. Currently under ERISA, as amended, the maximum annual amount that can be paid during 2010 to any individual is \$245,000. Amounts in excess of that maximum as well as amounts based on compensation that are excluded from the Plan formula by ERISA or the terms of the Plan are covered under the Tennant Company Excess Benefit Plan.

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Tennant Company Excess Benefit Plan

The Tennant Company Excess Benefit Plan is a component of the Tennant Company Executive Deferred Compensation Plan that provides additional retirement benefits for selected highly compensated employees participating in the Tennant Company Pension Plan. Employees participating in the Excess Benefit Plan will receive a retirement benefit equal to the additional benefits which would have been provided under our Pension Plan if (a) the limitations imposed by Sections 401(a)(17) and 415 of the Internal Revenue Code were not applicable, and (b) management bonuses were included in certified earnings, and (c) compensation deferred under the terms of our Executive Deferred Compensation Plan were included in certified earnings for the plan year in which such amounts would have been paid in the absence of the deferral.

PENSION BENEFITS FOR 2011

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)
H. Chris Killingstad	Tennant Pension Plan	—	—
	Tennant Executive Deferred Compensation Plan	—	—
Thomas Paulson	Tennant Pension Plan	—	—
	Tennant Executive Deferred Compensation Plan	—	—
Thomas J. Dybsky	Tennant Pension Plan(1)	13.25	416,849
	Tennant Executive Deferred Compensation Plan(2)	13.25	332,654
Andrew J. Eckert	Tennant Pension Plan	—	—
	Tennant Executive Deferred Compensation Plan	—	—
Don B. Westman	Tennant Pension Plan	—	—
	Tennant Executive Deferred Compensation Plan	—	—
Karel Huijser	Tennant Netherlands Pension Plan (3)	5.00	242,944

(1) The present value as of December 31, 2011, was calculated by discounting the accrued benefit payable at normal retirement age using a 4.4% discount rate for our Pension Plan benefit, and 4.3% for our Excess Benefit Plan, and the RP-2000 Combined Health Mortality Table for males and females, with generational mortality projected using Scale AA.

(2) Defined Benefit portion of our Non-qualified Deferred Compensation Plan. These amounts are not included in the Non-qualified Deferred Compensation Table.

(3) Amount reflects Company contributions to Mr. Huijser's Pension Plan.

Non-Qualified Deferred Compensation for 2011

Three elements of Total Compensation may be deferred: base salary, STIP payouts and LTIP payouts. Our Named Executives may elect to defer 0-25% of their base salary, 0-100% of their STIP payout and 0-100% of their LTIP payout.

The interest rate for 2011 Non-Qualified Deferred Compensation was 4.28%. This amount was calculated based on the ten-year bond rating as of December 13, 2010, with one percentage point being added to yield the interest rate of 3.28%.

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NON-QUALIFIED DEFERRED COMPENSATION IN 2011

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$)(2)	Aggregate Earnings in Last FY (\$)(3)	Aggregate Balance at Last FYE (\$)(5)
H. Chris Killingstad	—	89,422	12,731	393,826
Thomas Paulson	—	26,580	2,340	82,532
Thomas J. Dybsky	—	15,437	19,350(4)	526,001
Andrew J. Eckert	—	15,108	1,621	53,877
Don B. Westman	246,563(1)	20,497	42,367	1,237,659
Karel Huijser	—	—	—	—

- (1) Amount represents 25% of Mr. Westman's 2011 base salary and 100% of his 2011 STIP.
- (2) Also included in the All Other Compensation column of the Summary Compensation Table.
- (3) Amounts represent above-market earnings on non-qualified deferred compensation and are included under Change in Pension Value and Non-qualified Deferred Compensation Earnings in the Summary Compensation Table. Above-market earnings are computed using 120% of the applicable federal long-term rate as the basis for market earnings in the following amounts: (a) Mr. Killingstad, \$119; (b) Mr. Paulson, \$22; (c) Mr. Dybsky, \$181; (d) Mr. Eckert, \$15; and (e) Mr. Westman, \$396.
- (4) Includes deferred stock units that will be settled in Common Stock.
- (5) In addition to amounts reported in the Summary Compensation Table for 2011, as reflected in Footnote 1 above, the following amounts were reported as compensation for our Named Executives in the Summary Compensation Table for prior years: (a) Mr. Killingstad: in 2006, \$76 of Non-Qualified Deferred Compensation Earnings and \$35,583 of All Other Compensation; in 2007, \$51,577 of All Other Compensation; in 2008, \$35,076 of All Other Compensation; in 2009, \$21,982 of All Other Compensation; and in 2010, \$79,264 of All Other Compensation; (b) Mr. Paulson: in 2006, \$181 of All Other Compensation; in 2007, \$8,791 of All Other Compensation; in 2008, \$12,314 of All Other Compensation; in 2009, \$6,303 of All Other Compensation; and in 2010, \$23,397 of All Other Compensation; (c) Mr. Dybsky: in 2006, \$208 of Non-Qualified Deferred Compensation Earnings, \$32,143 of stock awards and \$12,219 of All Other Compensation; in 2007, \$164,487 of Non-Equity Incentive Plan Compensation and \$19,390 of All Other Compensation; in 2008, \$20,027 of Deferred Stock Units and \$7,340 of All Other Compensation; in 2009, \$20,027 of Deferred Stock Units and \$2,720 of All Other Compensation; and in 2010, \$20,027 of Deferred Stock Units and \$13,356 of All Other Compensation; and (d) Mr. Westman: in 2007, \$145,281 of Non-Equity Incentive Plan Compensation and \$2,640 of All Other Compensation; in 2008, \$46,272 of Non-Equity Incentive Plan Compensation and \$11,188 of All Other Compensation; in 2009, \$64,488 of Non-Equity Incentive Plan Compensation and \$8,729 of All Other Compensation; and in 2010, \$305,593 of Non-Equity Incentive Plan Compensation and \$18,336 of All Other Compensation. Mr. Eckert was not a Named Executive in prior years.

Potential Payments upon Termination or Change in Control

We are a party to agreements with our executive officers that together establish the terms of the employment relationship between us and the executive, the terms under which that relationship may be ended, and the rights and obligations of the parties after the employment relationship ends. Collectively these agreements are referred to as the “Executive Agreements” and consist of an Executive Employment Agreement and a Management Agreement. The Executive Agreements for executive officers paid in the United States were modified in 2008 in response to new interpretations and requirements under Sections 162(m) and 409A of the Internal Revenue Code. The Management Agreements were reviewed in 2011 and the Committee approved certain modification to the terms of the Management Agreements that are described below and which became effective on January 1, 2012. Except as noted below, none of the revisions were intended to materially increase the level of benefit collectively provided to each executive or to materially change the events triggering payment of the benefits.

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The Executive Agreements address various termination of employment scenarios, including an executive's involuntary termination without cause, an executive's voluntary termination for good reason, and an executive's death or disability. No severance payments are made to executive officers who are terminated for cause. An executive agrees under the Executive Agreements not to compete with us during employment or for a period of 12 months after employment ends, not to disclose our confidential information during or after employment for as long as the information retains its confidential nature, and not to solicit our employees or customers for a period of 12 months after employment ends. Severance payments as described below under the Executive Agreements are conditioned on an executive remaining in compliance with these requirements, including an obligation to inform us of any potentially competitive activities during the 12-month post-employment period, and signing a release of claims in favor of the Company. The Executive Agreements also provide that severance payments under those agreements will be reduced by the amount of any other severance compensation an executive is eligible to receive from us under any other agreement or plan of ours providing compensation in the event of involuntary termination.

As described below, our equity-based incentive plans and the award agreements under those plans also call for compensation to be provided under certain circumstances in connection with an executive officer's termination of employment or a change in control of our Company.

Executive Employment Agreement

The Executive Employment Agreement describes the rights and obligations of our Company and the executive in connection with the executive's separation from employment in situations other than following or in connection with a change in control. Under the Executive Employment Agreement:

- Upon any termination of employment, an executive will receive any earned but unpaid base salary and STIP payments for the preceding year.
- Upon a termination due to death or disability, an executive (or beneficiary) will also receive base salary through the last day of the calendar month in which the termination occurs.
- Upon termination by us without cause or by the executive for good reason, the executive is entitled to receive (i) an amount equal to one year's base salary, (ii) an amount equal to a pro-rata portion of the award that would have been payable to the executive under the STIP for the year of termination had the executive been employed for the full year, based on the actual performance of objectives, with such amount before proration not to exceed an award based on target performance, and (iii) lump sum cash payment equal to 18 times our Company's portion of the monthly premiums for group medical/dental coverage and group life insurance coverage.
- The timing of the payment of the foregoing amounts is as follows: The executive is paid his or her base salary in accordance with our regular payroll practices for a period of 12 consecutive months following the date of termination. If the payment of base salary exceeds the amount that would cause it to be considered a deferral of compensation under Section 409A of the Internal Revenue Code, the excess will be paid in a lump sum within 2½ months of the termination date. The executive's STIP payment is made at the normal payment date, but in no event later than 2½ months after the end of the STIP plan year. The medical, dental and group life insurance contributions will be paid for a period of up to 12 months after the termination date, unless the executive is no longer eligible for COBRA continuation coverage or fails to timely pay the employee portion of such premiums.

For purposes of the Executive Employment Agreement, "cause" means (i) executive's material breach of the agreement that is not remedied within 30 days after receiving written notice from us, (ii) an executive's dishonest act(s) intended to result in gain or personal enrichment at our expense, (iii) an executive's persistent, willful and deliberate failure to perform his or her duties that constitutes gross neglect and is not remedied within 90 days of receipt of written notice

from us, or (iv) an executive's indictment or conviction for a felony if the underlying acts are substantially detrimental to us or our reputation.

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For purposes of the Executive Employment Agreement, “good reason” means the occurrence of the following without executive’s consent: (i) our material breach of the agreement, or (ii) a material diminution in the executive’s authority, duties or responsibilities other than for cause or on account of disability; provided that in either case the executive gives us notice within 90 days of the first occurrence of the condition and we fail to remedy it within 30 days after receipt of written notice.

Management Agreement

Recognizing the need to retain executive officers in our business if there is a possible change in control, and in order to facilitate an orderly transition in the event of an actual change in control, the Management Agreement provides for severance compensation if an executive is terminated under certain circumstances after or in connection with a change in control. Under the Management Agreement:

- If within three years of a change in control an executive is involuntarily terminated without cause or terminates his or her employment for good reason, then change in control severance compensation consists of (i) an amount equal to three times the executive’s annual compensation, (ii) a pro-rata payment of the executive’s STIP award for the year of termination, assuming all performance targets had been met, and (iii) an amount equal to eighteen times the Company’s portion of the monthly premium cost (as of the termination date) for group medical, dental and basic life insurance coverage, to the extent executive was covered by such plans on the termination date (pursuant to the revisions effective January 1, 2012, this cash payment is in lieu of Company-subsidized benefits continuation during the COBRA continuation period). The payments will be made in a lump sum within 2½ months after the termination date.
- If an executive is involuntarily terminated or terminates his or her employment for good reason prior to an event that would otherwise constitute a change in control, such termination is in connection with or in anticipation of a change in control, and a change in control ultimately occurs, then change in control severance compensation will be payable consistent with the first bullet point above, except that the severance pay will be paid within 2½ months after the change in control.
- If an executive’s employment is terminated due to death or disability, the executive (or beneficiary) will receive base salary paid through the end of the month in which termination occurs.

Pursuant to the revisions effective January 2, 2012, our Company no longer pays severance compensation if the executive voluntarily terminates employment without good reason during the thirteenth month after a change in control.

For purposes of the Management Agreement, “cause” is defined more narrowly than under the Executive Employment Agreement, and means (i) an executive’s persistent, willful and deliberate failure to perform his or her duties that constitutes gross neglect and is not remedied within 90 days of receipt of written notice from us, or (ii) an executive’s indictment or conviction for a felony if the underlying acts are substantially detrimental to us or our reputation.

For purposes of the Management Agreement, “good reason” is defined more broadly than under the Executive Employment Agreement, and includes the following in addition to the factors cited in the Executive Employment Agreement: (i) the executive’s duties, responsibilities, or authority are materially diminished as compared to his or her duties, responsibilities, or authority before the change in control, for reasons other than cause or disability, including but not limited to a material reduction in executive’s budget authority or number of direct reports or executive’s removal from any position or office held; (ii) a material reduction in executive’s base salary or target incentive opportunity; (iii) a material reduction in the authority, duties, or responsibilities of the person to whom executive

reports; (iv) we fail to obtain assumption of the Management Agreement by any successor; (v) we require the executive to relocate to any place other than a location within 25 miles of the location at which the executive performed duties immediately prior to the change in control; or (vi) we require that the executive travel on Company business to a substantially greater degree than required immediately prior to the change in control. For good reason to exist, the executive must give us notice within 90 days of the first occurrence of the good reason condition, we must fail to remedy it within 30 days after receipt

of written notice and the executive must resign within 6 months following the date the executive provided written notice. Pursuant to the revisions effective January 1, 2012, the good reason definition was expanded and clarified, based on peer company data provided by the compensation consultant, and the notice and remedy periods for the Management Agreement and the Executive Employment Agreement are the same.

