

HNI CORP
Form DEF 14A
March 26, 2010

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

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

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Check the appropriate box:

- Preliminary Proxy Statement
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- Definitive Proxy Statement
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HNI CORPORATION
(Name of Registrant as Specified In Its Charter)

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

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- (3) Filing Party:
- (4) Date Filed:

HNI CORPORATION

408 EAST SECOND STREET
MUSCATINE, IOWA 52761
563/272-7400

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The 2010 Annual Meeting of Shareholders (the "Meeting") of HNI Corporation (the "Corporation") will be held at the Holiday Inn, 2915 North Highway 61, Muscatine, Iowa, on Tuesday, May 11, 2010, beginning at 10:30 a.m. (Central Daylight Time), for the following purposes:

1. To elect four Directors for terms of three years each or until their successors are elected and qualify;
2. To approve the HNI Corporation 2007 Stock-Based Compensation Plan, as amended and restated;
3. To approve the HNI Corporation Annual Incentive Plan (f/k/a HNI Corporation Executive Bonus Plan), as amended and restated;
4. To approve the HNI Corporation Long-Term Performance Plan, as amended and restated;
5. To ratify the Audit Committee's selection of PricewaterhouseCoopers LLP as the Corporation's independent registered public accountant for the fiscal year ending January 1, 2011; and
6. To transact any other business that may properly be brought before the Meeting or any adjournment or postponement of the meeting.

The holders of record of the Corporation's Common Stock, par value \$1.00 per share, as of the close of business on March 12, 2010, are entitled to vote at the Meeting.

You are encouraged to attend the Meeting.

By Order of the Board of Directors,
Steven M. Bradford
Vice President, General Counsel and Secretary
March 26, 2010

YOUR VOTE IS VERY IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN PROMPTLY THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE PREPAID ENVELOPE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING.

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HNI Corporation
408 East Second Street
Muscatine, Iowa 52761

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 11, 2010

HNI Corporation (the "Corporation," "we," "our" or "us") is mailing this Proxy Statement, with the accompanying proxy card, to you on or about March 26, 2010 in connection with the solicitation of proxies by and on behalf of the Corporation's Board of Directors (the "Board" or "Directors") for the 2010 annual meeting of shareholders and any adjournment or postponement of that meeting (the "Meeting"). The Meeting will be held on Tuesday, May 11, 2010, beginning at 10:30 a.m., Central Daylight Time, at the Holiday Inn, 2915 North Highway 61, Muscatine, Iowa.

INFORMATION ABOUT VOTING

Who can attend and vote at the Meeting?

Shareholders of record as of the close of business on March 12, 2010 (the "Record Date") are entitled to attend and vote at the Meeting. Each share of the Corporation's common stock, par value \$1.00 per share ("Common Stock"), is entitled to one vote on all matters to be voted on at the Meeting and can be voted only if the shareholder of record is present to vote or is represented by proxy. The proxy card provided with this Proxy Statement indicates the number of shares of Common Stock you own and are entitled to vote at the Meeting.

What constitutes a quorum at the Meeting?

The presence at the Meeting, in person or represented by proxy, of the holders of a majority of the outstanding shares of Common Stock ("Outstanding Shares") on the Record Date will constitute a quorum for purposes of the Meeting. On the Record Date, there were 45,191,076 Outstanding Shares. For purposes of determining whether a quorum exists, proxies received but marked "abstain" and so-called "broker non-votes" (described on the following page) will be counted as present.

How do I vote by proxy?

If you properly complete your proxy card and the Corporation's transfer agent, Wells Fargo Bank, N.A. ("Wells Fargo"), receives it in time to vote at the Meeting, your "proxy" (one of the individuals named on your proxy card) will vote your shares as you have directed. No postage is required if your proxy card is mailed in the United States in the return envelope enclosed with this Proxy Statement.

