

ESCALADE INC  
Form DEF 14A  
March 22, 2013

**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

Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

Confidential, for use of the commission only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**ESCALADE, INCORPORATED**

(Name of Registrant as Specified in its Charter)

Edgar Filing: ESCALADE INC - Form DEF 14A

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

ESCALADE, INCORPORATED

**Notice of Annual Stockholders' Meeting**

**April 26, 2013**

**7:30 a.m. Central Daylight Savings Time**

Dear Stockholder:

You are cordially invited to attend our 2013 Annual Stockholders' Meeting, which will be held at 7:30 a.m. Central Daylight Savings Time on Friday, April 26, 2013 at the principal executive offices of Escalade, Incorporated located at 817 Maxwell Avenue, Evansville, Indiana 47711.

We are holding the annual meeting for the following purposes:

1. To elect to the Board four (4) Directors as set forth herein;
2. To ratify the appointment of BKD, LLP as our independent registered public accounting firm for 2013;
3. To approve, by non-binding vote, the compensation of the Company's named executive officers;
4. To recommend, by non-binding vote, the frequency of future non-binding stockholder votes on the compensation of the Company's named executive officers; and
5. To transact such other business that may properly come before the meeting or any adjournment thereof.

These items are fully described in the proxy statement, which is part of this notice. We have not received notice of other matters that may be properly presented at the annual meeting.

**To ensure that your vote is promptly recorded, please vote as soon as possible, even if you plan to attend the meeting in person. Please sign, mark and return the Proxy enclosed with this Notice at your earliest convenience.**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2013 ANNUAL STOCKHOLDERS' MEETING TO BE HELD ON FRIDAY, APRIL 26, 2013.**

**The Company's Notice of Annual Stockholders' Meeting, Proxy Statement for the 2013 Annual Stockholders' Meeting and Annual Report on Form 10-K is available at [www.escaladeinc.com](http://www.escaladeinc.com).**

By order of the Board of Directors

**Deborah J. Meinert**

VP Finance, CFO & Secretary

Evansville, Indiana March 22, 2013

## PROXY STATEMENT

The Board of Directors of Escalade, Incorporated (hereinafter referred to as "Escalade" or the "Company"), headquartered at 817 Maxwell Avenue, Evansville, Indiana 47711 Ph: (812) 467-4449, is soliciting proxies, the form of which is enclosed, for the Annual Meeting of Stockholders to be held on Friday, April 26, 2013, at 7:30 a.m. Central Daylight Savings Time. Each of the 13,438,435 shares of common stock outstanding on February 20, 2013 is entitled to one vote on all matters acted upon at the meeting and only stockholders of record on the books of the Company at the close of business on February 20, 2013 will be entitled to vote at the meeting, either in person or by proxy.

The shares represented by all properly executed proxies received by the Company will be voted as designated and each not designated will be voted affirmatively "For" the election of directors and Items 2 and 3, and "1 Year" on Item 4. Unless discretionary authority is withheld, all other matters coming before the meeting will be voted according to the best judgment of the proxies. Any proxy given by a stockholder of record may be revoked at any time before it is voted, by written notice to the Company's Secretary, by execution of a later dated proxy, or by a personal vote at the Annual Meeting. This proxy statement is being mailed to stockholders on or about March 22, 2013.

The expense of soliciting proxies will be borne by the Company. Proxies will be solicited principally by mail, but may also be solicited by directors, officers, and other regular employees of the Company, who will receive no compensation in addition to their regular salaries. Bankers and others who hold stock in trust will be asked to send proxy materials to the beneficial owners of the stock, and the Company may reimburse them for their expenses.

The holders of a majority of the Company's outstanding common stock must be present or represented by proxy at the Annual Meeting to constitute a quorum.

The four (4) nominees receiving the greatest number of votes cast at the Annual Meeting upon the presence of a quorum will be elected as directors. A properly executed proxy marked "Withhold Authority to Vote" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum present at the Annual Meeting. The persons named as proxies in the enclosed proxy will vote for the election of the nominees named below unless authority to vote is withheld.

For each other item presented at the Annual Meeting, the affirmative vote of the holders of a majority of the Company's shares present or represented by proxy at the Annual Meeting and entitled to vote on the item will be required for approval. A properly executed proxy marked "Abstain" with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum present at the Annual Meeting.

Accordingly, an abstention will have the effect of a negative vote.

If you hold your shares in “street name” through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such “broker non-votes” will be counted in determining whether there is a quorum.

The Annual Report of the Company for its fiscal year 2012 is being mailed to you with this proxy statement, but such report and financial statements are not a part of this proxy statement.

**CERTAIN BENEFICIAL OWNERS**

Under Rule 13(d) of the Securities Exchange Act of 1934, a beneficial owner of a security is any person who directly or indirectly has or shares voting power or investment power over such security. Such beneficial owner under this definition need not enjoy the economic benefit of such securities. The following table sets forth certain information regarding beneficial ownership of the Company's common stock by its directors, named executive officers (as defined under "Compensation Philosophy" on page 13), and by each person or group of affiliated persons known by us to own beneficially more than 5% of our outstanding common stock. The percentage of beneficial ownership is based on 13,438,435 shares deemed outstanding on February 20, 2013. In preparing the following table, we relied upon statements filed with the SEC by beneficial owners of more than 5% of the outstanding shares of our common stock pursuant to Section 13(d) or 13(g) of the Exchange Act.

Name and Address Of Beneficial Owner (1)	Number of Common Shares Beneficially Owned		Percentage Of Class	
Robert E. Griffin	2,191,183	(2)	16.3	%(2)
<i>Chairman of the Board</i> Robert J. Keller				
<i>President &amp; Chief Executive</i>	220,250	(3)	1.6	%(3)
<i>Officer</i> Deborah J. Meinert				
<i>Vice-President Finance &amp;</i>	73,399	(4)	0.6	%(4)
<i>Chief Financial Officer</i> Patrick J. Griffin				
<i>Vice-President Corporate Development &amp; Investor Relations</i> George Savitsky	1,708,726	(5)	12.7	%(5)
<i>Director</i> Richard D. White	65,000	(6)	0.5	%(6)
<i>Director</i> Edward E. Williams	117,783	(7)	0.9	%(7)
<i>Director</i> Richard F. Baalman, Jr.	480,257	(8)	3.6	%(8)
<i>Director</i>	83,292	(9)	0.6	%(9)

Edgar Filing: ESCALADE INC - Form DEF 14A

All Directors and Executive Officers as a Group (8 Individuals)	3,711,425	(10)	27.6	%(10)
Other 5% Stockholders				
Andrew and Charmenz Guagenti 2641 N. Cullen Avenue Evansville, Indiana 47715	1,052,262	(11)	7.8	%(11)
Royce & Associates, LLC 1414 Avenue of the Americas New York, NY 10019	838,100	(12)	6.2	%(12)

- (1) Except as otherwise noted, the address of each beneficial owner listed in the table is c/o Escalade, Inc., at 817 Maxwell Avenue, Evansville, Indiana 47711.  
Includes 1,228,465 shares held by a Family Limited Partnership and 300,000 shares owned by Robert Griffin's spouse. The shares in the Family Limited Partnership are also reported in the ownership of Patrick Griffin. Robert
- (2) Griffin's ownership also includes 20,000 shares of common stock issuable pursuant to presently exercisable stock options or options which will become exercisable within 60 days after February 20, 2013.  
Includes 43,750 shares of common stock issuable pursuant to presently exercisable stock options or options which
- (3) will become exercisable within 60 days after February 20, 2013. Mr. Keller also has 63,750 stock options that have not vested and are not included in this total.



Includes 21,875 shares of common stock issuable pursuant to presently exercisable stock options or options which (4) will become exercisable within 60 days after February 20, 2013. Ms. Meinert also has 33,375 stock options that have not vested and are not included in this total.

Includes 1,228,465 shares held by a Family Limited Partnership, also reported in the ownership of Robert Griffin. (5) Patrick Griffin's total also includes 31,000 shares of common stock issuable pursuant to presently exercisable stock options or options which will become exercisable within 60 days after February 20, 2013. Patrick Griffin also has 20,000 stock options that have not vested and are not included in this total.

