

STANDARD MOTOR PRODUCTS INC
Form DEF 14A
April 15, 2008

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

SCHEDULE 14-A
(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION**

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

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 Under Rule 14a-12

STANDARD MOTOR PRODUCTS, INC.

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Edgar Filing: STANDARD MOTOR PRODUCTS INC - Form DEF 14A

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:

STANDARD MOTOR PRODUCTS, INC.
37-18 Northern Blvd.
Long Island City, New York 11101

April 15, 2008

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Standard Motor Products, Inc. to be held at the offices of JPMorgan Chase, One Chase Manhattan Plaza, New York, NY 10081, on Thursday, May 15, 2008 at 2:00 p.m. (Eastern Daylight Time).

At the Annual Meeting, you will be asked to (a) elect nine directors and (b) ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for our 2008 fiscal year. The Board of Directors recommends that you vote FOR each of the above proposals. Please refer to the Proxy Statement for a detailed explanation of each of the proposals.

The formal notice of the Annual Meeting, the Proxy Statement and the Proxy Card are enclosed. We have also enclosed a copy of our Annual Report to Stockholders, which includes our Form 10-K for our 2007 fiscal year.

YOUR VOTE IS IMPORTANT! The Board of Directors appreciates and encourages stockholder participation in the Company's affairs and invites you to attend the Annual Meeting in person. It is important, however, that your shares be represented at the Annual Meeting in any event, and for that reason, we ask that whether or not you expect to attend the Annual Meeting, you take a moment to complete, date, sign and return the accompanying proxy in the enclosed postage-paid envelope. You should be aware that only votes cast FOR or AGAINST a proposal are used in determining the results of a vote.

On behalf of the Board of Directors, I would like to thank you for your continued support of the Company. I look forward to seeing you at the Annual Meeting.

Sincerely,

Lawrence I. Sills

*Chairman of the Board and
Chief Executive Officer*

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 15, 2008—the Proxy Statement and Annual Report are available at www.smpcorp.com/main/financeinfo.aspx.

STANDARD MOTOR PRODUCTS, INC.
37-18 Northern Blvd.
Long Island City, New York 11101

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 15, 2008

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of STANDARD MOTOR PRODUCTS, INC. (the "Company") will be held at the offices of JPMorgan Chase, One Chase Manhattan Plaza, New York, NY 10081, on Thursday, May 15, 2008 at 2:00 p.m. (Eastern Daylight Time). The Annual Meeting will be held for the following purposes:

1. To elect nine directors of the Company, all of whom shall hold office until the next annual meeting of stockholders and until their successors are duly elected and qualified;
2. To ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008; and
3. To transact such other business as may properly come before the Annual Meeting.

The foregoing items of business are more fully described in the Proxy Statement accompanying this notice. The Board of Directors has fixed the close of business on April 4, 2008 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof.

Whether or not you plan to attend the Annual Meeting, please vote, date and sign the enclosed proxy, which is solicited by the Board of Directors of the Company, and return it in the pre-addressed envelope, to which no postage need be affixed, if mailed within the United States.

By Order of the Board of Directors

Carmine J. Broccole
*Vice President General Counsel
and Secretary*

Long Island City, New York
April 15, 2008

**STANDARD MOTOR PRODUCTS, INC.
37-18 Northern Blvd.
Long Island City, New York 11101**

**PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 15, 2008**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Standard Motor Products, Inc. (the "Company") for use at the Annual Meeting of Stockholders of the Company to be held on May 15, 2008 or at any adjournment thereof. Proxy material is being mailed on or about April 15, 2008 to the Company's 594 stockholders of record. The total number of shares of Common Stock outstanding and entitled to vote on April 4, 2008 was 18,644,905.

The specific proposals to be considered and acted upon at the Annual Meeting are summarized in the accompanying Notice of Annual Meeting of Stockholders. Each proposal is described in more detail in this Proxy Statement.

VOTING RIGHTS AND SOLICITATION

Information as to Voting Securities

The close of business on April 4, 2008 has been fixed by the Board of Directors as the record date for the determination of stockholders entitled to notice of, and vote at, the Annual Meeting. Holders of Common Stock have the right to one vote for each share registered in their names on the books of the Company as of the close of business on the record date.

In order to conduct business at the Annual Meeting, our Bylaws require the presence in person or by proxy of stockholders holding a majority of the voting power of the outstanding shares of Common Stock entitled to vote on the matters presented at the Annual Meeting. If a quorum is not present, a vote cannot occur, and our Annual Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum. Proxy cards received by us but marked "Withheld," abstentions and broker non-votes will be included in the calculation of the number of shares considered in determining whether or not a quorum exists. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Voting and Revocation of Proxies

You can vote your shares by completing and returning a proxy card or by voting in person. If you hold your shares in "street name," you should provide your broker or other nominee with voting instructions to ensure that your shares are voted.

The persons named in the accompanying form of proxy will vote the shares represented thereby, as directed in the proxy, if the proxy appears to be valid on its face and is received on time. With respect to the election of directors, stockholders may (a) vote in favor of all nominees, (b) withhold their votes as to all nominees, or (c) withhold their votes as to specific

nominees. With respect to Proposal No. 2, stockholders may vote *For* or *Against* the proposal. Stockholders should specify their choices on the accompanying proxy card. In the absence of specific instructions, proxies so received will be voted: (1) **FOR** the election of the named nominees to the Company's Board of Directors; and (2) **FOR** the ratification of Grant Thornton LLP as the Company's independent registered public accounting firm.

Proxies are revocable at any time before they are exercised by (a) sending in a later-dated proxy (with the same or other instructions), (b) appearing at the Annual Meeting and voting in person, or (c) notifying Carmine J. Broccole, Secretary of the Company, that the proxy is revoked via fax at 718-784-3284 or via mail to 37-18 Northern Blvd., Long Island City, NY 11101. If you hold shares through a bank or brokerage firm, you must contact that bank or firm to revoke any prior voting instructions.

