PARK ELECTROCHEMICAL CORP
Form DEF 14A
June 24, 2008

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

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 [X]

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))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Under Rule 14a-12

Park Electrochemical Corp.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, If Other than Registrant)
Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transactions applies:

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(2) Aggregate number of securities to which transaction applies:

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

—

(3) Filing Party:

—

(4) Date Filed:

—

PARK ELECTROCHEMICAL CORP.
48 South Service Road
Melville, New York 11747

June 24, 2008

Dear Shareholder,

The Annual Meeting of Shareholders of Park Electrochemical Corp. will be held on Wednesday, July 16, 2008 at 11:00 a.m. For the first time, the Meeting will be held at the offices of the Company, 48 South Service Road, Melville, New York rather than in New York City.

This year, in addition to the election of directors, you are being asked to ratify the appointment of Grant Thornton as the Company s independent registered public accounting firm and to approve an amendment to the Company s 2002 Stock Option Plan. These proposals are more fully described in the accompanying Notice and Proxy Statement.

I hope to see you at the Annual Meeting. Your interest in the Company is very much appreciated.

PLEASE NOTE THAT THIS MEETING IS BEING HELD AT A NEW TIME AND LOCATION. DRIVING INSTRUCTIONS CAN BE OBTAINED FROM JANET CAMELLA AT THE COMPANY (jcamella@parkelectro.com or 631-465-3618).

Sincerely,

Brian E. Shore
Chairman, President and
Chief Executive Officer

PARK ELECTROCHEMICAL CORP.
48 South Service Road
Melville, New York 11747

Notice of Annual Meeting of Shareholders

July 16, 2008

The Annual Meeting of Shareholders of PARK ELECTROCHEMICAL CORP. (the Company) will be held at the offices of the Company, 48 South Service Road, Melville, New York on July 16, 2008 at **11:00 o clock** A.M., New York time (**this location and time are different from the location and time of past meetings, and driving directions are available from the undersigned at 631-465-3600**), for the purpose of considering and acting upon the following:

1. The election of four (4) directors to serve until the next annual meeting of shareholders and until their successors are elected and qualified.

2. The approval of an amendment to the Company s 2002 Stock Option Plan to increase the aggregate number of shares of Common Stock of the Company authorized for issuance under such Plan by 900,000 shares and to extend the term of such Plan to May 21, 2018.

3. To ratify the appointment of Grant Thornton LLP as the Company s independent registered public accounting firm for the fiscal year ending March 1, 2009.

4. The transaction of such other business as may properly come before the meeting.

Only holders of record of Common Stock at the close of business on May 21, 2008 will be entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

STEPHEN E. GILHULEY
Executive Vice President,
Secretary and General Counsel

Dated: June 24, 2008

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING. IF YOU DO NOT EXPECT TO BE PRESENT, PLEASE DATE AND SIGN THE ENCLOSED FORM OF PROXY AND RETURN IT PROMPTLY TO THE COMPANY IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

PARK ELECTROCHEMICAL CORP.
48 South Service Road
Melville, New York 11747

PROXY STATEMENT

Annual Meeting of Shareholders
July 16, 2008

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the Board) of Park Electrochemical Corp. (the Company) of proxies with respect to the Annual Meeting of Shareholders of the Company to be held on July 16, 2008, and any adjournment or postponement thereof (the Meeting). Any shareholder giving such a proxy (the form for which is enclosed with this Proxy Statement) has the power to revoke the same at any time before it is voted by (i) delivering written notice of such revocation bearing a later date than the proxy to the Secretary of the Company, (ii) submitting a later-dated proxy, or (iii) attending the Meeting and voting in person.

This Proxy Statement and the accompanying form of proxy are first being mailed on or about June 24, 2008 to all shareholders of record as of the close of business on May 21, 2008.

VOTING SECURITIES

As of May 21, 2008, the outstanding voting securities of the Company consisted of 20,440,531 shares of Common Stock, par value $.10 per share, of the Company (the Common Stock), each of which is entitled to one vote. Presence in person or by proxy of holders of a majority of the outstanding shares of Common Stock will constitute a quorum for the transaction of business at the Meeting. Abstentions and broker non-votes, if any, will be included for purposes of determining a quorum.

As of May 21, 2008, all executive officers and directors of the Company and nominees as a group (8 persons) beneficially owned an aggregate of 601,911 shares of Common Stock (including options to purchase an aggregate of 398,206 shares), constituting approximately 2.9% of the outstanding shares of Common Stock (giving effect to the exercise of such options).