(6) Includes 15,000 shares of common stock issuable pursuant to presently exercisable stock options or options which will become exercisable within 60 days after February 20, 2013.

(7) Includes 15,000 shares issuable upon the exercise of outstanding stock options.

Includes 37,038 shares owned by Good Earth Tools, Inc., of which Mr. Edward Williams owns 33% of the (8) outstanding voting stock and is an executive officer, 337,302 shares owned by KPW Family Limited Partnership, of which Mr. Williams is one of three partners, and 14,999 shares owned by PAW Family Partnership LP, of which Mr. Williams is a general partner. Mr. Williams disclaims beneficial ownership of these shares. Also includes 15,000 shares issuable upon the exercise of outstanding stock options and 26,067 shares issuable upon the vesting of restricted stock units.

(9) Includes 20,000 shares issuable upon the exercise of outstanding stock options and 24,330 shares issuable upon the vesting of restricted stock units.

(10) Shares reported under both Robert Griffin and Patrick Griffin (1,228,465 shares) are counted only once.

Includes 27,716 shares held by Mr. Guagenti, in his name, in his directed IRA, or as Trustee, and 38,720 shares (11) owned by Mrs. Guagenti directly, in her directed IRA, or as Trustee. Mr. Guagenti is also the beneficial owner of 990,456 shares held by partnerships for which he is the managing partner, of which he and Mrs. Guagenti own 488,896 shares and 376,989 shares, respectively, by virtue of their partnership interests therein. Mr. and Mrs. Guagenti each disclaim beneficial ownership of the shares held by the other.

(12) Based on information provided in Schedule 13G, filed with the SEC as of December 31, 2007.

## ITEM NO. 1

### ELECTION OF DIRECTORS

The Board of Directors voted to set the size of the Board at seven (7) members. Three of the Directors currently serving on the Board were elected to two-year terms at the 2012 Annual Meeting of Stockholders, with terms ending at the 2014 Annual Meeting. Four of the Directors currently serving on the Board were elected to two-year terms at the 2011 Annual Meeting of Stockholders, with terms ending at this 2013 Annual Meeting. These four Directors are Robert E. Griffin, Robert J. Keller, Richard F. Baalman, Jr., and Patrick J. Griffin, who have been nominated by the Board for re-election. Each nominee elected at the 2013 Annual Meeting will serve a two-year term, expiring at the 2015 Annual Meeting. The Board of Directors unanimously recommends that Messrs. Robert Griffin, Keller, Baalman, Jr., and Patrick Griffin be re-elected as Directors.

Director candidates are nominated by the independent members of the Board of Directors, as the Company does not believe that it is necessary to have a separate Nominating Committee, as such nominations are handled by the full Board. The Board has determined that a potential candidate to be nominated to serve as a director should have the following primary attributes: high achievement expectations with regard to increasing stockholder value;

uncompromising position on maintaining ethics; conservative attitude towards financial accounting and disclosure; and should be a stockholder of the Company to bring the perspective of a stockholder to the Board. The Board believes that the composition of the Board as a whole should reflect diversified experience, education and skills in manufacturing, consumer product sales and marketing, investment banking, accounting and finance, exporting to global markets, and knowledge of the Company's culture. The Board further believes that gender, age and ethnic diversity can enhance the overall perspectives of the Board and of management. The Board takes all of these diversity factors into account when considering individual director candidates.

To date, the Board has not deemed it necessary to engage a third party search firm to assist in identifying suitable candidates for directors, but has the authority to do so in the future. No fees were paid to any such search firm in connection with the nominees for directors named in this proxy statement. The Board believes that the existing Board members and executive management of the Company have sufficient networks of business contacts that will likely form the candidate pool from which nominees will be identified. Once a candidate is identified, as many members of the Board as feasible will meet with such candidate and the Board as a whole subsequently will evaluate the candidates using the criteria outlined above. The independent Board members will then make the final determination of whether or not to nominate the candidate.

Under the Company's Bylaws, director nominations may be brought at an annual meeting of stockholders only by or at the direction of the Board of Directors or by a stockholder entitled to vote who has submitted a nomination in accordance with the requirements of the Company's Bylaws as in effect from time to time. To be timely under the Bylaws as now in effect, a stockholder notice must be delivered to the Company's Secretary at the principal executive offices in Evansville, Indiana not less than ninety (90) days prior to the first anniversary of the preceding year's annual meeting of stockholders. Under this provision, nominations for this year's Annual Meeting were due by January 28, 2013. The Company has received no proposals for this Annual Meeting.

Information with respect to each of the current Directors and nominees for the Board of Directors is set forth as follows:

**Robert E. Griffin**

Nominee, Age 78, Director since 1973, Chairman since 1999

*Business Experience:* Interim Chief Executive Officer of the Company (April 2006-August 2006), former Chairman and Chief Executive Officer (1994-1999), and President and Chief Executive Officer (1976-1994).

*Qualifications Relative to Service on the Company's Board:* Our Board concluded that Mr. Robert Griffin is qualified to serve as a board member because of his 30+ year executive management career with the Company in various roles including Chairman and Chief Executive Officer. In addition, Mr. Griffin's board experience spans several companies including Stiga Sports, AB, a related Sporting Goods manufacturer and he has served on a variety of committees on those boards. Mr. Griffin has provided strong direction and leadership for the Company during his tenure on the Board.

**Robert J. Keller**

Nominee, Age 51, Director since 2008

*Business Experience:* President and Chief Executive Officer of the Company (since 2007). President of Disston Tool Company, a subsidiary of Kennametal (2005-2006). President and other senior management roles for the sports apparel unit of Russell Corporation (2000-2005). Managing Director for Coca-Cola (1997-2000). Co-founder and

Vice President- Sales and Marketing for Armor All Home Care (1993-1997). National Sales Manager and other sales and operations management positions for Thompson & Formby, a subsidiary of Kodak (1983-1993).

*Qualifications Relative to Service on the Company's Board:* Our Board concluded that Mr. Keller is qualified to serve as a board member because of his 25+ year career in various roles including Chief Executive Officer, President, and Vice President-Sales and Marketing. Since February of 2009, Mr. Keller has also served on the Board of Escalade International, Ltd. Through his experience with several global consumer products companies, Mr. Keller brings a broad range of strategic marketing and manufacturing management skills to the leadership of Escalade.

### **Patrick J. Griffin**

Nominee, Age 43, Director since 2009

*Business Experience:* Vice President, Corporate Development and Investor Relations for Escalade, Inc., since August 2012. Previously served as President of Martin Yale Group (August 2009-August 2012), Vice President Sales and Marketing, Martin Yale International (2007-2009) and successive product management roles at Escalade Sports (2002-2006). Director of Strategic Services for Edmondson/Quest (2000-2002). Director of Business Development for, Webcentric, Inc. and successively Network Commerce (1999-2000). Strategic Planning Associate for Koch Industries, Inc. (1998-1999). International marketing roles with PT Caraka Yasa in Jakarta, Indonesia (1997), Escalade Sports (1993-1995), and the United States Foreign Commercial Service in Singapore (1992-1993).

*Qualifications Relative to Service on the Company's Board:* Our Board concluded that Mr. Patrick Griffin is qualified to serve as a board member because of his history with the Company, his previous position as President of Martin Yale Group and his experience in product management and strategic planning. Mr. Griffin also holds an MBA from the University of Michigan at Ann Arbor. Mr. Griffin's board experience since 2007 includes Escalade International, Ltd. and Stiga Sports AB, both related sporting goods companies.

**Richard F. Baalman, Jr.**

Nominee, Age 53, Director since 2006

*Business Experience:* President of Bramm Inc., and related companies which operate ACE Hardware stores in the St. Louis, Missouri area (since 1988).

*Qualifications Relative to Service on the Company's Board:* Our Board concluded that Mr. Baalman is qualified to serve as a board member because of his 20+ year career in retail marketing and his experience having served on the Board of Ace Hardware Corporation where he acted as Chairman of the Audit and Supply Committees. During 1999-2008, Mr. Baalman also served on the Nominating and Governance, Executive and Compensation Committees for Ace Hardware Corporation, where he has gained experience in GAAP and SEC compliance compensation policies and company strategic planning. He is considered an audit committee financial expert under SEC rules. Mr. Baalman serves on the Company's compensation committee, and he joined the Company's Audit Committee in 2010.

