

RICHARDSON ELECTRONICS LTD/DE  
Form DEF 14A  
August 30, 2012  
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## **SCHEDULE 14A INFORMATION**

### **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 under Rule 14a-12

**RICHARDSON ELECTRONICS, LTD.**

(Name of Registrant as Specified In Its Charter)

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**RICHARDSON ELECTRONICS, LTD.**

40W267 Keslinger Road

P.O. Box 393

LaFox, Illinois 60147-0393

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON OCTOBER 9, 2012**

Dear Stockholders:

The Annual Meeting of the Stockholders of Richardson Electronics, Ltd. will be held on Tuesday, October 9, 2012, at 3:15 p.m. Central Time, at our corporate headquarters at 40W267 Keslinger Road, LaFox, Illinois.

The purpose of the Annual Meeting is to consider and vote on the following matters:

1. The election of six directors nominated by Richardson's Board of Directors for a term expiring at the 2013 Annual Meeting (Proposal 1);
2. To ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2013 (Proposal 2);
3. To approve the Amended and Restated Edward J. Richardson Incentive Compensation Plan (Proposal 3);
4. To approve, on an advisory basis, the compensation of our named executive officers (Proposal 4); and
5. To transact any other business that may properly come before the meeting or at any adjournment or postponement thereof. We currently are not aware of any other matters scheduled to come before the Annual Meeting. All stockholders are cordially invited to attend the meeting, although only stockholders of record at the close of business as of August 22, 2012, are entitled to notice of, and to vote at, the Annual Meeting or at any adjournment or postponement thereof.

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Whether or not you plan to attend the Annual Meeting in person, it is important that your shares be represented and voted. You may vote via the Internet, telephone or by mail before the Annual Meeting or in person at the Annual Meeting. For specific instructions, please refer to the accompanying proxy card.

This year we are again taking advantage of Securities and Exchange Commission rules that allow us to furnish proxy materials to stockholders via the Internet. We sent notices of Internet availability of proxy materials to holders of our common stock as of the record date on or about August 30, 2012. The notice describes how you can access our proxy materials beginning on August 30, 2012.

By Order of the Board of Directors,

EDWARD J. RICHARDSON  
Chairman of the Board, Chief Executive Officer and  
President

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**RICHARDSON ELECTRONICS, LTD.**

**PROXY STATEMENT**

**ANNUAL MEETING INFORMATION**

**General**

The Board of Directors of Richardson Electronics, Ltd. (the Company, we, our or us ) is soliciting your proxy for the Annual Meeting of Stockholders to be held at our corporate headquarters located at 40W267 Keslinger Road, LaFox, Illinois 60147-0393, on Tuesday, October 9, 2012, at 3:15 p.m. Central Time, and at any and all adjourned or postponed sessions of the Annual Meeting. On or before August 30, 2012, we mailed our stockholders of record a notice of Internet availability of proxy materials, including this proxy statement and our Annual Report on Form 10-K for the fiscal year ended June 2, 2012. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet and to request a paper copy by mail by following the instructions in the notice.

**Record Date and Quorum**

Stockholders of record at the close of business on August 22, 2012, the record date, are entitled to notice of and to vote their shares at the Annual Meeting. At the record date, 12,650,335 shares of our common stock, and 2,889,961 shares of our Class B common stock were issued and outstanding. The common stock is listed for trading on the NASDAQ Global Market under the symbol RELL. The presence in person or by proxy of the holders of record of a majority of the combined voting power of the outstanding shares of common stock and Class B common stock entitled to vote is required to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes (which occur when a broker indicates on a proxy card that it is not voting on a matter) are considered as shares present at the Annual Meeting for the purpose of determining a quorum.

**How to Vote**

**Stockholders can simplify their voting and reduce Company expenses by voting by telephone or via the Internet. If you vote by telephone or Internet, you do not need to mail back your proxy card.** Telephone and Internet voting information is provided on your proxy card. A control number located on the proxy card is designed to verify your identity, allow you to vote your shares and confirm that your voting instructions have been properly recorded.

If your shares are held in the name of a bank or broker, you should follow the voting instructions you receive from the bank or broker. The availability of telephone or Internet voting will depend on your bank or broker's voting process. If you choose not to vote by telephone or Internet, please return your proxy card properly signed, and the shares represented will be voted in accordance with your directions. You can specify your choices by marking the appropriate boxes on the proxy card.

