

NATIONAL PRESTO INDUSTRIES INC  
Form DEF 14A  
April 08, 2009

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

**SCHEDULE 14A**

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

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

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
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- Soliciting Material Pursuant to § 240.14a-12

**National Presto Industries, Inc.**

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(Name of Registrant as Specified In Its Charter)

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**National Presto Industries, Inc.**  
**Eau Claire, Wisconsin 54703**

**April 8, 2009**

Dear Shareholder:

Enclosed with this letter you will find the Notice of Annual Meeting of Stockholders and a Proxy Statement that includes information about the matters to be acted upon. We will hold the meeting at our offices in Eau Claire on May 19, 2009.

We sincerely hope that you will be able to be present to meet the management of your company, see any new products that may be displayed at the meeting, and approve the nominee for director of your company. If, however, you find that you are unable to attend the meeting in person, we urge that you participate by voting your stock by proxy. You may cast your vote by signing and returning the enclosed proxy card.

Enclosed with this proxy, you should have received our annual report for 2008, which contains a description of our business and also includes audited financial statements for that year. If you did not receive a copy of the 2008 annual report, a copy will be made available at no charge by contacting us at 1-800-945-0199.

**We are always pleased to hear from our stockholders, and if you cannot be present in person at the meeting, we would be happy to have your letters expressing your viewpoints on our products and businesses or to answer any questions that you might have regarding**

your Company.

Chair of the Board and President

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**NATIONAL PRESTO INDUSTRIES, INC.**  
3925 North Hastings Way  
Eau Claire, Wisconsin 54703

**Notice of Annual Meeting of Stockholders**

TO THE STOCKHOLDERS OF NATIONAL PRESTO INDUSTRIES, INC.:

The Annual Meeting of Stockholders of National Presto Industries, Inc. will be held at the offices of National Presto, 3925 North Hastings Way, Eau Claire, Wisconsin 54703, on Tuesday, May 19, 2009, at 2:00 p.m. (CDT), for the following purposes:

(1) to elect Maryjo Cohen as a director for the term ending at the annual meeting to be held in 2012, and

(2) to transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on March 19, 2009, will be entitled to vote at the meeting and any adjournment thereof.

Randy Lieble  
Secretary

April 8, 2009

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY  
MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS ON  
MAY 19, 2009.**

Our Notice of Annual Meeting of Stockholders, Proxy Statement and 2008 Annual Report on Form 10-K are available on the National Presto website at [www.gopresto.com/proxy](http://www.gopresto.com/proxy).

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**NATIONAL PRESTO INDUSTRIES, INC.**  
3925 North Hastings Way  
Eau Claire, Wisconsin 54703

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 19, 2009**

The accompanying proxy is solicited by the Board of Directors of National Presto Industries, Inc. (the Company), for use at the Annual Meeting of Stockholders to be held at 3925 North Hastings Way, Eau Claire, Wisconsin 54703 on May 19, 2009, at 2:00 p.m. (CDT) (the

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Annual Meeting ), and any adjournment thereof. When such proxy is properly executed and returned, the shares it represents will be voted at the meeting and at any adjournment thereof. Any stockholder giving a proxy has the power to revoke it at any time before it is voted. Presence at the meeting of a stockholder who has signed a proxy does not alone revoke that proxy. The proxy may be revoked by returning a later dated proxy, giving written notice of revocation to the Secretary of the Company, or attending the Annual Meeting and voting in person.

At the Annual Meeting stockholders will be asked:

(1) to elect Maryjo Cohen as a director for the term ending at the annual meeting to be held in 2012, and

(2) to transact such other business as may properly come before the meeting.

Only stockholders of record as of the close of business on March 19, 2009, will be entitled to vote at the Annual Meeting. The presence in person or by proxy of holders of a majority of the shares of stock entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business. Abstentions and proxies submitted by brokers who do not have authority to vote on certain matters will be considered present at the Annual Meeting for purposes of determining a quorum. The approximate date on which this proxy statement and form of proxy were first mailed to stockholders is April 8, 2009.

Directors are elected by a plurality of the votes cast, which means the individual receiving the largest number of votes will be elected directors as chosen in the election. Therefore, shares voted as withhold authority to vote will have no effect on the election of the directors.

1

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company has 6,853,103 shares of common stock outstanding and entitled to vote as of the close of business on the record date, March 19, 2009. Each share of common stock is entitled to one vote.

