Apergy Corporation

Proxy Statement
Notice of Annual Meeting of Shareholders

May 12, 2020

Apergy

Notice of Annual Meeting of Shareholders
To be Held May 12, 2020

April 2, 2020

Dear Fellow Shareholders:

The 2020 Annual Meeting of Shareholders (the "Meeting") of Apergy Corporation ("Apergy" "we," "our," "us" or the "Company") will be a virtual meeting conducted exclusively via live webcast at www.meetingcenter.io/282266664 on Tuesday, May 12, 2020 at 8:00 a.m. Central Time. At the Meeting, shareholders will be asked to consider and act upon the following matters:

1. Election of two Class II directors;
2. Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2020;
3. Advisory vote to approve the compensation of the Company's named executive officers for 2019 ("Say-on-Pay");
4. Advisory vote to approve the frequency of future Say-on-Pay votes;
5. Approval of the Amended and Restated 2018 Equity and Cash Incentive Plan; and
6. Such other business as may properly come before the Meeting.

These items are fully described in the following pages, which are made a part of this notice.

All holders of record at the close of business on March 16, 2020 are entitled to vote at the Meeting or any postponement or adjournment thereof.

We plan to mail a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access the proxy materials and our 2019 Annual Report (which includes our 2019 Annual Report on Form 10-K), how to vote online, and how to obtain a paper copy of the proxy materials. Our 2019 Annual Report and our proxy materials are first being made available on or about April 2, 2020.

In light of on-going developments related to the coronavirus (COVID-19) and after careful consideration, our Board of Directors (the "Board") has determined to hold a virtual annual meeting in order to facilitate shareholder attendance and participation by enabling shareholders to participate from any location and at no cost. We believe this is the right choice for Apergy at this time, as it enables engagement with our shareholders, regardless of size, resources, or physical location while safeguarding the health of our shareholders, Board and management. You will be able to attend the Meeting online, vote your shares electronically and submit questions during the meeting by visiting www.meetingcenter.io/282266664. To participate in the virtual meeting, you will need the control number printed on your Notice, proxy or voting instruction card. The password for the meeting is APY2020. The Meeting webcast will begin promptly at 8:00 a.m., Central Time. We encourage you to access the Meeting prior to the start time. If you experience technical difficulties during the check-in process or during the Meeting, support is available at https://support.vevent.com.

Your vote is very important. Whether or not you plan to attend the virtual Meeting online, we urge you to review the proxy materials and vote your shares as soon as possible. We hope you will read the Proxy Statement and the 2019 Annual Report and submit your proxy, or use telephone or Internet voting, prior to the Meeting. Even if you plan to attend the virtual Meeting online, please submit a proxy as soon as possible to ensure your shares are voted at the Meeting in accordance with your instructions.

On behalf of the Board and our management team, I extend our appreciation for your support.

JULIA WRIGHT

Senior Vice President, General Counsel and Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 12, 2020

Our Proxy Statement, together with the form of proxy card, and our 2019 Annual Report are available at:

www.envisionreports.com/APY

PROXY STATEMENT 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. Page references are supplied to help you find further information in this Proxy Statement.

Annual Meeting of Shareholders Information

Time and Date:	8:00 a.m. Central time on Tuesday, May 12, 2020
Virtual Meeting:	www.meetingcenter.io/282266664
Eligibility to Vote:	You are entitled to vote if you were a shareholder of record at the close of business on March 16, 2020.

Voting Matters and Board Recommendation

	Board's Voting Recommendation	Page Reference
Election of Gary Luquette and Daniel Rabun as Class II directors until the 2022 annual meeting of shareholders (*Item 1*)	FOR EACH DIRECTOR NOMINEE	11
Ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for 2020 (*Item 2*)	FOR	19
Advisory vote to approve the compensation of the Company's named executive officers (Say-on-Pay) (*Item 3*)	FOR	23
Advisory vote on the frequency of the Company's Say-on-Pay vote (*Item 4*)	FOR ONE YEAR FREQUENCY	24
Approve the Amended and Restated 2018 Equity and Cash Incentive Plan (*Item 5*)	FOR	54

How to Cast Your Vote

You may submit your vote by Internet, telephone or mail.

INTERNET
To vote before the Meeting, visit www.envisionreports.com/APY. To vote at the Meeting, visit www.meetingcenter.io/282266664. You will need the control number on your notice, proxy or voting instruction card and the meeting password: APY2020.

BY TELEPHONE
1-800-652-8683 until 1:00 a.m. Central Time On May 12, 2020

BY MAIL
Completing, signing, dating and returning your proxy or voting instruction card before May 12, 2020

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP ("PwC") served as our independent registered public accountants for the year ended December 31, 2019 and provided certain tax and other services to us. Representatives of PwC are expected to be present online at the virtual Meeting with the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions from shareholders. As a matter of good corporate governance, we are requesting our shareholders ratify the selection of PwC as our independent registered public accountants for the year ending December 31, 2020.

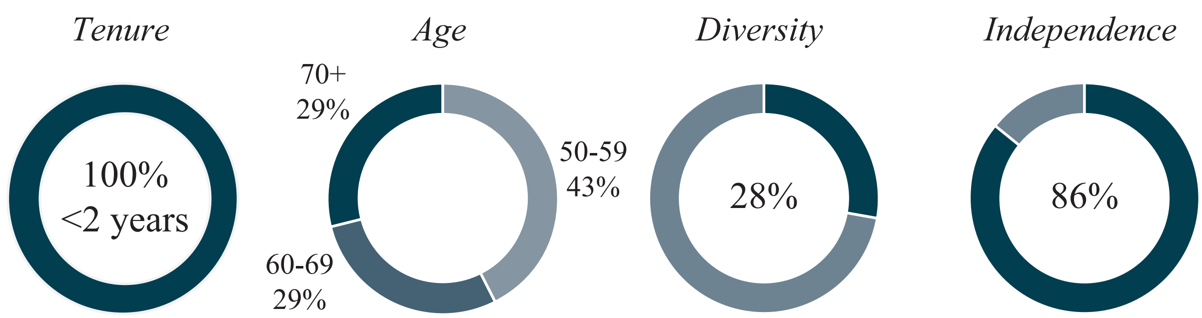
Board and Board Committees

Name	Age	Principal Occupation	Independent	Committee Memberships	Other Public Company Boards
Nominees Standing for Election					
Gary P. Luquette	64	Retired Chief Executive Officer, Frank's International N.V.	Yes	COMP, G&N	McDermott
Daniel W. Rabun	65	Retired Chief Executive Officer, Ensco plc	Yes	COMP, G&N	Apache Corp.; Golar LNG
Continuing Directors with Terms Expiring in 2021					
Kenneth M. Fisher	58	Chief Financial Officer, Noble Energy Inc.	Yes	AUD	Noble Midstream Partners LP
Sivasankaran Somasundaram	54	President & Chief Executive Officer, Apergy	No		None
Stephen K. Wagner	73	Retired Partner, Deloitte LLP	Yes	AUD, G&N	Dover Corp.
Continuing Directors with Terms Expiring in 2022					
Mamatha Chamarthi	50	Chief Information Officer – North America and Asia Pacific, FCA Fiat Chrysler Automobiles	Yes	COMP	None
Stephen M. Todd	71	Retired Global Vice Chairman, Ernst & Young Global Ltd.	Yes	AUD	Dover Corp.

Messrs. Fisher and Somasundaram have served on our Board since April 2018 and the remaining directors joined the Board in May 2018 at the time of our spin-off from Dover Corporation.

The standing committees of our Board are the Audit Committee (AUD), Compensation Committee (COMP), and Governance and Nominating Committee (G&N).

Our Board is currently divided into three classes which will be phased out effective at our 2022 annual meeting.



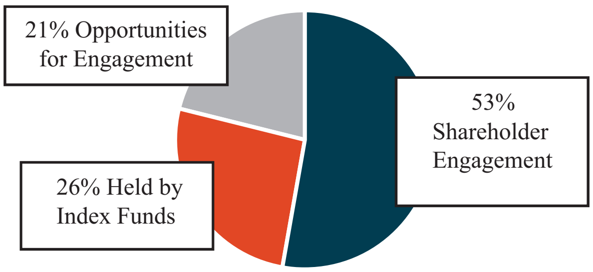
Governance Highlights

The following actions are reflective of our commitment to transparency and good corporate governance:

- Independent Chairman of the Board
- 6 of 7 directors are independent
- All members of the Audit Committee, Compensation Committee, and Governance and Nominating Committee are independent under the rules of the New York Stock Exchange ("NYSE")
- Stock ownership guidelines for directors and senior officers
- Executive compensation clawback policy
- Directors and officers of the Company are prohibited from pledging (subject to limited exceptions) or hedging shares of our stock
- Executive sessions of independent directors

Shareholder Engagement

2019 was our first full year as an independent, publicly traded Company. It was important to us to engage with our shareholders and maintain regular, constructive dialogue and solicit valuable feedback on our efforts to increase shareholder value. In 2019, we held meetings with shareholders representing 53% of our outstanding shares of common stock.



Business Highlights

2019 was an eventful and transformative year for Apergy. We executed well during a period of changing market conditions and continued to invest in delivering superior products and services to our customers. In addition, in December 2019, we announced the entry of a definitive agreement with Ecolab Inc. ("Ecolab") for our merger with ChampionX, the upstream energy business of Ecolab created through their previous acquisitions of NALCO and Champion. Following the completion of the transaction, expected in the second quarter of 2020, Apergy, together with ChampionX, will have approximately $3.5 billion in pro forma 2019 sales, with a strong balance sheet and robust free cash flow generation. The combined company will provide greater scale, a larger geographic footprint, enhanced customer touch points, and reduced leverage supported by strong cash flow generation through the oil and gas cycle.

Executive Compensation Highlights

The Compensation Committee is committed to targeting reasonable and competitive total compensation for our executive officers, with a significant portion of compensation being performance based. In 2019:

- 84% of our CEO's target compensation was performance based; and
- 67% of the target compensation of our other named executive officers was performance based.

Our compensation program is designed to align with and drive achievement of our business strategies. Core elements include a base salary, a short-term incentive, and long-term incentives which:

- Correlate executive pay with our performance on both a short-term and long-term basis;
- Emphasize operating performance and support our business strategies; and
- Link executive pay to measures that drive shareholder value.

Named Executive Officers

For 2019, our Named Executive Officers ("NEOs") were:

Name	Age	Title
Sivasankaran ("Soma") Somasundaram	54	President & Chief Executive Officer
Jay A. Nutt	57	Senior Vice President and Chief Financial Officer
Julia Wright	44	Senior Vice President, General Counsel and Secretary
Paul E. Mahoney	56	President, Production and Automation Technologies
Syed ("Ali") Raza	53	Senior Vice President and Chief Digital Officer

Important Dates for 2021 Annual Meeting of Shareholders

- Shareholder proposals submitted for inclusion under Rule 14a-8 of the Securities and Exchange Commission ("SEC") in the proxy statement for our 2021 annual meeting of shareholders must be submitted in writing and received by our Secretary on or before November 27, 2020.

- Under our bylaws, shareholder proposals to be presented in person at the 2021 annual meeting of shareholders (but not included in the 2021 proxy statement) must be submitted in writing and received by our Secretary not earlier than the close of business on January 12, 2021 and not later than the close of business on February 11, 2021.

Corporate Citizenship

Apergy believes that how we perform as a corporate citizen is important to our success and also intrinsic as a purpose-driven company. At Apergy, we focus on collaboration with our customers, protecting the health and safety of our workforce, minimizing our impact on the environment through our products and practices, creating a culture of respect and inclusion, and supporting our local communities. Together, these characteristics are central to our role as a good corporate citizen.

- We seek to be active stewards of our environment by minimizing the footprint of our own operations and innovating leading solutions that drive supportable growth by more efficiently using the world's resources.
- We actively encourage our operations to recycle a variety of materials that flow through our value chain. In partnership with our vendors, we have implemented multiple recycling programs for materials such as cardboard, plastic, solvents, and more.
- Apergy businesses are committed to creating innovative products and processes that help customers and suppliers improve their energy efficiency, reduce emissions, and protect health and safety.
- We are driven by the belief that all safety incidents are preventable and are relentlessly pursuing an organization that is incident free.
- We contributed in excess of 5,000 hours of volunteer time in 2019, working with greater than 30 organizations to benefit more than 100,000 people globally.

Driven to Improve – Employees

In 2019, we conducted an employee engagement survey distributed globally to all employees. The survey focused on five dimensions:

- Apergy's purpose of Improving Lives, including whether individual employees understand how their individual work impacts and supports our purpose;
- Internal communication, including transparency, timing and clarity, especially during times of change;
- Workplace environment, including culture, openness and responsiveness;
- Management and leadership, including clarity of goals and objectives, recognition and opportunities for growth and development; and
- Journey to Zero and each employee's knowledge of our efforts to focus on safety in our journey to zero incidents, training opportunities and the Company's openness towards safety concerns and improvements.

We were pleased to receive survey responses from more than 75% of all employees. Our executive leadership team reviewed the results of each dimension and by question, on a consolidated basis and by function and operating business. Several strengths emerged from the responses:

90%	87%	90%
Believe that leaders and employees respect safety rules and regulations, indicating a strong, healthy, climate for safety.	Have a strong understanding of Apergy's purpose and how their work impacts it.	Feel comfortable asking questions, raising concerns, and requesting support, indicating a healthy climate for employee voice across Apergy.

The results of the survey were shared with the Company in the fourth quarter of 2019 and in keeping with our culture of continuous improvement, we have begun to develop action plans to maintain the strengths identified in the surveys, as well as identify and implement improvements for the areas receiving less favorable responses. Overall, the survey provided valuable feedback on our efforts to fulfill our purpose of improving lives, including providing a rewarding workplace for our employees. We are pleased to see that employees feel engaged with our purpose and connect with our customers, suppliers and communities on a differentiated basis with the goal of achieving extraordinary results.

Driven to Improve – Our Communities

Apergy's vision is clear: improving lives. We are proud to share that Apergy employees contributed in excess of 5,000 hours of volunteer time in 2019, benefitting more than 100,000 people globally through our efforts. The following are just a few of the many examples of the ways in which we worked to give back and enhance the lives of people in our neighborhoods and communities:

- More than 140 Apergy team members attending our Continuous Improvement Conference learned about the efforts of Days for Girls and together made more than 1,000 hygiene bags holding supplies to be sent to young girls in the developing world, providing the girls with dignity and opportunity;
- Our team in Argentina held a day of service at Asociación Peldaños, a non-profit civil association benefitting persons with intellectual disabilities by developing job skills and social connections;
- We partnered with The Woodlands Childrens' Museum to provide field trips to the museum for more than 1,100 area students enrolled in Title I schools and area Head Start programs, and over the course of 2019 groups from across our organization helped prepare activities designed to take the museum to children at Texas Childrens' Hospital;
- Apergy's Finance and IT teams spent time at the Montgomery County Food Bank packing meals for nearly 400 families;
- US Synthetic, our subsidiary in Orem, Utah, was honored at the 2019 Junior Achievement of Utah's Governor's Breakfast as one of the top four organizations in the state that provides the most volunteers and volunteer hours during the year;
- Our Harbison-Fisher team raised monies for teachers at Deer Creek Elementary in Crowley, TX to offset the personal funds many teachers spend on school supplies for their students;
- Members of our Quartzdyne team participated in Utah's STEM Fest, an event connecting industry and educators in the shared goals of encouraging the next generation of "problem solvers" and advancing Utah's long-term economic prosperity;
- Ambitious employees of our Alberta Oil Tool and Pro-Rod teams participated in the Down & Dirty Obstacle Run to raise funds for the Alberta Cross Cancer Institute;
- Our Windrock team collected and delivered needed food to organizations such as Knoxville's Mission of Hope, which helps children and their families with food, clothes, toys and hygiene items; and
- We continued our partnership with the World Affairs Council of Greater Houston, hosting the Woodlands Speakers Series, monthly conversations to promote understanding of the world's people, politics, economies and cultures.

Some of the additional organizations we were honored to support in 2019 include:

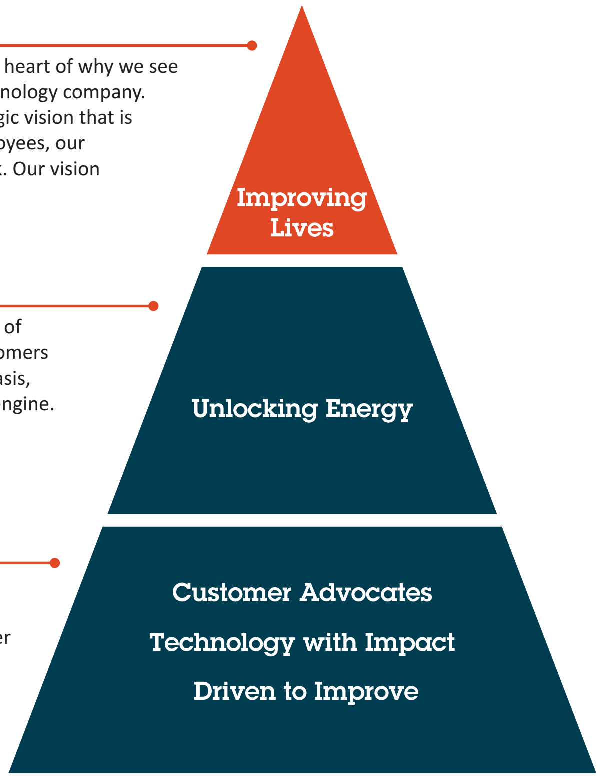
American Heart Association
Angel Tree
Barranca Colombia Childrens Library
Broken Arrow Neighbors
Camp Kindle
Chinchilla Melon Festival
CHOICE Humanitarian
Conin Fundation – Argentina
Contigo Aprendo Children Foundation
Conviventia – Colombia
Drop-In Center, Calgary
FareShare
Flags for the Fallen
Foodbank – Queensland
Hogar El l Pitufo Feliz Children Foundation
InfiniD Learning
Junior Achievement of Utah
Latinos in Action
Make-A-Wish Foundation Canada
MS150 (Texas)
Navajo Reservation Student Career Fair
Oil Field Helping Hands
Permian Foodbank
School No 12 | 25 de Mayo -Argentina
Sentires Children Foundation
SheTech
Success in Education Foundation
Thanksgiving Point Institute
The Mustard Seed
United Way of Utah County
Utah STEM Action Center
Warm Toes Sock Drive
We Help Two – Socks for Legs
Weld Food Bank, Dacono Mobile Pantry
WhoLives Village Drill

Distinctive Strategic Vision and Operating Philosophy

At Apergy, we operate with a customer-centric culture and have a relentless focus on working collaboratively with our customers to solve problems. This culture is a result of our distinctive strategic vision that is focused on improving the lives of our customers, our employees, our shareholders, and the communities where we live and work. We believe that staying committed to this purpose and our operating culture will differentiate us in the marketplace and will align the goals of the organization towards achieving extraordinary results. Our vision and philosophy is best represented as below:

Vision

Apergy's unique vision and operating philosophy are at the heart of why we see ourselves as a "differentiated" oil field equipment and technology company. We are a purpose-driven company with a distinctive strategic vision that is focused on improving the lives of our customers, out employees, our shareholders and the communities where we live and work. Our vision aligns the organization to achieve extraordinary results.



Business Purpose

As Apergy, we are fully committed to our business purpose of "Unlocking Energy." We unlock energy by offering our customers differentiated equipment and technology on a sustained basis, and we maintain the integrity of Apergy's strong financial engine.

Operating Philosophy

Our operating philosophy is built on three principles. First, we will always be relentless advocates for our customers; if our customer wins, we win. Second, we will always deliver technology with impact that drives safety, efficiency and productivity. And finally, we are driven to improve because we operate within a culture of continuous improvement. We are never satisfied and we continuously strive to be better.

Our Cultural Characteristics

We are ever-learning, ever-improving. We have no interest in being an ordinary company. We aspire to be a world-class operating company building on our industrial heritage. We're committed to creating a positive culture that improves the lives of those who connect with us. As Apergy, we are a customer's collaborative partner, we provide a rewarding place to work and we engage as a valued neighbor.

We Are

Human	Humble
Progressive	Responsible
Dynamic	Collaborative
Expert	Entrepreneurial
Informed	

TABLE OF CONTENTS

Apergy Corporation
2445 Technology Forest Boulevard
Building 4, 12th Floor
The Woodlands, Texas 77381
www.apergy.com

PROXY STATEMENT
GENERAL INFORMATION ABOUT THE ANNUAL MEETING

We are providing this Proxy Statement to our shareholders in connection with the solicitation of proxies by Apergy's Board of Directors (the "Board") for use at our 2020 Annual Meeting of Shareholders (the "Meeting"). We plan to mail a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access the proxy materials and our 2019 Annual Report (which includes our 2019 Annual Report on Form 10-K), how to vote online, and how to obtain a paper copy of the proxy materials. Our 2019 Annual Report and our proxy materials are first being made available on or about April 2, 2020.

Date, Place and Time of Meeting

The 2020 Annual Meeting of Shareholders will be conducted virtually and exclusively via live webcast at www.meetingcenter.io/282266664 on Tuesday, May 12, 2020 at 8:00 a.m. Central Time. The password for the meeting is APY2020.

Record Date

The record date for determining shareholders eligible to vote online at the virtual Meeting was March 16, 2020. As of the close of business on that date, we had outstanding 77,493,876 shares of common stock. Each share of common stock is entitled to one vote on each matter and shareholders may not cumulate their votes.

A list of shareholders entitled to vote online at the virtual Meeting will be available for examination by any shareholder for any purpose relevant to the Meeting electronically on the virtual meeting website during the Meeting for those in attendance, and during ordinary business hours at our offices at 2445 Technology Forest Boulevard, Building 4, 12th Floor, The Woodlands, Texas 77381 for ten days prior to the Meeting.

Quorum

For purposes of the Meeting, there will be a quorum if the holders of a majority of the shares of our common stock outstanding on the record date are present online at the virtual Meeting or by proxy. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present.

Attending the Meeting

In light of on-going developments related to the coronavirus (COVID-19) and after careful consideration, the Board has determined to hold a virtual annual meeting in order to facilitate shareholder attendance and participation by enabling shareholders to participate from any location and at no cost.

If your shares are registered directly in your name with our transfer agent, you do not need to register to attend the Meeting virtually. To participate in the virtual Meeting, you will need the control number included on your Notice, proxy or voting instruction card. The password for the meeting is APY2020.

If your shares are held in a stock brokerage account or by a bank or other nominee, you must register in advance to attend the Meeting virtually. To register, please request proof of your proxy power reflecting your Apergy holdings from your broker and submit it along with your name and email address to Computershare. Requests for registration must be labeled "Legal Proxy" and be received no later than 4:00 p.m., Central time on May 7, 2020. You will receive a confirmation of your registration by email after Computershare receives your registration materials. Registration materials and information should be sent:

By email:	legalproxy@computershare.com
By mail:	Computershare Apergy Legal Proxy P.O. Box 43001 Providence, RI 02940-3001

The Meeting webcast will begin promptly at 8:00 a.m., Central Time. We encourage you to access the Meeting prior to the start time. Online check-in will begin at 7:30 a.m., Central Time, and you should allow ample time for the check-in procedures. If you experience technical difficulties during the check-in process or during the Meeting, support is available at https://support.vevent.com.

You will be able to attend the Meeting online, vote your shares electronically and submit questions during the Meeting by visiting www.meetingcenter.io/282266664. We will try to answer as many shareholder-submitted questions as time permits that comply with the meeting rules of conduct. However, we reserve the right to edit profanity or other inappropriate language, or to exclude questions that are not pertinent to meeting matters or that are otherwise inappropriate. If we receive substantially similar questions, we will group such questions together and provide a single response to avoid repetition.

Electronic Delivery of Proxy Materials

As permitted under SEC rules, we are mailing a Notice about the Internet Availability of our Proxy Statement and our Annual Report to shareholders (of which our 2019 Annual Report on Form 10-K is a part) instead of a paper copy of those proxy materials. We believe that this process expedites receipt of our proxy materials by shareholders, while lowering the costs and reducing the environmental impact of the Meeting. All shareholders will have the ability to access the proxy materials over the Internet and to request a paper copy by mail or an electronic copy by e-mail by following the instructions in the Notice. In addition, shareholders will have the ability to receive proxy materials over the Internet in future years.

Items of Business

There are five items scheduled to be voted on at the Meeting:

1. Election of two Class II directors named in this Proxy Statement;

2. Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2020;

3. Advisory vote to approve the compensation of the Company's named executive officers for 2019 ("Say-on-Pay");

4. Advisory vote to approve the frequency of future Say-on-Pay votes ("Say-When-on-Pay"); and

5. Approval of the Amended and Restated 2018 Equity and Cash Incentive Plan.

Vote Required

A plurality of the votes cast at the Meeting is required to elect directors. Accordingly, the two nominees receiving the highest number of affirmative votes will be elected as Class II directors. Each of the other proposals require the affirmative vote of a majority of the shares present online or by proxy and entitled to vote at the Meeting. The votes on Say-on-Pay and Say-When-on-Pay are non-binding, but the Board will consider the results of the vote, including the Say-When-on-Pay choice receiving the greatest number of votes, in making future decisions.

Voting Procedures

Most holders of our common stock hold their shares beneficially through a broker, bank or other nominee rather than of record directly in their own name. As summarized below, there are some differences in the way to vote shares held of record and those owned beneficially.

If your shares are registered directly in your name with our transfer agent, you are considered the shareholder of record of those shares. As a shareholder of record, you may vote online at the virtual Meeting, or by proxy over the Internet, by telephone or by mail by following the instructions provided in our proxy materials. If you are a shareholder of record and vote electronically, by mail or by telephone without making any specific selection, then your shares will be voted FOR Items 1, 2, 3 and 5 and FOR a ONE-YEAR frequency for future Say-on-Pay votes.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of the shares held in “street name,” and you must follow the instructions provided by your broker or other nominee to vote your shares. As the beneficial owner, you have the right to direct your broker or other nominee on how to vote your shares and you are also invited to attend the virtual Meeting online. Your broker or other nominee will provide a voting instruction card for you to use in directing your broker or other nominee as to how to vote your shares, as well as instructions if you want to vote online at the Meeting. We strongly encourage you to instruct your broker or nominee how you wish to vote.

If you are a beneficial owner of shares and do not provide your broker or other nominee with voting instructions, the broker or other nominee will have discretionary authority to vote only on a routine matter. Brokers may vote on routine matters, such as ratification of the independent auditor, without customer voting instructions. However, brokers may not vote on non-routine matters, such as the election of directors, approval of executive compensation and frequency of advisory votes on executive compensation, without customer voting instructions. Broker-held shares that are not voted on non-routine matters are referred to as “broker non-votes”.

Effect of Abstentions and Broker Non-Votes

Broker non-votes will not affect the outcome of the vote on Items 1, 2, 3, 4 or 5.

If you specify that you wish to “abstain” from voting on an item, then your shares will not be voted on that particular item. Abstentions will not affect the outcome of the vote on Item 1. However, they will have the same effect as a vote against Item 2, Item 3, Item 4 and Item 5.

Revoking Your Proxy

If you are a shareholder of record, whether you give your proxy over the Internet, by telephone or by mail, you may revoke it at any time before it is exercised. You may enter a new vote by voting online at the virtual Meeting, electronically, by mail or by telephone so long as it is received prior to the Meeting. If you hold your shares beneficially in “street name” through a broker or other nominee, you must follow the instructions provided by your broker or nominee as to whether and how you may revoke your proxy.

Shareholders Sharing the Same Address

SEC rules permit us to deliver only one copy of the Notice to multiple shareholders of record who share the same address and have the same last name, unless we have received contrary instructions from one or more of the shareholders. This delivery method, called "householding," reduces our printing and mailing costs. Shareholders who participate in householding will continue to receive separate Notices.

If you are a shareholder of record who currently receives a single copy of the Notice and wishes to receive a separate copy of the Notice, or if you are currently receiving multiple copies of the Notice at the same address and wish to receive only a single copy, please write to or call the Secretary of Apergy Corporation at 2445 Technology Forest Boulevard, Building 4, 12th Floor, The Woodlands, Texas 77381, telephone: 281-403-5772.

Shareholders who are beneficial owners holding their shares in "street name" who are currently receiving multiple copies of the Notice and wish to receive only a single copy in the future, or who currently receive a single copy and wish to receive separate copies in the future, should contact their bank, broker or other holder of record to request that only a single copy or separate copies, as the case may be, be delivered to all shareholders at the shared address in the future.

Proxy Solicitation Costs

We will pay the cost of printing and mailing proxies, but we will not pay a fee to any of our officers or employees or to officers or employees of any of our subsidiaries as compensation for soliciting proxies.

Inspector of Election

A representative of Computershare will serve as the inspector of election.

Voting Results

We will announce preliminary voting results during the virtual Meeting and report final voting results within four business days of the Meeting on a Current Report on Form 8-K. You can access that Current Report on Form 8-K and our other reports we file with the SEC at our website www.investors.apergy.com or at the SEC's website www.sec.gov. The information provided on these websites is for information purposes only and is not incorporated by reference into this Proxy Statement.

Corporate Governance

Apergy is committed to conducting business in accordance with the highest level of ethical and corporate governance standards. Our Board periodically reviews its corporate governance practices and takes other actions to address changes in regulatory requirements, developments in governance best practices and matters raised by shareholders. The following describes some of the actions Apergy has taken to help ensure our conduct earns the respect and trust of shareholders, customers, business partners, employees and the communities in which we live and work.

Governance Guidelines and Codes

The Board has adopted written Corporate Governance Guidelines that set forth the responsibilities of the Board and the qualifications and independence of its members and the members of its standing committees. In addition, the Board adopted, among other codes and policies, a Code of Business Conduct and Ethics setting forth standards applicable to all of Apergy's companies and employees, a Code of Ethics for our Chief Executive Officer and Senior Financial Officers applicable to our Chief Executive Officer, Chief Financial Officer, principal accounting officer and controller, and charters for each of its standing committees. All of these documents are available on our website at www.apergy.com. Any waivers to our Code of Business Conduct and Ethics for directors or employees can only be made by our Board. There were no waivers of the Code of Business Conduct and Ethics in 2019.

Board Leadership Structure

Our Board has adopted a structure whereby the Chairman of the Board is an independent director. Our Board believes that having a chairman who is independent of management provides strong leadership for the Board and helps ensure critical and independent thinking with respect to our Company's strategy and performance. Our Chief Executive Officer ("CEO") is also a member of the Board as the management representative. We believe this is important to make information and insight directly available to the directors in their deliberations. Our Board believes that this structure provides an appropriate, well-functioning balance between non-management and management directors that combines experience, accountability and effective risk oversight.

Risk Oversight

Senior management is responsible for day-to-day management of risks facing Apergy, including the creation of appropriate risk management policies and procedures. The Board is responsible for overseeing management in the execution of these responsibilities and for assessing the Company's overall approach to risk management. The Board regularly assesses significant risks to the Company in the course of its review and oversight of the Company's strategy and the Company's annual operating plan. As part of its responsibilities, the Board and its standing committees also regularly review material strategic, operational, cybersecurity, financial, legal, compensation and compliance risks with executive officers. The Audit Committee also performs an oversight role with respect to financial, legal and compliance risks, and reports on its findings and assessments at each regularly scheduled Board meeting. The Compensation Committee considers risk in connection with its design of compensation programs, and has engaged an independent compensation consultant to assist in mitigating compensation-related risk. The Governance and Nominating Committee oversees and monitors risks relating to the Company's governance structure and processes.

Compensation and Risk

We believe that our compensation programs are designed with appropriate risk mitigators, including:

- stock ownership guidelines for executive officers that align the interests of the executive officers with those of our shareholders;
- mix of base salary, cash incentive opportunities, and long-term equity compensation, that provides a balance of short-term and long-term incentives with fixed and variable components;

- inclusion of non-financial metrics, such as qualitative performance factors, in determining actual compensation payouts;
- use of restricted stock and other equity awards, including performance shares, that typically vest over a multi-year period, to encourage executives to take actions that promote the long-term sustainability of our business; and
- an executive compensation clawback policy with a three-year lookback providing for the recovery from an executive officer of any incentive compensation granted on the basis of financial or operating results that are subject to a material negative restatement as the result of fraud, intentional misconduct or gross negligence of the executive officer.

Change in Director Occupation

Directors who retire or substantially change their principal position of employment are required to tender their resignation from the Board to the Governance and Nominating Committee, which the Committee then considers and recommends to the Board whether to accept or reject the resignation. In 2019, Mamatha Chamarthi offered her resignation from the Board in connection with her offer to become the Chief Information Officer – North America and Asia Pacific of FCA Fiat Chrysler. The Governance and Nominating Committee, together with the other non-executive directors other than Ms. Chamarthi, determined not to accept Ms. Chamarthi's resignation in consideration of the expansive experience provided by her new role at FCA Fiat Chrysler and the unique perspective such experience would provide on the Board, as well as other relevant matters.

Succession Protocols

The Governance and Nominating Committee reviews emergency CEO succession protocols, developed by management, to ensure effective communications with the Board and other stakeholders in the event that the CEO is unable to perform the powers and duties of the office either temporarily or permanently due to resignation, retirement, death, illness or other disability. The Governance and Nominating Committee also proposes revisions to the emergency CEO succession protocols from time to time as appropriate.

Director Attendance at Shareholders Meetings

Recognizing that director attendance at our Meeting can provide our shareholders with an opportunity to communicate with the directors about matters affecting the Company, our directors are encouraged to attend the Meeting. All of our directors attended the 2019 annual meeting of shareholders.

Stock Ownership Guidelines

Our Board has adopted a policy that requires executive officers to hold a number of shares with a value at least equal to a pre-determined multiple of each executive officer's annual salary within five years from the date the executive becomes subject to the guidelines. This policy is discussed in the "Additional Executive Compensation Governance Considerations" section of the Compensation Discussion and Analysis. In addition, each independent director is expected to hold a number of shares with a value at least equal to five times the base annual cash compensation paid to each such director during the period he or she is a director. See the section titled "Director Compensation" for additional information.

Anti-Hedging and Anti-Pledging Policy

The Board has adopted a Securities Trading Policy which prohibits directors, officers, and certain other employees from pledging (subject to limited exceptions) or hedging shares of Apergy stock.