The election of directors (Proposal 1), the approval of the Amended and Restated Edward J. Richardson Incentive Compensation Plan (Proposal 3) and the non-binding advisory vote on executive compensation (Proposal 4) are non-discretionary matters. Therefore, your broker may not vote your shares with respect to these items unless it receives your voting instructions, and if it does not, those votes will be counted as broker non-votes. Broker non-votes are shares that are held in street name by a bank or broker that indicates on its proxy that it does not have or did not exercise discretionary authority to vote on a particular matter.

If your proxy card is signed and returned without specifying choices, the persons named as proxies will vote in accordance with the recommendations of the Board of Directors. The Board's recommendation is set forth together with the description of each matter in this Proxy Statement. In summary, the Board recommends a vote:





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FOR the election of each director nominee (Proposal 1);

FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for 2013 (Proposal 2);

FOR the approval of the Amended and Restated Edward J. Richardson Incentive Compensation Plan (Proposal 3); and

FOR the approval, on an advisory basis, of the compensation of our named executive officers (Proposal 4).

The Company knows of no other matters scheduled to come before the meeting. If any other matters properly come before the meeting, the proxies solicited hereby will be voted on such matters in the discretion of the persons named as proxies, except proxies that are marked to deny discretionary authority.

We encourage you to vote your shares in advance of the Annual Meeting date even if you plan on attending the Annual Meeting.

### **Vote Required, Abstentions and Broker Non-Votes**

Holders of common stock are entitled to one vote for each share of common stock held on the record date, and holders of the Class B common stock are entitled to ten votes for each share of Class B common stock held on the record date.

If a quorum is present at the Annual Meeting, the six candidates for director who receive the highest number of affirmative votes will be elected. A proxy marked to withhold authority for the election of one or more directors will not be voted with respect to the director or directors indicated. Stockholders are not entitled to cumulate votes for the election of directors.

The affirmative vote of shares representing a majority in voting power of the Company's common stock present in person or represented by proxy at the meeting and entitled to vote is necessary for approval of proxy Proposals 1, 3 and 4. Proxy cards marked as abstentions on Proposal 1, 3 and 4 will not be voted and will have the effect of a negative vote. Please note that a broker or other nominee will not be permitted to vote your shares on Proposals 1 (election of directors), 3 (approval of the Amended and Restated Edward J. Richardson Incentive Compensation Plan) or 4 (approval of executive compensation) absent specific instructions from you.

### **Revocability of Proxies**

You may revoke your proxy at any time before it is voted (in the case of proxy cards) by giving notice to the Secretary of the Company or by executing and mailing a later-dated proxy. To revoke a proxy given or change your vote cast, by telephone or the Internet, you must do so by telephone or the Internet, respectively (following the directions on your proxy card), by 11:59 p.m. Eastern Standard Time on October 8, 2012.

### **Proxy Solicitation**

We will bear the expense of soliciting proxies. Our officers and certain other employees, without additional remuneration, may also solicit proxies personally or by telephone, e-mail or other means.

## **PROPOSAL 1 ELECTION OF DIRECTORS**

At the Annual Meeting, stockholders will elect six directors to serve on our Board of Directors until the next annual meeting, or until their successors are elected and shall have qualified, subject to their earlier death, resignation or removal as permitted by law. Directors will be elected by a plurality of the votes cast at the meeting by the holders of shares represented in person or by proxy. Thus, assuming a quorum is present, the six persons receiving the greatest number of votes will be elected as directors and votes that are withheld will have no effect.

Our Board of Directors, acting through our Nominating Committee, is responsible for nominating a slate of director nominees that collectively have the complementary experience, qualifications, skills and attributes to guide the Company and function effectively as a Board.

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We believe that each of our nominees has professional experience in areas relevant to our strategy and operations. All of our directors have managerial experience and are accustomed to dealing with complex problems. We also believe each of our nominees has other attributes necessary to create an effective Board, including high personal and professional ethics, the willingness to engage management and each other in a constructive and collaborative fashion, the ability to devote significant time to serve on our Board and its committees, and a commitment to representing the long-term interests of all our stockholders. In addition to these attributes, in each individual's biography set forth below, we have highlighted specific experience, qualifications, and skills that led the Nominating Committee and the Board to conclude that each individual should be nominated to serve as a director of the Company.