Votes Required

Nominees receiving a plurality of the votes cast will be elected as directors. Proposal No. 2 requires the approval of the affirmative vote of a majority of the shares of Common Stock present or represented by proxy and entitled to vote at the Annual Meeting. Only those votes cast **FOR** or **AGAINST** a proposal are used in determining the results of a vote. An abstention or a broker non-vote shall not constitute a vote cast.

Method and Expense of Proxy Solicitation

The solicitation of proxies will be made primarily by mail. Proxies may also be solicited personally and by telephone by employees of the Company at nominal cost.

The Company does not expect to pay compensation for any solicitation of proxies but may pay brokers and other persons holding shares in their names, or in the name of nominees, their expenses for sending proxy material to beneficial owners for the purpose of obtaining their proxies. The Company will bear all expenses in connection with the solicitation of proxies.

PROPOSAL 1 ELECTION OF DIRECTORS

At the Annual Meeting, nine directors are to be elected to hold office until the next annual meeting of stockholders and until their successors are duly elected and qualified. Unless individual stockholders specify otherwise, each executed proxy will be voted **FOR** the election to the Board of Directors of the nine nominees named below, all of whom are currently directors of the Company.

Information Regarding Nominees

Each person listed below has consented to be named as a nominee and agreed to serve if elected. If any of those named are not available for election at the time of the Annual Meeting, discretionary authority will be exercised to vote for substitutes unless the Board chooses to reduce the number of directors. Management is not aware of any circumstances that would render any nominee listed below unavailable.

<u>Name of Director</u>	<u>Position with the Company</u>	<u>Age</u>	<u>Director Since</u>
Lawrence I. Sills	Chairman of the Board and Chief Executive Officer	68	1986
William H. Turner ⁽¹⁾⁽²⁾	Presiding Independent Director	68	1990
Robert M. Gerrity ⁽¹⁾⁽³⁾	Director	70	1996
Pamela Forbes Lieberman ⁽¹⁾	Director	54	2007
Arthur S. Sills	Director	64	1995
Peter J. Sills	Director	61	2004
Frederick D. Sturdivant ⁽¹⁾	Director	70	2001
Richard S. Ward ⁽¹⁾⁽⁴⁾	Director	67	2004
Roger M. Widmann ⁽¹⁾	Director	68	2005

(1) Member of the Company's Audit Committee, Compensation and Management Development Committee, and Nominating and Corporate Governance Committee.

(2) Chairman of the Audit Committee.

(3) Chairman of the Compensation and Management Development Committee.

(4) Chairman of the Nominating and Corporate Governance Committee.

Lawrence I. Sills has served as our Chairman of the Board and Chief Executive Officer since December 2000 and has been a director of the Company since 1986. From 1986 to 2000, Mr. Sills served as our President and Chief Operating Officer. From 1983 to 1986, he served as our Vice President of Operations. Mr. Sills is the brother of Arthur S. Sills and Peter J. Sills, each a director of the Company, and is the father of Eric Sills, our Vice President Engine Management Division.

William H. Turner has served as our Presiding Independent Director since January 2006 and as a director of the Company since May 1990. He is also a director of Ameriprise Financial, Inc., Franklin Electronic Publishers, Inc., Volt Information Sciences, Inc. and New Jersey Resources Corporation. Mr. Turner is the Chairman of the Board of Trustees of the International College of Beirut. From 2003 to 2007, Mr. Turner was the Dean of the College of Business at Stony Brook University. Mr. Turner served as the Senior Partner of Summus Ltd., a consulting firm, from 2002 to 2004. From 1997 until 2002, he served in various capacities at PNC Bank NJ, including President, Chief Executive Officer and Chairman Northeast Region. He was President and Co-Chief Executive Officer of Franklin Electronic Publishers, Inc. from 1996 to 1997. Prior to that time, he was the Vice-Chairman, Chase Manhattan Bank and its predecessor, Chemical Banking Corporation.

Robert M. Gerrity has served as a director of the Company since July 1996. Mr. Gerrity currently serves as the Chairman of the Industrial Group of Glencoe Capital, a private equity firm, and is a director and principal of Gerrity Partners, a consulting business. He is also a director of the Rimrock Corporation, Federal Signal Corporation and Polyair Inter Pack Inc. Mr. Gerrity served as Chairman and Chief Executive Officer of the Antrim Group, Inc. from 1996 to 2000. Prior to 1996, he served as Vice Chairman of New Holland, n.v., an agricultural and construction equipment company.

Pamela Forbes Lieberman has served as a director of the Company since August 2007. Ms. Forbes Lieberman is also a director of A.M. Castle & Co. From March 2006 to August 2006, Ms. Forbes Lieberman served as interim Chief Operating Officer of Entertainment Resource, Inc. Ms. Forbes Lieberman served as President and Chief Executive Officer of TruServ Corporation (now known as True Value Company) from November 2001 to November 2004, as TruServ's Chief Operating Officer and Chief Financial Officer from July 2001 through November 2001, and as TruServ's Chief Financial Officer from March 2001 through June 2001. Prior to March 2001, Ms. Forbes Lieberman held Chief Financial Officer positions at ShopTalk Inc., Martin-Brower, and Fel-Pro Inc. Ms. Forbes Lieberman is a Certified Public Accountant.

Arthur S. Sills has served as a director of the Company since October 1995. Mr. Sills was an educator and administrator in the Massachusetts school districts for thirty years prior to his retirement in 2000. Mr. Sills is the brother of Lawrence I. Sills and Peter J. Sills, and is the uncle of Eric Sills.