STOCK OWNERSHIP

Principal Shareholders

The following table sets forth information as of May 21, 2008 with respect to each person (including any group of persons as that term is used in Section 13(d)(3)of the Securities Exchange Act of 1934, as amended (the Exchange Act)), who is known to the Company to be the beneficial owner (for purposes of the rules of the Securities and Exchange Commission) of more than 5% of the outstanding shares of Common Stock as of that date.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Jerry Shore	1,614,343(a)	7.9%
19 Valley Road		
Port Washington, NY 11050		
Royce & Associates, LLC	1,442,500(b)	7.1%
1414 Avenue of the Americas		
New York, NY 10019		
Wellington Management Company, LLP	1,387,400(c)	6.8%
75 State Street		
Boston, MA 02109		
Barclays Global Investors, NA	1,105,515(d)	5.4%
Barclays Global Fund Advisors		
45 Fremont Street		
San Francisco, CA 94105		
Barclays Global Investors, Ltd.		
Murray House		
1 Royal Mint Court		
London EC3N 4HH, England		
Third Avenue Management LLC	1,095,255(e)	5.4%
622 Third Avenue, 32nd Floor		
New York, NY 10017		

(a) Includes 1,410,599 shares owned by a trust of which Jerry Shore is the trustee and the beneficiary, 168,615 shares owned by a member of Jerry Shore s family, of which he disclaims beneficial ownership, and 35,129 shares owned by a foundation, of which he disclaims beneficial ownership.

(b) Royce & Associates, LLC, a registered investment adviser, holds sole dispositive power and sole voting power over all of such shares, based on an amendment to its Schedule 13G filed on February 4, 2008 under the Exchange Act, which represented approximately 7.1% of the outstanding shares of the Company s Common Stock as of May 21, 2008.

(c) Wellington Management Company, LLP, an investment advisor, holds shared voting power over 743,700 of such shares and shared dispositive power over all of such shares, based on its Schedule 13G filed on February 14, 2008 under the Exchange Act, which represented approximately 6.8% of the outstanding shares of the Company s Common Stock as of May 21, 2008.

(d) Barclays Global Investors, NA, a bank, holds sole voting power over 370,842 of such shares and sole dispositive power over 461,917 of such shares, Barclays Global Fund Advisors, an investment advisor, holds sole voting power over 453,523 of such shares and sole dispositive power over 622,835 of such shares, and Barclays Global Investors, Ltd., a bank, holds sole dispositive power over 20,763 of such shares, based on Amendment No. 1 to their Schedule 13G filed on February 6, 2008 under the Exchange Act, which represented approximately 5.4% of the outstanding shares of the Company s Common Stock as of May 21, 2008.

(e) Third Avenue Management LLC, an investment advisor, holds sole voting power and sole dispositive power over all of such shares, based on its Schedule 13G filed on February 14, 2008 under the Exchange Act, which represented approximately 5.4% of the outstanding shares of the Company s Common Stock as of May 21, 2008.

Ownership of Directors and Executive Officers

The following table sets forth information as of May 21, 2008 with respect to shares of Common Stock beneficially owned (for purposes of the rules of the Securities and Exchange Commission) by each director and nominee, by each current executive officer of the Company who is identified in the Summary Compensation Table elsewhere in this Proxy Statement and by all directors, nominees and executive officers of the Company as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Dale Blanchfield	9,750(a)	*
Lloyd Frank	42,250(b)	*
Brian E. Shore	454,722(c)	2.2%
Steven T. Warshaw	9,750(d)	*
P. Matthew Farabaugh	3,523	*
Stephen E. Gilhuley	68,366(e)	*
Anthony W. DiGaudio	8,550(f)	*
Louis J. Stans	5,000(g)	*
All directors, nominees and executive officers as a group (8 persons)	601,911(h)	2.9%

* Less than 1%

(a) Consists of shares which Mr. Blanchfield may acquire pursuant to options.
(b) Includes 35,250 shares which Mr. Frank may acquire pursuant to options and 3,000 shares owned by a member of Mr. Frank s family, of which he disclaims beneficial ownership.
(c) Includes 266,250 shares which Mr. Shore may acquire pursuant to options.
(d) Consists of shares which Mr. Warshaw may acquire pursuant to options.
(e) Includes 63,656 shares which Mr. Gilhuley may acquire pursuant to options.
(f) Consists of shares which Mr. DiGaudio may acquire pursuant to options.
(g) Consists of shares which Mr. Stans may acquire pursuant to options.
(h) Consists of 203,705 shares owned by directors, nominees and executive officers and 398,206 shares issuable to directors, nominees and executive officers upon exercise of options that are exercisable as of May 21, 2008 or become exercisable within 60 days thereafter.

ELECTION OF DIRECTORS

The Board to be elected at the Meeting consists of four members. Proxies will be voted in accordance with their terms and, in the absence of contrary instructions, for the election as directors of the nominees whose names appear in the following table, to serve for the ensuing year and until their successors are elected and qualified. Anthony Chiesa had been a director of the Company from 1954 until his death in January 2008. If any of the nominees does not remain a candidate at the time of the Meeting (a situation which is not now anticipated), proxies solicited hereunder will be voted in favor of those nominees who do remain as candidates and may be voted for substituted nominees. The four nominees who receive a plurality of the votes cast at the Meeting in person or by proxy shall be elected, and abstentions and broker non-votes, if any, will have no effect on the outcome of the vote. Each of the nominees is presently a member of the Board.