Directors' Meetings

During 2019, the Board met thirteen times. Each director attended at least 75% of the meetings of the Board and the Board committees on which the director served. The Board conducts executive sessions in conjunction with its regularly scheduled meetings at least quarterly without management representatives present. Mr. Rabun, as Chairman of the Board, presides at these sessions. If Mr. Rabun is determined to no longer be an independent director or is not present at any of these sessions, the non-employee directors of the Board shall elect a Lead Director to preside.

Procedures for Approval of Related Person Transactions

We generally do not engage in transactions in which our executive officers or directors, any of their immediate family members or any shareholders holding 5% or more of our outstanding common stock have a material interest. Should a proposed transaction or series of similar transactions involve any such persons and in an amount that exceeds $120,000, the transaction would be reviewed by the Governance and Nominating Committee in accordance with the Related Person Transactions Policy and Procedures adopted by our Board, which are posted on our website.

Under the procedures, our General Counsel determines whether a proposed transaction requires review under the policy and, if so, presents the transaction to the Governance and Nominating Committee for review and consideration at its next regularly scheduled meeting. The Governance and Nominating Committee reviews the relevant facts and circumstances of the transaction and approves, rejects or ratifies the transaction. If the proposed transaction is immaterial, the Chair of the Governance and Nominating Committee may approve the transaction and report the transaction at the next meeting of the Governance and Nominating Committee. If it is impractical to postpone the proposed transaction until the next meeting of the Governance and Nominating Committee, the Chair of such Committee decides whether to (i) approve the transaction and report the transaction at the next meeting Governance and Nominating Committee or (ii) call a special meeting of the Governance and Nominating Committee to review the transaction. Should the proposed transaction involve the CEO or enough members of the Governance and Nominating Committee to prevent a quorum, the disinterested members of the committee will review the transaction and make a recommendation to the Board, and the disinterested members of the Board will then approve, reject or ratify the transaction. No director may participate in the review of any transaction in which he or she is a related person.

There were no related party transactions during 2019 that are required to be reported in this Proxy Statement.

Communication with the Board

Shareholders and other interested parties may contact any member of the Board, as a group or individually, any committee, or the independent directors as a group, by writing to them at Apergy Corporation, c/o Secretary, 2445 Technology Forest Boulevard, Building 4, 12th Floor, The Woodlands, Texas 77381. Our General Counsel and Secretary, an employee, reviews all communications directed to any committee and the Board. The Chair of the Audit Committee is promptly notified of any substantive communication involving accounting, internal controls, or audit matters. The Chairman of the Board is promptly notified of any other significant communication, and any Board-related matters which are addressed to a named director are promptly sent to that director. Copies of all communications are available for review by any director. Some communications, such as advertisements, business solicitations, junk mail, resumes, and any communication that is overly hostile, threatening, or illegal will not be forwarded to the Board. Communications may be made anonymously or confidentially. Confidentiality shall be maintained unless disclosure is:

- required or advisable in connection with any governmental investigation or report; or
- in the interests of Apergy, consistent with the goals of our Code of Business Conduct & Ethics.

Director Independence

Our Corporate Governance Guidelines provide that a significant majority of the Board and all of the members of the Audit, Compensation, and Governance and Nominating Committees must be independent from management and must meet all of the applicable criteria for independence established by the NYSE and the SEC. Our Board makes an annual determination of the independence of each director. No director may be deemed independent unless the Board determines that neither the director nor any of the director’s immediate family members has a material relationship with Apergy, directly or as an officer, shareholder or partner of an organization that has a material relationship with Apergy.

Our Board has determined that each director, except for Mr. Somasundaram, has no material relationship with Apergy and meets the independence requirements of the NYSE and the SEC.

Committees of the Board of Directors

Our Board has a standing Audit Committee, Governance and Nominating Committee, and a Compensation Committee. The charters adopted by the Board for each committee, that describe each committee's responsibilities, authority and resources in greater detail, are available on our website at www.investors.apergy.com.

Board and Committee Evaluations

The Board and each of its committees conduct an annual evaluation to determine whether the Board is functioning effectively both at the Board and at the committee levels. The Board recognizes that a robust evaluation process is an essential component of strong corporate governance practices and ensuring Board effectiveness. The Governance and Nominating Committee oversees an annual evaluation process led by the committee's Chairman and the Chairman of the Board. Each director completes a detailed written annual evaluation of the Board and the committees on which he or she serves. These Board evaluations are designed to assess the skills, qualifications, and experience represented on the Board and its committees, and to determine whether the Board and committees are functioning effectively. The process also evaluates the relationship between management and the Board, including the level of access to management, responsiveness of management, and the effectiveness of the Board's evaluation of management performance. The results of this Board evaluation are discussed in executive session by the full Board. The results of each committee evaluation are discussed in executive session by each committee and then reported to the full Board in executive session. Changes to the Board's and its committees' practices are implemented as appropriate.

Audit Committee

Kenneth M. Fisher *Meetings Held in 2019: 16*

Committee Chair

Additional Committee Members: Stephen M. Todd and Stephen K. Wagner

Primary Responsibilities: The Audit Committee is responsible for, among other matters:

- Selecting and engaging the independent registered public accounting firm ("independent auditors");
- Overseeing the work of the independent auditors and Apergy's internal audit function;
- Approving in advance all services to be provided by, and all fees to be paid to, the independent auditors, who report directly to the committee;
- Overseeing the quality and integrity of Apergy's financial statements and its financial reporting and disclosure practices;
- Reviewing with management and the independent auditors the audit plan and results of the audit engagement;
- Reviewing with management and the independent auditors the effectiveness of Apergy's internal control over financial reporting; and
- Overseeing the Company's compliance with legal and regulatory requirements.

The responsibilities and duties of the Audit Committee include reviewing and discussing with management and the independent auditors Apergy's annual audited financial statements and quarterly financial statements prior to inclusion in Apergy's Annual Report on Form 10-K or other public filings in accordance with applicable rules and regulations of the SEC.

The Audit Committee holds regular quarterly meetings at which it meets separately with each of the Company's independent auditors, head of internal audit, and Chief Financial Officer to assess certain matters, including the status of the independent audit process, and management's assessment of the effectiveness of disclosure controls and procedures. In addition, the Audit Committee, as a whole, will review and meet to discuss the contents of each Form 10-Q and review and approve the Form 10-K (including the financial statements) prior to its filing with the SEC.

Independence: All members of the Audit Committee qualify as independent directors for audit committee membership according to the rules and regulations of the SEC and NYSE. All members of the Audit Committee are financially literate and qualify as an "audit committee financial expert," as defined under SEC rules.

Please see the Audit Committee Report on page 20 for additional information on the manner in which the committee fulfilled its responsibilities in 2019.

Governance and Nominating Committee

Stephen K. Wagner *Meetings Held in 2019: 4*

Committee Chair

Additional Committee Members: Gary P. Luquette and Daniel W. Rabun

Primary Responsibilities: The Governance and Nominating Committee is responsible for, among other matters:

- Developing, reviewing, and recommending to the Board corporate governance principles and the Company's Code of Business Conduct and Ethics;
- Identifying and recommending to our Board candidates for election as directors and any changes it believes desirable in the size and composition of the Board;
- Making recommendations to our Board concerning the structure and membership of the Board committees; and
- Developing and overseeing the process for the Board and committee self-evaluations and the process by which the CEO and senior management are evaluated.

Qualification and Nominations of Directors

The Governance and Nominating Committee considers and recommends to the Board nominees for election to, or for filling any vacancy on, the Board or its committees in accordance with our by-laws, our Corporate Governance Guidelines, and the Governance and Nominating Committee's charter. The Governance and Nominating Committee periodically reviews the requisite skills and characteristics of Board members as well as the size, composition, functioning and needs of our Board as a whole. To be considered for Board membership, a nominee for director must be an individual who has the highest personal and professional integrity, who has demonstrated exceptional ability and judgment, and who will be most effective, in conjunction with the other members of our Board, in serving the long-term interests of our shareholders.

The Governance and Nominating Committee also considers directors' qualifications as independent directors (the Board requires that a substantial majority of its members be independent and all of the members of the Audit, Compensation, and Governance and Nominating Committees be independent), the financial literacy of members of the Audit Committee, the qualification of Audit Committee members as "audit committee financial experts," the qualification of Compensation Committee members as "non-employee directors" and the diversity, skills, background and experiences of Board members in the context of the needs of the Board. The Governance and Nominating Committee may also consider such other factors as it may deem to be in the best interests of Apergy and our shareholders. For director nominees who are current directors, the Governance and Nominating Committee considers their history of attendance at Board and committee meetings, as well as preparation for, participation in and contributions to the effectiveness of those meetings in determining whether to nominate them for re-election. The Board believes that a diverse membership having a variety of skills, styles, experience and competencies is an important feature of a well-functioning board. Accordingly, the Board believes that diversity of viewpoints, backgrounds and experience (inclusive of gender, race and age) should be a consideration in Board succession planning and recruiting, consistent with nominating only the most qualified candidates for the Board who bring the required skills, competencies and fit to the boardroom. The Board remains committed to considering board candidate slates that are as diverse as possible and, to that end, requires that diversity be a central component of search criteria for director candidates.

Whenever the Governance and Nominating Committee concludes, based on the reviews or considerations described above or due to a vacancy, that a new nominee to our Board is required or advisable, it will consider recommendations from directors, management, shareholders and, if it deems appropriate, consultants retained for that purpose. It is the policy of the Governance and Nominating Committee to consider director candidates recommended by the Company's shareholders and apply the same criteria in considering those director candidates that it employs in considering candidates proposed from any other source. Shareholders who wish to recommend an individual for nomination should send that person's name and supporting information to the committee, in care of the Secretary of Apergy. Shareholders who wish to directly nominate an individual for election as a director, without going through the Governance and Nominating Committee must comply with the procedures in our by-laws discussed under "Shareholder Proposals and Nominations for the 2021 Annual Meeting."

Compensation Committee

Gary P. Luquette *Meetings Held in 2019: 3*

Committee Chair

Additional Committee Members: Mamatha Chamarthi and Daniel W. Rabun

Primary Responsibilities: The Compensation Committee is responsible for, among other matters:

- Approving compensation of executive officers who report directly to the CEO;
- Granting awards and approving payouts under the Company's equity plans and its annual executive incentive plan;
- Approving changes to the Company's compensation plans;
- Reviewing and recommending compensation for the Board;
- Evaluating the relationship between the Company's incentive compensation arrangements and its risk management policies and practices; and
- Supervising the administration of the compensation plans.

The Compensation Committee, meeting in executive session together with the independent directors of our Board, will approve the compensation of our CEO.

Independence: Each member of the Compensation Committee qualifies as an independent director for compensation committee membership as defined by the rules of the NYSE and our Corporate Governance Guidelines. In addition, the members of the Compensation Committee qualify as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 (the "Exchange Act").

Compensation Committee Interlocks and Insider Participation: None of the members of the Compensation Committee has served as an officer or employee of the Company. Further, none of the Company's executive officers has served as a member of the board of directors or compensation committee of any entity that had one or more of its executive officers serving on the Board or the Compensation Committee.

Item 1: Election of Directors

Our Board is currently divided into three approximately equal classes:

Class I Directors:	Mamatha Chamarthi Stephen M. Todd	Term expiring at 2022 annual meeting of shareholders
Class II Directors:	Gary P. Luquette Daniel W. Rabun	Term expiring at 2020 annual meeting of shareholders
Class III Directors:	Kenneth M. Fisher Sivasankaran Somasundaram Stephen K. Wagner	Term expiring at 2021 annual meeting of shareholders

The Board has nominated Gary P. Luquette and Daniel W. Rabun for election at the Meeting to continue as Class II directors for a two-year term expiring at our 2022 annual meeting of shareholders.

Directors elected to succeed Class III directors in 2021 will serve for a one-year term expiring at our 2022 annual meeting of shareholders. Beginning at our 2022 annual meeting, all of our directors will stand for election each year for annual terms and our Board will no longer be divided into three classes.

Each of our current directors joined the Board in connection with our spin-off from our former parent company in May 2018 and were selected by Dover Corporation ("Dover"). Messrs. Todd and Wagner also serve on the Board of Dover. Last year, our shareholders elected Ms. Chamarthi and Mr. Todd to the Board to serve until our 2022 annual meeting of shareholders. As previously announced in connection with our proposed merger with ChampionX, immediately after the merger our Board will be increased to nine members with two additional directors designated by Ecolab. One of the Ecolab designees shall be appointed as a Class I director, and one of the Ecolab designees shall be appointed as a Class II director. None of the nominees nor any current Class III directors have been elected by our public shareholders.

In recommending Messrs. Luquette and Rabun for re-election to the Board, the Governance and Nominating Committee considered their personal and professional ethics, integrity and values, expertise, skills and understanding of the Company's business environment, diversity of viewpoints, background and experience, and preparation for and participation at Board and committee meetings. Please see "Governance and Nominating Committee – Qualification and Nominations of Directors" for additional information on the criteria and process the Governance and Nominating Committee considers in nominating candidates for election to the Board. A description of Messrs. Luquette's and Rabun's individual qualifications are included in their biographical information below.

The Board recommends that you vote FOR the election of both Mr. Luquette and Mr. Rabun.

Each nominee has indicated approval of his nomination and his willingness to serve if elected. If any nominee for election becomes unavailable to serve as a director before the Meeting, an event which we do not anticipate, the persons named as proxies may vote for a substitute nominee or nominees as may be designated by our Board for election at the Meeting. Proxies cannot be voted for more than the number of nominees proposed for re-election. The two nominees receiving the highest number of votes cast will be elected as Class II directors.

Nominees for Director Standing for Election

Gary P. Luquette
Director since May 9, 2018
Age 64

Mr. Luquette previously served as President and Chief Executive Officer of Frank's International N.V., a global provider of engineered tubular services to the oil and gas industry, from January 2015 to November 2016, following which he served as a special advisor to Frank's International N.V. until his retirement in December 2016. Mr. Luquette also served as a member of Frank's International N.V.'s Supervisory Board from November 2013 to May 2017. From 2006 to September 2013, Mr. Luquette served as President of Chevron North America Exploration and Production, a unit of Chevron Corporation. Mr. Luquette began his career with Chevron Corporation in 1978 and, prior to serving as President, held several other key exploration and production positions in Europe, California, Indonesia and Louisiana. Mr. Luquette has served as the non-executive Chairman of the Board of Directors of McDermott International, Inc., a global offshore engineering and procurement company, since May 2014, where he is currently a member of the Compensation Committee.

Mr. Luquette brings a depth of business, industry and strategic planning experience to the Board, including his two years as President and Chief Executive Officer at Frank's International N.V., his seven years as President of Chevron North America Exploration and Production, along with his holding several key exploration and production positions at Chevron. Mr. Luquette's international experience also adds a valuable global perspective to the Board. Mr. Luquette's extensive board committee participation, including his membership on the Compensation Committee at McDermott International, Inc. and his prior experience on the Health, Safety, Environment and Corporate Responsibility Committee at Southwestern Energy Company, makes him well suited to advise the Board on various corporate governance matters.

Daniel W. Rabun
Director since May 9, 2018
Age 65

From 2007 until his retirement in May 2015, Mr. Rabun served as the Chairman of Ensco plc, an offshore drilling services company, based in London. He was also the President and Chief Executive Officer of Ensco until June 2014, having held the office of Chief Executive Officer for more than seven years and President for more than eight years. From 1986 through 2005, prior to joining Ensco, Mr. Rabun was a partner with the international law firm of Baker & McKenzie LLP, where he provided legal advice to oil and gas companies. Mr. Rabun has served on the Board of Directors and as a member of the Audit Committee of Golar LNG Ltd. since February 2015 and served as the non-executive Chairman from September 2015 to September 2017. He has also served on the Board of Directors of Apache Corporation since May 2015, where he is currently a member of the Corporate Governance and Nominating Committee and the Management Development and Compensation Committee. During 2012, he served as Chairman of the International Association of Drilling Contractors. Mr. Rabun has also been a certified public accountant since 1976.

Mr. Rabun brings a variety of experiences to the Board, including service as Chairman of the Board, President, and Chief Executive Officer of Ensco. During Mr. Rabun's term at Ensco, Ensco drilled some of the most complex wells for super majors, national oil companies, and independent operators in nearly every strategic oil and gas area in the world. Mr. Rabun's legal expertise gathered over many years at Baker & McKenzie LLP, accounting knowledge gained from having been a certified public accountant since 1976, along with his board committee experience as both an Audit Committee and Management Development and Compensation Committee member, provides substantial value to the Board. Mr. Rabun's international experience, global perspective, experience with strategic acquisitions, and financial acumen from having served a total of more than eight years as the business head of a public company, assists the Board in the assessment and management of risks faced by oil and gas companies.

Continuing Directors with Terms Expiring in 2021

Kenneth M. Fisher
Director since April 26, 2018
Age 58

Since April 2014, Mr. Fisher has served as Executive Vice President and Chief Financial Officer of Noble Energy, Inc., an oil and natural gas exploration and production company, and was their Senior Vice President and Chief Financial Officer from November 2009 to April 2014. Before joining Noble Energy, Mr. Fisher served in a number of senior leadership roles at Shell from 2002 to 2009, including as Executive Vice President of Finance for Upstream Americas, Director of Strategy & Business Development for Royal Dutch Shell plc in The Hague, Executive Vice President of Strategy and Portfolio for Global Downstream in London, and Chief Financial Officer of Shell Oil Products U.S. responsible for U.S. downstream finance operations, including Shell Pipeline Company. Prior to joining Shell in 2002, Mr. Fisher held senior finance positions within business units of General Electric Company. Mr. Fisher has served as the Chairman of the Board of Directors of the general partner of Noble Midstream Partners LP since October 2015. He also served on the Board of Directors of the general partner of CONE Midstream Partners LP from May 2014 to December 2017.

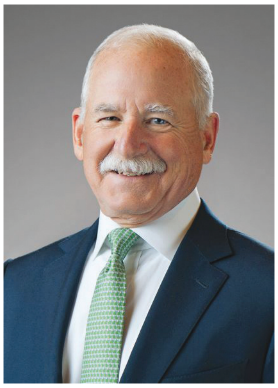
Mr. Fisher's 35 years of business, strategy, mergers and acquisitions, and extensive financial management experience, along with his significant experience in the oil and gas industry, make him a valuable resource for the Board. His six senior finance leadership roles with Noble Energy, Shell and GE, including his years as the Chief Financial Officer of Noble Energy, make him well suited to advise the Board on financial, auditing and finance-related corporate governance matters.

Sivasankaran ("Soma") Somasundaram
Director since April 18, 2018
Age 54

Mr. Somasundaram serves as Apergy's President and Chief Executive Officer and is a member of the Board. Mr. Somasundaram previously served as a Vice President of Dover and as President and Chief Executive Officer of Dover Energy, in which capacity he acted from August 2013 until the spin-off. Previously, Mr. Somasundaram served as Executive Vice President (from November 2011 to August 2013) of Dover Energy, Executive Vice President (from January 2010 to November 2011) of Dover Fluid Management, President (from January 2008 to December 2009) of Dover's Fluid Solutions Platform, President (from June 2006 to December 2007) of Dover's Gas Equipment Group, and President (from March 2004 to May 2006) of Dover's RPA Process Technologies. Prior to joining Dover, Mr. Somasundaram served in various global leadership roles at GL&V Inc. and Baker Hughes Inc. Mr. Somasundaram received a B.S. in Mechanical Engineering from Anna University and a M.S. in Industrial Engineering from University of Oklahoma.

Mr. Somasundaram's strong international business background, having lived and worked in India, Germany, Singapore and Australia, deep operational insights and financial acumen from having served more than four years as President and Chief Executive Officer of Dover Energy, a segment of Dover, a public company, and years of experience in the energy industry makes him a valuable resource for the Board. Mr. Somasundaram's technical experience developed during his time in a number of positions in businesses that serve the energy, chemical, mining, sanitary and other process industries, including RPA Process Technologies and Baker Hughes, along with his degrees in both Industrial and Mechanical Engineering, provide him with unique insights into the highly engineered technologies that Apergy provides to its customers.

Stephen K. Wagner
Director since May 9, 2018
Age 73



From 2009 until his retirement in 2011, Mr. Wagner was the Senior Advisor, Center for Corporate Governance of Deloitte & Touche LLP. Prior to that role, he served in various positions with Deloitte & Touche LLP, which included Managing Partner, Center for Corporate Governance from 2005 to 2009, Deputy Managing Partner, Innovation, Audit and Enterprise Risk, in the United States from 2002 to 2007 and Co-Leader, Sarbanes-Oxley Services from 2002 to 2005. Mr. Wagner's more than 30 years of experience in accounting make him a valuable resource for the Board. Mr. Wagner is also a member of the Board of Directors, the Audit Committee and Chairman of the Governance and Nominating Committee of Dover.

Mr. Wagner's work with the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxely") and other corporate governance regulations makes him well-suited to advise the Board on financial, auditing and finance-related corporate governance matters as well as risk management. Mr. Wagner brings to the Board an outside auditor's perspective on matters involving audit committee procedures, internal control and accounting and financial reporting matters.

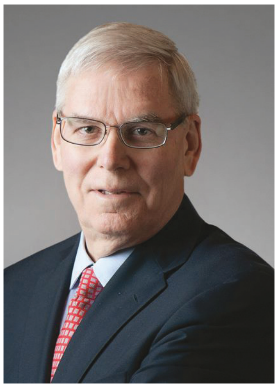
Continuing Directors with Terms Expiring in 2022

Mamatha Chamarthi
Director since May 9, 2018
Age 50

Ms. Chamarthi is the Chief Information Officer – North America and Asia Pacific of Fiat Chrysler Automobiles (from April 2019 to present). Previously, Ms. Chamarthi served as Senior Vice President and Chief Digital Officer of ZF Friedrichshafen AG, (from August 2016 to April 2019). She has also served as Senior Vice President, Chief Digital Officer and Chief Information Officer of ZF TRW Automotive Holdings Corporation (from April 2014 to August 2016), Vice President and Chief Information Officer of CMS Energy Corporation (from May 2010 to December 2013) and Senior IT Executive of Daimler Financial Services (from August 2007 to May 2010).

Ms. Chamarthi's 24 years of domestic and global technology experience in the energy, financial services and automotive industries makes her a valuable resource for the Board. Ms. Chamarthi brings to the Board significant experience collaborating with boards of directors, including technology and audit committees, as an officer of Fiat Chrysler Automobiles, ZF Friedrichshafen AG, ZF TRW Automotive Holdings, CMS Energy and Daimler Financial. Her innovative technology and transformation experience provide her with unique insights into the highly engineered technologies that Apergy provides to its customers.

Stephen M. Todd
Director since May 9, 2018
Age 71



Mr. Todd was Global Vice Chairman from 2003 until his retirement in 2010 of Assurance Professional Practice of Ernst & Young Global Limited, London, UK, an assurance, tax, transaction and advisory services firm. Prior thereto, he served in various positions with Ernst & Young (since 1971). Mr. Todd is also a member of the Board of Directors and Chairman of the Audit Committee of Dover.

Mr. Todd's experience in the accounting profession makes him a valuable resource for the Board. Mr. Todd brings to the Board significant financial experience in both domestic and international business following a 40-year career at Ernst & Young where he specialized in assurance and audit. Mr. Todd developed and directed Ernst & Young's Global Capital Markets Centers, which provide accounting, regulatory, internal control and financial reporting services to multinational companies in connection with cross-border debt and equity securities transactions and acquisitions, making him well suited to advise the Board on capital allocation decisions, financing alternatives, and acquisition activities. His experience, especially his years as Global Vice Chairman of Ernst & Young Global Limited's Assurance Professional Practice and as audit partner for several multinational companies, gives him unique insights into accounting and financial issues relevant to multinational companies like Apergy, and he brings the perspective of an outside auditor to the Board.

Summary of Director Qualifications and Experience

The following table illustrates the breadth and variety of business and other experience that each of our directors brings to Apergy.

Knowledge/ Skill/ Experience	Ms. Chamarthi	Mr. Fisher	Mr. Luquette	Mr. Rabun	Mr. Somasundaram	Mr. Todd	Mr. Wagner
Environmental, Health & Safety			✓	✓	✓		
Financial Reporting/Accounting Experience		✓		✓		✓	✓
Corporate Governance & Responsibility	✓	✓	✓	✓	✓	✓	✓
Public Company Leadership	✓	✓	✓	✓	✓		
Strategic Planning	✓	✓	✓	✓	✓	✓	✓
Global Experience	✓	✓	✓	✓	✓	✓	✓
Energy Industry Experience		✓	✓	✓	✓		
Legal & Regulatory Compliance	✓			✓			
Risk Management		✓	✓	✓	✓	✓	✓
Technology & Innovation	✓	✓			✓		✓
Value Creation	✓	✓	✓	✓	✓	✓	✓

Director Compensation

We use a combination of cash and stock-based incentives to attract and retain qualified candidates to serve on the Board. In setting director compensation, we consider the significant amount of time that directors expend to fulfill their duties, the skill level required of the members of the Board and competitive practices among peer companies. We generally target our director compensation near the median of the same group of peer companies used for executive compensation. Employee directors do not receive additional compensation for their service on the Board. If a director serves for less than a full calendar year, the compensation to be paid to that director may be prorated as deemed appropriate by the Compensation Committee.

To further align the interests of the independent directors of the Board with the Company's shareholders, the Board has adopted stock ownership guidelines for the non-employee directors. Under the guidelines, each non-employee director is expected to own Company common stock with a value at least equal to five times the base annual cash compensation paid to such director during the period he or she serves as a director, not including any additional cash compensation paid to chairs of the Board or committees. Shares of Apergy common stock owned, RSUs subject only to time-based vesting, and shares deferred under our 2018 Equity and Cash Incentive Plan (see below) are included when determining whether an executive has met the required ownership levels. Non-employee directors are expected to meet these requirements within five years after the date of their election or appointment to the Board. Each of our directors are within the five-year transition period for meeting these requirements.

For 2019, non-employee director compensation was set as follows:

- An annual retainer of $225,000, payable $112,500 in cash and $112,500 in stock-based awards;
- Chairman of the Board – additional retainer of $75,000, payable in cash; and
- Committee Chairs – additional retainer of $15,000 for the Audit Committee Chair and $10,000 for the Chairs of the Compensation Committee and the Governance and Nominating Committee, payable in cash.

Non-employee directors are also reimbursed for all reasonable travel and out-of-pocket expenses associated with attending Board and committee meetings and continuing education seminars.

Non-employee directors may elect to defer all or a portion of their annual stock-based awards under our 2018 Equity and Cash Incentive Plan. When directors elect to defer their stock award, their deferred compensation account is credited with a number of "deferred stock units." Each stock unit is equal in value to a share of our common stock but because it is not an actual share of our common stock it does not have any voting rights. Depending on the director's election, a non-employee director may receive the deferred compensation on the date of the director's retirement or an earlier specified date.

2019 Director Compensation Table

The following table shows information regarding the compensation earned or paid during 2019 to non-employee directors who served on the Board during the year. The compensation paid to Mr. Somasundaram is shown in the table entitled *2019 Summary Compensation Table* and the related tables. Mr. Somasundaram does not receive any additional compensation for his service as a member of the Board.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Total ($)
Daniel W. Rabun	187,500	112,651	300,151
Mamatha Chamarthi	112,500	112,651	225,151
Kenneth M. Fisher	127,500	112,651	240,151
Gary P. Luquette	122,500	112,651	235,151
Stephen M. Todd	112,500	112,651	225,151
Stephen K. Wagner	122,500	112,651	235,151

(1) In accordance with SEC rules, the amounts shown reflect the aggregate grant date fair value of the RSUs, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("FASB ASC 718"), disregarding the estimate of forfeitures related to service-based vesting conditions and without taking into account any election to defer receipt of such stock award. The grant date fair value is measured based on the closing price of our common stock on the date of grant. See Note 18 to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the assumption used in determining the FASB ASC Topic 718 grant date fair value of these awards.

Security Ownership of Certain Beneficial Owners and Management

The following tables set forth certain information regarding the beneficial ownership, as of March 16, 2020 (except as otherwise noted), of our common stock by:

- Each director and each of our named executive officers shown in *2019 Summary Compensation Table* (the "NEOs");
- All of our directors and executive officers as a group, including the NEOs; and
- Each person known to us to own beneficially 5% or more of our outstanding common stock.

The beneficial ownership set forth in the table is determined in accordance with the rules of the SEC. The percentage of beneficial ownership is based on 77,493,876 shares of common stock outstanding on March 16, 2020. In computing the number of shares beneficially owned by any shareholder and the percentage ownership of such shareholder, shares of common stock subject to stock-settled stock appreciation rights ("SSARs") held by that person that are currently exercisable or exercisable within 60 days of March 16, 2020, and restricted stock units that become vested within 60 days of March 16, 2020 have been included.

Name of Beneficial Owner(1)	Shares of Apergy's Common Stock Beneficially Owned	% of Class
Directors (except Mr. Somasundaram):		
Daniel W. Rabun(2)	7,252	*
Mamatha Chamarthi(3)	6,411	*
Kenneth M. Fisher(4)	9,411	*
Gary P. Luquette(5)	6,411	*
Stephen M. Todd(6)	10,400	*
Stephen K. Wagner(7)	8,400	*
NEOs:		
Sivasankaran Somasundaram(8)	216,600	*
Jay A. Nutt(9)	9,221	*
Julia Wright(10)	4,877	*
Paul E. Mahoney(11)	96,239	*
Syed Raza(12)	13,679	*
Directors and executive officers as a group (13 persons)(13)	449,431	*
5% Shareholders:		
The Vanguard Group Inc.(14) *100 Vanguard Blvd. Malvern, PA 19355*	7,228,139	9.3%
BlackRock, Inc.(15) *55 East 52nd Street New York, NY 10055*	7,027,744	9.1%
Boston Partners(16) One Beacon Street, 30th Floor Boston, MA 02108	4,626,137	6.0%

* Less than 1% of Apergy's outstanding common stock.

(1) The address for each of the directors and NEOs is c/o Apergy Corporation, 2445 Technology Forest Boulevard, Building 4, 12th Floor, The Woodlands, Texas 77381.

(2) Consists of 7,252 shares of Apergy common stock held directly by Mr. Rabun. Does not include 1,684 unvested RSUs payable in shares of Apergy common stock.

(3) Consists of 6,411 shares of Apergy common stock held directly by Ms. Chamarthi.

(4) Consists of 9,411 shares of Apergy common stock held directly by Mr. Fisher.

(5) Consists of 6,411 shares of Apergy common stock held directly by Mr. Luquette.

(6) Consists of 10,400 shares of Apergy common stock held directly by Mr. Todd.

(7) Consists of 8,400 shares of Apergy common stock held directly by Mr. Wagner.

(8) Consists of (a) 52,909 shares of Apergy common stock held directly by Mr. Somasundaram, (b) 12,967 shares of Apergy common stock held in a limited partnership of which Mr. Somasundaram is a partner, and (c) 153,724 shares of Apergy common stock issuable upon the exercise of SSARs. Does not include 120,025 unvested RSUs payable in shares of Apergy common stock.

(9) Consists of 9,221 shares of Apergy common stock held directly by Mr. Nutt. Does not include 31,054 unvested RSUs payable in shares of Apergy common stock.

(10) Consists of 4,877 shares of Apergy common stock held directly by Ms. Wright. Does not include 19,714 unvested RSUs payable in shares of Apergy common stock.

(11) Consists of (a) 14,256 shares of Apergy common stock held directly by Mr. Mahoney, and (b) 81,983 shares of Apergy common stock issuable upon the exercise of SSARs. Does not include 22,029 unvested RSUs payable in shares of Apergy common stock.

(12) Consists of (a) 6,648 shares of Apergy common stock held directly by Mr. Raza, and (b) 7,031 shares of Apergy common stock issuable upon the exercise of SSARs. Does not include 13,650 unvested RSUs payable in shares of Apergy common stock.

(13) Consists of an aggregate of (a) 158,981 shares of Apergy common stock held directly by Apergy executive officers and directors and (b) an aggregate of 290,450 shares of Apergy common stock acquirable by Apergy executive officers within 60 days through the exercise of SSARs.

(14) Based solely on Schedule 13G/A filed February 12, 2020. The Vanguard Group and certain of its affiliates have sole voting power with respect to 41,429 shares, shared voting power with respect to 12,398 shares, sole dispositive power with respect to 7,186,404 shares and shared dispositive power with respect to 41,735 shares.

(15) Based solely on Schedule 13G/A filed February 5, 2020. BlackRock, Inc. and certain of its affiliates have sole voting power with respect to 6,707,475 shares and sole dispositive power with respect to 7,027,744 shares.

(16) Based solely on Schedule 13G/A filed February 10, 2020. Boston Partners and certain of its affiliates have sole voting power with respect to 3,749,439 shares, shared voting power with respect to 5,365 shares, and sole dispositive power with respect to 4,626,137 shares.

Item 2: Ratify Appointment of Independent Registered Public Accounting Firm

The Audit Committee is responsible for the appointment, compensation, retention, oversight of the work, and evaluation of the independent registered public accountants retained to audit our financial statements. The Audit Committee has appointed PricewaterhouseCoopers LLP (“PwC”) to serve as our independent registered public accounting firm for 2020. In making this decision, the Audit Committee considered a variety of factors, including PwC’s knowledge of the Company’s business and technical expertise, the quality and candor of PwC’s communications with the Audit Committee, PwC’s independence, the quality and timeliness of the services provided by PwC (including feedback from management), and the appropriateness of PwC’s fees.

Representatives of PwC are expected to be present online at the virtual Meeting with the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions from shareholders.

Although shareholder ratification of PwC’s appointment is not required by our by-laws or otherwise, our Board is submitting the ratification of PwC’s appointment for 2020 to our shareholders as a matter of good corporate governance. If shareholders do not ratify the appointment of PwC, the Audit Committee will reconsider whether or not to retain PwC as Apergy’s independent registered public accounting firm for 2020, but will not be obligated to terminate the appointment. Even if shareholders ratify the appointment of PwC, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in Apergy’s interests.

The Board recommends that you vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2020.