**George Savitsky**

Age 74, Director since 2004

*Business Experience:* Founder and President of Savitsky, Satin & Bacon, a business management company specializing in managing the financial affairs of people in the entertainment industry (since 1990). Prior to founding Savitsky, Satin and Bacon, Mr. Savitsky, a Certified Public Accountant, was a partner in Laventhol and Horwath (1983-1990), a business manager for Plant and Cohen & Company (1978-1983), President of a wholly owned subsidiary of Ideal Toy Corp. (1973-1978), Controller and then Marketing Vice President of Tensor Corporation (1964-1973), and practicing Certified Public Accountant (1961-1964).

*Qualifications Relative to Service on the Company's Board:* Our Board concluded that Mr. Savitsky is qualified to serve as a board member because of his background as a Certified Public Accountant, his financial experience and his marketing and manufacturing exposure in pool tables, table tennis tables and other sporting goods. Mr. Savitsky is considered an audit committee financial expert under SEC rules. During his tenure on the Board, Mr. Savitsky has gained a good working knowledge of the Company that provides efficiency and continuity to our Board. Mr. Savitsky serves on the Company's Compensation Committee and also serves as Chairman of the Company's Audit Committee.

**Richard D. White**

Age 59, Director since 2004

*Business Experience:* Managing Director and head of the Private Equity and Special Products Department at Oppenheimer & Co. Inc., a leading investment bank and full service investment firm (since 2004). Founder and President of Aeolus Capital Group, LLC, an investment management company (2002-2004). Managing Director of CIBC Capital Partners, the private equity merchant banking division of Canadian Imperial Bank of Commerce (1997-2002), successor by acquisition to Oppenheimer & Co., Inc. Managing Director of Oppenheimer & Co., Inc. (1985-1997). Managing Director and Partner of Ardshiel, Inc., a private equity firm (1981-1985). Consultant in the Management Consulting Services department of Coopers & Lybrand (1978-1981).

Mr. White has also held or currently holds directorships on a number of other public company boards, as follows: Director and Chairman of the Nominating and Compensation Committees and member of the Audit Committee of G-III Apparel Group, Ltd, a leading manufacturer and distributor of outerwear, dresses, sportswear and women's suits under licensed, proprietary, and private label brands (since 2003). Director and member of the Audit Committee and the Governance Committee of Lakes Entertainment, Inc., a developer and manager of casino properties (since 2006). Director, Chairman of the Compensation Committee and member of the Audit Committee of ActivIdentity Corp. (2003-2008). Mr. White is also Chairman of the Board of Mercury Energy, a private company that is a leading integrator and installer of solar energy systems.

*Qualifications Relative to Service on the Company's Board:* Our Board concluded that Mr. White is qualified to serve as a board member because of his strong finance, accounting, strategic planning and investment management experience as well as his entrepreneurial disposition. Mr. White holds an MBA from the Wharton Graduate School of the University of Pennsylvania and a BA from Tufts University. He is considered an audit committee financial expert under SEC rules. During his tenure on the Board, Mr. White has gained a good working knowledge of the Company that provides efficiency and continuity to our Board. Mr. White currently serves as Chairman of the Company's Compensation Committee.

### **Edward E. Williams**

Age 52, Director since 2004

*Business Experience:* Founder and President of Ballast Tools, Incorporated, a manufacturer of railway track maintenance equipment with locations in U.S., Canada and England and worldwide distribution (since 1985). Vice President of Good Earth Tools, Inc., a specialty manufacturer of tungsten carbide protected wear parts located in Crystal City, Missouri (since 1984). Founder and President of Ever Extruder, LLC, a manufacturer and distributor of high production food processing equipment (since 2007).

*Qualifications Relative to Service on the Company's Board:* Our Board concluded that Mr. Williams is qualified to serve as a board member because of his experience in entrepreneurial management, specifically in the manufacturing industry. In addition, Mr. Williams' family owned one of the predecessor companies of Escalade, Incorporated, and Mr. Williams has a strong knowledge of the Company's history. Mr. Williams brings a broad range of management, manufacturing, and sales skills to our Board. During his tenure on the Board, Mr. Williams has gained a good working knowledge of the Company that provides efficiency and continuity to our Board. Mr. Williams also serves on the Company's Audit Committee.

While there is no reason to believe that any of the persons nominated will, prior to the date of the meeting, refuse or be unable to accept the nomination, should any person nominated so refuse or become unable to accept, it is the intention of the persons named in the proxy to vote for such other person or persons as the Directors recommend.

The Board does not have a formal policy regarding director attendance at the Annual Meeting. Typically, the Board holds its annual organizational meeting directly following the Annual Meeting, which results in most directors being able to attend the Annual Meeting. All Directors attended the 2012 Annual Meeting.

With the exceptions of Messrs. Robert Keller and Patrick Griffin, who are executive officers of the Company, and of Mr. Robert Griffin, who was an executive officer of the Company through April 2010, the Board has determined that all of the above named incumbent directors have met the independence standards of Rule 5605(a)(2) of the National Association of Securities Dealers listing standards. Mr. Robert Griffin is the father of Mr. Patrick Griffin.

*The Board of Directors unanimously recommends that you vote “FOR” Proposal 1 relating to the election of directors.*

## **ITEM NO. 2**

### **RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors proposes and recommends that the stockholders approve the selection by the Committee of BKD, LLP to serve as the Company's independent registered public accounting firm for the Company for the Company's fiscal year 2013. Action by the stockholders is not required by law in the appointment of an independent registered public accounting firm, but their appointment is submitted by the Audit Committee of the Board of Directors in order to give the stockholders a voice in the designation of auditors. If the proposal approving BKD, LLP as the Company's independent registered public accounting firm is rejected by the stockholders, then the Committee will reconsider its choice of independent auditors. Even if the proposal is approved, the Audit Committee in its discretion may direct the appointment of different independent auditors at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.



Ratification of the appointment of BKD, LLP as our independent registered public accounting firm for 2013 requires the affirmative vote of a majority of the shares of common stock present in person or represented by proxy at the Annual Meeting and entitled to vote thereon. If you are a street name stockholder and do not vote your shares, your bank, broker or other nominee can vote your shares at its discretion on the proposal to ratify the appointment of the independent registered public accounting firm.

*The Audit Committee of the Board of Directors unanimously recommends that you vote “FOR” Proposal 2 relating to the ratification of the appointment of the Independent Registered Public Accounting Firm.*

### **ITEM NO. 3**

#### **NON-BINDING VOTE ON COMPENSATION**

#### **OF NAMED EXECUTIVE OFFICERS**

#### **(SAY-ON-PAY)**

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company’s stockholders are entitled to vote at the Annual Meeting to approve the compensation of the Company’s named executive officers, commonly known as a “Say on Pay” proposal. The stockholder vote on executive compensation is an advisory vote only, and it is not binding on the Company or the Company’s Board of Directors or the Compensation Committee of the Board.

Although the vote is non-binding, the Company’s Board of Directors and the Compensation Committee of the Board value the opinions of the stockholders and will consider the outcome of the vote when making future compensation decisions affecting the Company’s named executive officers.

The primary goal of our executive compensation program is the same as our goal for operating the company – to maximize corporate performance and thereby create value for our stockholders. To achieve this goal we have designed an executive compensation program based on the following principles:

Paying for performance – A significant portion of each named executive’s potential cash compensation is made subject to achieving business performance measures.

Alignment with the interests of stockholders – Equity awards align our named executives’ financial interests with those of our stockholders by providing value to our executives if the market price of our stock increases.

Attracting and retaining top talent – The compensation of our executives must be competitive so that we may attract and retain talented and experienced executives in our industry.

A detailed description of our executive compensation policies and programs is included in the Compensation Discussion and Analysis in this proxy statement beginning on page 13.

