CLARCOR INC
Form DEF 14A
February 13, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

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

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

þ Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

CLARCOR Inc.

(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):

þ No fee required.

o 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 transaction applies:

2) Aggregate number of securities to which transaction applies:

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4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o 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.

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Notice of
Annual Meeting of Shareholders

The Annual Meeting of Shareholders of CLARCOR Inc. (the Company) will be held at the executive offices of the Company, 840 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067, on Monday, March 23, 2009 at 9:00 A.M., Central Time, for the following purposes:

1. To elect as Directors the three nominees named in the attached Proxy Statement for a term of three years each;

2. To approve the 2009 CLARCOR Incentive Plan;

3. To ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm to audit the Company s financial statements for the fiscal year ending November 30, 2009; and

4. To transact such other business as may properly come before the meeting or any adjournment thereof.

Only holders of CLARCOR Common Stock of record at the close of business on Friday, February 6, 2009 are entitled to receive notice of and to vote at the meeting or any adjournment thereof.

Whether or not you plan to attend the meeting, you are requested to sign and date the enclosed proxy and return it promptly in the envelope enclosed for that purpose.

Richard M. Wolfson
Secretary

PLEASE SIGN AND DATE THE ACCOMPANYING PROXY
AND MAIL IT PROMPTLY.

Franklin, Tennessee
February 13, 2009

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CLARCOR Inc.
840 Crescent Centre Drive, Suite 600
Franklin, Tennessee 37067

PROXY STATEMENT

Annual Meeting of Shareholders

This Proxy Statement and the accompanying proxy are being mailed to shareholders of CLARCOR Inc. (the Company) on February 13, 2009. They are being furnished in connection with the solicitation of proxies by the Company s Board of Directors for use at the Annual Meeting of Shareholders to be held at the executive offices of the Company, 840 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067, on Monday, March 23, 2009 at 9:00 A.M., Central Time, for the purposes set forth in the Notice of Annual Meeting. Directions to the Annual Meeting and information on how to vote in person can be obtained on-line at www.clarcorproxy.com or by contacting the Company s Secretary, Richard M. Wolfson, at 840 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067, telephone: (615)771-3100.

A shareholder who gives a proxy may revoke it at any time before it is voted by giving written notice of the termination thereof to the Secretary of the Company, by filing with him another proxy or by attending the Annual Meeting and voting his or her shares in person. All valid proxies delivered pursuant to this solicitation, if received in time and not revoked, will be voted. If no specifications are given by the shareholder executing the proxy card, valid proxies will be voted (a) to elect the three individuals nominated for election to the Board of Directors listed on the proxy card enclosed herewith, (b) to approve the adoption of the 2009 CLARCOR Incentive Plan (the 2009 Incentive Plan), (c) to ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm to audit the books and accounts of the Company for the fiscal year ending November 30, 2009, and (d) in the discretion of the appointed proxies, upon such other matters as may properly come before the meeting.

As of January 30, 2009, the Company had outstanding 50,900,199 shares of Common Stock, constituting the only class of voting securities of the Company outstanding, and each outstanding share is entitled to one vote on all matters to be voted upon. Only holders of CLARCOR Common Stock of record at the close of business on February 6, 2009 are entitled to notice of and to vote at the meeting. A majority of the shares of Common Stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, will constitute a quorum for purposes of the Annual Meeting.

Important Notice Regarding the Availability Of Proxy Materials for the Shareholder Meeting to be held on March 23, 2009:

The following Proxy materials are available for you to review online at: www.clarcorproxy.com:

This Proxy Statement (including all attachments);

Form of Proxy card

The Company s Annual Report for the fiscal year ended November 29, 2008 (which is not deemed to be part of the official proxy soliciting materials); and

Any amendments to the foregoing materials that are required to be furnished to stockholders.

In accordance with Securities and Exchange Commission (SEC) rules, the foregoing website does not use cookies , track user moves or gather any personal information.

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PROPOSAL NO. 1 ELECTION OF DIRECTORS

Nominees for Election to the Board of Directors

The Company s Certificate of Incorporation provides for a Board of Directors consisting of nine directors divided into three classes, each class consisting of three directors. One class of directors is elected at each Annual Meeting of Shareholders. The Board is currently comprised of eight directors, three of whom are up for re-election this year.

Accordingly, at the Annual Meeting three directors are to be elected. The nominees are Messrs. J. Marc Adam, James W. Bradford Jr. and James L. Packard. All of the nominees are current directors previously elected by the shareholders of the Company whose terms in office expire this year. All have been recommended by the Director Affairs/Corporate Governance Committee and by the entire Board of Directors for re-election to our Board of Directors and all of nominees have consented to serve if elected. In the event any of these nominees is unable to serve as a director, the shares represented by the proxy will be voted for the person, if any, who is designated by the Board of Directors to replace the nominee. The Board of Directors has no reason to believe that any of the nominees will be unable to serve.

Proxies will be voted for the election of each of Messrs. Adam, Bradford and Packard unless the shareholder signing such proxy withholds authority to vote for one or more of these nominees in the manner described on the proxy card. If a quorum is present at the meeting, the three candidates for director receiving the greatest number of votes will be elected. In such event, abstentions, withheld votes and broker non-votes will not affect the outcome of the election of directors.

If elected, Messrs. Adam, Bradford and Packard will hold office for a three-year period ending in 2012 or until their respective successors are duly elected and qualified. Notwithstanding the foregoing, if elected, Mr. Adam is expected to resign at the annual meeting to be held in 2011, which is when Mr. Adam will be 72 years old. Pursuant to current Company policy, directors should resign from office effective upon the date of the Company s annual meeting that soonest follows their having attained 72 years of age.

Information Concerning Nominees and Directors

The following are the current directors of the Company (including the nominees), their ages, the year in which each first became a director and their principal occupations or employment during at least the past five years:

Name	Age	Director Since	Year Term as Director Expires
*J. Marc Adam	70	March 23, 1991	2009
Mr. Adam is retired Vice President Marketing, 3M, St. Paul, Minnesota. He served as Vice President Marketing from 1995 to 1999 and from 1986 to 1995 as Group Vice President, 3M. 3M is a diversified manufacturer. Mr. Adam is a director of Schneider National Inc., a privately held trucking and logistics company.			
*James W. Bradford, Jr.	61	January 20, 2006	2009
Since June 2004 Mr. Bradford has been the Dean, Owen Graduate School of Management, Vanderbilt University, Nashville, Tennessee. From November 2002 until he became Dean he was the Associate Dean of Corporate Relations of that school. From 1999 to 2001 he was the President and Chief Executive Officer of United Glass Corporation, a national fabricator of flat glass. Mr. Bradford is a director of Genesco, Inc. and Granite Construction, Inc.			
Robert J. Burgstahler	64	December 18, 2000	2010
Mr. Burgstahler retired as Senior Vice President, Business Development and Corporate Services of 3M, St. Paul, Minnesota, effective in August 2003. He served as Vice President, Finance and Administrative Services of 3M from 2000 to 2002, President and General Manager of 3M Canada from 1998 to 2000 and Staff Vice President Taxes of 3M from 1995 to 1998. 3M is a diversified manufacturer.			
Paul Donovan	61	March 24, 2003	2010
Mr. Donovan was the Executive Vice President and Chief Financial Officer of Sundstrand Corporation from December 1988 to June 1999. Mr. Donovan was Senior/Executive Vice President and Chief Financial Officer of Wisconsin Energy Corporation from August 1999 until June 2003. Mr Donovan retired as a special advisor to the Chairman of Wisconsin Energy Corporation in February 2004. Wisconsin Energy Corporation is a holding company with subsidiaries primarily in utility businesses. Mr. Donovan is a director of AMCORE Financial, Inc. and Woodward Governor Company.			
Robert H. Jenkins	65	March 23, 1999	2011
Mr. Jenkins is retired Chairman, Hamilton Sundstrand Corporation (formerly Sundstrand Corporation), Rockford, Illinois. He served as Chairman, President and Chief Executive Officer from 1997 to 1999 and as President and Chief Executive Officer, Sundstrand Corporation from 1995 to 1997. Hamilton Sundstrand Corporation is an aerospace and industrial company. Mr. Jenkins is a director of Acco Brands Corporation, AK Steel Holding Corporation, and Jason Incorporated.			
Norman E. Johnson	60	June 26, 1996	2010
Mr. Johnson has served as Chairman, President and Chief Executive Officer of CLARCOR Inc., Franklin, Tennessee, since March 2000. Mr. Johnson is a director of Schneider National Inc., a privately held trucking and logistics company.			
Philip R. Lochner, Jr.	65	June 17, 1999	2011
Mr. Lochner serves on corporate boards of public companies. Currently, Mr. Lochner is a director of CMS Energy and Crane Co.			
*James L. Packard	66	June 22, 1998	2009
Mr. Packard is the retired Chairman, President and Chief Executive Officer of REGAL-BELOIT Corporation, a manufacturer of mechanical and electrical products. He served as President and Chief Executive Officer from 1986			

until 2002, and as Chairman from 1986 until 2006. Mr. Packard is also a director of The First National Bank & Trust Company of Beloit and Manitowoc Company.

