

UNIVERSAL FOREST PRODUCTS INC

Form DEF 14A

March 06, 2009

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

SCHEDULE 14A

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Universal Forest Products, Inc.

(Name of Registrant as Specified In Its Charter)

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

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**Universal Forest Products, Inc.
2801 East Beltline NE
Grand Rapids, MI 49525**

Notice of Annual Meeting

The Annual Meeting of Shareholders of Universal Forest Products, Inc. will be held at the Company's Technology and Training Building, 2880 East Beltline Lane NE, Grand Rapids, MI 49525, on Wednesday, April 15, 2009, at 8:30 a.m. local time (registration begins at 8:00 a.m.) for the following purposes:

- (1) Election of three directors for three year terms expiring in 2012.
- (2) Consider and vote upon a proposal to amend and restate the Company's 1999 Long Term Stock Incentive Plan.
- (3) Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2009.
- (4) The transaction of such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record at the close of business on February 18, 2009, are entitled to notice of and to vote at the meeting. To vote by telephone, shareholders of record may call toll free on a touch-tone telephone, 1-800-690-6903, enter the control number located on their Notice, and follow the recorded instructions. To vote on the Internet, shareholders of record may go to the Internet address <http://www.proxyvote.com>, enter the control number located on their Notice, and follow the instructions provided.

BY ORDER OF THE BOARD OF DIRECTORS

Matthew J. Missad, Secretary
March 6, 2009

Your vote is important. Even if you plan to attend the meeting,
PLEASE VOTE YOUR PROXY PROMPTLY.

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Universal Forest Products, Inc.
2801 East Beltline NE
Grand Rapids, MI 49525
Annual Meeting of Shareholders
April 15, 2009
Proxy Statement
SOLICITATION OF PROXIES

This Proxy Statement and the enclosed Proxy are being furnished to holders of common stock, no par value, of Universal Forest Products, Inc. (the Company). Our Board of Directors (the Board) is soliciting proxies for use at our Annual Meeting of Shareholders to be held on April 15, 2009, and at any adjournment of that meeting, at our Technology and Training Building, 2880 East Beltline Lane NE, Grand Rapids, MI 49525, at 8:30 a.m. local time. Registration for the meeting begins at 8:00 a.m.

VOTING AT THE MEETING

If the enclosed Proxy is properly signed and returned, the shares represented by the Proxy will be voted at our Annual Meeting of Shareholders and at any adjournment of the meeting. If a shareholder specifies a choice, the Proxy will be voted as specified. If no choice is specified, the shares represented by the Proxy will be voted for the election of all nominees named in the Proxy Statement, for the proposed amendment and restatement of our 1999 Long Term Stock Incentive Plan, for the ratification of the appointment of our independent public accountants, and in accordance with the judgment of the persons named as proxies with respect to any other matter which may come before the meeting. Returning your completed Proxy will not prevent you from voting in person at our Annual Meeting of Shareholders, if you wish to do so. In addition, you may revoke your Proxy at any time before it is voted, by written notice to our secretary prior to our Annual Meeting of Shareholders, by submission of a later-dated Proxy, or by the withdrawal of your Proxy and voting in person at our Annual Meeting of Shareholders.

The cost of the solicitation of proxies will be paid by our Company. In addition to the use of the mail, proxies may be solicited personally, by telephone, by facsimile, or by electronic mail by our employees who will not receive additional compensation for soliciting proxies. We do not intend to pay any compensation for the solicitation of proxies, except that we will reimburse brokers, nominees, custodians, and other fiduciaries for their expenses in connection with sending materials to beneficial owners and obtaining their proxies.

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VOTING SECURITIES

Holders of record of common stock at the close of business on February 18, 2009, will be entitled to vote at the Annual Meeting of Shareholders. As of February 18, 2009, there were 19,237,568 shares of common stock outstanding. The presence in person or by Proxy of at least 51% of such shares constitutes a quorum. A shareholder is entitled to one vote for each share of common stock registered in the shareholder's name at the close of business on February 18, 2009. Under Michigan law, abstentions are treated as present and entitled to vote and therefore have the effect of a vote against the matter. A broker non-vote on a matter is considered not entitled to vote on that matter and, therefore, is not counted in determining whether a matter requiring approval of a majority of the shares present and entitled to vote has been approved. Votes cast at the meeting or submitted by Proxy will be counted by inspectors of the meeting appointed by our Company. There is no right to cumulative voting on any matter.

ELECTION OF DIRECTORS

Our Board presently consists of ten members; however, due to the retirement of Peter F. Secchia, discussed below, our Board will consist of nine members as of April 15, 2009. These members are divided into three classes, as equal in number as possible, with the classes to hold office for staggered terms of three years each. Our Board nominated incumbent directors Dan M. Dutton, William R. Payne, and Louis A. Smith to three year terms expiring at our 2012 Annual Meeting of Shareholders.

The effectiveness of each of our directors is monitored by an annual assessment, and any director who does not meet the Board's standards will not be permitted to continue service. In addition, our Board has maintained an age limit of 72 for service on the Board, which allows for an orderly transition and proper succession planning. Peter F. Secchia, who is Chairman Emeritus, has been a director since 1967 and his current term expires on April 15, 2009. However, he will turn 72 years old this year and will therefore retire from our Board on April 15, 2009. We extend our heartfelt appreciation to Mr. Secchia for his 47 years of service to our Company.

The persons named as proxy holders in the accompanying Proxy will vote for the above-named nominees, unless a shareholder directs them differently on a proxy card. If a nominee is not available for election as a director at the time of the Annual Meeting of Shareholders (a situation which is not now anticipated), the Board may designate a substitute nominee, and the accompanying Proxy will be voted for the substituted nominee.

A vote of the shareholders holding a plurality of the shares present in person or represented by proxy is required to elect directors. Accordingly, the three individuals who receive the greatest number of votes cast at the meeting will be elected as directors.

The Board of Directors recommends a vote FOR the election of each person nominated by the Board.