Peter J. Sills has served as a director of the Company since July 2004 and from December 2000 until May 2004. Mr. Sills is a writer and was an attorney. Mr. Sills is the brother of Arthur S. Sills and Lawrence I. Sills, and is the uncle of Eric Sills.

Frederick D. Sturdivant has served as a director of the Company since December 2001. Mr. Sturdivant has been an independent consultant and a Visiting Professor at the Warrington College of Business at the University of Florida since 2002. Mr. Sturdivant was Chairman of Reinventures LLC from 2000 to 2002. From 1998 to 2000, he was Executive Managing Director of Navigant Consulting. From 1996 to 1998, he was President of Index Research and Advisory Services, a subsidiary of Computer Sciences Corporation. After completing his Ph.D. at Northwestern University, Mr. Sturdivant held professorships at the University of Southern California, University of Texas at Austin, the Harvard Business School, and an endowed chair at Ohio State University.

Richard S. Ward has served as a director of the Company since July 2004. He is a private investor and legal consultant. From 1969 until 1998, he served in various capacities at ITT Corporation, including Executive Vice President and General Counsel, and served as a member of the ITT Management Committee. In 2000, Mr. Ward served as Chairman of the Large, Complex Case Committee of the American Arbitration Association. Prior to 1998, Mr. Ward served as a director of STC, plc, a British telecommunications company, and ITT Sheraton Corporation.

Roger M. Widmann has served as a director of the Company since May 2005. Mr. Widmann is also a director of GigaBeam Corporation and Cedar Shopping Centers, Inc. He currently serves as a director of the March of Dimes of Greater New York, a director of Oxfam America, a senior moderator of the Aspen Seminar (Humanities) at The Aspen Institute and the Liberty Fellowship (South Carolina), and a senior mentor of the Henry Crown Fellowship Program. He previously served as Chairman of the Board of Lydall, Inc., a manufacturing company, from 1974 to 2004 and was a principal of Tanner & Co., Inc., an investment banking firm, from 1997 to 2004. Prior to that time, he was Senior Managing Director of Chemical Securities Inc. (now JPMorgan Chase Corporation).

The Board of Directors recommends a vote FOR each of the nominees listed above.

PROPOSAL 2 RATIFICATION OF GRANT THORNTON LLP

The Audit Committee of our Board of Directors plans to appoint Grant Thornton LLP as the Company's independent registered public accounting firm to audit its consolidated financial statements for the 2008 fiscal year. Although the Company is not required to seek stockholder approval of this appointment, the Board believes it to be sound corporate governance to do so and is asking stockholders to ratify the appointment of Grant Thornton LLP. If the appointment is not ratified, the Audit Committee will investigate the reasons for stockholder rejection and will reconsider the appointment. Representatives of Grant Thornton LLP are expected to attend the Annual Meeting where they will be available to respond to questions and, if they desire, to make a statement.

For these reasons, the Board of Directors recommends a vote [FOR] the ratification of Grant Thornton LLP as the Company's independent registered public accounting firm.

Audit and Non-Audit Fees

The following table presents fees for professional services rendered by Grant Thornton LLP, our principal accountants, in the fiscal years ended December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Audit fees	\$ 2,125,968	\$ 2,202,329
Audit-related fees (1)	139,814	266,859
Tax fees (2)	80,571	81,135
All other fees	-	-
Total	\$ 2,346,353	\$ 2,550,323

(1) Audit-related fees consisted principally of audits of financial statements of certain employee benefit plans.

(2) Tax fees consist primarily of U.S. and international tax compliance and planning.

It is the policy of the Audit Committee to pre-approve any audit and non-audit services provided to the Company by its independent auditors. All of the fees paid to the Company's independent auditors described above were for services pre-approved by the Audit Committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of March 15, 2008 by:

- each person known by the Company to own beneficially more than 5% of the Company's Common Stock;
- each director and nominee for director of the Company;
- our principal executive officer, principal financial officer and each of our other most highly compensated executive officers named in the Summary Compensation Table below; and
- all directors and officers as a group.

<u>Name and Address</u>	<u>Amount and Nature of Beneficial Ownership ⁽¹⁾</u>	<u>Percentage of Class</u>
GAMCO Investors, Inc One Corporate Center Rye, NY	2,805,635(2)	14.8%
Peter J. Sills	1,650,932(3)	8.9
Arthur S. Sills	1,617,441(4)	8.7
Dimensional Fund Advisors Inc 1299 Ocean Avenue Santa Monica, CA	1,583,179(5)	8.5
Marilyn F. Cragin	1,323,524(6)	7.1
Arthur D. Davis	1,189,542(7)	6.4
Lawrence I. Sills	1,080,048(8)	5.8
Susan F. Davis	946,253(9)	5.1
John P. Gethin	70,189(10)	*
James J. Burke	53,605(11)	*
William H. Turner	32,688(12)	*
Dale Burks	32,516(13)	*
Frederick D. Sturdivant	30,029(14)	*
Robert M. Gerrity	27,469(15)	*
Richard S. Ward	16,607(16)	*
Roger M. Widmann	15,610(17)	*
Carmine J. Broccole	7,153(18)	*
Pamela Forbes Lieberman	4,582	*
Directors and Officers as a group (twenty persons)	3,449,845(19)	18.3%

* Represents beneficial ownership of less than 1% of the outstanding shares of Common Stock.

