

AMERON INTERNATIONAL CORP
Form DEF 14A
February 25, 2008

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

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

☐ Soliciting Material Under Rule
14a-12

☐ Confidential, For Use of the
Commission Only (as permitted
by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

AMERON INTERNATIONAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the

amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

☐ Fee paid previously with preliminary materials:

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which

the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or

schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**AMERON INTERNATIONAL CORPORATION
CORPORATE OFFICES: 245 SOUTH LOS ROBLES AVE.
PASADENA, CALIFORNIA 91101**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the stockholders:

The 2008 Annual Meeting of Stockholders (the "Annual Meeting") of Ameron International Corporation, a Delaware corporation (the "Company") will be held at The Pasadena Hilton Hotel, 168 South Los Robles Ave., Pasadena, California, on Wednesday, March 26, 2008 at 10:00 a.m. for the following purposes:

1. To elect two directors to hold office for a term of three years, or until their successors are elected and qualified.
2. To ratify the appointment of PricewaterhouseCoopers LLP as independent public accountants of the Company for fiscal year 2008.
3. To approve the Company's Amended and Restated Key Executive Long-Term Cash Incentive Plan (the "LTIP") to enable certain compensation paid under the LTIP to qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code.
4. To ratify the Rights Agreement entered into between the Company and Computershare Trust Company, N.A., as Rights Agent, on November 12, 2007 (the "Rights Agreement").
5. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on February 12, 2008 as the record date for the determination of the stockholders entitled notice of, and to vote at, the Annual Meeting and any adjournments thereof.

Javier Solis,
Secretary

February 25, 2008

YOUR VOTE IS IMPORTANT

Holders of a majority of the outstanding voting shares of the Company must be present either in person or by proxy in order for business to be transacted at the Annual Meeting. Whether or not you expect to attend the Annual Meeting, your vote is important.

PLEASE SIGN AND RETURN YOUR PROXY CARD PROMPTLY. A returned envelope, requiring no postage if mailed in the United States, is enclosed for your convenience in replying.

If you are a stockholder of record as of February 12, 2008 and plan to attend the Annual Meeting, please check your proxy card in the space provided. If your shares are not registered in your name please advise the stockholder of record (your broker, bank, etc.) that you wish to attend. That firm will provide you with evidence of ownership which will admit you to the meeting.

**AMERON INTERNATIONAL CORPORATION
CORPORATE OFFICES: 245 SOUTH LOS ROBLES AVE.
PASADENA, CALIFORNIA 91101**

**PROXY STATEMENT
FEBRUARY 25, 2008**

General

This proxy statement is furnished in connection with the solicitation of proxies for use at the 2008 Annual Meeting of Stockholders (the "Annual Meeting") of Ameron International Corporation ("Ameron" or the "Company") to be held at the time and place and for the purposes set forth in the foregoing Notice of Annual Meeting of Stockholders. This proxy statement and the proxy card included herewith were first sent to stockholders on or about February 25, 2008.

The record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting is February 12, 2008. On such date, there were issued, outstanding and entitled to vote, 9,159,996 shares of common stock of the Company ("Common Stock"). Every stockholder is entitled to one vote for each share of Common Stock registered in his or her name at the close of business on the record date, except that stockholders may cumulate their votes in the election of directors as discussed below under "Election of Directors." The Common Stock is the only class of voting stock outstanding.

Proxies

Please sign, date and return the enclosed proxy card to ensure that your shares are voted. The proxy may be revoked at any time prior to the exercise thereof. A proxy can be revoked by filing either an instrument revoking the proxy or a duly executed proxy bearing a later date with the Secretary of the Company, or by attending the Annual Meeting and voting in person. Each proxy will be voted as instructed, and if no instruction is given, will be voted FOR the election of the two nominees for director named herein, FOR the ratification of the appointment of PricewaterhouseCoopers LLP as independent public accountants of the Company for fiscal year 2008, FOR the approval of the Amended and Restated Key Executive Long-Term Cash Incentive Plan and FOR the ratification of the Rights Agreement. The named proxies may vote in their discretion upon such other matters as may properly come before the Annual Meeting.

Transaction of Business

The presence at the Annual Meeting in person or by proxy of the holders of a majority of the outstanding shares of Common Stock as of the record date is required for the transaction of business. This is called a "quorum." A stockholder's shares are counted as present at the Annual Meeting if the stockholder is present at the Annual

Meeting and votes in person or a proxy has been properly submitted by the stockholder or on the stockholder's behalf. Both abstentions and broker non-votes shall be counted for the purposes of the determination of the presence or absence of a quorum at the Annual Meeting.

“Broker non-votes” are shares of Common Stock held by brokers or nominees over which the broker or nominee lacks discretionary power to vote and for which the broker or nominee has not received specific voting instructions from the beneficial owner. While the shares of Common Stock that reflect “broker non-votes” are considered to be present and entitled to vote for the purposes of determining a quorum and may be entitled to vote on other matters, for purposes of determining the outcome of any matter as to which the broker or nominee does not have discretionary authority to vote, those shares will be treated as not present and not entitled to vote with respect to that matter.

Vote Required and Treatment of Votes for each Proposal

Assuming a quorum is present in person or by proxy at the Annual Meeting:

- The two nominees for director receiving the greatest number of votes cast will be elected. Abstentions are not counted for purposes of election of directors.
- To be ratified, the selection of PricewaterhouseCoopers LLP as independent public accountants must receive the affirmative vote of a majority of the shares of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting. Abstentions have the effect of negative votes.
- To be approved, the Company's Amended and Restated Key Executive Long-Term Cash Incentive Plan must receive the affirmative vote of a majority of the shares of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting. Abstentions have the effect of negative votes. “Broker non-votes” will not be taken into account in determining the outcome of the adoption of this proposal.
- To be ratified, the Company's Rights Agreement must receive the affirmative vote of a majority of the shares of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting. Abstentions have the effect of negative votes. “Broker non-votes” will not be taken into account in determining the outcome of the adoption of this proposal.

