

LA-Z-BOY INC
Form DEF 14A
July 15, 2005

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

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 Pursuant to Rule 14a-12

LA-Z-BOY INCORPORATED

(Name of Registrant as Specified In Its Charter)

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

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LA-Z-BOY INCORPORATED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Day: Tuesday, August 23, 2005

Time: 11:00 a.m., Eastern Daylight Time

Place: La-Z-Boy Incorporated Auditorium
1284 North Telegraph Road
Monroe, Michigan

Monroe, Michigan
July 15, 2005

To our shareholders:

We invite you to attend our 2005 annual meeting of shareholders at the time and place shown above. The purposes of the meeting are:

to elect four directors for three-year terms expiring in 2008, and

to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2006.

We are mailing this notice and the accompanying proxy statement and proxy card to our shareholders on or about July 15, 2005. We also are enclosing a copy of our 2005 Annual Report, which contains financial statements for the fiscal year ended April 30, 2005. Only shareholders of record at the close of business on June 30, 2005 will be entitled to vote at the meeting.

Whether you plan to attend the meeting in person or not, please date, sign, and return the enclosed proxy card in the accompanying envelope. You may also vote by telephone or on the Internet (see the instructions attached to the proxy card). Even though you vote by one of these methods prior to the meeting, you may still vote your shares in person at the meeting, which will revoke your previous vote.

**BY ORDER OF THE
BOARD OF DIRECTORS**

James P. Klarr, *Secretary*

July 15, 2005

2005 PROXY STATEMENT OF LA-Z-BOY INCORPORATED

Questions and Answers

Q: What is a proxy?

A: A proxy is a document, also referred to as a proxy card, on which you authorize someone else to vote for you at the upcoming annual meeting in the way that you want to vote. You also may choose to abstain from voting. **La-Z-Boy's board of directors is soliciting the proxy card enclosed.**

Q: What are the purposes of this annual meeting?

A: At the annual meeting, shareholders will elect four directors for three-year terms expiring in 2008. The board's nominees are: Kurt L. Darrow, James W. Johnston, H. George Levy, M.D., and Donald L. Mitchell (See page 4). Shareholders will also vote on ratifying our selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2006. Other than routine or procedural matters, we do not expect any other business will be brought up at the meeting, but if any other business is properly brought up, the persons named in the enclosed proxy will have authority to vote on it as they see fit.

Q: Who is entitled to vote?

A: Only record holders of our common shares at the close of business on the record date for the meeting, June 30, 2005, are entitled to vote at the annual meeting. Each common share has one vote.

Q: How do I vote?

A: Sign and date each proxy card that you receive and return it in the enclosed envelope. Proxies will be voted as you specify on each card. If you sign and return a proxy card without specifying how to vote, your shares will be voted **FOR** the election of the director nominees identified in this proxy statement, and **FOR** ratification of our selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2006. Your shares also will be voted on any other business that comes before the meeting.

Q: Can I vote by telephone or on the Internet?

A: Yes. If you hold your shares in your own name, you may vote by telephone or on the Internet by following the instructions attached to your proxy card. If your shares are held through a broker, bank, or other nominee, they will contact you to request your voting instructions and should provide you with information on voting those shares by telephone or on the Internet.

Q: Can I change my vote after I have voted?

A: A later vote by any means will cancel any earlier vote. For example, if you vote by telephone and later vote differently on the Internet, the Internet vote will count, and the telephone vote will be canceled. If you wish to change your vote by mail, you should write our Secretary to request a new proxy card. The last vote we receive before the meeting will be the one counted. You also may change your vote by voting in person at the meeting.

Q: What does it mean if I get more than one proxy card?

A: It means that your shares are registered in more than one way. Sign and return all proxy cards or vote each group of shares by telephone or on the Internet, to ensure that all your shares are voted.

Q: Why did our household receive only one proxy statement and annual report this year?

A: If there are two or more shareholders sharing the same address and you did not withhold your consent to householding, we are only sending your household a single copy of our annual report and proxy statement unless we have received contrary instructions from one or more of the shareholders at your address. We believe this householding program will provide you greater convenience and save us the cost of mailing duplicate documents to your home.