The Company’s stockholders are being asked to approve, by non-binding vote, the following resolution at the Annual Meeting of Stockholders:

Resolved, that the compensation paid to the Company’s named executive officers, as disclosed in this Proxy Statement, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby approved.

This vote is not intended to address any specific item of compensation, but rather the overall compensation that is paid to our named executive officers resulting from our compensation objectives, policies and practices as described in this proxy statement.

***The Board of Directors unanimously recommends that you vote “FOR” Proposal 3 relating to the non-binding vote on compensation of named executive officers.***

**ITEM NO. 4**

**NON-BINDING VOTE ON THE FREQUENCY OF FUTURE NON-BINDING STOCKHOLDER VOTES ON THE COMPENSATION OF NAMED EXECUTIVE OFFICERS**

In accordance with Section 14A of the Exchange Act, the Company's stockholders are also entitled to vote at the Annual Meeting regarding whether the stockholder vote to approve the compensation of the named executive officers as required by Section 14A of the Exchange Act (and as presented in Item 3 of this proxy statement) should occur every year, once every two years, or once every three years. Stockholders also have the option to abstain from voting on the matter. The stockholder vote on the frequency of the say-on-pay vote to approve named executive compensation is an advisory vote only, and it is not binding on the Company or the Board of Directors. Such an advisory vote will be provided to the stockholders at least once every six years.

The appropriate frequency of a non-binding vote on executive compensation is the subject of diverging opinions and views, and we believe there is reasonable basis for each of the three options. Less frequency would encourage a more long-term, rather than short-term analysis of our executive compensation programs and would avoid the burden that annual votes would impose on stockholders required to evaluate the compensation programs of a large number of companies each year. Conversely, greater frequency provides stockholders the opportunity to react promptly to emerging trends in compensation and gives the Board of Directors and the Compensation Committee the opportunity to evaluate individual compensation decisions and compensation program changes each year in light of the timely feedback from stockholders.

After careful consideration, our Board of Directors has determined that a non-binding vote on named executive compensation that occurs every year is the most appropriate alternative for the Company at this time. We understand that our stockholders may have different views as to what is the best approach for the company and we look forward to hearing from you on this proposal.

Although the stockholders' vote is non-binding, the board of Directors will take into account the outcome of the vote when considering how frequently to hold "say-on-pay" votes. Notwithstanding the Board's recommendation and the outcome of the stockholder vote, the Board may in the future decide to alter the frequency of non-binding votes and may vary its practice based on factors such as discussion with stockholders and the adoption of material changes to compensation programs. As required by the law as currently in effect, the Board will put the frequency issue before the stockholders for a new non-binding vote at least once every six years.

***The Board of Directors unanimously recommends that you vote "1 YEAR" on Proposal 4 relating to the frequency of future non-binding stockholder votes on the compensation of named executive officers.***

## **BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

To the best of the Company's knowledge, all of the Company's directors, officers and 10% or more stockholders have timely filed with the Securities and Exchange Commission all reports required to be so filed pursuant to Section 16 of the Securities Exchange Act of 1934 for fiscal 2012.

## **BOARD OF DIRECTORS, ITS COMMITTEES, MEETINGS, AND FUNCTIONS**

The Board of Directors of the Company currently consists of seven members. There are four independent members on the Board (Edward E. Williams, Richard D. White, George Savitsky and Richard F. Baalman, Jr.), two members who currently serve as executive officers of the Company (Robert J. Keller and Patrick J. Griffin), and one member who is a past executive officer (Robert E. Griffin).

During 2012, all Directors attended 100% of all regular meetings of the Board of Directors and the committees on which they served. The Board of Directors had six meetings and the independent directors held regular executive sessions in conjunction with four of the Board meetings. The Board has not designated a lead or presiding director to chair executive sessions.

Stockholders may communicate directly with the Board of Directors in writing by sending a letter to the Board at: Escalade, Incorporated, 817 Maxwell Avenue, Evansville, Indiana 47711. All communications directed to the Board will be received and processed by the Company's office of the Chief Financial Officer and will be transmitted to the Chairman of the Audit Committee without any editing or screening by such office.

### ***Board Leadership Structure***

The Board has placed responsibilities on the Chairman of the Board separate from President and CEO as it believes this provides better accountability between the Board and the management team. The Board believes it is better to have a separate Chairman, whose responsibility is to lead the Board members as they provide leadership to the executive team. This responsibility includes facilitating communication among the directors; setting the Board meeting agendas in consultation with the President and CEO; and presiding at Board meetings and stockholder meetings. This delineation of duties allows the President and CEO to focus his attention on managing the day-to-day business of the Company. The Board believes this structure provides strong leadership for the Board, while positioning the President and CEO as the leader of the Company in the eyes of customers, employees and stockholders.

Currently, Mr. Robert Griffin serves as the Chairman of the Board, but he is not considered an independent director due to his prior employment with the Company and his family relationship to Mr. Patrick Griffin. Mr. Griffin retired as an executive officer and employee of the Company on April 30, 2010. Given the small size of the Board, the independent directors have a clear voice and direct access to both the Chairman of the Board and the President and CEO. The independent directors meet in executive session on a regular basis, with the discussions being led by the independent director who raises the specific topic(s) being considered in such executive sessions. Accordingly, the Board has not deemed it necessary to designate an independent Chairman of the Board nor to establish a formal structure to ensure that independent ideas are raised and fully discussed, because the Board believes that the current structure already satisfies those objectives.

### ***Risk Oversight of the Company***

The Audit Committee is primarily responsible for overseeing the Company's risk management processes on behalf of the full Board by monitoring company processes for management's identification and control of key business, financial and regulatory risks. The Audit Committee receives a report from management annually regarding the Company's assessment of risks and meets in executive session with the Chief Financial Officer each quarter. In addition, the Audit Committee reports regularly to the full Board, which also considers the Company's risk profile. The Audit Committee and the full Board focus on the most significant risks facing the Company and review the Company's risk appetite. Management is responsible for the day-to-day risk management processes. The Company has structured the reporting relationship through the Chief Financial Officer who reports functionally to the Audit Committee. The Board believes this division of responsibilities is the most effective approach for addressing the risks facing the Company and the Board leadership structure supports this approach.

### ***Code of Ethics***

The Board of Directors has adopted the Escalade, Incorporated Code of Business Conduct and Ethics (“Code”) which may be found on the Company’s website at: [www.escaladeinc.com/Code\\_of\\_Conduct.aspx](http://www.escaladeinc.com/Code_of_Conduct.aspx). All employees and Directors of the Company are subject to compliance with the Code.

***Committees***

The Company has two standing committees, each composed entirely of independent directors. As discussed above, the Board of Directors has no nominating committee. Current committee assignments are detailed in the following table.

Name	Audit Committee	Compensation Committee
Edward E. Williams	Member	
George Savitsky	Chairman(1)	Member
Richard D. White		Chairman(1)
Richard F. Baalman, Jr.	Member(1)	Member

(1) Determined by the Board to be audit committee financial experts.

### *Audit Committee*

The Audit Committee as a whole held five meetings in 2012. At four of those meetings the Committee met with the independent auditors and management to review the interim financial information contained in each quarterly earnings announcement and the annual results. The main functions performed by the Audit Committee are to (1) review with the independent auditors their observations on internal controls of the Company and the competency of financial accounting personnel, (2) review with the chief financial officer and independent auditors, the accounting for specific items or transactions as well as alternative accounting treatments and their effects on earnings, (3) engage the firm of independent certified public accountants to be hired by the Company and review that firm's independence, and (4) approve all audit and non-audit services performed by the Company's independent auditors. The Board of Directors has adopted a written charter for the Audit Committee which can be found on the Company's website at: [www.escaladeinc.com/Audit\\_Committee\\_Charter.pdf](http://www.escaladeinc.com/Audit_Committee_Charter.pdf).

### *Compensation Committee*

The Compensation Committee held four meetings in 2012 and held several informal sessions to review salaries and compensation levels within the Company. The Compensation Committee is also responsible for awards of stock options and restricted stock units. The Board of Directors has not adopted a written charter for the Compensation Committee.