* Nominees for election to terms expiring in 2012

The Board of Directors recommends a vote FOR the election of Messrs. Adam, Bradford and Packard as directors of the Company.

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CORPORATE GOVERNANCE

Independence

The New York Stock Exchange (NYSE) corporate governance rules require that the Board of Directors of a listed company consist of a majority of independent directors. The Company s Board of Directors currently has, and previously has had, a majority of independent directors. Seven of the eight current members of the Board of Directors are independent; only Mr. Johnson is not.

Pursuant to the NYSE corporate governance rules, the Board of Directors has adopted categorical independence standards to provide assistance in the determination of director independence. The categorical standards are set forth below and provide that a director will not qualify as an independent director if:

(i) The director is, or has been within the last three years, an employee of the Company, or an immediate family member of the director is, or has been within the last three years, an executive officer of the Company;

(ii) The director has received, or has an immediate family member who has received, during any twelve month period within the last three years, more than $120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(iii) The director is a current partner or employee of the Company s external audit firm, or was within the past three years a partner or employee of such firm and personally worked on the Company s audit within that time;

(iv) The director has an immediate family member who (a) is a current partner of a firm that is the Company s external auditor, (b) is a current employee of such firm and participates in the firm s audit, assurance or tax compliance (but not tax planning) practice or (c) was within the past three years a partner or employee of such firm and personally worked on the Company s audit within that time;

(v) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company s present executive officers at the same time serves or served on that company s compensation committee;

(vi) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of $1 million or 2% of such other company s consolidated gross revenues; or

(vii) The director or an immediate family member is a current officer, director or trustee of a charitable organization where the Company s annual discretionary charitable contributions to the charitable organization are more than the greater of (i) two percent (2%) of that organization s total annual charitable receipts, or (ii) $1,000,000.

For purposes of the categorical standards, immediate family member includes a director s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares the director s home.

The Board of Directors has affirmatively determined, assisted by the categorical independence standards set forth above, that none of the outside Directors has a material relationship with the Company (either directly or as a partner, shareholder, officer, employee or trustee of an organization that has a relationship with the Company). In making its determination, the Board of Directors considered relevant facts and circumstances, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and considered the issue not merely from the standpoint of a director, but also from that of persons or organizations with which a director has an affiliation.

Applying the categorical independence standards, the Board of Directors has determined that each of Messrs. Adam, Bradford, Burgstahler, Donovan, Jenkins, Lochner and Packard is independent as required by the NYSE corporate governance rules.

Meetings and Fees

The Board of Directors held six meetings during fiscal 2008. All of the Company s directors attended at least 75% of the aggregate number of meetings of each of (i) the Board of Directors and (ii) Committees of the Board of which they were members throughout fiscal 2008.

In fiscal 2008, directors who were not employees of the Company received (a) an annual retainer of $35,000, payable in cash or shares of the Company s Common Stock, at the director s option; (b) a fee of $1,500 payable for each Board meeting attended; (c) a fee of $1,500 payable for each meeting of a Committee of the Board attended in person and a fee of $1,000 for each Committee meeting attended by telephone; and (d) annual fees payable to Chairmen of Committees of the Board as follows: (i) Audit Committee Chairman, $10,000; (ii) Director Affairs/Corporate Governance Committee Chairman, $6,500; and (iii) Compensation Committee Chairman, $6,500. Board members also receive reimbursement for travel expenses and the stock options referred to below.

In September 2008, the Board approved an increase in the annual retainer to $40,000 effective on March 23, 2009. However, in light of the wage freeze imposed by the Company at the outset of fiscal year 2009, the Board subsequently unanimously resolved to forego such increase and to maintain the amount of the annual retainer at $35,000 for fiscal year 2009.

Pursuant to the Company s Deferred Compensation Plan for Directors, a non-employee director may elect to defer receipt of the director s fees to which he is entitled and to be paid the amounts so deferred, plus interest thereon at the prime rate announced quarterly by JP Morgan Chase Bank, or its successor, either when the participant ceases being a director of the Company or at the time the participant reaches a specified age. None of the directors deferred any portion of the fees payable during fiscal 2008.

Under the Company s 2004 Incentive Plan, on the date a person first becomes a non-employee director, and annually thereafter on the date of each annual meeting of shareholders, such person has the option to receive a grant of shares of the Company s Common Stock with an aggregate fair market value equal to and in lieu of the amount of the annual retainer for non-employee directors. If approved at the Annual Meeting, the 2009 Incentive Plan provides for a similar option, and directors who elect shares in lieu of cash will be awarded those shares under the new plan.

Under the Company s 2004 Incentive Plan, each non-employee director is also automatically granted, on the date of each annual meeting of shareholders, options to purchase 7,500 shares of Common Stock at an option exercise price equal to the fair market value of a share of Common Stock on the date of grant. For persons who become a non-employee director on a date other than the date of an annual meeting of shareholders, the number of shares subject to such option are prorated based on the number of days between the date on which he or she becomes a director and the date of the next Annual Meeting of Shareholders. If approved at the Annual Meeting, the 2009 Incentive Plan provides that the Director Affairs/Corporate Governance Committee each year will determine the number and form of equity incentive grants payable to directors. The Director Affairs/Corporate Governance Committee has determined not to deviate from historical practice in 2009 and, consequently, on March 23, 2009 each director will receive options to purchase 7,500 shares of Common Stock at an option exercise price equal to the fair market value of a share of Common Stock on such date. These options will be granted pursuant to the 2004 Incentive Plan.

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All options granted to directors as described above vest immediately on the date of grant and have a ten year term. Shares acquired upon exercise of an option may not be sold or transferred during the six month period following the date of grant of such option. The following table sets forth the compensation paid to the Company s non-employee directors during fiscal year 2008:

DIRECTOR COMPENSATION FOR FISCAL YEAR 2008

Name	Fees Earned or Paid in Cash (1) ($)	Stock Awards (2) ($)	Option Awards (3) ($)	Change in Pension Value & Non-Qualified Deferred Earnings ($)	All Other Compensation ($)	Total ($)
J. Marc Adam	26,500	35,016	63,150	0	0	124,666
James W. Bradford	27,500	35,016	68,100	0	0	130,616
Robert J. Burgstahler	33,000	35,016	68,100	0	0	136,116
Paul Donovan	29,500	35,016	68,100	0	0	132,616
Robert H. Jenkins	30,104	35,016	68,100	0	0	133,220
Philip R. Lochner, Jr.	61,000		68,100	0	0	129,100
James L. Packard	28,000	35,016	68,100	0	0	131,116

(1) Represents the amount of cash compensation earned by each director in fiscal 2008 for Board and Committee service.

(2) All stock awards reflected in this column represent the stock awarded to a director at his election in lieu of cash compensation for his annual retainer. The amounts shown in this column represent the expense recognized by the Company in accordance with FAS 123R for financial reporting purposes in fiscal 2008 for restricted stock grants made during fiscal 2008, disregarding for this purpose estimates of forfeitures related to service-based vesting conditions. See Footnote N of the Company s consolidated financial statements for the three years ended November 29, 2008, included in our Annual Report on Form 10-K for the year ended November 29, 2008 filed with the Securities and Exchange Commission on January 23, 2009 (the 2008 Annual Report), for the assumptions made in determining FAS 123R values. The grant date fair value of the restricted stock grants made to each non-employee director during fiscal 2008 was $35,016. There were no unvested restricted stock units or unvested restricted stock held by any non-employee director as of the end of fiscal 2008. The number of shares of stock held by each non-employee director of the Company as of the end of fiscal 2008 are set forth in the column entitled Shares Owned Outright in the table entitled Security Ownership Management under the heading BENEFICIAL OWNERSHIP OF THE COMPANY S COMMON STOCK .

(3) Represents the expense recognized by the Company in accordance with FAS 123R for financial reporting purposes in fiscal 2008 for stock option grants, disregarding for this purpose the estimates of forfeitures related to service-based vesting conditions. The assumptions used in the calculation of these amounts were as follows:

Risk-Free

	Grant Date	Volatility (%)	Expected Life (Years)	Interest Rate	Dividend Yield
Directors (other than Mr. Adam)	3/31/2008	20.5	7	2.88	.85
Mr. Adam	3/31/2008	20.6	6	2.88	.85

See also Footnote N of the Company s consolidated financial statements for the three years ended November 29, 2008, included in our 2008 Annual Report, for the other assumptions made in determining FAS 123R values. The grant date fair value of the stock options granted in fiscal 2008 to each director other than Mr. Adam (determined using a BlackScholes methodology employing the assumptions set forth in the table immediately above) was $9.08 per option and $408,600 for all directors other than Mr. Adam in the

aggregate. The grant date fair value of the stock options granted in fiscal 2008 to Mr. Adam (determined using a BlackScholes methodology employing the assumptions set forth in the table immediately above) was $8.42 per option and $63,150 for Mr. Adam in the aggregate. The number of vested stock options held by each non-employee director of the Company as of the end of fiscal 2008 are set forth in the column entitled Vested Stock Options in the table entitled Security Ownership Management under the heading BENEFICIAL OWNERSHIP OF THE COMPANY S COMMON STOCK . No non-employee director had any unvested stock options at the end of fiscal 2008.