If you sign, date and return the proxy card but do not specify how your shares are to be voted, then your proxy will vote your shares as follows:

- "FOR" the election of the four nominees for Director named on page 5 of this Proxy Statement under "Proposal No. 1 – Election of Directors."
- "FOR" the approval of the HNI Corporation 2007 Stock-Based Compensation Plan, as amended and restated, as described on page 13 of this Proxy Statement under "Proposal No. 2 – Approval of HNI Corporation 2007 Stock-Based Compensation Plan, as Amended and Restated."

- "FOR" the approval of the HNI Corporation Annual Incentive (f/k/a HNI Corporation Executive Bonus Plan), as amended and restated, as described on page 18 of this Proxy Statement under "Proposal No. 3 – Approval of HNI Corporation Annual Incentive Plan (f/k/a HNI Corporation Executive Bonus Plan), as Amended and Restated."
- "FOR" the approval of the HNI Corporation Long-Term Performance Plan, as amended and restated, as described on page 20 of this Proxy Statement under "Proposal No. 4 – Approval of HNI Corporation Long-Term Performance Plan, as Amended and Restated."
- "FOR" the ratification of the Audit Committee's selection of PricewaterhouseCoopers LLP as the Corporation's independent registered public accountant for the fiscal year ending January 1, 2011, as described on page 23 of this Proxy Statement under "Proposal No. 5 – Ratification of Audit Committee's Selection of PricewaterhouseCoopers LLP as the Corporation's Independent Registered Public Accountant for Fiscal 2010."

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- In your proxy's discretion as to any other business which may properly come before the Meeting or any adjournment or postponement of the Meeting.

How do I vote if my shares of Common Stock are held through a broker, trustee or other nominee?

If your shares of Common Stock are held for you as the beneficial owner through a broker, trustee or other nominee (such as a bank) in "street name," rather than held directly in your name, you will need to instruct your broker, trustee or other nominee how to vote your shares. Since a beneficial owner is not the shareholder of record, you may not vote these shares in person at the Meeting unless you obtain a "legal proxy" from the broker, trustee or other nominee that holds your shares, giving you the right to vote the shares at the Meeting. Your broker, trustee or other nominee has enclosed with this Proxy Statement, or will provide upon request, voting instructions for you to use in directing the broker, trustee or other nominee how to vote your shares.

What discretion does my broker, trustee or other nominee have to vote my shares of Common Stock held in "street name"?

A broker, trustee or other nominee holding your shares of Common Stock in "street name" must vote those shares according to specific instructions it receives from you. New York Stock Exchange ("NYSE") rules determine the proposals ("Non-Routine Proposals") on which brokers may not vote without specific instructions from you. If a Non-Routine Proposal comes to a vote at the Meeting, your shares will not be voted on that Non-Routine Proposal, giving rise to what is called a "broker non-vote." Shares represented by broker non-votes will be counted for purposes of determining the existence of a quorum.

At the Meeting, your broker, trustee or other nominee may vote your shares in its discretion only with respect to Proposal No. 5. Proposals No. 1, 2, 3 and 4 are Non-Routine Proposals for which your broker, trustee or other nominee may not vote your shares in its discretion and requires your instruction.

Can I change or revoke my vote after I return my proxy card?

Yes. You may change your vote at any time before your proxy is voted at the Meeting. To change your vote, you may:

- Deliver to the Corporation's Corporate Secretary a written notice revoking your earlier vote;
- Deliver to the Corporation's transfer agent, if you are the shareholder of record, a properly completed and signed proxy card with a later date;
- Deliver to your broker, trustee or other nominee, if your shares are held in "street name," a properly completed and signed proxy card with a later date; or
- Vote in person at the Meeting.

Your attendance alone at the Meeting will not revoke a previously delivered proxy. If you choose any of the above methods to change your vote, you must take the described action no later than the beginning of the Meeting. Once voting is completed at the Meeting, you will not be able to revoke your proxy or change your vote. Unless your proxy is so revoked or changed, the shares of Common Stock represented by your proxy received by the Corporation's transfer agent will be voted at the Meeting and at any adjournment or postponement of the Meeting.

