LSB INDUSTRIES INC Form DEF 14A

June 08, 2006

	PROVALOMB Number:		-	-	•	Estimated SCHEDULE 14	-		-
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	1) Tit.		class of s	ecuritie	s to whi	ch transact	ion appli	Les:	

LSB INDUSTRIES, INC. 16 South Pennsylvania Avenue Post Office Box 754 Oklahoma City, OK 73101 FAX: (405) 235-5067

Notice of Annual Meeting of Stockholders To Be Held July 6, 2006

To the Stockholders of LSB Industries, Inc.

The Annual Meeting of the Stockholders of LSB Industries, Inc. (the "Company") will take place at the Company's offices located at 16 S. Pennsylvania Avenue, Oklahoma City, Oklahoma, on Thursday, July 6, 2006, at 11:30 a.m. (CDT), for the purpose of considering and acting upon the following matters:

- (1) The election of 4 nominees to the Board of Directors;
- (2) The ratification of the appointment of the independent registered public accounting firm; and
- (3) Any other business which properly may come before the meeting or any adjournment of the meeting.

The Board of Directors has fixed the close of business on May 15, 2006, as the record date for the determination of holders of the common stock and voting preferred stock of the Company entitled to receive notice of, and to vote at, the Annual Meeting.

To ensure the presence of a quorum at the Annual Meeting, please sign and promptly return the enclosed Proxy Card in the accompanying self-addressed envelope, which requires no postage if mailed in the United States.

The Company is distributing its 2005 Annual Report to Stockholders with the enclosed proxy soliciting material.

By order of the Board of Directors

David M. Shear *Secretary* 

Oklahoma City, Oklahoma June 7, 2006 LSB INDUSTRIES, INC. 16 South Pennsylvania Avenue Post Office Box 754 Oklahoma City, OK 73101

# PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

To Be Held July 6, 2006

#### SOLICITATION OF PROXIES

<u>Solicitation</u> This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of LSB Industries, Inc. (the "Company") of proxies to be voted at the Annual Meeting of Stockholders (the "Annual Meeting") to take place on Thursday, July 6, 2006, at 11:30 a.m. at the Company's offices located at 16 South Pennsylvania Avenue, Oklahoma City, Oklahoma and at any adjournment thereof. This Proxy Statement and the Proxy Card are being first sent to the stockholders of the Company on or about June 7, 2006.

The Company may use the services of its directors, officers, and employees to solicit proxies personally, by mail, the internet, or telephone, without additional compensation therefore. The Company will bear all of the costs of preparing, printing, assembling, and mailing this Proxy Statement and the Proxy Card and all of the costs of the solicitation of the proxies. The Company will also reimburse any bank, broker-dealer, or other custodian, nominee, or fiduciary for its reasonable expenses incurred in completing the mailing of proxy materials to the beneficial owners of the Company's Common Stock and voting Preferred Stock.

**Revocation of Proxy** Any stockholder giving his or her proxy may revoke it at any time before its exercise by (a) notifying the Secretary of the Company, by facsimile or in writing, (b) returning a later-dated proxy card, or (c) attending the Annual Meeting and voting in person.

<u>Stockholder Proposals</u> In order to be considered for inclusion in the proxy materials for the Company's 2007 Annual Meeting of Stockholders, any proposal of a stockholder intended to be presented at such meeting must be delivered in writing to the Secretary of the Company no later than February 7, 2007.

#### STOCKHOLDERS ENTITLED TO VOTE

Record Date and Voting Securities Only the record holders of shares of the Common Stock and voting Preferred Stock of the Company, as of the close of business on May 15, 2006 (the "Record Date"), will have the right to receive notice of, and to vote at, the Annual Meeting. As of the close of business on the Record Date, the Company had the following shares of Common Stock and voting Preferred Stock issued and outstanding: (a) 13,780,856 shares of Common Stock (excluding 3,324,889 shares held in treasury); (b) 809 shares of Convertible Noncumulative Preferred Stock; (c) 20,000 shares of Series B 12% Cumulative Convertible Preferred Stock ("Series B Preferred"); and (d) 1,000,000 shares of Series D 6% Cumulative Convertible Preferred Stock ("Series D Preferred"). Each stockholder of record, as of the Record Date, will have one vote for each share of Common Stock and voting Preferred Stock of the Company (except each share of Series D Preferred will have .875 of one vote) that the stockholder owned as of the Record Date.