ELECTION OF DIRECTORS (PROXY ITEM 1)

As of the date of this proxy statement, the Bylaws of the Company provide that the Board of Directors of Ameron (the “Board”) shall be composed of seven directors, divided into three classes. Directors are elected for three-year terms, and one class is elected at each annual meeting of the Company's stockholders. Pursuant to a policy adopted by the Board, no person may serve as a director after the date of the first annual meeting of stockholders subsequent to such person's 72nd birthday.

Two Class I directors are to be elected at the Annual Meeting. James S. Marlen and David Davenport were elected to their present terms of office as Class I directors at the Company's 2005 Annual Meeting. Class I directors elected at the Annual Meeting will hold office until the 2011 Annual Meeting or until their respective successors have been elected and qualified. Both of the nominees have consented to being named herein and to serve if elected. In the event that either of the nominees should become unavailable prior to the Annual Meeting, proxies in the enclosed form will be voted for a substitute nominee or nominees designated by the Board or at its option, the Board may reduce the number of directors that constitutes the entire Board.

Stockholders have cumulative voting rights with respect to the election of directors. Cumulative voting rights entitle a stockholder to a total number of votes equal to the number of directors to be elected multiplied by the number of shares of Common Stock owned by the stockholder, and to distribute such votes to one or more nominees as the stockholder determines. Unless a stockholder indicates otherwise on the proxy card, if a stockholder votes “FOR” all nominees, the proxies will allocate such stockholder's votes equally among the nominees listed above. If a stockholder withholds authority to vote for any nominee or nominees, the proxies will allocate such person's votes equally among the nominees listed above except those for whom the stockholder

withholds authority to vote.

THE BOARD RECOMMENDS A VOTE ☐FOR☐ THE ELECTION OF THE CLASS I NOMINEES, AND THE ENCLOSED PROXY CARD WILL BE SO VOTED UNLESS THE STOCKHOLDER SPECIFIES OTHERWISE.

2

THE BOARD AND ITS COMMITTEES

Information as to Nominees and Continuing Directors

The following table sets forth the names of and certain other information about the nominees for election as a director and those directors who will continue to serve after the Annual Meeting.

Name	Age	Director Since
Class I <input type="checkbox"/> Nominees for Election		
James S. Marlen	66	1993
David Davenport	57	2002
Class II <input type="checkbox"/> Term Expires 2009		
Terry L. Haines	61	1997
John E. Peppercorn	70	1999
William D. Horsfall	64	2006
Class III <input type="checkbox"/> Term Expires 2010		
J. Michael Hagan	68	1994
Dennis C. Poulsen	65	2002

The following summaries set forth the principal occupation and business experience during the past five years as well as certain other affiliations of each nominee for director and each director whose term continues after the Annual Meeting. The summaries are based on information provided to the Company by the nominees and continuing directors.

Nominees for Director

James S. Marlen. Chairman of the Board since 1995, Chief Executive Officer since 1993 and President from 1993 to 2008. Formerly Vice President and Officer of GenCorp, Inc. and President, GenCorp Polymer Products, the consumer and industrial product sector of GenCorp, Inc. Mr. Marlen is director of A. Schulman, Inc. (NASDAQ), a leading multinational manufacturer of high-performance plastics, compounds and resins, and Parsons Corporation, a privately-held, worldwide engineering and construction firm. Mr. Marlen was named a Distinguished Engineering Fellow of the University of Alabama, and in 1998, he was inducted into the State of Alabama Engineering Hall of Fame. Mr. Marlen is also a director of various civic and trade organizations.

David Davenport. Distinguished Professor of Public Policy and Law ☐ Pepperdine University since 2003 and Research Fellow, Hoover Institution, Stanford University, since August 2001. Director of Salem Communications, a provider of radio programming, and Forest Lawn Memorial Parks Association, a memorial parks service company.

Continuing Directors

Terry L. Haines. Retired Chairman of the Board, President and Chief Executive Officer of A. Schulman, Inc., a leading multinational manufacturer of high-performance plastics, compounds and resins. Director of First Merit Bank Corp.

John E. Peppercorn. Retired Vice President of Chevron Corporation and President of Chevron Chemical Co. LLC, a subsidiary of Chevron Corporation, manufacturer of industrial chemicals.

William D. Horsfall. Founder and Senior Partner of Lucas, Horsfall, Murphy and Pindroh, LLP, an accounting services and business consulting firm, since 1980. Certified Public Accountant licensed in California since 1967.

J. Michael Hagan. Retired Chairman, President and Chief Executive Officer of Furon Company, a manufacturer of polymer components. Director of Remedytemp, Inc., a temporary staffing and employment company; PIMCO Funds, an investment management services company; and Fleetwood Enterprises, a manufacturer of recreational vehicles and producer of manufactured housing.

3

Dennis C. Poulsen. Chief Executive Officer of Rose Hills Company, one of the largest memorial park service companies in the U.S., from 2000 to February 2002. Non-executive Chairman of Rose Hills Company since February 2002 and director of Payden Funds since 1992.