Stock Ownership Guidelines

The Company has established stock ownership guidelines for non-employee directors. Under these guidelines, all non-employee directors, after a five-year period, should own Company common stock with a value of five times the annual retainer (currently $35,000). Shares subject to in-the-money options granted to a non-employee director count toward the fulfillment of these guidelines. These guidelines are not mandatory, but are intended to convey expectations regarding the expected levels of stock ownership by directors. The Company has no official policy that specifies the consequences for failing to meet the guidelines within a reasonable period of time. The determination of such consequences in any particular instance would be a matter for the Director Affairs/Corporate Governance Committee and Board of Directors to decide.

The Director Affairs/Corporate Governance Committee oversees these guidelines and reviews each director s standing in respect of the same once per year. In January of 2009, this Committee determined that all of the Company s directors currently comply with the guidelines based on their respective years as a director of the Company.

Committees of the Board of Directors

During fiscal 2008, the standing committees of the Board of Directors were the Director Affairs/Corporate Governance Committee, the Audit Committee and the Compensation Committee. Each of these Committees is discussed below.

Director Affairs/Corporate Governance Committee. The Director Affairs/Corporate Governance Committee currently consists of five directors: James L. Packard, Chairman, J. Marc Adam, James W. Bradford, Jr., Robert H. Jenkins, and Philip R. Lochner, Jr. Each of these directors is independent as such term is defined in the NYSE corporate governance rules.

The Board has adopted a Charter for the Committee. A current copy of that Charter is available on the Company s website: www.clarcor.com. The Charter provides, among other things, that the Committee will make recommendations to the full Board regarding changes to the size and composition of the Board or any committee thereof; identify individuals that the Committee believes are qualified to become Board members and recommend that the Board select such nominee or nominees to stand for election; and identify individuals for appointment to the Board to fill vacancies on the Board.

The Charter of the Committee requires the Committee to review and evaluate any stockholder nominees for director. The Committee has no specific policy with regard to the minimum qualifications of director candidates. The Company s By-laws (available on the Company s website) were last amended on December 18, 2007 and provide that notice of any proposed nomination by a shareholder for election of a person to the Board shall be delivered to or mailed and received at the principal executive offices of the Company no less than 120 days nor more than 150 days prior to the anniversary of the prior year s Annual Meeting of Shareholders. Section 2.12 of the By-Laws specifies the information to be included by a shareholder in such a notice.

Messrs. Adam, Bradford and Packard are the current nominees recommended by the Committee for election to the Board. All of these individuals are standing for reelection by the shareholders.

In the past the Committee has reviewed potential candidates for election to the Board recommended primarily by Board members or third party search firms. The process has included a review of the candidate s qualifications and interviews with the candidate. No different process would be applied with respect to nominees recommended by holders of the Company s Common Stock.

The Director Affairs/Corporate Governance Committee met five times during fiscal 2008.

Audit Committee. The Audit Committee was established by the Board in accordance with applicable provisions of the Securities Exchange Act of 1934, as amended, and applicable NYSE requirements. The Audit Committee currently consists of five directors: Messrs. Robert J. Burgstahler, Chairman, J. Marc Adam, James W. Bradford, Jr., Paul Donovan and James L. Packard. Each of these directors is independent and financially literate as such terms are defined in the NYSE corporate governance rules. Further, Mr. Burgstahler and Mr. Donovan have previously served as the chief financial officers, and Mr. Bradford and Mr. Packard as the chief executive officers of publicly-held corporations. Based on these and other factors, the Company has determined that Mr. Bradford, Mr. Burgstahler, Mr. Donovan and Mr. Packard are each an audit committee financial expert as such term is defined in applicable rules of the Securities and Exchange Commission.

The Board has adopted a Charter for the Audit Committee. A current copy of that Charter is available on the Company s website: www.clarcor.com.

The purposes of the Committee include assisting Board oversight of the integrity of the Company s financial statements, its compliance with legal and regulatory and filing requirements, the selection of an independent auditor, determination of the independent auditor s qualifications and independence and the performance of the Company s internal audit function and independent auditors. The Committee discusses with management and the Company s independent auditors the Company s annual audited financial statements, quarterly financial statements, earnings press releases, and management s assessment of internal control over financial reporting .

The Audit Committee met eight times during fiscal 2008.

Compensation Committee. The Compensation Committee currently consists of four directors: Messrs. Robert H. Jenkins, Chairman, Robert J. Burgstahler, Paul Donovan, and Philip R. Lochner, Jr. Each of these directors is independent as such term is defined in the listing standards of the NYSE.

The Board has adopted a written Charter for the Committee. A current copy of that Charter is available on the Company s website: www.clarcor.com.

The purposes of the Committee include discharging the Board s responsibilities relating to compensation of the Company s executive officers and reviewing and making recommendations to the Board with respect to compensation plans, policies and programs. The Committee annually reviews and approves corporate goals and objectives relevant to the compensation of the Company s Chief Executive Officer and determines and approves the compensation level of the Chief Executive Officer and the Company s other executive officers and approves grants and awards of restricted stock and stock options under the Company s incentive plans. From time to time the Committee consults with outside compensation experts in exercising its responsibilities. All of the foregoing are described in greater detail in the Compensation Discussion and Analysis below.

The Compensation Committee met seven times during fiscal 2008.

Executive Sessions of the Board; Communications with the Board

The Company s Corporate Governance Guidelines (available on the Company s website) provide that at each meeting of the Board of Directors the independent directors shall meet separately from the management of the Company. Mr. Johnson, a director and the Chairman, President and Chief Executive Officer of the Company, does not attend these executive sessions. Under the Guidelines, these sessions are chaired on a rotating basis by the chairperson of one of the standing committees of the Board (currently the Audit Committee, the Compensation Committee and the

Director Affairs/Corporate Governance Committee).

The Board has adopted a process for holders of the Company s common stock and other interested parties to send written communications to the Board. Such communications should be sent to the Corporate Secretary at CLARCOR Inc., 840 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067. The Corporate Secretary will forward all such communications to the Chairman of the Director Affairs/Corporate Governance Committee of the Board. That Committee will determine whether any such communication will be distributed to the full Board or, if requested by the sender, only to the non-management directors.

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The Board has adopted a policy which recommends that all directors personally attend each annual and special meeting of the shareholders of the Company. At the last Annual Meeting of Shareholders, held on March 31, 2008, all of the directors were in attendance.

Code of Ethics

The Company has adopted a Code of Ethics for Senior Financial Officers applicable to the Company s Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Vice President Internal Audit and any other person performing the duties of such officials. The Code of Ethics for Senior Financial Officers is available on the Company s website at www.clarcor.com.

Compensation Committee Interlocks and Insider Participation

During fiscal 2008, the Compensation Committee of the Board of Directors was composed of Robert J. Burgstahler, Paul Donovan, Robert H. Jenkins and Philip R. Lochner, Jr. None of these persons has at any time been an officer or employee of the Company or any of its subsidiaries. In addition, there are no relationships among our executive officers, members of the Compensation Committee or entities whose executives serve on the Board of Directors or the Compensation Committee that require disclosure under applicable regulations of the Securities and Exchange Commission.

Certain Transactions

We are not aware of any related party transactions between the Company and any of our directors, executive officers, 5% stockholders or their family members since the beginning of the last fiscal year which require disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934 (Item 404 Transactions).

Each year, the Company requires its directors and executive officers to complete a questionnaire, one of the purposes of which is to disclose any related-party transactions with the Company, including any potential Item 404 Transactions. No such transactions were disclosed during or in respect of fiscal 2008. The Company does not have a history of engaging in related-party transactions with its directors or executive officers or their respective related persons or affiliates and does not have a formal or other written policy regarding the analysis or approval of such transactions. That said, any material proposed related-party transaction, including any Item 404 Transaction irrespective of materiality, would be brought before the Board or a specially designated Committee thereof (with any interested director recusing him or herself from the proceedings) to be specifically considered and approved before the Company would knowingly engage in any such transaction.

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BENEFICIAL OWNERSHIP OF THE COMPANY S COMMON STOCK

Certain Beneficial Owners

The following table sets forth the ownership according to the most recent filings of Schedules 13G and 13D and amendments thereto or consultations with the Company s proxy solicitor (as described in footnote 5 to the table), as applicable, by the beneficial owners which, as of the record date for this meeting, own beneficially more than 5% of the Company s common stock.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class (1)
Neuberger Berman Inc. (2) Neuberger Berman, LLC Neuberger Berman Management Inc. Neuberger Berman Equity Funds 605 Third Avenue New York, NY 10158	7,309,223	14.4%
Columbia Wanger Asset Management, L.P. (3) 227 West Monroe Street, Suite 3000 Chicago, Illinois 60606	4,055,000	8.0%
GAMCO Investors, Inc. (4) Gabelli Funds, LLC One Corporate Center Rye, NY 10580-1434	3,662,051	7.2%
Barclays Global Investors, N.A. (5) Barclays Global Fund Advisors Barclays Global Investors, LTD 400 Howard Street San Francisco, CA 94105	3,144,217	6.2%

(1) Based on 50,868,644 shares outstanding at January 15, 2009.

