

PARK ELECTROCHEMICAL CORP  
Form DEF 14A  
June 16, 2016

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

**SCHEDULE 14A  
(Rule 14a-101)**

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

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

Filed by the Registrant  x  
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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  
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 o Soliciting Material Under Rule 14a-12

**Park Electrochemical Corp.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, If Other than Registrant)

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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# PARK ELECTROCHEMICAL CORP.

48 South Service Road  
Melville, New York 11747

## Notice of Annual Meeting of Shareholders

July 19, 2016

The Annual Meeting of Shareholders of PARK ELECTROCHEMICAL CORP. (the Company) will be held at the offices of the Company, 48 South Service Road, Melville, New York on Tuesday, July 19, 2016 at 11:00 A.M., New York time, for the following purposes:

1. To elect five (5) directors to serve until the next annual meeting of shareholders and until their successors are elected and qualified;
2. To approve, on an advisory (non-binding) basis, the 2016 fiscal year compensation of the named executive officers;
3. To ratify the appointment of CohnReznick LLP as the Company's independent registered public accounting firm for the fiscal year ending February 26, 2017; and
4. To transact such other business as may properly come before the meeting.

Only holders of record of Common Stock at the close of business on May 27, 2016 will be entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,  
Stephen E. Gilhuley  
*Executive Vice President Administration  
and Secretary*

Dated: June 16, 2016

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

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# PARK ELECTROCHEMICAL CORP.

48 South Service Road  
Melville, New York 11747

## PROXY STATEMENT

### Annual Meeting of Shareholders

July 19, 2016

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the Board) of Park Electrochemical Corp. (the Company) of proxies with respect to the Annual Meeting of Shareholders of the Company to be held on July 19, 2016, and any adjournment or postponement thereof (the Meeting). Any shareholder giving a proxy (the form for which is enclosed with this Proxy Statement) has the power to revoke it at any time before it is voted by (i) delivering written notice of revocation bearing a later date than the proxy to the Secretary of the Company, (ii) submitting a later-dated proxy or (iii) attending the Meeting and voting in person.

This Proxy Statement and the accompanying form of proxy are first being mailed on or about June 16, 2016 to all shareholders of record as of the close of business on May 27, 2016.

Driving directions can be obtained from the Corporate Secretary at the Company's office at 48 South Service Road, Melville, NY 11747 or [sgilhuley@parkelectro.com](mailto:sgilhuley@parkelectro.com) or [dsmith@parkelectro.com](mailto:dsmith@parkelectro.com) or (631) 465-3618.

#### **Important Notice Regarding the Availability of Proxy Materials for the 2016 Annual Meeting of Shareholders to be held on July 19, 2016:**

**This Proxy Statement for the 2016 Annual Meeting of Shareholders and the Company's Annual Report to Shareholders for the fiscal year ended February 28, 2016 are available on the Company's web site at [www.parkelectro.com](http://www.parkelectro.com) under the caption Shareholders.**

## VOTING SECURITIES

As of May 27, 2016, the outstanding voting securities of the Company consisted of 20,234,671 shares of Common Stock, par value \$.10 per share, of the Company (the Common Stock), each of which is entitled to one vote. Presence in person or by proxy of holders of a majority of the outstanding shares of Common Stock will constitute a quorum for the transaction of business at the Meeting. Abstentions and broker non-votes, if any, will be included for purposes of determining a quorum.

As of May 27, 2016, all executive officers and directors of the Company as a group (10 persons) beneficially owned an aggregate of 1,605,783 shares of Common Stock (including options to purchase an aggregate of 432,384 shares), constituting approximately 7.8% of the outstanding shares of Common Stock (giving effect to the exercise of such options).