⁽¹⁾ Applicable percentage of ownership is calculated by dividing (a) the total number of shares beneficially owned by the stockholder by (b) 18,644,030, which is the number shares of Common Stock outstanding as of March 15, 2008, plus that number of additional shares, if any, which may be acquired through the exercise of options or convertible debentures within 60 days of March 15, 2008. Beneficial ownership is calculated based on the requirements of the Securities and Exchange Commission. In computing the number of shares

beneficially owned by a person, shares of Common Stock subject to options and our convertible debentures held by that person that are currently exercisable or exercisable within 60 days of March 15, 2008 are deemed outstanding. Regarding our convertible debentures, at March 15, 2008 our convertible debentures were convertible into 31.068 shares of Common Stock for each \$1,000 of convertible debentures converted and the conversion price for our convertible debentures was equivalent to approximately \$32.19 per share. Shares subject to options or our convertible debentures, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Except as indicated in the footnotes to this table, the stockholder named in the table has sole voting power and sole

investment power with respect to the shares set forth opposite such stockholder's name. Unless otherwise indicated, the address of each individual listed in the table is c/o Standard Motor Products, Inc., 37-18 Northern Blvd., Long Island City, New York.

In footnotes 3, 4 and 8, where more than one director of our company is a co-trustee of a trust or co-director of a foundation, and shares voting power and investment power with another director with respect to a certain number of shares, such shares are counted as being beneficially owned by each director who shares such voting power and investment power. However, in computing the aggregate number of shares owned by directors and officers in footnote 19, these same shares are only counted once.

- (2) The information for GAMCO Investors, Inc. and certain of its affiliates ("GAMCO") is based solely on an amendment to its Schedule 13D filed with the SEC on November 21, 2007, wherein GAMCO states that it beneficially owns an aggregate of 2,805,635 shares of our Common Stock. GAMCO states that it has sole voting power for 2,792,892 shares and has sole investment power for 2,805,635 shares.
- (3) Includes 1,056,619 shares of Common Stock, of which: (a) 289,687 shares are held as co-trustee with Lawrence I. Sills and Arthur S. Sills, for which Peter J. Sills has shared voting and investment power; and (b) 766,932 shares are held by the Sills Family Foundation, Inc., of which Peter J. Sills is a director and officer and shares voting and investment power with, among others, Arthur S. Sills. In his capacity as a trustee and director of the foundation, Peter J. Sills disclaims beneficial ownership of the shares so deemed "beneficially owned" by him within the meaning of Rule 13d-3 of the Exchange Act.
- (4) Includes 1,056,619 shares of Common Stock, of which: (a) 289,687 shares are held as co-trustee with Lawrence I. Sills and Peter J. Sills, for which Arthur S. Sills has shared voting and investment power; and (b) 766,932 shares are held by the Sills Family Foundation, Inc., of which Arthur S. Sills is a director and officer and shares voting and investment power with, among others, Peter J. Sills. In his capacity as a trustee and director of the foundation, Arthur S. Sills disclaims beneficial ownership of the shares so deemed "beneficially owned" by him within the meaning of Rule 13d-3 of the Exchange Act.
- (5) The information for Dimension Fund Advisors Inc. ("Dimension") is based solely on an amendment to its Schedule 13G filed with the SEC on February 6, 2008, wherein Dimension states that it beneficially owns an aggregate of 1,583,179 shares of our Common Stock. Dimension states that it has sole voting and sole investment power for all of such shares.
- (6) The information for Marilyn Cragin is based solely on her Schedule 13D filed with the SEC on February 25, 2005, wherein Ms. Cragin states that she beneficially owns an aggregate of 1,323,524 shares of our Common Stock. Ms. Cragin states that she has sole voting and sole investment power for 667,794 shares and has shared voting and investment power for 655,730 shares.
- (7) The information for Arthur D. Davis is based on his Schedule 13D filed with the SEC on February 25, 2005 and subsequent information provided by Mr. Davis to us. Mr. Davis states that he beneficially owns an aggregate of 1,189,542 shares of our Common Stock. Mr. Davis states that he has sole voting and sole investment power for 456,745 shares and has shared voting and investment power for 732,797 shares.
- (8) Includes 345,832 shares of Common Stock, of which: (a) 289,687 shares are held as co-trustee with Arthur S. Sills and Peter J. Sills, for which Lawrence I. Sills has shared voting and investment power; (b) 2,812 shares are owned by Mr. Sills' wife; and (c) options to purchase 53,333 shares. In his capacity as a trustee and for shares of stock held by his wife, Lawrence I. Sills disclaims beneficial ownership of the shares so deemed "beneficially owned" by him within the meaning of Rule 13d-3 of the Exchange Act.
- (9)

Edgar Filing: STANDARD MOTOR PRODUCTS INC - Form DEF 14A

The information for Susan F. Davis is based solely on her Schedule 13D filed with the SEC on February 25, 2005, wherein Ms. Davis states that she beneficially owns an aggregate of 946,253 shares of our Common Stock. Ms. Davis states that she has sole voting and sole investment power for 195,936 shares and has shared voting and investment power for 750,317 shares.

- (10) Includes options to purchase 44,000 shares of Common Stock.
- (11) Includes options to purchase 32,000 shares of Common Stock.
- (12) Includes options to purchase 14,400 shares of Common Stock.
- (13) Includes options to purchase 21,800 shares of Common Stock.
- (14) Includes options to purchase 7,400 shares of Common Stock.
- (15) Includes options to purchase 14,400 shares of Common Stock.

- (16) Includes options to purchase 2,000 shares of Common Stock.
- (17) Includes options to purchase 2,000 Shares of Common Stock.
- (18) Includes options to purchase 3,000 shares of Common Stock.
- (19) Includes options to purchase 238,033 shares of Common Stock.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's Common Stock, to file with the Securities and Exchange Commission and the New York Stock Exchange initial reports of ownership and reports of changes in ownership of the Common Stock of the Company. Officers, directors and greater than ten percent stockholders are required by regulation of the Securities and Exchange Commission to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely upon a review of the copies of such reports furnished to the Company and written representations from our directors and executive officers that no other reports were required during the fiscal year ended December 31, 2007, the Company believes that all Section 16(a) filing reports applicable to the Company's directors and officers were timely filed, except that Mr. Frederick D. Sturdivant, a director, did not timely report his acquisition of shares in November 2007. Promptly after the omission was discovered, Mr. Sturdivant filed the applicable report on November 21, 2007.