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The following table provides certain biographical information for each person who is nominated for election as a director at our Annual Meeting of Shareholders and for each person who is continuing as an incumbent director.

**Names, (Ages), Positions, and Backgrounds
of Directors and Nominees**

Service as a Director

Nominee for Term Expiring in 2012

Dan M. Dutton (61) is Chairman of the Board of Stimson Lumber Company of Portland, Oregon with whom he has been affiliated since 1988.

Director since 2003.
Chairman of Nominating and
Corporate Governance Committee.

William R. Payne (55) is Chief of Staff of Alticor of Ada, Michigan, a position he has held since November 1999. Mr. Payne also sits on the Advisory Board at Macatawa Bank.

Director since 2008.
Member of Nominating and
Corporate Governance Committee.
Member of Personnel and
Compensation Committee.

Louis A. Smith (69) is President of the law firm of Smith and Johnson, Attorneys, P.C., of Traverse City, Michigan. Mr. Smith also serves on the Advisory Board of the Huntington National Bank of Traverse City and serves as a member of the Advisory Council to the University of Notre Dame Law School. Mr. Smith currently serves on The State Board of Law Examiners upon nomination by the Michigan Supreme Court and gubernatorial appointment.

Director since 1993.
Member of Audit Committee.
Member of Personnel and
Compensation Committee.

Incumbent Directors Terms Expiring in 2010

William G. Currie (61) is Chairman of the Board of the Company. He joined the Company in 1971, serving as a salesman, general manager, vice president, and executive vice president. He was the Chief Executive Officer of the Company from 1989 to 2006, and on January 1, 2000, also became Vice Chairman of the Board. On April 19, 2006, he was named Chairman of the Board of the Company and serves as an employee with the title of Executive Chairman. Mr. Currie also serves on the board of Forestar Real Estate Group Inc.

Director since 1978.

John M. Engler (60) is President and Chief Executive Officer of the National Association of Manufacturers, with whom he has been affiliated since October 2004. He was President of State and Local Government Business and Vice President of Government Solutions for North America for EDS in Herndon, Virginia from February 2003 to September 2004. He served as Governor of the State of Michigan from 1991 to 2003. Mr. Engler also serves on the boards of Munder Capital Management and Delta Airlines.

Director since 2003.
Member of Nominating and
Corporate Governance Committee.
Member of Personnel and
Compensation Committee.

Michael B. Glenn (57) is Chief Executive Officer of the Company. He joined the Company in 1974, serving as a salesman, vice president,

Director since 2006.

senior vice president, and divisional president. He was named President of the Company in 2000. On July 1, 2006, he became Chief Executive Officer of the Company.

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**Names, (Ages), Positions, and Backgrounds
of Directors and Nominees**

Service as a Director

Incumbent Directors Terms Expiring in 2011

John W. Garside (69) is President and Treasurer of Woodruff Coal Company of Kalamazoo, Michigan. Mr. Garside is a former commissioner for the Michigan Department of Transportation.

Director since 1993.
Chairman of Personnel and Compensation Committee.

Gary F. Goode (64) retired from Arthur Andersen LLP in March 2001 after 29 years. Since his retirement, Mr. Goode has worked as an independent consultant, and has also served as Chairman of Titan Sales and Consulting LLC since January 2004. Mr. Goode is on the Board of Directors of Gentex Corporation and serves on its Audit, Compensation, and Nominating Committees. Mr. Goode is also on the Advisory Board of the Business School at Western Michigan University.

Director since 2003.
Chairman of Audit Committee.

Mark A. Murray (54) is President of Meijer, Inc. in Grand Rapids, Michigan. Mr. Murray was Treasurer of the State of Michigan from January 1999 until July 2001, and he served as Vice President of Finance and Administration for Michigan State University from January 1998 until January 1999. Mr. Murray was President of Grand Valley State University in Allendale, Michigan from July 2001 until July 1, 2006. On August 1, 2006 he became President of Meijer, Inc.

Director since 2004.
Member of Audit Committee.
Member of Nominating and Corporate Governance Committee.

CORPORATE GOVERNANCE AND BOARD MATTERS

Our Board is committed to sound and effective corporate governance practices. To assist in its governance, the Board has appointed three standing committees: the Audit Committee, the Nominating and Corporate Governance Committee, and the Personnel and Compensation Committee. Each of these committees has a written charter, the current versions of which are available for review on our website at www.ufpi.com under the tab Investor Relations.

Code of Business Conduct and Ethics and Code of Ethics for Senior Financial Officers

We have adopted a Code of Business Conduct and Ethics that applies to our employees, officers, and directors. We have also adopted a Code of Ethics for Senior Financial Officers. Each Code is posted on our website, and any changes or waiver to either Code will be disclosed on our website at www.ufpi.com under the tab Investor Relations.

Affirmative Determination Regarding Director Independence and Other Matters

Our Board has determined each of the following directors to be an independent director as such term is defined in Marketplace Rule 4200(a)(15) of the National Association of Securities Dealers (the NASD): Dan M. Dutton, John M. Engler, John W. Garside, Gary F. Goode, Mark A. Murray, William R. Payne, and Louis A. Smith. There are no family relationships between or among the directors and our executive officers.

To assist our Board, the Nominating and Corporate Governance Committee reviewed the applicable legal standards for director and Board committee independence, as well as the criteria applied to determine audit committee financial expert status and the answers to annual questionnaires

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completed by each of the directors. On the basis of this review, the Nominating and Corporate Governance Committee delivered a report to the full Board, and the Board made its independence and audit committee financial expert determinations based upon that report and each member's review of the information made available to the Nominating and Corporate Governance Committee.

Committees

Audit Committee. Each member of the Audit Committee is independent as that term is defined by Rule 4200(a)(15) of the Nasdaq Listing Standards as well as the applicable rules of the Securities Exchange Commission for audit committee membership. Our Board has determined that Mr. Goode and Mr. Murray each qualify as an audit committee financial expert, as defined in Item 407(d) of Regulation S-K of the Securities Exchange Act of 1934 (the Exchange Act). The full responsibilities of the Audit Committee are set forth in the Audit Committee Charter. In general, the primary purpose of this Committee is to assist the Board in overseeing management's conduct of our financial reporting processes and system of internal controls regarding finance, accounting, legal compliance, and ethics. During 2008, the Audit Committee held five meetings.