Name	Principal Occupation; Positions and Offices with the Company; Other Directorships	Age	Director Since
Dale Blanchfield	Retired; former President of Electronics Division of The Bureau of Engraving Inc., a manufacturer of specialized, high-volume, high layer count printed circuit boards, Minneapolis, Minnesota, from 1990 to June 2003; and a director of The Bureau of Engraving Inc.	70	2004
Lloyd Frank	Of Counsel since April 1, 2005, Troutman Sanders LLP, a law firm, New York City; Of Counsel from January 2004 to March 31, 2005 and a Partner for many years prior thereto, Jenkens & Gilchrist Parker Chapin LLP, a law firm, New York City; and a director of DryClean, USA Inc. and Volt Information Sciences, Inc.	82	1985
Brian E. Shore	Chairman of the Board, President and Chief Executive Officer of the Company	56	1983
Steven T. Warshaw	Retired; former President, Chief Executive Officer and Chairman of the Board, M Cubed Technologies, Inc., a manufacturer of advanced ceramic materials for semiconductor equipment and armor applications, Monroe, Connecticut, from July 2002 to October 2005; President, Hexcel Schwebel Division, Hexcel Corporation, a supplier of specialized fabrics for reinforcement of laminates used in printed circuit boards and in commercial aerospace, recreation and other industrial applications, Anderson, South Carolina, April 2000 to November 2001; and a director of NN, Inc.	59	2004

Mr. Shore has had the principal occupation set forth opposite his name for at least the past five years.

There are no family relationships among any of the persons named in the above table or among any of such persons and any of the other executive officers of the Company.

The Company was not during the 2008 fiscal year, and is not, engaged in any transaction with Dale Blanchfield, Lloyd Frank, Steven T. Warshaw or Anthony Chiesa, who was a director of the Company until his death in January 2008.

Director Independence

The Board has determined that the following current directors and/or nominees have no material relationships with the Company and are independent as required by and as defined in the director independence standards of the New York Stock Exchange: Dale Blanchfield, Lloyd Frank and Steven T. Warshaw. In addition, Anthony Chiesa, who was a director until his death in January 2008, had no material relationships with the Company and was independent under the New York Stock Exchange independence standards. Brian E. Shore does not satisfy such independence standards because he is an employee of the Company.

Board Committees

The Company s Audit Committee currently consists of Dale Blanchfield, Lloyd Frank and Steven T. Warshaw. Until Mr. Chiesa s death on January 30, 2008, the Audit Committee consisted of Messrs. Chiesa, Frank and Warshaw. The Board of Directors has determined that Mr. Warshaw is an audit committee financial expert as defined in rules of the Securities and Exchange Commission and that each of Messrs. Blanchfield, Frank and Warshaw is independent as required by and as defined in the audit committee independence standards of the Securities and Exchange Commission and of the New York Stock Exchange. The duties and responsibilities of the Audit Committee are set forth in a written charter of such Committee, first adopted by the Board in July 2000 and subsequently amended and restated in May 2004, and are described elsewhere in this Proxy Statement under the caption Other Matters Audit Committee Report . The Audit Committee also issues the Audit Committee Report required to be included in the Company s Proxy Statement by rules of the Securities and Exchange Commission. The Audit Committee Report for the Company s 2008 fiscal year is set forth elsewhere in this Proxy Statement under the caption Other Matters Audit Committee Report .

The Company has a Compensation Committee and a Stock Option Committee each consisting of Dale Blanchfield, Lloyd Frank and Steven T. Warshaw. Until Mr. Chiesa s death on January 30, 2008, the Compensation Committee consisted of Messrs. Blanchfield, Chiesa and Warshaw. The functions of the Compensation and Stock Option Committees are set forth in written charters of such Committees adopted by the Board, and such functions are described elsewhere in this Proxy Statement under the caption Executive Compensation Compensation Discussion and Analysis Board Process .

The Company has a Nominating Committee consisting of Dale Blanchfield, Lloyd Frank and Steven T. Warshaw. Until Mr. Chiesa s death on January 30, 2008, the Nominating Committee consisted of Messrs. Blanchfield, Chiesa and Frank. The functions of the Nominating Committee, which are to identify and recommend to the Board of Directors individuals qualified to serve as directors of the Company and on committees of the Board and to oversee the evaluation of the Board and the Company s management, are set forth in a written charter of such Committee adopted by the Board. The Nominating Committee recommended to the Board, and the Board nominated, Dale Blanchfield, Lloyd Frank, Brian Shore and Steven T. Warshaw as nominees for election as directors at the Meeting.

The Company has a Corporate Governance Committee consisting of Dale Blanchfield, Lloyd Frank and Steven T. Warshaw. Until Mr. Chiesa s death on January 30, 2008, the Corporate Governance Committee consisted of Messrs. Chiesa, Frank and Warshaw. The functions of the Corporate Governance Committee, which are to advise the Board of Directors with respect to Board composition, procedures and committees and to develop and recommend to the Board a set of corporate governance principles applicable to the Company, are set forth in a written charter of such Committee adopted by the Board.

Each member of the Compensation, Stock Option, Nominating and Corporate Governance Committees is independent as required by and as defined in the director independence standards of the New York Stock Exchange.

The charters of the Audit, Compensation, Stock Option, Nominating and Corporate Governance Committees are available on the Company s web site at www.parkelectro.com under the caption Charters and Codes as required by rules of the New York Stock Exchange. In addition, the charters of such Committees are available in print to any shareholder upon request submitted to the Corporate Secretary at the Company s office at 48 South Service Road, Melville, New York 11747.

