

Measurement Specialties Inc
Form DEF 14A
July 29, 2008

SCHEDULE 14A

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

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x
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))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

MEASUREMENT SPECIALTIES, INC.

(Name of Registrant as Specified in Its Charter)

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

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- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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Measurement Specialties, Inc.
1000 Lucas Way
Hampton, VA 23666

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Measurement Specialties, Inc. (the "Company," "we," "us" or "our") will hold its Annual Meeting of Shareholders at Embassy Suites hotel at the Hampton Roads Convention Center, 1700 Coliseum Drive, Hampton, Virginia 23666 on Tuesday, September 16, 2008, at 3:00 p.m. Eastern Daylight time. We are holding the meeting for the following purposes:

1. To elect Kenneth E. Thompson and Morton L. Topfer to the Board of Directors, whose terms are described in the proxy statement.
2. To approve the Company's proposed 2008 Equity Incentive Plan.
3. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2009.
4. To transact such other business as may properly come before the meeting and any postponement or adjournment thereof.

Holders of record of common stock of the Company at the close of business on July 28, 2008 are entitled to vote at the meeting.

In addition to the proxy statement and proxy card, a copy of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2008, which is not part of the proxy soliciting material, is enclosed.

It is important that your shares be represented and voted at the meeting. You may vote your shares by completing and returning a proxy card. Most shareholders can also vote over the Internet or by telephone. If Internet and telephone voting are available to you, you can find voting instructions on the enclosed proxy card. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the enclosed proxy statement. Whichever method you choose, your vote is important so please vote as soon as possible.

By Order of the Board of Directors,
MARK THOMSON
Chief Financial Officer and Secretary

July 29, 2008

PROXY STATEMENT

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Measurement Specialties, Inc. (the “Company”, “we”, “us” or “our”) of proxies to be voted at our Annual Meeting of Shareholders, to be held on September 16, 2008, and at any meeting following postponement or adjournment of the Annual Meeting.

You are cordially invited to attend the Annual Meeting, which will begin at 3:00 p.m., Eastern Daylight time. The meeting will be held at the Embassy Suites hotel at the Hampton Roads Convention Center, 1700 Coliseum Drive, Hampton, Virginia 23666 on Tuesday, September 16, 2008. Shareholders will be admitted beginning at 2:30 p.m., Eastern Daylight time.

We are first mailing this proxy statement and proxy card (including voting instructions) on or about July 29, 2008 to persons who were shareholders at the close of business on July 28, 2008, the record date for the meeting.

Important notice regarding the availability of proxy materials for the shareholder meeting to be held on September 16, 2008.

This proxy statement and annual report to shareholders, which includes the Company’s Annual Report on Form 10-K for the 2008 fiscal year, are available at www.meas-spec.com.

Our fiscal year begins on April 1 and ends on March 31. References in this proxy statement to the year 2007 or fiscal 2007 refer to the 12-month period from April 1, 2006 through March 31, 2007. References in this proxy statement to the year 2008 or fiscal 2008 refer to the 12-month period from April 1, 2007 through March 31, 2008. References in this proxy statement to the year 2009 or fiscal 2009 refer to the 12-month period from April 1, 2008 through March 31, 2009.

PROXIES AND VOTING PROCEDURES

Who Can Vote?

You are entitled to vote at the Annual Meeting all shares of the Company’s common stock that you held as of the close of business on July 28, 2008, the record date for the meeting. Each share of common stock is entitled to one vote with respect to each matter properly brought before the meeting.

On July 28, 2008, there were 14,457,100 shares of common stock outstanding.

In accordance with New Jersey law, a list of shareholders entitled to vote at the meeting will be available at the meeting.

Who Is the Record Holder?

You may own common stock either (1) directly in your name, in which case you are the record holder of such shares, or (2) indirectly through a broker, bank or other nominee, in which case such nominee is the record holder.

If your shares are registered directly in your name, we are sending these proxy materials directly to you. If the record holder of your shares is a nominee, you will receive proxy materials from such record holder.

How Do I Vote?

If you are the record holder:

· By Internet. You can vote on the Internet. The website address for Internet voting is on your proxy card, and voting is also available 24 hours a day. If you vote by Internet, you do not need to request or return your proxy card. Your vote by Internet must be received by 11:59 p.m., Eastern Daylight time, September 15, 2008. Please be aware that if you vote over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible.