We will promptly provide additional copies of our 2005 annual report or this proxy statement to the other shareholders in your household if you send a written request to: Office of the Secretary, La-Z-Boy Incorporated, 1284 North Telegraph Road, Monroe, Michigan 48162, or you may call us at 734-241-4418 to request additional copies. Copies of the annual report, proxy statement and other reports we file with the SEC are also available on our Web site at www.la-z-boy.com or through the SEC's Web site at www.sec.gov.

You may revoke your consent to householding at any time by contacting ADP, either by calling toll-free 800-542-1061, or by writing to ADP, Household Department, 51 Mercedes Way, Edgewood, New York 11717. If you revoke your consent, you will be removed from the householding program within 30 days of receipt of your revocation, and each shareholder at your address will then begin receiving individual copies of our disclosure documents.

If you have not been contacted previously for this option, the householding election appears on the enclosed proxy card. If you wish to participate in the householding program to receive only one copy of our annual reports, proxy statements, prospectuses and other disclosure documents, please indicate **YES** when voting your proxy. Your affirmative consent will be perpetual unless you revoke it, which you can do by calling or writing ADP as described in the paragraph above. We strongly encourage your participation in the householding program, and believe that it will benefit both you and La-Z-Boy. Not only will it reduce the volume of duplicate information that you receive in your household, but it will also reduce our printing and mailing costs.

Q: What makes up a quorum?

A: There were 52,247,351 common shares outstanding on the record date for the meeting. A majority of those shares present or represented by proxy at the meeting makes a quorum. A quorum is necessary to conduct the meeting.

Q: How does the voting work?

A: Directors will be elected by plurality vote. The nominees receiving the highest through fourth highest numbers of votes will be elected, regardless of the total number of votes cast or withheld. You may withhold votes from one or more directors by writing their names in the space provided for that purpose on your proxy card. Cumulative voting is not permitted. If you vote by telephone or on the Internet, follow the instructions attached to the proxy card.

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We are asking you to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm as a matter of good corporate practice. If the Audit Committee's selection does not receive a majority of the shares actually voted in favor of the proposal, it will reconsider the selection. You may vote or abstain from voting on the proposal on your proxy card. If you vote by telephone or on the Internet, follow the instructions on the proxy card.

Each share is entitled to one vote for each director or proposal.

Q: Where is La-Z-Boy's principal executive office?

A: 1284 North Telegraph Road, Monroe, Michigan 48162.

PROPOSAL NO. 1: ELECTION OF DIRECTORS

Our board of directors is divided into three classes, one consisting of four directors and two consisting of three directors each. Directors in each class serve for three-year, staggered terms. The terms of the four directors in one of the classes expire at this year's annual meeting, so four directors will be elected at the meeting. The four directors elected will serve until our annual meeting of shareholders in 2008.

Under the applicable Michigan corporate law, directors will be elected at the meeting by a plurality of votes cast from among those persons duly nominated. Thus, the nominees who receive the highest through fourth highest numbers of votes will be elected, regardless of the number of votes that for any reason, including abstention or withholding of authority, are not cast for the election of those nominees.

The board's director nominees are the four current directors whose terms are scheduled to expire at the meeting. In the absence of other instruction, the persons named in the accompanying form of proxy will vote in favor of these nominees. If any nominee becomes unable or unwilling to serve, which we do not expect, the proxy holders will vote for a substitute nominee designated by the board.

Information about each nominee for election at the meeting and each director continuing in office is given below. Unless otherwise indicated, the principal occupation of each director or director nominee has been the same for at least five years. All of the nominees have consented to serve if elected.