Audit Committee Report

The Audit Committee assists the Board in overseeing the Company's accounting and financial reporting processes, the audit of its financial statements and internal control over financial reporting, the Company's compliance with legal and regulatory requirements, the performance of the Company's internal audit function, and the qualifications, independence, performance and compensation of the Company's independent auditors. Management is responsible for the Company's financial statements and financial reporting processes, including the systems of internal control over financial reporting and disclosure controls and procedures. The Company's independent auditors are responsible for performing an independent audit of the Company's financial statements and of its internal control over financial reporting and expressing an opinion as to the conformity of the Company's financial statements with generally accepted accounting principles and the effectiveness of its internal control over financial reporting.

In 2019, in fulfilling these responsibilities, among other things the Audit Committee:

- Met with senior members of the Company's financial management team at each meeting;
- Held private sessions, during regularly scheduled meetings, with the Company's Chief Financial Officer, with the head of the Company's internal audit function, and with PwC, the Company's independent auditors, providing an opportunity for candid discussions regarding financial management, accounting, auditing, and internal control matters;
- Reviewed and discussed with management the Company's earnings releases and financial results for each quarterly period and for the fiscal year as set out in the Company's Form 10-Qs and Form 10-K prior to filing with the SEC;
- Reviewed and discussed with senior management the Company's Sarbanes-Oxley Act compliance program in preparation of management's assessment of the Company's internal control over financial reporting and PwC's attestation report, and (as further discussed below) the plans for mitigation and remediation of any internal control deficiencies;
- Received reports from the General Counsel on compliance matters and reviewed the effectiveness of the Company's compliance program; and
- Reviewed the Company's internal audit plan.

As discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, the Company has identified certain material weaknesses in its internal control over financial reporting that led management to conclude that the Company's internal control over financial reporting and disclosure controls and procedures were not effective as of December 31, 2019. These material weaknesses are in the process of being remediated. The Audit Committee oversaw the identification and disclosure of the nature and underlying causes of the material weaknesses, the impact of the material weaknesses on the Company's financial statements and the planned measures to remediate the material weaknesses. The Audit Committee is continuing to oversee the Company's remediation of the material weaknesses, including receiving regular reports from management and input from PwC.

The Audit Committee also oversaw the identification and correction of certain errors through the revision of prior period financial statements discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

As noted above, the Audit Committee oversees the audits of the Company's financial statements and internal control over financial reporting and the relationship with the independent auditors. In fulfilling its oversight responsibilities for the fiscal year ended December 31, 2019, among other things, the Audit Committee reviewed and discussed with senior members of the Company's financial management team and PwC, the Company's independent auditors, the overall audit scope and plan, the results of the external audit, the quality of the Company's financial reporting, critical audit matters, and the effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures. The Committee also discussed with PwC the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC. In addition, the Committee has received the written disclosures and the letter from PwC required by the applicable requirement of the Public Company Accounting Oversight Board regarding PwC's independence and has discussed with PwC its independence from the Company and its management. The Committee considered whether the provision of non-audit services by PwC to the Company is compatible with maintaining the independence of PwC, and concluded that the independence of PwC was not compromised by the provision of such services. Additionally, the Committee pre-approved all audit and non-audit services provided to the Company by PwC.

Based on its review of the financial statements and the aforementioned discussions, the Audit Committee recommended to the full Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Respectfully submitted by the Audit Committee,
Kenneth M. Fisher, Chair
Stephen M. Todd
Stephen K. Wagner

March 1, 2020

Fees Paid to PricewaterhouseCoopers LLP

PwC began serving as our independent registered public accounting firm in 2017. We incurred the following fees for services performed by PwC for the years indicated. All PwC services for 2018 and 2019 were approved in advance by our Audit Committee (or, prior to the spin-off, by Dover Corporation's audit committee) in accordance with the pre-approval policies described below.

Type of Fee	Year Ended December 31, 2018 ($)	Year Ended December 31, 2019 ($)
Audit Fees (1)	2,577,704	6,393,201
Tax Fees (2)	21,580	150,198
All Other Fees (3)	7,903	7,903

(1) The audit fees for the years ended December 31, 2018 and 2019 were for professional services rendered for the audits of the consolidated financial statements of Apergy and include statutory audits, reviews of the quarterly consolidated financial statements of Apergy, review of registration statement and other documents filed with the SEC and accounting consultations.

(2) Tax fees were for professional services rendered with respect to tax compliance matters.

(3) Other fees include licensing fees for access to technical accounting literature.

Pre-Approval of Services Provided by Independent Registered Public Accounting Firm

Consistent with its charter and applicable SEC rules, our Audit Committee pre-approves all audit and permissible non-audit services provided by PwC to us and our subsidiaries. With respect to certain services which PwC has customarily provided, the Audit Committee has adopted specific pre-approval policies and procedures, which the Audit Committee reviews at least annually. In developing these policies and procedures, the Audit Committee considered the need to ensure the independence of PwC while recognizing that, in certain situations, PwC may possess the expertise and be in the best position to advise us and our subsidiaries on issues and matters other than accounting and auditing.

The policies and procedures adopted by the Audit Committee require pre-approval by the Audit Committee of audit-related and certain non-audit-related tax and other routine and recurring services that are proposed to be performed by the independent auditor. The pre-approval of such services by the Audit Committee is effective for a fiscal year, specific as to a particular service or category of services and is subject to a limitation on fees. In addition, pre-approved services which are expected to exceed the limitation on fees require separate, specific pre-approval. For each proposed service, the independent auditor and management are required to provide information regarding the engagement to the Audit Committee at the time of approval. In evaluating whether to approve such services, the Audit Committee considers whether each service is compliant with the SEC's rules and regulations on auditor independence.

Item 3: Advisory Vote to Approve Compensation of Our Named Executive Officers

We are asking our shareholders to approve, on an advisory basis, the Company's executive compensation as reported in this Proxy Statement. As described below in the "Compensation Discussion and Analysis" section, the Compensation Committee has structured our executive compensation program to achieve the following key objectives:

- Ensure executive compensation drives behaviors and actions consistent with shareholder interests, prudent risk-taking and a long-term perspective;
- Ensure executive compensation allows us to attract, retain, motivate and reward high-performing executive talent. We target reasonable and competitive compensation, and aim to align our compensation with market median levels;
- Differentiate based on performance relative to targets, peers and market conditions, with a significant portion of compensation tied to the achievement of annual and long-term goals that promote shareholder value creation; and
- Emphasize Apergy stock ownership by requiring stock ownership levels for executives.

We urge you to read the "Compensation Discussion and Analysis" beginning on page 25, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the *2019 Summary Compensation Table* and other related compensation tables, appearing on pages 43-53, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board believe that the policies and procedures articulated in the "Compensation Discussion and Analysis" and the compensation of our named executive officers reported in this Proxy Statement are effective in achieving our long-term business objectives.

In accordance with Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the Meeting:

> RESOLVED, that the shareholders of Apergy Corporation (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers disclosed in the Compensation Discussion and Analysis, the 2019 Summary Compensation Table and the related compensation tables and narrative discussion in the Proxy Statement for the Company's 2020 annual general meeting of shareholders.

This advisory resolution, commonly referred to as a "Say-on-Pay" resolution, is non-binding on our Board. Although non-binding, our Board and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program.

The Board recommends that you vote FOR the advisory vote to approve the compensation of our named executive officers as disclosed in this Proxy Statement.

Item 4: Advisory Vote on the Frequency of Say-on-Pay Votes

As required by Section 14A(a)(2) of the Exchange Act, the Board is providing shareholders with an opportunity to provide a non-binding advisory vote to determine whether the Say-on-Pay vote should occur every one, two, or three years, or abstain.

We believe that Say-on-Pay votes should be conducted every year so that shareholders may annually express their views on the Company's executive compensation program.

The Board recommends that shareholders vote to hold the Say-on-Pay vote every year. Shareholders are not voting, however, to approve or disapprove of this recommendation of the Board. The proxy card provides shareholders with the opportunity to choose among four choices. Specifically, shareholders are entitled to vote on whether the advisory Say-on-Pay vote should be held every one, two, or three years, or to abstain from voting.

While the result of this advisory vote on the frequency of the Say-on-Pay vote is non-binding, the Board values the views that our shareholders express in their votes. It will consider the outcome of the vote when deciding how frequently to conduct the Say-on-Pay vote.

The Board recommends that you vote to hold the advisory vote on named executive compensation every ONE YEAR.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides a detailed description of our compensation philosophy, objectives, policies, and practices in place during 2019, and explains the factors considered by the Compensation Committee of our Board (our "Compensation Committee" or the "Committee") in making compensation decisions during 2019. This Compensation Discussion and Analysis focuses on the compensation of our NEOs for 2019, namely:

Name	Title
Sivasankaran ("Soma") Somasundaram	President & Chief Executive Officer
Jay A. Nutt	Senior Vice President & Chief Financial Officer
Julia Wright	Senior Vice President, General Counsel and Secretary
Paul E. Mahoney	President, Production & Automation Technologies
Syed ("Ali") Raza	Senior Vice President and Chief Digital Officer

Overview of Key Compensation Decisions for 2019

The Compensation Committee is committed to targeting reasonable and competitive total compensation for our NEOs, with a significant portion of that compensation being performance based. The Compensation Committee met in February 2019 to review the compensation of our NEOs and considered the Company's performance in the prior year, competitive market data from its Core Peer Group and Supplemental Industry Group, as described further below, and the Company's strategic objectives in making compensation decisions for 2019. Apergy delivered solid financial results in 2018, and, a result of this performance, with consideration given to the competitive compensation data of our Core Peer Group and Supplemental Industry Group and the recommendations of our CEO, the Compensation Committee determined that increases in elements of compensation for our NEOs were reasonable and appropriate. A detailed discussion of the elements of our compensation program and the increases for 2019 is provided below.

During 2018, the Company undertook a study of long-term value creation for oilfield equipment and technology investors and developed our value creation algorithm. The algorithm has three key components:

1. Relative revenue stability;
2. Margin performance; and
3. Balanced and consistent capital allocation.

To reinforce our commitment to value creation for our shareholders, the key components of the algorithm were incorporated into elements of the 2019 compensation program for our executives:

- *Margin hurdle*: an adjusted EBITDA margin hurdle was added to our annual cash incentive awards which limits the achievement for safety, productivity and personal performance if the EBITDA margin is not met;
- *TSR collar*: an absolute TSR collar was added to the relative TSR performance measure in our long-term performance share awards to limit extreme outcomes from relative TSR if there is misalignment with absolute TSR; and
- *ROIC*: a return on invested capital measure was added to the long-term performance share awards, equally weighted with the TSR measure. These changes to our compensation elements are more fully described below.

Compensation Principles and Best Practices

Our compensation program is designed to align with and drive achievement of our business strategies and provide competitive opportunities. Accordingly, we believe our compensation philosophy supports our vision of unlocking energy and improving lives. The Compensation Committee designs our compensation program with the following objectives in mind:

- Ensure executive compensation drives behaviors and actions consistent with shareholder interests, prudent risk-taking and a long-term perspective;
- Ensure executive compensation allows us to attract, retain, motivate and reward high-performing executive talent. We target reasonable and competitive compensation, and aim to align our compensation with market median levels;
- Differentiate based on performance relative to targets, peers and market conditions, with a significant portion of compensation tied to the achievement of annual and long-term goals that promote shareholder value creation; and
- Emphasize Apergy stock ownership by requiring stock ownership levels for executives.

Management and the Compensation Committee believe that providing significant perquisites to executive officers would not be consistent with our overall compensation philosophy. As a result, we do not provide our NEOs with social or health club memberships, company cars or allowances, financial counseling, or any other perquisites. Our NEOs participate in the same group benefit programs as we provide to our other employees in the United States, and on the same terms.

As part of our compensation review process, during 2019, our CEO made recommendations to the Compensation Committee regarding the compensation and incentives for our NEOs other than himself. In doing so, he:

- Recommended performance measures, target goals and award schedules for short-term and long-term incentive awards, and reviewed performance goals for consistency with our projected business plan;
- Reviewed competitive market data for executive positions; and
- Developed specific recommendations regarding the amount and form of equity compensation to be awarded to our NEOs.

Based on the CEO's recommendations and in concert with him, our Compensation Committee's role is to annually review and approve the compensation and incentive awards for our NEOs. In addition, the Committee regularly reviews the components of our compensation program to ensure they continue to align with the above objectives and that the program is administered in a manner consistent with established compensation policies.

The following is a summary of our key compensation policies and practices in place during 2019 for our NEOs:

Pay for Performance	A majority of the compensation for our NEOs is performance based and is paid based on the achievement of absolute and relative performance goals.
Share Ownership Guidelines	Subject to a five-year transition period, each of our NEOs must hold the equivalent in value of three times (or five times in the case of the CEO) their base salary.
Clawback Policy	We can recover incentive compensation, both cash and equity, paid to executives but subsequently determined not to have been earned because financial results are restated, if the restatement is caused by the executive's fraud, intentional misconduct, or gross negligence. Our clawback policy has a three-year lookback.
Anti-Pledging	No directors or officers may pledge Company stock, subject to limited exceptions.
Anti-Hedging	No directors or officers may hedge Company stock.
Double-Trigger	Our executive severance policy requires a double-trigger for a change-in-control termination (i.e., the occurrence of both a change-in-control and a qualifying termination of employment within 18 months following the change-in-control event) in order for an executive to receive change-in-control benefits.
Independent Compensation Committee and Compensation Consultant	Only independent directors serve on the Compensation Committee. Additionally, the Compensation Committee engages an independent compensation consultant and meets with the consultant in executive sessions.
Peer Group Comparison	We compare our NEOs' total compensation to a peer group for market comparable data. We evaluate that peer group annually to ensure that it remains appropriate and add or remove peers when warranted.
No Automatic Base Salary Increases	Our NEOs' base salaries are reviewed annually and are not automatically increased each year.
No Employment Agreements	We do not enter into employment agreements with any NEO.
No Tax Gross-Ups	No excise tax gross-ups are provided to any NEO.
No Perquisites	We do not provide perquisites to NEOs, nor do we own or operate any corporate aircraft.

We encourage you to read the following detailed discussion and analysis of our executive compensation program, including the tables that follow the Compensation Discussion and Analysis.

Compensation Consultant

Under its charter, our Compensation Committee is authorized to retain a compensation consultant and has the sole authority to approve the consultant's fees and other retention terms. In 2019, our Compensation Committee used the services of one compensation consulting firm, Meridian Compensation Partners, LLC ("Meridian"). Our Compensation Committee engaged and managed its relationship with the Meridian executive compensation consultants directly. In addition, Meridian reported directly to the Compensation Committee with respect to all executive and non-executive director compensation matters.

The nature and scope of Meridian's engagement by the Compensation Committee included advising the Compensation Committee, as it needed, with respect to all executive compensation matters under the Compensation Committee's purview. The material elements of the instructions or directions given to Meridian with respect to the performance of its duties to the Compensation Committee included engaging Meridian to:

- Guide the Compensation Committee's decision making with respect to executive compensation matters in light of the Company's business strategy, pay philosophy, prevailing market practices, shareholder interests and relevant regulatory mandates;
- Review and provide advice on the Company's compensation peer group;
- Advise on incentive plan design for both annual and long-term incentive awards;
- Provide comprehensive competitive market studies as reference for the Compensation Committee in consideration of CEO and senior management compensation;
- Review the CEO's executive compensation recommendations for our senior executives;
- Review the CEO's compensation;
- Review and provide competitive market on non-executive director compensation; and
- Apprise the Compensation Committee about emerging best practices and changes in regulatory and corporate governance environment.

In connection with its engagement of Meridian and based on the information presented to it, the Compensation Committee assessed the independence of Meridian pursuant to applicable SEC and NYSE rules and concluded that Meridian's work for the Compensation Committee did not raise any conflict of interest for 2019. Outside of providing executive and director advisory services to our Compensation Committee, Meridian provided no other services to us or our affiliates.

Peer Group

In the design and administration of our 2019 executive compensation programs for NEOs, our Compensation Committee considered competitive market data from our Core Peer Group. The Committee also used its discretion and business judgment in determining overall compensation.

Our Core Peer Group is comprised of 12 companies with primary operations in the oil and gas industry, against which we believe we compete for executive talent. The Core Peer Group used for 2019 compensation decisions consisted of the companies in the table below, which includes revenue and asset data relevant at the time these companies were utilized in determining 2019 compensation. Revenues are based on trailing 12-months as of the most recently reported quarter as of September 2018.

Company	**Revenues (in millions)**	**Assets (in millions)**
C&J Energy Services, Inc.	$ 2,098	$ 1,683
Core Laboratories N.V.	$ 690	$ 605
Dril-Quip, Inc.	$ 402	$ 1,362
Exterran Corporation	$ 1,346	$ 1,513
Forum Energy Technologies, Inc.	$ 971	$ 2,157
Frank's International N.V.	$ 474	$ 1,175
MRC Global Inc.	$ 3,954	$ 2,616
NOW Inc.	$ 2,907	$ 1,811
Oceaneering International, Inc.	$ 1,855	$ 2,903
Oil States International, Inc.	$ 887	$ 2,025
RPC, Inc.	$ 1,803	$ 1,219
Superior Energy Services, Inc.	$ 2,021	$ 3,021
Apergy Corporation	**$ 1,113**	**$ 1,980**
Percentile Ranking	*40%*	*62%*

The Compensation Committee will assess our Core Peer Group at least annually.

In addition to publicly available data for the Core Peer Group, a supplemental group of companies was selected to provide additional data for assessing the competitiveness of our compensation programs for our NEOs. This Supplemental Industry Group consisted of 21 companies that were participants in the Equilar Executive Compensation Survey (which was used by Meridian to analyze peer company compensation data that is not publicly available). The companies were generally selected based on company size, considering enterprise value and revenue, and the nature of their principal business operations with specific emphasis on organizations operating in the energy industry or related sectors, such as exploration & production, and manufacturing. The Supplemental Industry Group includes companies with revenues generally between 0.4 times and 4.0 times Apergy's consolidated revenue. Apergy's revenue was near the 25th percentile of the Supplemental Industry Group revenues, and Apergy was near the median of the Supplemental Industry Group in enterprise value. The companies that comprised the Supplemental Industry Group for 2019 compensation decisions were: Archrock, Inc., Carrizo Oil & Gas, Inc., Chart Industries, Inc., Cimarex Energy Co., Denbury Resources Inc., EP Energy Corporation, ESCO Technologies Inc., Flowserve Corporation, Franklin Electric Co., Inc., Frank's International N.V., Helmerich & Payne, Inc., Matrix Service Company, MRC Global Inc., Murphy Oil Corporation, Newfield Exploration Company, Oceaneering International, Inc., Oil States International, Inc., Pentair Plc, Trinity Industries, Inc., Weatherford International Plc, and WPX Energy, Inc.

Summary of 2019 Compensation to Named Executive Officers

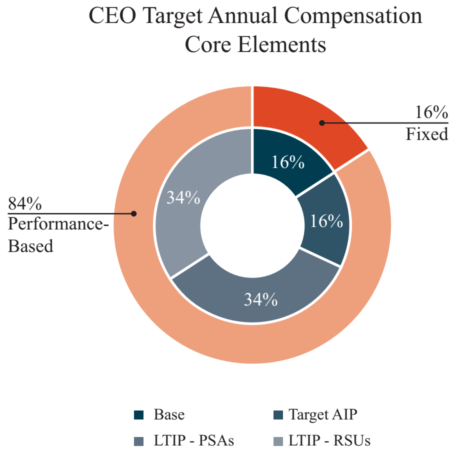
The table below reflects target annual compensation and is not intended to replace the more detailed information provided in the *2019 Summary Compensation Table*.

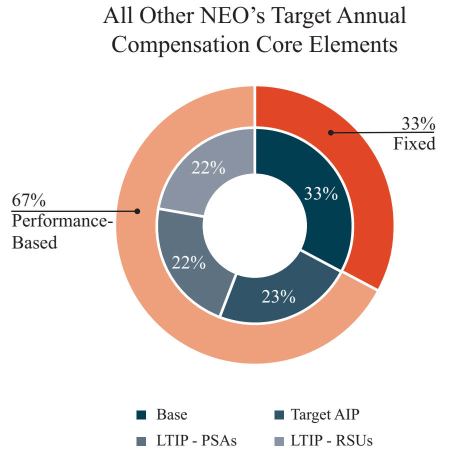
			Target 2019 Annual Long-Term Performance Incentives(1)		
	2019 Base Salary	Target 2019 Short-Term Incentive	Restricted Stock Unit Awards	Performance Share Award Target Dollar Amount	Total Target Amount
Mr. Somasundaram	$ 760,000	$ 760,000	$ 1,625,000	$ 1,625,000	$ 4,770,000
Mr. Nutt	$ 485,000	$ 363,750	$ 375,000	$ 375,000	$ 1,598,750
Ms. Wright	$ 385,000	$ 269,500	$ 275,000	$ 275,000	$ 1,204,500
Mr. Mahoney	$ 438,000	$ 306,600	$ 275,000	$ 275,000	$ 1,294,600
Mr. Raza	$ 357,000	$ 214,200	$ 162,500	$ 162,500	$ 896,200

(1) The number of shares underlying these awards was determined by reference to the closing price per share of Apergy's common stock on February 21, 2019, the date of grant. These values may differ from those found in the compensation tables below, which are required to use an accounting value as of the date of grant or as of December 31, 2019, as the case may be. Neither the values shown in the table above nor the accounting values within the tables that follow this Compensation Discussion and Analysis reflect settlement values, which may be impacted by the price of our common stock, terminations of employment, or change-in-control events, and will not be known until actual settlement occurs, if any.

Performance-Based Compensation

A significant portion of our NEOs' target annual compensation in 2019 was performance-based compensation. The charts below show the percentage of our CEO's and other NEOs' 2019 total target annual compensation that is performance-based compensation and the percentage that is not performance-based compensation. The charts reflect target annual compensation and are not intended to replace the more detailed information provided in the *2019 Summary Compensation Table*.





Elements of Our Executive Compensation Program

Our executive compensation program has been designed to ensure that Apergy is able to attract and retain appropriate executives for applicable positions and that our compensation plans support Apergy's strategies, focus efforts, help achieve business success, and align with our shareholders' interests. There is no pre-established formula for the allocation between cash and non-cash compensation or short-term and long-term compensation. Instead, each year our Compensation Committee determines, in its discretion and business judgment, the appropriate level and mix of cash and non-cash compensation and short-term and long-term incentive compensation for our NEOs to reward near-term performance and to encourage commitment to our long-range strategic business goals. To determine the appropriate combination of elements, we consider our philosophy to condition the majority of NEO compensation on Company performance.

As illustrated in the charts below, our 2019 executive compensation program consisted of the following core elements (at target): base salary, short-term incentives (annual), and long-term incentives (service-based and performance-based). The charts are not intended to replace the more detailed information provided in the *2019 Summary Compensation Table*.

Compensation Element	Objective	Key Features	Performance-Based
Base Salary	Provides regular income at reasonable, competitive levels, reflecting scope of responsibilities, job characteristics, leadership skills and experience	Reviewed annually and subject to adjustment based on individual performance, experience, leadership and market factors.	No, but increases are not guaranteed.
Annual Cash Incentive	Rewards contributions to the achievement of annual targets and individual performance; focuses attention on key operational, functional and financial measures	Compensation Committee establishes performance measures to align performance relative to goals, ultimately driving shareholder value.	Yes, pays out based on achievement of measurable pre-established goals.
Long-Term Incentive Plan – Performance Share Units	Correlates pay outcomes with generating financial returns and increases in both absolute and relative shareholder returns over the long term.	In periods of poor performance relative to industry peers, executives realize little or no value; in periods of strong performance relative to peers, executives may realize substantial value. Three-year cliff vesting.	Yes, value increases or decreases in correlation to share price, and pays out based on ROIC and relative and absolute shareholder return; may not be earned depending on shareholder return and ROIC.
Long-Term Incentive Plan – Restricted Stock Units	Incentivizes management contributions to long-term increases in shareholder value; helps to retain executives in the competitive energy market.	Paid in equity, and value is realized based on future share price; provides a direct correlation of realized pay to changes in shareholder value. Vests ratably over three years.	Yes, value increases or decreases in correlation to share price.

In addition to the elements outlined above, our 2019 executive compensation program included the following supplemental benefits: severance and change-in-control protection and other generally available benefits, which are not reflected in the circle charts above. Each element of our executive compensation program is described below.

Base Salary

We pay our NEOs market-competitive base salaries for the skills and experience necessary to meet the requirements of each NEO's role. To determine the salaries for our NEOs, our Compensation Committee considered market comparisons, as well as the following factors:

- experience in current role and equitable compensation relationships among our executives;
- performance and leadership; and
- external factors involving competitive positioning, general economic conditions, and marketplace compensation trends.

No specific formula is applied to determine the weight of each factor, and the factors are considered by our Compensation Committee in its discretion. Salary reviews are conducted annually in which individual performance is evaluated; however, individual salaries are not necessarily adjusted each year. Our Compensation Committee generally establishes base salaries at competitive levels, with reference to pay levels of comparable positions in the Core Peer Group and the Supplemental Industry Group at the 25th, 50th and 75th percentiles, and consideration for the factors identified above. In February 2019, the Compensation Committee reviewed our NEO's compensation, considering the factors described above and compared to our Core Peer Group and Supplemental Industry Group. For 2019, base salaries for each of the NEOs were increased in recognition of the responsibilities of their positions, their contributions to the success of the Company in 2018, internal pay equity, and their relative position to the market.

Name	2018 Base Salary	Increase in Base Salary	2019 Base Salary
Mr. Somasundaram	$725,000	$35,000	$760,000
Mr. Nutt	$475,000	$10,000	$485,000
Ms. Wright	$360,000	$25,000	$385,000
Mr. Mahoney	$425,000	$13,000	$438,000
Mr. Raza	$350,000	$ 7,000	$357,000

In the fourth quarter of 2019, U.S. onshore activity deteriorated more than we anticipated, resulting in lower than expected operational results in the quarter. While both our Production & Automation Technologies and Drilling Technologies segments were impacted by slowing U.S. activity, our Drilling Technologies segment experienced a steeper than expected decline driven by the sharp decrease in the U.S. rig count, as well as the related destocking of polycrystalline diamond cutter inventories by our customers. To provide leadership from the top to the operating companies that were taking proactive cost management actions in response to such market conditions, each of our executive officers, including the NEOs, voluntarily reduced their base salary by 10% for 12 weeks beginning September 16, 2019. As a result, the salary received by our NEOs in 2019 as reflected in the *2019 Summary Compensation Table* is lower than the base salary approved by the Compensation Committee in February 2019 and reflected in the table above for 2019 Base Salary.

Short-Term Incentive (Annual)

Our Compensation Committee established the Executive Officer Annual Incentive Plan (the "EAIP") to reward NEOs for achieving targeted financial results which correlate to value creation for our shareholders and to provide a means to link cash compensation to Apergy's short-term performance. We provide short-term incentives to motivate and reward achievement of, and performance in excess of, Apergy's annual goals.

In February 2019, our Compensation Committee met to determine the 2019 target awards as a percentage of base salary for our NEOs under the EAIP. The target awards among our NEOs were generally set to be competitive with our Core Peer Group and Supplemental Industry Group, with reference to the target awards of similar positions at the 25th, 50th and 75th percentiles. 2019 target EAIP awards for each of the NEOs were increased in recognition of the responsibilities of their positions, their contributions to the success of the Company in 2018, internal pay equity, and their relative position to the market:

Name	2019 Target EAIP Award % of Base Salary	2018 Target EAIP Award % of Base Salary
Mr. Somasundaram	100%	100%
Mr. Nutt	75%	70%
Ms. Wright	70%	60%
Mr. Mahoney	70%	60%
Mr. Raza	60%	50%

The short-term incentive award opportunities are based on a percentage of base salary assuming attainment of specified threshold, target, and maximum levels of each performance measure, as described in more detail below. Payouts range from 0%-200% based on the percentage achievement of each performance measure.

Also in February 2019, our Compensation Committee established the terms of awards under our EAIP for 2019, including the financial metrics and goals for each award. The Compensation Committee retained the design of Apergy's 2018 EAIP structure for the NEOs with 80% weighting on financial and quantitative targets and 20% weighting on personal performance, with metrics aligned with our corporate objectives and designed to ensure a balanced view of Company performance.

The financial and quantitative measures for Apergy's EAIP structure are as follows:

Financial and Quantitative Metrics		
Messrs. Somasundaram and Nutt and Ms. Wright	30%	Apergy Consolidated Adjusted Free Cash Flow
	30%	Apergy Consolidated Adjusted EBITDA
	10%	Apergy Consolidated Safety
	10%	Apergy Consolidated Productivity
Mr. Mahoney	12.5%	Apergy Consolidated Adjusted Free Cash Flow
	12.5%	Apergy Consolidated Adjusted EBITDA
	17.5%	PAT Segment Adjusted Free Cash Flow
	17.5%	PAT Segment Adjusted EBITDA
	10%	PAT Segment Safety
	10%	PAT Segment Productivity
Mr. Raza	12.5%	Apergy Consolidated Adjusted Free Cash Flow
	12.5%	Apergy Consolidated Adjusted EBITDA
	17.5%	PAT Segment Adjusted Free Cash Flow
	17.5%	PAT Subset Adjusted EBITDA
	10%	PAT Subset Safety
	10%	PAT Subset Productivity

In addition to his duties as Chief Digital Officer, Mr. Raza is responsible for a certain subset of product lines within our Production & Automation Technologies segment, including products within our Quartzdyne, Windrock, Norriseal-Wellmark and Timberline businesses. Consequently, a portion of Mr. Raza's EAIP is based upon the results of that subset of product lines and are referred to for purposes of this Proxy Statement, as "PAT Subset."

While the EAIP awards for NEOs are determined primarily based on predetermined formulaic financial metrics aligned with the Company's strategic and financial goals, an executive's individual performance or specific function and functional objectives account for 20% of the EAIP award.

The Compensation Committee added an Adjusted EBITDA Margin hurdle to the EAIP measures for 2019 to further align the interests of our NEOs with those of our shareholders. The Safety, Productivity and personal performance elements of the EAIP measures for our NEOs cannot be achieved at greater than target unless Apergy's consolidated Adjusted EBITDA Margin for 2019 meets or exceeds 23%.

The Compensation Committee used the following performance metrics in the design of Apergy's EAIP structure to ensure a balanced view of Company performance:

Adjusted Free Cash Flow*	On a consolidated basis, defined as net cash provided by operating activities (per GAAP) less capital expenditures, and measured as a percentage of revenue. On a segment basis, measured as a percentage of segment revenue (per GAAP) and defined as segment Adjusted EBITDA (see below), less capital expenditures plus/minus changes in net adjusted working capital, with net adjusted working capital defined as accounts receivable plus inventory, less accounts payable. Reflects the Company's objectives to generate positive cash flow for debt reduction and to support the Company's strategic objectives.
Adjusted EBITDA*	On a consolidated basis, defined as net income attributable to Apergy (per GAAP) before interest, taxes, depreciation and amortization expense, separation and supplemental benefit costs associated with the spin-off, restructuring and other related charges, certain environmental costs, and transaction costs related to the planned merger with ChampionX. On a segment basis, defined as operating profit (per GAAP) before income taxes, depreciation and amortization, restructuring and related charges, certain environmental costs, and transaction costs related to the planned merger with ChampionX Adjusted EBITDA is a key performance metric for the Company and allows our shareholders to compare our operating performance across periods by excluding items that do not reflect the core ongoing operating results of our businesses.
Safety	Measures the recordable incident rate for the Company on a consolidated basis, by segment and by subset, as applicable.
Productivity	Dollars identified as saved as a result of productivity initiatives taken throughout the year and measured as a percentage of the cost of goods sold; incentivizes management to increase productivity, which correlates to increased shareholder value over time.
Strategic Initiatives	Allows the Company to incentivize individual performance by rewarding individual contributions to the Company's key strategy focus areas.
Adjusted EBITDA Margin*	Defined as Adjusted EBITDA (see above) measured as a percentage of revenue. The Safety, Productivity and Strategic Measures cannot be achieved at greater than 100% unless the Company's consolidated Adjusted EBITDA margin for 2019 meets or exceeds 23%.

* Note that these performance metrics, used for compensation purposes, may not correspond precisely to similarly named non-GAAP financial measures used for financial purposes.

When establishing target levels for the incentive reward schedule for 2019, the Compensation Committee considered, among other things, projected Company performance, strategic business objectives, and forecasted general business and industry conditions. Generally, award target levels are intended to be competitive with total compensation at the 50th percentile of our Peer Group for good performance, and above the 50th percentile for consistent, outstanding performance, but our Compensation Committee also considers other factors as noted earlier in this Compensation Discussion and Analysis. Payouts for each metric can range from 0% for achievement at threshold to 200% for achievement of maximum levels and higher.

In February 2020, our Compensation Committee met to review and approve the actual results and payouts for 2019 EAIP and considered the following factors:

- The Company maintained strong Adjusted EBITDA Margin through the first three quarters of the year, with each quarter delivering Adjusted EBITDA Margin above the hurdle for the 2019 EAIP awards. However, as a result of deteriorating market conditions exiting the third quarter, the Adjusted EBITDA Margin hurdle of 23% for the full year was not met, capping the achievement of the Safety, Productivity and personal performance elements of each NEO's EAIP metrics at 100%.
- Notable progress was made with the implementation of the Company's Journey to Zero safety program with total recordable incident rates improving from 2018. However, despite this success, the Company continues to strive for zero incidents and the Safety metrics for Automation and for the Company on a consolidated basis fell below the threshold rate, resulting in a 0% achievement for these elements.
- Excellent results were achieved in Productivity across all areas, exceeding the maximum levels. This element would have been achieved at 200% but was capped at 100% as a result of Adjusted EBITDA Margin below 23%.
- The Company successfully delivered on its objective to generate positive cash flow on a consolidated basis, exceeding the maximum level with a rate of 10.8%. While this outcome would have resulted in a 200% achievement for this element of EAIP, given the Company's focus on capital discipline during challenging market conditions, and the Company's overall financial performance, management recommended and the Compensation Committee approved, capping achievement of this element at 125% to better align EAIP performance with shareholder returns for the year.
- Despite the Company's overall strong financial performance in 2019 and management's success executing on the Company's strategies in the year, including good execution in the midst of challenging market conditions for oilfield services companies in the second half of 2019, management recommended, and the Compensation Committee determined it was appropriate, to make a negative adjustment with respect to all executive officers as a result of the Company's material weaknesses in internal control over financial reporting at December 31, 2019. In determining the extent of this adjustment for individual officers, the Compensation Committee took into account the officer's key accountabilities and accomplishments.