· By Telephone. You can also vote your shares by telephone, by calling the toll-free telephone number on your proxy card and following the instructions. Telephone voting is also available 24 hours a day. If you vote by telephone, you do not need to request or return your proxy card. Your vote by telephone must be received by 11:59 p.m., Eastern Daylight time, September 15, 2008.

· By Mail. If you choose to vote by mail, mark your proxy, date and sign it, and return it in the postage-paid envelope provided. Your vote by mail must be received by the close of voting at the Annual Meeting on September 16, 2008.

· By Attending the Annual Meeting. If you attend the Annual Meeting, you can vote your shares in person.

If your stock is held by brokers, banks or other nominees:

If your common stock is held by a broker, bank or other nominee, you will receive instructions from such nominee that you must follow in order to have your shares voted.

If you plan to attend the Annual Meeting and vote in person, you will need to contact the broker, bank or other nominee to obtain evidence of your ownership of common stock on July 28, 2008.

If you hold your shares through a broker, your shares may be voted even if you do not provide voting instructions to your broker, bank or other nominee. Under the rules of The NASDAQ Global Market (“NASDAQ”), the exchange on which our shares are listed, and the Financial Industry Regulatory Authority, member brokers who do not receive instructions from beneficial owners are permitted to vote shares for which their customers do not provide voting instructions on certain “routine” matters. The Company believes that (1) the election of Directors and (2) the ratification of our independent registered public accounting firm are considered routine matters. The Company believes that the proposal to approve the 2008 Equity Incentive Plan is considered a “non-routine” matter.

The method by which you vote will in no way limit your right to vote at the meeting if you later decide to attend in person.

How Many Votes Are Required?

A quorum is required to transact business at the Annual Meeting. We will have a quorum and be able to conduct the business of the Annual Meeting if the holders of a majority of the shares entitled to vote are present at the meeting, either in person or by proxy.

If a quorum is present, a plurality of votes cast is required to elect Directors. Thus, a Director may be elected even if the Director receives less than a majority of the shares represented at the meeting. Proxies cannot be voted for a greater number of nominees than are named in this Proxy Statement. To approve the 2008 Equity Incentive Plan, an affirmative vote of a majority of the votes cast is required. To ratify the appointment of our independent registered public accounting firm, an affirmative vote of a majority of the votes cast is required.

How Are Votes Counted?

All shares that have been properly voted, and not revoked, will be voted at the Annual Meeting in accordance with the instructions given. If you sign and return your proxy card or submit your proxy via the Internet or by telephone, but do not specify how you wish your shares to be voted, your shares represented by that proxy will be voted as recommended by the Board of Directors: (1) “for” the nominees for Director, (2) “for” the proposal to approve the 2008 Equity Incentive Plan, and (3) “for” the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2009.

Proxies marked as abstaining or, with respect to the election of directors, withheld, and any proxies returned by brokers as “non-votes” on behalf of shares held in street name because beneficial owners’ discretion has been withheld as to one or more matters to be acted upon at the Annual Meeting, will be treated as present for purposes of determining whether a quorum is present at the Annual Meeting. However, any shares not voted as a result of a marked abstention or, with respect to the election of directors, withheld vote, or a broker non-vote will not be counted as votes cast for or against any of the proposals requiring the approval by a plurality or majority of votes cast. An abstention, withheld vote or broker non-vote will therefore not affect the votes required to approve any of the proposals requiring the approval by a plurality or majority of votes cast.

How Can I Revoke My Proxy or Change My Vote?

You can revoke your proxy at any time before it is exercised by timely delivery of a properly executed, later-dated proxy (including an Internet or telephone vote) or by voting in person at the meeting (attendance at the meeting will not itself revoke a proxy).

Who Will Pay the Expenses of Proxy Distribution?

The Company will pay the expenses of the preparation of the proxy materials and the solicitation of proxies. Proxies may be solicited on behalf of the Company by Directors, officers or employees of the Company, who will receive no additional compensation for soliciting, in person or by telephone, e-mail or facsimile or other electronic means. In accordance with the regulations of the Securities and Exchange Commission (the "SEC") and NASDAQ, we will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of the Company's common stock.

What Does it Mean if I Get More Than One Set of Proxy Materials?

Your shares are probably registered differently or are held in more than one account. Please vote all proxies to ensure that all your shares are voted. Also, please have all of your accounts registered in the same name and address. You may do this by contacting our transfer agent, American Stock Transfer & Trust Company at (718) 921-8293.