How do I vote my shares in the Corporation's retirement plan?

If you participate in the Corporation's retirement plan, the proxy card you receive will also include Common Stock allocated to your account. Properly completed and signed proxy cards will serve to instruct the plan trustee on how to

vote any shares allocated to your account and a portion of all shares as to which no instructions have been received (the "undirected shares") from plan participants. The proportion of the undirected shares to which your instructions will apply will be equal to the proportion of the shares to which the trustee receives instructions represented by your shares.

How is the Corporation soliciting proxies?

The Corporation bears the cost of preparing, assembling and mailing the proxy material related to the solicitation of proxies by and on behalf of the Board for the Meeting. In addition to

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the use of the mails, certain of the Corporation's officers may, without additional compensation, solicit proxies in person, by telephone or through other means of communication. The Corporation has retained Georgeson Inc. to assist in the solicitation of proxies for a fee of approximately \$13,000, plus reimbursement of expenses. This assistance will include requesting brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to those persons for whom they hold shares. The Corporation will bear the cost of this solicitation.

How will my vote get counted?

Wells Fargo, the Corporation's transfer agent, will use an automated system to tabulate the votes and will serve as the Inspector of Election.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Corporation or to third parties, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; and (3) to facilitate a successful proxy solicitation. Occasionally, shareholders provide written comments on their proxy cards, which are then forwarded to the Corporation's management.

How do I get to the Meeting location?

The Meeting is being held at the Holiday Inn, 2915 North Highway 61, Muscatine, Iowa. If driving to the Meeting from the Quad City International Airport, from the main exit traffic light go straight onto I-74 to I-280, turn right (cloverleaf) onto I-280 West, drive approximately 10-12 miles crossing the Mississippi River Bridge, take the second exit in Iowa (Exit 6 – Muscatine), at the traffic light turn left (west) onto Highway 61 South, continue approximately 22 miles to Muscatine, Holiday Inn is on the right. If driving to the Meeting on I-80, take Exit 271 (Highway 38 South), drive approximately 12 miles to Highway 61, turn left (east) at the traffic light, Holiday Inn is one block on the left.

What should I do if I receive more than one set of voting materials?

You may receive more than one set of voting materials, including multiple copies of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares in "street name." If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card you receive.

The Securities and Exchange Commission (the "SEC") has adopted rules that allow us to deliver a single annual report and/or proxy statement to any household at which two or more shareholders reside, whom the Corporation believes to be members of the same family. If you wish to participate in this program and receive only one copy of future annual reports and/or proxy statements, please write to the Corporation's transfer agent at Wells Fargo Bank, N.A., Attention: Wells Fargo Shareowner Services, 160 N. Concord Exchange, South St.

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Paul, Minnesota 55075-1139. If a broker, trustee or other nominee holds your shares of Common Stock in "street name" and you wish to participate in the program, please write to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717. Your consent to receive only one copy of the annual report and/or proxy statement will remain in effect until the Corporation's transfer agent or Broadridge receives a written revocation notice from you, in which case the Corporation will begin sending individual copies within thirty days thereof. The Corporation will continue to separately mail a proxy card for each registered shareholder account. The Corporation will promptly deliver separate copies of its annual report and/or proxy statement upon request. Shareholders may request such separate copies by writing to the Corporate Secretary at HNI Corporation, 408 East Second Street, Muscatine, Iowa 52761 or calling the Corporation's Assistant Corporate Secretary at 563/272-7590.

Did the Corporation utilize the SEC's notice and access proxy rules for delivery of the voting materials this year?

No. The Corporation delivered its voting materials in the same manner as it has in the past. However, many shareholders have previously consented to receive electronic delivery of the proxy statement and annual report and therefore did not receive hard copies of these materials.

Where can I find the voting results of the Meeting?