For purposes of the Management Agreement, “annual compensation” means (i) the executive’s highest annual base salary rate, as established by our Company, in effect during the term of the Management Agreement, plus (ii) the higher of (a) the executive’s target short-term incentive plan award for the plan year that includes the termination date or (b) the average short-term incentive plan award payable to the executive by our Company for the three full plan year period ending immediately prior to the plan year that includes the termination date (or the entire period that executive participated in the short-term incentive plan, if less than three full plan years). For this purpose, annual compensation is calculated prior to any deductions for any elective deferrals the executive may have made to a deferred compensation plan of our Company. (Prior to the revisions effective January 1, 2012, annual compensation was based on an average of taxable compensation from our Company during the executive’s five taxable years preceding the change in control.)

For purposes of the Management Agreement, “change in control” means (i) 50% or more of our directors are individuals who were not appointed by our Board to fill vacancies on the Board or were not supported by our Board for election by our shareholders or, pursuant to revisions effective January 1, 2012, were elected or appointed by our Board in connection with an actual or threatened proxy contest, (ii) 35% or more of our common stock or of the voting power of our securities generally is acquired or beneficially owned by an individual, entity or group (subject to certain exceptions for certain affiliates and employee benefit plans), (iii) we consummate a merger with or into another entity, unless the voting securities of the surviving entity is more than 50% controlled by our shareholders prior to the merger and in substantially the same proportions, and no individual, entity or group beneficially owns more than 35% of the surviving entity, (iv) we consummate an exchange of our voting securities for cash, securities or other property, unless our shareholders receive in the exchange voting securities of a parent corporation that is more than 50% owned by our shareholders prior to the exchange in substantially the same proportions, and no individual, entity or group beneficiary owns more than 35% of the parent corporation, (v) we consummate a sale or other disposition of all or substantially all of our assets, (vi) our shareholders approve a definitive plan to liquidate or dissolve the Company, (vii) we enter into an agreement relating to a change in control as described in clauses (i) through (v) above and such change in control occurs within two years of such agreement, or (viii) a tender or exchange offer or proxy contest is commenced that results, within two years, in a change in control described in clauses (i) or (ii) above.

Change in control severance compensation under the Management Agreement, as well as any other compensation under other plans or agreements that are contingent upon a change in control, may be reduced to the extent necessary to avoid excise taxation to the executive and non-deductibility to our Company under federal income tax laws applicable to “parachute payments.”

Our equity incentive plans allow for acceleration of stock options upon an executive’s death, disability or retirement and upon a change in control of our Company. Upon death or disability, options generally become exercisable in full, and may be exercised at any time, or from time to time, within five years of the executive’s date of death or date of termination due to disability. Upon retirement, options generally become exercisable in full and may be exercised within three months of the date of termination due to the executive’s retirement, or any such longer period as the Committee administering the plan may permit. For purposes of our equity compensation plans, “retirement” is generally defined as termination on or after age 55, provided that the executive has been employed by us or our affiliates for at least ten years, or termination of employment on or after age 62, provided, under certain plans, that the executive has given us at least six months’ prior written notice of such termination. Upon a change in control, options generally become exercisable in full, subject to our right to cash out the options by paying the spread.

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The plans generally allow for a pro-rata portion of any restricted stock units to be paid out upon an executive's death, disability or retirement. The payment is based on the extent to which achievement of performance targets were satisfied at the end of the performance period and pro-rated for length of employment within the performance period. Upon a change in control, restricted stock units will immediately vest and be paid in full.

A pro-rata share of restricted stock is generally payable upon the executive's death, disability or retirement. The executive, or his or her successor, shall be entitled to the number of shares of restricted stock under outstanding awards, pro-rated for the portion of the term of the awards during which the executive was employed. All restrictions are lifted with respect to such pro-rated shares. Upon a change in control, restricted stock will immediately vest in full.

Assuming that a termination event or change in control occurred on December 31, 2011, the total compensation that would have been payable pursuant to the Executive Agreements, including the revisions to the Management Agreement effective January 1, 2012, to each Named Executive (other than Mr. Huijser) who was employed by us on such date is:

**PAYMENTS DUE UPON TERMINATION WITHOUT CAUSE
OR TERMINATION FOR GOOD REASON**

Name	Base Salary (\$)	Pro-rated STIP \$(1)	Benefits (\$)	Other \$(2)	Total (\$)
H. Chris Killingstad	627,405	716,098	7,682	—	1,351,185
Thomas Paulson	354,994	212,018	7,682	—	574,694
Thomas J. Dybsky	295,481	132,356	7,580	—	435,417
Andrew J. Eckert	300,000	144,265	11,925	—	456,190
Don B. Westman	329,409	163,948	7,682	—	501,039
Karel Huijser(2)	—	—	—	1,081,432	1,081,432

(1)For all Named Executives, amounts reflect pro-rated STIP payments based on the form of executive employment agreement in effect on December 31, 2011.

(2)Mr. Huijser concluded his employment with our Company effective October 31, 2011. The amounts reflected were pursuant to the Settlement Agreement which takes into account those amounts required to be paid as severance in lieu of any 2011 STIP payment and other negotiated amounts to resolve matters under Dutch and Belgium law. For details regarding amounts paid to Mr. Huijser in connection with his departure, see "Executive Compensation Information – Summary Compensation Table" in this Proxy Statement.

**PAYMENTS DUE UPON TERMINATION WITHIN
THREE YEARS OF THE CHANGE IN CONTROL EVENT(1)**

Name	Average Annual Compensation (\$)	STIP Target (\$)	Benefits (\$)	Total (\$)
H. Chris Killingstad	4,629,468	716,098	11,524	5,357,090

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Thomas Paulson	1,888,238	212,018	11,524	2,111,780
Thomas J. Dybsky	1,443,995	132,356	11,371	1,587,722
Andrew J. Eckert	1,406,068	148,029	17,888	1,571,985
Don B. Westman	1,685,261	163,948	11,524	1,860,733
Karel Huijser(2)	—	—	—	—

(1) Named Executives would also have accelerated vesting of unvested restricted stock and stock options. Refer to the Additional Potential Benefits Upon Change in Control or Termination Due to Death, Disability or Retirement table directly below.

(2) Mr. Huijser concluded his employment with our Company effective October 31, 2011. For details regarding amounts paid to Mr. Huijser in connection with his departure, see “Executive Compensation Information – Summary Compensation Table” in this Proxy Statement.

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OR TERMINATION DUE TO DEATH, DISABILITY OR RETIREMENT

Name	Value of Accelerated Equity Awards under Change in Control (\$)(1)	Value of Accelerated Equity Awards upon Death, Disability or Retirement (\$)(1)
H. Chris Killingstad	6,308,939	5,235,491
Thomas Paulson	1,554,333	1,274,972
Thomas J. Dybsky	1,018,440	832,760
Andrew J. Eckert	940,193	755,062
Don B. Westman	1,239,642	1,012,137
Karel Huijser(2)	—	—

(1) Amounts reflect the acceleration of restricted stock and restricted stock unit awards, as well as stock options outstanding as of December 31, 2011.

(2) Mr. Huijser concluded his employment with our Company effective October 31, 2011. For details regarding amounts paid to Mr. Huijser in connection with his departure, see “Executive Compensation Information – Summary Compensation Table” in this Proxy Statement.

ITEM 3 – ADVISORY APPROVAL OF EXECUTIVE COMPENSATION

At our 2011 Annual Meeting of Shareholders, we conducted a non-binding advisory vote regarding the frequency with which we would conduct future non-binding advisory votes on the compensation of our Named Executives, as required by Section 14A of the Exchange Act. At the meeting, shareholders expressed their preference for an annual non-binding advisory vote on executive compensation every year until the next vote with respect to frequency, which will be no later than the Company’s Annual Meeting of Shareholders in 2017, and, consistent with that preference, our Board of Directors determined that we will conduct such votes on an annual basis.

Tennant’s guiding compensation philosophy is to maintain programs that will attract, retain, motivate and reward high-caliber key executive officers who can create long-term financial success for our Company and enhance shareholder return. Our Compensation Committee bases its executive compensation decisions on the following core objectives:

- Align executive compensation with the short-term and long-term goals of our Company and our shareholders;
 - Correlate compensation with Company performance; and
- Provide a comprehensive compensation package that is competitive with those of similarly sized U.S. durable goods manufacturing companies.

We believe that our Company’s long-standing executive compensation programs have been effective at motivating the achievement of strong results even during challenging economic times, creating a relationship between pay and performance and aligning the interests of executive officers with those of our shareholders while discouraging

risk-taking behavior that would be likely to have a material adverse effect on our Company.

Compensation actions taken in fiscal 2011 for our Named Executives featured:

- Base salary increases consistent with entire employee population or to remain competitive within the market for the applicable level of responsibility;
- STIP performance goals were aligned with our Company's focus on operational improvement, including operating profits and the management of inventories, accounts receivable and accounts payable;
 - Placed a cap on STIP payout levels;

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- Increased the amount of shares tied to performance-based metrics as part of our LTIP; and
- Revised the Management Agreements to, among other things, restrict the definition of “annual compensation” to severance payments based solely on base salary and annual cash bonus and to exclude items such as earnings from stock transactions or option exercises. In addition, we removed the right to receive one year severance compensation where an executive voluntarily terminated employment without good reason during the thirteenth month after a change in control and expanded and clarified the definition of “good reason.” See “Potential Payments upon Termination or Change in Control” for additional information.

Shareholders are encouraged to read the “Compensation Discussion and Analysis” and associated compensation tables for a more detailed discussion of how the Company’s compensation programs reflect our overarching compensation philosophy and objectives.

Our Company is presenting shareholders with the opportunity to submit an advisory approval on our executive compensation program for our Named Executives by voting on the following resolution:

“RESOLVED, that the shareholders of Tennant Company approve, on an advisory basis, the compensation paid to the Company’s Named Executives as disclosed in the “Compensation Discussion and Analysis” section, and compensation tables and narrative discussion contained in the “Executive Compensation Information” section in this Proxy Statement.”

This advisory approval will not be binding on our Compensation Committee or our Board. However, they will carefully consider the outcome of the vote. If there are a significant number of negative votes, we will seek to understand the concerns that influenced the vote and consider them in making future decisions about executive compensation arrangements.

Our Board of Directors, upon recommendation of our Compensation Committee, recommends a vote FOR the advisory resolution approving the compensation of our Company’s Named Executives.

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ITEM 4 – APPROVE THE AMENDED AND RESTATED 2010 STOCK INCENTIVE PLAN

INTRODUCTION

Our Board, upon recommendation of our Compensation Committee of the Board (the “Committee”), approved the amendment and restatement of the 2010 Stock Incentive Plan (the “2010 Plan”) to be effective upon shareholder approval at the Annual Meeting. The amended and restated 2010 Plan (i) increases the number of shares available under the 2010 Plan from 1,000,000 shares to 1,500,000 shares and (ii) retains a fungible share pool design; however, full value awards will be counted as one and seventy-four hundredths shares against the pool, instead of one and fifty-one hundredths shares as under the current 2010 Plan. As of December 31, 2011, 554,998 shares remain available for issuance under the 2010 Plan. By approving the amended and restated 2010 Plan, shareholders are also reapproving the performance metrics that can be used for awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code.

The Committee and Board believe that stock-based compensation programs are a key element in achieving our continued financial and operational success. Our compensation programs have been designed to motivate key personnel to produce a superior shareholder return.

HISTORIC RUN RATE INFORMATION

We continue to manage our run rate of awards granted over time to levels we believe are reasonable in light of changes in our business and the number of outstanding shares, while ensuring that our overall executive compensation program is competitive, relevant and motivational.

The following table sets forth information regarding awards granted and earned and the run rate for each of the last three fiscal years.

Amounts in Thousands

Fiscal Year Ended December 31	2009	2010	2011
Stock options granted	711,957	385,860	153,936
Service-based restricted stock and restricted stock units granted	45,005	41,015	29,875
Performance-based equity awards earned	1,804	—	—
Weighted average basic common shares outstanding during the fiscal year	18,507,772	18,805,494	19,360,428
Run rate	4.10%	2.27%	0.45%

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SHARES AVAILABLE FOR GRANT UNDER EQUITY COMPENSATION PLANS

The table below shows, as of March 1, 2012, the shares reserved for issuance of outstanding awards and available for future grant under each of our equity compensation plans in which our employees and non-management directors are eligible to participate. The table also shows the number of shares that will be available for future grants under each equity compensation plan following approval of the amended and restated 2010 Plan by our shareholders.