CORPORATE GOVERNANCE

The Company's Board of Directors has adopted policies and procedures that the Board believes are in the best interests of the Company and its stockholders as well as compliant with the Sarbanes-Oxley Act of 2002, the rules and regulations of the Securities and Exchange Commission, and the listing standards of the New York Stock Exchange. In particular:

- The Board has adopted Corporate Governance Guidelines;
- The Board has appointed a Presiding Independent Director, who is independent under the New York Stock Exchange standards and applicable Securities and Exchange Commission rules;
- A majority of the Board is independent, and each member of the Audit Committee, Compensation and Management Development Committee, and Nominating and Corporate Governance Committee is independent under the New York Stock Exchange standards and applicable Securities and Exchange Commission rules;
- The Board has adopted charters for each of the Committees of the Board and the Presiding Independent Director;
- The Company's Corporate Governance Guidelines provide that the independent directors meet periodically in executive session without management and that the Presiding Independent Director chairs the executive sessions;
- Interested parties are able to make their concerns known to non-management directors or the Audit Committee by e-mail or by mail (see "Communications to the Board" section below);
- The Company has a Corporate Code of Ethics that applies to all company employees, officers and directors and a Whistleblower Policy with a hotline available to all employees; and
- The Company has established stock ownership guidelines that apply to its independent directors and executive officers.

Certain information relating to corporate governance matters can be viewed at www.smpcorp.com/main/corporategovernance.aspx. Copies of the Company's (1) Corporate Governance Guidelines, (2) charters for the Audit Committee, Compensation and Management Development Committee, Nominating and Corporate Governance Committee, and the Presiding Independent Director, and (3) Corporate Code of Ethics and Whistleblower Policy are available on the Company's website. Copies will also be provided to any stockholder free of charge upon written request to Carmine J. Broccole, Secretary of the Company, at 37-18 Northern Blvd., Long Island City, NY 11101.

Meetings of the Board of Directors and its Committees

In 2007 the total number of meetings of the Board of Directors, including regularly scheduled and special meetings, was six. All of our directors attended at least 75% of the meetings of the Board and the Committees during the period for which he or she was a director in 2007.

The Company encourages all Board members to attend its Annual Meeting of Stockholders. All Directors were present at the 2007 Annual Meeting of Stockholders held on May 17, 2007, other than Ms. Pamela Forbes Lieberman who was not a Director at such time.

The Board currently has three committees: an Audit Committee, a Compensation and Management Development Committee, and a Nominating and Corporate Governance Committee. The members of each committee consist of all of our independent directors: William H. Turner (Chairman of the Audit Committee and Presiding Independent Director), Robert M. Gerrity (Chairman of the Compensation and Management Development Committee), Pamela Forbes Lieberman, Frederick D. Sturdivant, Richard S. Ward (Chairman of the Nominating and Corporate Governance Committee), and Roger M. Widmann.

Audit Committee

The Audit Committee recommends to the Board of Directors the engagement of the independent auditors of the Company, reviews with the independent auditors the scope and results of the Company's audits, pre-approves the professional services furnished by them to the Company, and reviews their management letter with comments on the Company's internal accounting controls. The Audit Committee held five meetings in 2007.

The Board of Directors has determined that each committee member is financially literate and independent. In addition, the Board has determined that at least one member of the Audit Committee meets the New York Stock Exchange standard of having accounting or related financial management expertise. The Board has also determined that William H. Turner, the Audit Committee's Chairman, Robert M. Gerrity and Pamela Forbes Lieberman meet the Securities and Exchange Commission criteria of an "audit committee financial expert."

Compensation and Management Development Committee

The Compensation and Management Development Committee's function is to approve the compensation packages of the Company's officers, to administer the Company's equity incentive plans, to review the Company's overall compensation policies, to review the performance, training and development of Company management in achieving corporate goals and objectives, and to oversee the Company's management succession planning. The Compensation and Management Development Committee held four meetings in 2007.

The Compensation and Management Development Committee has the exclusive authority and responsibility to determine all aspects of executive compensation packages. The Committee may, at its discretion, solicit the input of our executive officers (including our Chief Executive Officer) or any independent consultant or advisor in satisfying its

responsibilities.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's function is to assist the Board of Directors in discharging and performing the duties and responsibilities of the Board with respect to corporate governance, including:

- The identification and recommendation to the Board of individuals qualified to become or continue as directors;
- The continuous improvement in corporate governance policies and practices;
- The annual self-assessment of the performance of the Board and each Committee of the Board;
- The recommendation of members for each committee of the Board; and
- The compensation arrangements for members of the Board.

The Nominating and Corporate Governance Committee held four meetings in 2007. The Nominating and Corporate Governance Committee has the exclusive authority and responsibility to determine all aspects of director compensation. The Committee may solicit, in its discretion, the input of an independent consultant or advisor in satisfying its responsibilities. In 2007, the Committee engaged an independent consultant to assist the Committee in reviewing the Company's director compensation arrangements.

Qualifications for consideration as a director nominee vary according to the particular areas of expertise being sought as a complement to the existing board composition. However, in making nominations, the Nominating and Corporate Governance Committee seeks candidates who possess (1) the highest level of integrity and ethical character, (2) strong personal and professional reputation, (3) sound judgment, (4) financial literacy, (5) independence, (6) significant experience and proven superior performance in professional endeavors, (7) an appreciation for board and team performance, (8) the commitment to devote the time necessary for Board activities, (9) skills in areas that will benefit the Board, and (10) the ability to make a long-term commitment to serve on the Board.