Fiscal Year 2007 Director Compensation Table

The table below sets forth the compensation earned by the Company's non-employee directors for the fiscal year ended November 30, 2007 (fiscal year 2007). Mr. James S. Marlen, the Company's Chief Executive Officer, did not receive compensation in fiscal year 2007 in respect of his services as a director.

Name (1)	Fees Earned or Paid in Cash \$	Stock Awards \$ (1)(2)	Option Awards \$ (3)	Non-Equity Incentive Plan Compensation \$	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$	All Other Compensation \$ (4)	Total \$
David Davenport	85,500	111,591	14,600	□	□	1,570	213,261
J. Michael Hagan	65,500	69,430	14,599	□	□	1,570	151,099
Terry L. Haines	57,800	69,430	14,600	□	□	1,570	143,400
William D. Horsfall	58,500	11,830	□	□	□	700	71,030
John E. Peppercorn	87,000	69,430	14,600	□	□	1,570	172,600
Dennis C. Poulsen	82,500	111,591	14,600	□	□	1,570	210,261

- (1) Certain awards of restricted stock were made in fiscal years 2006 and 2007 under the Company's Restricted Stock Agreement pursuant to the 2004 Stock Incentive Plan. The amounts shown in this column consist of the compensation cost of the awards of restricted stock that were recognized in fiscal year 2007 by the Company pursuant to Statement of Financial Accounting Standards 123R, *Share Based Payment* (SFAS 123R). Additional information related to the calculation of the compensation cost and the assumptions used is set forth in Note 13 Incentive Stock Compensation Plans of the Notes to the Consolidated Financial Statements of the Company's Annual Report on Form 10-K for fiscal year 2007.
- (2) Awards of 1,000 shares of restricted stock were granted on March 21, 2007 to the non-employee directors. Under SFAS 123R, the fair value of the awards on the date of grant was \$69,430, based on the per share closing price of the Common Stock on the New York Stock Exchange on March 21, 2007 of \$69.43.

At November 30, 2007, Messrs. Davenport, Hagan, Haines, Peppercorn and Poulsen each had 1,900 unvested shares of restricted stock and Mr. Horsfall had 1,000 unvested shares of restricted stock.

- (3) Certain stock options were granted in fiscal years 2003, 2004 and 2005 under the Company's Non-Employee Director Stock Option Agreement pursuant to the 2001 Stock Incentive Plan and the 2004 Stock Incentive Plan. The amounts shown in this column consist of the compensation cost of stock option grants that were recognized in fiscal year 2007 by the Company pursuant to SFAS 123R. Additional information related to the calculation of the compensation cost and the assumptions used is set forth in Note 13 Incentive Stock Compensation Plans of the Notes to the Consolidated Financial Statements of the Company's Annual Report on Form 10-K for fiscal year 2007.

At November 30, 2007, the number of options outstanding for each non-employee director were as follows: Mr. Davenport 2,250; Mr. Hagan 15,000; Mr. Haines 8,250; Mr. Peppercorn 15,000 and Mr. Poulsen 2,250.

- (4) Dividends paid on unvested restricted stock. These amounts were not factored into the grant date fair value for the stock award.

Director Compensation

Generally, directors who are not officers or employees of the Company receive an annual retainer of \$36,000 plus \$2,200 for each Board meeting attended and \$1,500 for each meeting of committees of the Board attended. Meeting fees are paid to each director who attends and actively participates. In addition, the chairman of the Audit Committee receives an annual retainer of \$7,000, the chairman of the Compensation Committee receives an

4

annual retainer of \$6,000 and the chairman of the Nominating & Corporate Governance Committee receives an annual retainer of \$3,000. Directors are also provided or reimbursed for travel (including spousal travel for certain meetings), lodging and other customary expenses incurred in attending Board, committee and stockholder meetings. Directors are available for consultation at any time by management and normally receive no additional compensation for such consultation. Directors receive an annual grant of restricted stock on the first business day following the date of an annual meeting of stockholders in amounts determined by the Board from time to time. In fiscal year 2007 each director received a grant of 1,000 shares of restricted stock.

Committees of the Board

As of the date of this proxy statement, the Board has standing committees, with duties, current membership and number of meetings for each as shown below.

Audit Committee

8 meetings held during fiscal year 2007

Members:

J. Michael Hagan, *Chairman*
David Davenport
Terry L. Haines
William D. Horsfall

The Audit Committee represents and assists the Board in discharging its oversight responsibility relating to accounting and internal and external audit matters affecting the Company. The Audit Committee is governed by a charter. A more detailed description of the functions of the Audit Committee can be found in the Audit Committee Charter, a copy of which can be found on the Company's website www.ameron.com by following the links to "Shareholders" and "Corporate Governance" or upon written request as set forth below under "Additional Information." As required by the Audit Committee Charter and the New York Stock Exchange's corporate governance standards, all members of the Audit Committee are "independent" as discussed below under "Director Independence." Each of the members of the Audit Committee is also financially literate and has accounting or related financial management expertise as required by the New York Stock Exchange's corporate governance standards. The Board has determined that Mr. William D. Horsfall meets the definition of "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K promulgated by the Securities and Exchange Commission (the "SEC").

Compensation Committee

14 meetings held during fiscal year 2007

Members:

John E. Peppercorn, *Chairman*
David Davenport
Dennis C. Poulsen

The Compensation Committee supervises and acts upon matters involving the compensation of the Company's top managerial and executive officers. The Compensation Committee is governed by a charter. A more detailed description of the functions of the Compensation Committee can be found in the Compensation Committee Charter, as amended, a copy of which can be found at the Company's website www.ameron.com by following the links to "Shareholders" and "Corporate Governance" or upon written request as set forth below under "Additional Information." As required by the Compensation Committee Charter and the New York Stock Exchange's corporate governance standards, all members of the Compensation Committee are "independent" as discussed below under "Director Independence."