	Current		After Approval of Amended and Restated 2010 Plan	
	Shares Reserved for Issuance of Outstanding Awards(1)	Shares Available for Future Awards	Shares Reserved for Issuance of Outstanding Awards	Shares Available for Future Awards
1995 Plan (Terminated)	50,164	—	50,164	—
1999 Plan (Terminated)(2)	153,820	—	153,820	—
Non-Employee Director Stock Option Plan (Terminated)	43,893	—	43,893	—
2007 Plan (Terminated)(3)	863,300	—	863,300	—
2010 Plan(3)	611,911	237,164	611,911	737,164
Total	1,723,088	237,164	1,723,088	737,164

(1) Shares reserved for issuance of outstanding awards at March 1, 2012 consist of the following:

	Types of Awards			
	Options/SARs	Full Value Awards	Weighted Average Exercise Price of Options/SARs	Weighted Average Term to Expiration
1995 Plan (Terminated)	50,164	—	\$22.55	2.9957
1999 Plan (Terminated)(2)	153,820	—	\$19.65	1.5289
Non-Employee Director Stock Option Plan (Terminated)	19,922	23,971	\$21.62	3.1427
2007 Plan (Terminated)(3)	810,983	52,317	\$16.13	7.3152
2010 Plan(3)	308,335	303,576	\$41.09	9.3189

(2) The 1999 Plan is terminated, except that it remains available for grants of reload options upon exercise of previously granted options with one-time reload features. As described below, we have not granted options with reload features since 2004 and have no plans to grant options with reload features in the future.

(3) The 2007 Plan was terminated and our Company makes no equity grants out of such plan; however, any shares that return to the 2007 Plan as a result of an award terminating, expiring, being exchanged, being forfeited or being

settled in cash in lieu of shares shall instead become available under the 2010 Plan.

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Summary of the 2010 Plan

The amended and restated 2010 Plan will be effective when approved by our shareholders at the Annual Meeting.

The 2010 Plan is similar to our prior equity compensation plans and contains the following key terms:

- The aggregate number of shares that a participant may receive in any combination of options and stock appreciation rights in any year is 250,000.
 - Contains an exception from the minimum three-year vesting period for awards granted to attract or retain key employees for up to 75,000 shares.
- In addition to prohibiting other forms of “repricings” without shareholder approval, it also prohibits cash buyouts of options and stock appreciation rights that are not “in the money” and prohibits a voluntary surrender of options and stock appreciation rights in connection with a subsequent regrant of “in the money” options or stock appreciation rights without shareholder approval.
- Prohibits the payment of dividends and dividend equivalents on awards of options and stock appreciation rights, and payout of dividend payments or dividend equivalent payments on unvested awards that are subject to performance-based vesting conditions.
 - All awards must be issued at fair market value and, as a result, prohibits discounted awards.
 - The Committee, consisting of independent directors, administers the 2010 Plan.
- Designed to permit performance-based awards intended to comply with the requirements of Section 162(m) of the Internal Revenue Code regarding deductibility of executive compensation.
 - Shareholders previously approved the performance measures set forth in the 2010 Plan.

A copy of the amended and restated 2010 Plan is attached to this Proxy Statement as Appendix A, and this discussion is qualified in its entirety by reference to the full text of the amended and restated 2010 Plan.

Purpose of the 2010 Plan

The purpose of the 2010 Plan is to promote the interests of our Company and our shareholders by providing key personnel of our Company and our affiliates with an opportunity to acquire a proprietary interest in our Company and reward them for achieving a high level of corporate performance and thereby develop a stronger incentive to put forth maximum effort for the continued success and growth of our Company and our affiliates. In addition, the opportunity to acquire a proprietary interest in our Company will aid in attracting and retaining key personnel of outstanding ability. The 2010 Plan is also intended to provide the non-management directors serving on our Board with an opportunity to acquire a proprietary interest in our Company, to compensate these non-management directors for their contributions to our Company and to aid in attracting and retaining non-management directors.

Administration

The 2010 Plan is administered by the Committee. The Committee has the authority to establish, amend and waive rules relating to the 2010 Plan and to determine the timing and identity of participants, the amount of any awards and

other terms and conditions of awards. The Committee may delegate its responsibilities under the 2010 Plan to members of our management or to others with respect to the selection and grants of awards to employees who are not deemed to be officers, directors or 10% shareholders of our Company under applicable Federal securities laws.

The regulations under Section 162(m) of the Code require that the directors who serve as members of the Committee to be “outside directors.” The 2010 Plan provides that directors serving on the Committee must be “outside directors” within the meaning of Section 162(m) of the Code. This limitation would exclude from the Committee directors who are (i) current employees of our Company or an affiliate, (ii) former employees of our Company or an affiliate receiving compensation for past

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services, other than benefits under a tax-qualified pension option plan, (iii) current and former officers of our Company or an affiliate, (iv) directors currently receiving direct or indirect remuneration from our Company or an affiliate in any capacity, other than as a director, and (v) any other person who is not otherwise considered an “outside director” for purposes of Section 162(m) of the Code. The definition of an “outside director” under Section 162(m) of the Code is generally narrower than the definition of a “non-employee director” under Rule 16b-3 of the Exchange Act.

Eligibility

All employees of our Company and our affiliates are eligible to receive awards under the 2010 Plan. As of December 31, 2011, we had approximately 2,865 employees. Awards, other than incentive stock options (see “Types of Awards” below), also may be awarded by the Committee to individuals who are not employees but who provide services to us or our affiliates in the capacity of a non-management director or an independent contractor.

Number of Shares Available for Issuance under the 2010 Plan

As of March 1, 2012, the total number of shares of our Common Stock available for distribution under the 2010 Plan was 1,000,000, subject to adjustment for future stock splits, stock dividends and similar changes in our capitalization, of which 611,911 shares have been issued or are reserved for issuance pursuant to outstanding awards under the 2010 Plan and 237,164 shares are available for future awards. If the amendment and restatement of the 2010 Plan is approved by the shareholders, the total number of shares remaining available for distribution under the 2010 Plan will increase by 500,000 shares to 1,500,000.

We have used a fungible share pool design for the 2010 Plan. As a result, all shares subject to stock options and stock appreciation rights will count as one share against the pool of authorized shares, whereas all other awards, such as restricted stock and performance units, count as one and fifty-one hundredths shares against the pool of authorized shares. If the amendment and restatement of the 2010 Plan is approved by the shareholders, all shares subject to stock options and stock appreciation rights will count as one share against the pool of authorized shares, whereas all other awards, such as restricted stock and performance units, count as one and seventy-four hundredths shares against the pool of authorized shares.

Any shares of our Common Stock subject to an award under the 2010 Plan or the 2007 Plan that expire unexercised, that are forfeited, terminated or canceled, that are settled in cash, for which the terms and conditions of the Award are not met or otherwise do not result in the issuance of shares of Common Stock, may again be used for an award under the 2010 Plan; provided that the gross number of shares with respect to which a stock appreciation right has been exercised may not again be awarded under the plan if such exercise is settled in shares.

No participant may receive (i) any combination of stock options and stock appreciation rights relating to more than 250,000 shares in the aggregate or (ii) performance units relating to more than 100,000, in any year under the 2010 Plan.

The closing sale price of a share of our Common Stock on the New York Stock Exchange on March 1, 2012, was \$41.06 per share.

Types of Awards

The types of awards that may be granted under the 2010 Plan include incentive and non-qualified stock options, stock appreciation rights, restricted stock, performance units, and other stock-based awards. Subject to certain restrictions applicable to incentive stock options, awards will be exercisable by the recipients at such times as are determined by the Committee, but in no event may the term of an award be longer than ten years after the date of grant.

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In addition to the general characteristics of all of the awards described in this proxy statement, the basic characteristics of awards that may be granted under the 2010 Plan are as follows:

Incentive and Non-Qualified Stock Options. Both incentive and non-qualified stock options may be granted to recipients at such exercise prices as the Committee may determine but not less than 100% of their fair market value (as defined in the 2010 Plan) as of the date the option is granted. We determine fair market value of our Common Stock based on the closing price of our stock on the New York Stock Exchange on the day preceding the date of grant; however, if the grant of an option occurs after the close of market, then we use the closing price of our stock on that day. Stock options may be granted and exercised at such times as the Committee may determine, except that, unless applicable federal tax laws are modified, the aggregate fair market value of the shares our Common Stock with respect to which incentive stock options may first become exercisable in any calendar year for any employee may not exceed \$100,000 under the 2010 Plan or any other plan we have in effect. Additional restrictions apply to an incentive stock option granted to an individual who beneficially owns more than 10% of the combined voting power of all classes of our stock.

The purchase price payable upon exercise of options may be paid in cash, or, if the Committee permits, by reducing the number of shares delivered to the participant or by delivering stock already owned by the participant (where the fair market value of the shares withheld or delivered on the date of exercise is equal to the option price of the stock being purchased), or in a combination of cash and such stock, unless otherwise provided in the related agreement. The participants may also simultaneously exercise options and sell the stock purchased upon such exercise pursuant to brokerage or similar relationships and use the sale proceeds to pay the purchase price.

Stock Appreciation Rights. The value of a stock appreciation right granted to a recipient is determined by the appreciation in our Common Stock, subject to any limitations upon the amount or percentage of total appreciation that the Committee may determine at the time the right is granted. The recipient receives all or a portion of the amount by which the fair market value of a specified number of shares, as of the date the stock appreciation right is exercised, exceeds a price specified by the Committee at the time the right is granted. The price specified by the Committee must be at least 100% of the fair market value of the specified number of shares of our Common Stock to which the right relates determined as of the date the stock appreciation right is granted. A stock appreciation right may be granted in connection with a previously or contemporaneously granted option, or independent of any option.

Performance Units. Performance units entitle the recipient to payment in amounts determined by the Committee based upon the achievement of specified performance targets during a specified term. With respect to recipients who are “covered employees” under Section 162(m) of the Code, such performance targets will consist of one or any combination of two or more of earnings or earnings per share before income tax (profit before taxes), net earnings or net earnings per share (profits after taxes), economic profit, inventory, total or net operating asset turnover, operating income, total shareholder return, return on equity and pre-tax and pre-interest expense return on average invested capital, each of which may be expressed on a current value basis, or a growth rate or relative to a designated peer group or index of comparable companies, and any such targets may relate to one or any combination of two or more of corporate, group, unit, division, affiliate, or individual performance.

Payments with respect to stock appreciation rights and performance units may be paid, as determined by the Committee, in cash, shares of our Common Stock, or a combination of cash and shares, and payments with respect to performance units may also be paid in deferred stock units providing for deferred payments of cash and shares. The Committee may require or permit participants to defer the issuance of shares or the settlement of awards in cash under such rules and procedures as it may establish under the 2010 Plan.

Restricted Stock and Other Stock-Based Awards. Our Common Stock granted to recipients may contain such restrictions as the Committee may determine, including provisions requiring forfeiture and imposing restrictions upon stock transfer. Awards of restricted stock may, in the discretion of the Committee, provide the participant with dividends and voting rights prior to vesting. No award of restricted stock may vest earlier than three years from the date of grant, except where the Committee approves a shorter vesting period in the case of an award to attract a new executive, an issuance of restricted stock in exchange for other compensation or other limited circumstances described in the

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2010 Plan. The Committee may also from time to time grant awards of unrestricted stock or other stock-based awards such as awards denominated in stock units, securities convertible into stock, and phantom securities.

No Future Grants of Reload Options. Certain options previously issued under our prior plans provide for the issuance of “reload” options pursuant to which, subject to the terms and conditions established by the Committee and any applicable requirements of Exchange Act Rule 16b-3 or any other applicable law, the participant will, either automatically or subject to subsequent Committee approval, be granted a new option when the payment of the exercise price of the original option, or the payment of tax withholdings, is made through the delivery to us of shares held by such participant. The reload option will be a fully vested option to purchase the number of shares provided as consideration for the exercise price and in payment of taxes in connection with the exercise of the original option, will have a per share exercise price equal to the fair market value of a share as of the date of exercise of the original option, and will otherwise have terms and conditions as contained in the original option. Reload options do not increase the net equity position of a participant and an option grant may only be reloaded once. We have not granted options with reload features since March 1, 2004, and we do not intend to grant options with reload features in the future. In order to honor our contractual obligation to issue a reload option upon a qualifying exercise of the outstanding options with reload features, the 1999 Stock Incentive Plan will remain available for such grants.

Acceleration of Awards, Lapse of Restrictions

The Committee may accelerate vesting requirements, performance periods, and the expiration of the applicable term or restrictions, and adjust performance targets and payments, upon such terms and conditions as are set forth in the participant’s agreement, or otherwise in the Committee’s discretion, which may include, without limitation, acceleration resulting from a “change of control” or a “fundamental change” (as those terms are defined in the 2010 Plan), or the participant’s death, disability or retirement.

Duration, Adjustments, Modifications, Terminations

The 2010 Plan provides that all awards are subject to agreements containing the terms and conditions of the awards. Such agreements will be entered into by the recipients of the awards and the Company on or after the time the awards are granted and are subject to amendment, including unilateral amendment by the Committee, unless such amendments are determined by the Committee to be materially adverse to the participant and are not required as a matter of law. No amendment shall reduce the exercise price of, or “reprice,” any outstanding award, without shareholder approval. The 2010 Plan prohibits amendments to options or stock appreciation rights that provide for a cash buyout of any such award that is not “in the money” or that makes any option or stock appreciation right subject to a voluntary surrender and subsequent regrant of an “in the money” option or stock appreciation right.