In recommending candidates for election to the Board, the Nomination and Corporate Governance Committee considers nominees recommended by directors, officers, employees, stockholders and others, using the same criteria to evaluate all candidates. The Committee reviews each candidate's qualifications, including whether a candidate possesses any of the specific qualities and skills desirable in certain members of the Board. Evaluations of candidates generally involve a review of background materials, internal discussions and interviews with selected candidates as appropriate. Upon selection of a qualified candidate, the Committee would recommend the candidate for consideration by the full Board. The Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

Stockholders may propose director candidates for consideration by the Nominating and Corporate Governance Committee. In order for stockholder candidates to be considered, written notice of such stockholder recommendation (a) must be provided to the Secretary of the Company not less than 45 days nor more than 75 days prior to the first anniversary of the record date for the preceding year's annual meeting, and (b) must contain the name of any recommended candidate for director, together with a brief biographical sketch, a document indicating the candidate's willingness to serve, if elected, and evidence of the nominating

person's ownership of Company stock. Both stockholder proposed candidates and other candidates identified and evaluated by the Nominating and Corporate Governance Committee must comply with the procedures, and meet the qualification of directors, as outlined in the Charter of the Committee and the Bylaws of the Company. To recommend a prospective nominee for the Nomination and Corporate Governance Committee's consideration, submit the candidate's name and qualifications to Carmine J. Broccole, Secretary of the Company, at 37-18 Northern Blvd., Long Island City, NY 11101.

Presiding Independent Director

The Presiding Independent Director of the Company is William H. Turner, who also serves as the Chairman of our Audit Committee. The term of the Presiding Independent Director is three years. The role of the Presiding Independent Director is to aid and assist the Chairman and the remainder of the Board in assuring effective corporate governance in managing the affairs of the Board and the Company.

Communications to the Board

Stockholders and other interested parties may communicate with the Board of Directors or individual directors pursuant to the procedures established by the Nominating and Corporate Governance Committee from time to time. The Nominating and Corporate Governance Committee shall review such correspondence that first is delivered to the attention of the Secretary of the Company, at 37-18 Northern Blvd., Long Island City, NY 11101, which correspondence the Secretary will forward to the Committee. The Nominating and Corporate Governance Committee shall have the discretion to distribute only such correspondence to the Board or individual members of the Board that the Committee determines in good faith has a valid business purpose or is otherwise appropriate for the Board or individual member thereof to receive.

Corporate Code of Ethics

The Board of Directors of the Company has adopted a Corporate Code of Ethics to (1) promote honest and ethical conduct, including fair dealing and the ethical handling of actual or apparent conflicts of interest, (2) promote full, fair, accurate, timely and understandable disclosure, (3) promote compliance with applicable laws and governmental rules and regulations, (4) ensure the protection of the Company's legitimate business interests, including business opportunities, assets and confidential information, and (5) deter wrongdoing. The Corporate Code of Ethics is available on the Company's website at www.smpcorp.com/main/corporategovernance.aspx.

Director Independence

The Board of Directors has affirmatively determined that each member of the Board and Committees of the Board, other than Lawrence I. Sills, Arthur S. Sills and Peter J. Sills, is independent under the criteria established by the New York Stock Exchange and the Securities and Exchange Commission for independent board members. In that regard, the Board considered whether any director has, and generally has not had in the most recent three years, any material relationships with the Company, including any affiliation with our independent auditors.

Director Compensation

The following table sets forth the compensation paid by the Company to our non-employee directors in 2007.

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	All Other Compensation(3)	Total
William H. Turner	\$ 76,500	\$ 45,400	\$ □	\$ 121,900
Frederick D. Sturdivant	65,000	35,400	12,096	112,496
Robert M. Gerrity	64,000	35,400	□	99,400
Richard S. Ward	53,000	45,400	□	98,400
Roger M. Widmann	54,000	40,400	□	94,400
Pamela Forbes Lieberman	30,250	22,910	2,016	55,176
Arthur S. Sills	6,000	□	12,096	18,096
Peter J. Sills	6,000	□	12,096	18,096

(1) Includes (a) the cash portion of the annual retainer paid to independent directors in 2007, (b) the annual retainer paid to each Chairman of our Committees of the Board in 2007, and (c) fees for director attendance at Board and Committee meetings in 2007.

(2) Represents the value in accordance with SFAS 123(R) of (a) the Company Common Stock received in 2007 by an independent director as part of his or her annual retainer, (b) any portion of the annual cash retainer which an independent director chose to take in Company Common Stock in 2007, and (c) shares of restricted stock granted to each independent director in 2007.

The number of outstanding stock awards and option awards held by each independent director at December 31, 2007 are set forth below:

Name	Outstanding Stock Awards	Outstanding Option Awards
William H. Turner	2,000	14,400
Robert M. Gerrity	2,000	14,400
Pamela Forbes Lieberman	1,000	□
Frederick D. Sturdivant	2,000	7,400
Richard S. Ward	2,000	2,000
Roger M. Widmann	2,000	2,000

(3) Represents the value of medical benefits provided to these directors.