ITEM 1 — ELECTION OF DIRECTORS

The Board of Directors is divided into three classes. One class is elected each year for a term of three years.

Two Directors will be elected at this Annual Meeting to serve for a three-year term expiring at our Annual Meeting in 2011. The Board has nominated Kenneth E. Thompson and Morton L. Topfer to serve for the term expiring at our Annual Meeting in 2011. You can find information about Messrs. Thompson and Topfer below.

The persons named in the proxy card will vote such proxy "for" the election of Messrs. Thompson and Topfer unless you indicate that your vote should be withheld. If elected, each of Messrs. Thompson and Topfer will continue in office until his successor has been duly elected and qualified, or until the earliest of his death, resignation, retirement or removal. Each of Messrs. Thompson and Topfer has indicated to the Company that he will serve if elected. We do not anticipate that either of Messrs. Thompson and Topfer will be unable to stand for election, but, if that happens, your proxy will be voted in favor of another person nominated by the Board.

The Board of Directors recommends a vote **FOR** the election of Messrs. Thompson and Topfer as Directors.

NOMINEES FOR TERM EXPIRING IN 2011

Kenneth E. Thompson has been a Director since November 2006. Through September 2006, Mr. Thompson was a partner of McCarter & English, LLP, a law firm that provided legal services to the Company. Effective October 1, 2006, Mr. Thompson became Senior Vice President and General Counsel of Insurance Services Office, Inc., a provider of data, analytical tools and decision support services that help measure, manage and reduce risk. Mr. Thompson received a B.A. in Political Science from the State University of New York at Stony Brook and a J.D. from Boston University School of Law. Age 48.

Morton L. Topfer has been a Director since January 2002 and was appointed Chairman of the Board effective January 31, 2003. Mr. Topfer is Managing Director of Castletop Capital, L.P., an investment firm. He previously served at Dell, Inc. (formerly Dell Computer Corporation), a global systems and services company, as Counselor to the Chief Executive Officer, from December 1999 to February 2002, and Vice Chairman, from June 1994 to December 1999. Mr. Topfer was a member of the Board of Directors of Dell from December 1999 to July 2004. Prior to joining Dell, Mr. Topfer served for 23 years at Motorola, Inc., a global provider of communication technologies, products and services, where he held several executive positions, last serving as Corporate Executive Vice President and President of the Land Mobile Products Sector. Mr. Topfer was conferred the Darjah Johan Negeri Penang State Award in July 1996 by the Governor of Penang for contributions to the development of the electronics industry in Malaysia. Mr. Topfer also serves as a director for Staktek Technologies and Advanced Micro Devices. Age 71.

DIRECTORS WITH TERM EXPIRING IN 2010

John D. Arnold has been a Director since June 1995. Mr. Arnold has been in private law practice since 1988, primarily representing technology companies with relationships with Asian investors and/or manufacturers. Prior to 1988, Mr. Arnold was employed with the law firms of Wilson, Sonsini, Goodrich & Rosati in Palo Alto, California and Foley & Lardner in Milwaukee, Wisconsin. Mr. Arnold received a B.B.A. in business administration from the University of Wisconsin and a J.D. from Stanford Law School. Age 53.

Frank D. Guidone has served as Chief Executive Officer since June 2002 and has been a Director since December 2002. Mr. Guidone was a Managing Director/Principal of Corporate Revitalization Partners, a Dallas-based turnaround/crisis management consultancy firm, from 2000 to 2006. Mr. Guidone has been a partner at Four Corners Capital Partners, a boutique private investment firm of which Mr. Guidone is a co-founder, since 1999. Prior to forming Four Corners, Mr. Guidone spent 13 years in management consulting with Andersen Consulting and George Group, Inc. Mr. Guidone has worked with numerous solvent and insolvent companies, focusing on operational and financial restructurings. Mr. Guidone received a B.S. in mechanical engineering from The University of Texas at Austin. Age 43.