(2) Based upon a Schedule 13G filed with the SEC on February 13, 2008 reporting (i) Neuberger Berman Inc. and Neuberger Berman, LLC each have sole voting power with respect to 93,448 shares, shared voting power with respect to 5,870,722 shares and shared dispositive power with respect to 7,309,223 shares; (ii) Neuberger Berman Management Inc. has shared voting and dispositive power with respect to 5,870,722 shares; and (iii) Neuberger Berman Equity Funds has shared voting and dispositive power with respect to 5,824,722 shares.

(3) Based upon a Schedule 13G filed with the SEC on January 24, 2008 reporting sole voting power with respect to 3,750,000 shares, shared voting power with respect to 305,000 shares and sole dispositive power with respect to 4,055,000 shares.

(4) Based upon a Schedule 13D filed with the SEC on June 6, 2007 reporting (i) GAMCO Investors, Inc. (formerly GAMCO Asset Management Inc.) has sole voting power with respect to 2,735,051 shares and sole dispositive

power with respect to 2,791,551 shares; and (ii) Gabelli Funds, LLC has sole voting and dispositive power with respect to 870,500 shares.

(5) The number of shares reported as being beneficially owned by this group is based upon information obtained from the Company s proxy solicitor in early January of 2009. An earlier Schedule 13G that was filed with the SEC on February 5, 2008 reported that each of Barclays Global Investors, N.A. Barclays Global Fund Advisors and Barclays Global Investors, LTD had sole voting and/or dispositive power with respect a portion of shares reported as being beneficially owned as of such date.

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Directors and Executive Officers

The following table provides information concerning the shares of Common Stock of the Company beneficially owned as of January 15, 2009 by all directors, the executive officers named in the Summary Compensation Table and by all directors and executive officers of the Company as a group.

SECURITY OWNERSHIP MANAGEMENT

Class	Name	Shares Owned Outright (1)	Vested Stock Options (2)	Restricted Stock Units (3)	Total	Percent of Class (4)
Common Stock	J. Marc Adam	54,194	75,000		129,194	*
Common Stock	James W. Bradford	5,263	23,750		29,013	*
Common Stock	Robert J. Burgstahler	13,497	62,034		75,531	*
Common Stock	Paul Donovan	7,789	45,000		52,789	*
Common Stock	Robert H. Jenkins	18,931	75,000		93,931	*
Common Stock	Norman E. Johnson	538,851	867,566	93,482	1,499,899	2.95%
Common Stock	David J. Lindsay	79,347	161,996		241,343	*
Common Stock	Philip R. Lochner, Jr	14,850	73,200		88,050	*
Common Stock	James L. Packard	24,849	80,650		105,499	*
Common Stock	Sam Ferrise	41,877	143,930		185,807	*
Common Stock	Bruce Klein	172,749	284,806		457,555	*
Common Stock	Richard M. Wolfson		18,525	1,289	19,814	*
Common Stock	Richard C. Larson	9,145	92,000	4,926	106,071	*
All Directors and Executive Officers as a Group (13 persons total)					3,084,496	6.06%

* Less than one percent.

(1) All shares are directly owned except as follows: Mr. Johnson includes 113,418 shares owned by Mr. Johnson s wife; and Mr. Lindsay includes 31,354 shares held by a family trust and 9,158 shares owned by Mr. Lindsay s wife.

(2) Includes all shares subject to unexercised stock options granted pursuant to the Company s Incentive Plans which vested by January 15, 2009 or which will vest within 60 days from January 15, 2009.

(3) Includes all restricted stock units granted under the Company s Incentive Plans (i) which vested prior to January 15, 2009 and which have been deferred, or (ii) which will vest (irrespective of any deferral election by

the grantee) within 60 days from January 15, 2009.

(4) Based on 50,868,644 shares outstanding at January 15, 2009.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s executive officers and directors and persons who beneficially own more than 10% of the outstanding shares of the Company s common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange. Based solely on our review of those forms and certain written representations from reporting persons, we believe that in fiscal 2008 all of our executive officers, directors and greater than 10% beneficial owners were in compliance with all applicable filing requirements.

COMPENSATION OF EXECUTIVE OFFICERS AND OTHER INFORMATION

Compensation Discussion and Analysis

Overview

Through its compensation policies, the Company seeks to attract and retain high quality leadership and to assure that the executive officers and senior management of the Company are compensated in a manner consistent with their performance, shareholder interests, internal equity considerations, competitive practice and the applicable requirements of regulatory bodies. The Compensation Committee of the Board of Directors (the Committee) reviews and approves the compensation policies and practices of the Company, particularly in respect of executive officers and other members of senior management. All of the members of the Committee are independent directors, and none of them has at any time been an officer or employee of the Company or any of its subsidiaries.

Compensation Philosophy

The key principles listed below are reflected in structuring the compensation packages for the Chief Executive Officer and the other executive officers of the Company. None of these principles is accorded any specific weight or, as a matter of policy, considered as being more important than the others.

Pay for Performance

A high percentage of an executive s total compensation is linked to the performance of the Company and its stock as well as the executive s individual performance in attaining the Company s objectives. This structure is designed to reward both short-term and long-term performance and align the interests of management with the long-term interests of the shareholders.

Competitiveness

Though such comparisons are often not straight-forward, our executives total compensation packages are designed to be competitive with the median compensation levels of those of executives occupying comparable positions in comparable companies. Elements of the packages are also designed to allow an opportunity to earn more than median compensation levels when the Company outperforms comparable companies. The Company believes that the opportunity to achieve earnings in excess of peers provides a significant challenge and incentive to the executive officers of the Company.

Executive Ownership

A major component of our executive compensation is equity-based in the form of stock options and restricted stock units. As a result, our executive officers interests are directly linked with our shareholders interests. The Company believes that equity-based compensation properly balances the rewards for long-term versus short-term results.

Management Development

The compensation packages are also designed to attract and retain quality executives with the skills and other competencies required to meet the Company s objectives and to enhance shareholder value.

Establishing Compensation for Executive Officers

The Committee engages independent compensation consulting firms to review on a regular basis relevant market and other data regarding executive compensation and to review from time to time the total compensation programs for the Company s executive officers. Notwithstanding these engagements, the Committee considers the input of outside consultants to be but one of several factors in discharging its responsibilities. These other factors include but are not limited to the recommendations of the Company s Chief Executive Officer; the performance of the Company, its operating units and their respective executives; market factors such as the

health of the economy and of the industries served by the Company; the availability of executive talent generally; executives length of service; internal assessments and recommendations regarding particular executives; and the succession planning initiatives of the Company.

During fiscal year 2007, the Committee engaged the independent consulting firm of Towers Perrin to conduct a competitive assessment of the annual salary, target total cash compensation and target total direct compensation (which consists of the sum of annual salary, target annual cash incentives and the value of annual long-term incentive awards) for each of the Company s executive officers and the leaders of the Company s significant business units. Towers Perrin benchmarked these amounts for each of the executive officers and business unit leaders against a pool of 20 comparable publicly-listed industrial companies with international operations and median revenues comparable to the Company s (the 2007 Peer Group). Towers Perrin analyzed the target total direct compensation of the Company s executives as compared to the median of this group.

The Committee considers the input of outside consultants such as Towers Perrin as a guideline in assessing the appropriateness of the compensation levels of the Company s executives, but does not view it as dispositive. Consequently, the results of Towers Perrin s assessment provided the starting point for the Committee s analysis in establishing compensation for the Company s executive officers for fiscal 2008. The Committee reviewed the data, and in setting compensation levels for 2008, made adjustments based upon the results of Towers Perrin s analysis, the Company s performance in 2007, the Committee s assessment of the performance of the executives and the recommendations of the Company s Chief Executive Officer (for individuals other than himself).

The overall results of this assessment, which Towers Perrin provided directly to the Committee, showed that the named executive officers compensation levels in 2007, other than Mr. Wolfson s base salary and Mr. Johnson s non-equity incentive target, were generally appropriate and competitive, and the Committee decided to increase them in 2008 only by a standard margin of 3-4% over their 2007 levels. The Committee determined that Mr. Wolfson s base salary and Mr. Johnson s target non-equity incentive were below the medians of the peer group and increased Mr. Wolfson s base salary in 2008 by approximately 12% to $250,000 and increased Mr. Johnson s target incentive payments in 2008 to 80% of base salary (from 75% in 2007). As indicated in the table below, 2008 grants of stock options and restricted stock units to the named executive officers were consistent in number with 2007 grants. All 2008 grants were made based on the grant date closing stock price of $36.48.

Components of Executive Pay

The following is a discussion of each of the individual components of the Company s executive compensation program.