During the Company s last fiscal year, the Board met eleven times and authorized action by unanimous written consent on six occasions, the Audit Committee met eleven times and authorized action by unanimous written consent once, the Compensation Committee met once, the Stock Option Committee met twice and authorized action by unanimous written consent once, the Nominating Committee met once, the Corporate Governance Committee met once, and the non-management directors met in executive session without management twice. At each meeting of the non-management directors, a non-management director designated by the non-management directors on the Board presides. Each of the directors attended all of the meetings held by the Board and each committee thereof of which he was a member during the Company s last fiscal year, except Mr. Chiesa who was absent from four meetings of the Board and three meetings of the Audit Committee (29% of the total number of meetings of the Board and of all Committees on which he served during the last fiscal year) due to illness and Mr. Shore who was absent from one meeting of the Board.

Annual Meeting Attendance

It is the Company s policy that all directors are invited to and encouraged to attend Annual Meetings of Shareholders, and all members of the Board of Directors attended the Annual Meeting of Shareholders held on July 18, 2007.

Director Compensation

Each director who is not an employee of the Company or any of its subsidiaries receives a fee of $17,000 per annum for his services as a director, which was increased from $12,000 per annum in the third quarter of the 2008 fiscal year, each member of the Audit Committee, other than the Chairman of the Committee, receives a fee of $2,000 per annum for his services as a member of such Committee, and the Chairman of the Audit Committee receives a fee of $4,000 per annum for his services as Chairman of such Committee, each member of the Compensation Committee of the Board of Directors receives a fee of $2,000 per annum for his services as a member of such Committee, and each Director and each Committee member is reimbursed for travel expenses incurred in attending meetings of the Board of Directors of the Company and of Committees of the Board of Directors of the Company.

On August 15, 2007, Messrs. Blanchfield, Chiesa, Frank and Warshaw each received a non-qualified stock option for 3,000 shares of Common Stock at an exercise price of $30.28 per share under the Company s 2002 Stock Option Plan. Each of these options expires on August 15, 2017, and each is exercisable 25 percent after one year from date of grant, 50 percent after two years from date of grant, 75 percent after three years from date of grant and 100 percent after four years from date of grant. In the event that the service of an optionee as a director of the Company is terminated during the term of the option, the option may be exercised by the optionee, to the extent the optionee was entitled to do so on the date of such termination, until (1) one year following the director s ceasing to serve as a director of the Company on account of disability, (2) six months following the director s ceasing to serve as a director of the Company on account of death, or (3) three months following the director s ceasing to be a director for any other reason, but in no event after the date on which the option would otherwise expire; provided, however, if the director is removed as a director for cause or ceases to be a director without the Company s consent, the option will terminate immediately.

The following table shows all the compensation paid by the Company for the most recent fiscal year, February 26, 2007 to March 2, 2008, for each of the directors of the Company, other than Brian E. Shore. Mr. Shore did not receive any compensation in his capacity as a director. Mr. Shore s compensation is set forth elsewhere in this Proxy Statement under the caption Executive Compensation Summary Compensation Table .

Name	Fees Earned or Paid in Cash ($)	Option Awards ($) (a)	Total ($)
Dale Blanchfield	$16,500	$35,666	$52,166
Anthony Chiesa (b)	18,500	28,281	46,781
Lloyd Frank	18,500	28,281	46,781
Steven T. Warshaw	18,500	35,666	54,166

(a) The amounts in this column are the amounts recognized for financial statement reporting purposes with respect to the fiscal year ended March 2, 2008 for the fair value of stock options granted to each of the named directors in the 2008 fiscal year and in prior fiscal years in accordance with Statement of Financial Accounting Standards No. 123(R), Share-Based Payment , as described in Note 7 of the Notes to Consolidated Financial Statements in Item 8 of Part II of the Company s Form 10-K Annual Report for the fiscal year ended March 2, 2008 filed with the Securities and Exchange Commission (disregarding estimates of forfeitures for service based vesting). These amounts reflect the Company s accounting expense for such stock options and do not correspond to the actual value that will be realized by the named directors if and when they exercise the options. The grant date fair value for the options granted to each of the named directors during the 2008 fiscal year, estimated at the date of grant using the Black-Scholes option-pricing model with the assumptions described in the afore-mentioned Note 7 of the Notes to Consolidated Financial Statements, was $31,110 for each of the named directors. At March 2, 2008, the end of the Company s last fiscal year, Mr. Blanchfield held 16,500 outstanding stock options, Mr. Chiesa s estate held 19,500 outstanding stock options, Mr. Frank held 42,000 outstanding stock options, and Mr. Warshaw held 16,500 outstanding stock options.

(b) Anthony Chiesa was a director of the Company until his death in January 2008.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

General. The Company s compensation of its executive officers is composed of annual base salary, annual discretionary cash bonus, annual stock option grant and the profit sharing portion of the Company s Employees Profit Sharing and 401(k) Retirement Savings Plan (the Profit Sharing Plan). The Company does not have employment agreements or employment termination or severance agreements or change-of-control agreements with any of its executive officers or any of its other employees. The Compensation Committee of the Board fully supports and endorses this compensation structure, which is designed to provide fair current income to the Company s officers, a discretionary cash award for individual and enterprise performance, equity participation in the Company s long-term performance as assessed by the capital markets in which the Company s common stock is traded and participation in the Company s profits through discretionary awards to the Profit Sharing Plan.