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# STOCK OWNERSHIP

## Principal Shareholders

The following table sets forth information as of May 27, 2016 with respect to each person (including any group of persons as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the Exchange Act)), who is known to the Company to be the beneficial owner (for purposes of the rules of the Securities and Exchange Commission) of more than 5% of the outstanding shares of Common Stock as of that date.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Royce & Associates, LLC 745 Fifth Avenue New York, NY 10151	2,655,134 <sup>(a)</sup>	13.1 %
Heartland Advisors, Inc. 789 North Water Street Milwaukee, WI 53202	2,036,549 <sup>(b)</sup>	10.1 %
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10022	2,032,993 <sup>(c)</sup>	10.0 %
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	1,474,392 <sup>(d)</sup>	7.3 %
Brian E. Shore c/o Park Electrochemical Corp. 48 South Service Road Melville, NY 11747	1,372,654 <sup>(e)</sup>	6.7 %
Mario Gabelli GAMCO Investors, Inc. One Corporate Center Rye, NY 10588-1435	1,230,433 <sup>(f)</sup>	6.1 %

(a) Royce & Associates, LLC, a registered investment adviser, holds sole voting power and sole dispositive power over all of such shares, based on an amendment to its Schedule 13G filed on January 20, 2016 under the Exchange Act, which represented approximately 13.1% of the outstanding shares of the Company's Common Stock as of May 27, 2016.

(b) Heartland Advisors, Inc., an investment adviser, holds shared voting power and shared dispositive power over all of such shares, based on an amendment to its Schedule 13G filed on February 5, 2016 under the Exchange Act, which represented approximately 10.1% of the outstanding shares of the Company's Common Stock as of May 27, 2016.

(c) BlackRock, Inc., a parent holding company, holds sole voting power over 1,981,917 of such shares and sole dispositive power over all of such shares, based on an amendment to its Schedule 13G filed on May 10, 2016 under the Exchange Act, which represented approximately 10.0% of the outstanding shares of the Company's Common Stock as of May 27, 2016.

The Vanguard Group, a parent holding company, holds sole voting power over 24,714 of such shares, shared voting power over 5,700 of such shares, sole dispositive power over 1,445,278 of such shares and shared (d)dispositive power over 29,114 of such shares, based on an amendment to its Schedule 13G filed on February 11, 2016 under the Exchange Act, which represented approximately 7.3% of the outstanding shares of the Company s Common Stock as of May 27, 2016.

(e) Includes 226,250 shares which Mr. Shore may acquire pursuant to options and 728,599 shares owned by the estate of the late Mr. Jerry Shore of which estate Brian E. Shore is a co-executor and of which shares he disclaims beneficial ownership. Mr. Shore holds sole voting power and sole dispositive power over 417,805 of such shares and shared voting power and shared dispositive power over 728,599 of such

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shares. All such shares represented approximately 6.7% of the outstanding shares of the Company's Common Stock on May 27, 2016 (giving effect to the exercise of such options).

Gabelli Funds, LLC, a registered investment adviser, holds sole voting power and sole dispositive power over 352,999 of such shares, GAMCO Asset Management Inc., a registered investment adviser, holds sole voting power over 691,500 of such shares and sole dispositive power over 761,500 of such shares, Teton Advisors, Inc., a registered investment adviser, holds sole voting power and sole dispositive power over 107,634 of such shares, and (f) Associated Capital Group, Inc., a public company listed on the New York Stock Exchange, holds sole voting power and sole dispositive power over 8,300 of such shares, based on an amendment to their Schedule 13D filed on April 7, 2016 under the Exchange Act, which represented approximately 6.1% of the outstanding shares of the Company's Common Stock on May 27, 2016. Such Schedule 13D stated that Mario Gabelli is deemed to have beneficial ownership of the securities owned beneficially by each of the foregoing entities.