### *Director Compensation*

During 2012, each non-employee director of Escalade, Incorporated received an annual retainer of \$35,000 with the exception of the Chairman of the Board who received an annual retainer of \$90,000. Each member of the Audit Committee received an additional annual fee of \$5,000 except for the Audit Committee Chairman who received \$15,000. Each member of the Compensation Committee received an additional annual fee of \$3,000 except for the Compensation Committee Chairman who received \$10,000. Independent directors receive an additional fee of \$1,000 per board meeting attended in excess of eight meetings per year. Members of the Audit Committee and Compensation Committee receive additional fees of \$1,000 per committee meeting attended in excess of six and four meetings, respectively. From time to time, a committee may request that a director who is not a member of that committee participate in additional meetings held for special purposes. Under these circumstances the non-committee member director is compensated similarly to the committee member directors. Each non-employee board member received 7,500 stock options in 2012.

Under the terms of the Escalade, Incorporated 2007 Incentive Plan, Directors can elect to receive some or all of the fees earned in shares of the Company's common stock, or in the form of restricted stock units or stock options which

vest after one year. In 2012, there were 36,059 shares issued pursuant to the plan. In 2012, Messrs. Robert Griffin and White opted to receive 100% of their board compensation in shares of common stock. Mr. Williams received his first quarter payment in cash, and beginning with the second quarter elected to receive all fees in the form of common stock. Mr. Baalman elected to split his compensation between cash and stock.

2012 Director Compensation

The following table summarizes the compensation earned by or awarded to each director who served on the Board of Directors during 2012. Compensation for Mr. Robert Keller and Mr. Patrick Griffin is reflected in the “Executive Compensation - Summary Compensation Table.”

Name	Fees Earned or Paid in Cash \$(1)	Option Awards \$(2)	All Other Compensation (\$)	Total (\$)	As of December 29, 2012	
					Number of Restricted Stock Units Outstanding (#)	Number of Stock Options Outstanding (#)(4)
Robert E. Griffin	89,721	21,618	0	111,339	—	20,000
George Savitsky	65,500	21,618	0	87,118	—	15,000
Richard D. White	57,500	21,618	0	79,118	—	15,000
Edward E. Williams	52,500	21,618	0	74,118	26,067 (3)	15,000
Richard F. Baalman, Jr.	55,500	21,618	0	77,118	24,330 (3)	20,000



This column includes the fair value of common stock issued in lieu of cash compensation pursuant to the Escalade, Incorporated 2007 Incentive Plan. For Director Savitsky, all fees were paid in cash. For Director White, all fees (1) were paid in shares of common stock. For Director Williams, \$32,500 was paid in cash, and \$20,000 was paid in shares of common stock. For Director Baalman, \$25,970 was paid in cash, and \$29,530 was paid in shares of common stock.

The amount recorded in this column is the compensation cost recognized by the Company during 2012, calculated (2) utilizing the provisions of Accounting Standards Codification Topic 718, Stock Compensation, for grants made in 2012 and prior years. The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model.

(3) These Directors elected to defer the settlement of RSUs granted in 2007, 2008, and 2009 for five years. These grants began settlement in 2012 under this deferral arrangement. The amounts shown will settle in 2013 and 2014.

(4) The options included are those outstanding at December 29, 2012.

### 2013 Director Compensation

In 2013, the Board reviewed the compensation of the non-employee Directors and voted to make no changes to the annual retainer. Each non-employee board member will receive 7,500 stock options in 2013. All other elements of compensation for the non-employee Directors remains the same as in 2012, as described above.

### REPORT OF THE AUDIT COMMITTEE

In accordance with its written charter as adopted by the Board of Directors (“Board”), the Audit Committee of the Board (“Committee”) assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of Escalade. All of the Committee members are independent directors as defined under NASDAQ rules. During fiscal year 2012, the Committee met four times to discuss the interim financial information contained in each quarterly earnings announcement and the annual results with the Chief Financial Officer and independent auditors prior to public release.

In discharging its oversight responsibility as to the audit process, the Committee obtained from the independent auditors a formal written statement describing all relationships between the auditors and the Company that might bear on the auditors’ independence consistent with Independence Standards Board Standard No. 1, “Independence discussions with Audit Committees,” discussed with the auditors any relationships that may impact their objectivity and independence and satisfied itself as to the auditors’ independence. The Audit Committee also discussed and considered whether the provision of non-audit services by the Company’s auditors is consistent with the auditors’ independence. The Audit Committee has determined that the provisions of such services are consistent with the auditors’ independence. The Committee also discussed with management, and the independent auditors the quality and adequacy of Escalade’s internal controls. The Committee reviewed with the independent auditors their audit plan, audit scope and identification of audit risks.

The Committee discussed and reviewed with the independent auditors all communications required by auditing standards generally accepted in the United States of America, including those described in Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees," and, with and without management present, discussed and reviewed the results of the independent auditors' examination of the financial statements.

The Committee reviewed the audited financial statements of Escalade as of and for the year ended December 29, 2012, with management and the independent auditors. Management has the responsibility for the preparation of financial statements and the independent auditors have the responsibility for the examination of those statements.

Based on the above-mentioned review and discussions with management and the independent auditors, the Committee recommended to the Board that Escalade's audited financial statements be included in its Annual Report on Form 10-K for the year ended December 29, 2012, for filing with the Securities and Exchange Commission.

George Savitsky, Chairman Edward E. Williams Richard F. Baalman, Jr.

## **REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee has reviewed and discussed with the Company's management the Compensation Discussion and Analysis ("CD&A") as well as the accompanying tables set forth below. Based on that discussion, the Committee recommended to the Board of Directors that the CD&A be included in this proxy statement and incorporated into the Company's Annual Report on Form 10-K for the Company's fiscal year ended December 29, 2012.

Richard D. White, Chairman Richard F. Baalman, Jr. George Savitsky

## **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

In 2012, all members of the Compensation Committee were independent directors and served the full year. No other director or executive officer of the Company serves on any board of directors or compensation committee of any entity that compensates any of Messrs. White, Baalman, and Savitsky.

## **COMPENSATION DISCUSSION AND ANALYSIS (CD&A)**

### **Compensation Philosophy**

The Company's philosophy in setting compensation policies for its named executive officers is to align pay with performance, while at the same time providing competitive compensation that allows the Company to retain and attract executive talent. The Compensation Committee, composed entirely of independent Directors, establishes, approves and evaluates the Company's compensation policies applicable to the named executive officers.

Throughout this proxy statement, all references to the "named executive officers" means Robert J. Keller, Deborah J. Meinert, and Patrick J. Griffin, the individuals identified under "EXECUTIVE COMPENSATION – Summary Compensation Table." Throughout 2012, Mr. Keller served as the Company's Chief Executive Officer and Ms. Meinert served as the Company's Chief Financial Officer. Mr. Patrick Griffin served as President of the Martin Yale Group until August 2012, when he assumed responsibilities as the Company's Vice President, Corporate Development and Investor Relations.

The Compensation Committee strongly believes that executive compensation should be directly linked to continuous improvements in corporate performance and increases in stockholder value. Consequently the Compensation Committee has adopted the following guidelines for use in evaluating executive compensation:

· Provide a competitive total compensation package that enables the Company to attract and retain key executive talent;

· Align all pay programs with the Company's annual and long-term business strategies and objectives; and  
· Provide a mix of base and performance-leveraged variable compensation that directly links executive compensation to the performance of the Company and stockholder return.

### **Compensation Program; Mix of Pay Components**

Consistent with the above philosophy, the Compensation Committee currently utilizes the following components of compensation for the Company's named executive officers:

- Base salary;
- Annual incentive cash bonuses;
- Long-term equity incentives, historically in the form of stock options and/or restricted stock units; and
- Health, welfare and other benefits

Executive compensation is based on a pay-for-performance philosophy. Consequently, a significant portion of annual and long-term compensation for the named executive officers is at-risk. This provides additional upside potential and downside risk for the Company's executive officers, including the Chief Executive Officer and Chief Financial Officer, recognizing that the individuals serving in these roles have greater influence on the performance of the Company.

Other than employees working under a collective bargaining agreement, all employees of the Company, including the named executive officers, are employed at will. Mr. Robert Keller has a severance payment arrangement, which was established during 2012. No other named executive officers are covered under a severance payment arrangement.