**Scott Hodes**, 75, has been a director of the Company since 1983 and has served as our lead director since 2011. Mr. Hodes is Senior Counsel at Bryan Cave LLP where he was a partner from January 2004 to March 2009. From 1992 until 2004, Mr. Hodes was a partner with the law firm of McGuire Woods Ross & Hardies LLP and its predecessor firm Ross & Hardies LLP. Among his numerous leadership positions in business and community organizations, he is currently a director of the Chicago Bar Foundation and the Better Government Association. We believe Mr. Hodes' qualifications to serve on our Board of Directors include his experience gained as legal counsel for numerous publicly traded and private companies as a practicing lawyer for more than 50 years.

**Ad Ketelaars**, 55, has been a director of the Company since 1996. Mr. Ketelaars currently serves as President EMEA of NICE Systems, a global provider of integrated digital recording and management solutions. From October 2008 to March 2011, Mr. Ketelaars was Chief Executive Officer of Cybertech International, a global supplier of voice recording and monitoring solutions. Prior to that, he was the Chief Executive Officer of NEC Philips Unified Solutions, a systems integrator specializing in the deployment of unified communication solutions, since March 2003. He was the Vice President and Managing Director of Richardson Electronics Europe, an affiliate of ours, from May 1993 until July 1996. We believe Mr. Ketelaars' qualifications to serve on our Board of Directors include his experience managing international and technology-oriented companies, and in particular, his prior experience growing our business in Europe.

**Paul J. Plante**, 54, has provided business consulting services to the electronics industry since 2008 and has been a director since 2011. Prior to that time he was Vice President, Medical Industry Solutions, for the Kimball Electronics Group from February 2007 until May 2008, after the purchase by Kimball Electronics of Repron Electronics, Inc. From February 2004 to February 2007, Mr. Plante was President and Chief Executive Officer and a member of the board of directors of Repron Electronics, Inc., a publicly held provider of electronics manufacturing services with a focus on the medical industry. From 1994 until 2004 he served as the President and Chief Operating Officer of Repron. Prior to 1994 he was the Chief Financial Officer at Repron and at K-Byte, Inc., a Michigan based software developer and electronics manufacturer. Mr. Plante has a degree in accounting and has been a licensed certified public accountant. The Nominating Committee has determined that Mr. Plante is financially literate and qualifies as an audit committee financial expert under SEC rules. We believe that Mr. Plante's qualifications to serve on our Board of Directors include his significant experience in the electronics industry, his experience managing electronics manufacturing companies and his extensive financial knowledge. Mr. Plante also has served as a director of Sigmatron International since September 2011.

**Harold L. Purkey**, 68, has been a director of the Company since 1994. Mr. Purkey retired as the Managing Director of First Union Securities in 2001. Prior to First Union, Mr. Purkey was President of Forum Capital Markets from 1997 to 2000, and from 1990 to 1994 he was senior managing director and manager of the convertible bond department at Smith Barney Shearson. We believe Mr. Purkey's qualifications to serve on our Board of Directors include his extensive experience in capital markets.

**Edward J. Richardson**, 70, has been a director of the Company since 1965. He is currently the Chairman of the Board, Chief Executive Officer, President and Chief Operating Officer of the Company. Mr. Richardson has been employed by the Company in various capacities since 1961. We believe Mr. Richardson's qualifications to serve on our Board of Directors include his position as our Chief Executive Officer for over 36 years and status as our largest stockholder, as well as his unique ability to bring historic knowledge and continuity to the Board.

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**Samuel Rubinovitz**, 82, has been a director of the Company since 1984 and served as our lead director from 2004-2011. Mr. Rubinovitz was Executive Vice President of EG&G, Inc., a diversified manufacturer of instruments and components, from April 1989 until his retirement in January 1994. He retired as a director and member of the audit committee of the board of directors of LTX Corporation (NASDAQ: LTX) in November 2008. In addition, he has served as a director of KLA-Tencor Corporation and Kronos, Inc. We believe Mr. Rubinovitz's qualifications to serve on our Board of Directors include his experience managing electronic component manufacturers and serving on the boards of directors of other public companies, as well as the knowledge of the Company he has gained as a longtime director of the Company.