## Ownership of Directors and Executive Officers

The following table sets forth information as of May 27, 2016 with respect to shares of Common Stock beneficially owned (for purposes of the rules of the Securities and Exchange Commission) by each director and nominee, by each executive officer of the Company who is identified in the Summary Compensation Table elsewhere in this Proxy Statement and by all directors and executive officers of the Company as a group. During the Company's 2013 fiscal year, the Board resolved that after a reasonable period of time each director should own approximately 1,000 or more shares of Common Stock. Mr. Blanchfield owns 9,000 shares, Ms. Groehl owns 1,000 shares, Mr. Shore owns 417,805 shares, Mr. Smith owns 1,000 shares, and Mr. Warshaw owns 7,000 shares of Common Stock. Such numbers of shares do not include shares which the directors may acquire pursuant to options. All such ownership is included in the following table.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Dale Blanchfield	27,000 (a)	*
Emily J. Groehl	12,009 (b)	*
Brian E. Shore	1,372,654 (c)	6.7 %
Carl W. Smith	2,875 (d)	*
Steven T. Warshaw	24,250 (e)	*
All directors and nominees	1,438,788	7.0 %
P. Matthew Farabaugh	31,535 (f)	*
Christopher T. Mastrogiacono	57,875 (g)	*
Stephen E. Gilhuley	67,460 (h)	*
Constantine Petropoulos	2,500 (i)	*
All directors and executive officers as a group (10 persons)	1,605,783 (j)	7.8 %

\*

Less than 1%

(a) Includes 18,000 shares which Mr. Blanchfield may acquire pursuant to options.

(b) Includes 11,009 shares which Ms. Groehl may acquire pursuant to options.

(c) See note (e) to the table under Stock Ownership Principal Shareholders for information with respect to these shares.

(d) Includes 1,875 shares which Mr. Smith may acquire pursuant to options.

(e) Includes 17,250 shares which Mr. Warshaw may acquire pursuant to options.

(f) Includes 28,250 shares which Mr. Farabaugh may acquire pursuant to options.



- (g) Includes 56,875 shares which Mr. Mastrogiacomo may acquire pursuant to options.
- (h) Includes 62,750 shares which Mr. Gilhuley may acquire pursuant to options.

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(i) Consists of 2,500 shares which Mr. Petropoulos may acquire pursuant to options.

(j) Consists of 1,173,399 shares beneficially owned by directors and executive officers and 432,384 shares issuable to directors and executive officers upon exercise of options that are exercisable as of May 27, 2016 or will become exercisable within 60 days thereafter.

## ELECTION OF DIRECTORS

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

**The Board recommends that shareholders vote FOR each of the five nominees as a director of the Company.**

Each of the nominees is presently a member of the Board.

Name	Positions with the Company	Age	Director Since
Dale Blanchfield	Director	78	2004
Emily J. Groehl	Director	69	2010
Brian E. Shore	Director, Chairman of the Board and Chief Executive Officer	64	1983
Carl W. Smith	Director	68	2015
Steven T. Warshaw	Director	67	2004

### Nominees Principal Occupations, Business Experience, Qualifications and Directorships

**Dale E. Blanchfield** has been a director of the Company since 2004. Mr. Blanchfield worked in leadership positions in the U.S. printed circuit board industry continuously from 1958 until his retirement in 2003. From 1990 to 2003, Mr. Blanchfield was President of the Electronics Division of The Bureau of Engraving Inc., a manufacturer of specialized, high-volume, high layer count printed circuit boards, located in Minneapolis, Minnesota. During his career, Mr. Blanchfield has traveled extensively internationally and established a number of manufacturing partnerships, on behalf of The Bureau of Engraving, with companies in Singapore, Taiwan and China. Mr. Blanchfield was a director of The Bureau of Engraving Inc. from 2003 to December 2009. Mr. Blanchfield's extensive experience in the electronics industry allows him to provide the Board and the Company with insight into the electronics industry, in which the Company sells its printed circuit materials products.