The Company s compensation of its executive officers is intended to be competitive with the compensation of executive officers at comparable companies, except for the compensation of the Chief Executive Officer, who has declined to accept the Compensation Committee s offer of a bonus and a salary increase each year since the Company s 2001 fiscal year. However, it is difficult for the Company to ascertain meaningful comparisons because the Company has few, if any, peer-group companies which disclose compensation information since most of its competitors are privately owned or are divisions or business units or subsidiaries of larger publicly owned companies which do not disclose compensation information about the officers of such divisions, business units or subsidiaries. The Company s compensation of its senior management is also intended to align management s incentives with the long-term interests of the Company s shareholders and to be fair and equitable to the individual and to the Company s employees and shareholders.

Base Salaries. Salaries of executive officers are determined based on the significance of the position to the Company, individual experience and expertise, individual performance and information gathered informally as to compensation levels of comparable companies in the same geographic location as the Company, except the salary of the Chief Executive Officer, who has declined to accept the Compensation Committee s offer of a salary increase each year since the Company s 2001 fiscal year. The Compensation Committee reviews the salary of each executive officer annually and makes adjustments as appropriate, taking into account the recommendations of the Chief Executive Officer.

Bonuses. Decisions as to the award of annual cash bonuses to executive officers with respect to each fiscal year are made after the close of the fiscal year. The amount awarded to each executive officer is based on the Company s overall performance, individual performance, base salary level, bonuses paid in prior years and overall equity and fairness, except the Chief Executive Officer, who has declined to accept the Compensation Committee s offer of a bonus each year since the Company s 2001 fiscal year.

Equity Compensation. The only form of equity compensation that the Company has awarded consists of incentive stock options and non-qualified stock options under the Company s Stock Option Plan.

The Stock Option Committee determines the number of options that it considers appropriate for each executive officer and other key employees of the Company. With the exception of significant promotions and significant new hires, the Stock Option Committee generally grants stock options under the Company s Stock Option Plan once each year following the availability to the Stock Option Committee of the financial results of operations of the Company and its subsidiaries for the prior year, the business plans of the Company s subsidiaries for the current fiscal year, the option grant recommendations of the presidents of the Company s subsidiaries and the evaluation of such recommendations by the senior management of the Company and the recommendations of the Chief Executive Officer of the Company. The Stock Option Committee bases its decisions on individual performance, base salary and bonus levels, recommendations from the Company s Chief Executive Officer and overall equity and fairness. In granting stock options, the Stock Option Committee generally does not consider the equity ownership levels of the recipients. The grants for the 2008 fiscal year were made on August 15, 2007. This timing was selected because it enabled the Committee to consider prior year performance by the Company and the potential recipients and the Company s expectations and plans for the 2008 fiscal year. The Stock Option Committee has the sole authority to grant stock options and has not delegated any authority to grant stock options.

The Company has not had, and does not have, a program, plan or practice to select the dates of grants of stock options to executive officers or to any employee or director of the Company in coordination with the release of material non-public information. The Company does not plan to time, and it has not previously timed, its release of material non-public information for the purpose of affecting the value of executive compensation. In addition, the Company does not have a program, plan or practice of granting stock options and setting the exercise price or prices of such options based on the price of the Company s Common Stock on a date other than the grant date. Pursuant to the terms of the Company s 2002 Stock Option Plan, which was approved by shareholders of the Company at the Annual Meeting of Shareholders held on July 17, 2002, the purchase price of the Common Stock under each stock option granted by the Company is no less than the fair market value of the Common Stock at the time of grant, which, pursuant to the terms of such Plan, is the reported closing price of the Common Stock on the New York Stock Exchange on the date preceding the date the option is granted.

Severance Benefits. The Company does not provide employment termination or severance agreements or change-of-control agreements for its employees and does not have a policy to provide specified severance benefits to employees whose employment is terminated by the Company.

Pension Benefits. The Board decides annually the amount of the Company s contribution to the Profit Sharing Plan, which is described elsewhere in this Proxy Statement under the caption Executive Compensation Summary Compensation Table . The amount of such contribution is discretionary, but may not exceed 25% of the total remuneration paid to eligible employees or such other amount as is allowed under the Internal Revenue Code of 1986, as amended (the Code). Subject to this limit, the Board determines the amount to be contributed for each year based on the Company s overall performance, the amounts contributed in prior years, the amounts of prior contributions recently forfeited by eligible employees due to termination of employment prior to vesting and recommendations from the Company s Chief Executive Officer.

When the Company calculates overall compensation for its senior management, it considers the benefits expected to be received under the Profit Sharing Plan.

Perquisites and Other Benefits. The only perquisites for senior managers are the provision of automobiles leased or owned by the Company to certain executive officers and other members of management.

Senior management also participates in the Company s other employee benefit plans on the same terms as other employees. These plans include medical and dental insurance and life insurance.