Personnel and Compensation Committee. Each member of this Committee is independent, as that term is defined by the Nasdaq Listing Standards. The Committee is responsible for reviewing and recommending to the Board the timing and amount of compensation for key employees, including salaries, bonuses, and other benefits, as well as director compensation. The Compensation Committee is also responsible for administering our stock option and other equity-based incentive plans, recommending retainer and attendance fees for non-employee directors, and reviewing compensation plans and awards as they relate to key employees. While the Committee has the authority to retain consultants and third-party advisors for assistance, it has not done so. The Committee has the ultimate authority to determine matters of executive compensation; however, it may rely upon recommendations by our Chief Executive Officer for matters of compensation other than those applicable to the Chief Executive Officer. Additional information on the Committee's role and practices involving executive compensation is described in the Compensation Discussion and Analysis in this Proxy Statement. The full responsibilities of the Personnel and Compensation Committee are set forth in the Personnel and Compensation Committee Charter. During 2008, the Personnel and Compensation Committee held three meetings.

Nominating and Corporate Governance Committee. Each member of the Nominating and Corporate Governance Committee is independent as that term is defined by the Nasdaq Listing Standards. The Nominating and Corporate Governance Committee considers and proposes director nominees for election at the Annual Meeting of Shareholders, selects candidates to fill Board vacancies as they may occur, makes recommendations to the Board regarding Board committee memberships, generally monitors our corporate governance system, and performs any other functions or duties deemed appropriate by the Board. The full responsibilities of the Nominating and Corporate Governance Committee are set forth in the Nominating and Corporate Governance Committee Charter. During 2008, the Nominating and Corporate Governance Committee held three meetings.

Our Articles of Incorporation contain certain procedural requirements applicable to shareholder nominations of directors. A shareholder who wishes to nominate a person to serve as a director must provide us with written notice. The notice must include: (1) the name and address of both the

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shareholder who intends to make the nomination and the person or persons nominated; (2) a representation that the shareholder is a current holder of record, will continue to hold those shares through the date of the meeting, and intends to appear in person or by proxy at the meeting; (3) a description of all arrangements between the shareholder and each nominee; (4) the information regarding each nominee as would be required to be included in a proxy statement filed under Regulation 14A of the Exchange Act had the nominee been nominated by the Board; and (5) the consent of each nominee to serve as director. The nominee's written consent to the nomination and sufficient background information on the candidate must be included to enable the Nominating and Corporate Governance Committee to make proper assessments as to his or her qualifications. Nominations must be addressed to the Chairman of the Nominating and Corporate Governance Committee at our headquarters, and must be received no fewer than 60 days but not more than 90 days, prior to our Annual Meeting of Shareholders. The Nominating and Corporate Governance Committee may also make its own search for potential candidates that may include candidates identified by a variety of means as deemed appropriate by the Committee.

The Nominating and Corporate Governance Committee has not established specific minimum age, education, years of business experience, or specific types of skills for potential candidates, but, in general, expects qualified candidates will have ample experience and a proven record of business success and leadership. The Committee requires that each member of our Board have the highest professional ethics, integrity, and values, and will consistently exercise sound and objective business judgment. In addition, it is anticipated that our Board, as a whole, will have individuals with significant, appropriate senior management and leadership experience, a comfort with technology, a long-term, strategic and global perspective, and the ability to advance constructive debate. It is important for our Board, as a whole, to operate in an atmosphere where the chemistry among the individuals is a key element.

Upon receipt of a shareholder proposed candidate, the Chairman of the Nominating and Corporate Governance Committee assesses the Board's needs, primarily whether there is a current or pending vacancy or a possible need to fulfill by adding or replacing a director, and then develops a director profile by comparing the current state of Board characteristics with the desired state and the candidate's qualifications. The profile and the candidate's submitted information are provided to the Chairman of the Board and Chief Executive Officer for discussion. Following this discussion, the profile and the candidate's materials are forwarded to all Nominating and Corporate Governance Committee members, and consideration of the candidate is added as an agenda item for the next Committee meeting. Similarly, if at any time the Nominating and Corporate Governance Committee or the Board determines there may be a need to add or replace a director, the Nominating and Corporate Governance Committee or the Board develops a director profile by comparing the current state of Board characteristics with the desired state. If no candidates are apparent from any source, the Committee will determine the appropriate method to conduct a search.

The Committee has, to date, not paid any third party fees to assist in identifying and evaluating nominees. The Committee has not received any recommended nominations from any of our shareholders in connection with our Annual Meeting of Shareholders. The nominees that are

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standing for election as directors at our 2009 Annual Meeting of Shareholders are incumbent directors.

Communications with the Board

Generally, shareholders who have questions or concerns regarding our Company should contact our Investor Relations Department at 800-598-9663. However, any shareholder who wishes to address questions regarding the business or affairs of our Company directly with the Board, or any individual director, should direct his or her questions in writing to the Secretary of the Board at 2801 East Beltline NE, Grand Rapids, MI 49525. The Secretary has been directed to promptly forward all communications to the full Board or the specific director indicated in the letter.

Meeting Attendance

Each director is expected to make a reasonable effort to attend all meetings of our Board, applicable committee meetings, and the Annual Meeting of Shareholders. All of our directors attended our Annual Meeting of Shareholders in 2008. During our last fiscal year, there were four regular meetings of the Board, and the Board took action by unanimous written consent on three occasions. Each director attended at least 90% of the meetings of the Board and meetings of committees they were eligible to attend. During fiscal 2008, the independent members of the Board met in executive session, without the presence of management, on three occasions.