Executive Committee

No meetings held during fiscal year 2007

Members:

James S. Marlen, *Chairman*
J. Michael Hagan
John E. Peppercorn
Dennis C. Poulsen

5

The Executive Committee acts on matters delegated to it by the Board between meetings of the Board or while the Board is not in session.

Nominating & Corporate Governance Committee

3 meetings held during fiscal year 2007

Members:

Dennis C. Poulsen, *Chairman*
Terry L. Haines
John E. Peppercorn

The Nominating & Corporate Governance Committee identifies, reviews and recommends qualified candidates to be elected or reelected to the Board and to be appointed to serve on various committees, reviews procedures and policies of the Board, and oversees the structure, composition and functioning of the Board. The Nominating & Corporate Governance Committee is governed by a charter. A more detailed description of the functions of the Nominating & Corporate Governance Committee can be found in the Nominating & Corporate Governance Charter, as amended, a copy of which can be found at the Company's website www.ameron.com by following the links to "Shareholders" and "Corporate Governance" or upon written request as set forth below under "Additional Information." As required by the Nominating & Corporate Governance Committee Charter and the New York Stock Exchange's corporate governance standards, all members of the Nominating & Corporate Governance Committee are "independent" as discussed below under "Director Independence."

The Board met a total of six times in fiscal year 2007, and all directors attended at least 75% of the aggregate number of meetings of the Board and Board committees on which they served for the period in which they served.

Non-management directors meet regularly in executive sessions without management and preside over non-management meetings in rotating order by seniority determined by length of Board service. Non-management directors are those directors who are not Company officers.

All directors attended the 2007 Annual Meeting. Although the Company does not have a formal policy regarding attendance by directors at annual meetings of the Company's stockholders, all directors are strongly encouraged to attend.

Director Nomination Process

The Board is responsible for selecting nominees for election to the Board by the stockholders. In general, the Company seeks as directors, individuals with substantial management experience who possess the highest personal values, judgment and integrity, an understanding of the environment in which the Company does business, and diverse business and financial experience. The Nominating & Corporate Governance Committee recommends to the Board candidates for election or reelection to the Board. Candidates are selected from qualified individuals recommended by the Board, the Nominating & Corporate Governance Committee or any other reliable source, including stockholders, as discussed more fully below. The Nominating & Corporate Governance Committee then makes its recommendations based on the needs of the Board as determined by periodic evaluations of the Board's performance and composition, as well as the individual strengths and weaknesses of the candidates.

Stockholders may submit written recommendations for nominees directly to the Secretary of the Company at the address of the Company's corporate offices located at 245 S. Los Robles Avenue, Pasadena, CA 91101. To be timely, any such notice must be received at the corporate offices of the Company not less than sixty (60) and not more than one hundred twenty (120) days prior to the date of such annual meeting; provided, however, that in the event that the first public disclosure (whether by mailing of a notice to stockholders, press release or otherwise) of the date of such annual meeting is made less than sixty-five (65) days prior to the date of such annual meeting, notice by the stockholder will be timely if received not later than the close of business on the tenth (10th) day following the day on which such first public disclosure was made. Such stockholder's notice with respect to a proposed nomination shall set forth (i) the name, age, business and residence address and principal occupation or employment of such nominee proposed in such notice; (ii) the name and address of the stockholder giving the notice as the same appears in the Company's stock register; (iii) the number of shares of Common Stock which are beneficially owned by each such nominee and by such stockholder; and (iv) such other information concerning each such nominee as would

6

be required, under the rules of SEC, to be disclosed in a proxy statement soliciting proxies for the election of such nominee. Such notice must also include a signed consent of each such nominee to serve as a director of the Company, if elected.

Compensation Committee Interlocks and Insider Participation

Messrs. Peppercorn, Davenport and Poulsen, each of whom is an outside director, served on the Compensation Committee in fiscal year 2007. During fiscal year 2007, there were no relationships or transactions between the Company and any member of the Compensation Committee requiring disclosure hereunder.

Director Independence

As part of its Corporate Governance Guidelines, the Board has adopted Independence Standards, which are attached hereto as Exhibit A. The Board has affirmatively determined that each of Messrs. Davenport, Hagan, Haines, Horsfall, Peppercorn and Poulsen are "independent" within the meaning of the Company's Independence Standards and the New York Stock Exchange's corporate governance standards. In making that determination, the Board applied standards established by the Company's Corporate Governance Guidelines, including the Independence Standards, in addition to any relevant facts and circumstances, including the fact that there are no relationships between the Company and any of the independent directors. The Company's Corporate Governance Guidelines can be found on the Company's website located at www.ameron.com by following the links to "Shareholders" and "Corporate Governance" or upon written request as set forth below under "Additional Information."

Code of Business Conduct & Ethics

The Company has adopted a Code of Business Conduct & Ethics (the "Code of Ethics"), which is designed to focus directors, officers and employees of the Company on areas of ethical risk, provide guidance to help recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability. Each director, officer and employee is required to comply with the Code of Ethics, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions. The Code of Ethics can be found on the Company's website located at www.ameron.com by following the links to "Shareholders" and "Corporate Governance" or upon written request as set forth below under "Additional Information." The Company will disclose amendments to or waivers from provisions of the Code of Ethics by posting such information on its website.