Board Process. The Compensation Committee of the Board approves all salary and bonus compensation and the Stock Option Committee of the Board approves all grants of stock options for executive officers. Executive officers include the Chief Executive Officer, the Chief Financial Officer and each person acting in a similar capacity during the 2008 fiscal year and the three other executive officers named in the Summary Compensation Table elsewhere in this Proxy Statement. The Compensation Committee and the Stock Option Committee review the performance and compensation of the Chief Executive Officer and, following discussions with him, establish his compensation level. As he has in the past since the Company s 2001 fiscal year, the Chief Executive Officer, Brian E. Shore, declined to accept the Compensation Committee s offer of a bonus for the fiscal year ended February 25, 2007 and a salary increase for the fiscal year ended March 2, 2008. For the remaining executive officers, the Chief Executive Officer makes recommendations to the Compensation Committee and to the Stock Option Committee. The amount of discretionary contributions to the Profit Sharing Plan for each fiscal year is determined by the Board taking into account the recommendations of the Chief Executive Officer.

The Board, the Compensation Committee and the Stock Option Committee, as the case may be, use no set formulas in making their determinations and may afford different weight to different factors for each executive officer. Such weighting may vary from year to year.

Section 162(m)of the Internal Revenue Code. The Board and the Compensation Committee have reviewed the impact of Section 162(m) of the Code, which limits the deductibility of certain otherwise deductible compensation in excess of $1 million paid to the Chief Executive Officer and the other executive officers named in the Summary Compensation Table elsewhere in this Proxy Statement. It is the Company s policy to attempt to design its executive compensation plans and arrangements to be treated as tax deductible compensation wherever, in the judgment of the Board or the Compensation Committee, as the case may be, to do so would be consistent with the objectives of that compensation plan or arrangement. Accordingly, the Board and the Compensation Committee from time to time may consider whether changes in the Company s compensation plans and arrangements may be appropriate to continue to fulfill the requirements for treatment as tax deductible compensation under the Code.

Summary Compensation Table

The following table shows all the compensation paid by the Company for the two most recent fiscal years for the Company s Chief Executive Officer and Chief Financial Officer and each person acting in a similar capacity during the year and the three other most highly compensated executive officers who were serving in such capacities at the end of the Company s most recent fiscal year.

Name and Principal Position	Year (a)	Salary	Bonus (b)	Option Awards (c)	All Other Compensation (d), (e)	Total
Brian E. Shore	2008	$ 364,640	$	$ 245,621	$	$610,261
Chairman of the Board,	2007	357,760	0	202,202	18,700	578,662
President and Chief						
Executive Officer						
P. Matthew Farabaugh (f)	2008	62,596		3,060	0	65,656
Vice President and Controller						
James L. Zerby (g)	2008	111,058	0	7,991	0	119,049
Vice President and	2007	98,654	0	4,617	0	103,271
Chief Financial Officer						
Stephen E. Gilhuley (h)	2008	204,713		93,378		298,091
Executive Vice President	2007	189,769	70,000	75,825	18,700	354,294
Secretary and General						
Counsel						
Anthony W. DiGaudio (i)	2008	157,981		54,737		212,718
Vice President of	2007	145,000	45,000	31,018	16,150	237,168
Marketing and Sales						
Louis J. Stans (j)	2008	161,408		18,096		179,504
Vice President of	2007	153,750	30,000	13,665	15,619	213,034
Engineering and Quality						
and Research and Development						

The salary amount for Mr. Shore for the 2008 fiscal year is more than the salary amount for the 2007 fiscal year not because of any salary increase, but because the 2008 fiscal year consisted of 53 weeks while the 2007 fiscal year consisted of 52 weeks. Mr. Shore has declined to accept the Compensation Committee s offer of a salary increase each year since the Company s 2001 fiscal year.

(a) Information is provided for the Company s fiscal years ended March 2, 2008 and February 25, 2007.

(b) The amounts of bonuses for the 2008 fiscal year have not yet been determined.

(c) The amounts in this column are the amounts recognized for financial statement reporting purposes with respect to the fiscal years shown for the fair value of stock options granted to each of the named officers in such fiscal years and in prior fiscal years in accordance with the Statement of Financial Accounting Standards No. 123 (R), Share-Based Payment , as described in Note 7 of the Notes to Consolidated Financial Statements in Item 8 of Part II of the Company s Form 10-K Annual Report for the fiscal year ended March 2, 2008 filed with the Securities and Exchange Commission (disregarding estimates of forfeitures for service based vesting). These amounts reflect the Company s accounting expense for such stock options and do not correspond to the actual value that will be realized by the named officers if and when they exercise the options.

(d) Includes the amounts of the Company s annual profit sharing contributions to the Company s Employees Profit Sharing and 401(k) Retirement Savings Plan (the Plan) which were accrued for the accounts of the named executive officers for the fiscal years shown. These amounts vest in accordance with a graduated scale based on years of service of the employee with the Company.