**PROPOSAL TO APPROVE THE FIRST AMENDMENT TO AND
RESTATEMENT OF THE UNIVERSAL FOREST PRODUCTS, INC.
1999 LONG TERM STOCK INCENTIVE PLAN**

On January 20, 1999, our Board of Directors adopted the Universal Forest Products, Inc. 1999 Long Term Stock Incentive Plan (the Plan). The Plan was subsequently approved by our shareholders on April 28, 1999. The term of the Plan currently expires on April 28, 2009. As of February 18, 2009, 1,925,635 shares remain available for issuance under the Plan.

On January 22, 2009, our Board of Directors adopted the First Amendment to and Restatement of the Universal Forest Products, Inc. 1999 Long Term Stock Incentive Plan (the Amendment and Restatement), subject to approval by our shareholders. The purpose of the Amendment and Restatement is to extend the term of the Plan. If the Amendment and Restatement is approved by our shareholders, it will have the effect of extending the term of the Plan for an additional ten (10) years from the date of shareholder approval.

In addition to extending the term of the Plan, the Amendment and Restatement changes the name of the Plan to the Universal Forest Products, Inc. Long Term Stock Incentive Plan to remove the reference to 1999. The proposed Amendment and Restatement does not make any other substantive changes to the Plan.

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The following summary of the Plan and the proposed Amendment and Restatement is subject to the specific provisions contained in the complete text of the Plan and the complete text of the Amendment and Restatement, both of which are set forth in Appendix A to this Proxy Statement.

Purpose. The purpose of the Plan is to promote the long-term success of our Company for the benefit of our shareholders through stock-based compensation, by aligning the personal interests of our key employees with those of our shareholders. The Plan is designed to allow key employees to participate in our Company's future, as well as to enable our Company to attract, retain, and reward such employees.

Administration. The Plan will continue to be administered by the Personnel and Compensation Committee of our Board of Directors (the Committee), composed of two or more Non-employee Directors within the meaning of Rule 16b-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended. Subject to our Articles of Incorporation, Bylaws, and the provisions of the Plan, the Committee has the authority to select key employees to whom Awards may be awarded; the type of Awards (or combination thereof) to be granted; the number of shares of Common Stock to be covered by each Award; and the terms and conditions of any Award, such as conditions of forfeiture, transfer restrictions, and vesting requirements.

The Plan provides for the granting of a variety of stock-based Awards, described in more detail below, such as Options, including Incentive Stock Options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the Code), Stock Appreciation Rights, Restricted Stock, Performance Shares, and Other Stock-Based Awards.

The term of the Plan currently expires on April 28, 2009, such that no Awards may be granted under the Plan after that date. The primary purpose of the proposed Amendment and Restatement is to extend the term of the Plan for an additional ten (10) years.

Types of Awards. The following types of Awards may be granted under the Plan:

An Option is a contractual right to purchase a number of shares at a price determined at the date the Option is granted. Options include Incentive Stock Options, as defined in Section 422 of the Code, as well as Nonqualified Stock Options. The exercise price included in both Incentive Stock Options and Nonqualified Stock Options must equal at least 100% of the fair market value of the stock at the date of grant. Awards of certain Options may also include Reload Options. A Reload Option is an Option to purchase shares equal to the number of shares of Common Stock delivered in payment of the exercise price (including, in the discretion of the Committee, the number of shares tendered to our Company to satisfy any withholding tax liability arising upon exercise) and is deemed to be granted upon such delivery without further action by the Committee. A Reload Option is subject to the same terms of the original Option, including the term thereof; however, the exercise price of the Reload Option must equal the fair market value of our Common Stock on the date of grant of the Reload Option.

A Stock Appreciation Right is an Award of the right to receive stock or cash of an equivalent value in an amount equal to the difference between the price specified in the Stock Appreciation Right and the prevailing market price of our Common Stock at the time of exercise. Stock Appreciation Rights may be granted only in tandem with Options.

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Restricted Stock are shares of Common Stock granted to an employee for no or nominal consideration. Title to the shares passes to the employee at the time of the grant; however, the ability to sell or otherwise dispose of the shares is subject to restrictions and conditions determined by the Committee.

Performance Shares are an Award of the right to receive stock or cash of an equivalent value at the end of the specified performance period upon the attainment of specified performance goals.

An Other Stock-Based Award is any other Award that may be granted under the Plan that is valued in whole or in part by reference to or is payable in or otherwise based on Common Stock.

Shares Subject to Plan. One million four hundred six thousand twenty nine (1,406,029) shares of Common Stock, no par value, were reserved under the Plan on April 28, 1999. As noted above, 1,925,635 shares remain available for issuance under the Plan. The closing sale price of our Common Stock as quoted in the Nasdaq Global Select Market on February 18, 2009, was \$24.83 per share.

The shares to be offered under the Plan are authorized and unissued shares, including shares reacquired by our Company which have that status. The number of shares that may be issued under the Plan and the number of shares subject to Options are subject to adjustments in the event of a merger, reorganization, consolidation, recapitalization, dividend (other than ordinary cash dividends), stock splits, or other change in corporate structure affecting the Common Stock. In addition, the number of shares that may be issued under the Plan is subject to an annual increase of no more than two hundred thousand (200,000) shares. Subject to certain restrictions, expired, forfeited, and cancelled Awards, and shares surrendered or withheld in payment for exercising Options may be reissued under the Plan.

Termination or Amendment of the Plan. Our Board may at any time amend, discontinue, or terminate the Plan or any part thereof; however, unless otherwise required by law, after shareholder approval, the rights of a participant may not be impaired without the consent of such participant. In addition, without the approval of our shareholders, no amendment may be made which would increase the aggregate number of shares of Common Stock that may be issued under the Plan or decrease the Option price of any Option to less than 100% of the fair market value on the date of grant.

Eligibility. Key employees of our Company and its subsidiaries are eligible to be granted Awards under the Plan. Eligibility is determined by the Committee. At present, approximately 947 current and former employees and directors have been granted Awards or are otherwise participating in the Plan. It is not possible to predict the number or identity of future participants or, except as set forth in the Plan, to describe the restrictions that may be included in Award agreements. The Plan provides that no more than 25% of the total shares subject to issuance under the Plan may be awarded to any one employee.