	Weighted Achievement Bonus	***Material Weakness Adjustment***	***Bonus Received***
Mr. Somasundaram	$654,000	20%	$523,200
Mr. Nutt	$293,725	20%	$235,645
Ms. Wright	$231,770	5%	$219,770
Mr. Mahoney	$266,742	20%	$212,782
Mr. Raza	$233,478	5%	$221,803

All dollar amounts in the tables below are in millions.

Mr. Somasundaram						
		Threshold	***Target***	***Maximum***	***Actual***	***Weighted Achievement***
30%	Apergy Consolidated Adjusted Free Cash Flow	5.5%	8.5%	10.5%	10.8%	37.5%(1)
30%	Apergy Consolidated Adjusted EBITDA	$195.0	$301.0	$331.1	$249.7	20.9%
10%	Apergy Consolidated Safety	.89	.80	0.71	0.91	0.0%
10%	Apergy Consolidated Productivity	3.0%	4.2%	5.0%	5.4%	10.0%
20%	Individual Performance on Strategic Initiatives (*see below*)					18.0%
					Total Weighted Achievement:	**86%**

(1) Reflects achievement capped at 125% of target.

Mr. Somasundaram successfully executed on the Company's strategic initiatives despite market challenges that presented in the second half of 2019 with the decline in North American rig counts and capital discipline of customers. In 2019, Mr. Somasundaram implemented the value creation framework developed at the end of 2018, and effectively utilized the framework to acquire digital technology strategic to our artificial lift offering, divest of the Company's pressure vessel business and negotiate the merger with ChampionX announced in December 2019. Mr. Somasundaram devoted significant amount of time in the second half of the year in evaluating and negotiating the transformative merger with ChampionX. Mr. Somasundaram demonstrated disciplined capital allocation consistent with the value creation framework in paying down $105 million of the Company's term loan in 2019. Through his leadership, the Company executed and made progress on its growth initiatives, including achieving measurable year-over-year growth in diamond bearings adoption, growth in the Company's digital offerings with the launch of several new products and addition of capabilities and partnerships, and achievement of double digit growth internationally, while achieving high customer satisfaction and employee engagement. Even though Mr. Somasundaram executed well on the strategic initiatives, in consideration of the material weaknesses in internal control over financial reporting at December 31, 2019, the Compensation Committee evaluated and agreed with Mr. Somasundaram's recommendation to adjust his total 2019 EAIP as set forth above given his accountability as the Company's principal executive officer.

Mr. Nutt						
		Threshold	***Target***	***Maximum***	***Actual***	***Weighted Achievement***
30%	Apergy Consolidated Adjusted Free Cash Flow	5.5%	8.5%	10.5%	10.8%	37.5%(1)
30%	Apergy Consolidated Adjusted EBITDA	$195.0	$301.0	$331.1	$249.7	20.9%
10%	Apergy Consolidated Safety	.89	.80	0.71	0.91	0.0%
10%	Apergy Consolidated Productivity	3.0%	4.2%	5.0%	5.4%	10.0%
20%	Individual Performance on Strategic Initiatives (*see below*)					13.0%
					Total Weighted Achievement:	**81%**

(1) Reflects achievement capped at 125% of target.

Mr. Nutt implemented and executed the Company's value creation framework and effectively utilized the framework to evaluate growth opportunities throughout the year and maintain the Company's capital allocation discipline. The value creation framework also led to improvements in the Company's working capital management in 2019 as processes were designed and implemented to provide sustainability of the improvements. Mr. Nutt also committed substantial attention to the Company's internal control environment, focusing on both internal audit and external audit performance and aligning the organization towards maintaining effective controls. It was in the course of this work that the material weaknesses in internal control over financial reporting were identified and immediate efforts were initiated to develop remediation measures. While not identified as a strategic goal at the beginning of the year, Mr. Nutt's efforts were also key to the negotiation and execution of the merger agreement with Ecolab for the ChampionX business. As a result, the Compensation Committee determined that the weighted achievement for Strategic Initiatives, and the adjusted total 2019 EAIP for Mr. Nutt set forth above was appropriate.

Ms. Wright						
		Threshold	***Target***	***Maximum***	***Actual***	***Weighted Achievement***
30%	Apergy Consolidated Adjusted Free Cash Flow	5.5%	8.5%	10.5%	10.8%	37.5%(1)
30%	Apergy Consolidated Adjusted EBITDA	$195.0	$301.0	$331.1	$249.7	20.9%
10%	Apergy Consolidated Safety	.89	.80	0.71	0.91	0.0%
10%	Apergy Consolidated Productivity	3.0%	4.2%	5.0%	5.4%	10.0%
20%	Individual Performance on Strategic Initiatives (*see below*)					18.0%
					Total Weighted Achievement:	**86%**

(1) Reflects achievement capped at 125% of target.

Ms. Wright provided valuable impact in developing a strategic framework for the Company's intellectual property portfolio and identifying and executing on opportunities to leverage resources and reduce legal expenses across the organization. The Compensation Committee also considered Ms. Wright's efforts to reduce the Company's risk exposure through certain policies, procedures and training throughout the Company and her support of the Audit Committee in connection with the identification and disclosure of the material weaknesses in internal control over financial reporting. While not identified as a strategic goal at the beginning of the year, Ms. Wright's efforts were instrumental to the negotiation and execution of the merger agreement with Ecolab for the ChampionX business. In consideration of these factors, the Committee determined that the weighted achievement for Strategic Initiatives, and adjusted total 2019 EAIP as set forth above was appropriate in light of Ms. Wright's personal performance in 2019.

Mr. Mahoney						
		Threshold	***Target***	***Maximum***	***Actual***	***Weighted Achievement***
12.5%	Apergy Consolidated Adjusted Free Cash Flow	5.5%	8.5%	10.5%	10.8%	15.6%(1)
12.5%	Apergy Consolidated Adjusted EBITDA	$195.0	$301.0	$331.1	249.7	8.7%
17.5%	PAT Segment Adjusted Free Cash Flow	10.3%	15.9%	19.6%	16.7%	21.2%
17.5%	PAT Segment Adjusted EBITDA	$135.2	$208.7	$229.5	178.4	13.7%
10%	PAT Segment Safety	.77	.69	.62	.74	3.8%
10%	PAT Segment Productivity	2.9%	4.0%	4.8%	4.9%	10.0%
20%	Individual Performance on Strategic Initiatives (*see below*)					14.0%
					Total Payout:	**87%**

(1) Reflects achievement capped at 125% of target.

In determining the appropriateness of the weighted achievement for Strategic Initiative for Mr. Mahoney, the Compensation Committee considered Mr. Mahoney's efforts in international expansion within the Production & Automation Technologies segment, the growth and performance of the Company's rod lift products, the performance of the Company's electronic submersible pump business including share gain in the Permian Basin. In consideration of the factors described above, and material weaknesses within the Production & Automation Technologies segment, the Compensation Committee determined that Mr. Mahoney's weighted achievement for Strategic Initiatives, and adjusted total 2019 EAIP as set forth above was appropriate.

Mr. Raza						
		Threshold	***Target***	***Maximum***	***Actual***	***Weighted Achievement***
12.5%	Apergy Consolidated Adjusted Free Cash Flow	5.5%	8.5%	10.5%	10.8%	15.6%(1)
12.5%	Apergy Consolidated Adjusted EBITDA	$195.0	$301.0	$331.1	249.7	8.7%
17.5%	PAT Segment Adjusted Free Cash Flow	10.3%	15.9%	19.6%	16.7%	21.2%
17.5%	PAT Subset Adjusted EBITDA	$ 28.4	$ 43.9	$ 48.3	$ 55.3	35.0%
10%	PAT Subset Safety	.60	.54	.48	.63	0.0%
10%	PAT Subset Productivity	4.3%	6.0%	7.1%	7.37%	10.0%
20%	Individual Performance on Strategic Initiatives (*see below*)					18.0%
					Total Weighted Achievement:	**109%**

(1) Reflects achievement capped at 125% of target.

The Compensation Committee considered the financial performance of the Company's Spotlight™ product, the sustainability of its performance and development of its capabilities, the expansion of the Company's asset integrity management platform, the vitality of new digital product launches and customer adoption, as well as the factors described above in determining that the weighted achievement for Strategic Initiatives, and the adjusted total 2019 EAIP for Mr. Raza as set forth above was appropriate.

If results for a metric fall between levels, linear interpolation is used to derive the final payout for that metric. In all instances, actual bonus payments under the EAIP for 2019 were subject to upward or downward adjustment at the discretion of the Compensation Committee based upon its evaluation of an NEO's individual achievements or contributions to performance of the functions with his or her areas of responsibility. In addition, adjustments are permitted as deemed appropriate by the Committee to account for unanticipated or other significant events that warrant adjustment.

Plan awards earned for a given year generally are paid in the first quarter of the following year after the public release of our year-end financial results and after determination of the award payments by the Compensation Committee for all NEOs other than our CEO, and by the Board for our CEO. No award payment is made until the calculation of the payment award is approved by the Committee or the Board, as appropriate. Cash award payments for 2019 performance were made in March 2020.

Long-Term Equity Incentive Compensation

Long-term equity incentives are designed to motivate management to enable the Company to achieve long-term performance improvements and serve to link a significant portion of compensation to shareholder returns. The Company issues awards of long-term equity compensation from time to time consistent with the objectives and philosophy of our compensation programs under our 2018 Equity and Cash Incentive Plan ("LTIP"). We generally grant long-term equity awards annually in the first quarter to incentivize future performance.

LTIP awards provide our NEOs with a benefit that generally increases only when the value of our shares increases, which aligns their interests with increasing shareholder value. Long-term incentives are equity-based and include restricted stock units ("RSUs") and performance share awards ("PSAs"). In determining the form or forms of LTIP award grants, the Committee considers, among other factors, the role of the executive and the ability of the executive to impact our success, as well as the appropriateness of a particular security for the individual executive.

In determining the total value of LTIP awards to be granted to each NEO, the Compensation Committee determines the award value as a nominal dollar amount in accordance with market data and considers, without giving particular weight to any specific factor, the position of the executive officer (both in terms of function and responsibilities), tenure, anticipated future contributions, and the long-term incentive compensation of similarly situated executives in our Peer Group. For 2019, each NEO's annual LTIP awards were granted 50% as RSUs and 50% as PSAs.

Restricted Stock Unit Awards

RSUs complement the overall compensation mix for our executives by:

- Driving behaviors and actions consistent with creating shareholder value;
- Providing diversification of compensation in recognition of the cyclical nature of our industry;
- Resulting in actual share ownership aligned with our executive stock ownership guidelines; and
- Supporting executive retention.

The RSUs granted in 2019 vest in one-third increments on the first, second, and third anniversary of the date of grant. RSUs are paid in shares of Apergy common stock and do not carry voting rights, but do earn dividend equivalents during the vesting period, to the extent any dividends are declared on our common stock.

Performance Share Awards

PSAs are intended to align the NEOs' interests with those of our shareholders with a focus on long-term results. The PSAs awarded in 2019 are structured to be paid out, if at all, in shares of Apergy common stock, at the end of a three-year performance period based on (a) the cumulative total shareholder return ("TSR") of our common stock relative to the TSR Performance Peer Group (listed below, and which is comprised of the same companies as our Core Peer Group for the 2019 year), and (b) return on invested capital ("ROIC"), an element the Compensation Committee added to the PSAs for 2019. In addition, an absolute TSR collar was added to the 2019 PSAs, which limits the amount paid on PSAs if absolute TSR is negative over the performance period. This further aligns NEOs' interests with those of our shareholders, to limit returns on PSAs during periods where shareholder returns are also limited. The PSAs reinforce sustained long-term performance and value creation, as well as strategic planning processes, while balancing short- and long-term decision making. The Compensation Committee believes that relative TSR is an appropriate long-term performance metric because it generally reflects all elements of a company's performance, provides a reliable means to measure relative performance, and ensures the best alignment of the interests of management and shareholders, while the absolute TSR collar ensures that relative TSR results are consistent with shareholder return. The Committee believes that ROIC is an absolute performance metric that complements the TSR elements as a measure of efficient use of capital and an indication of the Company's progress in its value creation framework, consistent with creating shareholder value.

For the grant of the 2019 PSAs, the TSR Performance Peer Group was unchanged from 2018 and included Apergy and the following companies (or a suitable replacement selected by the Compensation Committee, if a peer company is acquired or is not the surviving company in a merger):

C&J Energy Services Inc.	MRC Global, Inc.
Core Laboratories N.V.	NOW, Inc.
Dril-Quip, Inc.	Oceaneering International, Inc.
Exterran Corporation	Oil States International, Inc.
Forum Energy Technologies, Inc.	RPC, Inc.
Franks International N.V.	Superior Energy Services, Inc.

C&J Energy Services Inc. merged with Keane Group on October 31, 2019. In February 2020, the Compensation Committee determined to replace C&J Energy Services Inc. with Patterson-UTI Energy, Inc. in the TSR Performance Peer Group for both the 2019 PSAs and the PSAs granted in 2018.

Vesting of the 2019 PSAs is determined over a three-year performance period with a single vesting opportunity at the end of the period and based 50% on the TSR of each company in the 2019 TSR Performance Peer Group (subject to the absolute TSR collar) and 50% on Apergy's ROIC over the performance period.

The relative TSR measurement will be calculated using the 20-trading day average stock price of each company ending December 31, 2018 compared to the 20-trading day average stock price of each company ending December 31, 2021. The payout range for the TSR portion of the 2019 PSAs is 0%-200% based on Apergy's relative TSR rank as follows, subject to the absolute TSR collar:

	Rank	Percentage Payout
	1	200%
Maximum	2	200%
	3	185%
	4	163%
	5	143%
	6	123%
Median	7	100%
	8	76%
	9	52%
Threshold	10	25%
	11	0%
	12	0%
	13	0%

The absolute TSR collar implemented for the 2019 PSAs limits the extremes of the payout for relative TSR if it is misaligned with absolute TSR and is calculated using the 20-trading day average stock price of each company ending December 31, 2018 compared to the 20-trading day average stock price of each company ending December 31, 2021, which is then annualized. If the absolute TSR for the performance period is greater than 15%, the percentage payout for the 2019 PSAs would be at least 50%, or if such absolute TSR is less than 0%, the percentage payout for the 2019 PSAs would be capped at 100%, in each case regardless of relative TSR results for the performance period. No adjustment is made to the percentage payout based on relative TSR if the absolute TSR for the performance period is between 0% and 15%. As an example, if the Company's relative TSR for the performance period ranks 5th among the TSR Performance Peer Group but the Company's absolute TSR for the performance period is negative, the percentage payout for the TSR portion of the PSA would be capped at 100%.

ROIC is generally measured as net income divided by the debt plus equity of the Company. The Compensation Committee adopted a formula for ROIC for the 2019 PSAs of operating profit times (1 – tax rate) divided by average net debt plus equity of the Company for the performance period of the 2019 through 2021 fiscal years. The percentage payout attributable to the ROIC portion of the 2019 PSAs ranges from 50%-200% as follows:

	Average ROIC over Performance Period	Percentage Payout
Maximum	11.5%	200%
Target	8.6%	100%
Threshold	5%	50%

2019 LTIP Compensation

The Compensation Committee approved the following LTIP awards for the NEOs for 2019. These values may not match the accounting values presented in the *Grants of Plan-Based Awards in 2019 Table*.

	Annual LTIP Awards		2019	2018
Executive	**RSUs**	**PSAs**	**Total Target**	**Total Target**
Mr. Somasundaram	$1,625,000	$1,625,000	$3,250,000	$2,900,000
Mr. Nutt	$ 375,000	$ 375,000	$ 750,000	$ 700,000
Ms. Wright	$ 275,000	$ 275,000	$ 550,000	$ 450,000
Mr. Mahoney	$ 275,000	$ 275,000	$ 550,000	$ 500,000
Mr. Raza	$ 162,500	$ 162,500	$ 325,000	$ 300,000

2019 LTIP awards for certain of the NEOs were increased as reflected above in recognition of the responsibilities of their positions, their contributions to the success of the Company in 2018, internal pay equity, and their relative position to the market.

Other Benefits

Our NEOs participate in the same retirement and health and welfare programs as our other employees in the United States. In 2019, our NEOs participated in the Company's 401(k) plan. The employer matching contributions we made pursuant to this plan are reflected in the column titled "All Other Compensation" in the *2019 Summary Compensation Table*, and the notes following the table. Their health care and insurance coverage is the same as that provided to other active employees in the United States.

We do not currently provide any perquisites to our NEOs.

Executive Severance and Change-in-Control Plans

We do not maintain individual severance or change-in-control agreements with our NEOs. However, we maintain the Apergy Corporation Executive Severance Plan ("ESP") and the Apergy Corporation Senior Executive Change-in-Control Severance Plan ("CICSP") to accomplish several objectives, including:

- Ensuring shareholder interests are protected during business transactions by providing benefits that promote senior management stability;
- Providing and preserving an economic motivation for participating executives to consider a business combination that might result in an executive's job loss; and
- Competing effectively in attracting and retaining executives in an industry that experiences acquisitions and divestitures.

NEOs may not receive benefits under both plans as a result of the same severance event. Among other benefits, the ESP continues the NEO's base salary for a period of twelve months and provides each NEO with a pro-rated portion of the NEO's EAIP award paid with respect to the prior year (or, if the NEO has been employed for less than one year, an amount determined in the Compensation Committee's discretion) if he or she is involuntarily terminated without cause. The CICSP provides a payment equal to two times the sum of executive's base salary and his or her target EAIP award for the year in which the executive's employment terminates or the year of the change-in-control, whichever is higher. The executive's employment must end within eighteen months after a change-in-control either involuntarily without cause or due to the executive's resignation for good reason to be eligible for payment under the CICSP. We believe this "double trigger" requirement is in the best interest of shareholders and is considered best practice.

Both the ESP and CICSP allow for clawback of amounts paid under the plans if the executive breaches customary confidentiality, noncompetition, non-solicitation and non-disparagement covenants entered into at the time of termination.

Details of potential payments under these plans are outlined in the "Potential Payments Upon Termination or Change-in-Control" section. These plans do not provide any excise tax gross-up protections.

Additional Executive Compensation Governance Considerations

Stock Ownership

The Compensation Committee believes requiring executives to retain shares of Apergy common stock helps align executive performance with shareholder value creation. Our stock ownership guidelines require executives to own Apergy common stock, valued as a multiple of the executive's base salary, within five years from the date the executive becomes subject to the guidelines, as shown below:

Executive Level	Salary Multiple
Chief Executive Officer	5
Section 16 Officers	3
Other Corporate Officers	2

Shares of Apergy common stock owned and RSUs subject only to time-based vesting are included when determining whether an executive has met the required ownership levels. Compliance with the stock ownership guidelines is reviewed annually. All NEOs are within the five-year period transition period for meeting these requirements.

Clawback Policy

Our Executive Compensation Clawback Policy sets out the terms under which we may seek to recover certain compensation from our NEOs. The policy allows the Company to recoup incentive compensation, both cash bonuses and equity awards, that is paid to an executive and it is subsequently determined that such compensation would not have been earned had such compensation been calculated on the basis of restated financial results if the Board determines the restatement was the result of fraud, intentional misconduct or gross negligence of such executive. The Board will apply a three-year lookback period from the date of the restatement in applying any clawback of compensation, which may extend into the period following an executive's employment with us.

Anti-Hedging Policy

Our Securities Trading Policy prohibits our Board and officers, as well as persons who assist in the preparation of or have access to our consolidated financial results ("Designated Persons") from engaging in any transaction designed to hedge or offset any decrease in the market value of Apergy securities they hold. This includes any financial instrument or derivative security such short sales, puts, calls, straddles, prepaid variable forward contracts, equity swaps, collars and exchange funds.

Anti-Pledging Policy

Our Securities Trading Policy also prohibits Designated Persons from pledging Apergy securities as collateral for a loan or other obligation, subject to limited exceptions, and from holding Apergy securities in a margin account. No director or executive currently pledges any shares of Apergy common stock held by them.

No Employment Agreements

We do not enter into employment agreements with any of our NEOs.

Conclusion

In a highly competitive market for executive talent, we believe our customers' and employees' interests, as well as those of our shareholders and other stakeholders, are well served by our compensation program. These programs are reasonably positioned among our Peer Group and encourage and promote our compensation objectives with a strong emphasis on pay for performance. Going forward, we will continue to review our compensation plans periodically to determine what revisions, if any, should be made.

Compensation Committee Report

The Committee has reviewed and discussed the Compensation Discussion & Analysis with management.

Based on such review and discussion with management, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2019.

Respectfully submitted by the Compensation Committee:

Gary P. Luquette, Chair
Mamatha Chamarthi
Daniel W. Rabun

Executive Compensation Tables

The following tables and accompanying narrative disclosures provide information regarding the compensation earned by or paid to our NEOs during 2019 for services performed for us.

2019 Summary Compensation Table

Name and Principal Position	Year (1)	Salary ($)(2)	Bonus ($)(3)	Stock Awards ($)(4)	Option Awards ($)(5)	Non-Equity Incentive Plan Compensation ($)(6)	All Other Compensation ($)(7)	Total ($)
Mr. Somasundaram	2019	737,077		3,945,255		523,300	9,625	4,055,014
President & Chief Executive Officer	2018	644,314	--	7,690,173	--	1,007,200	22,065	9,363,752
	2017	535,000	--	549,965	350,394	970,000	21,903	2,427,262
Mr. Nutt	2019	472,270		910,391		235,645	5,836	1,356,431
Senior Vice President & Chief Financial Officer	2018	395,834	--	1,994,771	--	437,900	--	2,828,505
Ms. Wright	2019	372,269		667,633		219,770	2,457	1,065,805
Senior Vice President, General Counsel and Secretary	2018	324,461	75,000	1,234,855	--	308,900	5,954	1,949,170
Mr. Mahoney	2019	425,892		667,633		212,782	5,405	1,115,388
President, Production and Automation Technologies	2018	413,815	--	1,408,985	--	320,023	16,001	2,158,824
	2017	386,250	--	79,994	76,462	240,000	16,963	799,669
Mr. Raza	2019	347,685		278,538		221,803	9,959	857,944
Senior Vice President and Chief Digital Officer								

(1) We became an independently publicly traded company on May 9, 2018 when Dover distributed all of the issued and outstanding shares of Apergy to Dover shareholders. We refer to that transaction as the "spin-off." Although the spin-off was not finalized until May 9, 2018, certain of our NEOs were performing services for us in 2018 prior to the spin-off date in order to effectuate the spin-off and to manage our assets. Amounts reported in the table above with respect to 2018 includes all compensation paid or granted by us with respect to those services. With respect to Messrs. Somasundaram and Mahoney, their compensation has previously been reported in Dover's public filings, therefore we have retained the previously disclosed compensation for the fiscal year ended December 31, 2017. With respect to compensation paid or granted to our NEOs who were employed by Dover in years prior to the spin-off, the amounts were paid or granted by Dover.

(2) Salary equals base pay paid to each NEO during the applicable year. The actual salary paid may fluctuate due to the number of pay periods during the calendar year, the timing of changes in base salary, and the timing of payroll processing at each calendar year-end.

(3) Amount shown represents payment of a sign-on bonus Ms. Wright received upon joining Apergy to replace, in part, the value of compensation Ms. Wright forfeited from her prior employer to join the Company.

(4) Amounts shown represent (a) the aggregate grant date fair value of PSAs granted during the year indicated and (b) the aggregate grant date fair value of RSUs granted during the year, each calculated in accordance with FASB ASC Topic 718 disregarding the estimate for forfeitures related to service-based vesting conditions. The PSAs were valued at target, although payments may vary from 25% to 200% of the target amount granted, or be forfeited altogether depending upon actual performance. The grant date fair value for 2019 awards was calculated as 50% valued at $57.43, based on a Monte Carlo simulation as the TSR performance targets for 50% of the award are classified as market vesting conditions, and 50% valued at $40.22, the closing sale price of the Company's common stock on the date of grant. The calculation of the grant date fair value for 2018 awards was $56.32, based on a Monte Carlo simulation as the performance targets are classified as a market vesting condition. The grant date fair value for 2017 awards was $79.28 as determined in accordance with FASB ASC Topic 718. Awards granted in 2017 were granted by Dover.

(5) Amounts shown represent the aggregate grant date fair value of SSAR awards granted by Dover during the year indicated, calculated in accordance with FASB ASC Topic 718, disregarding the estimate for forfeitures related to service-based vesting conditions, and do not correspond to the actual value that may be realized by the NEO. For assumptions made in the valuation of the awards reported in this column, see also Note 18 to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019. See also "Compensation Discussion and Analysis – Long-Term Equity Incentive Compensation" for a further description of these awards.

(6) Amounts shown for 2019 and 2018 represent payments under our EAIP for the year indicated, which payments were made in the first quarter of the following year. Amounts shown for 2017 represent payments under Dover's Annual Incentive Plan for the 2017 fiscal year, for which payment was made in the first quarter of 2018.
(7) Amounts shown represent the amount of employer contributions to the NEO's 401(k) plan with respect to the year ended December 31, 2019. Under the terms of our 401(k) plan, we make contributions to the accounts of all eligible employees, including the NEOs.

Equity Compensation Plan Table

The following table provides information as of December 31, 2019 with respect to shares of Apergy common stock that may be issued under our 2018 Equity and Cash Incentive Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders	1,036,825(1)	29.75(2)	3,195,417(3)
Equity compensation plans not approved by shareholders	--		--
Total	1,036,825	n/a	3,195,417

(1) Includes 422,361 SSAR awards outstanding, 174,726 PSAs outstanding, 413,356 RSUs outstanding, and 26,382 deferred stock units credited to non-employee directors pursuant to our 2018 Equity and Cash Incentive Plan.
(2) The weighted-average exercise price reflects the weighted-average price for outstanding SSAR awards only; it does not include restricted stock awards outstanding or deferred stock units.
(3) Reflects the shares available for grant determined in accordance with the terms of our 2018 Equity and Cash Incentive Plan, calculated based on (a) one share for each SSAR, (b) three shares for each PSA, RSU and deferred stock unit, and (c) PSAs issued at the maximum amount of 200%.

Grants of Plan-Based Awards in 2019

The following table summarizes compensation awarded to our NEOs under our LTIP for 2019.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards				
Name	Grant Date	Threshold ($)(1)	Target ($)	Maximum ($)	Threshold (#)(1)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards ($)
Mr. Somasundaram									
RSUs(2)	2/21/19							40,402	1,624,968
PSAs(3)	2/21/19				10,100	40,402	80,804		1,972,628
EAIP(4)	2/21/19	--	760,000	1,520,000					
Mr. Nutt									
RSUs(2)	2/21/19							9,323	374,971
PSAs(3)	2/21/19				2,330	9,323	18,646		455,195
EAIP(4)	2/21/19	--	363,750	727,500					
Ms. Wright									
RSUs(2)	2/21/19							6,837	274,984
PSAs(3)	2/21/19				1,709	6,837	13,674		333,817
EAIP(4)	2/21/19	--	269,500	539,000					
Mr. Mahoney									
RSUs(2)	2/21/19							6,837	274,984
PSAs(3)	2/21/19				1,709	6,837	13,764		333,817
EAIP(4)	2/21/19	--	306,600	613,200					
Mr. Raza									
RSUs(2)	2/21/19							4,040	162,489
PSAs(3)	2/21/19				1,010	4,040	8,080		197,253
EAIP(4)	2/21/19	--	214,200	428,400					

(1) Represents the minimum amount payable for a certain level of performance. There is no guaranteed minimum payment for EAIP awards; performance results that equal the threshold level would result in a 0% achievement of that measure and no payment. PSA awards have a threshold percentage payout of 25% if relative TSR for the performance period results in a ranking of 10 out of 13, with no payout for any ranking below 10.

(2) The grant vests in three equal annual installments beginning February 21, 2020. The grant date fair value of the awards was calculated in accordance with FASB ASC Topic 718, disregarding the estimate for forfeitures related to service-based vesting conditions, using a value of $40.22 per share. For assumptions made in the valuation of these awards, see also Note 18 to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019. See also "Compensation Discussion and Analysis – Long-Term Equity Incentive Compensation" for a further description of these awards.

(3) The PSAs vest and become payable after the end of the three-year performance period calculated based on the 20-trading day period ending December 31, 2021, subject to the achievement of the performance goals. The TSR performance targets for the PSAs are classified as a market vesting condition and 50% of the grant date fair value for the awards was calculated using a Monte Carlo simulations resulting in a valuation for 50% of the award $57.43 per share; the remaining 50% of the award was valued at $40.22 per share, the closing sale price of the Company's common stock on the date of grant. PSAs payout between 25% and 200% of the target amount granted, or are forfeited altogether depending upon actual performance. See also Note 18 to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019. See also "Compensation Discussion and Analysis – Long-Term Equity Incentive Compensation" for a further description of these awards.

(4) Amounts shown reflect the potential payouts in March 2020 for 2019 performance under the EAIP. The amounts actually paid in March 2020 are included in the *2019 Summary Compensation Table* in the Non-Equity Incentive Plan Compensation column for 2019 for each NEO.

Outstanding Equity Awards at Fiscal Year-End 2019

The following table provides information as of December 31, 2019, using the closing stock price on such date of $33.78, regarding outstanding stock option awards, unvested stock awards and unvested performance share awards held by each of the NEOs.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Mr. Somasundaram	89,264 (2)		24.65	2/11/2026				
		64,460 (3)	34.13	2/10/2027				
					135,641 (4)	4,581,953	123,752	4,180,343
Mr. Nutt					34,161 (5)	1,153,959	29,333	990,869
Ms. Wright					21,993 (6)	742,924	19,912	672,627
Mr. Mahoney	9,674 (7)		24.81	2/9/2022				
	11,735 (8)		27.27	2/14/2023				
	11,823 (9)		35.53	3/10/2024				
	15,214 (10)		31.55	2/12/2025				
	19,475 (11)		24.65	2/11/2026				
		14,062 (3)	34.13	2/10/2027				
					25,090 (12)	847,540	21,174	715,258
Mr. Raza		7,031 (3)	34.13	2/10/2027				
					16,634 (13)	552,776	12,626	426,506

(1) Includes PSAs granted May 17, 2018 which become payable after July 2, 2021 (the "2018 PSAs") and PSAs granted February 21, 2019 which become payable after December 31, 2021 (the "2019 PSAs"), each subject to the achievement of the applicable performance goals. Pursuant to SEC rules, the amount reflected in the table represents the number of shares payable with respect to (a) the 2018 PSAs based on achievement at 200%, (b) the portion of the 2019 PSAs determined based on relative TSR performance based on achievement at 200%, and (c) the portion of the 2019 PSAs determined based on ROIC based on achievement at threshold. Actual shares issued could be between 0% and 200%.

(2) SSAR issued May 15, 2018 to replace SSAR granted by Dover on February 11, 2016, which became exercisable February 11, 2019.

(3) SSAR issued May 15, 2018 to replace SSAR granted by Dover on February 10, 2017, which became exercisable on February 10, 2020.

(4) Includes (a) 2,149 RSUs issued May 15, 2018 to replace unvested RSUs granted by Dover on February 10, 2017, which vested on March 15, 2020, (b) 24,417 RSUs granted May 17, 2018 that vest in two equal annual installments beginning May 17, 2020, (c) 68,673 RSUs granted May 17, 2018 that vest in three equal annual installments beginning on May 17, 2020, and (d) 40,402 RSUs granted February 21, 2019, 13,467 of which vested on February 21, 2020, with the remaining vesting in two equal annual installments beginning February 21, 2021.

(5) Includes (a) 5,894 RSUs granted May 17, 2018 that vest in two equal annual installments beginning May 17, 2020, (b) 18,944 RSUs granted on May 17, 2018 that vest in three equal annual installments beginning on May 17, 2020, and (c) 9,323 RSUs granted February 21, 2019, 3,107 of which vested on February 21, 2020, with the remaining vesting in two equal annual installments beginning February 21, 2021.

(6) Includes (a) 3,789 RSUs granted May 17, 2018, that vest in two equal annual installments beginning May 17, 2020, (b) 11,367 RSUs granted on May 17, 2018 that vest in three equal annual installments beginning on May 17, 2020, and (c) 6,837 RSUs granted February 21, 2019, 2,279 of which vested on February 21, 2020, with the remaining vesting in two equal annual installments beginning February 21, 2021.

(7) SSAR issued May 15, 2018 to replace SSAR granted by Dover on February 9, 2012, which became exercisable February 9, 2015.

(8) SSAR issued May 15, 2018 to replace SSAR granted by Dover on February 14, 2013, which became exercisable February 14, 2016.

(9) SSAR issued May 15, 2018 to replace SSAR granted by Dover on March 10, 2014, which became exercisable March 10, 2017.

(10) SSAR issued May 15, 2018 to replace SSAR granted by Dover on February 12, 2015, which became exercisable February 12, 2018.

(11) SSAR issued May 15, 2018 to replace SSAR granted by Dover on February 11, 2016, which became exercisable February 11, 2019.

(12) Includes (a) 782 RSUs issued May 15, 2018 to replace unvested RSUs granted by Dover on February 20, 2017, which vested on March 15, 2020, (b) 4,210 RSUs granted May 17, 2018 that vest in two equal annual installments beginning May 17, 2020, (c) 13,261 RSUs granted on May 17, 2018 that vest in three equal annual installments beginning May 17, 2020, and (d) 6,837 RSUs granted February 21, 2019, 2,279 of which vested on February 21, 2020, with the remaining vesting in two equal annual installments beginning February 21, 2021.

(13) Includes (a) 1,368 RSUs issued May 15, 2018 to replace unvested RSUs granted by Dover on February 10, 2017, which vested on March 15, 2020, (b) 2,526 RSUs granted May 17, 2018 that vest in two equal annual installments beginning May 17, 2020, (c) 8,430 RSUs granted on May 17, 2018 that vest in three equal annual installments beginning May 17, 2020, and (d) 4,040 RSUs granted February 21, 2019, 1,346 of which vested on February 21, 2020, with the remaining vesting in two equal annual installments beginning February 21, 2021.