Substantially all full-time employees of the Company and its subsidiaries in the United States, including the Company s executive officers, participate in the profit sharing portion of the Plan, which is intended to provide retirement benefits to such employees and which is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The amounts of profit sharing contributions, if any, by the Company and its subsidiaries to the accounts of participating employees are percentages of the eligible compensation of the participating employees up to a maximum amount of compensation for each employee established under the Code, which was $225,000 for the Company s most recent fiscal year. The Board decides annually the amount of the Company s profit sharing contribution, which is discretionary, but may not exceed 25% of the total remuneration paid to eligible employees or such other amount as is allowed under the Code. Subject to this limit, the Board determines the amount to be contributed for each year based on the Company s overall performance, the amounts contributed in prior years, the amounts of prior contributions recently forfeited by eligible employees due to termination of employment prior to vesting and recommendations from the Company s Chief Executive Officer. The percentages of compensation contributed to the Plan may vary between the Company and each subsidiary, but the percentage must be the same for each participating employee of the Company or the subsidiary, as the case may be. The percentages of compensation to be contributed to the Plan for the 2008 fiscal year have not yet been determined.

Substantially all full-time employees of the Company s subsidiaries in the United States are eligible to receive contributions by the subsidiaries to match the contributions of the employees to the 401(k)retirement savings portion of the Plan, with the maximum matching contribution being 3% of the compensation of the employees. However, employees of the Company are not eligible to receive such matching contributions, but it has been the Company s practice to determine a gross annual profit sharing percentage of eligible compensation to be contributed by each subsidiary to the profit sharing portion of the Plan and to reduce such percentage by the average percentage of the compensation of such subsidiary s employees that was contributed by such subsidiary as 401(k) retirement savings matching contributions. Consistent with this practice, to compensate employees of the Company for their ineligibility for matching contributions to the 401(k) retirement savings portion of the Plan, the Company approved profit sharing contributions in prior years for the named executive officers and for the other employees of the Company which were not reduced for any 401(k) retirement savings matching contributions, because such officers and other employees of the Company are not eligible to receive such matching contributions.

(e) The Company provides no personal benefits to its executive officers other than automobiles for certain officers, the value of which is less than $10,000 per year and is not included in the Summary Compensation Table.

(f) Mr. Farabaugh was appointed Vice President and Controller (the person performing the functions similar to those performed by a principal financial officer) effective October 8, 2007.

(g) Mr. Zerby was appointed Vice President and Controller on July 24, 2006, and he was elected Vice President and Chief Financial Officer on October 24, 2006. Mr. Zerby retired as Vice President and Chief Financial Officer effective October 5, 2007.

(h) Mr. Gilhuley was elected Executive Vice President on October 24, 2006 in addition to the positions of Secretary and General Counsel. He had been Senior Vice President.

(i) Mr. DiGaudio was appointed Vice President of Marketing in June 2006 in addition to the position of Vice President of Sales.

(j) Mr. Stans was appointed Vice President of Research and Development in January 2007 in addition to the positions of Vice President of Engineering and Vice President of Quality.

Grants of Plan-Based Awards in 2008 Fiscal Year

During the last completed fiscal year, the only plan pursuant to which the Company granted awards of any kind to its executive officers was its 2002 Stock Option Plan. The 2002 Stock Option Plan has been approved by the Company s stockholders and provides for the grant of stock options to directors and key employees of the Company.

The Company s 2002 Stock Option Plan provides for the grant of both options which qualify as incentive stock options under the Code and non-qualified stock options. All options granted under the 2002 Stock Option Plan have exercise prices equal to the market value of the underlying Common Stock of the Company on the dates of grant, which, in accordance with the terms of such Plan, is the reported closing price of the Common Stock on the New York Stock Exchange on the date preceding the date the option is granted. Options granted under the Plan become exercisable 25% one year from the date of grant, with an additional 25% exercisable each succeeding anniversary of the date of grant, and expire 10 years from the date of grant. The 2002 Stock Option Plan is administered by the Stock Option Committee.

The following table provides information with respect to options to purchase shares of Common Stock granted pursuant to the 2002 Stock Option Plan to the named executive officers during the Company s last fiscal year. The table provides no information regarding non-equity incentive plan awards or equity incentive plan awards or stock awards because the Company does not have any non-equity or equity incentive plan and does not award stock to any of its executive officers or to any of its other employees.

Name	Grant Date (a)	All Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh) (b)	Grant Date Market Price (b)	Grant Date Fair Value of Option Awards (c)
Brian E. Shore	August 15, 2007	35,000	$ 30.28	$ 29.31	$359,450
P. Matthew Farabaugh	November 15, 2007	4,000	30.64	30.45	41,560
James L. Zerby		0			0
Stephen E. Gilhuley	August 15, 2007	14,000	30.28	29.31	143,780
Anthony W. DiGaudio	August 15, 2007	12,000	30.28	29.31	123,240
Louis J. Stans	August 15, 2007	7,000	30.28	29.31	71,890

(a) Grant date is the date on which stock options were granted to the named executive officers under the Company s 2002 Stock Option Plan.

(b) All options granted under the 2002 Stock Option Plan have exercise prices equal to the market value of the underlying Common Stock of the Company on the dates of grant, which, in accordance with the terms of such Plan, is the reported closing price of the Common Stock on the New York Stock Exchange on the date preceding the date the option is granted. The reported closing prices of the Common Stock on the New York Stock Exchange on August 15, 2007 and November 15, 2007, the dates of grant, were $29.31 and $30.45, respectively.