Participation and Assignability. Neither the Plan, nor any Award agreement granted under the Plan, entitles any participant or other employee to any right to continued employment by our Company or any subsidiary. Generally, no Award or other benefit payable under the Plan may,

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except as otherwise specifically provided by law, be subject in any manner to assignment, transfer, or encumbrance. However, Nonqualified Stock Options may be transferred without consideration to (i) an immediate family member of the optionee, (ii) a trust for the benefit of an immediate family member of the optionee, or (iii) a partnership or a limited liability company whose only partners or members are immediate family members, if the Option holder satisfies certain conditions as may be required by the Committee.

Federal Tax Consequences. The U.S. federal income tax consequences to our Company and to Plan participants are complex and subject to change. The following summarizes the general consequences of the grant and acquisition of Awards under the Plan for federal income tax purposes, based on management's understanding of existing federal income tax laws. This summary is necessarily general in nature and does not purport to be complete. Also, state and local income tax consequences are not discussed and may vary from locality to locality. Participants under the Plan should consult their own tax advisors since a participant's particular situation may be such that some variation of the rules described below will apply.

Options. Plan participants will not recognize taxable income at the time an Option is granted under the Plan unless the Option has a readily ascertainable market value at the time of grant. Management understands that Options to be granted under the Plan will not have a readily ascertainable market value; therefore, income will not be recognized by participants before the time of exercise of an Option. For Nonqualified Stock Options, the difference between the fair market value of the shares at the time an Option is exercised and the Option price generally will be treated as ordinary income to the optionee, in which case our Company will be entitled to a deduction equal to the amount of the optionee's ordinary income. With respect to Incentive Stock Options, participants will not realize income for federal income tax purposes as a result of the exercise of such Options. In addition, if Common Stock acquired as a result of the exercise of an Incentive Stock Option is disposed of more than two years after the date the Option is granted and more than one year after the date the Option was exercised, the entire gain, if any, realized upon disposition of such Common Stock will be treated for federal income tax purposes as capital gain. Under these circumstances, no deduction will be allowable to our Company in connection with either the grant or exercise of an Incentive Stock Option. Exceptions to the general rules apply in the case of a disqualifying disposition.

If a participant disposes of shares of Common Stock acquired pursuant to the exercise of an Incentive Stock Option before the expiration of one year after the date of exercise or two years after the date of grant, the sale of such stock will be treated as a disqualifying disposition. As a result, such a participant would recognize ordinary income and our Company would be entitled to a deduction in the year in which such disposition occurred. The amount of the deduction and the ordinary income recognized upon a disqualifying disposition would generally be equal to the lesser of: (a) the sale price of the shares sold minus the Option price, and (b) the fair market value of the shares at the time of exercise minus the Option price. If the disposition is to a related party (such as a spouse, brother, sister, lineal descendant, or certain trusts or business entities in which the seller holds a direct or indirect interest), the ordinary income recognized generally is equal to the excess of the fair market value of the shares at the time of exercise over the exercise price. Any additional gain recognized upon disposition, in excess of the ordinary income, will be taxable as capital gain.

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In addition, the exercise of Incentive Stock Options may result in an alternative minimum tax liability.

Reload Stock Options. Participants will recognize no income on the grant of any Reload Option. The tax consequences to the participant and our Company are the same as that for a Stock Option.

Stock Appreciation Rights. Upon the grant of a Stock Appreciation Right, the participant will realize no taxable income and our Company will receive no deduction. A participant will realize income at the time of exercise if the Award becomes vested and is no longer subject to forfeiture and the participant is entitled to receive the value of the Award. Our Company will receive a deduction of an equal amount in the same year the participant recognizes income.

Restricted Stock. Recipients of shares of Restricted Stock that are not transferable and are subject to substantial risks of forfeiture at the time of grant will not be subject to federal income taxes until the lapse or release of the restrictions or sale of the shares, unless the recipient files a specified election under the Code to be taxed at the time of grant. The recipient's income and our Company's deduction will be equal to the excess of the then fair market value (or sale price) of the shares less any purchase price.

Performance Shares. Participants are not taxed upon the grant of Performance Shares. Upon receipt of the underlying shares or cash, a participant will be taxed at ordinary income tax rates (subject to withholding) on the amount of cash received and/or the current fair market value of stock received, and our Company will be entitled to a corresponding deduction. The participant's basis in any Performance Shares received will be equal to the amount of ordinary income on which he or she was taxed and, upon subsequent disposition, any gain or loss will be capital gain or loss.

Required Vote for Approval. The affirmative vote of a majority of our Common Stock voted at the Annual Meeting, by person or by proxy, is required to approve the proposed Amendment and Restatement. While broker nonvotes will not be treated as votes cast for this purpose, shares voted as abstentions will be counted as votes cast. Since a majority of the votes cast is required for approval, the sum of any negative votes and abstentions will necessitate offsetting affirmative votes to assure approval. Unless otherwise directed by marking the accompanying proxy, the proxy holders named therein will vote for the approval of the Amendment and Restatement.

The Board of Directors recommends a vote FOR the approval of the proposed Amendment and Restatement.

Table of Contents**RATIFICATION OF ERNST & YOUNG LLP AS INDEPENDENT PUBLIC ACCOUNTANTS FOR FISCAL 2009**

The Audit Committee has selected Ernst & Young LLP (E&Y) as our independent public accountants for the fiscal year ending December 27, 2009. The services provided to the Company and our shareholders by E&Y for 2008 are described below under the caption Independent Public Accountants - Disclosure of Fees.

We are asking our shareholders to ratify the selection of E&Y as our independent public accountants. Although ratification is not legally required, the Board is submitting the selection of E&Y to our shareholders for ratification as a matter of good corporate governance. Representatives of E&Y are expected to be present at the Annual Meeting of Shareholders to respond to appropriate questions and to make such statements as they may desire.