For 2007, the annual cash retainer for each independent director was \$35,000, of which any portion can be taken in Company Common Stock at the discretion of each director; in 2007 Mr. Turner, Mr. Ward and Mr. Widmann elected to receive \$10,000, \$10,000 and

\$5,000, respectively, of such retainer in Company Common Stock. In addition, each independent director receives on the date of each annual meeting of stockholders an automatic restricted stock award of 1,000 shares, and an additional award of Common Stock valued at \$20,000, based on the fair market value of the Company's Common Stock as of the date of the annual stockholder

meeting. In August 2007 at the time that Ms. Lieberman was appointed a Director, she received a restricted stock award of 1,000 shares and an award of Common Stock valued at \$15,000 (representing the pro rata portion of her annual equity retainer). Independent director restricted stock grants vest one year after the grant date, so long as the director remains continuously in office. Independent directors are also eligible to receive other types of awards under the 2006 Omnibus Incentive Plan, but such awards are discretionary. In the event of a merger or asset sale, vesting of all of the shares of restricted stock will accelerate, and such shares will become fully vested. Effective January 2, 2008, the annual cash retainer for each independent director increased to \$40,000 from \$35,000 and the value of each award of Common Stock increased to \$55,000 from \$20,000.

In 2007 William H. Turner received an additional annual retainer of \$20,000 and \$7,500 for his services as our Presiding Independent Director and Chairman of the Audit Committee, respectively. Robert M. Gerrity, as Chairman of our Compensation and Management Development Committee, and Richard S. Ward, as Chairman of our Nominating and Corporate Governance Committee, each received an additional annual retainer of \$5,000 for their services as Chairman of such Committees. In 2007, non-employee directors also received \$1,000 for each Board and Committee meeting they attend and are reimbursed for meeting expenses; effective January 2, 2008, meeting fees increased to \$1,500 for each meeting. In addition, Pamela Forbes Lieberman, Arthur S. Sills, Peter J. Sills and Frederick D. Sturdivant are covered under the Company's medical plan. Lawrence I. Sills, being an officer of the Company, received no payment for the fulfillment of his directorial responsibilities; please refer to the Summary Compensation Table for disclosure regarding Mr. Sills' compensation.

Policy on Poison Pills

The Company does not have a poison pill and is not presently considering the adoption of such a device. If the Company were ever to adopt a stockholder rights agreement, the Company would seek prior stockholder approval, unless due to time constraints or other reasons, the Board, in the exercise of its fiduciary responsibilities, determines that it would be in the best interests of stockholders to adopt a stockholder rights agreement before obtaining stockholder approval. If the Company's Board were ever to adopt a stockholder rights agreement without prior stockholder approval, the Board would submit such agreement to stockholders for ratification within one year.

Compensation Committee Interlocks and Insider Participation

All members of the Board's Compensation and Management Development Committee during 2007 were independent directors, and none of them were employees or former employees of the Company. During 2007, no executive officer of the Company served on the compensation committee (or equivalent) or the board of directors of another entity whose executive officer(s) served on the Company's Compensation and Management Development Committee or Board of Directors.

MANAGEMENT INFORMATION

Our officers, and their ages and positions, are:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Lawrence I. Sills ⁽¹⁾	68	Chairman of the Board and Chief Executive Officer
John P. Gethin ⁽¹⁾	59	President and Chief Operating Officer
James J. Burke ⁽¹⁾	52	Vice President Finance and Chief Financial Officer
Carmine J. Broccole	42	Vice President General Counsel and Secretary
Dale Burks	48	Vice President Temperature Control Division
Michael J. Fitzgerald	53	Vice President Marketing
Robert Kimbro	53	Vice President Distribution Sales
Ray Nicholas	44	Vice President Information Technology
Eric Sills	39	Vice President Engine Management Division
Thomas S. Tesoro	53	Vice President Human Resources
William J. Fazio	53	Chief Accounting Officer
Robert H. Martin	61	Treasurer and Assistant Secretary

(1) Member of the Office of Chief Executive.

Lawrence I. Sills has served as our Chief Executive Officer and Chairman of the Board since 2000 and has been a director of the Company since 1986. From 1986 to December 2000, Mr. Sills served as our President and Chief Operating Officer. From 1983 to 1986, he served as our Vice President of Operations. Mr. Sills is the brother of Arthur S. Sills and Peter J. Sills, each of whom are directors of the Company, and is the father of Eric Sills, our Vice President Engine Management Division.

John P. Gethin has served as our President and Chief Operating Officer since December 2000. From 1997 to 2000, Mr. Gethin served as our Senior Vice President of Operations. From 1998 to 2003, he served as the General Manager of our Temperature Control Division. From 1995 to 1997, Mr. Gethin was our Vice President and General Manager of EIS Brake Parts Division (a former business unit of ours).

James J. Burke has served as our Vice President Finance and Chief Financial Officer since 1999. From 1998 to 1999, Mr. Burke served as our Director of Finance, Chief Accounting Officer. From 1993 to 1997, he served as our Corporate Controller.

Carmine J. Broccole has served as our Vice President General Counsel and Secretary since January 2006 and was our General Counsel from August 2004 to January 2006. Prior to such time, Mr. Broccole was a Partner of Kelley Drye & Warren LLP.

Dale Burks has served as our Vice President Temperature Control Division since September 2006. From July 2003 to September 2006, Mr. Burks served as our General Manager

□ Temperature Control Division. From 1984 until 2003, he served in various capacities in our company including Director□Sales & Marketing, Regional Manager and Territory Manager.

Michael J. Fitzgerald has served as our Vice President Marketing since May 2007. From July 2003 to May 2007, Mr. Fitzgerald served in a variety of sales and marketing capacities in our company, including Director of Sales and Marketing□NAPA. Prior to 2003, he worked for Echlin/Dana (acquired by our company in 2003) as a Territory Salesman, Zone Manager, Retail Marketing Manager and Vice President of Marketing.

Robert Kimbro has served as our Vice President Distribution Sales since September 2006. Since 1984, Mr. Kimbo served in a variety of sales capacities in our company, most recently as Regional Sales Manager for the East Region beginning January 1997.

Ray Nicholas has served as our Vice President Information Technology since September 2006. From 1990 until September 2006, Mr. Nicholas served as the Manager and Director of Information Systems for our Temperature Control Division.