**Emily J. Groehl** has been a director of the Company since May 2010. Ms. Groehl retired as Senior Vice President, Sales and Marketing of the Company in June 2005 after 20 years of service to the Company. Ms. Groehl served as Senior Vice President, Sales and Marketing of the Company from May 1999 until her retirement. From June 1985, when Ms. Groehl joined the Company, until May 1999, she held a number of positions of increasing responsibility within the Company. Prior to joining the Company, Ms. Groehl had been National Sales Manager of Polyclad Laminates, Inc. from 1980 to 1985, after beginning her career in the printed circuit materials industry in 1969 with Atlantic Laminates, and continuing with Oak Industries, which acquired Atlantic Laminates, until 1980. Ms. Groehl's background with the Company and extensive experience in the global electronics industry enable her to provide the

Board and the Company with insight into that industry and to offer valuable perspectives on the Company's operations, culture and corporate planning and budgeting and on its marketing and sales efforts and programs.

**Brian E. Shore** has been a director of the Company since 1983, Chief Executive Officer since 1996 and Chairman of the Board since July 2004. He was also President of the Company from 1996 until July 28, 2014, when he was succeeded by Christopher T. Mastrogiacomo, the current President of the Company. Mr. Shore

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has been an employee of the Company since 1988. As the Company's Chief Executive Officer, Mr. Shore brings to the Board significant senior leadership and financial, business and industry experience. As Chief Executive Officer, Mr.

Shore has direct responsibility for the Company's strategy and operations. Mr. Shore has significant executive experience with the strategic, financial, and operational requirements of the Company and extensive and intimate knowledge of the Company and its operations, personnel and financial resources.

Mr. Shore brings tremendous knowledge of the Company and the global electronics and aerospace industries to the Board. In addition, he brings his broad strategic vision for the Company to the Board. Mr. Shore's service as the Chairman of the Board and the Chief Executive Officer of the Company creates a critical link between management and the Board, enabling the Board to perform its oversight function with the benefits of management's perspectives on the Company's business. In addition, having the Chief Executive Officer, and Mr. Shore in particular, on the Board provides the Company with ethical, decisive and effective leadership.

**Carl W. Smith** has been a director of the Company since July 2015. Mr. Smith has many years of manufacturing and management experience in the composite materials industry. From 2000 to 2006, Mr. Smith was associated with Reinhold Industries, Inc., a manufacturer of structural and other components for the aircraft and aerospace industries, including composite seats, where, from 2004 to 2007, he was Assistant to the Chief Executive Officer, working primarily on aircraft composite seat manufacturing and Federal Aviation Administration certification of laminate manufacturing and testing; and from 2000 to 2004, he was Chief Executive Officer of Samuel Bingham Enterprises, Inc., a subsidiary of Reinhold Industries and a manufacturer of rubber and urethane rolls to the graphic arts and industrial markets. From 1983 to 1998, he held various management and technical positions with Fiberite, Inc., the predecessor of Cytec Fiberite Inc., a subsidiary of Cytec Industries, Inc. and both manufacturers of advanced composite materials for the aerospace, commercial and recreational markets. He was President and Chief Operating Officer of Fiberite, Inc. from 1995 to 1997, when it was acquired by Cytec Industries, and he was Vice President of Operations of Cytec Fiberite, Inc. from 1997 to 1998. In 1994 and 1995, he was President of ICI Composites, Inc., the predecessor of Fiberite, Inc. and a subsidiary of Imperial Chemical Industries; and from 1983 to 1994, he held various management and technical positions with ICI and Fiberite. From 1976 to 1983, he held various technical positions with Martin Marietta Corporation, General Dynamics Convair and Composite Optics, Inc. Mr. Smith provided consulting services to the Company from 2009 to 2012, primarily for the Company's aerospace composite materials, parts and assemblies business unit in Newton, Kansas; and in 2006 and 2007 he served as Vice President of Advanced Composite Operations of the Company. He first joined the Company in April 1998 as Vice President of Operations of the Company and Chief Operating Officer of Nelco International Corporation, a wholly-owned subsidiary of the Company, and was elected Senior Vice President of North American Operations of the Company in May 1999, a position which he held until March 2000. Mr. Smith's twenty years of broad and extensive background and experience in the aerospace advanced composite materials industry, and in the manufacturing operations of aerospace composite materials manufacturers, enable him to provide the Board and the Company with insight into the aerospace advanced composite materials industry, in which the Company participates, and to assist the Company as it continues to make aerospace a major area of business focus in addition to electronics.