All shares of Common Stock and voting Preferred Stock will vote together as a single class on all matters coming before the Annual Meeting, and a majority of all of the outstanding shares of Common Stock and voting Preferred Stock of the Company, represented as a single class, entitled to notice of, and to vote at, the Annual Meeting,

represented in person or by proxy, will constitute a quorum for the meeting.

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Votes will be tabulated by an inspector of election appointed by the Company's Board of Directors. Pursuant to the General Corporation Law of the State of Delaware, only votes cast "For" a matter constitute affirmative votes, except proxies in which the stockholder fails to make a specification as to whether he votes "For", "Against", "Abstains" or "Withholds" as to a particular matter shall be considered as a vote "For" that matter. Votes in which the stockholder specifies that he is "Withholding" or "Abstaining" from voting are counted for quorum purposes, but will not be counted as votes cast on such matter. Broker non-votes are counted for quorum purposes, but are not considered as votes "For" a particular matter.

There were no stockholder proposals submitted for the Annual Meeting. The Board of Directors does not intend to bring any matter before the Annual Meeting other than matters specifically referred to in the notice of the Annual Meeting, nor does the Board of Directors know of any other matter that anyone else proposes to present for action at the Annual Meeting. However, if any other matter is properly brought before the Annual Meeting, the persons named in the accompanying proxy or their duly constituted substitutes acting at the Annual Meeting will be deemed authorized to vote or otherwise act thereon in accordance with their judgment on such matter.

#### PROPOSAL 1

#### **ELECTION OF DIRECTORS**

<u>General</u> The Board of Directors has nominated Robert C. Brown, M.D., Barry H. Golsen, David R. Goss, and John A. Shelley to serve a three-year term expiring in 2009. Each of the nominees is presently serving as a director of the Company.

If any of the nominees become unable or unwilling to serve for good cause (an event which the Board of Directors does not anticipate), the person or persons named in the Proxy Card as the proxies will vote for the election of the person or persons recommended by a majority of the independent directors then serving on the Board of Directors. The proxies cannot be voted for a greater number of persons than the number of nominees.

The Certificate of Incorporation and By-laws of the Company provide for the division of the Board of Directors into three classes, each class consisting as nearly as possible of one-third of the whole. The term of office of one class of directors expires each year, with each class of directors elected for a term of three years and until their successors are duly elected and qualified. Messrs. Brown, Golsen, Goss and Shelley are in the class whose term is expiring as of the Annual Meeting.

The Company's By-laws provide that the Board of Directors, by resolution from time to time, may fix the number of directors that shall constitute the whole Board of Directors. The By-laws presently provide that the number of directors may consist of not less than three nor more than thirteen. The Board of Directors currently consists of thirteen members.

The terms of the Company's \$3.25 Convertible Exchangeable Class C Preferred Stock, Series 2 ("Series 2 Preferred") provide that whenever dividends on the Series 2 Preferred are in arrears and unpaid in an amount equal to at least six quarterly dividends: (a) the number of members of the Board of Directors of the Company shall be increased by two effective as of the time of election of such directors; (b) the Company shall, upon the written request of the record holders of at least 10% of the shares of Series 2 Preferred, call a special meeting of the Series 2 Preferred holders for the purpose of electing such two additional directors; (c) the Series 2 Preferred holders have the exclusive right to vote for and elect such two additional directors; and (d) the term of office of such directors will terminate immediately upon the termination of the right of the Series 2 Preferred holders to vote for such two additional directors, subject to the requirements of Delaware law. In 2002, the holders of the Series 2 Preferred

elected Grant J. Donovan and Dr. N. Allen Ford to serve as directors pursuant to the terms of the Series 2 Preferred. The Series 2 Preferred holders have the right to remove without cause at any time and replace either of the two directors that the Series 2 Preferred holders have elected.