The Corporation intends to announce preliminary voting results at the Meeting and will publish final results on a Current Report on Form 8-K, which will be filed with the SEC within four business days after the Meeting and available on our website.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 11, 2010**

The 2010 Proxy Statement and annual report to security holders are available at www.hnicorp.com.

The Corporation provides its annual reports, notices to shareholders of the annual meetings and proxy statements over the Internet. If you wish to give your consent to access such documents in the future over the Internet, please check the box in the CONSENT section on your proxy card. These documents will be available on or about March 26, 2010, on the Corporation's website at www.hnicorp.com, under "Investor Information—Annual & Quarterly Reports" and "Investor Information—Proxy Report." Once you give your consent, it will remain in effect until you notify the Corporation you wish to resume mail delivery of the annual reports and proxy statements. Even though you give your consent, you still have the right at any time to request copies of these documents at no charge by writing to the Corporate Secretary at HNI Corporation, 408 East Second Street, Muscatine, Iowa 52761 or calling the Corporation's Assistant Corporate Secretary at 563/272-7590.

INFORMATION ABOUT PROPOSALS

Why is the Corporation asking shareholders to approve the HNI Corporation 2007 Stock-Based Compensation Plan, HNI Corporation Annual Incentive Plan and HNI Corporation Long-Term Performance Plan, each as amended and restated?

The Corporation recently reviewed all of its compensation plans including the HNI Corporation 2007 Stock-Based Compensation Plan (the "2007 Compensation Plan"), HNI Corporation Annual Incentive Plan (the "Incentive Plan") and HNI Corporation Long-Term Performance Plan (the "Performance Plan") (collectively, the "Plans"). The purpose of the review was to update the plans to enhance compliance with current regulations, add consistency by and among

the plans, increase plan flexibility and facilitate administration of the plans by management, the Board and the Human Resources and Compensation Committee of the Board (the "Compensation Committee"). As a part of this review, the Corporation made several changes to the Plans including revising performance measures, changing annual award limitations and changing the number of shares reserved for full-value awards (e.g., restricted stock, restricted stock units, deferred share units, performance share awards, stock grant awards (i.e., bonus stock) and dividend equivalent awards). A few of these changes, including the ones noted above, specifically require shareholder approval. Rather than asking shareholders to specifically approve only those changes requiring shareholder approval, the Board believes it is better corporate governance and more efficient to simply ask shareholders to approve each of the Plans, as amended and restated.

In addition, the Corporation seeks to maximize the tax deductibility of all components of executive compensation. With respect to the Incentive Plan and the Performance Plan,

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shareholders must approve the material terms of the performance measures set forth in these plans at least every five years to comply with the "performance-based" compensation exception to Section 162(m) ("Section 162(m)") of the Internal Revenue Code of 1986, as amended (the "Code"). Section 162(m) limits the ability of public companies to deduct compensation in excess of \$1,000,000 paid annually to the chief executive officer and the three other most highly compensated executive officers, not including the chief financial officer (the "162(m) Employees"), unless such compensation is "performance-based." One of the principal qualifications of performance-based compensation is shareholder approval of the material terms of the performance measures used to establish such compensation. With shareholder approval of the material terms of these performance measures every five years, the portion of any award under the Incentive Plan linked to financial performance of the Corporation or any operating unit and any award under the Performance Plan meet Section 162(m)'s definition of "performance-based" compensation and are not considered in determining the \$1,000,000 limit. Shareholders last approved the material terms of the performance measures in the Incentive Plan and the Performance Plan in 2005.

PROPOSAL NO. 1 – ELECTION OF DIRECTORS

The By-laws of HNI Corporation (the "By-laws") provide for twelve Directors and the Board currently consists of twelve Directors. Eleven of the twelve Directors are independent Directors as further discussed on page 8 of this Proxy Statement under "Information Regarding the Board – Director Independence." Stan A. Askren, Chairman, President and Chief Executive Officer, is the only Director currently employed by the Corporation and is not independent under the NYSE listing standards pertaining to director independence or the Corporation's categorical independence standards for Directors (the "Categorical Standards").