The 2010 Plan will remain in effect until the tenth anniversary of its effectiveness, which will occur upon shareholder approval, or such earlier date on which the 2010 Plan is terminated. The 2010 Plan also gives the Board the right to amend, modify, terminate or suspend the Plan, except that amendments to the Plan are subject to shareholder approval if needed to comply with the New York Stock Exchange listing rules.

In the event of a “fundamental change,” recapitalizations, stock dividends, stock splits or other relevant changes, the Committee has the discretion to adjust the number and type of shares available for awards or the number and type of shares and amount of cash subject to outstanding awards, the option exercise price of outstanding options, and outstanding awards of performance units and payments with regard thereto. Adjustments in performance targets and payments on performance units are also permitted upon the occurrence of such events as may be specified in the related agreements, which may include a “change of control.” Under the 2010 Plan, the Committee may cancel outstanding options and stock appreciation rights generally in exchange for cash payments to the recipients in the event of a “fundamental change” (defined as certain dissolutions, liquidations, mergers, consolidations, statutory share

exchanges, or other similar events involving the Company).

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Federal Tax Considerations

The following summary sets forth the tax events generally expected for United States citizens under current United States federal income tax laws in connection with awards under the 2010 Plan.

Incentive Stock Options. A recipient will realize no taxable income, and we will not be entitled to any related deduction, at the time an incentive stock option is granted under the 2010 Plan. If certain statutory employment and holding period conditions are satisfied before the recipient disposes of shares acquired pursuant to the exercise of such an option, then no taxable income will result upon the exercise of such option, and we will not be entitled to any deduction in connection with such exercise. Upon disposition of the shares after expiration of the statutory holding periods, any gain or loss realized by a recipient will be a long-term capital gain or loss. We will not be entitled to a deduction with respect to a disposition of the shares by a recipient after the expiration of the statutory holding periods.

Except in the event of death, if shares acquired by a recipient upon the exercise of an incentive stock option are disposed of by such recipient before the expiration of the statutory holding periods (a “disqualifying disposition”), such recipient will be considered to have realized as compensation, taxable as ordinary income in the year of disposition, an amount, not exceeding the gain realized on such disposition, equal to the difference between the exercise price and the fair market value of the shares on the date of exercise of the option. We will be entitled to a deduction at the same time and in the same amount as the recipient is deemed to have realized ordinary income. Any gain realized on the disposition in excess of the amount treated as compensation or any loss realized on the disposition will constitute capital gain or loss, respectively. Such capital gain or loss will be long-term or short-term based upon how long the shares were held. If the recipient pays the option price with shares that were originally acquired pursuant to the exercise of an incentive stock option and the statutory holding periods for such shares have not been met, the recipient will be treated as having made a disqualifying disposition of such shares, and the tax consequence of such disqualifying disposition will be as described above.

The foregoing discussion applies only for regular tax purposes. For alternative minimum tax purposes, an incentive stock option will be treated as if it were a non-qualified stock option, the tax consequences of which are discussed below.

Non-Qualified Stock Options. A recipient will realize no taxable income, and we will not be entitled to any related deduction, at the time a non-qualified stock option is granted under the 2010 Plan. At the time of exercise of a non-qualified stock option, the recipient will realize ordinary income, and we will be entitled to a deduction, equal to the excess of the fair market value of the stock on the date of exercise over the option price. Upon disposition of the shares, any additional gain or loss realized by the recipient will be taxed as a capital gain or loss, long-term or short-term, based upon how long the shares are held.

Stock Appreciation Rights and Performance Units. Generally: (a) the recipient will not realize income upon the grant of a stock appreciation right or performance unit award; (b) the recipient will realize ordinary income, and we will be entitled to a corresponding deduction, in the year cash or shares of Common Stock are delivered to the recipient upon exercise of a stock appreciation right or in payment of the performance unit award; and (c) the amount of such ordinary income and deduction will be the amount of cash received plus the fair market value of the shares of Common Stock received on the date of issuance. The federal income tax consequences of a disposition of unrestricted shares received by the recipient upon exercise of a stock appreciation right or in payment of a performance unit award are the same as described below with respect to a disposition of unrestricted shares.

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Restricted and Unrestricted Stock. Unless the recipient files an election to be taxed under Section 83(b) of the Code: (a) the recipient will not realize income upon the grant of restricted stock; (b) the recipient will realize ordinary income, and we will be entitled to a corresponding deduction, when the restrictions have been removed or expire; and (c) the amount of such ordinary income and deduction will be the fair market value of the restricted stock on the date the restrictions are removed or expire. If the recipient files an election to be taxed under Section 83(b) of the Code, the tax consequences to the recipient will be determined as of the date of the grant of the restricted stock rather than as of the date of the removal or expiration of the restrictions.

With respect to awards of unrestricted stock: (a) the recipient will realize ordinary income, and we will be entitled to a corresponding deduction upon the grant of the unrestricted stock; and (b) the amount of such ordinary income and deduction will be the fair market value of such unrestricted stock on the date of grant.

When the recipient disposes of restricted or unrestricted stock, the difference between the amount received upon such disposition and the fair market value of such shares on the date the recipient realizes ordinary income will be treated as a capital gain or loss, long-term or short-term, based upon how long the shares are held.

Withholding. The 2010 Plan permits us to withhold from awards an amount sufficient to cover any required withholding taxes. In lieu of cash, the Committee may permit a participant to cover withholding obligations through a reduction in the number of shares to be delivered to such participant or by delivery of shares already owned by the participant.

Our Board of Directors, upon recommendation of our Compensation Committee, recommends a vote FOR approval of the Amended and Restated 2010 Plan.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about shares of the Company's Common Stock that may be issued under the Company's equity compensation plans, as of December 31, 2011.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	(b) Weighted-average exercise price of outstanding options, warrants and rights(2)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a))
Equity compensation plans approved by security holders	1,522,103	\$20.40	554,998
Equity compensation plans not approved by security holders	—	—	—
Total	1,522,103	\$20.40	554,998

(1) Amount includes outstanding awards under the 1995 Stock Incentive Plan, the 1997 Non-Employee Director Stock Option Plan, the 1999 Stock Incentive Plan, the 2007 Stock Incentive Plan and the 2010 Stock Incentive Plan, each as amended (the "Plans"). Amount includes shares of Common Stock that may be issued upon exercise of outstanding stock options under the Plans. Amount also includes shares of Common Stock that may be paid in cash upon exercise of outstanding stock appreciation rights under the Plans. Amount also includes shares of

Common Stock that may be issued upon settlement of restricted stock units and deferred stock units (phantom stock) under the Plans. Stock appreciation rights, restricted stock units and deferred stock units may be settled in cash, stock or a combination of both. Column (a) includes the maximum number of shares that could be issued upon a complete distribution of all outstanding stock options and stock appreciation rights (1,268,920) and restricted stock units and deferred stock units (253,183).

(2) Column (b) includes the weighted-average exercise price for outstanding stock options and stock appreciation rights.

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OTHER INFORMATION

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of March 1, 2012, information regarding beneficial ownership (including shares subject to options and other convertible securities that are exercisable, will become exercisable, or otherwise will be settled within 60 days of March 1, 2012) by:

- Beneficial owners of more than 5% of our Common Stock;
- Ownership by directors and director nominees;
- Ownership by the Named Executives as listed in the Summary Compensation Table; and
- Ownership by all current directors and executive officers as a group.

Except as otherwise noted, the shareholders listed have sole voting and investment powers with respect to the Common Stock owned by them.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Common Stock(1)
Royce & Associates, LLC 745 Fifth Avenue New York, NY 10151	1,747,900 shares in aggregate. Royce & Associates, LLC, has sole voting power for 1,747,900 shares, shared voting power for 0 shares, sole investment authority for 1,747,900 shares and shared investment authority for 0 shares.(2)(3)	9.2%
Vanguard Fiduciary Trust Company 500 Admiral Nelson Blvd. Malvern, PA 19355	1,451,148 shares in aggregate. Vanguard Fiduciary has sole voting power for 0 shares, shared voting power for 1,451,148 shares, sole investment authority for 0 shares and shared investment authority for 1,451,148 shares.(2)(4)	7.7%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	1,419,738 shares in aggregate. BlackRock, Inc., has sole voting power for 1,419,738 shares, shared voting power for 0 shares, sole investment authority for 1,419,738 shares and shared investment authority for 0 shares.(2)(5)	7.5%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	1,021,221 shares in aggregate. Vanguard Group has sole voting power for 26,700 shares, shared voting power for 0 shares, sole investment authority for 994,521 shares and shared investment authority for 26,700 shares.(2)(6)	5.4%

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Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Common Stock(1)
H. Chris Killingstad	451,152 shares(7)(8)	2.3%
Thomas Paulson	96,615 shares(7)(9)	*
Thomas J. Dybsky	97,683 shares(7)(10)	*
Andrew J. Eckert	67,641 shares(7)(11)	*
Don B. Westman	66,929 shares(7)(12)	*
Karel Huijser	0 shares	*
William F. Austen	17,097 shares(13)	*
Jeffrey A. Balagna	22,962 shares(14)	*
Carol S. Eicher	8,975 shares(15)	*
James T. Hale	39,806 shares(16)	*
David Mathieson	22,652 shares(17)	*
Donal L. Mulligan	4,730 shares(18)	*
Stephen G. Shank	43,308 shares(19)	*
Steven A. Sonnenberg	19,331 shares(20)	*
David S. Wichmann	5,659 shares(21)	*
All directors and executive officers as a group (18 persons)	1,057,255 shares(7)(22)	5.4%

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- (1) An asterisk in the column listing the percentage of shares beneficially owned indicates the person owns less than 1% of the total.
- (2) The information set forth above as to the Amount and Nature of Beneficial Ownership is based upon Schedule 13G statements filed with the Securities and Exchange Commission reflecting beneficial ownership as of December 31, 2011.
- (3) Includes various accounts managed by Royce & Associates, LLC, which have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of shares of the Company.
- (4) This number includes shares held in trust as of December 31, 2011, for the benefit of employees in certain of the Company's employee benefit plans, all of which have been allocated to plan participants. The plan trustee votes shares allocated to participant accounts as directed by participants. Shares held by the trustee on behalf of the plans as to which participants have made no timely voting directions are voted by the plan trustee in the same proportions as shares for which directions are received. Shares held by the trustee on behalf of the plans may be disposed of by the plans or the trustee only in accordance with the terms of the plans. For tender decisions, if no instruction is received from a participant, the shares will not be tendered.
- (5) Blackrock, Inc., the parent holding company, reports that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of our Common Stock. No one person's interest in our Common Stock is more than 5% of the total outstanding shares of Common Stock.
- (6) The 26,700 shares over which The Vanguard Group has sole voting power and shared dispositive power are beneficially owned by Vanguard Fiduciary Trust, its wholly-owned subsidiary, as the investment manager of collective trust accounts for which it directs the voting of the shares.

- (7) Includes shares allocated to the individual or group under the Tennant Profit Sharing and ESOP Plan.
- (8) Includes 365,892 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Killingstad.
- (9) Includes 82,252 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Paulson.

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- (10) Includes 86,868 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Dybsky.
- (11) Includes 55,377 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Eckert.
- (12) Includes 53,137 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Westman.
- (13) Includes 7,858 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Austen.
- (14) Includes 13,420 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Balagna.
- (15) Includes 4,817 shares covered by currently exercisable options or options exercisable within 60 days, granted to Ms. Eicher.
- (16) Includes 9,420 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Hale.
- (17) Includes 8,434 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Mathieson.
- (18) Includes 2,573 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Mulligan.
- (19) Includes 15,420 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Shank.
- (20) Includes 10,904 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Sonnenberg.
- (21) Includes 3,010 shares covered by currently exercisable options or options exercisable within 60 days, granted to Mr. Wichmann.
- (22) Includes 781,615 shares covered by currently exercisable options or options exercisable within 60 days, granted to executive officers (including Named Executives) and directors of our Company.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that our directors and executive officers file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission. Directors and executive officers are required by Commission regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of copies of these forms furnished to us, and written representations from the directors and executive officers, all Section 16(a) filing requirements were met for the year ending December 31, 2011.

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Related-Person Transaction Approval Policy

In February 2007, our Board adopted a written related-person transaction approval policy, which sets forth our Company's policies and procedures for the review, approval or ratification of certain related-person transactions. Our policy applies to any transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships in which our Company or an executive is a participant and in which a related person has a direct or indirect interest, but exempts the following:

- Payment of compensation by our Company to a related person for the related person's service to our Company in the capacity or capacities that give rise to the person's status as a "related person" (provided such compensation was approved by the Board or a Committee of the Board, if such approval was required);
 - Transactions available to all employees or all shareholders of our Company on the same terms; and
- Transactions which, when aggregated with the amount of all other transactions between the related person and our Company, involve less than \$120,000 in a fiscal year.

Our Board must approve any related-person transaction subject to this policy before commencement of the related-person transaction or, if the transaction is not identified prior to its commencement, the transaction must be submitted to our Board for ratification. The Board will analyze the following factors, in addition to any other factors the Committee deems appropriate, in determining whether to approve a related-person transaction:

- Whether the terms are fair to our Company;
- Whether the transaction is material to our Company;
- The role the related person has played in arranging the related-person transaction;
 - The structure of the related-person transaction; and
- The interests of all related persons in the related-person transaction.