DIRECTORS WITH TERM EXPIRING IN 2009

R. Barry Uber has been a Director since October 2003. Mr. Uber is a partner of Coastal Capital Consultants, L.L.C., an investment firm, and a former board member of NES Rental Holdings. Mr. Uber was President and Chief Operating Officer of American Commercial Lines Inc. (formerly American Commercial Barge Line), a provider of marine transportation and manufacturing services and solutions, from July 2001 to July 2003. He also served as President and Chief Executive Officer of North American Van Lines. Prior to joining North American Van Lines, Mr. Uber served for 30 years at Ingersoll-Rand Co. Inc., a diversified commercial products manufacturer, where he held increasingly responsible executive positions, last serving as Corporate Vice President and President of the Construction Machinery Equipment Group. Mr. Uber received a B.B.A. in business administration from Penn State University where he was awarded an Alumni Fellow Award in 1996. He serves as a Director of NES Rentals Holding, Inc. Age 63.

Satish Rishi has been a Director since September 2005. Since April 2006, Mr. Rishi has served as Senior Vice President, Finance and Chief Financial Officer of Rambus, Inc., a designer of high-speed chip interfaces. From 2001 to April 2006, he served at Toppan Photomasks, Inc. (formerly DuPont Photomasks, Inc.), a global provider of photomask technology, where he last held the positions of Executive Vice President and Chief Financial Officer. During his career, Mr. Rishi has held senior financial management positions at semiconductor and electronics manufacturers. He served as Vice President and Assistant Treasurer at Dell Inc. from 1999 until 2001, and prior to his service at Dell, spent 13 years at Intel Corp., a manufacturer and developer of silicon technologies, where he held financial management positions of increasing responsibility, both in the United States and overseas. His last position at Intel was Assistant Treasurer. Mr. Rishi received a B.S. with honors in Mechanical Engineering from Delhi College of Engineering, Delhi University, and an M.B.A. with a concentration in Finance from the Walter J. Hass School of Business, University of California, Berkeley. Age 48.

ITEM 2 — PROPOSAL TO APPROVE THE 2008 EQUITY INCENTIVE PLAN

Introduction

The Board of Directors recommends that our shareholders approve the Measurement Specialties, Inc. 2008 Equity Incentive Plan (the “2008 Plan” or “plan”), adopted by the Board on June 24, 2008, subject to the approval of our shareholders at the 2008 Annual Meeting. The 2008 Plan will not become effective unless it is approved by our shareholders.

Overview of the 2008 Plan

The following summary describes the material terms of the 2008 Plan. While we believe that the description covers the material terms of the 2008 Plan, this summary may not contain all of the information that is important to you. You should carefully read the full text of the 2008 Plan, which is attached to this proxy statement as Exhibit A, for a more complete understanding of the 2008 Plan. The discussion is qualified in its entirety by reference to Exhibit A.

The 2008 Plan permits the grant of (1) incentive stock options (“ISOs”), (2) nonqualified stock options (“NQOs” and, together with ISOs, “Options”), and (3) restricted stock units (“RSUs” and, collectively with the Options, “Awards”), as more fully described below. All Awards granted under the Plan are governed by separate written agreements (“Agreements”) between the participants and us.

While the 2008 Plan authorizes the award of RSUs, the 2008 Plan includes this feature largely to provide us with flexibility in the future in providing equity compensation incentives in a changing accounting environment.

The 2008 Plan is intended to promote the best interests of the Company and our shareholders by:

- enabling us to attract and retain the best available individuals for positions of substantial responsibility, including directors, officers, employees, consultants and advisors;
 - providing additional incentives to such persons by affording them an equity participation in the Company;
 - rewarding those Directors, executive officers and employees for their contributions to our organization; and
- promoting the success of our business by aligning the financial interests of our Directors, executive officers and employees providing personal services to our organization with long-term shareholder value through compensation based on the performance of the Company's common stock.

The Company has provided stock-based compensation opportunities to our Directors, executive officers and employees through the Measurement Specialties, Inc. 2006 Employee Stock Option Plan, the Measurement Specialties, Inc. 2003 Stock Option Plan, and the Measurement Specialties, Inc. 1998 Stock Option Plan. If shareholders approve the 2008 Plan, no future grants will be made under these plans.

Administration

The Board of Directors or, if the Board of Directors delegates its authority to the Compensation Committee, the Compensation Committee will administer the 2008 Plan. The Committee will have at least two members who are non-employee directors and outside directors under applicable rules and regulations of the SEC and the Internal Revenue Service. The Board or the Compensation Committee will have broad authority with respect to the 2008 Plan, including the power to:

- select the persons who will be eligible for Awards;
- determine the amount and type of Awards to be granted to participants;
- determine the terms and conditions of Awards to be granted to participants (not inconsistent with the provisions of the 2008 Plan), including, without limitation, the applicable exercise price per share, the expiration date, the restriction period, and such other terms and conditions as may be deemed appropriate by the Board or the Compensation Committee;
- determine and interpret the terms of Agreements;

determine whether the Options will be treated as ISOs or NQOs;

· adopt procedures for carrying out the 2008 Plan and to change such procedures from time to time as it deems advisable; and

· establish performance goals, if applicable, that must be met as a condition to the payment of certain Awards.