The affirmative vote of the holders of the majority of the shares represented in person or by proxy and entitled to vote on this item will be required for approval. All broker non-votes will not be treated as votes cast in this matter; shares voted as abstentions will be counted as votes cast and therefore will have the effect of a negative vote.

If our shareholders do not ratify the appointment, the appointment will be reconsidered by the Audit Committee and the Board. Even if the selection is ratified, the Audit Committee, in its discretion, may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of the Company and our shareholders.

The Board of Directors recommends a vote for this proposal to ratify the appointment of E&Y as the Company s independent public accountants for fiscal 2009.

INDEPENDENT PUBLIC ACCOUNTANTS DISCLOSURE OF FEES

E&Y served as our independent public accountants for the fiscal years ended December 29, 2007 and December 27, 2008. The following sets forth the fees we paid to E&Y for the last two fiscal years, all of which were pre-approved by the Audit Committee.

	2008	2007
Audit Fees	\$ 419,000	\$ 479,300
Audit Related Fees ⁽¹⁾	15,000	16,000
Tax Fees ⁽²⁾	307,732	368,603
All Other Fees	0	0
Total	\$ 741,732	\$ 863,903

(1) Consists primarily of financial statement audits of employee benefit plans.

(2) Consists primarily of U.S. federal, state and local tax consulting and compliance advice along with tax advice and assistance regarding

statutory,
regulatory, or
administrative
developments in
the United
States, Canada,
or Mexico,
including a
federal research
and
development tax
credit study.

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Audit Committee Pre-Approval Policy. The Audit Committee has established a pre-approval policy, and procedures for audit, audit-related, and tax services that can be performed by our independent public accountants. The policy sets out the specific services that must be pre-approved by the Audit Committee, and places limitations on the scope of these services while ensuring that the independence of the auditors to audit our financial statements is not impaired. The policy prohibits us from retaining E&Y for services which are proscribed by rules of the Securities and Exchange Commission. In addition, the policy requires disclosure of non-audit services performed by our auditors. The pre-approval policy does not include a delegation of the Audit Committee's responsibilities and authority under the policy.

OWNERSHIP OF COMMON STOCK

The following table sets forth information as to each shareholder known to have been the beneficial owner of more than five percent (5%) of our outstanding shares of common stock as of December 31, 2008:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	2,378,190(3)	12.4%
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403	1,986,700(4)	10.4%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	1,310,731(5)	6.8%
Barclays Global Investors, NA 400 Howard Street San Francisco, CA 94105	1,185,426(6)	6.2%

(1) Except as otherwise indicated by footnote, each named person has sole voting and investment power with respect to the shares indicated.

(2) Shares outstanding for this calculation include 321,047 shares which are subject to options

exercisable in
60 days, and
44,155 shares
which are
subject to
issuance under
our Director
Retainer Stock
Plan.

- (3) These securities are owned by various individuals and institutional investors for which T. Rowe Price Associates, Inc. (Price Associates) serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities (as noted on the Schedule 13G it filed with the

SEC on
February 12,
2009).

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(4) Franklin Resources, Inc., either directly or through affiliated companies, beneficially owned this number of shares, as noted on the Schedule 13G it filed with the SEC on February 9, 2009.

(5) Dimensional Fund Advisors LP (Dimensional), an investment advisor, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (the Funds). All shares are owned by the Funds. Dimensional possesses investment and/or voting power over our Company s

securities and may be deemed to be the beneficial owner of the shares, as noted on the Schedule 13G it filed with the SEC on February 9, 2009. Dimensional expressly disclaims beneficial ownership of such securities.

- (6) Barclays, either directly or through affiliated companies, beneficially owned this number of shares, as noted on the Schedule 13G it filed with the SEC on February 5, 2009.

SECURITIES OWNERSHIP OF MANAGEMENT

The following table contains information with respect to ownership of our common stock by all directors, nominees for election as director, the Named Executive in the tables under the caption Executive Compensation, and all executive officers and directors as a group. The information in this table was furnished by our officers, directors, and nominees for election of directors, and represents our understanding of circumstances in existence as of December 27, 2008.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
Peter F. Secchia	713,185(3)	3.6%
William G. Currie	399,795(4)(5)	2.0%
Michael B. Glenn	240,542(4)(5)	1.2%
C. Scott Greene	80,734(4)(5)	*
John W. Garside	47,424(6)	*
Patrick M. Webster	45,309(4)(5)	*
Michael R. Cole	35,905(4)(5)	*

Louis A. Smith	31,844(6)	*
Gary F. Goode	10,883(6)	*
Dan M. Dutton	7,969(6)	*
Mark A. Murray	6,985(6)	*
John M. Engler	1,800	*
All directors and executive officers as a group (18 persons)	1,883,612(6)	9.6%

* Less than one percent (1%).

(1) Except as otherwise indicated by footnote, each named person has sole voting and investment power with respect to the shares indicated.

(2) Shares outstanding for this calculation include 321,047 shares which are subject to options exercisable in 60 days, and 44,155 shares which are subject to issuance under our Director Retainer Stock Plan.

(3) Includes 50,000 shares owned by Mr. Secchia's wife; 151,973 shares held by limited liability companies of which Mr. Secchia is a member; 164,067 shares held by a family

limited
partnership of
which
Mr. Secchia is a
partner; and
31,550 shares
held by a family
foundation.

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- (4) Includes shares subject to issuance under our deferred compensation plans for Mr. Currie, Mr. Glenn, Mr. Cole, Mr. Greene, and Mr. Webster in the amount of 10,345 shares, 9,440 shares, 1,893 shares, 24,584 shares, and 19,165 shares, respectively.

- (5) Includes shares which may be acquired by Mr. Currie, Mr. Glenn, Mr. Cole, Mr. Greene, and Mr. Webster pursuant to options exercisable in 60 days in the amount of 30,000 shares, 12,500 shares, 8,000 shares, 18,844 shares, and 5,523 shares, respectively.