The Board is divided into three classes. One class is elected each year for a term of three years. Four directors will be elected at the Meeting to serve for a three-year term expiring at the Corporation's 2013 annual meeting of shareholders.

Director Nominations

The Board has adopted guidelines for identifying and evaluating candidates for Director. Under those guidelines, the Public Policy and Corporate Governance Committee (the "Governance Committee") takes into account a number of factors when identifying potential nominees, including: possession of the desired skills, experience and abilities identified by the Governance Committee; ability to communicate ideas and contribute to Board deliberations; independence from management; diversity; judgment, skill, integrity and reputation; existing commitments to other businesses; potential conflicts of interest with other pursuits; and legal restraints. Although the Corporation has no specific policy on diversity, the guidelines broadly define diversity to include factors such as age, race, gender, education, ethnicity, career experience and personality; understanding of and experiences in manufacturing, technology, finance and marketing; and international experience and culture. The Governance Committee reviews these factors and others considered useful by the Governance Committee, in context of an assessment of the perceived needs of the Board from time to time. The Governance Committee may use a variety of means to identify potential nominees, including recommendations from the Chairman, Directors or others associated with the Corporation. The Governance Committee may also retain third-party search firms to identify potential nominees based on the Corporation's established criteria for director candidates discussed above. The Governance Committee screens the potential candidates and eventually recommends suitable candidates to the Board for nomination.

The Governance Committee will consider candidates for Director recommended by shareholders by applying the criteria for candidates described above and considering the following additional information. Shareholders wishing to recommend a candidate for nomination as Director for inclusion in the Corporation's proxy statement for the 2011 annual meeting should write to the Corporation's Corporate Secretary before October 1, 2010, and include the

following information: a statement the writer is a shareholder and is recommending a candidate for Director; the name of and contact information for the candidate; a statement of the candidate's business and educational experience; information about each of the factors listed above, sufficient to enable the Governance Committee to evaluate the candidate; a statement detailing any relationship between the candidate and any customer, supplier or competitor of the Corporation; detailed information about any relationship or understanding between the writer or any other shareholder and the candidate; a statement whether such person, if elected, intends to tender, promptly following such person's election or re-election, an irrevocable resignation effective 90 days after the date of certification of election results if the person fails to receive the required vote for re-election at the next meeting at which such person would face re-election; and a statement the candidate is willing to be considered and will serve as a Director if nominated and elected.

The Corporation does not have any minimum qualifications for Directors; however, Directors should possess the highest personal and professional integrity and ethics and be willing and able to devote the required time to the Corporation. The Board believes it should be comprised of Directors with varied and complimentary backgrounds, which together build the overall strength of the Board.

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Nominees for Election

The Board is nominating for election at the Meeting Mary H. Bell, James R. Jenkins, Dennis J. Martin and Abbie J. Smith, each for a term of three years (collectively, the "Nominees"). The Nominees elected as Directors at the Meeting will hold office for the three-year term or until their respective successors are elected and qualify, subject to their prior death, resignation or removal.

Ms. Bell, Ms. Smith and Messrs. Jenkins and Martin were most recently elected as Directors at the 2007 annual meeting of shareholders. Below is biographical information about each of the Nominees as well as the particular experience, qualifications, attributes and/or skills of each Nominee which led the Board to conclude the Nominee should serve as a Director in light of the Corporation's business and structure. In addition, each Nominee must possess the highest personal and professional integrity and ethics and a willingness and ability to devote the required time to the Corporation. For a detailed description of the Corporation's business and structure, please see Item 1 of Part I of the Corporation's 2009 Annual Report on Form 10-K filed with the SEC on February 26, 2010.