The following table sets forth information as to beneficial ownership of the Company's common stock as of the record date by (i) each person known to the Company to hold more than 5% of such stock, (ii) each director, (iii) each executive officer named in the Summary Compensation Table, and (iv) all directors and officers as a group. Unless otherwise indicated, all stockholders listed in the table have sole voting and investment power with respect to the shares owned by them.

Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Common Stock
Maryjo Cohen	2,061,677 <sup>(1)</sup>	30.1%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	353,429 <sup>(2)</sup>	5.16%
Renaissance Technologies LLC 800 Third Avenue New York, NY 10022	359,100 <sup>(3)</sup>	5.24%
Barclays Global Investors, NA 400 Howard Street San Francisco, CA 94105	412,949 <sup>(4)</sup>	6.03%
Royce & Associates, LLC 1414 Avenue of the Americas New York, NY 10019	853,916 <sup>(5)</sup>	12.46%
Donald E. Hoeschen	145 <sup>(6)</sup>	*
Lawrence J. Tienor	1,352 <sup>(6)</sup>	*
Randy F. Lieble	378	*

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Joseph G. Stienessen		
Richard N. Cardozo		
Patrick J. Quinn	200	*
Ian M. Kees	110 <sup>(6)</sup>	*
All officers and directors as a group (8 persons)	2,063,862	30.1%

(\*) Represents less than 1% of the outstanding shares of common stock of the Company.

(1) Includes 100,975 shares owned by the L.E. Phillips Family Foundation, Inc., a private charitable foundation of which Ms. Cohen is an officer and director and as such exercises shared voting and investment powers; 1,669,664 shares held in a voting trust described in the section below captioned "Voting Trust Agreement," in which Ms. Cohen has sole voting power over all of these shares; and 288,939 shares owned by private charitable foundations (other than the Phillips Foundation) of which Ms. Cohen is a co-trustee, officer, or director, and as such exercises shared voting and investment powers; and 2,099 shares held in a 401(k) account that were contributed into the account by the Company through the Company's contribution. Ms. Cohen disclaims beneficial ownership of the shares owned or held in trust for any other person, including family members, trusts, or other entities with which she may be associated.

2

(2) Based on an amended Schedule 13G filed with the SEC on February 9, 2009. According to this filing, Dimensional Fund Advisors LP ( "Dimensional" ) is deemed to beneficially own 353,429 shares, with sole voting power as to 345,329 shares and sole dispositive power as to 353,429 shares. Dimensional disclaims beneficial ownership of the shares.

(3) Based on a Schedule 13G filed with the SEC on February 13, 2009. According to this filing, James H. Simons beneficially owns 359,100 shares because of his position as control person of Renaissance Technologies LLC ( "RTC" ). RTC and Mr. Simons have sole voting power as to 352,200 shares and sole dispositive power as to 359,100 shares.

(4) Based on a Schedule 13G filed with the SEC on February 5, 2009. Barclays Global Investors, NA beneficially owns 200,682 shares, with sole voting power as to 181,047 shares and sole dispositive power as to 200,682 shares. Barclays Global Fund Advisors beneficially owns 208,834 shares, with sole voting power as to 154,273 shares and sole dispositive power as to 208,834 shares. Barclays Global Investors, Ltd. beneficially owns 3,433 shares, with sole voting power as to 350 shares and sole dispositive power as to 3,433 shares.

(5) Based on an amended Schedule 13G filed with the SEC on January 27, 2009.

(6) These figures represent shares of common stock that are owned by the individuals in their 401(k) accounts and that were contributed into such accounts by the Company.

### Section 16 (a) Beneficial Ownership Reporting Compliance

Based upon a review of Forms 3, 4 and 5 and any amendments thereto filed with the SEC pursuant to Section 16(a) of the Securities and Exchange Act of 1934, the Company believes the reporting persons have filed timely reports during the fiscal year ended December 31, 2008, except that a report of one transaction by Mr. Hoeschen was filed after the regulatory deadline.

### Voting Trust Agreement

Ms. Cohen and seven other persons comprising extended family members and related trusts, have entered into a voting trust agreement with respect to the voting of an aggregate of 1,669,664 shares of common stock of the Company. The voting trust agreement will terminate on November 3, 2027 unless sooner terminated by the voting trustee or unanimous written consent of all the parties to the voting trust agreement, or unless extended by unanimous written consent by all parties to the agreement. The voting trustee under the agreement is Maryjo Cohen. Under the agreement, the voting trustee exercises all rights to vote the shares subject to the voting trust with respect to all matters presented for shareholder action.