The Company knows of no reason why any of the nominees for director would be unable to serve. In the event, however, that any nominee named should, prior to the election, become unable to serve as a director, your proxy (unless designated to the contrary) will be voted for such other person or persons as the Board of Directors may recommend.

**Our Board of Directors recommends that you vote FOR the election of each director nominee.**

## **CORPORATE GOVERNANCE**

### **Independence of Directors**

The Board of Directors has determined that Messrs. Hodes, Ketelaars, Plante, Purkey and Rubinovitz are independent as defined by NASDAQ listing standards. All members of the Audit, Compensation & Governance and Nominating Committees, respectively, are independent in accordance with applicable laws and NASDAQ rules for members of such committees.

### **Board Leadership Structure**

The Company has no fixed policy on whether the roles of Chairman of the Board and Chief Executive Officer should be separate or combined, with this decision being made based on the best interests of the Company considering the circumstances at the time. Currently, these roles are combined with Mr. Richardson serving as both the Chairman of the Board and the Chief Executive Officer. Mr. Richardson possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing the Company and its business, and is responsible for the day-to-day operations of the Company. Therefore, the Board believes that Mr. Richardson is best positioned to efficiently develop agendas that ensure that the Board's time and attention are focused on the most critical matters and to execute strategic plans effectively, especially given the relatively small size of the Company's Board.

At the selection of the Board, Mr. Hodes, who is an independent director, has served as lead director since 2011. The lead director acts as a key liaison with the Chief Executive Officer, assists the Chairman of the Board in setting the Board agenda, chairs executive sessions of the Board, and communicates Board member feedback to the Chief Executive Officer. In addition, the Company's non-management directors meet in regularly scheduled executive sessions without any members of management present. The purpose of these executive sessions is to promote open and candid discussion among the non-management directors. The Board believes this approach appropriately and effectively complements the combined role of Chairman of the Board and Chief Executive Officer.

### **Board and Committee Information**

During our last fiscal year, the Board of Directors held four meetings. Each director attended at least 75% of the aggregate number of such meetings and meetings of the committees on which he served. Although we have no formal policy about attendance at the Annual Meeting of Stockholders by our directors, it is encouraged. Last year, Mr. Richardson and Mr. Plante attended the Annual Meeting.

During our last fiscal year, the Board of Directors had four standing committees: the Audit Committee, Compensation & Governance Committee, Executive Committee, and Nominating Committee.

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During our last fiscal year, the members and chair of each committee were as follows:

<b>Director</b>	<b>Audit</b>	<b>Compensation</b>	<b>Executive</b>	<b>Nominating</b>
Edward Richardson			Ö (Chair)	
Scott Hodes		Ö	Ö	Ö (Chair)
Ad Ketelaars				Ö
Paul Plante	Ö (Chair)			Ö
Harold L. Purkey	Ö	Ö (Chair)		Ö
Samuel Rubinovitz	Ö	Ö		Ö

*Executive Committee.* The Executive Committee met once during the last fiscal year. This committee may exercise all authority of the Board of Directors in the management of the Company during the interval between meetings of the Board of Directors, except as otherwise provided in our by-laws or by applicable law.

*Audit Committee.* The Audit Committee held four meetings during the last fiscal year. This committee meets for the purpose of engaging and discharging the independent auditors (or recommending such actions), directing and supervising special investigations, reviewing with the independent auditors the plan and results of the auditing engagement, reviewing the scope and results of our procedures for internal auditing, approving each professional service provided by the independent auditors prior to the performance of such services, reviewing the independence of the independent auditors, considering the range of audit and non-audit fees for the independent auditors and reviewing the adequacy of the issuer's system of internal accounting controls and such other matters relating to our financial affairs and accounts as required by law or regulation or as it deems desirable or as the Board of Directors may assign to it. The Board of Directors has determined that the composition and functioning of the committee complies with the rules of the SEC and NASDAQ, including that each of its members is independent, as that term is defined in NASDAQ rules, and that one of its members, Mr. Plante, qualifies as an Audit Committee Financial Expert, as that term is defined in SEC rules. The Audit Committee has adopted a written charter approved by the Board of Directors. A copy of the charter is available on our website at [www.rell.com](http://www.rell.com).

The Audit Committee's report begins on page 11.

*Compensation & Governance Committee.* The Compensation & Governance Committee (the Compensation Committee) held six meetings in the last fiscal year. The committee is composed of three independent directors, and the Board of Directors has determined that the composition and functioning of this committee complies with the applicable NASDAQ and SEC requirements.