Approval of each nominee for election to the Board of Directors will require the affirmative vote of a plurality of the votes cast by the holders of the voting securities of the Company, voting together as one class.

The following sets forth certain information regarding the nominees and all other directors whose term will continue after the Annual Meeting.

#### **Nominees:**

**Robert C. Brown, M.D.**, age 75. Dr. Brown first became a director in 1969. His term will expire as of this annual meeting. Dr. Brown has practiced medicine for many years and is Vice President and Treasurer of Plaza Medical Group, P.C. and President and Chief Executive Officer of ClaimLogic L.L.C. Dr. Brown is a graduate of Tufts University and received his medical degree from Tufts University after which he spent two years in the United States Navy as a doctor and over three years at the Mayo Clinic.

**Barry H. Golsen, J.D.**, age 55. Mr. Golsen first became a director in 1981. His term will expire as of this annual meeting. Mr. Golsen was elected President of the Company in 2004. Mr. Golsen has served as our Vice Chairman of the Board of Directors since August 1994, and has been the President of our Climate Control Business for more than five years. Mr. Golsen has both his undergraduate and law degrees from the University of Oklahoma.

**David R. Goss**, age 65. Mr. Goss first became a director in 1971. His term will expire as of this annual meeting. Mr. Goss, a certified public accountant, is our Executive Vice President of Operations and has served in substantially the same capacity for more than five years. Mr. Goss is a graduate of Rutgers University.

**John A. Shelley**, age 55. Mr. Shelley first became a director in 2005. His term will expire as of this annual meeting. Mr. Shelley is the President and Chief Executive Officer of The Bank of Union ("Bank of Union") located in Oklahoma. He has held this position since 1997. Prior to 1997, Mr. Shelley held various senior level positions in financial institutions in Oklahoma including the position of President of Equity Bank for Savings, N.A., a savings and loan that was previously owned by the Company. Mr. Shelley is a graduate of the University of Oklahoma.

# THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THE FOUR NOMINEES AS DIRECTORS OF THE COMPANY

#### **Continuing Directors:**

Raymond B. Ackerman, age 83. Mr. Ackerman first became a director in 1993. His term will expire in 2008. From 1972 until his retirement in 1992, Mr. Ackerman served as Chairman of the Board and President of Ackerman McQueen, Inc., the largest advertising and public relations firm headquartered in Oklahoma. He currently serves as Chairman Emeritus of the firm. He retired as a Rear Admiral in the United States Naval Reserve. He is a graduate of Oklahoma City University, and in 1996, was awarded an honorary doctorate from the school. He was elected to the Oklahoma Commerce and Industry Hall of Honor in 1993.

**Charles A. Burtch**, age 70. Mr. Burtch first became a director in 1999. His term will expire in 2007. Mr. Burtch was formerly Executive Vice-President and West Division Manager of BankAmerica, where he managed BankAmerica's asset-based lending division for the western third of the United States. He retired in 1998 and has since been engaged as a private investor. Mr. Burtch is a graduate of Arizona State University.

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**Jack E. Golsen**, age 77. Mr. Golsen first became a director in 1969. His term will expire in 2007. Mr. Golsen, founder of the Company, is our Chairman of the Board of Directors and Chief Executive Officer and has served in that capacity since our inception in 1969. Mr. Golsen served as our President from 1969 until 2004. During 1996, he was inducted into the Oklahoma Commerce and Industry Hall of Honor as one of Oklahoma's leading industrialists. Mr. Golsen has a Bachelor of Science degree from the University of New Mexico in biochemistry.

Bernard G. Ille, age 79. Mr. Ille first became a director in 1971. His term will expire in 2008. Mr. Ille served as President and Chief Executive Officer of United Founders Life from 1966 to 1988. He served as President and Chief Executive Officer of First Life Assurance Company from 1988, until it was acquired by another company in 1994. During his tenure as President of these two companies, he served as Chairman of the Oklahoma Guaranty Association for ten years and was President of the Oklahoma Association of Life Insurance Companies for two terms. He is a director of Landmark Land Company, Inc., which was the parent company of First Life. He is also a director for Quail Creek Bank, N.A. Mr. Ille is currently President of BML Consultants and a private investor. He is a graduate of the University of Oklahoma.