## PROPOSAL ELECTION OF DIRECTORS

One Director is to be elected at the Annual Meeting for a term to expire at the 2012 Annual Meeting. The Restated Articles of Incorporation as amended and the Bylaws of the Company currently provide for five directors, divided into three classes with two classes of two directors and one class of one director and the term of office of one class expiring each year. At each Annual Meeting, successors of the class whose term of office expires in that year are elected for a three-year term. The nominee(s) who receive the highest number of votes will be elected director(s) of the Company for the three-year term commencing at the Annual Meeting. Upon recommendation of the Nominating/Corporate Governance Committee, the Board of Directors has nominated Maryjo Cohen for a term which will expire at the annual meeting to be held in 2012.

The Board of Directors has determined that each of Messrs. Cardozo, Quinn and Stienessen qualify as an independent director as defined by the rules of the New York Stock Exchange. The Board has determined that Messrs. Cardozo, Quinn and Stienessen do not have a relationship with the Company, other than as a Director, and are therefore independent.

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Unless otherwise directed, the proxies solicited by the Board of Directors will be voted for the election of the Director nominee named above. The Company believes that the nominee named above will be able

3

to serve; but should the nominee be unable to serve as a director, the proxies will be voted for the election of such substitute nominee as the Board may propose.

Melvin Cohen, the former Chairman and CEO of the Company, who was elected as a Director at the 2007 annual meeting died on December 16, 2008. The Company has appointed Randy Lieble to the Board effective December 22, 2008 to fill the unexpired term of Mr. Cohen's board seat.

### Information Concerning Directors and Nominees

The following table provides information as to the directors and nominees of the Company.

Director	Age	Principal Occupation; Business Experience Past 5 Years <sup>(1)</sup>	Director Since	Director's Term To Expire
Maryjo Cohen (Nominee)	56	Chair of the Board, President and Chief Executive Officer of the Company since May 1994	1988	2012 <sup>(2)</sup>
Richard N. Cardozo	73	Professor Emeritus, Carlson School of Management, University of Minnesota; Senior Scholar, Florida International University; Adjunct Professor, University of Miami; Chairman, Brown-Stone Distributing	1998	2010
Patrick J. Quinn	59	Chairman and President, Ayres Associates, an engineering firm, since January 2001 and April 2000 respectively; Director, Wisconsin Capital Funds, Inc. (a SEC regulated mutual fund company)	2001	2010
Randy F. Lieble	55	Vice President, Chief Financial Officer, Treasurer of the Company since September 2008 and Secretary since January 2009; former director of the Company from December 2006 to August 2007; former Vice President from October 2004, CFO from November 1999 and Treasurer from November 1995 to August 2007	2008	2011
Joseph G. Stienessen, CPA	64	Self employed as an accounting advisor and consultant since July 2007; Former principal with Larson, Allen, Weishair and Company, LLP, a CPA firm, from October 2004 to July 2007; prior to November 2003, was Managing Partner of Stienessen, Schlegel and Company, LLC	2005	2011

The Board of Directors recommends that shareholders vote **FOR** the nominee listed.

- (1) None of the directors held outside directorships with the exception of Mr. Quinn who holds a directorship with his employer and also directorships with Wisconsin Capital Funds, Inc. (an SEC regulated mutual fund company), Future Wisconsin Housing (a non-profit housing owner/developer), the Eau Claire Community Foundation (a non-profit), and Keystone Corporation (a for profit 505 owned subsidiary of Mr. Quinn's employer).
- (2) Expiration of term if elected.

4

### Vote Required and Other Information

The affirmative vote of the holders of a plurality of the shares of the common stock of the Company represented at the Annual Meeting in person or by proxy is required for the election of the Director nominee. Proxies solicited herewith will be voted in accordance with instructions given. When specific instructions are not given, such proxies will be voted **FOR** the election of the above nominee.

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During 2008, there were two Board of Directors meetings. Each of the Directors attended all of the meetings of the Board of Directors, the 2008 Annual Meeting of Shareholders and all meetings of committees on which that Director served with one exception. Mr. Cohen did not attend the Board and Annual Shareholders Meetings that occurred in 2008. The attendance policy for members of the Board of Directors may be reviewed in the Corporate Governance Guidelines document found on the Company's website located at [www.gopresto.com](http://www.gopresto.com).