Communications with the Board or Directors

Stockholders and interested parties may communicate to any one of the independent directors, including the director presiding over executive sessions of non-management directors, in care of the Company's Secretary at the Company's corporate offices located at 245 S. Los Robles Avenue, Pasadena, CA 91101. All such communications will be directed to the entire Board. Stockholders and interested parties desiring to limit or direct their communications to only non-employee directors, a specific committee or an individual director such as the presiding director should so indicate on the envelope of the communication. All stockholder and interested parties communications will be forwarded to the applicable director(s).

Additional Information

Copies of each of the Company's Audit Committee Charter, Compensation Committee Charter, Nominating & Corporate Governance Committee Charter, Corporate Governance Guidelines and Code Ethics are available to stockholders upon written request addressed to the Secretary of the Company at the Company's corporate offices located at 245 S. Los Robles Avenue, Pasadena, CA 91101.

7

PROPOSAL FOR RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS (PROXY ITEM 2)

The Board, upon recommendation of its Audit Committee, has appointed the firm of PricewaterhouseCoopers LLP, as independent public accountants to examine the Company's financial statements for its fiscal year ending November 30, 2008. This firm has no financial interest of any kind in the Company or its subsidiaries other than its work as the Company's independent public accountants. The firm has had no connection with the Company or its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee. A member of the firm of PricewaterhouseCoopers LLP is expected to be present at the Annual Meeting to answer questions and to make a statement if he or she desires to do so.

THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF THE FIRM OF PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT PUBLIC ACCOUNTANTS OF THE COMPANY FOR FISCAL YEAR 2008, AND THE ENCLOSED PROXY CARD WILL BE SO VOTED UNLESS THE STOCKHOLDER SPECIFIES OTHERWISE.

If the appointment is not ratified by a majority of the shares of Common Stock represented at the Annual Meeting on this proposal, the adverse vote will be considered as a directive to the Board to select other independent public accountants for the following fiscal year. However, because of the difficulty and expense of making any substitution so long after the beginning of the current fiscal year, it is contemplated that the appointment for the fiscal year ending November 30, 2008 will be permitted to stand unless the Board finds other good reason for making a change.

PROPOSAL FOR APPROVAL OF THE AMENDED AND RESTATED KEY EXECUTIVE LONG-TERM CASH INCENTIVE PLAN (PROXY ITEM 3)

Background

The Board adopted an amended and restated version of the Company's Key Executive Long-Term Cash Incentive Plan on January 30, 2008 (as amended and restated, the "LTIP"), and has directed that the LTIP be submitted to the stockholders for approval at the Annual Meeting. The original version of the Key Executive Long-Term Cash Incentive Plan was approved by the Company's stockholders in 2003. The approval of the stockholders being sought hereby is necessary to ensure that awards made pursuant to the LTIP will not be subject to the deduction limits under Section 162(m) of the Internal Revenue Code of 1986 ("Code").

In general, Section 162(m) of the Code places a limit on the deductibility for federal income tax purposes of the compensation paid to the Named Executive Officers (as defined below under "Executive Compensation" Fiscal Year 2007 Summary Compensation Table), other than Messrs. McLaughlin, Friedrich and Giese, who were employed by the Company at the end of fiscal year 2007. Under Section 162(m) of the Code, compensation paid to such executives in excess of \$1 million in a taxable year is not generally deductible. However, compensation that qualifies as "performance-based" as determined under Section 162(m) does not count against the \$1 million limitation. For purposes of Section 162(m) of the Code, for compensation to be considered "performance-based" and thus not subject to the deduction limitations, one of the requirements is that the material terms of the performance goals under which compensation may be paid must be disclosed to and approved by the Company's stockholders.

For purposes of Section 162(m) of the Code, the material terms of the LTIP include: (i) the employees eligible to receive compensation, (ii) a description of the business criteria on which the performance goal is based and (iii) the maximum amount of compensation that can be paid to an employee under the performance goal. Each of these aspects of the LTIP is discussed below, and stockholder approval thereof will be deemed to constitute approval of each of these aspects of the LTIP for purposes of the approval requirements of Section 162(m) of the Code.

Reasons for the LTIP

The Board of Directors continues to believe that it is in the best interests of the Company and its stockholders to provide for a stockholder-approved plan under which awards paid to its executives can qualify for deductibility for federal income tax purposes. Accordingly, the Company has structured the LTIP in a manner such that payments under it can satisfy the requirements for "performance-based" compensation within the meaning of Section 162(m) of the Code.

Summary of the LTIP

The purpose of the LTIP is to reward selected senior-level executives who make important contributions to the long-term financial and strategic performance of the Company and its operations. The following is only a summary description of the LTIP and is qualified in its entirety by reference to the full text of the LTIP attached as Exhibit B.

The LTIP is administered by the Compensation Committee. The Compensation Committee has the authority to make all determinations necessary or advisable for the ongoing administration of the LTIP and to correct or supply any omission or to reconcile any inconsistency in the LTIP in the manner and to the extent that the Compensation Committee, in its sole discretion, deems desirable to carry the LTIP into effect.

The LTIP provides an opportunity for participants to earn a cash payment following the completion of a Performance Cycle (as defined below) based on the Company's performance relative to performance objectives for that Performance Cycle. "Performance Cycles" are established by the Compensation Committee and are currently three years in length, and a new Performance Cycle begins each fiscal year. New performance objectives are established by the Compensation Committee for each Performance Cycle from among the following measures: revenue, net cash flow, net income, operating income, earnings per share, return on sales, return on equity, return on net assets employed, and return on total capital.