**Steven T. Warshaw** has been a director of the Company since 2004. Mr. Warshaw was Chairman of the Board, President and Chief Executive Officer of M Cubed Technologies, Inc., a manufacturer of ceramic materials for semiconductor equipment and armor applications, in Monroe, Connecticut from July 2002 to October 2005 and President, Hexcel Schwebel Division, Hexcel Corporation, a supplier of specialized fabrics for reinforcement of laminates used in printed circuit boards and in commercial aerospace, recreation and other industrial applications, in Anderson, South Carolina, from April 2000 to November 2001. Hexcel Schwebel was and is a supplier of raw materials to the Company. Prior to 2000, Mr. Warshaw was Senior Vice President, World Wide Sales and Marketing, of Photronics, Inc., a manufacturer of photomasks used to transfer circuit patterns onto semi-conductor wafers, in Brookfield, Connecticut, from February 1999 to April 2000 and President, Olin Microelectronic Materials, a supplier of advanced chemicals and related products, in Norwalk, Connecticut, from January 1996 to January 1999. Prior to

1996, Mr. Warshaw worked in numerous financial and management leadership positions with Olin Corporation (including Vice President, Strategic Development and Finance of Olin Chemicals Group, Vice President and General Manager of Olin Performance Urethanes,

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and President of Olin CIBA-Geigy (OCG) Microelectronic Materials). After his election as a director of the Company in 2004, the Board determined that Mr. Warshaw was an audit committee financial expert as defined in the rules of the Securities and Exchange Commission. Mr. Warshaw has been a director of NN, Inc. from 1997 to the present. Mr. Warshaw has extensive experience with corporate management, financial and accounting matters, evaluating financial results and overseeing the financial reporting process of a publicly owned corporation. In addition, his experience with Hexcel Corporation enables him to provide the Board and the Company with insight into the electronics and aerospace industries into which the Company sells its products.

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

The Company was not during the 2016 fiscal year, and is not, engaged in any transaction with Dale Blanchfield, Emily J. Groehl, Carl W. Smith or Steven T. Warshaw, except Ms. Groehl provided consulting services to the Company for which the Company paid consulting fees to Ms. Groehl, as described below under Director Independence .

## Director Independence

The Board has determined that the following current directors and/or nominees have no material relationships with the Company and are independent as required by and as defined in the director independence standards of the New York Stock Exchange: Dale Blanchfield, Emily J. Groehl, Carl W. Smith and Steven T. Warshaw. In addition, the Board had previously determined that former director Peter Maurer was independent under the New York Stock Exchange standards. In determining that Ms. Groehl is independent, the Board considered the fact that she provided consulting services to the Company during the Company's fiscal years ended February 28, 2016 and March 2, 2014 for which the Company paid consulting fees to Ms. Groehl in the amounts of \$1,450 and \$2,715, respectively. Brian E. Shore does not satisfy such independence standards because he is an employee of the Company.

## Board Committees

The Company's Audit Committee currently consists of Dale Blanchfield, Carl W. Smith and Steven T. Warshaw. The Board of Directors has determined that Mr. Warshaw is an audit committee financial expert as defined in rules of the Securities and Exchange Commission and that each of Messrs. Blanchfield, Smith and Warshaw is independent as required by and as defined in the audit committee independence standards of the Securities and Exchange Commission and of the New York Stock Exchange. The duties and responsibilities of the Audit Committee are set forth in a written charter of such Committee, first adopted by the Board in July 2000 and subsequently amended and restated in May 2004, and are described elsewhere in this Proxy Statement under the caption Other Matters Audit Committee Report . The Audit Committee also issues the Audit Committee Report required to be included in the Company's Proxy Statement by rules of the Securities and Exchange Commission. The Audit Committee Report for the Company's 2016 fiscal year is set forth elsewhere in this Proxy Statement under the caption Other Matters Audit Committee Report .