The committee's responsibilities include:

- Establishing, reviewing and approving the base salary, non-equity incentive compensation, perquisites, and any other forms of non-equity compensation for our Chairman and Chief Executive Officer and for our executive officers;
- Reviewing and monitoring our incentive compensation and retirement plans and performing the duties imposed on the Committee by the terms of those plans;
- Administering our incentive compensation plans, including determining the employees to whom stock options and stock awards are granted, the number of shares subject to each option or award, and the date or dates upon which each option or award may be exercised;
- Developing and reviewing the Company's Corporate Governance Guidelines; and
- Performing other duties deemed appropriate by the Board of Directors.

The Compensation Committee chairman reports the committee's recommendations on executive compensation to the Board of Directors. Our Human Resources Department supports the committee and is delegated authority to fulfill certain administrative duties regarding compensation programs. The Compensation Committee has authority to retain, approve fees for and terminate consultants as it deems necessary to assist in the fulfillment of its duties and responsibilities. The committee has adopted a written charter which is available on our website at [www.rell.com](http://www.rell.com).

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The Compensation Committee report is on page 19.

*Nominating Committee.* The Nominating Committee met once during the last fiscal year. In considering whether to recommend any particular candidate for inclusion on the Board of Directors' slate of recommended director nominees, the Nominating Committee applies the criteria set forth in our corporate governance guidelines. These criteria include the candidate's integrity, business acumen, knowledge of our business and industry, experience, diligence, absence of conflicts of interest and the ability to act in the interests of all stockholders. The committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. The committee believes that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will best allow the Board of Directors to fulfill its responsibilities. Management and the Directors submit candidates for nomination for election to the Board of Directors and for committee consideration. With respect to the election of director nominees at the Annual Meeting, the Nominating Committee recommended the Board nominate each of the six directors currently serving on the Board standing for re-election.

The Company does not have a policy regarding the consideration of diversity in identifying nominees for director. The committee has not adopted a written charter. The Company is utilizing the Controlled Company exemption pursuant to Rule 5615(c) for purposes of the Nominations Committee Charter Requirement. The determination is based on the fact that Mr. Richardson has 69% of the voting rights.

Stockholders may also submit names of candidates for consideration by the Nominating Committee, provided that such submissions must be received by the Board of Directors no later than the July 1<sup>st</sup>, immediately preceding the annual meeting of stockholders. Stockholders may also nominate a candidate or candidates for election as a director at the annual meeting at which directors are elected.

### **Board Role in Risk Oversight**

While the Company's management is responsible for day-to-day management of various risks facing the Company, the Board of Directors is responsible for evaluating the Company's exposure to risk and to monitor the steps management has taken to assess and control risk. In addition, the Board has delegated oversight of certain categories of risk to the Audit and Compensation Committees. The Audit Committee oversees risks related to the integrity of our financial statements and financial reporting, and the Compensation Committee oversees risks related to our compensation plans and practices. In performing their oversight responsibilities, the Board receives periodic reports from the Chief Executive Officer and other members of senior management on areas of risk facing the Company. The Audit and Compensation Committees report to the Board regularly on matters relating to the specific areas of risk the committees oversee.

### **Compensation of Directors**

Non-employee directors receive a quarterly retainer of \$4,500 and meeting fees of \$1,000 for each Audit Committee meeting and \$750 for other Board and committee meetings. The Chairman of the Audit Committee receives an additional quarterly retainer of \$1,500.

Each year directors receive an annual grant of 5,000 stock options that are fully vested on the date of grant. Upon joining the Board, new directors receive a grant of 25,000 stock options that vest over five years.

Employee directors receive no additional compensation related to their service on our Board of Directors.

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Name of Director	Fees Earned			Total (\$)
	or Paid in Cash (\$)	Option Awards (\$ (1))	All Other Compensation (\$)	
Edward J. Richardson	\$ 0	\$ 0	\$	\$ 0
Scott Hodes	25,500	28,450		53,950
Ad Ketelaars	21,455	28,450		49,905
Paul Plante	15,500	20,843		36,343
Harold L. Purkey	29,500	28,450		57,950
Samuel Rubinovitz	29,500	28,450		57,950

- (1) Amounts represent the dollar amount recognized for financial statement reporting purposes with respect to fiscal 2012 for the fair value of stock options granted to each director in fiscal 2012, in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) 718, and do not correspond to the actual value that will be recognized by each director. For the relevant assumptions used in determining the fair value of stock option awards, refer to Note 4, Share-Based Compensation, in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended June 2, 2012, filed with the SEC on July 27, 2012.