Our Board may, in its sole discretion, approve or deny any related-person transaction. Approval of a related-person transaction may be conditioned upon our Company and the related person taking such precautionary actions as our Board deems appropriate.

Shareholder Proposals

Shareholder proposals intended to be presented at the 2013 Annual Meeting should be sent to our Corporate Secretary at 701 North Lilac Drive, P.O. Box 1452, Minneapolis, MN 55440-1452. Proposals must be received on or before November 15, 2012, to be eligible for inclusion in our Proxy Statement and form of Proxy relating to that meeting.

Shareholder proposals intended to be presented at the 2013 Annual Meeting, but not intended to be included in the Proxy Statement or form of Proxy for the meeting, must be received on or before January 25, 2013. Proxies solicited by our Board for that Annual Meeting will authorize the named Proxies on the Proxy Card to use their discretion in voting the Proxies when any such proposals are presented at the meeting.

See Director Nomination Process for information and requirements on how to nominate a director or recommend a potential director candidate for consideration by our Governance Committee.

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APPENDIX A

Tennant Company
Amended and Restated 2010 Stock Incentive Plan

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Tennant Company
Amended and Restated 2010 Stock Incentive Plan

1. Purpose. The purpose of the Tennant Company Amended and Restated 2010 Stock Incentive Plan (the “Plan”) is to promote the interests of the Company and its shareholders by providing key personnel of the Company and its Affiliates with an opportunity to acquire a proprietary interest in the Company and reward them for achieving a high level of corporate performance and thereby develop a stronger incentive to put forth maximum effort for the continued success and growth of the Company and its Affiliates. In addition, the opportunity to acquire a proprietary interest in the Company will aid in attracting and retaining key personnel of outstanding ability. The Plan is also intended to provide Non-Employee Directors with an opportunity to acquire a proprietary interest in the Company, to compensate Non-Employee Directors for their contribution to the Company and to aid in attracting and retaining Non-Employee Directors.

2. Definitions.

2.1 The capitalized terms used elsewhere in the Plan have the meanings set forth below.

(a) “Affiliate” means any corporation that is a “parent corporation” or “subsidiary corporation” of the Company, as those terms are defined in Code Sections 424(e) and (f), or any successor provisions, and, for purposes other than the grant of Incentive Stock Options, any joint venture in which the Company or any such “parent corporation” or “subsidiary corporation” owns an equity interest.

(b) “Agreement” means a written contract (i) consistent with the terms of the Plan entered into between the Company or an Affiliate and a Participant and (ii) containing the terms and conditions of an Award in such form and not inconsistent with the Plan as the Committee shall approve from time to time, together with all amendments thereto, which amendments may be unilaterally made by the Company (with the approval of the Committee) unless such amendments are deemed by the Committee to be materially adverse to the Participant and not required as a matter of law.

(c) “Award” or “Awards” means a grant made under the Plan in the form of Restricted Stock, Options, Stock Appreciation Rights, Performance Units, Stock or any other stock-based award.

(d) “Board” means the Board of Directors of the Company.

(e) “Cause” shall mean termination for (i) the Participant’s material breach of any confidentiality, non-disclosure, non-solicitation, non-competition, invention assignment or similar agreement; (ii) an act or acts of dishonesty undertaken by the Participant and intended to result in gain or personal enrichment of the Participant at the expense of the Company; (iii) persistent failure by the Participant to perform the duties of the Participant’s employment, which failure is demonstrably willful and deliberate on the part of the Participant and constitutes gross neglect of duties by the Participant; or (iv) the indictment or conviction of the Participant for a felony if the act or acts constituting the felony are substantially detrimental to the Company or its reputation.

(f) “Change of Control” means one of the following:

(i) a majority of the directors of the Company shall be persons other than persons

(A) for whose election proxies shall have been solicited by the Board, or

(B) who are then serving as directors appointed by the Board to fill vacancies on the Board caused by death or resignation (but not by removal) or to fill newly created directorships;

(ii) 35% or more of (1) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (“Outstanding Company Voting Securities”) or (2) the then outstanding Shares of Stock (“Outstanding Company Common Stock”) are acquired or beneficially owned (as defined

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in Rule 13d-3 under the Exchange Act, or any successor rule thereto) by any individual, entity or group (within the meaning of Section 13d(3) or 14(d)(2) of the Exchange Act), provided, however, that the following acquisitions and beneficial ownership shall not constitute Changes of Control pursuant to this Section 2(f)(ii):

(A) any acquisition or beneficial ownership by the Company or a subsidiary of the Company, or

(B) any acquisition or beneficial ownership by any employee benefit plan (or related trust) sponsored or maintained by the Company or one or more of its subsidiaries, or

(C) any acquisition or beneficial ownership by a parent entity of the Company (after giving effect to the merger or statutory share exchange) or its wholly owned subsidiaries, as long as they shall remain wholly owned subsidiaries, directly or indirectly of 100% of the Outstanding Company Voting Securities as a result of a merger or statutory share exchange that complies with Section 2(f)(iii)(A)(1), (2) and (3) or the exception in Section 2(f)(iii)(B) in all respects;

(iii) the Company consummates

(A) a merger of the Company with or into another entity, other than a merger in which

(1) the persons who were the beneficial owners, respectively, of the Outstanding Company Voting Securities and Outstanding Company Common Stock immediately prior to such merger beneficially own, directly or indirectly, immediately after the merger, more than 50% of, respectively, the then outstanding common stock and the then outstanding voting power of the voting securities (or comparable equity interests) of the surviving entity in the merger or its direct or indirect parent entity in substantially the same proportions (except for those exercising statutory dissenters' rights) as their ownership of the Outstanding Company Voting Securities and Outstanding Company Common Stock immediately prior to the merger,

(2) if voting securities of the direct or indirect parent entity of the Company (after giving effect to the merger) are exchanged for Outstanding Company Voting Securities in the merger, all holders of any class or series of Outstanding Company Voting Securities immediately prior to the merger have the right to receive substantially the same per share consideration in exchange for their Outstanding Company Voting Securities as all other holders of such class or series (except for those exercising statutory dissenters' rights), and

(3) no individual, entity or group (other than a direct or indirect, parent entity that, after giving effect to the merger, directly or indirectly through one or more wholly owned subsidiaries, beneficially owns 100% of the outstanding voting securities of the entity resulting from the merger) beneficially owns, directly or indirectly, immediately after the merger, 35% or more of the voting power of the outstanding voting securities or the outstanding common stock of the entity (or comparable equity interests) resulting from the merger.

(B) an exchange, pursuant to a statutory exchange of Outstanding Company Voting Securities held by shareholders of the Company immediately prior to the exchange, of shares of one or more classes or series of Outstanding Company Voting Securities for cash, securities or other property, except for voting securities of a direct or indirect parent entity of the Company (after giving effect to the statutory share exchange) owning directly, or indirectly through wholly owned subsidiaries, both beneficially and of record 100% of the Outstanding Company Voting Securities immediately after the statutory share exchange if (1) the persons who were the beneficial owners, respectively, of the Outstanding Company Voting Securities and the Outstanding Common Stock of the Company immediately before such statutory

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share exchange own, directly or indirectly, immediately after the statutory share exchange more than 50% of, respectively, the voting power of the then outstanding voting securities and the then outstanding common stock (or comparable equity interests) of such parent entity, and (2) all holders of any class or series of Outstanding Company Voting Securities immediately prior to the statutory share exchange have the right to receive substantially the same per share consideration in exchange for their Outstanding Company Voting Securities as all other holders of such class or series (except for those exercising statutory dissenters' rights), or

(C) a sale or other disposition of all or substantially all of the assets of the Company (in one transaction or a series of transactions); or

(iv) the shareholders of the Company approve a definitive agreement or plan to liquidate or dissolve the Company.

Notwithstanding anything herein stated, no Change of Control shall be deemed to occur unless it would be deemed to constitute a change in ownership or effective control, or a change in the ownership of a substantial portion of the assets, of a business under Section 409A of the Code.

(g) "Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time or any successor statute, and the regulations promulgated thereunder.

(h) "Committee" means two or more Non-Employee Directors designated by the Board to administer the Plan under Section 3.1 and constituted so as to permit grants thereby to comply with Exchange Act Rule 16b-3 and Code Section 162(m), each member of which shall be (i) an independent director within the meaning of Rule 303A of the New York Stock Exchange Listed Company Manual, (ii) considered a non-employee director within the meaning of Exchange Act Rule 16b-3 or its successor provision and (iii) an outside director for purposes of Code Section 162(m).

(i) "Company" means Tennant Company, a Minnesota corporation, or any successor to all or substantially all of its businesses by merger, consolidation, purchase of assets or otherwise.

(j) "Deferred Stock Unit" or "DSU" means a derivative security, the value of which will be equal to the value of a Share, having such characteristics as the Committee may determine.

(k) "Disability" means the disability of a Participant such that the Participant is considered disabled under any retirement plan of the Company which is qualified under Section 401 of the Code, or as otherwise determined by the Committee.

(l) "Employee" means an employee (including an officer or director who is also an employee) of the Company or an Affiliate.

(m) "Exchange Act" means the Securities Exchange Act of 1934, as amended and in effect from time to time or any successor statute.

(n) "Exchange Act Rule 16b-3" means Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, as now in force and in effect from time to time or any successor regulation.

(o) "Fair Market Value" as of any date means, unless otherwise expressly provided in the Plan:

(i) the closing sale price of a Share on the date immediately preceding that date or, if no sale of the Company's Shares shall have occurred on that date, on the next preceding day on which a sale of Shares occurred

(A) on the composite tape for New York Stock Exchange listed shares, or

(B) if the Shares are not listed on the composite tape for New York Stock Exchange listed shares, on the principal securities exchange or other system on which the Shares are then listed or traded,

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(ii) if clause (i) is inapplicable, what the Committee determines in good faith to be 100% of the fair market value of a Share on that date, using such criteria as it shall determine, in its sole discretion, to be appropriate for valuation.

However, if the applicable securities exchange or system has closed for the day at the time the event occurs that triggers a determination of Fair Market Value, whether the grant of an Award, the exercise of an Option or Stock Appreciation Right or otherwise, all references in this paragraph to the “date immediately preceding that date” shall be deemed to be references to “that date.” In the case of an Incentive Stock Option, if this determination of Fair Market Value is not consistent with the then-current regulations of the Secretary of the Treasury, Fair Market Value shall be determined in accordance with those regulations. The determination of Fair Market Value shall be subject to adjustment as provided in Section 16.

(p) “Fundamental Change” means a dissolution or liquidation of the Company, a sale of substantially all of the assets of the Company, a merger or consolidation of the Company with or into any other corporation, regardless of whether the Company is the surviving corporation, or a statutory share exchange involving capital stock of the Company.

(q) “Incentive Stock Option” means any Option designated as such and granted in accordance with the requirements of Code Section 422 or any successor provision.

(r) “Insider” as of a particular date means any person who, as of that date is an officer of the Company as defined under Exchange Act Rule 16a-1(f) or its successor provision.

(s) “Non-Employee Director” means a member of the Board who is not an Employee.

(t) “Non-Statutory Stock Option” means an Option other than an Incentive Stock Option.

(u) “Option” means a right to purchase Stock, including both Non-Statutory Stock Options and Incentive Stock Options.

(v) “Participant” means a person or entity to whom an Award is or has been made in accordance with the Plan.

(w) “Performance-Based Compensation” means an Award to a “covered officer” (as defined in Section 162(m)(3) of the Code) that is intended to constitute “performance-based compensation” within the meaning of Section 162(m)(4)(c) of the Code.

(x) “Performance Period” means the period of time as specified in an Agreement over which Performance Units or any other Award subject to Performance Measures are to be earned.

(y) “Performance Measures” means the performance measures established by the Committee in connection with the grant of an Award. In the case of such grants intended to constitute Performance-Based Compensation, the Performance Measures shall consist of one or any combination of two or more of earnings or earnings per share before income tax (profit before taxes), net earnings or net earnings per share (profit after tax), economic profit, inventory, total or net operating asset turnover, operating income, total shareholder return, return on equity and pre-tax and pre-interest expense return on average invested capital, each of which may be expressed on a current measure, a growth rate or relative to a designated peer group or index of comparable companies, and any such targets may relate to one or any combination of two or more of corporate, group, unit, division, Affiliate or individual performance.

(z) “Performance Units” means an Award made pursuant to Section 11.

(aa) “Plan” means this Tennant Company Amended and Restated 2010 Stock Incentive Plan, as may be amended and in effect from time to time.

(bb) "Restricted Stock" means Stock granted under Section 7 so long as such Stock remains subject to one or more restrictions.

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(cc) “Retirement” means termination of employment, other than for Cause, on or after age 55, provided the Employee has been employed by the Company and/or one or more Affiliates for at least ten years, or termination of employment on or after age 62.

(dd) “Section 16” or “Section 16(b)” means Section 16 or Section 16(b), respectively, of the Exchange Act or any successor statute and the rules and regulations promulgated thereunder as in effect and as amended from time to time.

(ee) “Share” means a share of Stock.