- (6) Includes shares obtained through our Director Retainer Stock Plan for Mr. Dutton, Mr. Garside,

Mr. Goode,
Mr. Murray, and
Mr. Smith who
hold 5,969
shares, 6,974
shares, 8,983
shares, 4,785
shares, and
17,444 shares,
respectively,
through such
plan.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

Our executive compensation program has been designed to motivate, reward, attract, and retain the management deemed essential to ensure the success of our Company. We believe our employees are our most important asset. The program seeks to align executive compensation with Company objectives, business strategy, and financial performance. In applying these principles, we seek to:

Support an environment that rewards performance for achievement of Company goals;

Attract and retain key executives critical to the long-term success of our Company; and

Align the interests of executives with the long-term interests of shareholders through stock ownership initiatives and share ownership requirements.

We believe the compensation of our executives should reflect the performance of the business units in which they are involved. We further believe the performance of the executives in managing our Company, considered in light of general economic and specific Company, industry, and competitive conditions, should be the basis for determining their overall compensation.

What Our Compensation Program is Designed to Reward

Our compensation program is designed to reward overall financial performance and each person's individual contribution to our Company. In measuring an individual's contribution to our Company, the Personnel and Compensation Committee (the Committee) considers numerous factors, including the individual's contribution to Company performance, individual performance relative to pre-established goals, and general economic conditions in the markets we serve. Stock price performance has not been a factor in determining annual compensation because we believe the price of our common stock is subject to a variety of factors outside our control.

Table of Contents**Compensation Program Components**

The Committee has responsibility for establishing, implementing, and monitoring adherence with our compensation philosophy and established programs. The Committee seeks to ensure that the total compensation paid to our executives is fair, reasonable, and competitive.

Elements of compensation for our executives include base salary, performance incentives (whether in cash or in stock), health, disability and life insurance, and perquisites. Base salaries are set for our executive officers at the January meeting of the Committee. At this meeting, the Chief Executive Officer makes compensation recommendations to the Committee with respect to the executive officers who report to him. The Committee may accept or adjust such recommendations, and also makes the sole determination of the compensation for the Executive Chairman and Chief Executive Officer.

These elements fit into our overall compensation objectives by helping to secure the potential of our operations, facilitate our entry into new markets, provide proper compliance and regulatory guidance, and help to create a cohesive team.

Base Salaries. Historically, we have provided modest base salaries and created opportunities for significant performance-based incentive compensation. The Committee has complete discretion in determining base salary amounts (including the grant and amount of any annual discretionary incentive payments or stock or option awards), regardless of whether corporate or individual performance goals are achieved. The Committee uses the following factors to determine the amount of salary and other benefits to pay each executive:

Base salaries of similarly situated executives in our peer group and similarly sized companies;

Performance against individual objectives for the previous year;

Difficulty of achieving desired results in the coming year;

Value of their unique skills and abilities to support the long-term performance of our Company; and

Contribution as a member of our executive management team.

The Committee approved salary increases to the Named Executives, identified below in the Summary Compensation Table, as follows:

Named Executive	Effective Date	New Salary	% Increase
William G. Currie	February 1, 2009	\$578,476	3.0%
Michael B. Glenn	February 1, 2009	\$576,132	3.0%
Patrick M. Webster	January 1, 2009	\$317,500	24.5%
C. Scott Greene	February 1, 2009	\$292,891	3.2%
Michael R. Cole	February 1, 2009	\$252,000	5.0%

Patrick M. Webster became the President of our Company on January 1, 2009. Prior to that, and since January 1, 2008, Mr. Webster was President of our Western Division.

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The Committee utilizes available compensation information from other publicly held companies to make informed decisions regarding pay and benefit practices, including base salaries. Surveys prepared by management are also used to periodically ensure that our Company is maintaining its labor market competitiveness. The Committee does not currently engage any consultant for executive and/or director compensation matters.

Incentive Compensation. Our Performance Bonus Plan relies on annual Return on Investment (ROI) based incentive compensation to attract and retain our key employees. Our Performance Bonus Plan is based on the ROI for the applicable business unit. For the Named Executives, other than C. Scott Greene and Patrick M. Webster, their bonus is based on the ROI of the Company as a whole. The bonus for Messrs. Greene and Webster is based on the performance of their respective business units. The allocation of the bonus pool of the business unit for the Named Executives is discretionary. ROI is determined based on the business unit's pre-bonus operating profit less income taxes, divided by the average monthly investment of the business unit. Average investment is defined as the fiscal monthly average of inventory plus accounts receivable, plus net property, plant and equipment, plus intangibles, less accounts payable. The Committee has approved a bonus rate structure which provides for a percentage of pre-bonus operating profit to be available in a bonus pool for the benefit of key employees. The bonus pool for the business unit is calculated by multiplying the bonus rate corresponding to the business unit's ROI times the pre-bonus operating profit for the business unit.

In order to adjust for current negative market conditions and trends, and to ensure that we retain key employees needed to drive our performance during these challenging economic times, on August 4, 2008, the Committee adopted and approved revisions to our Performance Bonus Plan for salaried employees effective for fiscal years 2008, 2009, and 2010, and approved a long-term stock incentive for key personnel. The revisions have the effect of permitting a bonus to be paid as long as an operation is profitable. The Committee also reduced the maximum bonus from 2.0 times succeeding base salary to 1.75 times succeeding base salary. Individuals who receive a bonus of greater than 100% of base pay, and who do not meet the minimum stock ownership requirement, must use the cash bonus in excess of 100% of their base pay, net of taxes, to purchase shares of our common stock.

We expect a certain level of stock ownership by our key employees and directors to ensure the interests of our shareholders are protected, the specifics of which are set forth in our Minimum Stock Ownership Policy described below. In 2008, the Committee approved a conditional stock grant for key employees and outside directors which vest in five (5) years, subject to certain exceptions for death, disability, and retirement.