Cash awards may be made under the LTIP to persons who are executive officers, other key employees and consultants who are recommended by the Company's Chief Executive Officer and approved by the Compensation Committee. Participation in any one Performance Cycle does not guarantee the right to participate in any subsequent Performance Cycle. Notwithstanding the foregoing, the Compensation Committee may extend participation or benefits to any participant as it deems fit in its sole and absolute discretion. Eleven executives are currently eligible to participate in the LTIP.

For each Performance Cycle, the Compensation Committee assigns cash compensation targets to each participant, expressed as a percentage of the participant's salary (a "Target Award"), based on the participant's level of responsibility, ability to influence long-term Company performance, and competitive pay considerations. In addition, the Compensation Committee establishes performance objectives for the Performance Cycle as well as the relationship between awards and different levels of achievement relative to the performance objectives. A participant's Target Award and the relationship between the participant's award and different levels of achievement are described in a Participation Agreement entered into between the Company and the participant for each Performance Cycle, a form of which is attached as Exhibit B.

The Compensation Committee will normally not adjust a participant's Target Award during a Performance Cycle, but it reserves the right to adjust a Target Award downward in special circumstances as it deems fit, such as for example, due to the demotion of a participant provided that, in general, no such adjustments shall be made if such adjustments are inconsistent with Section 162(m) of the Code. In the event of a decrease in a participant's Target Award during a Performance Cycle, calculation of the participant's award for that Performance Cycle will be based on prorating each Target Award according to the number of days each was in effect during the Performance Cycle.

Awards are determined by the Compensation Committee in accordance with the Participation Agreement entered into between the Company and participants no later than 90 days following the end of each Performance Cycle. The LTIP does not provide for discretionary payments outside of awards determined in accordance with the LTIP. However, the Compensation Committee reserves the right to adjust downward awards for any Performance Cycle if the Compensation Committee deems, in its sole discretion, that Company performance for the Performance Cycle was materially influenced by events not anticipated at the time that the performance objectives were established. The maximum amount of cash compensation payable to any individual under the LTIP in any one calendar year is limited to \$1 million.

The LTIP provides that awards must be paid in cash no later than 90 days following the end of the Performance Cycle, but in no event later than the 15th day of the third month following the end of the year in which the Performance Cycle ends.

In the event of a participant's termination of service for "cause" (as defined in the LTIP), the participant will not be entitled to receive an award with respect to the corresponding Performance Cycle. In the event of a participant's termination of service for any reason other than for cause, death, disability or retirement prior to the end of a Performance Cycle, the participant will not be entitled to receive an award with respect to the corresponding Performance Cycle unless the number of full months of the participant's service with the company during the Performance Cycle, divided by the number of months in the Performance Cycle, exceeds 50%, in which case the participant will be entitled to a pro-rata portion of an award for that Performance Cycle. In the event of a participant's termination of service due to death, disability or retirement, the participant's award will be prorated according to formulas specified in the LTIP.

Upon a change of control of the Company prior to the end of any Performance Cycle, each participant will be entitled to receive an award under the LTIP equal to the participant's Target Award for the Performance Cycle based on the assumption that the participant's salary immediately prior to the change of control would remain constant for the remaining period of the Performance Cycle.

The Board may terminate, suspend or revoke the LTIP, with or without notice. However, unless required by law, no change may be made to the LTIP that adversely affects an award due for a completed Performance Cycle or as a result of a change of control with the consent of the affected participant. Upon amendment, suspension or revocation of the LTIP, the Compensation Committee may, at its sole discretion, authorize the proration or early

distribution, or a combination thereof, of awards under the LTIP, but only to the extent consistent with Section 409A of the Code.

THE BOARD RECOMMENDS A VOTE FOR THE PROPOSAL TO APPROVE THE COMPANY'S AMENDED AND RESTATED KEY EXECUTIVE LONG-TERM CASH INCENTIVE PLAN, AND THE ENCLOSED PROXY CARD WILL BE SO VOTED UNLESS THE STOCKHOLDER SPECIFIES OTHERWISE.

**RATIFICATION OF RIGHTS AGREEMENT
(PROXY ITEM 4)**

Background

The Company's stockholders are being asked to ratify the Rights Agreement entered into between the Company and Computershare Trust Company, N.A., as Rights Agent, on November 12, 2007 (the "Rights Agreement"). While none of the Company's Certificate of Incorporation, Bylaws or applicable law require stockholder approval of a rights agreement or any similar arrangement, the Board has determined to request stockholder ratification of the Rights Agreement as a matter of good corporate governance. If the Rights Agreement is not ratified by the stockholders it will expire by its terms on November 11, 2008, as discussed below under "Summary of the Rights Agreement"Term. The terms of the Rights Agreement have been tailored to meet the published guidelines of the Corporate Governance Policies and Guidelines issued by Institutional Shareholder Services ("ISS"), a proxy advisory firm for many institutional investors.

The Rights Agreement is designed to, among other things, deter the use of coercive or abusive takeover tactics by one or more parties interested in acquiring the Company or a significant position in the Company's common stock without offering fair value to all stockholders, as well as to generally assist the Board in representing the interests of all stockholders in connection with any takeover proposals. The Rights Agreement accomplishes these objectives by encouraging a potential acquiror to negotiate with the Board to have the rights redeemed prior to such party exceeding the ownership thresholds set forth in the Rights Agreement. If the rights are not redeemed and such party exceeds the ownership thresholds, the rights become exercisable at a discounted price resulting in both a dilution of the party's holdings in the Company and making an acquisition thereof prohibitively more expensive by significantly increasing the number of shares of common stock that would have to be acquired to effect a takeover.