(ff) “Stock” means the common stock, par value \$0.375 per share (subject to adjustment from time to time), of the Company.

(gg) “Stock Appreciation Right” means a right, the value of which is determined in relation to the appreciation in value of Shares pursuant to an Award granted under Section 10.

(hh) “Subsidiary” means a “subsidiary corporation,” as that term is defined in Code Section 424(f) or any successor provision.

(ii) “Successor” with respect to a Participant means the legal representative of an incompetent Participant, and if the Participant is deceased, the estate of the Participant or the person or persons who may, by bequest or inheritance, or pursuant to the terms of an Award, acquire the right to exercise an Option or Stock Appreciation Right or to receive cash and/or Shares issuable in satisfaction of an Award in the event of the Participant’s death.

(jj) “Term” means the period during which an Option or Stock Appreciation Right may be exercised or the period during which the restrictions or terms and conditions placed on Restricted Stock or any other Award are in effect.

(kk) “Transferee” means any “family member” (as defined by the general instructions to Form S-8 under the Securities Act of 1933) of the Participant.

2.2 Gender and Number. Except when otherwise indicated by the context, reference to the masculine gender shall include, when used, the feminine gender and any term used in the singular shall also include the plural.

3. Administration and Indemnification.

3.1 Administration.

(a) The Committee shall administer the Plan. The Committee shall have exclusive power to (i) make Awards, (ii) determine when and to whom Awards will be granted, the form of each Award, the amount of each Award, and any other terms or conditions of each Award consistent with the Plan, and (iii) determine whether, to what extent and under what circumstances, Awards may be settled, paid or exercised in cash, Shares or other Awards, or other property, or canceled, forfeited or suspended. Each Award shall be subject to an Agreement authorized by the Committee. A majority of the members of the Committee shall constitute a quorum for any meeting of the Committee, and acts of a majority of the members present at any meeting at which a quorum is present or the acts unanimously approved in writing by all members of the Committee shall be the acts of the Committee.

(b) Solely for purposes of determining and administering Awards to Participants who are not Insiders, the Committee may delegate all or any portion of its authority under the Plan to one or more persons who are not Non-Employee Directors.

(c) To the extent within its discretion and subject to Sections 15 and 16, the Committee may amend the terms and conditions of any outstanding Award.

(d) It is the intent that the Plan and all Awards granted pursuant to it shall be administered by the Committee so as to permit the Plan and Awards to comply with Exchange Act Rule 16b-3, except in such instances as the Committee, in its discretion, may so provide.

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If any provision of the Plan or of any Award would otherwise frustrate or conflict with the intent expressed in this Section 3.1(d), that provision to the extent possible shall be interpreted and deemed amended in the manner determined by the Committee so as to avoid the conflict. To the extent of any remaining irreconcilable conflict with this intent, the provision shall be deemed void as applicable to Insiders to the extent permitted by law and in the manner deemed advisable by the Committee.

(e) The Committee's interpretation of the Plan and of any Award or Agreement made under the Plan and all related decisions or resolutions of the Board or Committee shall be final and binding on all parties with an interest therein. Consistent with its terms, the Committee shall have the power to establish, amend or waive regulations to administer the Plan. In carrying out any of its responsibilities, the Committee shall have discretionary authority to construe the terms of the Plan and any Award or Agreement made under the Plan.

3.2 Indemnification. Each person who is or shall have been a member of the Committee, or of the Board, and any other person to whom the Committee delegates authority under the Plan, shall be indemnified and held harmless by the Company, to the extent permitted by law, against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit or proceeding to which such person may be a party or in which such person may be involved by reason of any action taken or failure to act, made in good faith, under the Plan and against and from any and all amounts paid by such person in settlement thereof, with the Company's approval, or paid by such person in satisfaction of any judgment in any such action, suit or proceeding against such person, provided such person shall give the Company an opportunity, at the Company's expense, to handle and defend the same before such person undertakes to handle and defend it on such person's own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such person or persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

4. Shares Available Under the Plan.

(a) The number of Shares available for distribution under the Plan shall not exceed 1,500,000 (subject to adjustment pursuant to Section 4(d) and Section 16). Any Shares made subject to Awards of Options or Stock Appreciation Rights shall be counted against this number as one (1) Share for every one (1) Share granted. Any shares of Common Stock granted as an Award other than Options or Stock Appreciation Rights shall be counted against this number as one and seventy-four hundredths (1.74) Shares for every one (1) Share granted. The Shares issued under the Plan may come from authorized and unissued shares or shares purchased in the open market.

(b) Any Shares subject to the terms and conditions of an Award under the Plan that are not used because the terms and conditions of the Award are not met may again be used for an Award under the Plan; provided however, that the gross number of Shares with respect to which a Stock Appreciation Right has been exercised may not again be awarded under the Plan if such exercise has been settled in Shares.

(c) Any unexercised or undistributed portion of any terminated, expired, exchanged, or forfeited Award, or any Award settled in cash in lieu of Shares shall be available for further Awards.

(d) The provisions of Section 4(b) and 4(c) shall also apply to any awards granted under the Tennant Company 2007 Stock Incentive Plan that are outstanding on the effective date of the Plan.

(e) For the purposes of computing the total number of Shares granted under the Plan, the following rules shall apply to Awards payable in Shares where appropriate:

(i) each Award shall be deemed to be the equivalent of the maximum number of Shares that may be issued upon exercise of the particular Award;

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- (ii) an Award payable in some other security shall be deemed to be equal to the number of Shares to which it relates;
- (iii) where the number of Shares available under the Award is variable on the date it is granted, the number of Shares shall be deemed to be the maximum number of Shares that could be received under that particular Award until the Award is settled; and
- (iv) where two or more types of Awards (all of which are payable in Shares) are granted to a Participant in tandem with each other, such that the exercise of one type of Award with respect to a number of Shares cancels at least an equal number of Shares of the other, each such joint Award shall be deemed to be the equivalent of the maximum number of Shares available under the largest single Award.
- (f) Notwithstanding anything to the contrary contained herein, (i) Shares tendered in payment of an Option shall not be added to the total number of Shares available for grant under the Plan, (ii) Shares withheld by the Company to satisfy any tax withholding obligation shall not be added to the total number of Shares available for grant under the Plan, (iii) Shares that are repurchased by the Company with Option proceeds shall not be added to the total number of Shares available for grant under the Plan and (iv) all Shares covered by a Stock Appreciation Right, to the extent that it is exercised and settled in Shares, and whether or not Shares are actually issued to the Participant upon exercise of the Stock Appreciation Right, shall be considered issued under the Plan.
- (g) No fractional Shares may be issued under the Plan; however, cash shall be paid in lieu of any fractional Share in settlement of an Award.
- (h) The maximum number of Shares that may be issued pursuant to Options intended to be Incentive Stock Options shall be 1,500,000 (subject to adjustment pursuant to Section 16).

5. Eligibility. Participation in the Plan shall be limited to (i) Employees, (ii) individuals who are not Employees but who provide services to the Company or an Affiliate, including services provided in the capacity of a consultant, advisor or director, such as a Non-Employee Director and (iii) any individual the Company desires to induce to become an Employee or Non-Employee Director, provided that any such grant shall be contingent upon such individual becoming an Employee or Non-Employee Director, as the case may be. The granting of Awards is solely at the discretion of the Committee, except that Incentive Stock Options may only be granted to Employees. References herein to “employed,” “employment” or similar terms (except “Employee”) shall include the providing of services in any capacity or as a director. Neither the transfer of employment of a Participant between any of the Company or its Affiliates, nor a leave of absence granted to such Participant and approved by the Committee, nor any change in status from an Employee to a consultant of the Company shall be deemed a termination of employment for purposes of the Plan.

6. General Terms of Awards.

6.1 Amount of Award. Each Award shall be evidenced by a written or electronic Agreement setting forth the terms and conditions that apply to such Award. Each Agreement shall set forth the number of Shares of Restricted Stock, Stock or Performance Units subject to the Agreement, or the number of Shares to which the Option subject to the Agreement applies or with respect to which payment upon the exercise of the Stock Appreciation Right subject to the Agreement is to be determined, as the case may be, together with such other terms and conditions applicable to the Award (and not inconsistent with the Plan) as determined by the Committee acting in its sole discretion, which may include conditions on vesting, exercisability, lapsing of restrictions or payment that are tied to Performance Measures.

6.2 Vesting and Term. Each Agreement, other than those relating solely to Awards of Shares without restrictions, shall set forth the Term of the Award and any applicable Performance Period, but in no event shall the Term of an

Award be longer than ten years after the date of grant. The Committee may provide for such vesting conditions as the Committee, in its sole discretion, may determine, provided that (i) no Award of Options or Stock Appreciation Rights may vest in full earlier than three years from the date of grant, (ii) the restrictions or conditions on an Award of Restricted Stock may not lapse in their entirety earlier than three years from the date of grant and

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(iii) the Performance Cycle of a Performance Unit or other Award subject to Performance Measures may not be shorter than one year, except, in each of clauses (i) – (iii) above, in the case of (a) a shorter vesting period specifically approved by the Committee to attract a key executive to join the Company, (b) a shorter vesting period specifically approved in accordance with the Plan to attract or retain key employees, provided that Awards with respect to no more than 75,000 Shares shall be made in accordance with this clause (b), (c) upon a Change of Control if so provided by the Committee, (d) death, Disability or Retirement as provided in Section 6.4 or as otherwise provided by the Committee, (e) restricted stock issued in exchange for other compensation as approved by the Committee, (f) a substitute Award granted pursuant to Section 19, and (g) Awards issued to Non-Employee Directors. Acceleration of the vesting or exercisability of the Award, upon such terms and conditions as shall be set forth in the Agreement, which may, but need not, include, without limitation, acceleration in the event of the Participant’s death, Disability or Retirement or the occurrence of a Change of Control or a Fundamental Change. Acceleration of the Performance Period of Performance Units shall be subject to Section 11.2.

6.3 Transferability. Except as provided in this Section, during the lifetime of a Participant to whom an Award is granted, only that Participant (or that Participant’s Successor) may exercise an Option or Stock Appreciation Right, or receive payment with respect to Performance Units or any other Award. No Award may be sold, assigned, transferred, exchanged or otherwise encumbered other than to a Successor in the event of a Participant’s death or pursuant to a qualified domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or the rules thereunder; any attempted transfer in violation of this Section 6.3 shall be of no effect. Notwithstanding the immediately preceding sentence, the Committee, in an Agreement or otherwise at its discretion, may provide that the Award (other than Incentive Stock Options) may be transferable, to the extent permitted by law, to a Transferee if the Participant does not receive any consideration for the transfer. Any Award held by a Transferee shall continue to be subject to the same terms and conditions that were applicable to that Award immediately before the transfer thereof to the Transferee. For purposes of any provision of the Plan relating to notice to a Participant or to acceleration or termination of an Award upon the death, Disability or termination of employment of a Participant the references to “Participant” shall mean the original grantee of an Award and not any Transferee.

6.4 Termination of Employment. Except as otherwise determined by the Committee or provided by the Committee in an Agreement, in case of a Participant’s termination of employment with the Company and all of its Affiliates, the following provisions shall apply:

(a) Options and Stock Appreciation Rights

(i) Death or Disability. If a Participant who has been granted an Option or Stock Appreciation Rights shall die or if a Participant’s employment terminates because of Disability before such Option or Stock Appreciation Rights have expired, the Option or Stock Appreciation Rights shall become exercisable in full, and may be exercised by the Participant’s Successor at any time, or from time to time, within one year after the date of the Participant’s death or termination or employment due to Disability.

(ii) Retirement. If a Participant’s employment terminates because of Retirement, the Option or Stock Appreciation Rights shall become exercisable in full, and the Participant may exercise his or her Options or Stock Appreciation Rights at any time, or from time to time, within three months after the date of such termination if such termination results from the Participant’s Retirement; provided that if the Participant has provided the Company with six months’ prior written notice of the Participant’s intention to Retire, and if there are no special payments made by the Company as a retirement incentive or inducement, then the Options or Stock Appreciation Rights may be exercised at any time within five years after the Participant’s employment by the Company terminates due to Retirement.

(iii) Cause. If a Participant’s employment is terminated for Cause, the Award shall terminate immediately upon such termination for Cause.

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(iv) Reasons other than Death, Disability, Retirement or Cause. If a Participant's employment terminates for any reason other than death, Disability, Retirement or Cause, the unexercisable portion of any Award held by such Participant shall terminate at the date of termination of employment and any portion of such Award that was exercisable immediately prior to such termination shall remain exercisable for three months after termination of the Participant's employment. If the Participant is a Non-Employee Director, the Option or Stock Appreciation Right shall remain exercisable until the expiration of the Term after such Non-Employee Director ceases to be a director of the Company but, unless otherwise provided in the Agreement, only to the extent that such Option or Stock Appreciation Right was exercisable immediately prior to such Non-Employee Director ceasing to be a director.