Eric Sills has served as our Vice President Engine Management Division since September 2006. From 1991 until September 2006, Mr. Sills served in various capacities in our company, most recently as General Manager, LIC Operations, Director of Product Management, and Plant Manager, Oxygen Sensor Business Unit. He is the son of Lawrence I. Sills and the nephew of Arthur S. Sills and Peter J. Sills.

Thomas S. Tesoro has served as our Vice President Human Resources since September 2006 after joining our company in July 2006. From 1999 to July 2006, Mr. Tesoro served as Senior Vice President of Human Resources for Vertrue Inc. Prior to such time, he served in a variety of senior human resources related positions for a number of Fortune 500 companies.

William J. Fazio has served as our Chief Accounting Officer since March 2008. From September 2007 to March 2008, Mr. Fazio served as our Director, Corporate Accounting. From April 2001 to September 2007, he served as the Corporate Controller and Chief Accounting Officer of Hexcel Corporation. Prior to that time, Mr. Fazio served as Vice President, Controller of Kodak Polychrome Graphics. Mr. Fazio is a Certified Public Accountant.

Robert H. Martin has served as our Treasurer and Assistant Secretary since 1999. From 1993 to 1999, Mr. Martin served as the Controller of our Engine Management Division. From 1989 to 1993, he was the Division Controller of one of our subsidiaries.

Office of Chief Executive

The Company has established the Office of the Chief Executive to strengthen the executive management structure of the Company. The Office of Chief Executive is primarily responsible for the development of policy, strategy and quality assurance, and the provision of leadership. Its functions also include (a) supporting and providing timely and quality advice to the Chief Executive Officer; (b) promoting the policies of the Company; and (c) improving communications between management, customers, the Board of Directors and stockholders. The Office of Chief Executive is comprised of Lawrence I. Sills, our Chairman and Chief Executive Officer, John P. Gethin, our President and Chief Operating Officer, and James J. Burke, our Vice President Finance and Chief Financial Officer.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

Compensation Discussion and Analysis

Overview

Our Compensation and Management Development Compensation Committee of the Board of Directors is responsible for:

- reviewing the overall goals, policies, objectives and structure of our executive compensation and benefit programs;
- approving the compensation packages of the Company's executive officers; and
- administering our equity incentive plans.

The Compensation Committee is comprised exclusively of independent directors. In performing its duties, the Compensation Committee may, in its discretion, solicit the input of any of our executive officers (including our Chief Executive Officer), any of our other employees, and any other independent consultant or advisor.

Primary Objectives of Compensation

Our executive compensation program is designed to:

- attract, motivate and retain exceptional talent whose abilities are critical to the Company's long-term success;
- maintain a portion of the executive's total compensation at risk, tied to achievement of annual and long-term financial, organizational and management performance goals; and
- provide variable compensation incentives directly linked to the performance of the Company and improvement in stockholder return so that executives manage from the perspective of owners with an equity stake in the Company.

Principal Elements of Compensation

The principal elements of our executive compensation program are:

- base salary;
- annual cash incentives;
- long-term equity incentives; and
- perquisites and other benefits.

Our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer generally participate in the same executive compensation plans and arrangements available to the other executive officers; however, they have a larger percentage of their target variable compensation based upon performance criteria relating to the Company's strategic goals.

While the elements of compensation are considered separately, the Compensation Committee also considers the complete compensation package of an individual executive to ensure that it will be effective in motivating and incentivizing the executive and to assess its competitiveness at other comparable companies. We determine the appropriate levels of our total compensation, and each compensation element, based on several factors, such as our overall performance, each executive's individual performance, the desire to maintain internal pay equity and consistency among our executives, and other considerations that we deem to be relevant.

Compensation Process

Role of Management. Following the end of each fiscal year, our Chief Executive Officer evaluates each executive officer's performance for the prior fiscal year, other than his own performance, and discusses the results of such evaluations with the Compensation Committee. The Chief Operating Officer also assists in the evaluations for those officers reporting to him. The Chief Executive Officer's evaluation of each executive officer's performance is based upon subjective factors including an officer's individual business goals and objectives, and the contributions made by the executive officer to our overall results. These evaluations include an assessment of the level of responsibility of each executive officer and the percentage of total Company revenue and/or expense that each individual officer is responsible for, where applicable. The Chief Executive Officer then makes specific recommendations to the Compensation Committee for adjustments of base salary and target bonus as part of the compensation packages for each executive officer, other than himself, for the next fiscal year.

The Compensation Committee reviews the performance of the Chief Executive Officer and determines all compensation for all executive officers, considering the recommendations from the Chief Executive Officer. The Compensation Committee discusses the recommendations of the Chief Executive Officer in executive session without any members of management present and, as applicable, modifies the recommendations when approving final compensation packages.

Management also periodically provides recommendations to the Compensation Committee regarding all benefit plan design and strategies, including recommendations on the design and implementation of our bonus plans, financial goals and criteria, and our equity incentive plans.

Compensation Consultants; Benchmarking. We generally do not retain compensation consultants to review our policies and procedures with respect to executive compensation.

The Compensation Committee may use market data for context and a frame of reference for decision making, but it is not the sole source of information on which executive compensation is determined. We target the median of the market to establish total compensation. We determine the market for our executives to be equivalent to the domestic market for executive talent within US industrial companies with gross revenues in the range of \$500 million to \$1 billion. Our Human Resources department conducts annual informal benchmark reviews of the aggregate level of our executive compensation, as well as the mix of elements used to compensate our executive officers, and provides such information to the Compensation Committee. This review is based in part on publicly available resources and surveys and other databases to which we subscribe, such as those from Mercer and Watson Wyatt. In 2006, we also

engaged Hewitt Associates, an independent consulting firm, to assist us in reviewing our equity compensation program and the leve