The Board of Directors may also delegate its authority to administer the 2008 Plan to our Chief Executive Officer, subject to limitations specified in the 2008 Plan, applicable legal requirements and the rights and authority specified in the delegation of authority.

Share Authorization; Individual Limitations

Subject to certain adjustments, the maximum number of shares of common stock that may be issued under the 2008 Plan in connection with Awards is 1,400,000 shares. The maximum number of shares of our common stock that may be granted pursuant to awards of RSUs is 450,000. There are also maximum annual limitations applicable to Awards as follows: (a) the maximum aggregate number of shares of our common stock subject to Options that may be granted in any one 2008 Plan year to any one participant is 150,000; and (b) the maximum aggregate number of shares of our common stock subject to RSUs that may be granted in any one 2008 Plan year to any one participant is the fair market value (determined on the date of grant) of 75,000 shares of common stock.

In the event that the Board or the Compensation Committee determines that any stock dividend, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reclassification, reorganization, merger, consolidation, stock split, spin-off, combination, exchange of shares, warrants or rights offering to purchase our stock at a price substantially below fair market value, or other similar transaction affects our stock such that an adjustment is required to preserve the benefits or potential benefits intended under the Plan, the Board or Compensation Committee will have the right to adjust (1) the number of shares of stock that may be awarded, (2) the number and kind of shares subject to outstanding Awards held by participants, (3) the exercise price of Awards, (4) the annual Award limits, or (5) the amount and/or type of payment to be received under Awards. The Board may also provide for a cash payment for any outstanding Awards, provided that the number of shares subject to any Award must always be a whole number. Shares of our common stock subject to Awards that expire unexercised or are otherwise forfeited shall again be available for Awards under the 2008 Plan.

Performance Goals

Awards under the 2008 Plan may be conditioned upon the achievement of certain performance goals established by the Board or Compensation Committee. Performance goals may be linked to a variety of factors, including the participant's completion of a specified period of employment or service with us or an affiliated company. Additionally, performance goals can include objectives stated with respect to our, an affiliated company's or a business unit's (1) total shareholder return, (2) total shareholder return as compared to total return (on a comparable basis) of a publicly available index, (3) net income, (4) pretax earnings, (5) funds from operations, (6) earnings before interest expense, taxes, depreciation and amortization, (7) operating margin, (8) earnings per share, (9) return on equity, capital, assets and/or investment, (10) operating earnings, (11) working capital, (12) ratio of debt to shareholders equity, (13) expense reduction or containment, (14) revenue, or (15) such other criteria as may be determined by the Board or Compensation Committee in its sole discretion. Additionally, the Board or Compensation Committee may impose restrictions, including without limitation, confidentiality and non-solicitation restrictions, on the grant, exercise or payment of an Award as it determines appropriate.

Awards

Stock Options. A stock option entitles the holder to purchase from us a stated number of shares of our common stock. The 2008 Plan permits the grant of both ISOs and NQOs. An ISO may only be granted to our employees or to an employee of one of our subsidiaries (provided applicable law so permits). The Board or Compensation Committee will specify the number of shares of common stock subject to each Option and the exercise price for such Option. The exercise price may not be less than the closing price of a share of our common stock on the date the Option is granted. If we grant ISOs to any shareholder owning 10% or more of our common stock, the exercise price shall not be less than 110% of the fair market value of our common stock on the date the Option is granted. Generally, all or part of the exercise price may be paid (1) in cash, (2) by tendering shares of common stock, (3) by cashless-broker-assisted exercise, (4) by any combination of such methods or (5) any other method accepted by the Board or Compensation Committee.

All Options shall be exercisable in accordance with the terms of the applicable Agreement. The maximum period in which an Option may be exercised shall be determined by the Board or Compensation Committee on the date of grant but shall not exceed 10 years. However, if we grant ISOs to any 10% shareholder, then the maximum period in which the Option may be exercised is five years. In the case of ISOs, the aggregate fair market value (determined as of the date of grant) of our common stock with respect to which such ISOs become exercisable for the first time during any calendar year under any of our plans or the plans of any affiliated companies cannot exceed \$100,000. ISOs granted in excess of this limitation will be treated as NQOs, with respect only to such excess.