### **The Role of the Compensation Committee and Method of Determining Amount of Total Compensation**

The Compensation Committee is responsible for the approval and administration of compensation programs for the named executive officers. The Committee focuses on the attraction and retention of key executives and, when making decisions, considers the Company's compensation philosophy, the achievement of business goals set by the Company, the competitive environment in which the Company competes for talent, how the Company is positioned for the future, and recommendations made by the Company's Chairman and Chief Executive Officer. While the Committee primarily focuses on compensation for the named executive officers, the Committee also reviews the compensation of certain other key employees, such as the subsidiary and division heads, and the appropriateness and fairness of the allocation of annual incentive compensation among the participants in such plans at the subsidiary level.

For 2012, the Committee reviewed all compensation components for the Company's named executive officers and together with the Board of Directors, reviewed and evaluated the level of performance of the Company and of each executive officer, including the Chief Executive Officer and Chief Financial Officer, in order to determine current and future appropriate compensation levels. In addition, the Committee conducted an annual review of the Company's compensation philosophy to ensure that it remains appropriate given the Company's strategic objectives. The Committee may engage compensation consulting firms in the future but did not deem it necessary in 2012.

Except for the Escalade, Incorporated 2007 Incentive Plan which was approved by stockholders at the 2007 Annual Meeting, the Compensation Committee does not participate in any programs which they administer.

### **Role of Executive Officers in Compensation Decisions**

Mr. Robert Griffin, the Company's Chairman, occasionally participates in Compensation Committee meetings and discussions regarding the compensation of the Company's other named executive officers, but does not make any recommendations regarding his own compensation or the compensation of Mr. Patrick Griffin. Consistent with the Committee's past practices, Mr. Keller, as the Company's Chief Executive Officer, will make recommendations regarding the compensation for the Company's Chief Financial Officer and the Vice President Corporate Development and Investor Relations, but will not make recommendations for himself. Although the Committee considers recommendations by Messrs. Robert Griffin and Robert Keller the Committee retains full discretion to set all compensation for the Company's named executive officers.

## **Base Salary**

The Compensation Committee seeks to compensate the named executive officers competitively within the industry while at the same time designing compensation components that base a significant portion of total compensation on performance. In general, base salary levels are set at the beginning of each year at levels believed by the Compensation Committee to be sufficient to attract and retain qualified executives when considered with the other components of the Company's compensation structure. In establishing the base salaries, consideration is given to local market wage rates, cost of living adjustments, performance of the Company and the individual, and other factors, including any changes in level of responsibility. The Compensation Committee also subjectively reviews the individual performance of each named executive officer, based on the performance of the Company and the individual's level of contribution towards that performance.

Accordingly, for fiscal 2012 the Compensation Committee established base salaries for the Company's key executives with the intent to motivate performance by providing significant upside potential through incentive compensation and less on guaranteed compensation in the form of salaries. The Compensation Committee does not target any specific benchmark for base salary levels for its key executives compared to comparable companies within the Company's industries. The Compensation Committee considered the scope of and accountability associated with each executive officer's position in addition to such factors as the performance and experience of each executive officer when setting base salary levels for fiscal 2012.

In 2012, the Compensation Committee established new base salaries of \$308,300 for Robert J. Keller, the Company's Chief Executive Officer, \$155,000 for Deborah J. Meinert, the Company's Chief Financial Officer, and \$123,800 for Patrick J. Griffin, the Vice President of Corporate Development and Investor Relations. The Compensation Committee believed that such salaries were warranted for each such officer based primarily on the Company's performance and their contribution to such results.

For 2013, the Compensation Committee has established new base salaries for Mr. Keller, Ms. Meinert, and Mr. Patrick Griffin at \$314,800, \$175,000, and \$126,500 respectively.

### **Annual Cash Incentive Bonus**

The Compensation Committee has established a profit incentive plan that provides for the payment of cash bonuses if certain performance targets are achieved. Under the plan, the Compensation Committee establishes target performance levels early in each fiscal year, subject to potential changes that the Committee may determine appropriate. Virtually all employees are eligible to participate in the profit incentive plan. In conjunction with the completion of the Company's annual audited financial statements, the bonus pool is finalized based on actual results achieved. Allocation of the bonus pool to individual executive officers is determined at the Compensation Committee's discretion based upon a review of the overall Company's performance relative to budget, the Company's strategic position, and individual executive officer's performance relative to budget. There are no pre-defined methods for allocating the bonus pool to any of the Company's executive officers.

For 2012, the business results exceeded the minimum threshold for generating a bonus pool for the Sporting Goods division, but fell short of achieving the performance results required for the Information Security and Print Finishing Division. A bonus pool of \$2.1 million was approved by the Compensation Committee for payment in March of 2013. The Compensation Committee compared actual results to pre-established financial and operational objectives set early in the year for Mr. Keller and approved a performance bonus of \$198,000. The Compensation Committee considered the recommendation from Mr. Keller for the CFO position, which was based on a similar criteria assessment. The Committee approved a performance bonus of \$128,000 for Ms. Meinert. The Committee also approved a performance bonus of \$24,000 for Mr. Patrick Griffin.

### **Long Term Equity Incentives**

Each year, the Compensation Committee determines the amount and character of any long term equity incentive grants to the Company's executive officers and other eligible employees. The Committee considers equity grants to be an effective incentive to encourage stock ownership by officers and key employees increasing their proprietary interest in the success of the Company. At the 2007 Annual Meeting, stockholders approved the Escalade

Incorporated 2007 Incentive Plan (“2007 Incentive Plan”) which provides a broader array of long-term incentive awards for grant to the Company’s employees, including the Chief Executive Officer and Chief Financial Officer. In 2012, the Compensation Committee determined that granting stock options was the best method of satisfying the Committee’s compensation philosophy and objectives of directly connecting long term incentives to achieving long term performance objectives. Accordingly, in March 2012 the Company granted 40,000 stock options to Mr. Keller, 23,000 stock options to Ms. Meinert, and 8,000 stock options to Mr. Patrick Griffin.

The stock options granted to Mr. Keller, Ms. Meinert, and Mr. Griffin vest at the rate of 25% per year for four years provided that the named executive is still employed by the Company. The exercise price of the stock options was \$5.28 per share, the closing price of the stock on March 2, 2012. The options expire in five years.

In February 2013, the Compensation Committee approved stock option awards based on the performance results of 2012. The Company granted 22,000 stock options to Mr. Keller, 10,000 stock options to Ms. Meinert, and 4,000 stock options to Mr. Patrick Griffin. The exercise price of the stock options was \$5.85 per share, the closing price of the stock on March 1, 2013. The options vest 25% per year for four years, and expire in five years.



### **Health, Welfare and Other Benefits**

The Company provides medical, life, 401(k) plan and similar benefits to all of its salaried employees, including the named executive officers. In addition, Mr. Patrick J. Griffin received reimbursement of living expenses related to maintaining his residence in Germany through August 2012. None of these benefits discriminate in scope, terms or operation in favor of the named executive officers.

### **Tax and Accounting Considerations**

As necessary, the Compensation Committee reviews accounting and tax laws, rules and regulations that may affect the Company's compensation plans. However, tax and accounting considerations have not significantly impacted the compensation programs offered to the Company's executives. Section 162(m) of the Internal Revenue Code generally provides that certain compensation in excess of \$1 million per year paid to a company's chief executive officer and any of its four other highest paid executive officers is not deductible by a company unless the compensation qualifies for an exception. Based on the Compensation Committee's past compensation practices, the Committee does not currently believe that Section 162 (m) will adversely affect the Company's ability to obtain a tax deduction for compensation paid to its named executive officers.

### **EXECUTIVE OFFICERS OF THE REGISTRANT**

The table presented below lists the names and ages of all of the current executive officers of the Company indicating all positions and offices held by each such person as of the date of this proxy statement.

Mr. Keller joined the Company as President and Chief Executive Officer in August 2007. Prior to that, he served as President of Disston Tool Company, a subsidiary of Kennametal. From 2000 to 2005, Mr. Keller worked for Russell Corporation in various positions including President of the sports apparel unit.