Annual Salary. The Company believes it is appropriate to provide its executives with a level of assured cash compensation commensurate with their respective experience, responsibilities and accomplishments. The Committee generally approves annual salaries for the executive officers on an annual basis at a meeting of the Committee held early in the first quarter of the fiscal year. Based on the considerations previously discussed, the Committee approved increases to the annual salaries of the Company s named executive officers at the outset of fiscal 2008 as follows:

Name	Fiscal 2008 Annual Salary	Fiscal 2007 Annual Salary	Percentage Increase
Norman E. Johnson	$ 725,000	$ 700,000	3.6%
Sam Ferrise	$ 346,112	$ 332,800	4.0%
Bruce A. Klein	$ 321,360	$ 312,000	3.0%

Richard M. Wolfson	$	250,000	$	223,600	11.8%
David J. Lindsay	$	192,866	$	187,200	3.0%

[1] The 2007 Peer Group included the following companies: Fleetwood Enterprises Inc.; Louisiana-Pacific Corp; Hayes Lemmerz International, Inc.; Thomas & Betts Corp; The Toro Company; Terra Industries Inc.; Donaldson Co. Inc.; Plum Creek Timber Co., Inc.; Dresser-Rand Group, Inc.; MSC Industrial Direct Co., Inc.; Monaco Coach Corp.; Valmont Industries, Inc.; IDEX Corporation; GATX Corp.; Brady Corp.; Chesapeake Corp.; Constar International, Inc.; Milacron, Inc.; Arctic Cat Inc.; and OMNOVA Solutions Inc..

Performance-based cash incentive compensation. The Company believes that a substantial portion of an executive officer s compensation should be incentive-based. Therefore, the Company has implemented a cash incentive program that provides executive officers with the opportunity to earn cash incentive compensation for the achievement of annual goals. This cash incentive program is known as the CLARCOR Value Added Incentive Plan (the CVA Plan), and was approved by the shareholders of the Company in March 2007. If the 2009 Incentive Plan is approved by shareholders at this year s Annual Meeting, the CVA Plan will terminate as a standalone incentive plan and the concepts covered thereby will be incorporated into the 2009 Incentive Plan.

For fiscal year 2008, the Company intended that any incentive cash compensation paid under the CVA Plan would satisfy any applicable requirements as performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. Accordingly, during the first fiscal quarter of 2008, the Company established and the Committee approved maximum target payouts under the CVA Plan for the named executive officers that were based on the Company s budgeted fiscal 2008 net earnings. The maximum target payout for Mr. Johnson was established at 3.32% of net earnings and for each of the other named executive officers at 1.11% of net earnings.

Recognizing that these targets would likely result in the named executive officers receiving cash incentive amounts in excess of historical levels, the Committee indicated to management that it expected to use its discretion, which is referred to as negative, to reduce the cash incentive compensation payable to the executives for fiscal 2008 to levels substantially below the foregoing maximum amounts. The Committee further communicated to the executives to expect that it would set final cash incentive compensation in accordance with historical practice under the CLARCOR Value Added Incentive model (CVA Model). In December 2008, the Committee confirmed this approach and applied the CVA Model to determine the executives respective cash incentive payouts in respect of fiscal 2008. The Company also used the CVA Model for purposes of establishing cash incentive compensation for approximately 200 employees of the Company and its various subsidiaries other than the named executive officers. The CVA Model is discussed in detail below.

The Committee retains the discretion to include or exclude particular items of revenue, expense, assets or liabilities in determining the final calculations of cash incentive payments and calculations under the CVA Model, as well as subjective factors such as personal performance and strategic long-term decisions affecting the Company s performance. The Committee does not exercise this discretion often (historically once every few years) and does not follow any formula or give a pre-determined weight to any individual factor in doing so. The Committee did not make any such adjustments in respect of fiscal year 2008 awards.

The budgeted performance numbers that are used in the CVA Model are drawn directly from the Company s annual budget, which is first reviewed and approved by the Board of Directors and which the Company believes is a realistic expression of the Company s expected performance for the upcoming fiscal year. The Board reviews the individual budgets of each of the Company s operating companies and questions their respective leaders about their underlying business each year. As a general rule, the budgets of each significant operation and the Company as a whole contemplate that revenue and profit will grow over prior year levels, although this is not always the case.

Pursuant to the CVA Model, annual cash incentive awards are based upon the achievement of specified corporate and operating unit goals on the basis of a formula that is objective save for any application of Committee discretion as mentioned above. The formula is based on the Company s consolidated and operating group after-tax operating earnings (using an assumed tax rate which is held constant year to year) less the cost of capital. In calculating the cost of capital, the Company multiplies the value of net managed assets (i.e., assets under management s control) by a fixed percentage which is held constant year to year to allow for meaningful comparisons across years. The size of cash incentives paid under the CVA Model varies directly with the amount by which such after-tax earnings exceed the Company s cost of capital. As a result, the CVA Model is designed to reward the effective deployment of the

Company s capital.

The budgeted performance numbers used to calculate payouts under the CVA Model are stratified into Levels of CVA performance, where achieving an entry point percentage of the targeted budget performance number (85% in fiscal 2008) is considered Level 1 , achieving the targeted budget performance number is considered Level 6 , and achieving some percentage in excess of the targeted budget performance number

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(110% in fiscal 2008) is considered Level 10 . The differences between Levels are calculated on a straight-line basis. The Committee approves the relevant percentages for determining Levels 1 and 10 each year, and these percentages apply to all employees whose incentive cash compensation is determined under the CVA Model. Level 6 always represents the target achievement level, however, and, as indicated above, derives from the annual budget of the Company approved by the entire Board. The Committee does not have any formal method for establishing the Level 1 and Level 10 percentages, but may consider a variety of factors, including management s recommendations, the economic climate, the Committee s perception of how likely the Company or a subsidiary is to achieve its overall budget, and the prior years performance of the Company and its subsidiaries. In fiscal 2008, the Committee based its decision largely on management s recommendations.

With respect to payouts, Level 1 always equates to a bonus of 10% of an executive officer s salary, Level 6 always equates with his target payout and Level 10 always equates with a payout of 2.5 times his payout at target. These same calculations apply to every employee who receives cash incentive grants under the CVA Model, and not just the executive officers. Only the target percentage of an individual s salary differs among employees. The potential payouts for each of the named executive officers is set forth below in the table entitled Potential Cash Incentive Payments To Named Executive Officers In Respect Of Fiscal 2008 .

With respect to determining payouts above Level 10 (which are historically infrequent particularly at the corporate level), the CVA Model is designed to strike a balance between incentivizing management (including the named executive officers) to continue to achieve as much as possible (i.e., no cap or ceiling) while recognizing that at least some portion of such achievement may be due to reasons beyond management s control or influence (e.g., a dramatic demand improvement in a key end-market of a particular subsidiary). This balance is achieved by calculating the difference between Levels beyond Level 10 (e.g., from Level 10 to Level 11 and from Level 11 to Level 12, etc.) on a straight-line basis, but limiting the amount of extra reward that an employee receives above Level 10 to a fixed additional percentage of his payout at Level 10. (This fixed additional percentage was 10% in fiscal 2008.) In other words, the relative benefit to an individual for achieving Level 10 is greater than the benefit of achieving beyond Level 10. The table below entitled Potential Cash Incentive Payments To Named Executive Officers In Respect Of Fiscal 2008 exemplifies this concept.

The fixed additional percentage for moving above Level 10 (10% in fiscal 2008) is established each year by the Committee and is applicable to all employees whose incentive cash compensation is determined under the CVA Model. The Committee does not have any formal method for establishing this fixed percentage, but may consider a variety of factors, including management s recommendations, the economic climate, the Committee s perception of how likely the Company or a significant subsidiary is to achieve its overall budget, and the prior years performance of the Company and significant subsidiaries. In fiscal 2008, the Committee based its decision largely on management s recommendations.

The Company believes that the historical results of the CVA Model support its view that the budgeted performance numbers are realistic targets which are neither overly aggressive nor easy to achieve. In fiscal 2008, the Company achieved a CVA Level of 5.7 which is slightly below the target budget. The following table shows the Company s achievement versus its CVA budget (where Level 6 equals achievement of budget,

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Level 1 equals the entry point (85% of budget in 2008) and Level 10 equals a designated percentage in excess of budget (110% in 2008)) over the previous 10 fiscal years:

Fiscal Year	CVA Level
1999	6.9
2000	7.3
2001	0
2002	8.6
2003	12.1
2004	10.7
2005	9.4
2006	5.7
2007	1.8
2008	5.7

For Messrs. Johnson, Klein, Wolfson and Lindsay in fiscal 2008, the cash incentive award was based 100% on consolidated corporate CVA performance and for Mr. Ferrise it was based 80% on the CVA performance of Baldwin Filters, Inc. (which is the operating company that Mr. Ferrise oversees) and 20% based on consolidated corporate CVA performance. The range of possible CVA awards payable for each named executive officer is shown below:

POTENTIAL CASH INCENTIVE PAYMENTS TO NAMED EXECUTIVE OFFICERS IN RESPECT OF FISCAL 2008

Attainment of Budgeted Performance (1) (2)	Percentage of Annual Salary Payable to Mr. Johnson	Percentage of Annual Salary Payable to Mr. Ferrise	Percentage of Annual Salary Payable to Mr. Lindsay	Percentage of Annual Salary Payable to Mr. Klein	Percentage of Annual Salary Payable to Mr. Wolfson
Less than 85%	0	0	0	0	0
85% (Level 1)	10%	10%	10%	10%	10%
100% (Level 6)	80%	50%	35%	50%	35%
110% (Level 10)	200%	125%	87.5%	125%	87.5%
120% (Level 14) (3)	280%	175%	122.5%	175%	122.5%

(1) Payment of cash incentive awards between the indicated percentages of budgeted performance (i.e., between Levels) is calculated on a straight line basis.