Unless otherwise determined by the Board or the Compensation Committee at the time of grant, the following provisions will apply upon a participant's termination of employment or service with the Company. If a participant's employment with us (or any of our subsidiaries) terminates due to death or disability, the participant's unexercised Options may be exercised, to the extent they were exercisable on the termination date, for a period of 12 months from the termination date or until the expiration of the Option term, if shorter. If the participant's employment with us (or one of our subsidiaries) is terminated for cause (as defined in the 2008 Plan), all unexercised Options (whether vested or unvested) shall terminate and be forfeited on the termination date. If the participant's employment terminates for any other reason other than death, disability, or termination for cause, any vested but unexercised Options may be exercised by the participant, to the extent exercisable at the time of termination, for a period of 90 days from the termination date or until the expiration of the Option term, whichever period is shorter. Unless otherwise provided by the Compensation Committee, any Options that are not exercisable at the time of termination of employment shall terminate and be forfeited on the termination date.

Restricted Stock Units. RSUs are granted in reference to a specified number of shares of our common stock and entitle the holder to receive shares of common stock or cash (as determined by the Board or Compensation Committee) upon the achievement of specific performance goals established by the Board or Compensation Committee, including (1) the participant's continued service over a period of time, (2) the achievement of certain performance goals established by the Board or Compensation Committee, or (3) any combination of these conditions as specified in the applicable Agreement. During the restricted period, a participant will not have any rights as a shareholder with respect to any shares of common stock underlying a restricted stock unit until such time as the shares of common stock have been issued.

Transferability of Awards

Generally, Awards granted under the 2008 Plan shall be nontransferable except by will or by the laws of descent and distribution.

Rights as a Shareholder

No participant shall have any rights as a shareholder with respect to shares covered by Options or RSUs unless and until such Awards are settled in shares of our common stock. No Option shall be exercisable, no shares of our common stock shall be issued, no certificates for shares of our common stock shall be delivered and no payment shall be made under the 2008 Plan, except in compliance with all applicable laws.

Amendment and Termination

Our Board of Directors may amend, suspend or terminate the 2008 Plan at any time provided that a termination shall not affect outstanding Awards under the 2008 Plan. The Board may also amend any outstanding Award without consent of the participant to comply with legal requirements (including requirements under Internal Revenue Code Sections 409A and 162(m)), or to make adjustments to an Award in recognition of unusual or nonrecurring events affecting our financial status or in order to prevent dilution or enlargement of the intended benefits. Other amendments may be made to outstanding Awards with the consent of the participant. Except in connection with a corporate transaction involving the Company (including without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding awards may not be amended to reduce the excess price of outstanding Options or SARs or cancel outstanding Options or SARs in exchange for cash, other awards or Options or SARs with an exercise price that is less than the exercise price of the original Option or SARs without stockholder approval.

Change in Control

In the event of a change in control (as defined in the 2008 Plan), the Board or Compensation Committee may, on a participant-by-participant basis, (1) accelerate the vesting of outstanding Options, (2) fully vest and/or accelerate the restriction period for any Awards, (3) terminate or cancel any outstanding Awards and/or provide limited opportunities to exercise Awards prior to the effectiveness of such termination or cancellation, (4) require that Awards be assumed by the successor entity or that Awards for shares or other interests in the successor entity with equivalent value be substituted for such Award, or (5) take such other action as the Board or Compensation Committee deems reasonable under the circumstances to retain the original intent of the Award.

Vote Required

If a quorum is present at the meeting, the proposal to approve the 2008 Plan must be approved by the affirmative vote of a majority of the votes cast at the Annual Meeting.

The Board of Directors recommends a vote **FOR** the proposal to approve the Company's 2008 Equity Incentive Plan.

Equity Compensation Plan Information

The following table presents information as of March 31, 2008 with respect to compensation plans under which shares of our common stock are authorized for issuance. The table does not include securities that may be issuable under the 2008 Plan, which is being submitted to shareholders for approval at the Annual Meeting and has not been implemented.

Plan Category	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights(1)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans(2)
Equity Compensation Plans			
Approved by Shareholders	2,021,239	\$ 22.69	145,195
Employee Stock Purchase Plan	2,674		