(c) The value for options was estimated at the dates of grants using the Black-Scholes option-pricing model with the assumptions described in Note 7 of the Notes to Consolidated Financial Statements in Item 8 of Part II of the Company s Form 10-K Annual Report for the fiscal year ended March 2, 2008 filed with the Securities and Exchange Commission.

Outstanding Equity Awards at 2008 Fiscal Year-End

The following table provides information regarding unexercised stock options held by the named executive officers as of the end of the Company s last fiscal year. The table provides no information regarding equity incentive plan awards or stock awards because the Company does not have any equity incentive plan and does not award stock to any of its executive officers or to any of its other employees.

All stock options held by the named executive officers and by all other employees of the Company have been granted under the Company s 1992 Stock Option Plan or 2002 Stock Option Plan. Both Stock Option Plans have been approved by the Company s stockholders and provide for the grant of stock options to directors and key employees of the Company. All options granted under such Plans have exercise prices equal to the market value of the underlying common stock of the Company on the dates of grant which, in accordance with such Plans, is the reported closing price of the Common Stock on the New York Stock Exchange on the date preceding the date the option is granted. Options granted under the Plans become exercisable 25% one year after the date of grant, with an additional 25% exercisable each succeeding anniversary of the date of grant, and expire ten years after the date of grant. The authority to grant additional options under the 1992 Stock Option Plan expired on March 24, 2002.

Outstanding Equity Awards at 2008 Fiscal Year-End

	Option Awards				
Name	Option Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable (a)	Number of Securities Underlying Unexercised Options (#) Unexercisable (a)	Option Exercise Price ($)	Option Expiration Date (b)
Brian E. Shore	5/28/98	60,000	0	$ 15.83	5/28/08
	6/15/99	60,000	0	16.54	6/15/09
	5/22/00	75,000	0	15.92	5/22/10
	7/19/01	40,000	0	23.60	7/19/11
	3/20/02	25,000	0	29.05	3/20/12
	7/24/03	20,000	0	19.95	7/24/13
	7/08/04	15,000	5,000	23.00	7/08/14
	8/24/05	17,500	17,500	24.56	8/24/15
	8/03/06	8,750	26,250	25.35	8/03/16
	8/15/07	0	35,000	30.28	8/15/17
P. Matthew Farabaugh	11/15/07	0	4,000	30.64	11/15/17
James L. Zerby	8/03/06	0	0		
Stephen E. Gilhuley	6/15/99	4,500	0	16.54	6/15/09
	5/22/00	4,406	0	15.92	5/22/10
	7/16/01	20,000	0	23.60	7/19/11
	3/20/02	10,000	0	29.05	3/20/12
	7/24/03	7,500	0	19.95	7/24/13
	7/08/04	5,625	1,875	23.00	7/08/14
	8/24/05	6,250	6,250	24.56	8/24/15
	8/03/06	3,500	10,500	25.35	8/03/16
	8/15/07	0	14,000	30.28	8/15/17
Anthony W. DiGaudio	7/24/03	300	0	19.95	7/24/13
	7/08/04	1,875	625	23.00	7/08/14
	8/24/05	3,000	3,000	24.56	8/24/15
	8/03/06	2,750	8,250	25.35	8/03/16
	8/15/07	0	12,000	30.28	8/15/17
Louis J. Stans	1/19/05	3,750	1,250	19.89	1/19/15
	8/03/06	1,250	3,750	25.35	8/03/16
	8/15/07	0	7,000	30.28	8/15/17

(a) All options become exercisable 25% one year after the date of grant, with an additional 25% exercisable each succeeding anniversary of the date of grant.

(b) All options expire ten years after the date of grant.

Option Exercises in 2008 Fiscal Year

The following table provides information regarding the pre-tax value realized from the exercise of stock options by the named executive officers during the Company s last fiscal year. The table provides no information regarding stock awards because the Company does not award stock to any of its executive officers or to any of its other employees.

	Option Awards	
Name	Number of Shares Acquired On Exercise (#)	Value Realized On Exercise ($) (a)
Brian E. Shore (b)	112,500	$ 1,503,000
P. Matthew Farabaugh	0	0
James L. Zerby	1,000	5,490
Stephen E. Gilhuley	0	0
Anthony W. DiGaudio	0	0
Louis J. Stans	0	0

(a) The Company has not granted stock appreciation rights. Value realized equals market value of the underlying shares of Common Stock on the date of exercise, which is the reported closing price of the Common Stock on the New York Stock Exchange on such date, less the exercise price, times the number of shares acquired, without deducting any taxes paid by the employee.

(b) Mr. Shore exercised an option to purchase 112,500 shares of Common Stock of the Company on May 21, 2007 because the option, which had been granted on May 22, 1997, was scheduled to expire on May 22, 2007.

Equity Compensation Plan Information

The following table provides information as of the end of the Company s most recent fiscal year with respect to compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance.

Number of securities to be issued upon exercise of outstanding	Weighted-average exercise price of outstanding options,	Number of securities remaining available for future issuance under equity