Mary H. Bell, age 49, has been a Director of the Corporation since 2006. Ms. Bell has been Vice President, Building Construction Products Division of Caterpillar Inc., the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines, since 2007. Previously, from 2004 to 2007, she was a Vice President of Caterpillar Inc. and Chairman and President of Caterpillar Logistics Services, Inc., a wholly owned subsidiary of Caterpillar Inc. Ms. Bell brings to the Board considerable logistics, manufacturing and dealer channel expertise and general management experience.

James R. Jenkins, age 64, has been a Director of the Corporation since 2005. Mr. Jenkins has been the Senior Vice President and General Counsel of Deere & Company (John Deere), the world's leading manufacturer of agricultural and forestry equipment and a major manufacturer of equipment for use in construction and lawn and turf care, since 2000. Mr. Jenkins brings to the Board significant legal and board governance expertise and experience. He also serves as a director of various non-profit organizations.

Dennis J. Martin, age 59, has been a Director of the Corporation since 2000. Mr. Martin has been an independent business consultant since 2005. Previously, from 2001 to 2005, he was the Chairman, President and Chief Executive Officer of General Binding Corporation, a manufacturer and marketer of binding and laminating office equipment. Mr. Martin is a director of Coleman Cable, Inc. and Federal Signal Corporation. From 2004 to 2005, he served as a director of A. O. Smith Corporation. Mr. Martin brings to the Board chief executive officer experience, considerable sales, marketing and operations expertise in office products and diversified industrial manufacturing companies and is considered a lean business expert. Mr. Martin serves on public company audit, compensation and finance committees.

Abbie J. Smith, age 56, has been a Director of the Corporation since 2000. Ms. Smith has been a Chaired Professor of The University of Chicago Booth School of Business, a national leader in higher education and research, since 1999. She is a director of DFA Investment Dimensions Group, Inc., Dimensional Investment Group Inc. and Ryder System, Inc. Ms. Smith is also a trustee of The UBS Funds (Chicago), UBS Relations Trust and UBS SMA Relationship Trust. Ms. Smith brings to the Board extensive financial expertise. Although she doesn't currently serve on the Corporation's Audit Committee, she qualifies as an "audit committee financial expert." Ms. Smith has served on public company and mutual fund complex audit, performance, finance and nominating committees.

We have no reason to believe any of the Nominees listed above will be unavailable to serve if elected. However, if any one of them becomes unavailable, the persons named as proxies in the accompanying proxy card have discretionary authority to vote for a substitute chosen by the Board. Any vacancies not filled at the Meeting may be filled by the Board.

Incumbent Directors

Below is biographical information about each of the incumbent Directors as well as the particular experience, qualifications, attributes and/or skills of each Director which led the Board to conclude the Director should serve as a Director in light of the Corporation's business and structure. In addition, each Director must possess the highest personal and professional integrity and ethics and a willingness and ability to devote the required time to the Corporation. For a detailed description of the Corporation's business and structure, please see Item 1 of Part I of the Corporation's 2009 Annual Report on Form 10-K filed with the SEC on February 26, 2010.

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Ms. Francis and Messrs. Calado, Porcellato and Stern comprise a class of Directors whose terms will expire at the Corporation's 2011 annual meeting of shareholders.

Miguel M. Calado, age 54, has been a Director of the Corporation since 2004. Mr. Calado has been a Director and the Chief Financial Officer of Hovione SA, an international fine chemicals company with manufacturing facilities and offices in the United States, Europe and Asia, since 2006. He has also been an advising partner of The Trion Group, a strategic management consulting group based in Dallas, Texas, since 2006 and President of GAMCAL, LLC, an investment company, since 2006. Previously, from 1998 to 2005, Mr. Calado was the Executive Vice President and President, International of Dean Foods Company, a processor and distributor of dairy, soy and specialty foods. He also serves as a member of the Advisory Board for the Business School of Catholic University of Portugal. Mr. Calado brings to the Board extensive international, general management and financial expertise in several large, packaged and consumer goods public companies. He also qualifies as an "audit committee financial expert."