Director Nominees for Terms to Expire In 2008

Kurt L. Darrow, age 50 Our President and Chief Executive Officer since September 2003 Formerly, President of our La-Z-Boy Residential division (August 2001 - September 2003), our Senior Vice President of Sales & Marketing (August 1999 - August 2001), and Vice President of Sales (1987- 1999)	Director since 2003
James W. Johnston, age 66 Private investor	Director since 1991
H. George Levy, M.D., age 56 Otorhinolaryngologist CEO and founder of EndueNet, Inc. (electronic medical records for physicians and hospitals) Director of Michigan Trust Bank	Director since 1997
Donald L. Mitchell, age 61 Our Senior Vice President and President of the Casegoods Group from July 2001 until retirement in April 2002 Executive Vice President of LADD Furniture, Inc. (our wholly owned subsidiary since January 2000) until retirement in April 2002 President of LADD's casegoods group until July 2001	Director since 2002

Directors with Terms Expiring in 2006

John H. Foss, age 62 Vice President, Treasurer and Chief Financial Officer of Tecumseh Products Company until retirement in October 2001 Director of United Bancorp, Inc.	Director since 2001
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Patrick H. Norton, age 83 Director since 1981
Our Chairman of the Board
Director of Culp, Inc. (manufacturer and marketer of upholstery fabrics and mattress tickings)

Helen O. Petrauskas, age 61 Director since 2000
Vice President Environmental and Safety Engineering of Ford Motor Company from 1983 until retirement in June 2001

Directors with Terms Expiring in 2007

David K. Hehl, age 58 Director since 1977
Member of the public accounting firm of Cooley Hehl Wohlgamuth & Carlton P.L.L.C.

Rocque E. Lipford, age 66 Director since 1979
Senior Principal in the law firm of Miller, Canfield, Paddock and Stone, P.L.C.
Director of MBT Financial Corp.

Jack L. Thompson, age 66 Director since 2001
Chairman of the Board of The Plastics Group, Inc. since January 2005 (manufacturer and designer of highly engineered plastic molded products)
Chairman of Penda Corporation from August 2004 until April 2005 (manufacturer and marketer of truck bedliners and accessories). Previously CEO of Penda Corporation from March 2004 until retirement in August 2004. Prior to March 2004, CEO and President of Penda Corporation.

CORPORATE GOVERNANCE

We believe it is important to disclose a summary of our major corporate governance practices. Some of these practices have been in place for many years. Others have been adopted in response to recent regulatory and legislative changes. We will continue to assess and refine our corporate governance practices and share them with shareholders.

Director Independence

A majority of our directors must be independent directors under the NYSE Listed Company rules. The NYSE rules provide that no director can qualify as independent unless the board affirmatively determines that the director has no material relationship with the listed company. The board has adopted the following standards for determining whether or not a director has a material relationship with the Company:

No director who is an employee or a former employee of La-Z-Boy can be independent until three years after termination of employment.

No director who is, or in the past three years has been, affiliated with or employed by our present or former independent registered public accounting firm can be independent until three years after the end of the affiliation, employment, or auditing relationship.

No director can be independent if he or she is, or in the past three years has been, part of an interlocking directorship in which any of our executive officers serves on the compensation committee of another company that employs the director.

No director can be independent if he or she is receiving, or in the last three years has received, more than \$100,000 during any 12-month period in direct compensation from La-Z-Boy, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided the compensation is not contingent in any way on continued service).

Directors with immediate family members in the foregoing categories are subject to the same three-year restriction.

The following categorical standards identify relationships that a director may have with us that will not be considered material:

If a director is an executive officer, director, or shareholder of another company that does business with us and the annual revenues derived from that business are less than 1% of either company's total revenues.

If a director is an executive officer, director, or shareholder of another company that is indebted to us, or to which we are indebted, and the total amount of either company's indebtedness to the other is less than 1% of the total consolidated assets of each company; or if the director is an executive officer, director, or shareholder of a bank or other financial institution (or its holding company) that extends credit to us on normal commercial terms and the total amount of our indebtedness to the bank or other financial institution is less than 1% of our total consolidated assets.

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If a director is an executive officer or director of another company in which we own common stock, and the amount of our common stock interest is less than 5% of the total shareholders' equity of the other company.