The Company has a Compensation Committee and a Stock Option Committee each currently consisting of Dale Blanchfield, Carl W. Smith and Steven T. Warshaw. The functions of the Compensation and Stock Option Committees are set forth in written charters of such Committees adopted by the Board, and such functions are described elsewhere in this Proxy Statement under the caption Executive Compensation Compensation Discussion and Analysis Board Process .

The Company has a Nominating Committee currently consisting of Dale Blanchfield, Carl W. Smith and Steven T. Warshaw. The functions of the Nominating Committee, which are to identify and recommend to the Board of Directors individuals qualified to serve as directors of the Company and on committees of the Board and to oversee the evaluation of the Board and the Company's management, are set forth in a written charter of such Committee adopted by the Board. The Nominating Committee recommended to the Board, and the Board nominated, Dale Blanchfield, Emily J. Groehl, Brian E. Shore, Carl W. Smith and Steven T. Warshaw as nominees for election as directors at the Meeting.

The Company has a Corporate Governance Committee currently consisting of Dale Blanchfield, Carl W. Smith and Steven T. Warshaw. The functions of the Corporate Governance Committee, which are to advise the Board of Directors with respect to Board composition, procedures and committees and to develop and recommend to the Board a set of corporate governance principles applicable to the Company, are set forth in a written charter of such Committee adopted by the Board.

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

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

During the Company's last fiscal year, the Board met five times and authorized action by unanimous written consent on six occasions, the Audit Committee met seven times, the Compensation Committee authorized action by unanimous written consent on one occasion, the Stock Option Committee met three times and authorized action by unanimous written consent on one occasion, the Nominating Committee authorized action by unanimous written consent on one occasion, the Corporate Governance Committee met once, and the non-management directors met in executive session without management twice. At each meeting of the non-management directors, the Lead Independent Director presides. The functions of the Lead Independent Director are described elsewhere in this Proxy Statement under the caption Election of Directors' Board Leadership Structure. Each of the directors attended more than 75% of all of the meetings held by the Board and each committee thereof of which such director was a member during the Company's last fiscal year.

## **The Board's Role in Risk Oversight**

One of the Board's functions is oversight of risk management. Risk is inherent in business, and the Board seeks to understand and advise on risk in conjunction with the activities of the Board and the Board's committees. Management of the Company is responsible for identifying risk and risk controls related to significant business activities; mapping the risks to Company strategy; and developing programs and recommendations to determine the sufficiency of risk identification, the balance of potential risk to potential reward, and the appropriate manner in which to control risk.

The Board implements its risk oversight responsibilities by having management provide periodic briefings on the significant voluntary and involuntary risks that the Company faces and how the Company is seeking to manage risk. In some cases, as with risks of new technology and risks related to product acceptance, risk oversight is addressed as part of the Board's oversight of business and strategic developments. In other cases, a Board committee is responsible for oversight of specific risk topics. The Audit Committee oversees issues related to internal control over financial reporting, the Compensation Committee reviews risks that may be implicated by the Company's compensation programs, as discussed below, and the Corporate Governance Committee oversees risks related to governance policies and practices. The Board and Board committees generally discuss relevant risks and risk control; and the Board members assess and oversee the risks as a part of their review of the related business, financial, or other activities of the Company. In addition, the Board receives presentations during the year from management regarding specific potential risks and trends as necessary. At each Board meeting, the Chief Executive Officer addresses matters of particular importance or concern, including any significant areas of risk requiring Board attention. The Board believes that the practices described above and the current leadership structure facilitate effective Board oversight of the Company's significant risks.



## **Risk Assessment in Compensation Programs**

The Board has assessed the Company's compensation programs and has concluded that the Company's compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

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