Option Exercises and Stock Vested in 2019

The following table summarizes the value received from stock option exercises and stock grants vested during 2019:

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)(1)**	**Value Realized on Vesting ($)(2)**
Mr. Somasundaram	--	--	40,221	1,423,180
Mr. Nutt	--	--	9,260	318,822
Ms. Wright	--	--	5,682	195,631
Mr. Mahoney	--	--	12,445	472,830
Mr. Raza	--	--	5,439	197,504

(1) Represents the number of RSUs that vested during the fiscal year. No PSAs vested during 2019.

(2) Represents the pre-tax value realized on stock awards that vested during the fiscal year, computed by multiplying the number of shares acquired on vesting by the closing price of common stock on the vesting date.

Pension Benefits

Our NEOs did not participate in an Apergy-sponsored pension plan required to be reported under the Pension Benefits Table. Accordingly, the Pension Benefits Table has not been included here.

2019 Nonqualified Deferred Compensation

In connection with our spin-off from Dover, the Compensation Committee adopted the Apergy Corporation Executive Deferred Compensation Plan to accept the roll-over of accounts of Apergy employees who participated in the Dover deferred compensation plan. The deferred compensation plan maintained by Dover, which is a nonqualified plan for tax purposes, permits select key management and highly compensated employees in the U.S. with an annual salary equal to or greater than $175,000 to irrevocably elect to defer a portion of their salary and bonus. Messrs. Somasundaram and Raza participated in the Dover deferred compensation plan. The Apergy deferred compensation plan is frozen to new participants and to contributions from participants and the Company and does not provide above-market or preferential earnings.

Dover also maintains a pension replacement plan ("PRP"), a non-qualified plan for tax purposes, to provide benefits to certain employees whose compensation and pension plan benefits are greater than the compensation and benefit limits applicable to tax-qualified pension plans. Messrs. Somasundaram and Mahoney were participants in Dover's PRP. In connection with the spin-off, Messrs. Somasundaram's and Mahoney's Dover PRP accounts were rolled over to the Apergy deferred compensation plan and are included in the amount reflected for each of them in the column titled "Aggregate Balance at Last FYE."

Name	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Mr. Somasundaram	555,363	346,932	4,258,938
Mr. Mahoney	3,079		76,413
Mr. Raza	16		817

Generally, deferred amounts will be distributed from the plan only on account of retirement at age 65 (or age 55 with 10 years of service), disability or other termination of service, or at a scheduled in-service withdrawal date chosen by the participant. Amounts representing the balance of each NEO's pension replacement account with Dover, and earnings on such amounts, are distributed to the NEO within 60 days of a change in control.

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of our President and CEO. The pay ratio included in this information is a reasonable estimate calculated in a manner consistent with SEC rules.

To identify the median employee and the annual total compensation of all our employees excluding the CEO, we took the following steps:

- We selected December 31, 2019 as the determination date. In accordance with an exemption provided for in the SEC rules, which allows companies to exclude non-U.S. employees from the median employee calculation if all non-U.S. employees in a particular jurisdiction are excluded and if the aggregate number of excluded non-U.S. employees account for 5% or less of the company's total number of employees, we excluded all employees located in Argentina (41), Colombia (47), India (2), and Romania (1). The excluded employees totaled 91 employees or 3.02% of our total employee population. After taking into account the foregoing excluded employees, our employee population as of December 31, 2019 was 2,911, which included all full-time and part-time employees and excluded contractors or persons employed through a third-party provider.
- We chose "total cash compensation" as our consistently-applied compensation measure, which included base salary or hourly wages plus cash bonuses and cash allowances. We believe the use of total cash compensation for all employees is a consistently-applied compensation measure because we do not widely distribute annual equity to employees.

- We converted annual base salary and bonus to U.S. dollars using foreign currency exchange rates as of December 31, 2019.
- We annualized the compensation for any full-time or part-time employees who were hired in 2019 but were not employed by us for all of 2019.

After identifying the median employee based on the process described above, we calculated annual total compensation for that employee using the same methodology we used to determine total compensation for 2019 for our NEOs as set forth in the *2019 Summary Compensation Table* resulting in annual total compensation for our median employee (other than our President and CEO) of $69,120. Mr. Somasundaram's 2019 annual total compensation as reflected in the *2019 Summary Compensation Table* was $4,055,014. Based on this information, for 2019 the ratio of total compensation of Mr. Somasundaram, our President and CEO, to the median of the annual total compensation of all employees (other than our President and CEO) was 59 to 1.

Potential Payments upon Termination or Change-in-Control

The following table lists the compensation and benefits that we would provide to our current NEOs in various scenarios involving a termination of employment or upon a change of control under our ESP, CICSP, Executive Deferred Compensation Plan, and the terms of our LTIP. Compensation and benefits generally available to salaried employees are not included in the table below.

	Termination / Change-in-Control Scenarios					
Compensation Elements	**Retirement(1)**	**Death or Disability**	**Resignation or Termination with Cause (2)**	**Termination without Cause**	**Change-in-Control without Termination of Employment**	**Change-in-Control with Termination of Employment without Cause or for Good Reason (3)**
Cash Severance	None	None	None	Base salary continues for a period of 12 months	None	2x (salary plus target annual cash incentive) (4)
Executive Annual Incentive Plan	Forfeited	Forfeited	Forfeited	Prorated and paid based on EAIP paid in prior year	Continues	Included in cash severance amount
Restricted Stock Units – Annual Grants and Founder Shares	Remain in effect for 5 years (5)	All time-based vesting immediately lapses	Forfeited	Forfeited	Awards immediately vest unless assumed or replaced	Awards immediately vest
Performance Share Awards	Oldest award remains in effect for period of award; any remaining awards subject to Committee discretion	Service condition satisfied as to a pro-rata portion; remains outstanding for period of award based on actual performance	Forfeited	Forfeited	Awards immediately vest unless assumed or replaced	Awards immediately vest at the target performance level
SSARs	Remain in effect for a period following retirement (6)	Awards immediately vest	Period of 3 months to exercise exercisable awards; unexercisable awards forfeited	Period of 3 months to exercise exercisable awards; unexercisable awards forfeited	Awards immediately vest unless assumed or replaced	Awards immediately vest
Deferred Compensation Plan	Balance is paid to NEO	Balance is paid to NEO/beneficiary	Balance is paid to NEO	Balance is paid to NEO	Amounts transferred from Dover PRP are paid to NEO	Balance is paid to NEO
Health, Welfare and Other Benefits	None	None	None	COBRA health continuation coverage for 12 months		Lump sum payment equal to 12 months of COBRA health coverage

(1) None of our NEOs are eligible for "normal retirement" or "early retirement" under the terms of our LTIP.

(2) No special or additional payments are payable to any of the NEOs in the event of termination of employment by way of resignation or termination for "cause."

(3) Under the CICSP, severance is payable if a NEO's employment is terminated by the Company without "cause" or for "good reason" within 18 months following a change-in-control. "Cause" means (i) willful misconduct, dishonesty or gross negligence in the performance of duties, breach of fiduciary duties to the Company, or willful failure to follow lawful directions, (ii) engaging in conduct materially injurious to the Company or materially harms the Company's reputation, good will or business, (iii) engaging in conduct reported in the press which is scandalous, immoral or illegal; (iv) conviction of a felony, or a misdemeanor or moral turpitude, dishonesty or fraud, (v) being found liable in any securities law action or having a cease and desist order applied, (vi) breach of confidentiality, non-solicitation or non-competition provisions to which the executive is subject, or (vii) breach of Company policies. "Good Reason" includes (i) a material reduction in compensation, (ii) a material and adverse change in title, (iii) a material and adverse change in authority, responsibility or reporting relationship, or (iv) relocation or principal place of employment by 50 miles, unless the relocation does not increase the executive's commute by more than 20 miles.

(4) The amount payable is equal to the NEO's annual salary and target annual incentive bonus, as in place on the termination date or the date of the change-in-control, whichever is higher.

(5) The portion of RSUs held by Messrs. Somasundaram and Mahoney converted from grants initially awarded by Dover are subject to the same early retirement provisions as SSARs initially granted by Dover after August 6, 2014 as described in note (6) below.

(6) Under the LTIP, normal retirement applicable to the SSARs held by our NEOs, which replace SSARs initially awarded by Dover, is defined as age 62, and early retirement is defined as (i) the executive has at least 10 years of service with the Company (including service with Dover), the sum of the executive's age and years of service upon termination equals at least 65, and for awards initially granted by Dover on or after August 6, 2014, is at least 55 years old, and the executive complies with certain notice requirements ("Early Retirement I"), (ii) the executive has at least 15 years of service with the Company (including service with Dover), the sum of the executive's age and years of service upon termination equals at least 70, and for awards granted on or after August 6, 2014, is at least 60 years old, and the executive complies with certain notice requirements ("Early Retirement II"), or (iii) the executive's employment terminates because the business unit in which the executive is employed is sold and the executive remains in good standing until the closing date ("Early Retirement III"). Any person who takes normal or early retirement must agree to standard non-competition provisions to receive the retirement treatment of these SSARs. SSARs initially awarded by Dover prior to August 6, 2014 remain in effect for a five-year period following retirement, and SSARs granted thereafter remain in effect for two years, three years or one year based on whether the early retirement is classified as Early Retirement I, Early Retirement II, or Early Retirement III, respectively.

Estimate of Potential Payments upon Termination

The following table includes the various types of circumstances that would trigger payments and benefits under plans, agreements and arrangements currently in effect. Benefits and payments are calculated assuming the triggering event occurred on December 31, 2019 and using the closing stock price on such date of $33.78. None of our NEOs were eligible for retirement or early retirement on December 31, 2019 so that information is omitted from the table. Reasonable estimates are provided where appropriate. It is always possible that different arrangements could be negotiated in connection with an actual termination of employment or change-in-control.

Name	Death or Disability ($)	Resignation or Termination with Cause ($)	Termination without Cause ($)(1)	Change-in-Control without Termination ($)(2)	Change-in-Control with Termination ($)
Mr. Somasundaram					
Cash Severance	0	0	1,767,200	0	3,040,000
RSUs	4,581,953	0	0	0	4,581,953
PSAs(3)	1,142,256	0	0	0	2,601,972
SSARs(4)	814,980	814,980	814,980	0	814,980
Deferred Compensation Plan	4,258,938	4,258,938	4,258,938	1,612,140	4,258,938
Health, Welfare and Other Benefits	0	0	20,316	0	20,316
Total:	10,798,127	5,073,918	6,861,434	1,612,140	15,318,159
Mr. Nutt					
Cash Severance	0	0	1,010,480	0	1,697,500
RSUs	1,153,959	0	0	0	1,153,959
PSAs(3)	270,874	0	0	0	613,546
SSARs(4)	0	0	0	0	0
Deferred Compensation Plan	0	0	0	0	0
Health, Welfare and Other Benefits	0	0	17,268	0	17,268
Total:	1,424,833	0	1,027,748	0	3,482,273
Ms. Wright					
Cash Severance	0	0	721,982	0	1,309,000
RSUs	742,924	0	0	0	742,924
PSAs(3)	183,636	0	0	0	422,926
SSARs(4)	0	0	0	0	0
Deferred Compensation Plan	0	0	0	0	0
Health, Welfare and Other Benefits	0	0	6,466	0	6,466
Total:	926,560	0	728,448	0	2,481,316
Mr. Mahoney					
Cash Severance	0	0	758,023	0	1,489,200
RSUs	847,540	0	0	0	847,540
PSAs(3)	195,477	0	0	0	444,241
SSARs(4)	374,905	374,905	374,905	0	374,905
Deferred Compensation Plan	76,413	76,413	76,413	76,413	76,413
Health, Welfare and Other Benefits	0	0	20,316	0	20,316
Total:	1,494,335	451,318	1,229,657	76,413	3,252,615
Mr. Raza					
Cash Severance	0	0	592,300	0	1,142,400
RSUs	552,776	0	0	0	552,776
PSAs(3)	116,579	0	0	0	264,430
SSARs(4)	0	0	0	0	0
Deferred Compensation Plan	817	817	817	0	817
Health, Welfare and Other Benefits	0	0	20,316	0	20,316
Total:	670,171	0	613,433	0	1,980,738

(1) Under the ESP, upon a termination of employment by the Company without Cause (as defined in the ESP), each NEO is entitled to a prorated amount of the previous year's EAIP bonus paid to such NEO, or, if such NEO has been employed for less than one year, an amount determined in the Compensation Committee's discretion. Because Mr. Nutt and Ms. Wright were employed for less than the entire year in 2018 and received pro-rated bonuses for such year, the amount as of December 31, 2019 reflects an annualized calculation of their respective prior year's EAIP bonuses.
(2) Assumes awards were assumed in the change-in-control, resulting in no acceleration of RSUs, PSAs and SSARs under the terms of the LTIP. Deferred compensation plan amounts represent only that portion of the account attributable to amounts transferred from the Dover PRP at the time of the spin-off and earnings thereon.
(3) Represents payout of 2018 PSAs and 2019 PSAs for the three-year performance periods ending June 2018 and December 2018, respectively, assuming the Compensation Committee approves payout of the PSAs. In the case of termination due to death or disability, the amounts shown assume the 2018 PSAs and 2019 PSAs pay out at target, the 2018 PSAs are prorated for twenty months, and the 2019 PSAs are prorated for twelve months.
(4) Reflects the value of vested SSARs as of December 31, 2019, which is the difference between the closing price of $33.78 per share of our common stock on December 31, 2019 and the exercise price of each SSAR award, multiplied by the number of shares covered by such award.

Item 5: Approval of the Amended and Restated 2018 Equity and Cash Incentive Plan

On March 24, 2020, the Board adopted an amendment and restatement of the 2018 Equity and Cash Incentive Plan, or the Restated Plan, subject to stockholder approval at the annual meeting. The Restated Plan is substantially similar to the current 2018 Equity and Cash Incentive Plan, or the 2018 Plan, except that the Restated Plan:

- increases the number of shares of common stock that may be issued under the 2018 Plan from 6,500,000 shares to 18,225,000 shares under the Restated Plan, an increase of 11,725,000 shares;
- provides that stock-based awards that are settled in cash shall not reduce the Restated Plan's share reserve;
- provides that the Compensation Committee may assume or substitute previously granted awards of employees, directors and consultants of other corporations who become eligible to participate in the plan by reason of a corporate transaction without reducing the total number of shares available for awards under the Restated Plan;
- changes the annual limit on director awards from a number of shares of Apergy common stock (20,000) to an approximately equivalent dollar value limit of $500,000. This will reduce the effect of Apergy share price volatility on the annual limit on director awards;
- provides Apergy with the right to withhold from payments under the Restated Plan an amount up to the maximum statutory tax rate in the applicable jurisdictions;
- resets the term of the plan to be 10 years from March 24, 2020, the date the Restated Plan was adopted by the Board; and
- generally limits the ability of the Compensation Committee to grant stock options or SSARs that may be exercised prior to the third anniversary of the grant date.

The Board is requesting this vote by the stockholders to approve the increase of 11,725,000 shares available for issuance under the Restated Plan as well as the other changes to the 2018 Plan described above.

A copy of the Restated Plan is attached as *Annex A* to this proxy statement. If the Restated Plan is approved by Apergy stockholders, then it will supersede the 2018 Plan in its entirety. If the stockholders do not approve the Restated Plan, the Restated Plan will not become effective and Apergy may continue to grant awards under the 2018 Plan, subject to its current terms, conditions and limitations. Below is a summary of certain key provisions of the Restated Plan. The summary is qualified in its entirety by reference to the full text of the Restated Plan. On March 9, 2020, the closing price of a share of Apergy common stock on the NYSE was $8.64 per share.

Reasons for the Proposed Changes to the 2018 Equity and Cash Incentive Plan

The 2018 Plan became effective on the date of the spin-off of Apergy from Dover on May 9, 2018. The 2018 Plan is Apergy's only equity plan for issuing equity incentive compensation to eligible employees and non-employee directors.

The 2018 Plan currently provides for an aggregate 6,500,000 shares to be issued under the 2018 Plan. As of March 9, 2020, 2,733,834 shares remained available for grant under the 2018 Plan. Further, as of March 9, 2020, there were a total of (i) 420,603 shares subject to issuance upon exercise of outstanding SSARs (and no outstanding stock options) under the 2018 Plan at a weighted average exercise price of $29.73 and a weighted average remaining life of 5.9 years; and (ii) 895,988 shares subject to outstanding full-value awards, including 26,382 shares subject to outstanding deferred stock unit awards ("DSUs"), 520,154 shares subject to outstanding restricted stock unit awards, and 349,452 shares subject to outstanding performance share awards ("PSUs") (assuming payout at the maximum level).

The Board believes that the amendment and restatement of the 2018 Plan is in the best interests of Apergy and Apergy's stockholders because equity awards granted under the plan help to attract, motivate, and retain talented employees and non-employee directors, align employee and stockholder interests, link employee compensation with company performance, and maintain a culture based on employee stock ownership. Equity is a significant component of total compensation for Apergy employees. If Apergy were to grant fewer equity awards to employees, Apergy believes that it would need to provide compensation in other forms (such as cash) in order to provide a total compensation package that is competitive with other companies in Apergy's industry and region. For these reasons, Apergy believes that the requested share increase is necessary for it to continue to be in a position to attract, motivate, and retain talented employees and non-employee directors.

In reaching its determination to approve the Restated Plan, the Board considered that:

- If Apergy did not increase the shares available for issuance under the 2018 Plan, then, based on the depletion of the share reserve that would result from Apergy's historical usage rates of shares under the 2018 Plan, Apergy could potentially exhaust the share limit under the 2018 Plan before Apergy's next opportunity to ask for an increase at its 2021 Annual Meeting of Stockholders, at which time it would lose an important compensation tool aligned with stockholder interests to attract, motivate and retain highly qualified talent.

- In fiscal 2019 and 2018, Apergy granted equity awards representing a total of approximately 368,981 and 542,482 shares, respectively, assuming the performance share awards are paid out at the maximum level. This level of equity awards represents a two-year average burn rate of approximately 0.59% of fully diluted common shares outstanding.

- In 2019 and 2018, Apergy's end-of-year overhang rate, which is calculated by dividing (i) the number of shares subject to equity awards outstanding at the end of the fiscal year (assuming the performance share awards are paid out at the maximum level), plus the number of shares remaining available for issuance under the 2018 Plan by (ii) the number of Apergy common shares outstanding on fully diluted basis at the end of the fiscal year, was approximately 5.5% and 9.1%, respectively.

If this Item 5 is adopted, a maximum of 18,225,000 shares of Apergy common stock will be reserved for issuance under the Restated Plan, which represents an increase of 11,725,000 shares over the current approved amount. The issuance of the 11,725,000 additional shares to be reserved under the Restated Plan, when combined with the shares underlying equity awards currently outstanding and the shares currently remaining available for grant under the 2018 Plan, would dilute the holdings of Apergy stockholders by approximately 16.9% on a fully diluted basis, based on a total of 77,493,876 shares of Apergy common stock that were outstanding as of March 9, 2020, and assuming the additional shares to be reserved under the Restated Plan and the shares currently remaining available for grant reduce the shares available under the Restated Plan by one share for every one share issued. In light of the important factors described above, the Board believes this number represents reasonable potential equity dilution. If the anticipated merger with ChampionX is consummated, as more fully described in Apergy's Current Report on Form 8-K, as filed on December 20, 2019 (File No. 001-38441), Apergy will be required to convert awards of Ecolab stock options, time-based, restricted stock units, and performance-based restricted stock units to Apergy awards, which would require Apergy to reserve for issuance up to approximately 17,300,143 shares of Apergy common stock in respect of such awards, assuming the merger occurred on March 9, 2020. Such converted awards will be governed by the terms of the Restated Plan, if approved, or the 2018 Plan, if the Restated Plan is not approved, and in either case will not reduce the number of shares that may be issued under such plans. All Apergy shares reserved for issuance under such converted awards are included in, and not additive to, the Apergy shares to be issued to holders of ChampionX common stock in connection with the merger; following the merger, the former ChampionX equityholders, including ChampionX employees receiving such converted awards, will own 62% of issued and outstanding Apergy common stock, on a fully diluted basis.

If the Restated Plan is not approved, the 2018 Plan will remain in effect in accordance with its present terms, except to the extent that the 2018 Plan is amended by the Board in accordance with its terms.

Summary of Amended and Restated 2018 Equity and Cash Incentive Plan

Duration and Amendment. The Restated Plan has a predetermined term of 10 years and will terminate in 2030. The Compensation Committee may make grants and awards at any time or from time to time before the Restated Plan terminates.

The Board may amend or terminate the Restated Plan as it deems advisable, except as provided for in the Restated Plan. In addition, without stockholder approval, the Board cannot (i) cancel outstanding options or SSARs for cash or grants in substitution therefor of new awards having a lower exercise price or base price, as applicable, except as provided under the Restated Plan terms with respect to a Change in Control; (ii) amend outstanding options and SSARs to reduce the exercise price or base price thereof, as applicable (including cash buyouts); (iii) increase the maximum number of shares covered by the Restated Plan or change the class of employees eligible to receive any awards; (iv) extend beyond 120 months from the date of the grant the period within which a stock option or SSAR may be exercised; (v) make any other amendment to the Restated Plan that would constitute a modification, revision or amendment requiring shareholder approval pursuant to any applicable law or regulation or rule of the principal exchange on which Apergy's shares are traded; or (vi) change the class of persons eligible to receive incentive stock options.

Administration. The Compensation Committee (or, under certain circumstances, another committee or the Board) will administer the Restated Plan. The Compensation Committee consists of independent members of the Board each of whom is also a "non-employee director" for purposes of the rules under the Exchange Act.

The Compensation Committee will select employees who shall receive awards, determine the number of shares covered thereby, and establish the terms, conditions and other provisions of the awards. The Board will determine the form and amount of directors' compensation to be paid to directors from time to time, subject to the limits of the Restated Plan. The Compensation Committee will determine the procedures and terms under which a director may elect to defer receipt of his or her directors' shares. The Compensation Committee may interpret the Restated Plan and establish, amend and rescind any rules relating to the Restated Plan. The Compensation Committee may delegate all or part of its responsibilities under the Restated Plan to the Chief Executive Officer to the extent permitted by Delaware law, except for granting awards to individuals subject to Section 16 of the Exchange Act. Only the Board may determine awards to members of the Board.

Eligibility. Salaried officers and other key employees of Apergy and its subsidiaries and non-employee directors of Apergy will be eligible to participate in the Restated Plan. The basis for participation in the Restated Plan is selection for participation by the Compensation Committee in its discretion. As of March 9, 2020, approximately 106 persons were eligible to receive awards under the Restated Plan, including 7 executive officers, 93 non-executive employees, and 6 non-employee directors.

Shares Reserved for Issuance; Share Counting. A total of 18,225,000 shares of Apergy common stock are reserved for issuance under the Restated Plan. The maximum number of shares issuable under the Restated Plan is subject to adjustments resulting from stock dividends, stock splits, recapitalizations, reorganizations and other similar changes.

Shares subject to stock options and SSARs will reduce the shares available for awards under the Restated Plan by one share for every one share issued. Performance share awards, restricted stock, restricted stock units that are settled in shares of Apergy common stock, directors' shares and deferred stock units will reduce the shares available for awards under the Restated Plan by three shares for every one share awarded. Cash performance awards do not count against the pool of available shares, and the cash settlement of stock-based awards will not deplete the Restated Plan's share reserve. The number of shares earned when an award is exercised, vests or is paid out will count against the pool of available shares, including shares withheld to pay taxes or an option's exercise price. Shares subject to an award under the Restated Plan that is cancelled, terminated, or forfeited or that expires will be available for reissuance under the Restated Plan.

Assumption of Awards in Connection with an Acquisition. The Compensation Committee may assume or substitute any previously granted awards of an employee, director or consultant of another corporation who becomes eligible by reason of a corporate transaction. The terms of the assumed award may vary from the terms and conditions otherwise required by the Restated Plan if the Compensation Committee deems it necessary. The assumed awards will not reduce the total number of shares available for awards under the Restated Plan.

Award Limits. A non-employee director may not be granted during any calendar year awards that have a fair market value (as defined in the Restated Plan and determined on the date of grant) that exceeds $500,000. The independent members of the Board may make exceptions to this limit for a non-executive chair of the Board. No more than 5% of the aggregate share reserve may be awarded as restricted stock awards or restricted stock unit awards having a vesting period more rapid than annual pro rata vesting over a period of three years.

Types of Awards. The Restated Plan provides for stock options and SSAR grants, restricted stock awards, restricted stock units, performance share awards, cash performance awards, directors' shares and deferred stock units. The Restated Plan also permits the issuance of awards to Apergy employees in substitution for such employees' outstanding Dover Corporation ("Dover") awards or Ecolab awards.

Stock Options and Stock-Settled Appreciation Rights. The Compensation Committee may grant options and SSARs under the Restated Plan. Grants of options under the Restated Plan permit the participant to acquire shares of Apergy common stock at an exercise price fixed on the date of grant during the life of the award. SSARs granted under the plan are "freestanding," meaning they are granted separately from options and the exercise of SSARs is not linked in any way to the exercise of options. A SSAR allows the Restated Plan participant to receive the increase, if any, in the fair market value (as defined in the Restated Plan) of the number of shares of Apergy common stock underlying the award during the life of the award over a base price set on the date of grant. The amount payable upon the exercise of the SSAR will be paid to the Restated Plan participant in shares of Apergy common stock. The Compensation Committee determines the exercise price for options and the base price of SSARs, which may not be less than the fair market value (as defined in the Restated Plan) of the Apergy common stock on the date of grant. The Compensation Committee may provide for SSARs to be settled in cash to the extent the Compensation Committee determines to be advisable under foreign laws or customs.

The Compensation Committee determines any conditions to the exercisability of options and SSARs, including requirements of a period of continuous service by the participant (time vesting) or performance or other criteria. Options and SSARs may not generally be exercised prior to the third anniversary of the date of grant. The Compensation Committee also determines the term of each award, provided that the maximum term of any option or SSAR is ten years from the date of grant.

Restricted Stock and Restricted Stock Units. The Compensation Committee may award restricted stock or restricted stock units to participants under the Restated Plan. Restricted stock is registered in the name of a participant on the date of grant subject to vesting requirements and restricted stock units are rights credited to a bookkeeping account that will be settled by the delivery of shares if certain vesting conditions are satisfied. The Compensation Committee determines the vesting period, of not less than one year or more than five years, with respect to a restricted stock or restricted stock unit award and whether other restrictions, including the satisfaction of any performance targets, are applicable to the awards. A holder of unvested restricted stock may not exercise voting rights during the restriction period. No dividends or dividend equivalents will be paid on unvested restricted stock or restricted stock unit awards during the restriction period, but in the discretion of the Compensation Committee, dividend equivalents may be credited to an account for distribution to a participant after vesting.

Performance Share Awards. The Compensation Committee may grant performance share awards to employees that will become payable in shares of Apergy common stock upon the achievement of objective pre-established performance targets based on specified performance criteria over a performance period of not less than three full fiscal years. Awards may set a specific number of performance shares that may be earned, or a range of performance shares that may be earned depending on the degree of achievement of the pre-established performance targets. Shares of Apergy common stock in payment of performance shares will be issued only if the Compensation Committee has certified after the end of the performance period that the required performance targets have been met and the amount of the award.

Cash Performance Awards. The Compensation Committee may grant a participant the opportunity to earn a cash performance award conditional upon the satisfaction, over a performance period of not less than three full fiscal years, of certain pre-established objective performance targets based on specified performance criteria. The Compensation Committee will establish a percentage of the value created at the relevant business unit (or Apergy as a whole) during the performance period that the maximum total payout for that business unit (or Apergy as a whole) may not exceed. Cash in payment of cash performance awards will be issued only if the Compensation Committee has certified after the end of the performance period that the required performance targets have been met and the amount of the award.

Directors' Shares and Deferred Stock Units. The Board may designate a percentage of a non-employee director's compensation to be paid in directors' shares or may in its discretion determine to pay a specified dollar amount or number of shares as part of the non-employee director's annual compensation. Subject to procedures the Compensation Committee may establish from time to time, a non-employee director may elect to defer receipt of directors' shares. Should a director elect to defer receipt of directors' shares, deferred stock units will be credited to a bookkeeping account on the basis of one deferred stock unit for each directors' share deferred, which deferred stock units will be settled by the delivery of Apergy common stock upon the termination of the director's service as a director or, if earlier, upon a date specified by the director at the time of the deferral election. Dividend equivalents will be credited on deferred stock units and distributed at the same time the shares are delivered upon settlement of the deferred stock units.

Performance Criteria. Cash performance awards and performance share awards will be, and other awards may be, made subject to performance criteria. The Compensation Committee establishes performance targets based on the Restated Plan's performance criteria that include objective formulas or standards for determining the amount of the performance award that may be payable to a participant when the targets are satisfied. The performance targets do not need to be the same for all participants.

The performance objectives under the Restated Plan will be based on one or more of the following performance criteria: (i) the attainment of certain target levels of, or a specified percentage increase in, revenues, income before income taxes and extraordinary items, income or net income, earnings before income tax, earnings before interest, taxes, depreciation and amortization, or a combination of any or all of the foregoing; (ii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax profits including, without limitation, those attributable to continuing and/or other operations; (iii) the attainment of certain target levels of, or a specified increase in, operational cash flow; (iv) the achievement of a certain level of, reduction of, or other specified objectives with regard to limiting the level of increase in, all or a portion of Apergy's or an affiliate's bank debt or other long-term or short-term public or private debt or other similar financial obligations of Apergy or affiliate, which may be calculated net of such cash balances and/or other offsets and adjustments as may be established by the Compensation Committee; (v) the attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations; (vi) the attainment of certain target levels of, or a specified increase in, return on capital employed or return on invested capital or operating revenue or return on invested cash; (vii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on stockholders' equity; (viii) the attainment of certain target levels of, or a specified increase in, economic value added targets based on a cash flow return on investment formula; (ix) the attainment of certain target levels in the fair market value (as defined in the Restated Plan) of the shares of Apergy common stock; (x) market segment share; (xi) product release schedules; (xii) new product innovation; (xiii) product or other cost reductions; (xiv) brand recognition or acceptance; (xv) product ship targets; (xvi) customer satisfaction; (xvii) total stockholder return; (xviii) return on assets or net assets; (xix) assets, operating margin or profit margin; (xx) the growth in the value of an investment in Apergy common stock assuming the reinvestment of dividends; and (xxi) such other business or other performance criteria determined appropriate by the Compensation Committee.

Effect of Termination, Death, Disability or Change in Control on Awards. If a participant's employment is voluntarily or involuntarily terminated other than for cause, vested stock options and SSARs will expire three months after the termination of the participant's employment or the expiration of the original term, whichever is earlier. If a participant dies or becomes disabled while employed by Apergy, outstanding stock options and SSARs will fully vest and may be exercised by the participant or the participant's estate, as applicable, for the balance of the original term or 60 months, whichever is shorter. If a participant retires at or after age 65, a participant may exercise options and SSARs that are, or within 60 months of the date of retirement become, exercisable, but not beyond the balance of the original term.

Subject to certain exceptions, cash performance awards, restricted stock, restricted stock units, and performance shares will be forfeited if such awards are not vested when a participant's employment terminates. If a participant dies, becomes disabled while employed by Apergy, or in the event of any special circumstances as determined by the Compensation Committee, any purely temporal restrictions remaining with respect to restricted stock and restricted stock units will lapse, and, if any performance targets are applicable, the restricted stock and restricted stock units will continue to vest subject to attainment of applicable performance targets. If a participant retires at or after age 65, (i) the participant's restricted stock and restricted stock units will continue to vest until the earlier of 60 months from the date of termination or such time as the remaining temporal restrictions lapse, subject to compliance with certain non-competition restrictions, and (ii) if the participant holds one or more performance-based restricted stock or restricted stock unit awards, such awards will be cancelled and will terminate, except that (a) the oldest performance-based restricted stock or restricted stock unit award will remain outstanding and entitle the participant to receive on the regular payment date the same number of shares of Apergy common stock that the participant would have earned had such participant been an employee of Apergy as of such payment date, subject to attainment of applicable performance targets, and (b) the Compensation Committee (or the Chief Executive Officer as its delegate, as applicable) will determine whether the participant is eligible to receive any shares of Apergy common stock with respect to any other performance-based restricted stock or restricted stock unit awards, and if so, the amount thereof, and any such payment will be subject to attainment of applicable performance targets.

In the case of cash performance awards and performance shares, if a participant dies or becomes disabled while employed by Apergy, a participant or the participant's estate, as applicable, is entitled to a pro rata award for the period of service during the performance period, subject to attainment of applicable performance targets.

If the participant retires at or after age 65, a participant's cash performance awards and performance shares will be cancelled and will terminate, except that (i) the oldest cash performance award and performance shares will remain outstanding and entitle the participant to receive on the regular payment date the same payment or number of shares of Apergy common stock, as applicable, that the participant would have earned had such participant been an employee of Apergy as of such payment date, subject to attainment of applicable performance targets, and (ii) the Compensation Committee (or the Chief Executive Officer as its delegate, as applicable) will determine whether the participant is eligible to receive any payment or shares of Apergy common stock, as applicable, with respect to any other cash performance awards or performance shares and, if so, the amount thereof, and any such payment or shares shall be subject to attainment of applicable performance targets.

The enhanced post-employment benefits for retirement at or after age 65 are conditioned upon a participant's complying with certain non-competition restrictions that correspond to the period during which enhanced post-employment benefits are provided.

Vesting of outstanding awards to employees under the Restated Plan accelerates upon the consummation of a change in control (as defined in the Restated Plan) (including deemed satisfaction of applicable performance criteria "at target" as if such performance criteria had been achieved) and one of the following double-trigger vesting requirements: (i) involuntary termination other than for cause, death or disability within 18 months following the change in control, (ii) a resignation for good reason within 18 months following the change in control, or (iii) outstanding awards are not replaced by a successor with awards that preserve existing value, the awards are not assumed by a successor, or the awards are impaired in value or rights. In addition, the Compensation Committee has the right to take such other action with respect to awards in connection with a change in control as it determines to be appropriate. In the case of a change in the ownership of effective control of Apergy or in the ownership of a substantial portion of the assets of Apergy, any deferred stock units will settle on the date of such change in control or change in ownership by delivery of shares of Apergy common stock.

Withholding Taxes. To the extent permitted by law, Apergy has the right to withhold from any payment under the Restated Plan an amount up to the maximum statutory tax rate in the applicable jurisdictions.