(2) The minimum level of budgeted performance (i.e., the entry point or Level 1) and the excess percentage above target that defines Level 10 are established each year by the Committee. For fiscal 2008, they were 85% and

110%, respectively.

(3) The last row of this table is included for reference purposes to demonstrate what happens when budgeted performance increases beyond Level 10, in this case to a hypothetical Level 14. (It should be noted that no executive officer of the Company has ever achieved payout at Level 14; the example is for illustrative purposes only.) Taking Mr. Johnson as an example, the table shows that he would increase his payout by an additional 120% of salary (30% per Level) by moving four Levels above target from Level 6 to Level 10, but he would receive only an additional 80% of salary (20% per Level, or 10% of his payout of 200% at Level 10) for moving an additional four levels from Level 10 to Level 14. As indicated previously, the fixed percentage payable for moving beyond Level 10 (i.e., the 10% of Level 10 payout used in fiscal 2008 and in the example above) is established each year by the Committee.

Long-term equity incentive compensation. The Company s equity-based awards program encourages executives to work towards making business decisions that, over the long term, should increase the price of the Company s stock, thereby aligning the interests of executives and shareholders. All equity-based awards are

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made pursuant to the provisions of incentive plans approved by the Company s shareholders. Equity-based awards include a combination of stock options and restricted stock units.

The Committee typically approves equity-based awards to eligible employees (including the named executive officers) only once per year. The annual award is typically made at the first Committee meeting of the fiscal year, which is normally held within the first three weeks of the fiscal year and scheduled a year in advance of the meeting date, and after the Committee has received input from outside advisors and the recommendations of the Chief Executive Officer (with respect to awards made to executive officers other than himself). The Committee may make an exception to this general policy in the event that a new executive officer is hired or an executive officer receives a promotion. As a practical matter, the Committee considers and individually approves equity awards made to approximately 10-15 of the Company s most senior executives (including the Chief Executive Officer, the Chief Financial Officer and all other executive officers), and then approves a pool of equity-based incentives to be granted to other individuals throughout the Company at the discretion of the Chief Executive Officer.

Once granted, options are not repriced or reloaded . Although incentive stock options may be granted under the Company s 2004 Incentive Plan, and, if approved at the Annual Meeting, under the 2009 Incentive Plan, in practice all options granted are non-qualified options.

Grants of both stock options and restricted stock units normally vest evenly over four years in order to encourage executive officers continued service to the Company. Until the restricted stock units vest, the recipient does not have any rights as a shareholder of the Company other than the right to receive a cash payment equal to the dividends payable on the underlying shares of common stock. The Company values stock option grants by calculating their BlackScholes values on the date of grant and the value of restricted stock units by calculating their aggregate market value as of the date of grant. While the Company has no formal policy in this regard, over the past several years the Company has awarded executive officers approximately 75% of the value of their equity-based compensation in the form of stock options and 25% in the form of restricted stock units. The value of equity-based awards is included in the Company s analysis of the executive officer s total direct compensation and is considered as part of the Company s benchmarking process.

At the outset of fiscal year 2008 (on December 16, 2007), non-qualified options for the purchase of the Company s common stock and restricted stock units were granted to our named executive officers pursuant to the Company s equity incentive plans as follows:

Name	Shares Subject to Time-Based Vesting Option Grant	Exercise Price (1)	Number of Time-Based Vesting Restricted Stock Units
Norman E. Johnson	120,000	$ 36.48	12,500
Bruce A. Klein	40,000	$ 36.48	3,159
Sam Ferrise	35,000	$ 36.48	3,402
David J. Lindsay	21,700	$ 36.48	1,354
Richard M. Wolfson	21,700	$ 36.48	1,755

(1) Each option has an exercise price equal to the fair market value of our common stock at the time of grant, as determined by the closing price of the stock on the date of the grant, or the most recent closing price if the market is not open on the grant date.

Grants of time vested restricted stock units are not deemed performance based compensation under Section 162(m) of the Internal Revenue Code and an executive officer will realize at least some value from the grant of such units even if the market value of the Company s common stock declines over the vesting period.

Perquisites. The Company s officers receive limited perquisites, as follows:

Company-paid physicals, the results of which are shared with the Company. It is in the Company s interest to identify as early as possible any health issues that may impact an officer s ability to perform his or her duties, and these Company-paid physicals are also provided to various executives outside of the named executive officer group.

Reimbursement of an amount up to 3% of the executive s base salary for financial planning, tax preparation and estate planning provided by service providers acceptable to the Company, as well as a gross up of the incremental tax cost. It should be noted that the named executive officers typically do not avail themselves of the full value of the financial planning perquisite each year. In practice, therefore, the Company typically expends less than $15,000 per year on this perquisite in any given year for all of the named executive officers as a group.

A leased car and payment of attendant operating costs (e.g., gas, insurance, repairs/maintenance) as well as a gross up of the incremental tax cost. This benefit is provided to all officers of a certain level of the Company and its significant domestic subsidiaries, and not just the named executive officers.

No executive officer other than the Chief Executive Officer may use Company aircraft for non-business purposes, although IRS regulations may require the Company to treat a spouse accompanying an executive officer on a business trip as a personal benefit depending on the number of Company personnel on the aircraft. Although the Company does not have a written policy regarding the non-business use of Company aircraft by the Chief Executive Officer, such non-business use occurs infrequently. Mr. Johnson, the Company s Chief Executive Officer, used the Company plane once in fiscal 2008 for non-business purposes, in order to stop over and attend the funeral of a family member while Mr. Johnson was on his way to a business meeting. The cost of any non-business flight is borne by the Company, but an amount calculated in accordance with applicable IRS regulations is included in the Chief Executive Officer s gross income for the year and he bears all associated taxes.

The value of the perquisites and other benefits payable to the named executive officers is set forth in the Summary Compensation Table under the heading All Other Compensation.

Executive Insurance Benefits

The Company pays the premiums for supplemental life insurance policies owned by each of Messrs. Johnson, Klein and Lindsay (and another member of management who is not an executive officer) which will pay their respective beneficiaries an amount equal to approximately two times their respective base salaries upon their death. The Company also pays the incremental tax cost to these executives (i.e., a gross-up) to offset any negative personal income tax consequences associated with the Company s payment of the premiums. In addition, the Company itself owns life insurance policies on each of Messrs. Johnson, Klein and Lindsay (and another member of management who is not an executive officer) which will pay their respectively named beneficiaries an additional amount equal to approximately two times their respective base salaries, with any remainder going to the Company. The foregoing supplemental life insurance benefits are provided to the above-named individuals in order to compensate them for the loss of a benefit provided under a legacy supplemental life insurance program that is no longer in effect.

The Company also provides each of Messrs. Johnson, Ferrise, Klein, Lindsay and Wolfson (and certain other members of management who are not executive officers) with supplemental disability insurance coverage totaling between approximately 75% and 110% of their respective cash compensation in the event they are disabled. The precise level of coverage depends on the nature and severity of the disability. Under the disability program available to employees generally, this amount would otherwise be capped at 50%. Executives have the option of declaring the Company paid amounts as taxable income, and any executives electing to do so would pay the associated taxes themselves (i.e., there is no gross up). In the event of a disability, executives who elected this option would receive the resulting benefits free of income tax. The Company believes that the provision of the extra insurance coverage described above to the Company s named executive officers is an important element in attracting and retaining executive officers and is common practice among the Company s peer group.

The value of the Company-paid insurance premiums and any associated gross-ups described above are included in the Summary Compensation Table under the heading All Other Compensation and further broken down in the table entitled All Other Compensation .

Retirement Plans

The Company believes that its various retirement plans serve an important role in retaining the Company s executives. The Company balances the effectiveness of these plans as a compensation and retention tool with the cost of providing them. A full description of these plans and the named executive officers participation therein is

set forth in this Proxy statement under the heading Retirement Plans , and the estimated total annual retirement benefits payable to the named executive officers is described in the Pension Benefits Table.

Employment and Change of Control Agreements

When Mr. Johnson was named Chairman and Chief Executive Officer of the Company in 2000, the Company entered into an amended employment agreement with Mr. Johnson. As disclosed on Form 8-K filed with the SEC on January 23, 2008, Mr. Johnson s employment agreement was amended again on January 23, 2008 when Mr. Johnson voluntarily agreed to give up a right to receive a special bonus associated with the Company having achieved certain revenue and profitability targets. As disclosed on Form 8-K filed with the SEC on December 30, 2008, Mr. Johnson s employment agreement was amended again on December 29, 2008 to reference his new Change of Control Agreement (discussed below) and to include a provision intended to ensure compliance with Section 409A of the Internal Revenue Code of 1986 (409A).