The Company has Audit, Compensation, and Nominating/Corporate Governance Committees consisting of Messrs. Cardozo, Quinn, and Stienessen, each an independent director as defined by the rules of the New York Stock Exchange. During 2008, the Audit Committee held five formal meetings. The Board has determined that Mr. Stienessen qualifies as an Audit Committee Financial Expert under SEC rules. The Nominating/Corporate Governance Committee met once in 2008. The Compensation Committee had one meeting in 2008.

The purpose of the Compensation Committee is to discharge the Board's responsibilities relating to the CEO's compensation and make recommendations regarding the compensation of other executives, including review of the succession plans for the chief executive officer and other senior executives. Activities of the Compensation Committee shall be consistent with the Company's overall direction and purpose regarding executive compensation as set forth in its charter. See also Compensation Discussion and Analysis for a further description of the functions performed by the Compensation Committee. The purpose of the Nominating/Corporate Governance Committee is to identify individuals qualified to become Board members in accordance with the criteria described below, and to take such other action consistent with provisions in its charter. The Nominating/Corporate Governance Committee is also responsible for advising the Board on corporate governance matters, which include developing and recommending to the Board corporate governance principles, overseeing the self evaluation process for the Board and its committees, and such other functions as set forth in its charter.

Charters of the Nominating/Corporate Governance, Compensation, and Audit Committees; the Corporate Governance Guidelines; and the Corporate Code of Conduct are set forth in the Corporate Governance section of the Company's website located at [www.gopresto.com](http://www.gopresto.com), and are available in print upon request.

The Company's Board of Directors has established a process whereby stockholders and other interested parties may send communications to the Board of Directors, as well as to the presiding Director (Mr. Cardozo) of executive sessions attended by only non-management Directors. The presiding Director may be reached by mailing a letter to: Independent Directors, Attn: Presiding Director, National Presto Industries, Inc., 3925 N. Hastings Way, Eau Claire, WI 54703. The manner in which stockholders and other interested parties can send communications to the Board is set forth in the corporate governance section of the Company's website located at [www.gopresto.com](http://www.gopresto.com).

5

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In identifying prospective director candidates, the Nominating/Corporate Governance Committee (herein the Nominating Committee) considers its personal contacts, recommendations from shareholders, and recommendations from business and professional sources, but has not historically paid a fee to any third party. The Nominating Committee's policy is to consider qualified candidates for positions on the Board recommended in writing by shareholders. Shareholders wishing to recommend candidates for future Board membership should submit the recommendations in writing to the Secretary of the Company no later than January 14, 2010, with the submitting shareholder's name and address and pertinent information about the proposed nominee similar to that required by the by-laws in connection with a nomination to be made from the floor. When evaluating the qualifications of potential new Directors, or the continued service of existing Directors, the Nominating Committee considers a variety of criteria, including the individual's reputation for honesty and integrity; respect from leaders and the general citizenry in the community in which the individual resides; the individual's knowledge of business principles and intellectual capacity to quickly grasp and understand the intricacies of the Company's businesses; attainment of official status with a leading company, agency, educational institution, or other form of enterprise; accessibility geographically and otherwise for meetings; specialized skills or expertise; diversity of background; independence; financial expertise; freedom from conflicts of interest; ability to understand the role of a Director; and ability to fully perform the duties of a Director. While candidates recommended by shareholders will generally be considered in the same manner as any other candidate, special consideration will be given to existing Directors desiring to stand for reelection given their history of service and their knowledge of the Company, as well as the Board's knowledge of their level of contribution resulting from such service. Shareholders wishing to recommend for nomination or nominate a Director should contact the Company's Secretary for a copy of the relevant procedure for submitting nominations and a full delineation of the criteria considered by the Nominating Committee when evaluating potential new Directors or the continued service of existing Directors.

The Company has not adopted any formal policies or procedures for the review, approval, or ratification of transactions that may be required to be reported under the SEC disclosure rules. Such transactions, if and when they are proposed or have occurred, have been or will be reviewed by the entire Board (other than the director involved) on a case-by-case basis. The Company's Corporate Code of Conduct does contain several provisions that should benefit the Board in reviewing such transactions.

### **Compensation Committee Interlocks and Insider Participation**

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The directors who served on the Compensation Committee during fiscal 2008 were Richard N. Cardozo, Patrick J. Quinn and Joseph G. Stienessen. The Compensation Committee determines the compensation of the chief executive officer and makes recommendations to the Board with respect to the compensation of the other executive officers of the Company, including those listed in the Summary Compensation Table below. Board member Ms. Cohen did not participate in decisions regarding her own 2008 compensation.