Tax Consequences

Incentive Stock Options

An optionee recognizes no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option qualifying under Section 422 of the Internal Revenue Code. Optionees who neither dispose of their shares within two years following the date the option was granted nor within one year following the exercise of the option normally will recognize a capital gain or loss equal to the difference, if any, between the sale price and the purchase price of the shares. If an optionee satisfies such holding periods upon a sale of the shares, Apergy will not be entitled to any deduction for federal income tax purposes. If an optionee disposes of shares within two years after the date of grant or within one year after the date of exercise (a "disqualifying disposition"), the difference between the fair market value of the shares on the exercise date and the option exercise price (not to exceed the gain realized on the sale if the disposition is a transaction with respect to which a loss, if sustained, would be recognized) will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be a capital gain. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. Any ordinary income recognized by the optionee upon the disqualifying disposition of the shares generally should be deductible by Apergy for federal income tax purposes, except to the extent such deduction is limited by applicable provisions of the Internal Revenue Code.

The difference between the option exercise price and the fair market value of the shares on the exercise date is treated as an adjustment in computing the optionee's alternative minimum taxable income and may be subject to an alternative minimum tax which is paid if such tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits which may arise with respect to optionees subject to the alternative minimum tax.

Nonqualified Stock Options

Options not designated or qualifying as incentive stock options will be nonqualified stock options having no special tax status. An optionee generally recognizes no taxable income as the result of the grant of such an option. Upon exercise of a nonqualified stock option, the optionee normally recognizes ordinary income equal to the amount that the fair market value of the shares on such date exceeds the exercise price. If the optionee is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of shares acquired by the exercise of a nonqualified stock option, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as capital gain or loss.

SSARs

In general, no taxable income is reportable when SSARs are granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the fair market value of any cash or shares received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Restricted Stock Awards

A participant acquiring restricted stock generally will recognize ordinary income equal to the fair market value of the shares on the vesting date. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. The participant may elect, pursuant to Section 83(b) of the Internal Revenue Code, to accelerate the ordinary income tax event to the date of acquisition by filing an election with the Internal Revenue Service no later than 30 days after the date the shares are acquired. Upon the sale of shares acquired pursuant to a restricted stock award, any gain or loss, based on the difference between the sale price and the fair market value on the date the ordinary income tax event occurs, will be taxed as capital gain or loss.

Restricted Stock Unit Awards (including Performance Share Awards)

There are no immediate tax consequences of receiving an award of RSUs or performance shares. A participant who is awarded RSUs or performance shares will be required to recognize ordinary income in an amount equal to the fair market value of the shares issued to such participant on the date that Apergy delivers such shares to the participant in settlement of the award. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Any additional gain or loss recognized upon any later disposition of any shares received would be capital gain or loss.

Deferred Stock Units

There are no immediate tax consequences of receiving an award of deferred stock units. A participant who is awarded deferred stock units will be required to recognize ordinary income in an amount equal to the fair market value of shares issued to such participant on the date that the deferred stock units are settled. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Any additional gain or loss recognized upon any later disposition of any shares received would be capital gain or loss.

Cash Performance Awards

A participant generally will recognize no income upon the grant of a performance cash award. Upon the settlement of such award, participants normally will recognize ordinary income in the year of receipt in an amount equal to the cash received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes.

Share Awards

A participant acquiring unrestricted shares generally will recognize ordinary income equal to the fair market value of the shares on the grant date. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of unrestricted shares acquired pursuant to a share award, any gain or loss, based on the difference between the sale price and the fair market value on the date the shares are granted, will be taxed as capital gain or loss.

Dividend Equivalents.

A participant generally will recognize no income at the time of grant of dividend equivalents. When a dividend equivalent is paid, a participant will recognize ordinary income in the amount of such dividend equivalent. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes.

Section 409A

Section 409A of the Internal Revenue Code provides certain requirements for non-qualified deferred compensation arrangements with respect to an individual’s deferral and distribution elections and permissible distribution events. Certain types of awards granted under the Restated Plan may be subject to the requirements of Section 409A. It is intended that the Restated Plan and all awards comply with, or be exempt from, the requirements of Section 409A. If an award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with Section 409A’s provisions, Section 409A imposes on the recipient an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation.

Tax Effect for Apergy

Apergy generally will be entitled to a tax deduction in connection with an award under the Restated Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a nonqualified stock option). Special rules limit the deductibility of compensation paid to our chief executive officer, chief financial officer and the other “covered employees” as determined under Section 162(m) of the Internal Revenue Code and applicable guidance. Under Section 162(m), the annual compensation paid to any of these covered employees, including awards that Apergy grants pursuant to the Restated Plan, whether performance-based or otherwise, will be subject to the $1 million annual deduction limitation. Because of the elimination of the performance-based compensation exemption, it is possible that all or a portion of the compensation paid to covered employees in the form of equity grants under the Restated Plan may not be deductible by Apergy, to the extent that the annual deduction limitation is exceeded.

THE FOREGOING IS ONLY A SUMMARY OF THE EFFECT OF U.S. FEDERAL INCOME TAXATION UPON PARTICIPANTS AND APERGY WITH RESPECT TO AWARDS UNDER THE RESTATED PLAN. IT

DOES NOT PURPORT TO BE COMPLETE AND DOES NOT DISCUSS THE IMPACT OF EMPLOYMENT OR OTHER TAX REQUIREMENTS, THE TAX CONSEQUENCES OF A PARTICIPANT'S DEATH, OR THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE, OR FOREIGN COUNTRY IN WHICH THE PARTICIPANT MAY RESIDE.

New Plan Benefits

The effectiveness of the Restated Plan is dependent on receiving stockholder approval. The granting of awards under the Restated Plan to directors, officers and employees is discretionary, and Apergy cannot now determine the number or type of awards to be granted in the future to any particular person or group of employees under the Restated Plan.

The following table shows the new plan benefits to be provided under the Restated Plan:

Name of Individual or Group (Position)	Stock Awards ($)(2)
Sivasankaran Somasundaram (President & Chief Executive Officer) (1)	*
Jay A. Nutt (Senior Vice President and Chief Financial Officer) (1)	*
Julia Wright (Senior Vice President, General Counsel and Secretary) (1)	*
Paul E. Mahoney (President, Production & Automation Technologies) (1)	*
Syed ("Ali") Raza (Senior Vice President and Chief Digital Officer) (1)	*
All Current Executive Officers as a Group (7 persons) (1)	*
Non-Employee Directors as a Group (6 persons) (2)	675,000
All Non-Executive Officer Employees as a Group (1)	*

(1) Awards granted under the Restated Plan to our executive officers and other employees are discretionary and are not subject to set benefits or amounts under the terms of the Restated Plan, and the Compensation Committee and Board have not granted any awards under the Restated Plan subject to stockholder approval of this Item 5. Accordingly, the benefits or amounts that will be received by or allocated to our executive officers and other employees under the Restated Plan, as well as the benefits or amounts which would have been received by or allocated to our executive officers and other employees for 2020 if the Restated Plan had been in effect, are not determinable.

(2) Awards granted under the Restated Plan to our non-employee directors are discretionary. However, under the Restated Plan, no non-employee director may be granted during any calendar year awards having a fair market value (as such term is defined in the Restated Plan) on the date of grant that exceeds $500,000 (with limited exceptions for a non-executive chair of the Board). Furthermore, the Board' current non-employee director compensation policy establishes that the value of the stock-based awards to be granted to each non-employee director for 2020 will be $112,500. Under the Restated Plan, the number of stock-based awards to be awarded to a non-employee director shall be determined by dividing the dollar amount of annual compensation to be paid in shares by the fair market value (as such term is defined in the Restated Plan) of Apergy common stock on the date of grant. The Restated Plan provides that the stock-based awards to be granted to the non-employee directors each year will be granted on November 15 (or the first trading day thereafter if November 15 is not a trading day on the principal exchange on which Apergy common stock then regularly trades). Pursuant to the current non-employee director compensation policy, if this Item 5 is approved by our stockholders, on November 15 (or the first trading day thereafter if November 15 is not a trading day on the principal exchange on which Apergy common stock then regularly trades), each of our current non-employee directors will be granted annual stock-based awards under the Restated Plan valued at $112,500.

The following table shows the number of awards that were granted to the foregoing persons under the 2018 Plan during the fiscal year ended December 31, 2019 and their aggregate grant date fair value:

Name of Individual or Group (Position)	**Dollar Value ($)**	**Number of Shares of Stock Subject to Awards (1)**
Sivasankaran Somasundaram (President & Chief Executive Officer)	------	121,206
Jay A. Nutt (Senior Vice President and Chief Financial Officer)	------	27,969
Julia Wright (Senior Vice President, General Counsel and Secretary)	------	20,511
Paul E. Mahoney (President, Production & Automation Technologies)	------	20,511
Syed ("Ali") Raza (Senior Vice President and Chief Digital Officer)	------	12,120
All Current Executive Officers as a Group (7 persons)	------	224,691
Non-Employee Directors as a Group (6 persons)	------	26,382
All Non-Executive Officer Employees as a Group	------	117,908

(1) PSUs are reflected above assuming achievement of the applicable performance criteria at maximum level; however, the payouts will be based on actual achievement.

Awards Outstanding under the 2018 Plan

The following table shows the number of shares underlying equity awards outstanding as of March 9, 2020, which were granted under the 2018 Plan since its adoption. There are currently no stock options outstanding under the 2018 Plan.

Name of Individual or Group (Position)	**Number of Shares of Stock Subject to Outstanding RSUs, PSUs, SSARs and DSUs(1)**
Sivasankaran Somasundaram (President & Chief Executive Officer)	429,952
Jay A. Nutt (Senior Vice President and Chief Financial Officer)	67,380
Julia Wright (Senior Vice President, General Counsel and Secretary)	44,754
Paul E. Mahoney (President, Production & Automation Technologies)	131,096
Syed ("Ali") Raza (Senior Vice President and Chief Digital Officer)	37,705
All Current Executive Officers as a Group (7 persons)	811,797
Non-Employee Directors as a Group (6 persons)	28,066
All Non-Executive Officer Employees as a Group	478,412

(1) PSUs are reflected above assuming achievement of the applicable performance criteria at maximum level; however, the payouts will be based on actual achievement.

The Board has unanimously approved the Amended and Restated 2018 Equity and Cash Incentive Plan and recommends that you vote FOR the proposal to approve the Amended and Restated 2018 Equity and Cash Incentive Plan.

Shareholder Proposals and Nominations for the 2021 Annual Meeting

Apergy shareholders are entitled to present proposals for consideration at the 2021 Annual Meeting provided they comply with the proxy rules promulgated by the SEC and our bylaws. If you are a record owner of Apergy common stock and you wish to submit a proposal for potential inclusion in the proxy statement for the 2021 annual meeting of shareholders, you must notify the Secretary of Apergy of your intent in writing. All notices must contain the information required by Rule 14a-8 under the Exchange Act. The deadline to submit such notice is November 27, 2020.

If you are a record owner of Apergy common stock and you wish to present a proposal or a proposed director candidate at the 2021 annual meeting of shareholders, but do not wish to have your proposal or director candidate considered for inclusion in the proxy statement or proxy card for the 2021 annual meeting, you must notify the Secretary of Apergy of your intent in writing. All notices must contain the information required by Sections 2.15 and 2.16 of the Apergy bylaws. The notice must be received by us not earlier than January 12, 2021 and not later than February 11, 2021 being, respectively, 120 days and 90 days prior to the date of the first anniversary of the 2020 Annual Meeting of Shareholders. In the event that the 2021 annual meeting is called for a date that is not within 30 days before or after the anniversary date of the 2020 Annual Meeting of Shareholders, notice by a shareholder in order to be timely must be so received not later than the close of business on the 10th day following the day on which notice of the date of the 2021 Annual Meeting is mailed or public disclosure of the date of the 2021 Annual Meeting is made, whichever first occurs. If a shareholder does not comply with the time frames described above, or does not satisfy the requirements of Rule 14a-8 of the Exchange Act, the persons named as proxies will be allowed to use their discretionary voting authority when and if the matter is raised at the 2021 annual meeting of shareholders.

Dated: April 2, 2020

By authority of the Board of Directors,

JULIA WRIGHT
Senior Vice President, General Counsel and Secretary

Annex A

APERGY CORPORATION
AMENDED AND RESTATED 2018 EQUITY AND CASH INCENTIVE PLAN
(Effective as of March 24, 2020)

A. PURPOSE AND SCOPE OF THE PLAN

1. *Purposes.* The Amended and Restated 2018 Equity and Cash Incentive Plan is intended to promote the long-term success of Apergy Corporation by providing salaried officers and other key employees of Apergy Corporation and its Affiliates, on whom major responsibility for the present and future success of Apergy Corporation rests, with long-range and medium-range inducement to remain with the organization and to encourage them to increase their efforts to make Apergy Corporation successful. The Plan is also intended to attract and retain individuals of outstanding ability to serve as non-employee directors of Apergy Corporation by providing them the opportunity to acquire a proprietary interest, or to increase their proprietary interest, in Apergy Corporation. In addition, the Plan provides for the issuance of Replacement Awards in connection with certain transactions as provided in Paragraph 3.

2. *Definitions.*

"Affiliate" shall mean any Subsidiary or any corporation, trade or business (including without limitation, a partnership or limited liability company) that is directly or indirectly controlled (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Corporation or one of its Affiliates, and any other entity in which the Corporation or any of its Affiliates has a material equity interest and that is designated as an Affiliate by the Committee.

"Award" shall mean any award under this Plan of any Option, SSAR, Cash Performance Award, Restricted Stock, Restricted Stock Unit, Performance Shares, Deferred Stock Unit, or Directors' Shares. With respect to Replacement Awards, the term also includes any memorandum or summary of terms that may be specified by the Committee, together with any award agreement under any Predecessor Plan that may be referred to therein.

"Award Agreement" shall mean, with respect to each Award, a written or electronic agreement or communication between the Corporation and a Participant setting forth the terms and conditions of the Award. An Award Agreement may be required, as a condition of its effectiveness, to be executed by the Participant, including by electronic signature or other electronic indication of acceptance.

"Board" shall mean the Board of Directors of the Corporation as in office from time to time.

"Cash Performance Award" shall mean an Award of the right to receive cash at the end of a Performance Period subject to the achievement, or the level of performance, of one or more Performance Targets within such Performance Period, as provided in Paragraph 20.

"Cause" shall mean a Participant (a) engages in conduct that constitutes willful misconduct, dishonesty, or gross negligence in the performance of his or her duties and results in material detriment to the Corporation or an Affiliate; (b) breaches his or her fiduciary duties to the Corporation or an Affiliate; (c) willfully fails to carry out the lawful and ethical directions of the person(s) to whom he or she reports, which failure is not promptly corrected after notification; (d) engages in conduct that is demonstrably and materially injurious to the Corporation or an Affiliate, or that materially harms the reputation, good will, or business of the Corporation or an Affiliate; (e) engages in conduct that is reported in the general or trade press or otherwise achieves general notoriety and that is scandalous, immoral or illegal and materially harms the reputation, good will, or business of the Corporation or an Affiliate; (f) is convicted of, or enters a plea of guilty or nolo contendere (or similar plea) to, a crime that constitutes a felony, or a crime that constitutes a misdemeanor involving moral turpitude, dishonesty or fraud; (g) is found liable in any Securities and Exchange Commission or other civil or criminal securities law action, or any cease and desist order applicable to him or her is entered (regardless of whether or not the Participant admits or denies liability); (h) uses, without authorization, confidential or proprietary information of the Corporation or an Affiliate or information which the Corporation or Affiliate is obligated not to use or disclose, or discloses such information without authorization and such disclosure results in material detriment to the Corporation or an Affiliate; (i) breaches any written or electronic agreement with the Corporation or an Affiliate not to disclose any information pertaining to the Corporation or an Affiliate or their customers, suppliers and businesses and such breach results in material detriment to the Corporation or an Affiliate; (j) materially breaches any agreement relating to non-solicitation, non-competition, or the ownership or protection of the intellectual property of the Corporation or an Affiliate; or (k) breaches any of the Corporation's or an Affiliate's policies applicable to him or her, whether currently in effect or adopted after the Effective Date of the Plan, and such breach, in the Committee's judgment, could result in material detriment to the Corporation or an Affiliate.

"CEO" shall mean the Chief Executive Officer of the Corporation.

"Change in Control" shall mean Change in Control as defined in Paragraph 37.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time. Any reference to any section of the Code shall also be deemed to include a reference to any successor provisions thereto and the Treasury regulations and any guidance promulgated thereunder.

"Committee" shall mean the Compensation Committee of the Board or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. If no committee of the Board has been appointed to administer the Plan, the members of the Board that meet the qualifications below for membership on the Committee shall exercise all of the powers of the Committee granted herein, and, in any event, such members of the Board may in their discretion exercise any or all of such powers. All members of the Committee administering the Plan shall comply in all respects with any qualifications required by law, including specifically being a "non-employee director" for purposes of the rules promulgated under the Exchange Act and satisfying any other independence requirement under applicable exchange rules, law or regulations.

"Common Stock" shall mean the common stock of the Corporation, par value $0.01 per share. "Corporation" shall mean Apergy Corporation, a Delaware corporation, or any successor corporation.

"Deferred Stock Unit" shall mean a bookkeeping entry representing a right granted to a Non-Employee Director pursuant to Paragraph 35 of the Plan to receive a deferred payment of Directors' Shares to be issued and delivered at the end of the deferral period elected by the Non-Employee Director.

"Directors' Shares" shall mean the shares of Common Stock issuable to each eligible Non-Employee Director as provided in Paragraph 33.

"Disability" or "Disabled" shall mean the permanent and total disability of the Participant within the meaning of Section 22(e)(3) and 409A(a)(2)(C)(i) of the Code, except as otherwise determined by the Committee from time to time or as provided in an Award Agreement. The determination of a Participant's Disability shall be made by the Committee in its sole discretion.

"Dividend Equivalents" shall mean a credit to a bookkeeping account established in the name of a Participant, made at the discretion of the Committee or as otherwise provided by the Plan, representing the right of a Participant to receive an amount equal to the cash dividends paid on one share of Common Stock for each share of Common Stock represented by an Award held by such Participant.

Dividend Equivalents (i) may only be awarded in connection with an Award other than an Option, SSAR or Cash Performance Award, (ii) shall be accumulated and become payable only if, and to the extent, the Award vests, and (iii) shall be paid at or after the vesting date of the Award.

"Dover Employee Matters Agreement" shall mean the Employee Matters Agreement, dated as of May 9, 2018, by and between Dover Corporation and Apergy Corporation.

“Dover Replacement Awards” shall mean Awards to employees of the Corporation or any Affiliate that are issued under the Plan in accordance with the terms of the Dover Employee Matters Agreement in substitution of an Option, SSAR, Restricted Stock, Restricted Stock Unit, or Performance Share that was granted by Dover Corporation to such employees under a Predecessor Plan prior to the spin-off of the Corporation by Dover Corporation.

“Ecolab Employee Matters Agreement” shall mean the Employee Matters Agreement, dated as of December 18, 2019, by and among Ecolab Inc., ChampionX Holding Inc., and Apergy Corporation.

“Ecolab Replacement Awards” shall mean Awards to employees of the Corporation or any Affiliate that are issued under the Plan in accordance with the terms of the Ecolab Employee Matters Agreement in substitution of a stock option, restricted stock unit, or performance stock unit that was granted by Ecolab Inc. to such employees under a Predecessor Plan.

“Effective Date” shall mean the Effective Date of the Plan as specified in Paragraph 55. “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

“Fair Market Value” with respect to any share of Common Stock as of any date of reference, shall be determined in good faith by the Committee on the basis of such considerations as the Committee deems appropriate from time to time, including, but not limited to, such factors as the closing price for a share of Common Stock on such day (or, if such day is not a trading day, on the next trading day) on the principal United States exchange on which the Common Stock then regularly trades, the average of the closing bid and asked prices for a share of Common Stock on such exchange on the date of reference, or the average of the high and low sales price of a share of Common Stock on such exchange on the date of reference. In the case of an Award subject to Section 409A of the Code, “Fair Market Value” shall be determined in accordance with Section 409A of the Code to the extent necessary to exempt an Award from the application of Section 409A.

“ISO” shall mean any Option intended to be, and designated as, an incentive stock option within the meaning of Section 422 of the Code.

“Normal Retirement” shall mean (i) the termination of a Participant’s employment with the Corporation and its Affiliates if, at the time of such termination of employment, the Participant has attained age sixty five (65), and (ii) the Participant complies with the non-competition restrictions in Paragraph 43. In the event that the stock or assets of a business unit of the Corporation or an Affiliate that employs a Participant is sold, a Participant who has attained age sixty five (65) and remains employed by such business unit in good standing through the date of such sale, shall be treated as having terminated employment with the Corporation and its Affiliates in a Normal Retirement on the date of such sale, provided that the Participant complies with the non-compete restrictions in Paragraph 43.

“Non-Employee Director” shall mean a member of the Board who is not an employee of the Corporation or an Affiliate. “Non-Qualified Stock Option” shall mean any Option that is not an ISO.

“Option” shall mean a right granted to a Participant to purchase Common Stock pursuant to Paragraph 6. An Option may be either an ISO or a Non-Qualified Stock Option.

“Participant” shall mean any employee of the Corporation or an Affiliate who is a salaried officer or other key employee, including salaried officers who are also members of the Board, and any Non-Employee Director.

“Performance Criteria” shall mean the business criteria listed on Exhibit A hereto (or such other business or other performance criteria determined appropriate by the Committee) on which Performance Targets shall be established.

"Performance Period" shall mean the period established by the Committee for measuring whether and to what extent any Performance Targets established in connection with an Award have been met. With respect to a Cash Performance Award and a Performance Share Award, a Performance Period shall be not less than three (3) full fiscal years of the Corporation, including the year in which an Award is made and may be shorter in the case of other Awards but not less than one full fiscal year.

"Performance Share" shall mean a bookkeeping entry representing a right granted to a Participant pursuant to an Award made under Paragraph 24 of the Plan to receive shares of Common Stock to be issued and delivered at the end of a Performance Period, subject to the achievement, or the level of performance, of one or more Performance Targets within such period.

"Performance Targets" shall mean the performance targets established by the Committee in connection with any Award based on one or more of the Performance Criteria that must be met in order for payment to be made with respect to such Award.

"Plan" shall mean the Amended and Restated Apergy Corporation 2018 Equity and Cash Incentive Plan, as set forth herein, and as amended from time to time.

"Predecessor Plan" shall mean the Dover Corporation 2012 Equity and Cash Incentive Plan, the Dover Corporation 2005 Equity and Cash Incentive Plan, and the Ecolab Inc. 2010 Stock Incentive Plan, as applicable, in each case, as amended from time to time.

"Replacement Awards" shall mean Dover Replacement Awards and Ecolab Replacement Awards.

"Restricted Period" shall mean the period of time during which the Restricted Stock or Restricted Stock Units are subject to Restrictions pursuant to Paragraph 14.

"Restricted Stock" shall mean shares of Common Stock that are subject to an Award to a Participant under Paragraph 13 and may be subject to certain Restrictions or risks of forfeiture specified in the Award.

"Restricted Stock Unit" shall mean a bookkeeping entry representing a right granted to a Participant pursuant to an Award made under Paragraph 13 of the Plan to receive shares of Common Stock to be issued and delivered at the end of a specified period subject to any Restrictions or risks of forfeiture specified in the Award.

"Restrictions" shall mean the restrictions to which Restricted Stock or Restricted Stock Units are subject under the provisions of Paragraph 14, including any Performance Targets established by the Committee.

"Section 16 Person" shall mean those officers, directors, or other persons subject to Section 16 of the Exchange Act. "Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"SSAR" shall mean the right granted to a Participant under Paragraph 6 to be paid an amount measured by the appreciation in the Fair Market Value of Common Stock from the date of grant to the date of surrender of the Award, with payment to be made solely in shares of Common Stock as specified in the Award Agreement or as determined by the Committee.

"Subsidiary" shall mean any present or future corporation that is or would be a "subsidiary corporation" with respect to the Corporation as defined in Section 424 of the Code.

3. *Replacement Awards.*

(a) *Dover Replacement Awards.* The Corporation was authorized to issue Dover Replacement Awards to Participants in the Predecessor Plans in connection with the adjustment and replacement by the Corporation of certain Options, SSARs, or Restricted Stock Units previously granted by Dover Corporation under the Predecessor

Plans. Notwithstanding any other provision of the Plan to the contrary, the number of shares of Common Stock subject to a Dover Replacement Award and the other terms and conditions of each Dover Replacement Award, including the Option exercise or SSAR base price, shall be determined in accordance with the terms of the Dover Employee Matters Agreement.

(b) *Ecolab Replacement Awards*. The Corporation is authorized to issue Ecolab Replacement Awards to Participants in the Predecessor Plans in connection with the adjustment and replacement by the Corporation of certain stock options, restricted stock units, and performance stock units previously granted by Ecolab Inc. under the Predecessor Plans. Notwithstanding any other provision of the Plan to the contrary, the number of shares of Common Stock subject to an Ecolab Replacement Award and the other terms and conditions of each Ecolab Replacement Award, including the Option exercise or SSAR base price, shall be determined in accordance with the terms of the Ecolab Employee Matters Agreement.

4. *Administration*.

(a) *Administration by Committee.* The Plan shall be administered and interpreted by the Committee.

(b) *Powers*. The Committee will have sole and complete authority and discretion to administer all aspects of the Plan, including but not limited to: (i) selecting the Participants to whom Awards may be granted under the Plan and the time or times at which such Awards shall be made; (ii) granting Awards; (iii) determining the type and number of shares of Common Stock to which an Award may relate and the amount of cash to be subject to Cash Performance Awards; (iv) determining the terms and conditions pursuant to which Awards will be made (which need not be identical), including, without limitation, the exercise or base price of an Option or SSAR Award, Performance Targets, Performance Periods, forfeiture restrictions, exercisability conditions, and all other matters to be determined in connection with an Award; (v) determining whether and to what extent Performance Targets or other objectives or conditions applicable to Awards have been met; (vi) prescribing the form of Award Agreements, which need not be identical; (vii) determining whether and under what circumstances and in what form an Award may be settled; and (viii) making all other decisions and determinations as may be required or appropriate under the terms of the Plan or an Award Agreement as the Committee may deem necessary or advisable for the administration of the Plan.

(c) *Authority*. The Committee shall have the discretionary authority to adopt, alter, repeal and interpret and construe such administrative rules, guidelines and practices governing this Plan, Awards and the Award Agreements, to make Replacement Awards, and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Award issued under this Plan and any Award Agreements relating thereto; to resolve any doubtful or disputed terms; and to otherwise supervise the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any Award Agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purposes and intent of this Plan. The Committee may adopt sub-plans or supplements to, or alternative versions of, the Plan, Awards, or Award Agreements, or alternative forms of payment or settlement, as the Committee deems necessary or desirable to comply with the laws of, or to accommodate the laws, regulations, tax or accounting effectiveness, accounting principles, foreign exchange rules, or customs of, foreign jurisdictions whose citizens or residents may be granted Awards. The Committee may impose any limitations and restrictions that it deems necessary to comply with the laws of such foreign jurisdictions and modify the terms and conditions of any Award granted to Participants outside the United States.

(d) *Effect of Actions*. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Corporation, the Board or the Committee (or any of its members) arising out of or in connection with this Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Corporation and all employees and Participants and their respective heirs, executors, administrators, successors and assigns and any persons claiming rights under this Plan or an Award. A Participant or other person claiming rights under this Plan may contest a decision or action by the Committee with respect to an

Award or such other person only on the ground that such decision or action was arbitrary, capricious, or unlawful, and any review of such decision or action by the Board or otherwise shall be limited to determining whether the Committee's decision or action was arbitrary, capricious or unlawful.

(e) *Legal Counsel.* The Corporation, the Board or the Committee may consult with legal counsel, who may be counsel for the Corporation or other counsel, with respect to its obligations or duties hereunder, or with respect to any action or proceeding or any question of law, and shall not be liable with respect to any action taken or omitted by it in good faith pursuant to the advice of such counsel.

(f) *Delegation to CEO and President*. The Committee may delegate all or a portion of its authority, power and functions (other than the power to grant awards to Section 16 Persons or Covered Executives) to the CEO to the extent permitted under Delaware corporate law. To the extent and within the guidelines established by the Committee, the CEO shall have the authority to exercise all of the authority and powers granted to the Committee under this Paragraph 4, including the authority to grant Awards, without the further approval of the Committee. The CEO may delegate all or a portion of the authority delegated to him or her hereunder to the President of the Corporation to the extent permitted under Delaware law.

(g) *Indemnification*. The Committee, its members, the CEO, and any employee of the Corporation or an Affiliate to whom authority or administrative responsibilities has been delegated shall not be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer of the Corporation or Affiliate or member or former member of the Committee shall be liable for any action or determination made in good faith with respect to this Plan or any Award granted under it. To the maximum extent permitted by applicable law or the Certificate of Incorporation or By-Laws of the Corporation (or if applicable, of an Affiliate), each officer and Committee member or former officer or member of the Committee shall be indemnified and held harmless by the Corporation (or if applicable, an Affiliate) against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Corporation) or liability (including any sum paid in settlement of a claim with the approval of the Corporation), and shall be advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with this Plan, except to the extent arising out of such Committee member's, officer's, or former member's or former officer's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the officers, directors or Committee members or former officers, directors or Committee members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Corporation or any Affiliate.

5. *Shares*.

(a) *Shares Available for Grant.* An aggregate maximum of 18,225,000 Common Stock will be reserved for issuance upon exercise of Options granted under the Plan, the exercise of SSARs granted under the Plan, and for Awards of Restricted Stock, Restricted Stock Units, Performance Shares, Directors' Shares, and Deferred Stock Units. This maximum share reserve is subject to appropriate adjustment resulting from future stock splits, stock dividends, recapitalizations, reorganizations, and other similar changes to be computed in the same manner as that provided for in Paragraph 5(b) below. The number of shares of Common Stock available for issuance under the Plan shall be reduced (i) by one share for each share of Common Stock issued pursuant to the exercise of Options or SSARs, and (ii) by three (3) shares for each share of Common Stock issued pursuant to Restricted Stock, Restricted Stock Unit, Performance Share, Directors' Shares, and Deferred Stock Unit Awards. If any Option or SSAR granted under the Plan expires, terminates, or is canceled for any reason without having been exercised in full, or if any Award of Restricted Stock, Restricted Stock Unit, Performance Shares, Directors' Shares, or Deferred Stock Unit is forfeited or canceled for any reason, the number of shares underlying such unexercised Option or SSAR and the number of forfeited or canceled shares under such other Awards will again be available under the Plan in an amount corresponding to the reduction in such share reserve previously made in accordance with the rules described above in this Paragraph 5(a). Awards that are settled in cash shall not be counted against the aggregate maximum number of shares reserved for issuance under the Plan. Awards that are settled in Common Stock shall be counted against the aggregate maximum number of shares reserved for issuance under the Plan, inclusive of any shares not delivered as a result of any net share exercise, tender of shares to the Corporation to pay the exercise price, attestation to the ownership of shares owned by the Participant, or withholding of any shares to satisfy tax withholding obligations. The shares of Common Stock available under this Plan may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Corporation.

(b) *Effect of Stock Dividends, Merger, Recapitalization or Reorganization or Similar Events*. In the event of any change in the Common Stock through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares or similar change in the capital structure of the Corporation, if all or substantially all the assets of the Corporation are transferred to any other corporation in a reorganization, or in the event of payment of a dividend or distribution to the stockholders of the Corporation in a form other than Common Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value of shares of Common Stock, appropriate adjustments shall be made by the Committee in the number and class of shares subject to the Plan, in the ISO share limit set forth in Paragraph 6(e), the number of shares subject to any outstanding Awards, and in the exercise or base price per share under any outstanding Option or SSAR. The adjustments to be made pursuant to this Paragraph 5(b) shall meet the requirements of Section 409A of the Code and the regulations thereunder.

B. OPTION AND SSAR GRANTS

6. *Stock Options and SSARs*. Options may be granted under the terms of the Plan and shall be designated as either Non-Qualified Stock Options or ISOs. SSARs may also be granted under the terms of the Plan. SSARs shall be granted separately from Options and the exercise of an SSAR shall not be linked in any way to the exercise of an Option and shall not affect any Option Award then outstanding. Option grants and SSARs shall contain such terms and conditions as the Committee may from time to time determine, subject to the following limitations:

(a) *Exercise Price*. The price at which shares of Common Stock may be purchased upon exercise of an Option shall be fixed by the Committee and may be equal to or more than (but not less than) the Fair Market Value of a share of the Common Stock as of the date the Option is granted; provided that this sentence shall not apply to Replacement Awards.

(b) *Base Price*. The base price of an SSAR shall be fixed by the Committee and may be equal to or more than (but not less than) the Fair Market Value of a share of the Common Stock as of the date the SSAR is granted; provided that this sentence shall not apply to Replacement Awards.

(c) *Term*. The term of each Option or SSAR will be for such period as the Committee shall determine as set forth in the Option or SSAR Award Agreement, but in no event shall the term of an Option or SSAR be greater than ten (10) years from the date of grant.

(d) *Rights of Participant*. A recipient of an Option or SSAR Award shall have no rights as a shareholder with respect to any shares issuable or transferable upon exercise thereof until the date of issuance of such shares. Except as specifically set forth in Paragraph 5(b) above, no adjustment shall be made for dividends or other distributions of cash or other property on or with respect to shares of Common Stock covered by Options or SSARs paid or payable to Participants of record prior to such issuance.

(e) *ISO Limits*. The aggregate Fair Market Value (determined on the date of grant) of Common Stock with respect to which a Participant is granted ISOs (including ISOs granted under the Predecessor Plans) which first become exercisable during any given calendar year shall not exceed $100,000. In no event shall more than 1,000,000 shares of Common Stock be available for issuance pursuant to the exercise of ISOs granted under the Plan.

7. *Exercise*. An Option or SSAR Award granted under the Plan shall be exercisable during the term of the Option or SSAR subject to such terms and conditions as the Committee shall determine and are specified in the Award Agreement, not inconsistent with the terms of the Plan. Except as otherwise provided herein, no Option or

SSAR may be exercised prior to the third anniversary of the date of grant. The Committee may adopt alternative vesting and exercise rules to comply with the provisions of foreign laws. In addition, the Committee may condition the exercise of an Option or SSAR upon the attainment by the Corporation or any Affiliate, business unit or division or by the Participant of any Performance Targets set by the Committee.