Mr. Johnson s employment agreement, as amended, provides that Mr. Johnson will be employed as the Company s Chairman, President and Chief Executive Officer. Mr. Johnson is entitled to receive an annual salary (currently $750,000), and to have such salary increased annually at the discretion of the Committee. Mr. Johnson is eligible to participate in all executive incentive plans and in all employee benefit and retirement plans available within the Company, as well as all perquisites made available to executive officers of the Company. Mr. Johnson s agreement, as amended, expires on the date of the 2009 Annual Meeting. His agreement is extended automatically each year thereafter unless the agreement is terminated by the Board.

The termination provisions of Mr. Johnson s agreement and the economic consequences of termination and change of control of the Company are discussed further below under the heading Potential Payments Upon Termination or Change of Control .

As disclosed on Form 8-K filed with the SEC on December 30, 2008, the Company entered into Change of Control Agreements with each of the named executive officers on December 29, 2008, which replaced and superseded earlier change of control agreements with such executives. At the same time, the Company entered into substantially identical agreements with various Company executives other than the named executive officers. The change of control provisions of these agreements and the economic consequences of such a change of control for each of the named executive officers are discussed further below under the heading Potential Payments Upon Termination or Change of Control.

The Company believes that the protections afforded through the termination and change of control provisions of the Company s agreements with the Company s named executive officers are an important element in attracting and retaining executive officers.

Stock Ownership Guidelines

The Company has established stock ownership guidelines for executive officers. These guidelines require that executive officers, after a five-year period from the time they become executive officers, own Company common stock with a value ranging from a minimum of two times annual salary for officers at the level of corporate vice president to a minimum of four times annual salary for the Company s Chief Executive Officer. In each case, shares subject to in-the-money options granted to an officer as well as grants of restricted stock units (irrespective of any deferral election by the officer or vesting) count toward the fulfillment of these guidelines. These guidelines are not mandatory, but are intended to convey expectations regarding the expected levels of stock ownership by executive officers. The Company has no official policy that specifies the consequences for failing to meet the guidelines within a reasonable period of time. The determination of such consequences in any particular instance would be a matter for

the Board of Directors or the Committee to decide.

The Committee oversees these guidelines and reviews each covered executive s standing in respect of the same once per year. In January of 2009, the Committee determined that all of the Company s executives currently comply with the guidelines based on their respective years of employment of the Company.

Compensation Decisions for 2009

At the beginning of fiscal year 2008, the Committee engaged the consulting firm of Frederic W. Cook & Co., Inc. (FWC) as its independent advisor on matters of executive compensation. Based on certain Committee

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members prior experience with FWC and the work that FWC did for the Committee at the beginning of fiscal year 2008, the Committee decided that FWC should serve as its primary outside and independent advisor in respect of 2009 executive compensation matters. Notwithstanding this engagement, as previously stated, the Committee considers the input of outside consultants to be but one of several factors in discharging its responsibilities. Some of these other factors are mentioned above under the heading Establishing Compensation for Executive Officers .

During fiscal year 2008, the Committee asked FWC to assess the Company s benchmarking practices, including the composition of the 2007 Peer Group, and to conduct a comprehensive competitive assessment of the annual salary, target total cash compensation and target total direct compensation (which consists of the sum of annual salary, target annual cash incentives and the value of annual long-term incentive awards) for each of the Company s executives, including the named executive officers. As in years past, the Committee intended to use these assessments as the starting point for establishing executive compensation for fiscal year 2009.

The Company believes that the selection of a peer group to be used for executive compensation benchmarking purposes is something that requires reconsideration every year or two. As a general rule, the Company expects to change certain members of the peer group from one period to another, as the Company refines its benchmarking criteria and as the Company and members of the peer group change in ways that make comparisons less or more appropriate. For example, certain companies that formed part of the 2007 Peer Group experienced dramatic shifts in their business profiles and market capitalizations in 2008 which the Company believed made them less valuable as comparators for the Company for 2009. Similarly, with the acquisition of Perry Equipment Corporation at the beginning of fiscal year 2008, the Company s annual revenues grew by more than 10%, which, in the view of the Company, necessitated the removal of one of the smaller companies from the 2007 Peer Group.

For 2009, based in part on FWC s recommendation, the Company revised the peer group to better approximate the Company, and elected to augment this peer group data with data from two large-scale independent executive compensation surveys. The Company concluded that using both proxy and survey data would allow for a better and more accurate comparison of compensation practices and programs, as each data source provides certain advantages and disadvantages relative to the other. Because they derive from SEC filings, the Company believes that proxy data are more transparent, but come from a more limited sample size and may be more difficult to correlate to positions other than the Chief Executive Officer and Chief Financial Officer. Survey data, on the other hand, come from a larger sample size and may be more easily correlated to certain executive positions, but necessarily reflect companies outside of a defined peer group.

Based on this, the Company concluded that using both peer group and survey data would provide the basis for a more complete and meaningful benchmarking analysis, and Company elected to conduct its benchmarking for fiscal year 2009 by looking at executive compensation data from (i) a refined peer group of 19 companies(1) and (ii) data from two different executive compensation surveys(2) based on position-specific responsibilities. The results of this analysis showed that the Company s total compensation levels were generally conservative i.e., falling below the median compensation levels of the companies within the peer group and the survey groups with several executives, including Mr. Wolfson and Mr. Lindsay, falling significantly below the median, particularly with respect to target cash compensation.

The Committee used this assessment as its starting point in making 2009 compensation decisions in respect of the executive officers and also considered various other factors with respect to these individuals, including

(1) The companies comprising the new peer group were the following: Astec Industries, Inc., Brady Corporation, Chart Industries, Inc., CIRCOR International, Inc., Donaldson Company, Inc., Dresser-Rand Group Inc., EnPro Industries, Inc., ESCO Technologies Inc., GATX Corporation, Graco Inc., IDEX Corporation, Kaydon Corporation,

MSC Industrial Direct Co., Inc., Nordson Corporation, Robbins & Myers, Inc., Tecumseh Products Company, The Toro Company, Valmont Industries, Inc., and Wabtec Corporation.

(2) The surveys used were the 2007 Towers Perrin Executive Compensation Database and 2007 Hewitt Executive Compensation Survey, both of which are general industry surveys. For corporate executives, revenue was scoped to be representative of the Company s 2008 revenue estimates, with a similar methodology used for executives running the Company s operating units. The survey data was aged to 1/1/2009.

their respective criticality to the Company, their respective expected future contribution to the Company, their respective skill sets and performance to date, competitive pressures (i.e., hire-away risk), tenure, and the difficulty and cost of replacement. Based on these considerations, the Committee authorized (i) the increase of Mr. Lindsay s salary from $192,816 to $210,000 and an increase in his target bonus from 35% of salary to 40%; (ii) the increase of Mr. Wolfson s salary from $250,000 to $275,000 and an increase in his target bonus from 35% of salary to 40%; (iii) the increase of Mr. Johnson s target bonus from 80% of salary to 85%; and (iv) the increase in the salary and/or the target bonus rates of certain other members of senior management other than the named executive officers. Mr. Johnson, Mr. Ferrise and Mr. Klein were authorized to receive normal cost of living salary increases of approximately 3% in 2009, and Mr. Ferrise s and Mr. Klein s target bonus levels remained unchanged from their 2008 levels.

Notwithstanding the Committee s authorization with respect to salary increases, shortly after the beginning of fiscal year 2009, the Company implemented a wage and salary freeze for all Company employees effective as of the beginning of the fiscal year. The named executive officers recommended to the Committee, and the Committee agreed, that the named executive officers should be treated no differently than any other employee with respect to the wage and salary freeze. Consequently, the salary increases for each of the executive officers mentioned above are not in effect and their current salaries are the same as in fiscal 2008. Whether and when the Company will unfreeze wages and salaries in 2009 will depend on the Company s assessment of the economy and the state of the Company s business.

With respect to equity-based incentives, on December 14, 2008 (which is at the outset of fiscal 2009), the Committee approved grants of stock options and restricted stock units (at the last closing date price of $32.78) to the named executive officers as follows:

Fiscal Year 2009 Option and Restricted Stock Unit Grants

Name	Stock Options (#)	Restricted Stock Units (#)
Norman E. Johnson	120,000	15,750
Bruce A. Klein	40,000	3,862
Sam Ferrise	35,000	4,153
David J. Lindsay	22,000	1,750
Richard M. Wolfson	25,000	2,292

Deductibility of Executive Compensation

In establishing executive compensation, the Company considers its deductibility under Section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct non-performance based compensation of more than $1,000,000 that is paid to certain individuals. The Company believes that compensation paid under its incentive plans is generally fully deductible for federal income tax purposes other than with respect to amounts realized in respect of time based vested restricted stock units. However, in certain situations, the Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its executive officers.

Compensation Committee Report

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Robert H. Jenkins, Chairman
Robert J. Burgstahler
Paul Donovan
Philip R. Lochner, Jr.