**EXECUTIVE OFFICERS**

The following are our executive officers as of August 22, 2012:

Name	Age	Position
Edward J. Richardson	70	Chairman, Chief Executive Officer, Chief Operating Officer and President
Wendy S. Diddell	47	Executive Vice President, Corporate Development & General Manager, Canvys
Kathleen S. Dvorak	55	Executive Vice President, Chief Financial Officer and Chief Strategy Officer
Kathleen M. McNally	52	Senior Vice President, Global Supply Chain
James M. Dudek, Jr.	40	Corporate Controller and Chief Accounting Officer

Mr. Richardson has been employed by the Company since 1961, holding several positions during this time. He was Chairman of the Board, Chief Executive Officer and President from September 1989 until November 1996. Since that time, Mr. Richardson has continued to hold the offices of Chairman of the Board and Chief Executive Officer. In April 2006, he also became President and Chief Operating Officer, and in June 2009 he also became the General Manager of our Electron Device Group.

Ms. Diddell has been Executive Vice President, Corporate Development since June 2007. In 2009, she also assumed the role of General Manager of our Canvys business. Prior to June 2007, Ms. Diddell was Executive Vice President and General Manager of our Security Systems Division since February 2006. Prior to that, Ms. Diddell had been Vice President and General Manager of the Security Systems Division since June 2004. Prior to that, Ms. Diddell was employed as a management consultant for the Security Systems Division since July 2003.

Ms. Dvorak has been Executive Vice President, Chief Financial Officer and Chief Strategy Officer since November 2007. Ms. Dvorak has since assumed responsibility for Information Systems, Legal and Human Resources. Prior to joining us, Ms. Dvorak was employed by United Stationers Inc. as Senior Vice President and Chief Financial Officer from 2001 to October 2007, Senior Vice President Investor Relations and Financial Administration from 2000 to 2001.

Ms. McNally has been Senior Vice President, Global Supply Chain, since 2009. Previously she served with us as Senior Vice President of Marketing Operations and Customer Support from 2000 to 2009 and as Vice President and Corporate Officer of Marketing Operations from 1989 until 2000. Prior to that, she held various positions within the marketing department since joining the Company in 1979.





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Mr. Dudek has been Controller and Chief Accounting Officer since December 2007. Prior to that, Mr. Dudek was Senior Director, Financial Reporting with Career Education Corporation from September 2006 to November 2007 and Director of Accounting from February 2004 to August 2006. Prior to that, Mr. Dudek was with ConAgra Refrigerated Foods Group from September 1999 to February 2004, most recently serving as Retail Sales Controller from May 2002 to February 2004, and he held various positions within the Corporate Financial Planning department from September 1999 to April 2002.

Executive officers are elected annually by the Board of Directors at the time of the annual stockholders meeting and serve until their earlier resignation, death or removal.

**PRINCIPAL STOCKHOLDERS**

The following table shows the number of shares of common stock and Class B common stock beneficially owned by (1) each director and nominee for director, (2) each of our named executive officers, (3) all directors and executive officers of the Company as a group, and (4) each other person who is known by us to beneficially own more than 5% of our common shares. Percent of Class and Percent of Total Voting Rights are based on 15,540,296 shares outstanding as of August 22, 2012.

Name	Shares of Common Stock (1)	Percent of Class	Shares of Class B Common Stock	Percent of Class B Common Stock	Percent of Total Voting Rights
<b>Directors and Nominees for Director:</b>					
Scott Hodes	98,424 (3)	*	3,712	*	*
Ad Ketelaars	10,000 (4)	*		*	*
Paul J. Plante	5,000 (5)	*		*	*
Harold L. Purkey	15,000 (6)	*		*	*
Edward J. Richardson	2,892,891 (7)	18.6%	2,862,891	99.1%	69.0%
Samuel Rubinovitz	10,431 (8)	*	825	*	*
<b>Non-Director Named Executive</b>					
<b>Officers:</b>					
Wendy S. Diddell	49,000 (9)	*			