If a director is a director, officer, or trustee of a charitable organization, our annual charitable contributions to the organization (exclusive of gift-match payments) are less than 1% of the organization's total annual charitable receipts, all of our contributions to the organization were approved through our normal approval process, and no contribution was made on behalf of any of our officers or directors; or if a director is a director of the La-Z-Boy Foundation.

If a director is a member of, employed by, or of counsel to a law firm or investment banking firm that performs services for us, payments made by us to the firm during a fiscal year do not exceed 1% of the firm's gross revenues for the fiscal year, and the director's relationship with the firm is such that his or her compensation is not linked directly or indirectly to the amount of payments the firm receives from us.

Applying these standards, the board of directors has determined that each of the following directors, comprising seven of the non-management directors, meets the criteria for independent directors set forth in the listing standards of the NYSE and is an independent director under those standards: Messrs. Foss, Hehl, Johnston, Lipford, and Thompson, Ms. Petrauskas, and Dr. Levy. As noted below under Executive Compensation Related Party Transactions, Rocque E. Lipford is a principal in the law firm of Miller, Canfield, Paddock and Stone, P.L.C., which provides us with legal services, a relationship that is not material under the categorical standards adopted by the board. In addition, the board has determined that this relationship has never interfered with Mr. Lipford's demonstrated independence from our management and has therefore concluded that Mr. Lipford is in fact an independent director within the meaning of the NYSE standards.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines, which we have published on our website (www.la-z-boy.com). These guidelines include: a limitation on the number of boards on which a director may serve, qualifications for directors, director orientation, continuing education, and a requirement that the board and each of its committees perform an annual self-evaluation.

Committee Charters and Codes of Business Conduct

We have published on our website (www.la-z-boy.com) the charter of each of the Audit, Compensation, and Nominating and Governance Committees of the board, as well as our Code of Business Conduct, which apply to all directors, officers, and employees. Any waiver of the Code of Business Conduct for directors or executive officers may be made only by the Audit Committee, and any such waivers or amendments will be disclosed promptly by posting on our website. Copies of each of the committee charters and the Code of Business Conduct are also available by writing to our Office of the Secretary, La-Z-Boy Incorporated, 1284 North Telegraph Road, Monroe, Michigan 48162.

Executive Sessions of Non-Employee Directors

Non-employee directors meet in executive session without management present no less than four times annually. The sessions are chaired by the Chairman of the Nominating and Corporate Governance Committee. Any non-employee director can request that an executive session be scheduled or place an item on the agenda.

Independent Audit

The lead partner of our independent registered public accounting firm is rotated at least every five years.

Board Committees

Only independent directors serve on the Audit, Compensation, and Nominating and Governance Committees, in accordance with the independence standards of the NYSE rules and our corporate governance guidelines. The board, and each committee of the board, has the authority to engage independent consultants and advisors at our expense.

Communications with the Board; Annual Meeting Attendance

We have established a process by which you may send communications to the board. For a description of the manner in which you can send communications to the board, please visit our website (www.la-z-boy.com). All members of the board are expected to attend the annual meeting unless prevented by doing so by unusual circumstances. Ten of the eleven directors who held office at that time attended last year's meeting.

DIRECTORS MEETINGS AND STANDING COMMITTEES

During fiscal 2005, our board of directors held eleven meetings of the full board. The non-employee directors met in executive session on four of those occasions. Each incumbent director attended at least 75% of the total number of all fiscal 2005 board meetings and meetings of board committees on which the director served that were held during his or her period of service.

The standing committees of the board include the Audit Committee, the Compensation Committee, a subcommittee of the Compensation Committee informally referred to as the Compensation Subcommittee, the Nominating and Corporate Governance Committee, and the Investment Performance Review Committee. We provide more information about each of them below.