**Horace G. Rhodes**, age 78. Mr. Rhodes first became a director in 1996. His term will expire in 2007. Mr. Rhodes is the Chairman of the law firm of Kerr, Irvine, Rhodes & Ables and has served in such capacity and has practiced law for many years. From 1972 until 2001, he served as Executive Vice President and General Counsel for the Association of Oklahoma Life Insurance Companies and since 1982 served as Executive Vice President and General Counsel for the Oklahoma Life and Health Insurance Guaranty Association. Mr. Rhodes received his undergraduate and law degrees from the University of Oklahoma.

**Tony M. Shelby,** age 64. Mr. Shelby first became a director in 1971. His term will expire in 2008. Mr. Shelby, a certified public accountant, is our Executive Vice President of Finance and Chief Financial Officer, a position he has held for more than five years. Prior to becoming our Executive Vice President of Finance and Chief Financial Officer, he served as Chief Financial Officer of a subsidiary of the Company and was with the accounting firm of Arthur Young & Co., a predecessor to Ernst & Young LLP. Mr. Shelby is a graduate of Oklahoma City University.

**Donald W. Munson,** age 73. Mr. Munson first became a director in 1997. His term will expire in 2008. From 1988, until his retirement in 1992, Mr. Munson served as President and Chief Operating Officer of Lennox Industries. Prior to 1998, he served as Executive Vice President of Lennox Industries' Division Operations, President of Lennox Canada and Managing Director of Lennox Industries' European Operations. Prior to joining Lennox Industries, Mr. Munson served in various capacities with the Howden Group, a company

located in Scotland, and The Trane Company, including serving as the managing director of various companies within the Howden Group and Vice President Europe for The Trane Company. He is currently a consultant. Mr. Munson is a resident of England. He has degrees in mechanical engineering and business administration from the University of Minnesota.

# **Continuing Directors elected by the holders of Series 2 Preferred:**

Grant J. Donovan, age 49. Mr. Donovan first became a director in 2002. Mr. Donovan is President and founder of Galehead, Inc., a company specializing in the collections of accounts receivable in the international maritime trade business. Prior to forming Galehead, Inc., Mr. Donovan was a partner in a real estate development firm specializing in revitalizing functionally obsolete industrial buildings. Mr. Donovan received his MBA from Stanford University and his undergraduate degree in Civil Engineering from the University of Vermont. He currently is on the board of directors of EngenderHealth, a 50 year-old international aid organization focused on improving women's healthcare.

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**Dr. N. Allen Ford**, age 63. Dr. Ford first became a director in 2002. Dr. Ford joined the University of Kansas in 1976 where his teaching and research duties focus mainly on taxation. At the University of Kansas, Professor Ford has won several teaching awards and is the Larry D. Horner/KPMG Peat Marwick Distinguished Professor of Accounting. Dr. Ford teaches the following courses in taxation: individual, corporate, partnership, S corporation, gift and estate tax. He is active in professional organizations such as the American Taxation Association and the American Accounting Association. He received his Ph.D. in Accounting from the University of Arkansas.

**Board Independence** The Board of Directors has determined that each of Messrs. Ackerman, Burtch, Donovan, Ford, Ille, Munson and Rhodes is an "independent director" in accordance with the current listing standards of the American Stock Exchange (the "AMEX"). In connection with the Board's determination as to whether John A. Shelley is independent, the Board considered, in addition to any transactions between the Company and Mr. Shelley discussed under "Certain Relationships and Related Transactions", that the Bank of Union, of which Mr. Shelley is President and Chief Executive Officer, has substantial outstanding loans to Jack E. Golsen, members of his immediate family, and/or entities in which Mr. Golsen and his immediate family own or control (the "Golsen Group") and the Golsen Group's pledge of shares of LSB common stock, among other things, to secure these loans.

<u>Certain Committees and Meetings of the Board of Directors</u> The Board of Directors of the Company held ten meetings in 2005. During 2005, no director attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings held by all committees of the Board of Directors on which he served, except for Messrs. Donovan, Ford and Munson who attended 64%, 73% and 73%, respectively, of such meetings.