(v) Notwithstanding the foregoing Sections 6.4(a)(i), (ii), (iii) and (iv), in no event shall an Option or a Stock Appreciation Right be exercisable after the expiration of the Term of such Award. Any Option or Stock Appreciation Right that is not exercised within the periods set forth in Sections 6.4 (i), (ii), (iii) and (iv), except as otherwise provided by the Committee in the applicable Agreement, shall terminate as of the end of the periods described in such Sections.

(b) Performance Units. If a Participant's employment with the Company or any of its Affiliates terminates during a Performance Period because of death, Disability or Retirement, or under other circumstances provided by the Committee in its discretion in the applicable Agreement or otherwise, the Participant shall be entitled to a payment of Performance Units at the end of the Performance Period based upon the extent to which achievement of Performance Measures was satisfied at the end of such period (as determined at the end of the Performance Period) and prorated for the portion of the Performance Period during which the Participant was employed by the Company or any Affiliate. Except as provided in this Section 6.4(b) or in the applicable Agreement, if a Participant's employment terminates with the Company and all of its Affiliates during a Performance Period, then such Participant shall not be entitled to any payment with respect to that Performance Period.

(c) Restricted Stock Awards. In case of a Participant's death, Disability or Retirement, the Participant shall be entitled to receive a number of Shares of Restricted Stock under outstanding Awards that has been prorated for the portion of the Term of the Awards during which the Participant was employed by the Company and its Affiliates, and, with respect to such Shares, all restrictions shall lapse. Any Shares of Restricted Stock as to which restrictions do not lapse under the preceding sentence shall terminate at the date of the Participant's termination of employment and such Shares of Restricted Stock shall be forfeited to the Company.

6.5 Rights as Shareholder. Each Agreement shall provide that a Participant shall have no rights as a shareholder with respect to any securities covered by an Award unless and until the date the Participant becomes the holder of record of the Stock, if any, to which the Award relates.

6.6 Performance-Based Awards. Any Award may be granted as a performance-based Award if the Committee establishes one or more Performance Measures upon which vesting, the lapse of restrictions or settlement in cash or Shares is contingent. With respect to any Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Committee shall establish and administer Performance Measures in the manner described in Section 162(m) of the Code and the then current regulations of the Secretary of the Treasury.

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7. Restricted Stock Awards.

(a) An Award of Restricted Stock under the Plan shall consist of Shares subject to restrictions on transfer and conditions of forfeiture, which restrictions and conditions shall be included in the applicable Agreement. The Committee may provide for the lapse or waiver of any such restrictions or conditions based on such factors or criteria as the Committee, in its sole discretion, may determine.

(b) Except as otherwise provided in the applicable Agreement, the Shares subject to the Award of Restricted Stock shall be issued in the name of the Participant and each Stock certificate issued with respect to an Award of Restricted Stock shall either be deposited with the Company or its designee, together with an assignment separate from the certificate, in blank, signed by the Participant, or the Stock certificate or book-entry shall bear such legends with respect to the restricted nature of the Restricted Stock evidenced thereby as shall be provided for in the applicable Agreement.

(c) Upon the lapse of the restrictions and conditions, unrestricted Shares shall be issued to the Participant or a Successor or Transferee.

(d) A Participant or a Transferee with a Restricted Stock Award shall have all the other rights of a shareholder including, but not limited to, the right to receive dividends and the right to vote the Shares of Restricted Stock.

8. Other Awards. The Committee may from time to time grant Stock and other Awards under the Plan including, without limitation, those Awards pursuant to which Shares are or may in the future be acquired, Awards denominated in Stock units, securities convertible into Stock and phantom securities. The Committee, in its sole discretion, shall determine the terms and conditions of such Awards provided that such Awards shall not be inconsistent with the terms and purposes of the Plan. The Committee may, at its sole discretion, direct the Company to issue Shares subject to restrictive legends and/or stop transfer instructions that are consistent with the terms and conditions of the Award to which the Shares relate.

9. Stock Options.

9.1 Terms of All Options.

(a) An Option shall be granted pursuant to an Agreement as either an Incentive Stock Option or a Non-Statutory Stock Option. The purchase price of each Share subject to an Option shall be determined by the Committee and set forth in the Agreement, but shall not be less than the Fair Market Value of a Share as of the date the Option is granted (except as provided in Section 19).

(b) The purchase price of the Shares with respect to which an Option is exercised shall be payable in full at the time of exercise, provided that to the extent permitted by law, the Agreement may permit a Participant to simultaneously exercise Options and sell the Shares thereby acquired pursuant to a brokerage or similar relationship and use the proceeds from the sale as payment of the purchase price of the Shares. The purchase price may be paid in cash or, if the Committee so permits, through a reduction of the number of Shares delivered to the Participant upon exercise of the Option or delivery or tender to the Company of Shares (by actual delivery or attestation) held by such Participant (in each case, such Shares having a Fair Market Value as of the date the Option is exercised equal to the purchase price of the Shares being purchased pursuant to the Option), or a combination thereof, unless otherwise provided in the Agreement, provided that no fractional Shares will be issued or accepted. A Participant exercising an Option shall not be permitted to pay any portion of the purchase price with Shares if, in the opinion of the Committee, payment in such manner could have adverse financial accounting consequences for the Company.

(c) Each Option shall be exercisable in whole or in part on the terms provided in the Agreement. In no event shall any Option be exercisable at any time after the expiration of its Term. When an Option is no longer exercisable, it shall be deemed to have lapsed or terminated.

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(d) No Participant may receive any combination of Options and Stock Appreciation Rights relating to more than 250,000 Shares in the aggregate pursuant to Awards in any year under this Plan.

9.2 Incentive Stock Options. In addition to the other terms and conditions applicable to all Options:

(a) the aggregate Fair Market Value (determined as of the date the Option is granted) of the Shares with respect to which Incentive Stock Options held by an individual first become exercisable in any calendar year (under the Plan and all other incentive stock option plans of the Company and its Affiliates) shall not exceed \$100,000 (or such other limit as may be required by the Code) if this limitation is necessary to qualify the Option as an Incentive Stock Option, and to the extent an Option or Options granted to a Participant exceed this limit the Option or Options shall be treated as a Non-Statutory Stock Option;

(b) an Incentive Stock Option shall not be exercisable more than ten years after the date of grant (or such other limit as may be required by the Code) if this limitation is necessary to qualify the Option as an Incentive Stock Option;

(c) an Incentive Stock Option shall not be exercisable more than one year after termination of the Participant's employment with the Company and its Affiliates if the Participant's employment with the Company and its Affiliates terminates because of the Participant's death or Disability or more than three months after termination of the Participant's employment if the Participant's employment terminates for any reason other than death or Disability;

(d) the Agreement covering an Incentive Stock Option shall contain such other terms and provisions that the Committee determines necessary to qualify this Option as an Incentive Stock Option; and

(e) notwithstanding any other provision of the Plan to the contrary, no Participant may receive an Incentive Stock Option under the Plan if, at the time the Award is granted, the Participant owns (after application of the rules contained in Code Section 424(d), or its successor provision), Shares possessing more than 10% of the total combined voting power of all classes of stock of the Company or its Subsidiaries, unless (i) the option price for that Incentive Stock Option is at least 110% of the Fair Market Value of the Shares subject to that Incentive Stock Option on the date of grant and (ii) that Option is not exercisable after the date five years from the date that Incentive Stock Option is granted.

10. Stock Appreciation Rights. An Award of a Stock Appreciation Right shall entitle the Participant (or a Successor or Transferee), subject to terms and conditions determined by the Committee, to receive upon exercise of the Stock Appreciation Right all or a portion of the excess of (i) the Fair Market Value of a specified number of Shares as of the date of exercise of the Stock Appreciation Right over (ii) a specified price that shall not be less than 100% of the Fair Market Value of such Shares as of the date of grant of the Stock Appreciation Right. A Stock Appreciation Right may be granted in connection with part or all of, in addition to, or completely independent of an Option or any other Award under the Plan. If issued in connection with a previously or contemporaneously granted Option, the Committee may impose a condition that exercise of a Stock Appreciation Right cancels a pro rata portion of the Option with which it is connected and vice versa. Each Stock Appreciation Right may be exercisable in whole or in part on the terms provided in the Agreement. No Stock Appreciation Right shall be exercisable at any time after the expiration of its Term. When a Stock Appreciation Right is no longer exercisable, it shall be deemed to have lapsed or terminated. Upon exercise of a Stock Appreciation Right, payment to the Participant or a Successor or Transferee shall be made at such time or times as shall be provided in the Agreement in the form of cash, Shares or a combination of cash and Shares as determined by the Committee. The Agreement may provide for a limitation upon the amount or percentage of the total appreciation on which payment (whether in cash and/or Shares) may be made in the event of the exercise of a Stock Appreciation Right. No Participant may receive any combination of Options and Stock Appreciation Rights relating to more than 50,000 Shares in the aggregate pursuant to Awards in any year under this Plan.

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11. Performance Units.

11.1 Initial Award.

(a) An Award of Performance Units under the Plan shall entitle the Participant or a Successor or Transferee to future payments of cash, Shares, DSUs or a combination thereof, as determined by the Committee, based upon the achievement of specified levels of one or more Performance Measures. The Agreement may establish that a portion of a Participant's Award will be paid for performance that exceeds the minimum target but falls below the maximum target applicable to the Award. The Agreement shall also provide for the timing of the payment.

(b) Following the conclusion or acceleration of each Performance Period, the Committee shall determine the extent to which (i) Performance Measures have been attained, (ii) any other terms and conditions with respect to an Award relating to the Performance Period have been satisfied and (iii) payment is due with respect to an Award of Performance Units.

(c) No Participant may receive Performance Units (or Shares, cash or DSUs in payment therefor) relating to more than 100,000 Shares pursuant to Awards of Performance Units in any year under this Plan.

11.2 Acceleration and Adjustment. The Agreement may permit an acceleration of the Performance Period and an adjustment of Performance Measures and payments with respect to some or all of the Performance Units awarded to a Participant, upon the occurrence of certain events, which may, but need not include, without limitation, a Change of Control, a Fundamental Change, a recapitalization, a change in the accounting practices of the Company, a change in the Participant's title or employment responsibilities, the Participant's death, Disability or Retirement or, with respect to payments in Shares with respect to Performance Units, a reclassification, stock dividend, stock split or stock combination as provided in Section 16. The Agreement also may provide for a limitation on the value of an Award of Performance Units that a Participant may receive.

12. Effective Date and Duration of the Plan.

12.1 Effective Date. The Plan originally became effective upon shareholder approval at the 2010 Annual Meeting of Shareholders on April 28, 2010, and this amendment and restatement shall become effective on the date of approval by the requisite vote of shareholders at the 2012 Annual Meeting of Shareholders or any adjournment thereof.

12.2 Duration of the Plan. The Plan shall remain in effect until all Stock subject to it shall be distributed, all Awards have expired or lapsed, the Plan is terminated pursuant to Section 15, or April 28, 2020, whichever occurs first (the "Termination Date"); provided, however, that Awards made before the Termination Date may be exercised, vested or otherwise effectuated beyond the Termination Date unless limited in the Agreement or otherwise. The date and time of approval by the Committee of the granting of an Award shall be considered the date and time at which the Award is made or granted, unless the approval specifies an alternative grant date that is later than the date and time of approval.

12.3 Effect on Prior Plans. No new awards shall be granted to any Employee or Non-Employee Director under any other previously approved Company stock plan after the Plan becomes effective.

13. Plan Does Not Affect Employment Status.

(a) Status as an eligible Employee shall not be construed as a commitment that any Award will be made under the Plan to that eligible Employee or to eligible Employees generally.

(b) Nothing in the Plan or in any Agreement or related documents shall confer upon any Employee or Participant any right to continue in the employment of the Company or any Affiliate or constitute any contract of employment or affect any right that the Company or any Affiliate may have to change such person's compensation, other benefits, job responsibilities, or title, or to terminate the employment of such person with or without cause.

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14. Tax Withholding. The Company shall have the right to withhold from any cash payment under the Plan to a Participant or other person (including a Successor or a Transferee) an amount sufficient to cover any required withholding taxes. The Company shall have the right to require a Participant or other person receiving Shares under the Plan to pay the Company a cash amount sufficient to cover any required withholding taxes before actual receipt of those Shares. In lieu of all or any part of a cash payment from a person receiving Shares under the Plan, the Committee may permit the individual to cover all or any part of the required withholdings through a reduction in the number of Shares delivered or a delivery or tender to the Company of Shares held by the Participant or other person, in each case valued in the same manner as used in computing the withholding taxes under applicable laws.

15. Amendment, Modification and Termination of the Plan and Agreements.

(a) Except as limited in (b) below, (i) the Board may at any time and from time to time terminate, suspend or modify the Plan and (ii) the Committee may at any time alter or amend any or all Agreements under the Plan to the extent permitted by law. Notwithstanding the foregoing, the Company shall submit any amendment of the Plan for shareholder approval if the rules of the New York Stock Exchange or other applicable laws or regulations require shareholder approval of such amendment.