Ms. Deborah J. Meinert joined the Company as Corporate Controller in November 2007 and was promoted to Chief Financial Officer in 2009. Ms. Meinert came to Escalade from United Components, a manufacturer of automotive OEM and aftermarket parts where she functioned as Assistant Controller (2005-2007). Prior to United Components, she practiced public accounting with Brown, Smith & Settle LLC (1997-2005) and Harding, Shymanski & Company, PC (1994-1997), both in the Evansville area.

Edgar Filing: ESCALADE INC - Form DEF 14A

Mr. Patrick Griffin joined the Company in 2002. He was also employed with the Company from 1993 – 1995. Since 2002, Mr. Griffin has advanced in the organization, serving in successive product management roles at Escalade Sports until 2006, when he became Vice President Sales and Marketing for Martin Yale International. He was named President of Martin Yale Group in 2009. In August 2012, he accepted the position of Vice President, Corporate Development and Investor Relations of the Company.

All such persons have been elected to serve until the next annual election of officers, or until their earlier resignation or removal.

Name	Age as of March 22, 2013	Offices and Positions Held	First Elected as an Executive Officer
Robert J. Keller	51	CEO and President	08/2007
Deborah J. Meinert	55	V.P. Finance, CFO & Secretary	03/2009
Patrick J. Griffin	43	V.P. Corporate Development & Investor Relations	02/2011

**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth information regarding compensation of the named executive officers of the Company for 2012 and 2011:

Name and Principal Position	Year	Salary (\$)	Cash Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Restricted Stock Awards (\$)	Incentive Plan Compensation (\$)	Non-Equity Incentive Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
Robert J. Keller President & Chief Executive Officer	2012	301,112	-	-	98,521	-	198,000	-	14,574	612,207	
Deborah J. Meinert Chief Financial Officer, Vice President Finance and Secretary	2011	300,236	-	-	100,392	-	276,000	-	9,777	686,405	
Patrick J. Griffin Vice President, Corporate Development & Investor Relations	2012	151,098	-	-	47,549	-	128,000	-	9,100	335,747	
	2011	150,050	-	-	33,879	-	100,000	-	6,887	290,816	
	2012	120,000	-	-	32,726	-	24,000	-	133,361	310,087	
	2011	120,000	-	-	28,479	-	-	-	187,753	336,232	

**Column (c) - Salary**

Amounts recorded in this column reflect the annual salary paid during the year noted in column (b).

**Column (d) – Cash Bonuses**

Amounts recorded in this column reflect cash bonuses paid in addition to amounts paid in connection with the annual cash incentive program noted in column (h).

**Column (e) – Stock Awards**

Amounts recorded in this column reflect shares of stock paid as compensation.

**Column (f) – Option Awards**

The amount recorded in this column is the compensation cost recognized by the Company during the fiscal year indicated in column (b) under ASC Topic 718, Stock Compensation, for grants made in the fiscal year indicated in column (b) and prior years. The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions for the years indicated:

	2012	2011	2010	2009
Risk-free interest rate	0.84 %	1.51 %	1.36%	1.43 %
Dividend yield	5.50 %	1.84 %	0 %	0 %
Expected volatility	110.39%	122.17%	97.6%	76.6%
Weighted average-fair value per share	\$3.12	\$4.03	\$1.80	\$0.40

**Column (g) – Restricted Stock Awards**

The amount recorded in this column is the compensation cost recognized by the Company during the fiscal year indicated in column (b) under ASC Topic 718, Stock Compensation, for grants made in the fiscal year indicated in column (b) and prior years. The fair value of each grant is estimated on the date of grant using Monte Carlo techniques where vesting is dependent on market conditions and on the closing price of the Company’s common stock on the date of grant if vesting is based solely on time. The fair value of restricted stock units granted is detailed below for the years associated with the costs recorded in the table:

	2012	2011	2010	2009
Weighted average market closing price on date of grant for restricted stock units where vesting is time based.	—	—	—	—
Weighted average fair market value of restricted stock units where vesting is contingent on market factors	—	—	—	—

**Column (h) – Non-Equity Incentive Plan Compensation**

See “CD&A – Annual Cash Incentive Bonus” on page 15 for a description of the Incentive Compensation Plan. Amounts shown for Mr. Keller and Ms. Meinert for 2011 were paid in March, 2012. Amounts shown for 2012 were paid to the named executive officers in March, 2013.

**Column (i) - Change in Pension Value and Nonqualified Deferred Compensation Earnings**

See “Nonqualified Deferred Compensation” on page 19.

**Column (j) – All Other Compensation**

All other compensation includes the following:

Name	401(k) Matching Contribution (\$)	Foreign Living Expenses (\$)	Total All Other Compensation (\$)
2012			
Robert J. Keller	14,574	-	14,574
Deborah J Meinert	9,100	-	9,100
Patrick J. Griffin	3,600	129,764	133,361
2011			
Robert J. Keller	9,777	-	9,777
Deborah J Meinert	6,887	-	6,887
Patrick J. Griffin	3,600	184,153	187,753

**Grants of Plan Based Awards**

The following table sets forth certain information concerning grants of plan-based awards to each of our named executive officers during 2012. Actual cash incentive awards are disclosed under column (h) of the Summary Compensation Table, page 17. The material terms of these awards and the material plan provisions relevant to these awards are described in the footnotes to the table below.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#) (1)	All Other Options Awards: Underlying Options (#) (2)	Exercise or Base Price of Option Awards (\$/Share) (3)	Grant Date Value of Stock Awards (\$) (4)	Grant Date Fair Value of Stock and Option Awards (\$) (5)
------	------------	---	---	--	--	---

Edgar Filing: ESCALADE INC - Form DEF 14A

Robert J. Keller	03/02/12	-	40,000	\$ 5.28	-	\$ 118,244
Deborah J. Meinert	03/02/12	-	23,000	\$ 5.28	-	\$ 73,740
Patrick J. Griffin	03/02/12	-	8,000	\$ 5.28	-	\$ 25,649

(1) The amounts disclosed in this column represent stock awards, stock compensation, and Restricted Stock Units (“RSU”) issued under the Escalade, Incorporated 2007 Incentive Plan.

The amounts disclosed in this column were issued under the 2007 Incentive Plan. Options for Mr. Keller , Ms. (2)Meinert, and Mr. Patrick Griffin vest at the rate of 25% per year for four years. All options expire five years from the date of grant.

(3) The exercise price is equal to the closing market price on the date the options were granted.

(4) For stock awards and stock compensation, the amounts disclosed in this column are the closing market price on the date the stock was granted.

The amounts disclosed in this column are calculated based on the provision of ASC Topic 718 Stock (5)Compensation. The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model.

Outstanding Equity Awards at Fiscal Year End

The following table outlines outstanding long-term equity-based incentive compensation awards for the Company’s named executive officers as of December 29, 2012.

Name	Option Awards			Option Expiration Date	Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Exercised Options (#) Nonexercisable	Option Exercise Price (\$/Share) (1)		Number of Shares of Stock that Have Not Vested (#)	Market Value of Shares of Stock that Have Not Vested (\$) (2)
Robert J. Keller	-	27,500	(3) \$ 2.56	2/26/2015	-	73,975
	10,000	30,000	(4) \$ 6.07	3/01/2016	-	-
	-	40,000	(5) \$ 5.28	3/02/2017	-	-
Deborah J. Meinert	-	13,750	(3) \$ 2.56	2/26/2015	-	36,988
	4,625	13,875	(4) \$ 6.07	3/01/2016	-	-
	-	23,000	(5) \$ 5.28	3/02/2017	-	-
Patrick J. Griffin	15,000	15,000	(3) \$ 2.56	2/26/2015	-	40,350
	3,250	9,750	(4) \$ 6.07	3/01/2016	-	-
	-	8,000	(5) \$ 5.28	3/02/2017	-	-

- (1) The option exercise price is equal to the closing market price on the date the options were granted.
- (2) The amounts set forth in this column equal the number of unvested stock options multiplied by the closing market price of the underlying common stock (\$5.25) on December 29, 2012.
- (3) Options granted were to vest 25% per year for four years, beginning February 26, 2011.
- (4) Options granted were to vest 25% per year for four years, beginning March 1, 2012.
- (5) Options granted were to vest 25% per year for four years, beginning March 2, 2013.