Chief Executive Officer. Michael B. Glenn was named Chief Executive Officer of our Company on July 1, 2006. The Committee annually reviews and establishes our Chief Executive Officer's base salary. His salary is based on comparable compensation data, the Committee's assessment of his past performance, and its expectation as to his future contributions in leading our Company. Mr. Glenn's base salary fell in the lower quartile of the salaries of comparable executives in our peer group. The Committee has complete discretion in setting base salary for Mr. Glenn (who does not have an employment agreement with our Company). For 2008, Mr. Glenn was eligible to receive 18% of the corporate business unit bonus pool. Mr. Glenn and Mr. Currie recommended that their bonus

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percentages be reduced to provide other salaried employees with a larger bonus. For 2009, Mr. Glenn is eligible to receive 18% of the corporate business unit bonus pool.

Executive Chairman. Mr. Currie was Chief Executive Officer until June 30, 2006 and is now our Executive Chairman. For 2008, Mr. Currie was eligible to receive 18% of the corporate business unit bonus pool. For 2009, Mr. Currie will be eligible to participate in the bonus pool for a pro rata share of the corporate business unit bonus pool.

On January 16, 2008, the Board ratified a Consulting and Non-Compete Agreement between our Company and William G. Currie (see the Other Potential Post-Employment Compensation section in this Proxy Statement), the substance of which was disclosed in 2007 and was filed with our Form 10-K for 2007. This Agreement will commence on July 21, 2009. The severance package calls for three annual payments equal to the average of Mr. Currie's base salary and bonus for the five years preceding the effective date. This amount is calculated at \$1,182,312 per year. He will also receive a stipend for the purchase of health insurance during the contract term.

Incentive Bonus Program. For our Named Executives, incentive compensation is paid annually as provided in our Performance Bonus Plan, as approved by the Committee. For fiscal 2009, we will continue to use the ROI-based Performance Bonus Plan.

Long-Term Stock Incentive Plan. In the past, we have provided long-term incentive compensation to our executive officers and key employees through stock options, grants of restricted shares, and other equity-based awards. The 1999 Long-Term Stock Incentive Plan (LTSIP) was approved by shareholders at our 1999 Annual Meeting of Shareholders. The Committee has complete discretion in determining eligibility for participation and the number of stock options and restricted stock, if any, to be granted to a participant. Due to the changes in accounting for stock options, the Committee decided not to grant broad-based stock options to salaried employees for 2006, 2007, or 2008. On January 15, 2008, the Committee authorized grants of conditional stock to eligible salaried employees, including the Named Executives, on the basis of one share for each \$500 in base salary, up to a maximum of 400 shares per eligible employee. The grants were made and valued as of February 8, 2008, are conditioned on the continued employment of the participants for three (3) years from the effective date, and will be issued no later than February 15, 2011.

We desire to promote ownership by our employees to encourage each employee to conduct business in the best long term interest of our shareholders. Therefore, in 2002 we created a Minimum Stock Ownership Policy. This policy sets requirements for ownership of our common stock by our officers and other key employees, as follows:

Title	Company Stock Ownership Requirement
Officers	\$ 200,000
General Manager of Operations	\$ 100,000
Operations Managers, Plant Managers, Sales Managers, Executive Managers, and Senior Managers	\$ 50,000

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To help our key employees (other than executive officers, who are not eligible to receive a loan once they become an executive officer) reach their minimum stock ownership requirement, we established an Executive Stock Purchase Assistance Plan (the ESPAP) under which key employees may borrow money from our Company to purchase stock with interest at the applicable rate.

We have a Deferred Compensation Plan (the DCP) which allows key employees to defer a portion of their compensation. Under the DCP, if a key employee's ownership of our common stock is not at the required level, any money the key employee defers must be used to purchase shares of our common stock. Such shares are purchased at a 15% discount from the then prevailing market price of our common stock. The key employee will receive a payout of the money in their DCP account one year from the date they leave our Company unless they retire or pass away, in which case the employee or his or her beneficiary will receive the funds within 90 days.

We also have an Employee Stock Purchase Plan (the ESPP) which allows an employee to have a payroll deduction or make a lump sum contribution, or both, for the purchase of our common stock. Shares of our common stock are purchased with the money in the employee's account on the last stock trading day of the quarter, at a 15% discount from the then prevailing market price of our common stock. All eligible employees with at least one year of service may participate in the ESPP.

We have a Stock Gift Program where each eligible employee receives a modest amount of our common stock on their specified service anniversaries with our Company.

Our stock ownership programs are designed to encourage employees to own shares of our common stock and therefore align the interests of our employees with those of our shareholders.

Our policy is to pay all earned compensation regardless of whether it exceeds the One Million Dollar (\$1,000,000.00) limitation on compensation deductions set forth in Section 162(m) of the Internal Revenue Code. To ensure the maximum tax deductibility for our Company, we received shareholder approval of our Performance Bonus Plan at our 1999 Annual Meeting of Shareholders.

Table of Contents**Summary Compensation Table**

The following table shows certain information regarding the compensation for our Chief Executive Officer, Chief Financial Officer, and our three other most highly compensated executive officers for fiscal 2008 (the Named Executives).

Name and Principal Position	Year	Salary (1)	Bonus	Stock Awards (2)	Option Awards (3)	Change in Pension Venue Incentive and Nonqualified Plan Compensation			Total
						(4) Earnings	Deferred Compensation	All Other Compensation (5)	
Michael B. Glenn, Chief Executive Officer	2008	\$ 559,332	\$ 1,340	0	\$ 69,105	\$ 103,000	0	\$ 36,460	\$ 769,237
	2007	463,545	1,907	0	81,548	0	0	40,238	587,238
	2006	413,234	29,098	\$ 427,108	85,549	878,016	0	53,412	1,886,417
William G. Currie, Executive Chairman	2008	561,576	398	0	133,264	103,000	0	1,189,432	1,987,670
	2007	536,794	1,357	0	163,182	0	0	412,956	1,114,289
	2006	534,902	26,378	402,967	140,789	1,073,348	0	86,339	2,264,723
Michael R. Cole,	2008	240,000	291						