None of the members of the Compensation Committee during fiscal 2008, or in the last three years, was an officer or employee of the Company, or had any related party transaction with the Company. During fiscal 2008, none of the executive officers of the Company served as a member of the board or compensation committee of any entity that has one or more officers serving as a member of the Company's Board or Compensation Committee.

6

### Director Compensation

The fiscal 2008 compensation of non-employee directors of the Company is shown in the following table.

#### DIRECTOR COMPENSATION FOR FISCAL 2008

Name	Fees Earned or Paid in Cash (\$) 2008
Patrick J. Quinn	29,000.00
Richard N. Cardozo	29,000.00
Joseph G. Stienessen	30,000.00
Melvin S. Cohen	23,980.98

Each non-employee director receives an annual retainer of \$25,000. In addition, each director is paid \$1,000 for each full day Board or Committee meeting attended and \$500 for each half day Board or Committee meeting attended, and the Chairperson of each Committee is paid an additional \$500 per year. The Company reimburses basic and reasonable travel costs associated with attending a meeting of the Board or a Committee that requires in excess of 100 miles of travel. Non-employee directors do not receive stock or stock-related compensation.

### Audit Committee Report

Each member of the Audit Committee is independent as defined by the rules of the New York Stock Exchange and the Board of Directors has determined that no member has a relationship to the Company that may interfere with the exercise of their independence from management of the Company. It is the purpose of the Audit Committee to assist the Board of Directors in fulfilling its oversight responsibilities relating to: (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Company's internal audit function and independent auditors. Committee members have conducted an open and comprehensive dialogue with the Company's auditors regarding the 2008 year-end audited financial statements and have reviewed and discussed those statements with management.

The Audit Committee members reviewed, discussed and ratified the nature and the extent of the services to be provided by BDO Seidman, LLP related to its 2008 audit, the costs and fees for such services, and the effect of such fee arrangements on the independence of the auditors. The Committee has also discussed with the auditors matters related to SAS 61, received written disclosures from the auditors required by ISB Standard No. 1, and discussed with the auditors their independence. As a consequence of its evaluation and review, the Committee recommended to the full Board that the audited financial statements be included in the Company's annual report on Form 10-K for the 2008 calendar year based upon the aforementioned review and discussion.

Submitted by members of the Audit Committee:



Joseph G. Stienessen

Richard N. Cardozo

Patrick J. Quinn

7

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

### Compensation Discussion and Analysis

#### *Overview*

The Discussion and Analysis section addresses the material elements of our executive compensation program, including our compensation philosophy and objectives and how our program is administered. It is intended to complement and enhance an understanding of the compensation information presented in the tables which follow. As used in this proxy statement, the term "named executive officers" means our CEO and CFO for the 2008 fiscal year as well as the three other executive officers named in the Summary Compensation Table on page 11. In this discussion and analysis, the term "Committee" means the Compensation Committee of our Board.

#### *Compensation Objectives and Philosophy*

Our executive compensation program is intended to:

Provide fair compensation to executive officers based on their performance and contributions to the Company;

Provide incentives that attract and retain key executives;

Instill a long-term commitment to the Company; and

Develop a pride and sense of ownership.

The compensation program is therefore intended to attract, motivate, and retain executive officers who have the capability to manage the Company's day-to-day operations and personnel, compete ethically in each of our competitive business segments, implement any strategic plans developed by the Company, and implement the Company's strategic plan to increase shareholder value.

The principal element of our executive compensation program is base salary. An award of a discretionary bonus to reward exceptional performance is sometimes made, although such awards are infrequent. The Company provides health and life insurance benefits, 401(k) program with a generous Company contribution and other welfare benefits which are available to all of its salaried employees on a non-discriminatory basis.

The objectives and factors considered with respect to the form and amount of each individual element of our compensation program are more fully described below.

#### *Compensation Process*

The Committee has the responsibility to determine and approve the compensation of the executive officer, to make recommendations to the Board with respect to the compensation of selected non-CEO executive officers and to make recommendations to the Board with respect to incentive plans.