(a) *Option*. To exercise an Option, the Participant must give notice to the Corporation of the number of shares to be purchased accompanied by payment of the full purchase price of such shares as set forth in Paragraph 8, pursuant to such electronic or other procedures as may be specified by the Corporation or its plan administrator from time to time. The date when the Corporation has actually received both such notice and payment shall be deemed the date of exercise of the Option with respect to the shares being purchased and the shares shall be issued as soon as practicable thereafter.

(b) *SSAR*. To exercise a SSAR, the SSAR Participant must give notice to the Corporation of the number of SSARs being exercised as provided in the SSAR Award Agreement pursuant to such electronic or other procedures as may be specified by the Corporation or its plan administrator from time to time. No payment shall be required to exercise an SSAR. The date of actual receipt by the Corporation of such notice shall be deemed to be the date of exercise of the SSAR and the shares issued in settlement of such exercise therefor shall be issued as soon as practicable thereafter. Upon the exercise of an SSAR, the SSAR Participant shall be entitled to receive from the Corporation for each SSAR being exercised that number of whole shares of Common Stock having a Fair Market Value on the date of exercise of the SSAR equal in value to the excess of (A) the Fair Market Value of a share of Common Stock on the exercise date over (B) the sum of (i) the base price of the SSAR being exercised, plus (ii) unless the Participant elects to pay such tax in cash, any amount of tax that must be withheld in connection with such exercise. Fractional shares of Common Stock shall be disregarded upon exercise of an SSAR unless otherwise determined by the Committee. The Committee may provide for SSARs to be settled in cash to the extent the Committee determines to be advisable or appropriate under foreign laws or customs.

(c) *Automatic Exercise/Surrender*. The Corporation may, in its discretion, provide in an Option or SSAR Award or adopt procedures that an Option or SSAR outstanding on the last business day of the term of such Option or SSAR ("Automatic Exercise Date") that has a "Specified Minimum Value" shall be automatically and without further action by the Participant (or in the event of the Participant's death, the Participant's personal representative or estate), be exercised on the Automatic Exercise Date. Payment of the exercise price of such Option may be made pursuant to such procedures as may be approved by the Corporation from time to time and the Corporation shall deduct or withhold an amount sufficient to satisfy all taxes associated with such exercise in accordance with Paragraph 39. For purposes of this Paragraph 7(c), the term "Specified Minimum Value" means that the Fair Market Value per share of Common Stock exceeds the exercise or base price, as applicable, of a share subject to an expiring Option or SSAR by at least $0.50 cents per share or such other amount as the Corporation shall determine from time to time. The Corporation may elect to discontinue the automatic exercise of Options and SSARs pursuant to this Paragraph 7(c) at any time upon notice to a Participant or to apply the automatic exercise feature only to certain groups of Participants. The automatic exercise of an Option or SSAR pursuant to this Paragraph 7(c) shall apply only to an Option or SSAR Award that has been timely accepted by a Participant under procedures specified by the Corporation from time to time.

8. *Payment of Exercise Price*. Payment of the Option exercise price must be made in full pursuant to any of the following procedures or such other electronic or other procedures as may be specified by the Committee or its plan administrator from time to time: (i) in cash, by check or cash equivalent, (ii) by delivery to the Corporation of unencumbered shares of Common Stock owned by the Participant having a Fair Market Value not less than the exercise price, (iii) by attestation to the Corporation by the Participant of ownership of shares of Common Stock having a Fair Market Value not less than the exercise price accompanied by a request and authorization to the Corporation to deliver to the Participant upon exercise only the number of whole shares by which the number of shares covered by the Option being exercised exceeds the number of shares stated in such attestation; (iv) by delivery to the Corporation by a broker of cash equal to the exercise price of the Option upon an undertaking by the Participant to cause the Corporation to deliver to the broker some or all of the shares being acquired upon the exercise of the Option (a "Cashless Exercise"), (v) by a "net exercise" arrangement pursuant to which the

Corporation will reduce the number of shares of Common Stock issued upon exercise of the Option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price and the Participant shall deliver to the Corporation a cash or other payment to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; (vi) by such other consideration as may be approved by the Committee from time to time to the extent permitted by applicable law, or (vii) by any combination of the foregoing. The Committee may at any time or from time to time grant Options which permit only some of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict the use of one or more forms of consideration. Any shares transferred to the Corporation will be added to the Corporation's treasury shares or canceled and become authorized and unissued shares of Common Stock but such shares shall not increase the shares reserved for issuance under the Plan in Paragraph 5(a) above. The number of shares of Common Stock covered by, and available for exercise under, a Participant's Options shall be reduced by (A) shares covered by an attestation used for netting in accordance with clause (iii) above; (B) shares used to pay the exercise price pursuant to a "net exercise" in accordance with clause (v) above; (C) shares delivered to the Participant as a result of any exercise, and (D) shares withheld to satisfy tax withholding obligations.

9. *Transfers*. The Options and SSARs granted under the Plan may not be sold, transferred, hypothecated, pledged, or otherwise disposed of by any Participant except by will or by the laws of descent and distribution, or as otherwise provided herein. The Option or SSARs of any person to acquire stock and all rights thereunder shall terminate immediately if the Participant attempts to or does sell, assign, transfer, pledge, hypothecate or otherwise dispose of the Option or SSAR or any rights thereunder to any other person except as permitted herein. Notwithstanding the foregoing, a Participant may transfer any Non-Qualified Stock Option (but not ISOs or SSARs) granted under this Plan to members of the Participant's immediate family (defined as a spouse, children and/or grandchildren), or to one or more trusts for the benefit of such family members if the instrument evidencing such Option expressly so provides and the Participant does not receive any consideration for the transfer; provided that any such transferred Option shall continue to be subject to the same terms and conditions that were applicable to such Option immediately prior to its transfer (except that such transferred Option shall not be further transferred by the transferee during the transferee's lifetime).

10. *Effect of Death, Disability or Retirement*. If a Participant dies or becomes Disabled while employed by the Corporation, all Options or SSARs held by such Participant shall become immediately exercisable and the Participant or such Participant's estate or the legatees or distributees of such Participant's estate or of the Options or SSARs, as the case may be, shall have the right, on or before the earlier of the respective expiration date of an Option and SSAR or sixty (60) months following the date of such death or Disability, to exercise any or all Options or SSARs held by such Participant as of such date of death or Disability. If a Participant's employment terminates as the result of a Normal Retirement, the Participant shall have the right, on or before the earlier of the expiration date of the Option or SSAR and sixty (60) months following the date of such Normal Retirement, to purchase or acquire shares under any Options or SSARs which at the date of his or her Normal Retirement are, or within sixty (60) months following the date of Normal Retirement become, exercisable.

11. *Voluntary or Involuntary Termination*. If a Participant's employment with the Corporation is voluntarily or involuntarily terminated for any reason, other than for reasons or in circumstances specified in Paragraph 10 above or for Cause, the Participant shall have the right at any time on or before the earlier of the expiration date of the Option or SSAR or three (3) months following the effective date of such termination of employment, to exercise, and acquire shares under, any Options or SSARs which at such termination are exercisable.

12. *Termination for Cause*. If a Participant's employment with the Corporation is terminated for Cause, the Option or SSAR shall be canceled and the Participant shall have no further rights to exercise any such Option or SSAR and all of such Participant's rights thereunder shall terminate as of the effective date of such termination of employment.

C. RESTRICTED STOCK AND RESTRICTED STOCK UNIT AWARDS

13. *Grant*. Subject to the provisions and as part of the Plan, the Committee shall have the discretion and authority to make Restricted Stock Awards and Restricted Stock Unit Awards to Participants at such times, and in such amounts, as the Committee may determine in its discretion. Subject to the provisions of the Plan, grants of Restricted Stock and Restricted Stock Units shall contain such terms and conditions as the Committee may determine at the time of Award.

14. *Restrictions; Restricted Period*. At the time of each grant, the Committee may adopt such time based vesting schedules, not less than one (1) year and not longer than five (5) years from the date of the Award, and such other forfeiture conditions and Restrictions, as it may deem appropriate with respect to Awards of Restricted Stock and Restricted Stock Units, to apply during a Restricted Period as may be specified by the Committee. The Committee may in its discretion condition the vesting of Restricted Stock Awards and Restricted Stock Units upon the attainment of Performance Targets established by the Committee. No more than 5% of the aggregate number of the shares reserved for issuance under the Plan (as adjusted pursuant to Paragraph 5(b)) may be awarded as Restricted Stock Awards or Restricted Stock Unit Awards having a vesting period more rapid than annual pro rata vesting over a period of three (3) years.

15. *Issuance of Shares*.

(a) *Restricted Stock*. Shares in respect of Restricted Stock Awards shall be registered in the name of the Participant and, in the discretion of the Committee, held either in book entry form or in certificate form and deposited with the Secretary of the Corporation. A Participant shall be required to have delivered a stock power endorsed by the Participant in blank relating to the Restricted Stock covered by an Award. Upon lapse of the applicable Restrictions, as determined by the Committee, the Corporation shall deliver such shares of Common Stock to the Participant in settlement of the Restricted Stock Award. To the extent that the shares of Restricted Stock are forfeited, such shares automatically shall be transferred back to the Corporation. The Corporation will stamp any stock certificates delivered to the Participant with an appropriate legend or notations if the shares are not registered under the Securities Act, or are otherwise not free to be transferred by the Participant and will issue appropriate stop-order instructions to the transfer agent for the Common Stock, if and to the extent such stamping or instructions may then be required by the Securities Act or by any rule or regulation of the Securities and Exchange Commission issued pursuant to the Securities Act.

(b) *Restricted Stock Units*. Restricted Stock Units shall be credited as a bookkeeping entry in the name of the Participant to an account maintained by the Corporation. No shares of Common Stock will be issued to the Participant in respect of Restricted Stock Units on the date of an Award. Shares of Common Stock shall be issuable to the Participant only upon the lapse of such Restrictions as determined by the Committee. Upon such lapse and determination, the Corporation shall deliver such shares of Common Stock to the Participant in settlement of the Restricted Stock Unit Award. To the extent that a Restricted Stock Unit Award is forfeited, no shares of Common Stock shall be issued to a Participant.

16. *Dividend Equivalents and Voting Rights*. Dividend Equivalents shall not be paid on a Restricted Stock Award or Restricted Stock Unit Award during the Restricted Period. In the discretion of the Committee, Dividend Equivalents may be credited to a bookkeeping account for a Participant for distribution to Participant on or after a Restricted Stock Award or Restricted Stock Unit Award vests (such Dividend Equivalents to the extent subject to Section 409A shall be payable upon fixed dates or events in accordance with the requirements of Section 409A of the Code). An employee who receives an award of Restricted Stock shall not be entitled, during the Restricted Period, to exercise voting rights with respect to such Restricted Stock.

17. *Nontransferability.* Shares of Restricted Stock or Restricted Stock Units may not be sold, assigned, transferred, pledged or otherwise encumbered and shall not be subject to execution, attachment, garnishment or other similar legal process, except as otherwise provided in the applicable Award Agreement. Upon any attempt to sell, transfer, assign, pledge, or otherwise encumber or dispose of the Restricted Stock or Restricted Stock Units contrary to the provisions of the Award Agreement or the Plan, the Restricted Stock or Restricted Stock Unit and any related Dividend Equivalents shall immediately be forfeited to the Corporation.

18. *Termination of Employment.*

(a) *Death, Disability, Special Circumstances.* In the case of a Participant's Disability, death, or special circumstances as determined by the Committee, any purely temporal restrictions remaining with respect to Restricted Stock or Restricted Stock Unit Awards as of the date of such Disability, death, or such special circumstances, shall lapse and, if any Performance Targets are applicable, the Restricted Stock or Restricted Stock Unit Awards shall continue to vest as if the Participant's employment had not terminated until the prescribed time for determining attainment of Performance Targets has passed and the appropriate determination of attainment of Performance Targets has been made.

(b) *Normal Retirement.* If the Participant's employment with the Corporation (or an Affiliate) terminates as a result of Normal Retirement, subject to compliance with the non-competition provisions of Paragraph 43 below applicable to Normal Retirement, the Restricted Stock and Restricted Stock Unit Awards shall continue to vest as if the Participant's employment had not terminated until the earlier of (i) sixty (60) months from the date of termination, and (ii) such time as the remaining temporal restrictions lapse. If, on the date of such Normal Retirement, the Participant holds one or more performance-based Restricted Stock or Restricted Stock Unit Awards, the oldest outstanding performance-based Restricted Stock or Restricted Stock Unit Award shall remain outstanding and the Participant shall be entitled to receive on the regular payment date for such performance-based Restricted Stock or Restricted Stock Unit Award the same number of shares that the Participant would have earned had such Participant been an employee of the Corporation as of such payment date, subject to the satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets and the amount of the payment to the extent required by Paragraphs 30-31. With respect to any other performance-based Restricted Stock or Restricted Stock Unit Awards outstanding on the date of Normal Retirement, the Committee, or if the Committee delegates to the CEO such authority, the CEO, shall determine in its sole discretion whether the Participant is eligible to receive any shares with respect to such awards and, if so, the amount thereof, in which event such payment shall be made on the regular payment date for such performance-based Restricted Stock or Restricted Stock Unit Award following the date of the Participant's Normal Retirement. Any such payment to a Participant shall be subject to the satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets and the amount of the payment. Except as provided in this Paragraph 18(b), if the Participant is the subject of Normal Retirement, all performance-based Restricted Stock and Restricted Stock Unit Awards held by such Participant shall be canceled and all of the Participant's awards thereunder shall terminate as of the effective date of such Normal Retirement.

(c) *Other.* If a Participant's employment with the Corporation voluntarily or involuntarily terminates for any other reason during the Restricted Period, the Restricted Stock and Restricted Stock Unit Awards shall be forfeited on the date of such termination of employment.

19. *Cancellation.* The Committee may at any time, with due consideration to the effect on the Participant of Section 409A of the Code, require the cancellation of any Award of Restricted Stock or Restricted Stock Units in consideration of a cash payment or alternative Award under the Plan equal to the Fair Market Value of the canceled Award of Restricted Stock or Restricted Stock Units.

D. CASH PERFORMANCE AWARDS

20. *Awards and Period of Contingency*. The Committee may, concurrently with, or independently of, the granting of another Award under the Plan, in its sole discretion, grant to a Participant the opportunity to earn a Cash Performance Award payment, conditional upon the satisfaction of objective pre-established Performance Targets with respect to Performance Criteria as set forth in Paragraphs 28-31 below during a specified Performance Period. The Performance Period shall be not less than three (3) fiscal years of the Corporation, including the year in which the Cash Performance Award is made. The Corporation shall make a payment in respect of any Cash Performance Award only if the Committee shall have certified that the applicable Performance Targets have been satisfied for a Performance Period except as provided in Paragraphs 30-31. The aggregate maximum cash payout for any business unit within the Corporation or an Affiliate or the Corporation as a whole shall not exceed a fixed percentage of the

value created at the relevant business unit during the Performance Period, determined using such criteria as may be specified by the Committee, such percentages and dollar amounts to be determined by the Committee annually when Performance Targets and Performance Criteria are established. Cash Performance Awards shall be paid within two and one-half months following the end of the calendar year in which the relevant Performance Period ends. Cash Performance Awards may not be transferred by a Participant except by will or the laws of descent and distribution.

21. *Effect of Death or Disability*. If a Participant dies or becomes Disabled while employed by the Corporation (or an Affiliate), then, the Participant (or the Participant's estate or the legatees or distributees of the Participant's estate, as the case may be) shall be entitled to receive on the payment date following the end of the Performance Period, the cash payment that the Participant would have earned had the Participant then been an employee of the Corporation, multiplied by a fraction, the numerator of which is the number of months the Participant was employed by the Corporation during the Performance Period and the denominator of which is the number of months of the Performance Period (treating fractional months as whole months in each case). Except as provided in Paragraphs 30-31, such payment shall be subject to satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets.

22. *Effect of Normal Retirement*. If a Participant's employment with the Corporation (or an Affiliate) terminates as a result of Normal Retirement and on the date of such Normal Retirement the Participant holds one or more Cash Performance Awards, the oldest outstanding Cash Performance Award shall remain outstanding and the Participant shall be entitled to receive on the regular payment date for such Cash Performance Award the same payment that the Participant would have earned had such Participant been an employee of the Corporation as of such date, subject to the satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets and the amount of the payment to the extent required by Paragraphs 30-31. With respect to any other Cash Performance Awards outstanding on the date of Normal Retirement, the Committee, or if the Committee delegates to the CEO such authority, the CEO, shall determine in its sole discretion whether the Participant is eligible to receive any payment with respect to such awards and, if so, the amount thereof, in which event such payment shall be made on the regular payment date for such Cash Performance Awards following the date of the Participant's Normal Retirement. Any such payment to a Participant shall be subject to the satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets and the amount of the payment. Except as provided in this Paragraph 22, if the Participant is the subject of Normal Retirement, all Cash Performance Awards held by such Participant shall be canceled and all of the Participant's awards thereunder shall terminate as of the effective date of such Normal Retirement.

23. *Effect of Other Terminations of Employment*.

(a) *General Termination*. If a Participant's employment with the Corporation is terminated for any other reason, whether voluntary, involuntary, or for Cause other than a termination described in Paragraphs 21-22 above or in Paragraph 23(b) below, then his or her outstanding Cash Performance Awards shall be canceled and all of the Participant's rights under any such award shall terminate as of the effective date of the termination of such employment.

(b) *Pre-Payment Termination*. If, after the end of a Performance Period and before the date of payment of any final Cash Performance Award, a Participant's employment is terminated, whether voluntarily or involuntarily for any reason other than for Cause, the Participant shall be entitled to receive on the payment date the cash payment that the Participant would have earned had the Participant continued to be an employee of the Corporation as of the payment date, subject to the satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets and the amount of the payment.

E. PERFORMANCE SHARE AWARDS

24. *Awards and Period of Contingency*. The Committee may, concurrently with, or independently of, the granting of another Award under the Plan, in its sole discretion, grant to a Participant a Performance Share Award

conditional upon the satisfaction of objective pre-established Performance Targets with respect to Performance Criteria as set forth in Paragraphs 28-31 below during a Performance Period of not less than three (3) fiscal years of the Corporation, including the year in which the conditional award is made. Any such grant may set a specific number of Performance Shares that may be earned, or a range of Performance Shares that may be earned, depending on the degree of achievement of Performance Targets pre-established by the Committee. Performance Share Awards shall be paid within two and one-half months following the end of the calendar year in which the relevant Performance Period ends. Except as provided in Paragraphs 30-31, the Corporation shall issue Common Stock in payment of Performance Share Awards only if the Committee shall have certified that the applicable Performance Targets have been satisfied at the end of a Performance Period. Prior to the issuance of shares of Common Stock at the end of a Performance Period, a Performance Share Award shall be credited as a bookkeeping entry in the name of the Participant in an account maintained by the Corporation. No shares of Common Stock will be issued to the Participant in respect of a Performance Share Award on the date of an Award. A Participant shall not be the legal or beneficial owner of shares subject to a Performance Share Award and shall not have any voting rights or rights to distributions with respect to such shares prior to the issuance of shares at the end of the Performance Period, provided that the Committee may specify that the Participant is entitled to receive Dividend Equivalents. A Participant may not transfer a Performance Share Award except by will or the laws of descent and distribution. The Committee may, in its discretion, credit a Participant with Dividend Equivalents with respect to a Performance Share Award.

25. *Effect of Death or Disability.* If a Participant in the Plan holding a Performance Share Award dies or becomes Disabled while employed by the Corporation (or an Affiliate), then the Participant (or the Participant's estate or the legatees or distributes of the Participant's estate, as the case may be) shall be entitled to receive on the payment date at the end of the Performance Period, that number of shares of Common Stock that the Participant would have earned had the Participant then been an employee of the Corporation, multiplied by a fraction, the numerator of which is the number of months the Participant was employed by the Corporation during the Performance Period and the denominator of which is the number of months of the Performance Period (treating fractional months as whole months in each case). Except as provided in Paragraphs 30-31, such payment shall be subject to satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets and the amount of payment.

26. *Effect of Normal Retirement*. If a Participant's employment with the Corporation (or an Affiliate) terminates as a result of Normal Retirement and on the date of such Normal Retirement, the Participant holds one or more Performance Share Awards, the oldest outstanding Performance Share Award shall remain outstanding and the Participant shall be entitled to receive on the regular payment date for such Performance Share Award the same number of shares that the Participant would have earned had such Participant been an employee of the Corporation as of such date, subject to the satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets and the amount of the payment to the extent required by Paragraphs 30-31. With respect to any other Performance Share Awards outstanding on the date of Normal Retirement, the Committee, or if the Committee delegates to the CEO such authority, the CEO, shall determine in its sole discretion whether the Participant is eligible to receive any shares with respect to such awards and, if so, the amount thereof, in which event such payment shall be made on the regular payment date for such Performance Share Awards following the date of the Participant's Normal Retirement. Any such payment to a Participant shall be subject to the satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets and the amount of the payment. Except as provided in this Paragraph 26, if the Participant is the subject of Normal Retirement, all Performance Share Awards held by such Participant shall be canceled and all of the Participant's awards thereunder shall terminate as of the effective date of such Normal Retirement.

27. *Effect of Other Terminations of Employment.*

(a) *General Termination*. If a Participant's employment with the Corporation is terminated for any reason, whether voluntary, involuntary, or for Cause, other than those terminations described in Paragraphs 25-26 above or in Paragraph 27(b) below, then his or her outstanding Performance Share Awards shall be canceled and all of the Participant's rights under any such award shall terminate as of the effective date of the termination of such employment.

(b) *Pre-Payment Termination*. If, after the end of a Performance Period and before the date of payment of any final award, a Participant's employment is terminated, whether voluntarily or involuntarily for any reason other than for Cause, the Participant shall be entitled to receive on the payment date the payment that the Participant would have earned had the Participant continued to be an employee of the Corporation as of the payment date, subject to the satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such performance targets and the amount of the payment to the extent required by Paragraphs 30-31.

F. PERFORMANCE CRITERIA

28. *Establishment of Performance Targets*. The Committee may, in its sole discretion, grant an Award under the Plan conditional upon the satisfaction of objective pre-established Performance Targets based on specified Performance Criteria during a Performance Period. The Performance Period for Cash Performance Awards and Performance Shares shall be not less than three (3) full fiscal years of the Corporation, including the year in which an Award is made and may be shorter in the case of other Awards but not less than one full fiscal year. Any Performance Targets established by the Committee shall include one or more objective formulas or standards for determining the level or levels of achievement of the Performance Targets that must be achieved in order for payment to be made with respect to an Award (and any related Dividend Equivalents), and the amount of the Award (and any Dividend Equivalents) payable to a Participant if the Performance Targets are satisfied in whole or in part or exceeded. The Performance Targets may be fixed by the Committee for the Corporation as a whole or for a subsidiary, division, Affiliate, business segment, or business unit, depending on the Committee's judgment as to what is appropriate, and shall be set by the Committee not later than the earlier of the 90th day after the commencement of the period of services to which the Performance Period relates or by the time 25% of such period of services has elapsed, in either case, provided that the outcome of the Performance Targets is substantially uncertain at the time the Performance Targets are established. The Performance Targets with respect to a Performance Period need not be the same for all Participants. Performance measures and Performance Targets may differ from Participant to Participant and from Award to Award.

29. *Performance Criteria*. Performance Targets shall be based on at least one or more of the Performance Criteria listed on Exhibit A hereto that the Committee deems appropriate, as they apply to the Corporation as a whole or to a subsidiary, a division, Affiliate, business segment, or business unit thereof. The Committee may adjust, upward or downward, the Performance Targets to reflect (i) a change in accounting standards or principles, (ii) a significant acquisition or divestiture, (iii) a significant capital transaction, or (iv) any other unusual, nonrecurring items which are separately identified and quantified in the Corporation's audited financial statements, so long as such accounting change is required or such transaction or nonrecurring item occurs after the goals for the fiscal year are established, and such adjustments are stated at the time that the Performance Targets are determined. The Committee may also adjust, upward or downward, as applicable, the Performance Targets to reflect any other extraordinary item or event, so long as any such item or event is separately identified as an item or event requiring adjustment of such targets at the time the Performance Targets are determined, and such item or event occurs after the goals for the fiscal year are established.

30. *Approval and Certification*. Promptly after the close of a Performance Period, the Committee shall certify in writing the extent to which the Performance Targets have been met and shall determine on that basis the amount payable to Participant in respect of an Award. The Committee shall have the discretion to approve proportional or adjusted Awards under the Plan to address situations where a Participant joined the Corporation or an Affiliate, or transferred or is promoted within the Corporation or an Affiliate, during a Performance Period. The Committee may, in its sole discretion, elect to make a payment under an Award to a Disabled Participant or to the Participant's estate (or to legatees or distributees, as the case may be, of the Participant's estate) in the case of death or upon a Change in Control, without regard to actual attainment of the Performance Targets (or the Committee's certification thereof).

31. *Committee Discretion*.

(a) *Negative Discretion.* The Committee shall have the discretion to decrease the amount payable under any Award made under the Plan upon attainment of a Performance Target. The Committee shall also have the discretion to decrease or increase the amount payable upon attainment of the Performance Target to take into account the effect on an Award of any unusual, non-recurring circumstance, extraordinary items, change in accounting methods, or other factors to the extent provided in Exhibit A hereto.

(b) *Positive Adjustment*. In its discretion, the Committee may, either at the time it grants an Award or at any time thereafter, provide for the positive adjustment of the formula applicable to an Award granted to a Participant to reflect such Participant's individual performance in his or her position with the Corporation or an Affiliate or such other factors as the Committee may determine.

G. NON-EMPLOYEE DIRECTORS

32. *Non-Employee Director Compensation*. The Board shall determine from time to time the amount and form of compensation to be paid to Non-Employee Directors for serving as a member of the Board. The percentage of Non-Employee Directors' compensation to be paid in cash, Directors' Shares, or in other forms of compensation shall be determined by the Board from time to time. No Non-Employee Director may be granted, during any calendar year, Awards having a Fair Market Value (determined on the date of grant) that exceeds $500,000. The independent members of the Board may make exceptions to this limit for a non-executive chair of the Board, provided that the Non-Employee Director receiving such additional compensation may not participate in the decision to award such compensation. In addition to the annual compensation of Non-Employee Directors, the Board may also authorize one-time grants of Directors' Shares to Non-Employee Directors, or to an individual upon joining the Board, on such terms as it shall deem appropriate, subject to the limitation in the foregoing sentence.

33. *Directors' Shares*. Except as otherwise provided in Paragraph 34, each Director who is a Non-Employee Director on November 15 of each calendar year shall be issued on November 15 of that year (or the first trading day thereafter if November 15 is not a trading day on the principal exchange on which the Common Stock then regularly trades) that number of Directors' Shares as shall have been determined by the Board for that year. The number of shares of Common Stock to be awarded to a Non-Employee Director shall be determined by dividing the dollar amount of annual compensation to be paid in shares by the Fair Market Value of the Common Stock on the date of grant. Any individual who serves as a Non-Employee Director during a calendar year but ceases to be a Director prior to November 15 of such year shall be issued a pro rata number of Directors' Shares based on the number of full and partial months that the individual served as a Director for that year and the amount of compensation to be paid in Directors Shares as determined by the Board for that year, with such shares to be issued as of, and the number of such shares to be determined on the basis of the Fair Market Value of the Common Stock on, the date he or she ceases to be a Director (or if such date is not a trading date, the next such trading day on the principal exchange on which the Common Stock then regularly trades); provided that the Board may determine that any Non-Employee Director removed for cause (as determined by the Board) at any time during any calendar year shall forfeit the right to receive Directors' Shares for that year.

34. *Deferred Stock Units. A Non-Employee* Director may elect to defer receipt of his or her Directors' Shares in accordance with such procedures as may from time to time be prescribed by the Committee. A deferral election shall be valid only if it is delivered prior to the first day of the calendar year in which the services giving rise to the Directors' Shares are to be performed (or such other date as the Committee may determine for the year in which an individual first becomes a Non-Employee Director). A Participant's deferral election shall become irrevocable as of the last date the deferral could be delivered or such earlier date as may be established by the Committee. A Non-Employee Director may revoke or change a deferral election at any time prior to the date the election becomes irrevocable, subject to such restrictions as the Committee may establish from time to time. Any such revocation or change shall be in a form and manner determined by the Committee. A Non-Employee Director's deferral election shall remain in effect and will apply to Directors' Shares in subsequent years unless and until the Director timely revokes the deferral election in accordance with such procedures as the Committee shall determine. The Committee may adopt procedures for the extension of any deferral period. If a valid deferral election is filed by a Non-Employee Director, Deferred Stock Units shall be credited as a bookkeeping entry in the name of the Non-Employee Director to an account maintained by the Corporation on the basis of one Deferred Stock Unit for each Directors' Share deferred. No shares of Common Stock shall be issued to the Non-Employee Director in

respect of Deferred Stock Units at the time such shares would be issued absent such deferral. Shares of Common Stock shall be issuable to the Non-Employee Director in a lump sum upon the termination of services as a Non-Employee Director (but only if such termination constitutes a separation from service within the meaning of Code Section 409A, if applicable) or, if earlier, a specified date elected by the Non-Employee Director at the time of the deferral election. Dividend Equivalents shall be credited on Deferred Stock Units and distributed at the same time that shares of Common Stock are delivered to a Non-Employee Director in settlement of the Deferred Stock Units.

35. *Delivery of Shares*. Shares of Common Stock shall be issued to a Non-Employee Director at the time Directors' Shares are paid or Deferred Stock Units are settled by a issuing a stock certificate, or making an appropriate entry in the Corporation's shareholder records, in the name of the Non-Employee Director, evidencing such share payment. Each stock certificate will bear an appropriate legend with respect to any restrictions on transferability, if applicable. A Non-Employee Director shall not have any rights of a stockholder with respect to Directors' Shares or Deferred Stock Units until such shares of Common Stock are issued and then only from the date of issuance of such shares. No adjustments shall be made for dividends, distributions or other rights for which the record date is prior to the date of issuance of the shares. No fractional shares shall be issued as Directors' Shares. The Committee may round the number of shares of Common Stock to be delivered to the nearest whole share.

H. CHANGE IN CONTROL

36. *Change in Control.* Each Participant who is an employee of the Corporation or an Affiliate, upon acceptance of an Award under the Plan, and as a condition to such Award, shall be deemed to have agreed that, in the event any "Person" (as defined below) begins a tender or exchange offer, circulates a proxy to shareholders, or takes other steps seeking to effect a "Change in Control" of the Corporation (as defined below), such Participant will not voluntarily terminate his or her employment with the Corporation or with an Affiliate of the Corporation, as the case may be, and, unless terminated by the Corporation or such Affiliate, will continue to render services to the Corporation or such Affiliate until such Person has abandoned, terminated or succeeded in such efforts to effect a Change in Control.

(a) In the event a Change in Control occurs and, within eighteen (18) months following the date of the Change in Control, (i) a Participant experiences an involuntary termination of employment (other than for Cause, death or Disability) such that he or she is no longer in the employ of the Corporation or an Affiliate, or (ii) an event or condition that constitutes "Good Reason" occurs and the Participant subsequently resigns for Good Reason within the time limits set forth in Paragraph 36(h)(iv) below pursuant to a resignation that meets the requirements set forth in Paragraph 36(h)(iv) below:

(i) all Options and SSARs to purchase or acquire shares of Common Stock of the Corporation shall immediately vest on the date of such termination of employment and become exercisable in accordance with the terms of the appropriate Option or SSAR Award Agreement;

(ii) all outstanding Restrictions, including any Performance Targets, with respect to any Restricted Stock or Restricted Stock Unit Award or any other Award shall immediately vest or expire on the date of such termination of employment and be deemed to have been satisfied or earned "at target" as if the Performance Targets (if any) have been achieved, and such Award shall become immediately due and payable on the date of such termination of employment; and

(iii) all Cash Performance Awards and Performance Share Awards outstanding shall be deemed to have been earned at "target" as if the Performance Targets have been achieved, and such Awards shall immediately vest and become immediately due and payable on the date of such termination of employment.

(b) In the event a Change in Control occurs and a Participant's outstanding Awards are (i) impaired in value or rights, as determined solely in the discretionary judgment of the "Continuing Directors" (as defined below), (ii) not assumed by a successor corporation or an affiliate thereof or, (iii) not replaced with an award or grant that, solely in the discretionary judgment of the Continuing Directors, preserves the existing value of the outstanding Awards at the time of the Change in Control:

(i) all Options and SSARs to purchase or acquire shares of Common Stock of the Corporation shall immediately vest on the date of such Change in Control and become exercisable in accordance with the terms of the appropriate Option or SSAR Award Agreement;

(ii) all outstanding Restrictions, including any Performance Targets, with respect to any Options, SSARs, Restricted Stock or Restricted Stock Unit Awards shall immediately vest or expire on the date of such Change in Control and be deemed to have been satisfied or earned “at target” as if the Performance Targets (if any) have been achieved, and such Award shall become immediately due and payable on the date of such Change in Control;

(iii) Cash Performance Awards and Performance Share Awards outstanding shall immediately vest and become immediately due and payable on the date of such Change in Control as follows:

(A) the Performance Period of all Cash Performance Awards and Performance Share Awards outstanding shall terminate on the last day of the month prior to the month in which the Change in Control occurs;

(B) the Participant shall be entitled to a cash or stock payment the amount of which shall be determined in accordance with the terms and conditions of the Plan and the appropriate Cash Performance Award Agreement and Performance Share Award Agreement, which amount shall be multiplied by a fraction, the numerator of which is the number of months in the Performance Period that has passed prior to the Change in Control (as determined in accordance with clause (iii)(A) above) and the denominator of which is the total number of months in the original Performance Period; and

(C) the Continuing Directors shall promptly determine whether the Participant is entitled to any Cash Performance Award or Performance Share Award, and any such Award payable shall be paid to the Participant promptly but in no event more than five (5) days after a Change in Control;

(c) The Continuing Directors shall have the sole and complete authority and discretion to decide any questions concerning the application, interpretation or scope of any of the terms and conditions of any Award or participation under the Plan in connection with a Change in Control, and their decisions shall be binding and conclusive upon all interested parties; and

(d) Other than as set forth above, the terms and conditions of all Awards shall remain unchanged.