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The foregoing report of the Compensation Committee shall not be deemed incorporated by reference by any general statement incorporating by reference the Proxy Statement into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such acts.

SUMMARY COMPENSATION TABLE

and Principal Position	Year	Salary (1) ($)	Bonus (2) ($)	Stock Awards (3) ($)	Option Awards (4) ($)	Non-Equity Incentive Plan Compensation (5) ($)	Change in Pension Value and Non Qualified Deferred Compensation Earnings (6) ($)	All Other Compensation (7) ($)	To (:
n E. Johnson	2008	723,077		655,113(8)	1,497,207(8)	548,092		213,853	3,63
ian, President and Chief ive Officer	2007	696,154		540,954	915,343	144,730	75,638	201,374	2,57
A. Klein	2008	320,640		115,240	379,193	152,625		84,178	1,05
resident Chief Financial	2007	311,077		227,256	430,608	51,763	343,056	90,761	1,45
errise	2008	345,088		117,349	162,094	100,434		40,192	76
nt, Baldwin Filters, Inc.	2007	331,815		114,931	125,074	155,217		41,024	76
J. Lindsay	2008	192,384		47,366	100,569	64,449		60,361	46
resident Chief istrative Officer	2007	186,646		46,585	79,301	26,410	12,882	45,089	39
d M. Wolfson	2008	247,969		30,339	106,361	83,070		29,772	49
resident General l and Corporate ry	2007	222,938		14,336	55,289	31,546		25,042	34

(1) The amounts shown in this column are before any deferrals under the terms of the Deferred Compensation Plan. Additional information about deferred amounts can be found in the table entitled, Nonqualified Deferred Compensation for Fiscal Year 2008 .

(2) Cash payments made to our named executive officers under our cash incentive plan are reflected under the Non-Equity Incentive Plan Compensation column.

(3) The amounts in this column represent the expense recognized by the Company for financial statement reporting purposes for restricted stock units for fiscal year 2008, calculated in accordance with FAS 123R (disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions), and thus include amounts corresponding to restricted stock unit awards granted prior to fiscal 2008 but which vested in fiscal 2008. See also Footnote N of the Company s consolidated financial statements for the three years ended November 29,

2008, included in our 2008 Annual Report, for the other assumptions made in determining FAS 123R values.

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(4) The amounts shown in this column represent the expense recognized for financial statement reporting purposes for stock options for fiscal year 2008, calculated in accordance with FAS 123R (disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions), and thus include amounts corresponding to option awards granted prior to fiscal 2008 but which vested in fiscal 2008. Assumptions used in the calculation of these amounts follow:

Grant Date	Volatility (%)	Expected Life (Years)	Risk-Free Interest Rate (%)	Dividend Yield (%)
12/14/2003	22.8	5	3.42	1.29
1/27/2006	20.7	6	4.50	0.96
12/17/2006	20.5	6	4.52	0.89
12/16/2007	20.2	6	3.88	0.85

See also Footnote N of the Company s consolidated financial statements for the three years ended November 29, 2008, included in our 2008 Annual Report, for the other assumptions made in determining FAS 123R values.

(5) Payment for 2008 performance under the terms of the CVA Plan and the CVA Model, both of which are described in detail under the heading of *Performance-Based Cash Incentive Compensation* in the Compensation Discussion and Analysis.

(6) Amounts consist of the change in annual actuarial present value of pension benefits, as also reported in the table entitled Pension Benefits for Fiscal Year 2008 . As a result of increases in the discount and lump-sum interest rates, pension values decreased by the following amounts: Mr. Johnson $1,010,615; Mr. Klein $17,752; Mr. Ferrise $21,505; and Mr. Lindsay $62,149. The Deferred Compensation Plan does not provide for above-market or preferential earnings.

(7) See the table immediately below which describes each component of the All Other Compensation column for fiscal 2008.

(8) Mr. Johnson turned 60 years of age during fiscal year 2008, which is the age at which he can voluntarily retire. Consequently, the Company was required to immediately expense all previously granted stock options and restricted stock units, irrespective of any time-based vesting to which such grants may otherwise be subject.

ALL OTHER COMPENSATION

				Perquisites and Personal Benefits (5)				
401(k) Match (1) ($)	Insurance Premiums Paid (2) ($)	Dividends Paid (3) ($)	Tax Gross-Ups (4) ($)	Company Car ($)	Financial Planning ($)	Physical Exam ($)	Non-Business Aircraft Usage ($)	Total All Other Compensation ($)
3,450	81,056	36,778	53,045	28,155	6,442	3,301	1,626	213,853

Norman E. Johnson									
Bruce A. Klein	3,450	44,565	4,555	15,273	14,138		2,197		84,178
Sam Ferrise	9,200	5,180	3,015	4,531	13,121	5,146			40,192
David J. Lindsay	3,957	15,370	5,840	8,174	14,448	2,125	9,933	514(6)	60,361
Richard M. Wolfson	8,990	156	1,140	2,413	17,074				29,772

(1) Mr. Johnson, Mr. Klein and Mr. Lindsay are participants in the Company s original 401(k) plan which matches $.50 for each dollar contributed, up to the first 3% of base salary; Mr. Ferrise and Mr. Wolfson are participants in the new 401(k) plan which matches $1.00 for each dollar contributed, up to the first 3% of base salary and $.50 for each dollar contributed up to the next 2% of base salary.

(2) Premiums paid for supplemental executive life insurance and supplemental executive long term disability insurance.

(3) Amounts represent dividends paid on unvested restricted stock units and deferred restricted stock units. There is debate about whether such amounts are already reflected in the closing stock price (i.e., the fair market value) of these units. To the extent they are, then these amounts are effectively being double counted

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and should not be included in this table (and thus they should also be excluded from the Summary Compensation Table). However, in the interest of greater disclosure, the Company has elected to separately identify these dividend payments.

(4) Amounts represent reimbursements for the payment of taxes for one or more of the following items: (i) financial planning, tax preparation and estate planning services; (ii) leased vehicle and (iii) life insurance premiums.

(5) All amounts shown are valued at the incremental cost to the Company of providing the benefit. The incremental cost of the Company aircraft use for a non-business flight is calculated by multiplying the aircraft s hourly variable operating cost by a trip s flight time, which includes any flight time of an empty return flight. Variable operating costs include: (1) landing, parking, crew travel and flight planning services expense; (2) supplies, catering and crew traveling expenses; (3) aircraft fuel and oil expenses; (4) maintenance, parts, and external labor (inspections and repairs); and (5) any customs, foreign permit and similar fees. Fixed costs that do not vary based upon usage are not included in the calculation of direct operating cost.

(6) The amount reflected for Mr. Lindsay in this column was associated with his spouse accompanying him on a required trip to attend a board meeting of the Company.

GRANTS OF PLAN-BASED AWARDS FOR FISCAL YEAR 2008

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (5)	All Other Option Awards: Number of Securities Underlying Options (6)	Exercise or Base Price of Option Awards (7)	Grant Date Fair Value of Stock and Option Awards (8)
		Threshold (2)	Target (3)	Maximum (4)				
Name	**Grant Date**	**($)**	**($)**	**($)**	**(#)**	**(#)**	**($)**	**($)**
Norman E. Johnson								
Annual Cash Incentive Plan	N/A	72,500	580,000	1,450,000				
Restricted Stock Units	12/16/07				12,500			456,000
Stock Options	12/16/07					120,000	36.48	1,130,400
Bruce A. Klein								
Annual Cash Incentive Plan	N/A	32,136	160,680	401,700				
Restricted Stock Units	12/16/07				3,159			115,240
Stock Options	12/16/07					40,000	36.48	376,800

Sam Ferrise								
Annual Cash Incentive Plan	N/A	34,611	173,056	432,640				
Restricted Stock Units	12/16/07				3,402			124,105
Stock Options	12/16/07					35,000	36.48	329,700
David J. Lindsay								
Annual Cash Incentive Plan	N/A	19,282	67,486	168,714				
Restricted Stock Units	12/16/07				1,354			49,394
Stock Options	12/16/07					21,700	36.48	204,414
Richard M. Wolfson								
Annual Cash Incentive Plan	N/A	25,000	87,500	218,750				
Restricted Stock Units	12/16/07				1,755			64,022
Stock Options	12/16/07					21,700	36.48	204,414

(1) The amounts in these columns represent the range of potential payouts for fiscal year 2008 under the CVA Model as described in the Compensation Discussion and Analysis. See the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for the amount actually paid to each named executive officer for 2008 performance under the CVA Plan.

(2) The amount shown as Threshold in this column represents payout of the named executive officer at Level 1 under the CVA Model.

(3) The amount shown as Target in this column represents payout of the named executive officer at Level 6 under the CVA Model.

(4) The amount shown as Maximum in this column represents payout of the named executive officer at Level 10 under the CVA Model. As discussed in the description of the CVA Model in the Compensation Discussion and Analysis, it is possible for an executive to exceed Level 10, but this happens infrequently.

(5) The amounts shown in this column represent restricted stock units granted under the 2004 Plan on December 16, 2007, as described in the Compensation Discussion and Analysis.

(6)