The Committee met on November 13, 2007 to review compensation matters and establish the base salary of the chief executive officer for 2008. On the same date, the Board established the base salaries of other executive officers. In recommending base salaries for 2008, the Committee considered recommendations by the chief executive officer. No executive officer made a recommendation regarding the form or amount of his or her own compensation. The chief executive officer does provide the committee with recommenda-

8

tions on salaries of the other executive officers. The Committee did not retain any compensation consultant to assist it in the review or determination of executive compensation in 2008.

Terry Peterson was appointed CFO on April 14, 2008 and resigned on June 17, 2008 due to a serious illness. Randy Lieble was appointed CFO effective September 8, 2008. Salaries were determined using market information secured during the CFO search process both from the search firms utilized and from the various candidates that were interviewed in the process.

#### ***Elements of Our Executive Compensation Program***

***Base Salary and Benefits.*** Our base salary for executive officers is intended to promote the Company's compensation objectives generally and specifically to provide basic economic security at a level that will attract and retain talented executive officers. Annual increases in base salary of each of the Company's executive officers, if any, are determined in accordance with its compensation policy and, where appropriate, the economic conditions in which the Company is operating. Individual job performance is the single most important factor in the Committee's role in determining base salary. The base salaries of the executive officers were established at levels considered appropriate in light of the duties and scope of their responsibilities.

The Company strives to provide employee benefits to executive officers and all other salaried employees that are consistent with benefits provided in the communities in which they reside, including 401(k), health insurance, life and disability insurance, and other welfare benefits. Executive officers participate in these plans on the same basis as other employees.

***Discretionary Bonus.*** Although the Company primarily relies upon awarding an adequate and proper base salary to promote its compensation objectives, the Committee also acknowledges the benefit of awarding discretionary bonuses when an executive's performance materially goes beyond the Company's expectations. To this end, the Company's executive officers may from time to time identify superior executive officer performance to the committee and request that the committee consider approving a bonus to reward such performance. Examples of performance that may support such a proposal and consideration by the committee include, but are not limited to, engaging new customers, developing new products, negotiating a favorable result in a contract, acquiring a new business or asset, or implementing a new process or procedure that creates efficiency for the Company.

***Incentive, Equity, and Deferred Compensation.*** The Company does not currently have any incentive, equity, or deferred compensation based plans for its executive officers. Historically, the Company did not feel this compensation was necessary because the Company has experienced low turnover and long-term executive officer retention without emphasizing incentive or equity based compensation.

***Perquisites.*** In 2008, no named executive officer received perquisites having a value in excess of \$10,000. The Committee does not consider perquisites to be a material element of the Company's compensation program for executive officers.

***Termination and Change in Control Arrangements.*** The Company does not maintain any employment or change in control agreements for its executive officers.

***Tax Considerations.*** The Committee is aware that, except for certain plans approved by shareholders, Section 162(m) of the Internal Revenue Code of 1986, as amended, limits deductions to \$1 million for

compensation paid to the CEO and each of the four most highly paid executive officers named in the summary compensation table who are officers on the last day of the year. The Committee reviews this limit and its application to the compensation paid to its executive officers as part of its compensation policy.

#### **Compensation Committee Report**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained under this heading. On the basis of its reviews and discussions, the Committee has recommended to the Board that the Compensation Discussion and Analysis section be included in the Company's annual report on Form 10-K for the year ended December 31, 2008, and this proxy statement.

Submitted by the Company's Compensation Committee:

Richard N. Cardozo

Patrick J. Quinn

Joseph G. Stienessen

10

**SUMMARY COMPENSATION TABLE**

The following table sets forth compensation for individuals who served as Chief Executive Officer and Chief Financial Officer during fiscal 2008 and for each of the other three most highly compensated executive officers who were serving as executive officers at December 31, 2008.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total (\$)
Maryjo Cohen Chair of the Board, President, Chief Executive Officer, and Director	2008	398,846						16,100	414,946
	2007	350,000						15,750	365,750
	2006	315,000						15,400	330,400
Randy F. Lieble Vice President, Treasurer, and Chief Financial Officer <sup>(1)</sup>	2008	86,538						6,058	92,596
	2007	154,103						174,880	328,983
	2006	205,000						14,074	219,074
Terry Peterson, Former Chief Financial Officer <sup>(2)</sup>	2008	38,942							38,942
Donald E. Hoeschen Vice President Sales	2008	239,639						16,100	255,739
	2007	229,870						15,750	245,620
	2006	204,870	17,500					23,280	245,650
Lawrence J. Tienor Vice President Engineering	2008	200,692						44,938	245,630
	2007	166,500						10,744	177,244