(b) No termination, suspension, or modification of the Plan will materially and adversely affect any right acquired by any Participant or Successor or Transferee under an Award granted before the date of termination, suspension, or modification, unless otherwise agreed to by the Participant in the Agreement or otherwise, or required as a matter of law; but it will be conclusively presumed that any adjustment for changes in capitalization provided for in Sections 11.2 or 16 does not adversely affect these rights. Except as provided in Section 16, in no event may any Option or Stock Appreciation Right granted under the Plan (i) be amended to decrease the exercise price or strike price thereof, as the case may be, (ii) be cancelled in conjunction with the grant of any new Option or Stock Appreciation Right with a lower exercise price or strike price, as the case may be, (iii) be amended to provide for a cash buyout of the Option or Stock Appreciation Right if such Option or Stock Appreciation Right is not “in the money,” (iv) be subject to a voluntary surrender and subsequent grant of “in the money” Option or Stock Appreciation Right or (v) otherwise be subject to any action that would be treated, for accounting purposes or under the rules of the New York Stock Exchange, as a “repricing” of such Option or Stock Appreciation Right, unless such amendment, cancellation or action is approved by the Company’s shareholders in accordance with the rules of the New York Stock Exchange.

16. Adjustment for Changes in Capitalization. In the event of any equity restructuring (within the meaning of Statement of Financial Accounting Standards No. 123 (revised 2004), referred to as “FAS 123R”) that causes the per Share value of Shares to change, such as a stock dividend or stock split, the Committee shall cause there to be made an equitable adjustment to the number and kind of Shares or other securities issued or reserved for issuance pursuant to the Plan and to outstanding Awards (including but not limited to the number and kind of Shares to which such Awards are subject, and the exercise or strike price of such Awards) to the extent such other Awards would not otherwise automatically adjust in the equity restructuring; provided, in each case, that with respect to Incentive Stock Options, no such adjustment shall be authorized to the extent that such adjustment would cause such Incentive Stock Options to violate Section 422(b) of the Code or any successor provision; provided further, that no such adjustment shall be authorized under this Section to the extent that such adjustment would cause an Award to be subject to adverse tax consequences under Section 409A of the Code. In the event of any other change in corporate capitalization, which may include a merger, consolidation, any reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code), or any partial or complete liquidation of the Company to the extent such events do not constitute equity restructurings or business combinations within the meaning of FAS 123R, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights. In either case, any such adjustment shall be conclusive and binding for all purposes of the Plan. Unless otherwise determined by the Committee, the number of Shares subject to an Award shall always

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be a whole number. In no event shall an outstanding Award be amended for the sole purpose of decreasing the exercise or strike price thereof, except in accordance with Section 15(b) of the Plan.

17. Fundamental Change. In the event of a proposed Fundamental Change, the Committee may, but shall not be obligated to:

(a) if the Fundamental Change is a merger or consolidation or statutory share exchange, make appropriate provision for the protection of the outstanding Options and Stock Appreciation Rights by the substitution of options, stock appreciation rights and appropriate voting common stock of the corporation surviving any merger or consolidation or, if appropriate, the parent corporation of the Company or such surviving corporation; or

(b) at least ten days before the occurrence of the Fundamental Change, declare, and provide written notice to each holder of an Option or Stock Appreciation Right of the declaration, that each outstanding Option and Stock Appreciation Right, whether or not then exercisable, shall be canceled at the time of, or immediately before the occurrence of the Fundamental Change in exchange for payment to each holder of an Option or Stock Appreciation Right, within ten days after the Fundamental Change, of cash equal to (i) for each Share covered by the canceled Option, the amount, if any, by which the Fair Market Value (as defined in this Section) per Share exceeds the exercise price per Share covered by such Option or (ii) for each Stock Appreciation Right, the price determined pursuant to Section 10, except that Fair Market Value of the Shares as of the date of exercise of the Stock Appreciation Right, as used in clause (i) of Section 10, shall be deemed to mean Fair Market Value for each Share with respect to which the Stock Appreciation Right is determined in the manner hereinafter referred to in this Section. At the time of the declaration provided for in the immediately preceding sentence, each Stock Appreciation Right and each Option shall immediately become exercisable in full and each person holding an Option or a Stock Appreciation Right shall have the right, during the period preceding the time of cancellation of the Option or Stock Appreciation Right, to exercise the Option as to all or any part of the Shares covered thereby or the Stock Appreciation Right in whole or in part, as the case may be. In the event of a declaration pursuant to Section 17(b), each outstanding Option and Stock Appreciation Right granted pursuant to the Plan that shall not have been exercised before the Fundamental Change shall be canceled at the time of, or immediately before, the Fundamental Change, as provided in the declaration. Notwithstanding the foregoing, no person holding an Option or a Stock Appreciation Right shall be entitled to the payment provided for in this Section 17(b) if such Option or Stock Appreciation Right shall have terminated, expired or been cancelled. For purposes of this Section only, "Fair Market Value" per Share means the cash plus the fair market value, as determined in good faith by the Committee, of the non-cash consideration to be received per Share by the shareholders of the Company upon the occurrence of the Fundamental Change.

18. Dividends and Dividend Equivalents. An Award (other than an Option or Stock Appreciation Right) may, if so determined by the Committee, provide the Participant with the right to receive dividend payments or dividend equivalent payments with respect to Shares subject to the Award (both before and after the Shares subject to the Award are earned, vested or acquired), which payments may be either made currently or credited to an account for the Participant, and may be settled in cash or Shares, as determined by the Committee; provided, however, that in no event shall any dividend payments or dividend equivalent payments be paid out with respect to any unvested Awards that are subject to performance-based vesting conditions. Any such settlements, and any such crediting of dividends or dividend equivalents or reinvestment in Shares, may be subject to such conditions, restrictions and contingencies as the Committee shall establish, including the reinvestment of such credited amounts in Share equivalents.

19. Corporate Mergers, Acquisitions, Etc. The Committee may also grant Options, Stock Appreciation Rights, Restricted Stock or other Awards under the Plan in substitution for, or in connection with the assumption of, existing options, stock appreciation rights, restricted stock or other award granted, awarded or issued by another corporation and assumed or otherwise agreed to be provided for by the Company pursuant to or by reason of a transaction involving a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation

to which the

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Company or a Subsidiary is a party. The terms and conditions of the substitute Awards may vary from the terms and conditions set forth in the Plan to the extent as the Board at the time of the grant may deem appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are granted.

20. **Unfunded Plan.** The Plan shall be unfunded and the Company shall not be required to segregate any assets that may at any time be represented by Awards under the Plan. Neither the Company, its Affiliates, the Committee, nor the Board of Directors shall be deemed to be a trustee of any amounts to be paid under the Plan nor shall anything contained in the Plan or any action taken pursuant to its provisions create or be construed to create a fiduciary relationship between the Company and/or its Affiliates, and a Participant or Successor or Transferee. To the extent any person acquires a right to receive an Award under the Plan, this right shall be no greater than the right of an unsecured general creditor of the Company.

21. **Limits of Liability.**

(a) Any liability of the Company to any Participant with respect to an Award shall be based solely upon contractual obligations created by the Plan and the Award Agreement.

(b) Except as may be required by law, neither the Company nor any member of the Board of Directors or of the Committee, nor any other person participating (including participation pursuant to a delegation of authority under Section 3.1(b) of the Plan) in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall have any liability to any party for any action taken, or not taken, in good faith under the Plan.

22. **Compliance with Applicable Legal Requirements.** No Shares distributable pursuant to the Plan shall be issued and delivered unless the issuance of the Shares complies with all applicable legal requirements including, without limitation, compliance with the provisions of applicable state securities laws, the Securities Act of 1933, as amended and in effect from time to time or any successor statute, the Exchange Act and the requirements of the exchanges on which the Company's Shares may, at the time, be listed.

23. **Deferrals and Settlements.** The Committee may require or permit Participants to elect to defer the issuance of Shares or the settlement of Awards in cash under such rules and procedures as it may establish under the Plan. It may also provide that deferred settlements include the payment or crediting of interest on the deferral amounts.

24. **Other Benefit and Compensation Programs.** Payments and other benefits received by a Participant under an Award made pursuant to the Plan shall not be deemed a part of a Participant's regular, recurring compensation for purposes of the termination, indemnity or severance pay laws of any country and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company or an Affiliate unless expressly so provided by such other plan, contract or arrangement, or unless the Committee expressly determines that an Award or portion of an Award should be included to accurately reflect competitive compensation practices or to recognize that an Award has been made in lieu of a portion of competitive cash compensation.

25. **Beneficiary Upon Participant's Death.** To the extent that the transfer of a Participant's Award at death is permitted by this Plan or under an Agreement, (i) a Participant's Award shall be transferable to the beneficiary, if any, designated on forms prescribed by and filed with the Committee and (ii) upon the death of the Participant, such beneficiary shall succeed to the rights of the Participant to the extent permitted by law and this Plan. If no such designation of a beneficiary has been made, the Participant's legal representative shall succeed to the Awards, which shall be transferable by will or pursuant to laws of descent and distribution to the extent permitted by this Plan or under an Agreement.

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26. Requirements of Law.

(a) To the extent that federal laws do not otherwise control, the Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Minnesota without regard to its conflicts-of-law principles and shall be construed accordingly.

(b) If any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not effect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

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TENNANT COMPANY
ANNUAL MEETING OF SHAREHOLDERS
10:30 a.m. CDT
Wednesday, April 25, 2012
Golden Valley Country Club
7001 Golden Valley Road
Golden Valley, MN 55427

Driving Directions:

FROM THE WEST:

Highway 55 East to Winnetka Avenue (stoplight). Left on Winnetka to Golden Valley Road. Right on Golden Valley Road for approximately one mile. Entrance to clubhouse on the right, just after the railroad tracks.

FROM THE SOUTH:

Interstate 494 West to Highway 100 North. 100 North to Highway 55 West. 55 West to Douglas Drive (stoplight). Right on Douglas Drive to Golden Valley Road (2nd light). Left on Golden Valley Road approximately 1/3 mile. Entrance to clubhouse on the left, before the railroad tracks.

FROM THE EAST:

Downtown
Interstate 394 West to Highway 100 North. 100 North to Highway 55 West. 55 West to Douglas Drive (stoplight). Right on Douglas Drive to Golden Valley Road (2nd light). Left on Golden Valley Road approximately 1/3 mile. Entrance to clubhouse on the left, before the railroad tracks.

FROM THE NORTH:

Highway 100 South to Highway 55 West. 55 West to Douglas Drive (stoplight). Right on Douglas Drive to Golden Valley Road (2nd light). Left on Golden Valley Road approximately 1/3 mile. Entrance to clubhouse on the left, before the railroad tracks.

Important Notice Regarding the Availability of Proxy Materials for the Annual meeting:
The Notice and Proxy Statement and Form 10-K are available at www.proxyvote.com.

TENNANT COMPANY
ANNUAL MEETING OF SHAREHOLDERS
APRIL 25, 2012, 10:30 A.M.
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints H. Chris Killingstad and Heidi M. Wilson, and each of them, as Proxies, each with the power to appoint his/her substitute, and hereby authorizes them or any of them to represent and to vote, as designated herein, all the shares of Common Stock of Tennant Company (the "Company") held of record by the undersigned on March 1, 2012, at the Annual Meeting of Shareholders to be held on April 25, 2012, or any adjournment thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR EACH OF THE NOMINEES IN PROPOSAL 1 AND FOR PROPOSALS 2, 3 AND 4.

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This Proxy covers all shares for which the undersigned has the right to give voting instructions to Vanguard Fiduciary Trust Company, Trustee of the Tennant Company Profit Sharing and Employee Stock Ownership Plan (090984) ("Plan"). This Proxy, when properly executed, will be voted as directed. If voting instructions are not received by the proxy tabulator by April 20, 2012, the undersigned will be treated as directing the Plan's Trustee to vote the shares held in the Plan in the same proportion as the shares for which the Trustee has received timely instructions from others who do vote OR the shares will not be voted.

THESE INSTRUCTIONS, WHEN PROPERLY EXECUTED, WILL BE FOLLOWED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED PARTICIPANT.

Address

Changes/Comments:

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

Continued and to be signed on reverse side. See reverse for voting.

TENNANT COMPANY
 701 NORTH LILAC DRIVE
 P.O. BOX 1452
 MINNEAPOLIS, MN 55440-1452

VOTE BY INTERNET – www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on April 24, 2012. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

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

VOTE BY PHONE – 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on April 24, 2012. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

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

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

KEEP THIS PORTION FOR YOUR
 RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

TENNANT COMPANY

The Board of Directors recommends a vote FOR all nominees listed.

Vote On Directors

1.	Election of Directors Nominees:	For All o	Withhold All o	For All Except o	To withhold authority to vote for any individual nominees(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.
	01) Jeffrey A. Balagna				
	02) Steven A. Sonnenberg				
	03) David S. Wichmann				

If elected, Messrs. Balagna, Sonnenberg and Wichmann will serve for a term of three years.

Vote On Proposals

The Board of Directors recommends you vote FOR the following proposals:

	For	Against	Abstain
2. Ratify the appointment of KPMG LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2012.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Advisory approval of executive compensation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Approve the Amended and Restated 2010 Stock Incentive Plan.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

For address changes and/or comments, please check this box and write them on the back where indicated.

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

Signature (PLEASE SIGN WITHIN
BOX) Date

Signature (Joint Owners)

Date