The Company's previous rights agreement expired by its terms on December 16, 2006. As a result, on November 12, 2007, the Company entered into the Rights Agreement. In considering the terms of the Rights Agreement, the Board consulted a proxy advisory firm, a financial advisor, published ISS guidelines and market

literature. The result was that the Board approved the Rights Agreement in a form that includes a number of additional progressive provisions known as the ISS "best practice" provision. **The Board's decision to adopt the Rights Agreement was not made in response to, or in anticipation of, any acquisition proposal and is not intended to prevent a non-coercive takeover bid or to keep the current management or directors in office.**

Reasons for the Rights Agreement

The Board believes that the Rights Agreement is in the best interests of the Company's stockholders for several reasons. First, the Rights Agreement enables the Board, as elected representatives of the stockholders, to better respond to an unsolicited acquisition proposal. However, it does not prevent parties from making an unsolicited offer for or acquisition of the Company at a full and fair price. The Rights Agreement gives the Board the ability to defend stockholders against abusive tactics that could be used to gain control of the Company without paying stockholders a fair price for their shares. It also ensures that all stockholders are treated fairly and equally in an acquisition of the Company.

The Rights Agreement also encourages potential acquirors to negotiate in good faith with the Board. This gives the Board significant power to negotiate on behalf of the stockholders to achieve a fair price that is consistent with the intrinsic value of the Company. It also blocks any transaction involving an acquiror who is unwilling to pay a reasonable premium over the then current market price. In any event the Board still has the same responsibilities to consider acquisition proposals in a manner consistent with the directors' fiduciary duties to stockholders.

The Rights Agreement also gives the Board the ability to run an auction of the Company or other sale process to the extent the Board has decided to sell the Company. It allows the Board to protect a negotiated transaction from uninvolved third parties once the auction or other sale process is completed. It also slows the process by which a potential acquiror may gain control of the Company, thereby affording the Board additional time to evaluate a proposed transaction and, if necessary, seek alternative courses of action to maximize stockholder value.

Summary of the Rights Agreement

The following is a summary of certain material terms of the Rights Agreement. The statements below are only a summary and they are qualified in their entirety by reference to the terms of the Rights Agreement, which was filed as an exhibit to the Company's Registration Statement on Form 8-A filed on November 13, 2007.

Distribution of Rights. On September 19, 2007, the Board declared a dividend of one right (a "Right") for each share of the Company's common stock outstanding on November 16, 2007. Each Right entitles the holder thereof to purchase, subject to certain adjustments, one one-hundredth (1/100) of a share of the Company's Series A Junior Participating Cumulative Preferred Stock (the "Preferred Shares"). Until the Rights become exercisable, all further issuances of common stock, including common stock issuable upon the exercise of outstanding options and warrants, carry the rights.

Term. The Rights expire on November 11, 2008 unless approved by the Company's stockholders, in which case the Rights expire on November 11, 2010, unless earlier redeemed or exchanged.

Independent Director Review. If the stockholders ratify the Rights Agreement, a committee of the Board comprised entirely of independent directors will evaluate the Rights Agreement at least once prior to the third anniversary of the Rights Agreement, to determine whether the Rights Agreement continues to be in the best interests of the Company's stockholders or, rather, if the Rights should be redeemed.

Events Causing Exercisability of the Rights. The Rights become exercisable upon the earliest of the following dates:

1. the tenth (10th) business day following the date of first public announcement that any person has acquired 20% or more of the Company's voting stock (any such person, a "Triggering Stockholder" and the date of such public announcement, the "Triggering Date");
2. the tenth (10th) business day, or such later day as designated by the Board, following the date of the commencement of, or the announcement of an intention to make, an acquisition offer, the consummation of which would cause any person to become a Triggering Stockholder; or

11

3. the first date on or after the Triggering Date on which a transaction is consummated in which (a) the Company is not the surviving entity, (b) the outstanding shares of common stock are exchanged for stock or assets of another person, or (c) 50% or more of the Company's consolidated assets or earning power are sold (each, a "Flip-Over Event").

Effect of a "Flip In" Event. In the event any person becomes a Triggering Stockholder, a "Flip-In Event" will be deemed to have occurred. Following the occurrence of a Flip-In Event, each right will "flip-in" and become a right to receive, upon payment of the purchase price, \$150.00, subject to adjustment as set forth in the Rights

Agreement (the "Purchase Price"), a number of shares of common stock having a market value equal to two times the Purchase Price. If the Company does not have sufficient number of shares of common stock available for all Rights to be exercised, the Company will substitute for all or any portion of the shares of common stock that would otherwise be issuable upon the exercise of the Rights, cash, assets or other securities having the same aggregate value as such shares of common stock.

Effect of a "Flip-Over" Event. Following the date someone first becomes a Triggering Stockholder, a Flip-Over Event occurs, then each Right will be exercisable to purchase, at the Purchase Price, shares of common stock of the surviving corporation or purchaser with an aggregate market value equal to two times the Purchase Price.

Exclusion of Acquiror. Rights held by a Triggering Stockholder and certain related persons are void.

Qualified Offer and Stockholder Redemption. Notwithstanding the foregoing, the Rights Agreement would not be triggered by an all cash, fully financed cash offer for 100% of the outstanding shares of common stock at a per share offer price which represents a reasonable premium over the then current market price of a share of common stock for a period of 30 trading days immediately preceding the date on which the offer is commenced (a "Qualified Offer"). Stockholders may redeem the Rights in respect of a Qualified Offer, in which case, immediately thereafter, the right to exercise Rights will terminate and the only right of the holders of Rights thereafter will be to receive the Redemption Price, as defined below.