The Company has an Executive Compensation and Option Committee and an Audit Committee. The Company does not have a nominating committee.

The Company's Executive Compensation and Option Committee sets the compensation of all officers of the Company. The members of the Executive Compensation and Option Committee are the following non-employee directors: Mr. Ille and Mr. Rhodes. During 2005, the Executive Compensation and Option Committee had two meetings.

The Company's Audit Committee assists the Board of Directors in monitoring the integrity of the financial statements of the Company, the independent registered public accounting firm's qualifications and independence, the performance of the Company's internal audit function and independent registered public accounting firm, and the Company's compliance with legal and regulatory requirements. In carrying out these purposes, the Audit Committee, among other things:

- · appoints, evaluates, and approves the compensation of, the Company's independent registered public accounting firm;
- · pre-approves all auditing services and permitted non-audit services; annually considers the qualifications and independence of the independent registered public accounting firm;
- · reviews recommendations of independent registered public accounting firm concerning the Company's accounting principles, internal controls and accounting procedures and practices;
  - · reviews and approves the scope of the annual audit;
- · reviews and discusses with the independent registered public accounting firm the audited financial statements; · performs such other duties as set forth in the Audit Committee Charter
- · reviews and discusses with the independent registered public accounting firm the unaudited quarterly financial statements.

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The members of the Audit Committee are Messrs. Ille, Burtch, Rhodes, and Ackerman. The Board has determined that each member of the Audit Committee is independent, as defined in the current listing standards of the AMEX and Section 10A-3 of the Securities Act of 1933, as amended. During 2005, the Audit Committee had seven meetings. The Audit Committee operates under a written charter.

Nominations of Directors The Board of Directors does not have a standing nominating committee. The Board believes that the Company is best served by having all of its independent directors serve in the capacity of a nominating committee. Accordingly, each director nominee must be selected or recommended for the Board's nomination by a majority of the independent directors of the Board. Upon recommendation by a majority of the independent directors participate in the consideration of director nominees. In considering candidates for directorship, the independent directors consider the entirety of each candidate's credentials, but do not have any specific minimum qualifications that must be met by a candidate in order to be recommended as a nominee.

In March 2002, the holders of the Company's Series 2 Preferred elected Dr. N. Allen Ford and Mr. Grant Donovan to serve as members of the Company's Board of Directors pursuant to the terms of the Series 2 Preferred.

The By-laws of the Company provide that only persons nominated by or at the direction of: (a) the Board of Directors of the Company, or (b) any stockholder of the Company entitled to vote for the election of the directors that complies with certain notice procedures, shall be eligible for election as a director of the Company. In accordance with our By-laws, the Board of Directors will consider director nominations submitted by a stockholder if the stockholder gives written notice of the proposed nomination to the Secretary of the Company at the Company's principal executive office not less than 50 days prior to the date of the meeting of stockholders to elect directors; except, if less than 60 days' notice or prior disclosure of the date of such meeting is given to the stockholders, then written notice by the stockholder must be received by the Secretary of the Company not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. In addition, if the stockholder proposes to nominate any person, the stockholder's written notice to the Company must provide all information relating to such person that is required to be disclosed in solicitation of proxies pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

Communication with the Board of Directors and Directors Attendance at Annual Meetings The Company's Board of Directors believes that it is important for the Company to have a process whereby its stockholders may send communications to the Board. Accordingly, stockholders who wish to communicate with the Board of Directors or a particular director may do so by sending a letter to David Shear, Senior Vice President, General Counsel and Secretary at 16 S. Pennsylvania Avenue, Oklahoma City, OK 73107. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Stockholder-Board Communication" or "Stockholder-Director Communication." All such letters must identify the author as a stockholder and clearly state whether the intended recipients are all members of the Board of Directors or only certain specified individual directors. Mr. Shear will make copies of all such letters and circulate them to the appropriate director or directors. Although the Company does not currently have a policy with respect to the attendance of its directors at the Annual Meeting, the Company encourages each of its directors to attend whenever possible. A majority of the directors attended the Company's 2005 Annual Meeting of Stockholders.