Audit Committee - Members: David K. Hehl (Chairman), John H. Foss, and James W. Johnston

The Audit Committee met seven times during the fiscal year 2005. As provided in its charter (attached as Exhibit A), the Audit Committee assists the Board in its oversight of the quality and integrity of the Company's financial reporting and internal controls. The Audit Committee oversees the independent registered public accounting firm including their appointment, retention and compensation. The Audit Committee does not provide any expert or special assurance about the financial statements or any professional certification of the outside auditor's work. For further discussion of the Audit Committee's activities see the Audit Committee Report. In addition, the Audit Committee discusses the quality and adequacy of internal controls with management and the outside auditor. To assure itself of the auditor's independence, the Audit Committee annually requests from the outside auditor a written statement of relationships between the auditor and La-Z-Boy as provided in Independence Standards Board Standard No. 1. The Audit Committee discusses with the outside auditor any relationships disclosed and their impact on the auditor's independence, and recommends that the board take appropriate action in response to the report.

Compensation Committee - *Members: Jack L. Thompson (Chairman), David K. Hehl, Dr. H. George Levy, Rocque E. Lipford, and Helen O. Petrauskas*

The Compensation Committee met seven times during fiscal 2005 to review and determine the cash and other remuneration of the directors and executive officers (except for remuneration under plans administered by the Compensation Subcommittee). The Compensation Committee also administers our cash incentive compensation plan for employees.

Compensation Subcommittee - *Members: Helen O. Petrauskas (Chairman), David K. Hehl, Dr. H. George Levy, Jack L. Thompson*

The Compensation Subcommittee was established to administer the stock-based employee incentive plans. The Compensation Subcommittee is composed entirely of directors who are both non-employee directors under SEC Rule 16b-3 and outside directors under Internal Revenue Code Section 162(m) regulations. The Compensation Subcommittee met jointly with the Compensation Committee seven times during fiscal 2005.

Nominating and Corporate Governance Committee- *Members: James W. Johnston (Chairman), Dr. H. George Levy, Rocque E. Lipford*

The Nominating and Corporate Governance Committee met four times during fiscal 2005. The Nominating and Corporate Governance Committee identifies, evaluates, and recommends to the board candidates for its slate of director nominees for election by shareholders or appointment to fill vacancies on the board. In addition to considering prospective candidates identified by the committee's own members or referred to it by other board members, management, or outside sources, the Nominating and Corporate Governance Committee will consider candidates recommended by shareholders. (For information on how to propose a candidate to the Nominating and Corporate Governance Committee and on the requirements for a shareholder's own nomination of a director, see Director Nominations and Shareholder Proposals for Next Annual Meeting.) The committee identifies potential nominees through recommendations made by executive officers and non-management directors and evaluates them based on their résumés and through references and personal interviews. The Nominating and Corporate Governance Committee also considers and makes recommendations to the board on other matters relating to the board's practices, policies, and procedures and on the size, structure, and composition of the board and its committees.

Investment Performance Review Committee - *Members: Helen O. Petrauskas (Chairman), John H. Foss, Jack L. Thompson, Donald L. Mitchell*

The Investment Performance Review Committee's primary purpose is to assist the Board of Directors in fulfilling its responsibility to oversee the investment of the assets of employee benefit plans and the La-Z-Boy Foundation. Pursuant to its charter the Investment Performance Review Committee established and reviews the investment policy for each of the plans under its oversight. The Investment Performance Review Committee met four times in fiscal 2005.

DIRECTOR COMPENSATION

Directors who also are our employees receive no additional compensation for serving on the board. For fiscal 2006, Directors who are not our employees will receive:

Cash Compensation

\$25,000 annual cash retainer

\$8,000 annual cash retainer for the chairman of the Audit Committee

\$4,000 annual cash retainer for the chairmen of the Compensation, Nominating and Corporate Governance, and Investment Performance Review committees

\$1,500 attendance fee for each board meeting and board committee or subcommittee meeting attended, including telephonic attendance.

We also reimburse our directors for travel, lodging and related expenses they incur in attending Board and committee meetings.

Equity

On first becoming a director, 5,000 common shares at a 75% discount from the market price of the shares

At each annual organizational meeting of the board while still a director, 2,000 common shares similarly discounted

Transfer of such shares is restricted while a director remains on the board

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors to file reports of ownership and changes in ownership with the SEC and the NYSE and furnish us with a copy of each report filed. Based solely on our review of copies of the reports filed by some of those persons and written representations from others that no reports were required, we believe that during fiscal 2005 all Section 16(a) filing requirements were complied with in a timely fashion.