The Board may Redeem the Rights. The Board may, at its option, direct the Company to redeem the Rights in whole, but not in part, at a price of \$0.01 per Right (the "Redemption Price") at any time prior to the earlier of (i) the tenth (10th) business day following the Triggering Date or (ii) the first Flip-Over Event. The date the Board takes such action is referred to as the "Redemption Date." Immediately upon such action by the Board the right to exercise Rights will terminate and the only right of the holders of Rights thereafter will be to receive the Redemption Price.

Amendments to the Rights Agreement. The Board may amend the Rights Agreement in any manner prior to the Rights becoming exercisable, except that the Board may not amend the Rights Agreement to extend the expiration date or delete any provisions in respect of the independent director review or a Qualified Offer. However, the Rights Agreement may not be amended after the earliest of (i) the tenth (10th) business day following the Triggering Date, (ii) the first Flip-Over Event or (iii) the Redemption Date, if such amendment would materially and adversely affect any holder of outstanding Rights other than the Triggering Stockholder.

No Stockholder Rights Prior to Exercise. Until a Right is exercised, the holder thereof has no rights as a stockholder of the Company, other than rights resulting from such holder's ownership of the shares of common stock to which the Rights are attached, including, without limitation, the right to vote or to receive dividends.

Stockholder Ratification

Stockholders are being asked to ratify the Rights Agreement in an effort to determine the stockholders' viewpoint on the advisability of the Rights Agreement. If the stockholders do not ratify the Rights Agreement, the Board intends to reevaluate the Rights Agreement and determine whether it believes the Rights Agreement in its current form continues to be in the stockholders' best interests. The Board may, as a result of such reevaluation and determination, among other things, terminate the Rights Agreement, modify the terms of the Rights Agreement or allow the Rights Agreement to remain in place without change to expire by its terms on November 11, 2008.

THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE RIGHTS AGREEMENT, AND THE ENCLOSED PROXY CARD WILL BE SO VOTED UNLESS THE STOCKHOLDER SPECIFIES OTHERWISE.

Security Ownership of Certain Beneficial Owners

The table below sets forth information with respect to the Common Stock held by each person who beneficially owns, as of the dates set forth below, more than five percent of the Common Stock, based upon information provided to the Company by each stockholder.

Name and Address of Beneficial Owner	Number of Shares of Stock Beneficially Owned/As Of	Percent
Tontine Overseas Associates, L.L.C.	903,300/December 31, 2007 (1)	9.86
Tontine Capital Partners, L.P.		
Tontine Capital Management, L.L.C.		
Jeffery L. Gendell		
55 Railroad Avenue, 3 rd Floor		
Greenwich, CT 06830		
T. Rowe Price Associates, Inc.	832,100/December 31, 2007 (2)	9.09
100 E. Pratt Street		
Baltimore, MD 21202		
Invesco Ltd.	694,721/December 31, 2007	7.59
PowerShares Capital Management LLC		
1360 Peachtree Street NE		
Atlanta, GA 30309		
Estate of Taro Iketani	612,792/December 20, 2007	6.69
Funakawara 18, Ichigaya		
Shinjuku-ku		
Tokyo, Japan		

(1) Tontine Overseas Associates, L.L.C. ("TOA") stated it is a Delaware limited liability company which serves as investment manager to Tontine Capital Overseas Master Fund, L.P. ("TCO"), a Cayman Islands partnership, Tontine Capital Partners, L.P. ("TCP") stated it is a Delaware limited partnership, Tontine Capital Management, L.L.C. ("TCM") stated that it is a Delaware limited liability company, and Jeffrey L. Gendell ("Mr. Gendell") stated that he is a U.S. Citizen. It is further stated that Mr. Gendell is managing member of TCM and TOA, and that TCM is general partner of TCP. It is further stated that Mr. Gendell, TCM, TCP and TOA have shared voting power and shared dispositive power with respect to the 903,300 shares reported to be beneficially owned by them.

(2) T. Rowe Price Associates, Inc. stated that these securities are owned by various individual and institutional investors, including T. Rowe Price Small Cap Value Fund, Inc. which owns 520,000 shares, representing 5.68% of the shares outstanding, which T. Rowe Price Associates, Inc. ("Price Associates") serves as investment adviser with power to direct investments and/or power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

Security Ownership of Management

The table below sets forth information, as of February 1, 2008, with respect to the Common Stock beneficially owned by each director, nominee for director and Named Executive Officer (as defined below under "Executive Compensation" Fiscal Year 2007 Summary Compensation Table), as well as by all directors and executive officers as a group:

Name	Number of Shares of Stock Beneficially Owned (1) #	Number of Vested Shares Held in Trust Under 401(k) Plan #	Number of Rights to Acquire Beneficial Ownership (2) #	Percent (3)
DIRECTORS AND NOMINEES:				
David Davenport	2,200	0	1,500	*
J. Michael Hagan	16,485 (4)	0	14,250	*
Terry L. Haines	8,780	0	7,500	*
William D. Horsfall	1,300	0	0	*
John E. Peppercorn	6,200	0	14,250	*
Dennis C. Poulsen	4,200	0	1,500	*
NAMED EXECUTIVE OFFICERS:				
James S. Marlen	41,020	168	0	*
James R. McLaughlin	3,018	248	0	*
Gary Wagner	30,203 (5)	0	0	*
Javier Solis	21,462	0	0	*
Ralph S. Friedrich	1,018	0	0	*
Thomas P. Giese	4,033	0	0	*
DIRECTORS AND OFFICERS AS A GROUP (INCLUDING THOSE ABOVE)				
	139,919	515	39,000	1.53% (6)

(1)