<u>Code of Ethics</u> The Chief Executive Officer, the Chief Financial Officer, the Principal Accounting Officer and the controller of the Company, and each of our subsidiaries, or persons performing similar functions, are subject to our Code of Ethics.

We and all our subsidiary companies have adopted a Statement of Policy Concerning Business Conduct applicable to our employees. This policy was amended in May 2005. Our Amended Statement of Policy Concerning Business Conduct and the Code of Ethics is available on our website at http://www.lsb-okc.com. We will post any amendments to these documents, as well as any waivers that are required to be disclosed pursuant to the rules of either the Securities and Exchange Commission or the AMEX, on our website.

<u>Compensation of Directors</u> In 2005, we compensated our non-employee directors for their services as directors on our Board. Certain non-employee directors also served on the Board of Directors of our subsidiary, ThermaClime, without additional compensation. Our non-employee directors also received compensation for each meeting of the Board of Directors attended during 2005. The aggregate compensation paid in 2005 to our Directors for Board-related services was \$218,660.

Mr. Ackerman received additional compensation for his services on the Audit and Public Relations and Marketing Committees. Dr. Brown received additional compensation for his services on the Benefits and Programs Committee and as a medical director for the Company's employee medical plan. Mr. Burtch received additional compensation for his services on the Audit Committee. Mr. Ille received additional compensation for his services on the Audit, Public Relations and Marketing, and Executive Compensation and Option Committees. Mr. Munson received additional compensation for consulting services in connection with developing our European business. Mr. Rhodes received additional compensation for his services on the Audit and Executive Compensation and Option Committees.

In 2005, the non-employee directors of the Company were eligible to receive options to purchase the Company's Common Stock under the Outside Directors Stock Purchase Plan. The Company did not grant options under this plan during 2005.

The following table shows the compensation of our non-employee directors during 2005:

	Con	nmittee	Director						
		and	Services						
	Consulting								
	Services								
Mr.	\$	20,000	\$	12,500					
Ackerman									
Dr. Brown	\$	20,000	\$	12,500					
Mr. Burtch	\$	20,000	\$	12,000					
Mr.	\$	-	\$	12,500					
Donovan									
Dr. Ford	\$	-	\$	12,000					
Mr. Ille	\$	20,000	\$	12,000					
Mr.	\$	15,160	\$	11,500					
Munson									
Mr. Rhodes	\$	20,000	\$	12,500					
Mr. Shelley	\$	-	\$	6,000					

<u>Audit Committee Report</u> Management has the primary responsibility for the financial statements and the reporting process, including the system of internal control; the Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report with management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements.

The Committee reviewed with the independent registered public accounting firm, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's

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accounting principles and such other matters as are required to be discussed with the Committee under generally accepted auditing standards (including Statement on Auditing Standards No. 61). In addition, the Committee has discussed with the independent registered public accounting firm the auditors' independence from management and the Company, and has received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by the Independence Standards Board (including Independence Standards Board Standard No. 1), and considered the compatibility of nonaudit services with the auditors' independence.

The Committee discussed with the Company's internal auditors and independent registered public accounting firm the overall scope and plans for their respective audits. The Committee meets with the internal auditors and independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal control, and the overall quality of the Company's financial reporting. The Committee held seven meetings during 2005.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2005 for filing with the Securities and Exchange Commission. The Committee appointed Ernst & Young LLP as the Company's independent registered public accounting firm for 2006.

#### **Members of the Committee:**

Bernard G. Ille (Chairman) Horace G. Rhodes Charles A. Burtch Raymond B. Ackerman

Notwithstanding anything to the contrary set forth in the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate by reference previous or future filings, including this Proxy Statement, in whole or in part, the foregoing report of the Audit Committee and any statements regarding the independence of the Audit Committee members shall not be incorporated by reference into any such filings.

# Fees Paid to Independent Registered Public Accounting Firm

#### **Audit Fees**

The aggregate fees billed by Ernst & Young LLP for professional services rendered for the audit of the Company's annual financial statements for the fiscal years ended December 31, 2005 and 2004, for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for those fiscal years, and for review of documents filed with the Securities and Exchange Commission for those fiscal years were approximately \$734,500 and \$613,500, respectively.