(e) Notwithstanding the provisions of this Paragraph 36, the Committee may, in its discretion, take such other action with respect to Awards in connection with a Change in Control as it shall determine to be appropriate.

(f) If a change in the ownership or effective control of the Corporation or in the ownership of a substantial portion of the assets of the Corporation occurs (as defined in Section 409A of the Code), Deferred Stock Units shall be settled on the date of such Change in Control by the delivery of shares of Common Stock.

(g) A “Change in Control” shall be deemed to have taken place upon the occurrence of any of the following events (capitalized terms are defined below):

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities beneficially owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of either the then outstanding shares of Common Stock of the Corporation or the combined voting power of the Corporation’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date of the spin-off of the Corporation by Dover Corporation, constituted the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Corporation) whose appointment or election by the Board or nomination for election by the Corporation's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors in office at the time of such approval or recommendation who either were directors on the date of the spin-off of the Corporation by Dover Corporation or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation with any other corporation, other than (A) any such merger or consolidation after the consummation of which the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) any such merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Corporation or its Affiliates) representing 20% or more of either the then outstanding shares of Common Stock of the Corporation or the combined voting power of the Corporation's then outstanding securities; or

(iv) the shareholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation's assets, other than a sale or disposition by the Corporation of all or substantially all of the Corporation's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of the Corporation in substantially the same proportions as their ownership of the Corporation immediately prior to such transaction or series of transactions.

(v) Notwithstanding the foregoing, with respect to an Award that is determined to be deferred compensation subject to the requirements of Section 409A of the Code, the Corporation will not make a payment upon the happening of a Change in Control unless the Corporation is deemed to have undergone a change in the ownership or effective control of the Corporation or in the ownership of a substantial portion of the assets of the Corporation (as such terms are defined in Section 409A of the Code).

(h) For purposes of this Paragraph 36, the following terms shall have the meanings indicated:

(i) "Affiliate" shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

(ii) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act, except that a Person shall not be deemed to be the Beneficial Owner of any securities that are properly filed on a Form 13-F.

(iii) "Continuing Directors" shall have the meaning ascribed to it in the Corporation's Certificate of Incorporation.

(iv) "Good Reason" shall mean "Good Reason" due to any one or more of the following events that occur following a Change in Control, unless the Participant has consented to such action in writing: (a) a material diminution of the responsibilities, position and/or title of the Participant compared with the responsibilities, position and title, respectively, of the Participant immediately prior to the Change in Control; (b) a relocation of the Participant's principal business location to an area outside a 25 mile radius of its location immediately preceding the Change in Control and that requires that the Participant commute an additional distance of at least 20 miles more than such Participant was required to commute immediately prior to the Change in Control; or (c) a material reduction in the Participant's base salary or bonus opportunities; provided, however, that (i) Good Reason shall not be deemed to exist unless written notice of termination on account thereof is given by the Participant to the Corporation no later than sixty (60) days after the time at which the event or condition purportedly giving rise to Good Reason first occurs or arises; and (ii) if there exists (without regard to this clause (ii)) an event or condition that constitutes Good Reason, the Corporation shall have thirty (30) days from the date notice of such a termination is given to cure such event or condition and, if the Corporation does so, such event or condition shall not constitute Good Reason hereunder. The Participant's right to resign from employment for a Good Reason event or condition shall be waived if the Participant fails to resign within sixty (60) days following the last day of the Corporation's cure period. Notwithstanding the foregoing, if a Participant and the Corporation (or any of its Affiliates) have entered into an employment agreement or other similar agreement that specifically defines "Good Reason," then with respect to such Participant, "Good Reason" shall have the meaning defined in that employment agreement or other agreement.

(v) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Corporation or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation.

I. GENERAL PROVISIONS

37. *Legal Compliance*.

(a) *Section 16(b) of the Exchange Act.* All elections and transactions under this Plan by persons subject to Section 16 of the Exchange Act involving shares of Common Stock are intended to comply with any applicable exemptive condition under Rule 16b-3 and the Committee shall interpret and administer these guidelines in a manner consistent therewith. The Committee may establish and adopt electronic or other administrative guidelines, designed to facilitate compliance with Section 16(b) of the Exchange Act, as it may deem necessary or proper for the administration and operation of this Plan and the transaction of business hereunder. If an officer or Director (as defined in Rule 16a-1) is designated by the Committee to receive an Award, any such Award shall be deemed approved by the Committee and shall be deemed an exempt purchase under Rule 16b-3. Any provisions in this Plan or an Award Agreement inconsistent with Rule 16b-3 shall be inoperative and shall not affect the validity of this Paragraph 37(a). Notwithstanding anything herein to the contrary, if the grant of any Award or the payment of a share of Common Stock with respect to an Award or any election with regard thereto results or would result in a violation of Section 16(b) of the Exchange Act, any such grant, payment or election shall be deemed to be amended to comply therewith, and to the extent such grant, payment or election cannot be amended to comply therewith, such grant, payment or election shall be immediately canceled and the Participant shall not have any rights thereto.

(b) *Securities Laws*. The grant of Awards and the issuance of shares of Common Stock pursuant to any Award shall be subject to compliance with all applicable requirements of federal, state, and foreign law with respect to such securities and the requirements of any stock exchange or market system upon which the Common Stock may then be listed. In addition, no Award may be exercised or shares issued pursuant to an Award unless (i) a registration statement under the Securities Act shall at the time of such exercise or issuance be in effect with respect to the shares issuable pursuant to the Award or (ii) in the opinion of legal counsel to the Corporation, the shares issuable pursuant to the Award may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Corporation to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Corporation's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Corporation of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to issuance of any Common Stock, the Corporation may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation, and to make any representation or warranty with respect thereto as may be requested by the Corporation.

(c) *Registration*. The Corporation will stamp stock certificates delivered to the shareholder with an appropriate legend if the shares of Common Stock are not registered under the Securities Act, or are otherwise not free to be transferred by the Participant and will issue appropriate stop-order instructions to the transfer agent for the Common Stock, if and to the extent such stamping or instructions may then be required by the Securities Act or by any rule or regulation of the Securities and Exchange Commission issued pursuant to the Securities Act.

(d) *Blackout Period*. Options and SSARs may not be exercised during any period prohibited by the Corporation's stock trading policies or applicable securities laws. A Participant may not sell any shares acquired under the Plan during any period prohibited by the Corporation's stock trading policies. The Committee may, in its discretion, extend the term of an Award that would otherwise expire during a blackout period for the length of the blackout period plus ten (10) trading days after the expiration of the blackout period so that a Participant does not lose the benefit of the Award as the result of the restrictions on exercise or sales of shares of Common Stock during the blackout period.

38. *Substitution or Assumption of Awards in Corporate Transactions*. The Committee may grant Awards under the Plan in connection with the acquisition, whether by purchase, merger, consolidation or other corporate transaction, of the business or assets of any corporation or other entity, in substitution for awards previously granted by such corporation or other entity or otherwise. The Committee may also assume any previously granted awards of an employee, director, consultant or other service provider of another corporation or entity that becomes a Participant by reason of such corporation transaction. The terms and conditions of the substituted or assumed awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Committee deems necessary for such purpose. To the extent permitted by applicable law and the listing requirements of the NYSE or other exchange or securities market on which the shares of Common Shares are listed, any such substituted or assumed awards shall not reduce the share reserve set forth in Paragraph 5.

39. *Withholding Taxes.* The Corporation and its Affiliates shall make arrangements for the collection of any minimum Federal, State, foreign, or local taxes of any kind required to be withheld with respect to any transactions effected under the Plan. The obligations of the Corporation under the Plan shall be conditional on satisfaction of such withholding obligations. The Corporation shall have no obligation to deliver shares of Common Stock, to release shares of Common Stock from an escrow established pursuant to an Award Agreement, or to make any payment in cash under the Plan until the Corporation's or its Affiliates' tax withholding obligations have been satisfied by the Participant. The Corporation, to the extent permitted by law, shall have the right to deduct from any payment of any kind otherwise due to or with respect to a Participant through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise of an Option, an amount up to the maximum statutory tax rate in the applicable jurisdictions as determined by the Corporation. The Corporation may, in its discretion require that all or a portion of such shares be sold to satisfy the Corporation's withholding obligations under the Plan. The Corporation shall have the right, but not the obligation, to deduct from the shares of Common Stock issuable to a Participant upon the exercise or settlement of an Award, or to accept from the Participant the tender of, a number of whole shares of Common Stock having a Fair Market Value, as determined by the Corporation, equal to all or any part of the tax withholding obligations of the Corporation or any Affiliate.

40. *Effect of Recapitalization or Reorganization.* The obligations of the Corporation with respect to any grant or Award under the Plan shall be binding upon the Corporation, its successors or assigns, including any successor or resulting corporation either in liquidation or merger of the Corporation into another corporation owning all the outstanding voting stock of the Corporation or in any other transaction whether by merger, consolidation or otherwise under which such succeeding or resulting corporation acquires all or substantially all the assets of the Corporation and assumes all or substantially all its obligations, unless Awards are terminated in accordance with Paragraph 36.

41. *Employment Rights and Obligations*. Neither the making of any grant or Award under the Plan, nor the provisions related to a Change in Control of the Corporation or a Person seeking to effect a change in control of the Corporation, shall alter or otherwise affect the rights of the Corporation to change any and all the terms and conditions of employment of any Participant including, but not limited to, the right to terminate such Participant's

employment. Neither this Plan nor the grant of any Award hereunder shall give any Participant any right with respect to continuance of employment by the Corporation or any Affiliate, nor shall they be a limitation in any way on the right of the Corporation or any Affiliate by which an employee is employed to terminate his or her employment at any time. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

42. *Rights as a Stockholder*. A Participant shall have no rights as a stockholder with respect to any shares of Common Stock covered by an Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Corporation or of a duly authorized transfer agent of the Corporation). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such shares are issued, except as provided with respect to Dividend Equivalents or as provided in the Plan or an Award Agreement.

43. *Non-compete*.

(a) *Non-Competition*. The enhanced benefits of any Normal Retirement or Early Retirement (the Early Retirement Provisions of this Paragraph 43 are applicable only to Dover Replacement Awards as set forth in Exhibit B to the Plan) provided to a Participant, unless such benefits are waived in writing by the Participant, shall be subject to the provisions of this Paragraph 43. Any Participant who is the beneficiary of any such Normal Retirement or Early Retirement shall be deemed to have expressly agreed not to engage, directly or indirectly in any capacity, in any business in which the Corporation or any Affiliate at which such Participant was employed at any time in the three (3) years immediately prior to termination of employment was engaged, as the case may be, in the geographic area in which the Corporation or such Affiliate actively carried on business at the end of the Participant's employment there, for the period with respect to which such Normal Retirement or Early Retirement affords the Participant enhanced benefits, which period shall be, (a) with respect to Options or SSARs, the additional period allowed the Participant for the vesting and exercise of Options or SSARs outstanding at termination of employment, (b) with respect to Restricted Stock or Restricted Stock Unit Awards, the period remaining after the Participant's termination of employment until the end of the original Restricted Period for such Award, and (c) with respect to Cash Performance Awards and Performance Shares Awards granted under the Plan, the period until the payment date following the end of the last applicable Performance Period.

(b) *Breach.* In the event that a Participant shall fail to comply with the provisions of this Paragraph 43, the Normal Retirement or Early Retirement shall be automatically rescinded and the Participant shall forfeit the enhanced benefits referred to above and shall return to the Corporation the economic value theretofore realized by reason of such benefits as determined by the Committee. If the provisions of this Paragraph 43 or the corresponding provisions of an Award shall be unenforceable as to any Participant, the Committee may rescind the benefits of any such Early Retirement with respect to such Participant.

(c) *Other Termination.* The Committee may, in its discretion, adopt such other non-competition restrictions applicable to Awards as it deems appropriate from time to time.

(d) *Revision.* If any provision of this Paragraph 43 or the corresponding provisions of an Award is determined by a court to be unenforceable because of its scope in terms of geographic area or duration in time or otherwise, the Corporation and the Participant agree that the court making such determination is specifically authorized to reduce the duration and/or geographical area and/or other scope of such provision and, in its reduced form, such provision shall then be enforceable; and in every case the remainder of this Paragraph 43, or the corresponding provisions of an Award, shall not be affected thereby and shall remain valid and enforceable, as if such affected provision were not contained herein or therein.

44. *Clawback*. Awards shall be subject to such clawback requirements and policies as may be required by applicable laws or Apergy policies as in effect from time to time.

45. *Amendment*. Except as expressly provided in the next sentence and Paragraph 46, the Board may amend the Plan in any manner it deems necessary or appropriate (including any of the terms, conditions or

definitions contained herein), or terminate the Plan at any time; provided, however, that any such termination will not affect the validity of any Awards previously made under the Plan. Without the approval of the Corporation's shareholders, the Board cannot: (a) increase the maximum number of shares covered by the Plan or change the class of employees eligible to receive any Awards; (b) extend beyond 120 months from the date of the grant the period within which an Option or SSAR may be exercised; (c) make any other amendment to the Plan that would constitute a modification, revision or amendment requiring shareholder approval pursuant to any applicable law or regulation or rule of the principal exchange on which the Corporation's shares are traded, or (d) change the class of persons eligible to receive ISOs.

46. *No Repricing Without Shareholder Approval*. Without the approval of the Corporation's shareholders, the Board cannot approve either (i) the cancellation of outstanding Options or SSARs in exchange for cash or the grant in substitution therefor of new Awards having a lower exercise or base price or (ii) the amendment of outstanding Options or SSARs to reduce the exercise price or base price thereof, except as provided in Paragraph 36 with respect to a Change in Control. This limitation shall not be construed to apply to "issuing or assuming an Option in a transaction to which Section 424(a) applies," within the meaning of Section 424 of the Code.

47. *Unfunded Plan*. This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but that are not yet made to a Participant by the Corporation, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Corporation.

48. *Other Plans*. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

49. *Other Benefits*. No Award payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Corporation or its Affiliates nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

50. *Death/Disability*. Subject to local laws and procedures, the Committee may request appropriate written documentation from a trustee or other legal representative, court, or similar legal body, regarding any benefit under the Plan to which the Participant is entitled in the event of such Participant's death before such representative shall be entitled to act on behalf of the Participant and before a beneficiary receives any or all of such benefit. The Committee may also require any person seeking payment of benefits upon a Participant's Disability to furnish proof of such Disability.

51. *Successors and Assigns*. This Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

52. *Headings and Captions.* The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

53. *Section 409A*.

(a) *General*. To the extent that the Committee determines that any Award granted under the Plan is, or may reasonably be, subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions necessary to avoid the adverse consequences described in Section 409A(a)(1) of the Code (or any similar provision). To the extent applicable and permitted by law, the Plan and Award Agreements shall be interpreted in accordance with Section 409A and other interpretive guidance issued thereunder, including without limitation any other guidance that may be issued or amended after the date of grant of any Award hereunder. Notwithstanding any provision of the Plan to the contrary, in the event that the Committee determines that any

Award is, or may reasonably be, subject to Section 409A and related Department of Treasury guidance (including such Department of Treasury guidance issued from time to time), the Committee may, without the Participant's consent, adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (A) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (B) comply with the requirements of Section 409A and related Department of Treasury guidance. Where applicable, the requirement that Awards constituting deferred compensation under Section 409A that are payable upon termination of a Participant's employment or services as a Director not be paid prior to the Participant's "separation from service" within the meaning of Section 409A are incorporated herein.

(b) *Specified Employees.* In addition, and except as otherwise set forth in the applicable Award Agreement, if the Corporation determines that any Award granted under this Plan constitutes, or may reasonably constitute, "deferred compensation" under Section 409A and the Participant is a "specified employee" of the Corporation at the relevant date, as such term is defined in Section 409A(a)(2)(B)(i), then any payment or benefit resulting from such Award will be delayed until the first day of the seventh month following the Participant's "separation from service" with the Corporation or its Affiliates within the meaning of Section 409A (or following the date of Participant's death if earlier), with all payments or benefits due thereafter occurring in accordance with the original schedule.

(c) *No Liability*. Notwithstanding anything to the contrary contained herein, neither the Corporation nor any of its Affiliates shall be responsible for, or required to reimburse or otherwise make any Participant whole for, any tax or penalty imposed on, or losses incurred by, any Participant that arises in connection with the potential or actual application of Section 409A to any Award granted hereunder.

54. *Governing Law*. The Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

55. *Effective Date and Termination Date of Plan.* This Plan was first adopted by the Board of Directors of Apergy Corporation on April 18, 2018 and approved by the Board of Directors of Dover Corporation on April 18, 2018 and first became effective on May 9, 2018. Subject to the approval of the shareholders of Apergy Corporation, the effective date of this Apergy Corporation Amended and Restated 2018 Equity and Cash Incentive Plan is the date of its adoption by the Board of Directors of Apergy Corporation at its [•], 2020 meeting. The Plan will terminate on [•], 2030. No Award shall be granted pursuant to this Plan on or after [•], 2030, but Awards granted prior to such date may extend beyond that date.

Exhibit A to the Apergy 2018 Corporation Equity and Cash Incentive Plan Performance Criteria

Any Performance Targets established for purposes of conditioning the grant of an Award based on performance or the vesting of performance-based Awards shall be based on one or more of the following Performance Criteria either individually, alternatively, or in any combination applied either to the Corporation, as a whole or to a subsidiary, a division, Affiliate, business segment, or any business unit thereof, individually, alternatively, or in any combination, and measured either annually or cumulatively over a period of years, or on an absolute basis or relative to previous year's results or to a designated comparison group, in either case as specified by the Committee in the Award: (i) the attainment of certain target levels of, or a specified percentage increase in, revenues, income before income taxes and extraordinary items, income or net income, earnings before income tax, earnings before interest, taxes, depreciation and amortization, or a combination of any or all of the foregoing; (ii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax profits including, without limitation, those attributable to continuing and/or other operations; (iii) the attainment of certain target levels of, or a specified increase in, operational cash flow; (iv) the achievement of a certain level of, reduction of, or other specified objectives with regard to limiting the level of increase in, all or a portion of the Corporation's or an Affiliate's bank debt or other long-term or short-term public or private debt or other similar financial obligations of the Corporation or Affiliate, which may be calculated net of such cash balances and/or other offsets and adjustments as may be established by the Committee; (v) the attainment of a specified percentage increase in earnings per share or earnings per share from continuing operations; (vi) the attainment of certain target levels of, or a specified increase in, return on capital employed or return on invested capital or operating revenue or return on invested cash; (vii) the attainment of certain target levels of, or a percentage increase in, after-tax or pre-tax return on stockholders' equity; (viii) the attainment of certain target levels of, or a specified increase in, economic value added targets based on a cash flow return on investment formula; (ix) the attainment of certain target levels in the fair market value of the shares of the Corporation's Common Stock; (x) market segment share; (xi) product release schedules; (xii) new product innovation; (xiii) product or other cost reductions; (xiv) brand recognition or acceptance; (xv) product ship targets; (xvi) customer satisfaction; (xvii) total shareholder return; (xviii) return on assets or net assets; (xix) assets, operating margin or profit margin; (xx) the growth in the value of an investment in the Corporation's Common Stock assuming the reinvestment of dividends; and (xxi) such other business or other performance criteria determined appropriate by the Committee.

The Committee may provide that, in measuring achievement of Performance Targets, adjustments may be made for the following:

(i) to exclude restructuring and/or other nonrecurring charges;

(ii) to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated net sales and operating earnings;

(iii) to exclude the effects of changes to generally accepted accounting principles required by the Financial Accounting Standards Board;

(iv) to exclude the effects of any statutory adjustments to corporate tax rates;

(v) to exclude the effects of any "unusual" or "infrequently occurring" events, as determined under generally accepted accounting principles or any acquisition or divestiture;

(vi) to exclude any other unusual, non-recurring gain or loss or other extraordinary item;

(vii) to respond to, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development;

(viii) to respond to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions;

(ix) to exclude the dilutive effects of acquisitions or joint ventures;

(x) to assume that any business divested by the Corporation achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture;

(xi) to exclude the effect of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common shareholders other than regular cash dividends;

(xii) to reflect a corporate transaction, such as a merger, consolidation, separation (including a spinoff or other distribution of stock or property by a corporation), or reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code);

(xiii) to reflect any partial or complete corporate liquidation; and

(xiv) such other items or events the Committee may deem appropriate.

Exhibit B to the Apergy 2018 Corporation Equity and Cash Incentive Plan Early Retirement Provisions for Dover Replacement Awards

The Dover Replacement Awards issued under the Plan contain provisions with respect to Early Retirement, which Early Retirement provisions are not applicable to other Awards issued under the Plan. The following sets forth the special provisions of the Dover Replacement Awards with respect to Early Retirement. The provisions of this Exhibit B shall not apply to Awards that are not Dover Replacement Awards.

I. With respect to Dover Replacement Awards issued with respect to SSARs granted under the (i) Dover Corporation 2005 Equity and Cash Incentive Plan and (ii) Dover Corporation 2012 Equity and Cash Incentive Plan prior to August 6, 2014:

1. Definitions.

"Early Retirement I" shall mean the termination of a Participant's employment with the Corporation and its Affiliates if, at the time of such termination of employment, (i) the Participant has at least ten (10) years of service with the Corporation and its Affiliates (service with an Affiliate shall be credited only for the period an Affiliate is owned by the Corporation; service with Dover Corporation and its Affiliates shall be credited for the period prior to the spin-off of Apergy Corporation to the extent provided by the Predecessor Plans), (ii) the sum of the Participant's years of service plus his or her age on the date of such termination equals at least sixty five (65), (iii) the Participant satisfies the notice requirements set forth in the Plan, and (iv) the Participant complies with the non-competition restrictions in Paragraph 43 of the Plan. In order to be eligible for Early Retirement I or II, a Participant must give six (6) months advance notice of retirement and must continue to be employed by the Corporation (or any Affiliate provided such Affiliate continues to be owned by the Corporation throughout the notice period) and perform his or her duties throughout such notice period. Failure to satisfy the notice requirement will render the Participant ineligible for Early Retirement I and II notwithstanding the satisfaction by the Participant of all other applicable requirements. Apergy's CEO shall have the authority to reduce or waive the notice requirement.

"Early Retirement II" shall mean the termination of a Participant's employment with the Corporation and its Affiliates if, at the time of such termination of employment, (i) the Participant has at least fifteen (15) years of service with the Corporation and its Affiliates (service with an Affiliate shall be credited only for the period an Affiliate is owned by the Corporation; service with Dover Corporation and its Affiliates shall be credited for the period prior to the spin-off of Apergy Corporation to the extent provided by the Predecessor Plans), (ii) the sum of the Participant's years of service plus his or her age on the date of such termination equals at least seventy (70), (iii) the Participant satisfies the notice requirements set forth in the Plan, and (iv) the Participant complies with the non-competition restrictions in Paragraph 43 of the Plan. In order to be eligible for Early Retirement II, a Participant must provide advance notice of such Early Retirement, continue to provide services, and perform his or her duties throughout such notice period as set forth in the definition of Early Retirement I above. Apergy's CEO shall have the authority to reduce or waive the notice requirement.

"Early Retirement III" shall mean (i) the termination of a Participant's employment with the Corporation and its Affiliates due to the sale of stock or assets of the business unit by which the Participant is employed, (ii) the Participant is so employed in good standing by the business unit through the date of such sale, and (iii) the Participant complies with the non-competition restrictions in Paragraph 43 of the Plan.

"Normal Retirement" shall mean (i) the termination of a Participant's employment with the Corporation and its Affiliates if, at the time of such termination of employment, the Participant has attained age sixty two (62), and (ii) the Participant complies with the non-competition restrictions in Paragraph 43. In the event that the stock or assets of a business unit of the Corporation or an Affiliate that employs a Participant is sold, a Participant who has attained age 62 and remains employed by such business unit in good standing through the date of such sale, shall be treated as having terminated employment with the Corporation and its Affiliates in a Normal Retirement on the date of such sale, provided that the Participant complies with the non-compete restrictions in Paragraph 43.

2. SSARs.

If a Participant's employment terminates as the result of a Normal Retirement, the Participant shall have the right, on or before the earlier of the expiration date of the SSAR and sixty (60) months following the date of such Normal Retirement, to purchase or acquire shares under any SSARs which at the date of his or her Normal Retirement are, or within sixty (60) months following the date of Normal Retirement become, exercisable.

II. With respect to Dover Replacement Awards issued with respect to Awards granted under the Dover Corporation 2012 Equity and Cash Incentive Plan after August 6, 2014:

1. Definitions.

"Early Retirement I" shall mean the termination of a Participant's employment with the Corporation and its Affiliates if, at the time of such termination of employment, (i) the Participant has at least ten (10) years of service with the Corporation and its Affiliates (service with an Affiliate shall be credited only for the period an Affiliate is owned by the Corporation; service with Dover Corporation and its Affiliates shall be credited for the period prior to the spin-off of Apergy Corporation to the extent provided by the Predecessor Plans), (ii) the sum of the Participant's years of service plus his or her age on the date of such termination equals at least sixty five (65), (iii) the Participant has attained age fifty five (55), (iv) the Participant satisfies the notice requirements set forth in the Plan, and (v) the Participant complies with the non-competition restrictions in Paragraph 43. In order to be eligible for Early Retirement I or II, a Participant must give six (6) months advance notice of retirement and must continue to be employed by the Corporation (or any Affiliate provided such Affiliate continues to be owned by the Corporation throughout the notice period) and perform his or her duties throughout such notice period. Failure to satisfy the notice requirement will render the Participant ineligible for Early Retirement I and II notwithstanding the satisfaction by the Participant of all other applicable requirements. Apergy's CEO shall have the authority to reduce or waive the notice requirement.

"Early Retirement II" shall mean the termination of a Participant's employment with the Corporation and its Affiliates if, at the time of such termination of employment, (i) the Participant has at least fifteen (15) years of service with the Corporation and its Affiliates (service with an Affiliate shall be credited only for the period an Affiliate is owned by the Corporation; service with Dover Corporation and its Affiliates shall be credited for the period prior to the spin-off of Apergy Corporation to the extent provided by the Predecessor Plans), (ii) the sum of the Participant's years of service plus his or her age on the date of such termination equals at least seventy (70), (iii) the Participant has attained age sixty (60), (iv) the Participant satisfies the notice requirements set forth in the Plan, and (v) the Participant complies with the non-competition restrictions in Paragraph 43. In order to be eligible for Early Retirement II, a Participant must provide advance notice of such Early Retirement, continue to provide services, and perform his or her duties throughout such notice period as set forth in the definition of Early Retirement I above. Apergy's CEO shall have the authority to reduce or waive the notice requirement.

"Early Retirement III" shall mean (i) the termination of a Participant's employment with the Corporation and its Affiliates due to the sale of stock or assets of the business unit by which the Participant is employed, (ii) the Participant is so employed in good standing by the business unit through the date of such sale, and (iii) the Participant complies with the non-competition restrictions in Paragraph 43 of the Plan.

III. With respect to Dover Replacement Awards issued with respect to (i) SSARs granted under the Dover Corporation 2005 Equity and Cash Incentive Plan, and (ii) all Awards under the Dover Corporation 2012 Equity and Cash Incentive Plan (other than SSARs granted prior to August 6, 2014, as described in Section 1 above):

1. Options and SSARs.

If a Participant's employment terminates as the result of Early Retirement I, the Participant shall have the right, on or before the earlier of the expiration date of the Option or SSAR or twenty-four (24) months following the date of such Early Retirement I, to exercise, and acquire shares under, any Option or SSAR which at the date of Early Retirement I are, or within twenty-four (24) months following such termination become, exercisable. If a Participant's employment terminates as the result of Early Retirement II, the Participant shall have the right, on or before the earlier of the expiration date of the Option or SSAR or thirty-six (36) months following the date of such Early Retirement II, to exercise, and acquire shares under, any Option or SSAR which at the date of Early Retirement II are, or within thirty-six (36) months following such termination become, exercisable. If a Participant's employment terminates as the result of Early Retirement III, the Participant shall have the right, on or before the earlier of the expiration date of the Option or SSAR or twelve (12) months following the date of such Early Retirement III, to exercise, and acquire shares under, any Option or SSAR which at the date of Early Retirement III are, or within twelve (12) months following such termination become, exercisable. Notwithstanding the above, if a Participant eligible for Early Retirement III would also qualify for Early Retirement I or II excluding the notice requirement, the Participant shall be entitled to the benefits of Early Retirement I or II, as appropriate.

2. *Restricted Stock and Restricted Stock Units*

If the Participant's employment with the Corporation terminates as a result of Early Retirement, subject to compliance with the non-competition provisions of Paragraph 43 applicable to Early Retirement, the Restricted Stock and Restricted Stock Unit Awards shall continue to vest as if the Participant's employment had not terminated until the earlier of (i) twenty-four (24) months from the date of termination in the case of Early Retirement I, thirty-six (36) months from the date of termination in the case of Early Retirement II, and twelve (12) months in the case of Early Retirement III, and (ii) such time as the remaining temporal restrictions lapse. With respect to any outstanding performance-based Restricted Stock or Restricted Stock Unit Awards on the date of Early Retirement I or II, the Committee, or if the Committee delegates to the CEO such authority, the CEO, shall determine in its sole discretion whether the Participant is eligible to receive any shares with respect to such awards and, if so, the amount thereof, in which event such payment shall be made on the regular payment date for such performance-based Restricted Stock or Restricted Stock Unit Award following the date of the Participant's Early Retirement I or II. Any such payment to a Participant shall be subject to the satisfaction of the applicable Performance Targets and certification by the Committee of the attainment of such Performance Targets and the amount of the payment to the extent required by Paragraphs 30-31. Except as provided in this Paragraph, if the Participant is the subject of Early Retirement I or II, all performance-based Restricted Stock and Restricted Stock Unit Awards held by such Participant shall be canceled and all of the Participant's awards thereunder shall terminate as of the effective date of such Early Retirement. If the Participant in the Plan is the subject of Early Retirement III, all performance-based Restricted Stock and Restricted Stock Unit Awards held by such Participant shall be canceled and all of the Participant's rights thereunder shall terminate as of the effective date of such Early Retirement III. Notwithstanding the above, if a Participant eligible for Early Retirement III would also qualify for Early Retirement I or II excluding the notice requirement, the Participant shall be entitled to the benefits of Early Retirement I or II, as appropriate.

3. *Performance Shares*

If the Participant's employment terminates pursuant to Early Retirement I or Early Retirement II and on the date of such Early Retirement the Participant holds one or more outstanding Performance Share Awards, the Committee, or if the Committee delegates to the CEO such authority, the CEO, shall determine in its sole discretion whether the Participant shall receive any payment and, if so, the amount thereof, in which event such payment shall be made on the date or dates following the date of the Participant's Early Retirement on which the Corporation pays Performance Share Awards for the Performance Period relating to any such outstanding Performance Share Award held by such Participant. Except as provided in Paragraphs 30-31 of the Plan, any such payment to the Participant shall be subject to the satisfaction of the applicable Performance Targets, and certification by the Committee of such satisfaction and determination by the Committee of the amount of payment, and may not exceed the number of shares that the Participant would have been entitled to receive had the Participant been an employee of the Corporation on such payment date. Except as provided in this Paragraph and in Paragraph 27(b) of the Plan, if the Participant is the subject of Early Retirement I or II, all Performance Share Awards held by such Participant shall be canceled, and all of the Participant's Awards thereunder shall terminate as of the effective date of such Early Retirement. If the Participant in the Plan is the subject of Early Retirement III, all Performance Share Awards held by such Participant shall be canceled and all of the Participant's rights thereunder shall terminate as of the effective date of such Early Retirement III, except as provided in Paragraph 27(b) of the Plan. Notwithstanding the above, if a Participant eligible for Early Retirement III would also qualify for Early Retirement I or II excluding the notice requirement, the Participant shall be entitled to the benefits of Early Retirement I or II, as appropriate.

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Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. X

2020 Annual Meeting Proxy Card

▼ IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

A Proposals — The Board of Directors recommend a vote FOR all the nominees listed, FOR Proposals 2, 3 and 5 and for every 1 YEAR on Proposal 4.

1. Election of Directors:

	For	Withheld		For	Withheld
01 - Gary P. Luquette	☐	☐	02 - Daniel W. Rabun	☐	☐

	For	Against	Abstain
2. Ratification of the Appointment of PricewaterhouseCoopers LLP as Our Independent Registered Public Accounting Firm for 2020	☐	☐	☐
3. Advisory Vote to Approve the Compensation of Apergy's Named Executive Officers for 2019	☐	☐	☐
5. Approval of the Amended and Restated 2018 Equity and Cash Incentive Plan	☐	☐	☐

	1 Year	2 Years	3 Years	Abstain
4. Advisory Vote to Approve the Frequency of the Advisory Vote on the Compensation of Named Executive Officers	☐	☐	☐	☐

B Authorized Signatures — This section must be completed for your vote to count. Please date and sign below.

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) — Please print date below.	Signature 1 — Please keep signature within the box.	Signature 2 — Please keep signature within the box.
/ /		

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2020 Annual Meeting Information

The 2020 Annual Meeting of Apergy Corporation Shareholders
will be held
May 12, 2020, 8:00am CT
virtually via live webcast at
www.meetingcenter.io/282266664

To participate in the virtual meeting, you will need the control number printed in the shaded bar located on the reverse side of this form.

The password for the meeting is APY2020.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Shareholders.
The material is available at: www.envisionreports.com/APY

▼ IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

Apergy Corporation

Notice of 2020 Annual Meeting of Shareholders

Proxy Solicited by Board of Directors for Annual Meeting — May 12, 2020

Sivasankaran (''Soma'') Somasundaram and Julia Wright, or any of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Shareholders of Apergy Corporation to be held on May 12, 2020 or at any postponement or adjournment thereof.

Shares represented by this proxy will be voted by the shareholder. If no such directions are indicated, the Proxies will have authority to vote FOR the election of the nominees for the Board of Directors listed on the reverse side, FOR Proposals 2, 3 and 5 and for every 1 YEAR on Proposal 4.

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

(Items to be voted appear on reverse side)

C Non-Voting Items

Change of Address — Please print new address below.

Comments — Please print your comments below.