#### Option Exercises and Stock Vested

The following table shows all stock options exercised and the value realized upon exercise by the named executive officers during 2012:

Name	Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
Robert J. Keller	138,750	679,838
Deborah J. Meinert	51,875	231,900
Patrick J. Griffin	30,000	151,200

(1) Value realized reflects the market price of common stock on date of exercise, less the option exercise price.

#### Nonqualified Deferred Compensation

The Company does not currently maintain any nonqualified deferred compensation plans.

#### Potential Payments upon Termination or Change in Control

Mr. Robert Keller has an agreement with the Company which provides for specific benefits, including cash payment, upon termination. Other than Mr. Keller's agreement, and other than benefits that are generally available to all other salaried employees of the Company, the named executive officers have no agreements that would provide them with any cash payments upon termination of employment with the Company.

Upon a change in control of the Company, as defined in the Escalade, Incorporated 2007 Incentive Plan (approved by the Company's stockholders at the 2007 annual meeting), the vesting of all outstanding, unvested stock options would be accelerated. This is true for all stock option recipients, not just the named executive officers. Based upon the closing stock price of the Company's common stock as of December 29, 2012 (\$5.25), Mr. Keller, Ms. Meinert, and Mr. Patrick Griffin would potentially receive value for unexercised stock options of approximately \$151,313. Mr. Keller's options have a value of \$73,975, Ms. Meinert's options have a value of \$36,988, and Mr. Patrick Griffin's options have a value of \$40,350. All options expire on or before March 1, 2018. The potential value of unexercised stock options is computed as the difference between the exercise price and the closing stock price multiplied by the number of shares. Options with exercise prices higher than the closing market price are not included in the calculation.

#### **INDEPENDENT PUBLIC ACCOUNTING FIRM**

The independent public accounting firm of BKD, LLP (the "Auditors") was engaged by the Company's Audit Committee to audit the Company's consolidated financial statements for the year ended December 29, 2012. BKD, LLP has served as independent auditors for the Company since 1977. Audit services performed by BKD, LLP during the fiscal year most recently completed included examinations of the financial statements of the Company, services related to filings with the Securities and Exchange Commission and consultations on matters related to accounting. Representatives of BKD, LLP are expected to be present at the 2013 Annual Meeting and will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.



**PRINCIPAL ACCOUNTING FIRM FEES**

The following table sets forth the aggregate fees billed to Escalade, Incorporated for the fiscal years ended December 29, 2012 and December 31, 2011 by the Company's principal accounting firm, BKD, LLP.

	2012	2011
Audit Fees	\$360,550	\$345,834
Audit-Related Fees	18,000	18,000
Tax Fees	—	—
All Other Fees	—	—
Total	\$378,550	\$363,834

*Audit Fees.* Fees for audit services consist of:

- Audit of the Company's annual financial statements.

Audit services associated with Rule 404 of the Sarbanes-Oxley Act of 2002 were not required in 2012 or 2011. Fees paid in 2012 and 2011 related to testing of internal controls over financial reporting totaled \$72,216 and \$72,349, respectively.

- Reviews of the Company's quarterly financial statements.

- Statutory and regulatory audits, consents and other services related to SEC matters.

*Audit-Related Fees.* Fees for audit-related services consist of financial accounting and reporting consultation. The Company has not employed BKD, LLP for any audit-related services in 2012 or 2011 other than audit of the Company's two 401(k) Plans.

*Tax Fees.* Fees for tax services consist of professional services rendered by BKD, LLP related to corporate income tax return preparation, compliance and advice. The Company does not employ BKD, LLP to perform tax compliance services.

The Audit Committee is responsible for pre-approving all auditing services and permitted non-audit services to be performed by its independent auditors, except as described below. Pre-approval shall not be required for the provision of non-audit services if (1) the aggregate amount of all such non-audit services constitute no more than 5% of the total amount of revenues paid by the Company to the auditors during the fiscal year in which the non-audit services are provided, (2) such services were not recognized by the Company at the time of engagement to be non-audit services, and (3) such services are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit. No services were provided by BKD, LLP pursuant to these exceptions.

## **CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

The Audit Committee of the Board of Directors is charged with the responsibility to review and pre-approve all related party or affiliate transactions between the Company and its directors, executive officers, employees and/or their affiliates or in which any such persons directly or indirectly is interested or may benefit. The Company currently has no agreements, arrangements, transaction or similar relationship with any of its directors or executive officers.

## **OTHER SECURITIES FILINGS**

The information contained in this Proxy Statement under the headings "Report of Compensation Committee" and "Report of the Audit Committee" are not, and should not be deemed to be, incorporated by reference into any prior filings by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 that purport to incorporate future filings or portions thereof by reference (including this proxy statement).

## **RESULTS OF THE 2012 ANNUAL MEETING**

Approximately 96% of the outstanding shares of the Company were voted in person or by proxy at the 2012 Annual Meeting that was held April 27, 2012. The stockholders elected as directors each of the three individuals nominated by the Board of Directors for election, those individuals being George Savitsky, Richard D. White, and Edward E. Williams. The stockholders also ratified the appointment of BKD, LLP as the Company's independent registered independent public accounting firm for the Company's 2012 fiscal year.

The stockholders also voted to re-approve the performance criteria and goals under the Escalade, Inc. 2007 Incentive Plan, and to approve an amendment to the Escalade Inc. 2007 Incentive Plan which increased the number of shares available for issuance under the Plan from one million (1,000,000) shares to two million five hundred thousand (2,500,000) shares of Common Stock.

## **STOCKHOLDER PROPOSALS FOR THE 2014 ANNUAL MEETING**

In order to be included in the Company's proxy materials for the 2014 Annual Meeting of Stockholders, a stockholder proposal must be in writing and received by the Company's Secretary at the principal executive offices in Evansville, Indiana by the close of business on November 26, 2013. Submission of a proposal before the deadline does not guarantee its inclusion in the proxy materials.

Under the Company's Bylaws, director nominations and other business may be brought at an annual meeting of stockholders only by or at the direction of the board of directors or by a stockholder entitled to vote who has submitted a proposal in accordance with the requirements of the Company's Bylaws as in effect from time to time. To be timely under the Bylaws as now in effect, a stockholder notice must be delivered or mailed to the Secretary at the principal executive offices not less than ninety (90) days prior to the first anniversary of the preceding year's annual meeting of stockholders. Stockholder proposals for the 2014 Annual Meeting must be received by January 25, 2014. However, in the event that the date of the annual meeting is advanced more than thirty (30) days prior to such anniversary date or delayed more than sixty (60) days after such anniversary date, then to be timely such notice must be received no later than the later of ninety (90) days prior to the date of the meeting or the tenth day following the day on which public announcement of the date of the meeting was made. Please refer to the full text of the Company's advance notice Bylaw provisions for additional information and requirements.

## **OTHER BUSINESS**

The Company is not aware of any matters that will be presented at the 2013 Annual Meeting other than the election of directors, ratification of auditors, approval, by non-binding vote, of the compensation of the Company's named executive officers, and recommendation, by non-binding vote, of the frequency of future non-binding stockholder votes on the compensation of the Company's named executive officers. No other matters have been presented to the Company in accordance with the Company's Bylaws. However, if any other proposal that requires a vote would be properly presented at the 2013 Annual Meeting, the persons named in the Company's proxy for the 2013 Annual Meeting will be allowed to exercise their discretionary authority to vote upon such proposal without the matter having been discussed in this proxy statement. Only such proposals as are (1) required by Securities and Exchange Commission Rules, and are (2) permissible stockholder motions under the General Corporation Law of the State of Indiana and the Company's Bylaws will be included on the Company's annual meeting docket. If any matters properly come before the 2013 Annual Meeting, it is intended that the persons named in the accompanying Proxy will vote thereon according to their best judgment and interest of the Company.

By order of the Board of Directors

Deborah J. Meinert

VP Finance, CFO & Secretary