SHARE OWNERSHIP INFORMATION

The tables below provide information about beneficial owners of our common shares. Under applicable SEC rules, anyone that has or shares the right to vote any of our common shares or has or shares dispositive power over any of them is a beneficial owner of those shares. The settlor of a trust with a right to revoke the trust and regain the shares or a person who can acquire shares by exercising an option or a conversion right sometimes also is considered a beneficial owner under these rules. Consequently, more than one person can be considered the beneficial owner of the same common shares. Unless otherwise indicated below, each owner named in a table has sole voting and sole dispositive power over the shares reported for that person, and this information is as of the record date for the annual meeting.

Security Ownership of Known Over 5% Beneficial Owners

Name and Address	Number of Shares	Percent of Class
Royce & Associates, LLC New York, NY 10019	2,994,100	5.7%
Barclays Global Investors, NA and related companies San Francisco, CA 94105	2,997,609	5.7%
Snyder Capital Management, L.P. San Francisco, CA 94104	2,965,799	5.7%

Information about Royce & Associates, LLC is based on a Schedule 13G it filed after December 31, 2004, in which it reported that as of that date it had sole voting and dispositive power over 2,994,100 common shares.

Information about Barclays Global Investors, NA and related companies is based on a Schedule 13G they filed jointly after December 31, 2004, in which they reported that as of that date they had sole voting power over 2,842,819 common shares and sole dispositive power over 2,997,609 common shares. The other companies reported as beneficial owners of common shares were: Barclays Global Fund Advisors, Barclays Capital Securities Limited, and Palomino Limited.

Information about Snyder Capital Management, L.P. is based on a Schedule 13G it filed after December 31, 2004, in which it reported that as of that date it had shared voting power over 2,790,099 common shares, shared dispositive power over 2,965,799 common shares, and sole voting or dispositive power over no shares. It also reported that it is an investment adviser, that its general partner is Snyder Capital Management, Inc., and that Snyder Capital Management, Inc. is a subsidiary of IXIS Asset Management North America, L.P.

The following table shows the share ownership of each of our named executive officers, each of our current directors and director nominees, and all current executive officers and directors as a group.

**Security Ownership of
Executive Officers, Current Directors, and Nominees**

Name	Number of Shares	Percent of Class
Kurt L. Darrow	175,028	*
Rodney D. England	312,148	*
John H. Foss	9,100	*
David K. Hehl	30,772	*
James W. Johnston	1,490,454	2.853%
Steven M. Kincaid	104,699	*
H. George Levy	13,000	*
Rocque E. Lipford	18,700	*
Donald L. Mitchell	13,836	*
Patrick H. Norton	386,113	*
Helen O. Petrauskas	9,700	*
David M. Risley	84,733	*
Jack L. Thompson	9,400	*
All current directors and executive officers as a group (13 persons)	2,657,683	5.052%

* less than 1%

For purposes of calculating the percentage ownership of the group in the table above, all shares subject to options held by any group member that currently are exercisable or that will become exercisable within 60 days of June 30, 2005 are treated as outstanding, but for purposes of calculating the percentage of ownership of any individual group member only the optioned shares held by that group member are treated as outstanding. The table includes the following numbers of optioned shares:

Mr. Darrow	61,725
Mr. England	58,525
Mr. Kincaid	58,525
Mr. Norton	106,950
Mr. Risley	74,975
All current directors and executive officers as a group	360,700

The table also includes the following numbers of shares owned by a named person's wife or held in trust, beneficial ownership of which is disclaimed by him:

Mr. Hehl	5,616
Mr. Johnston	524,504
Mr. Lipford	2,400
Mr. England	13,172

Shares shown in the table for Mr. Lipford do not include 205,000 common shares held by the Edwin J. and Ruth M. Shoemaker Foundation. Mr. Lipford acts as one of the six members of the Board of Directors of the Foundation. He disclaims beneficial ownership with respect to these shares.