

Edgar Filing: MACDERMID INC - Form DEF 14A

MACDERMID INC  
Form DEF 14A  
March 16, 2005

1

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   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to Rule 14a-12

MacDermid, Incorporated

---

(Name of Registrant as Specified In Its Charter)

---

(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:

- 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,

## Edgar Filing: MACDERMID INC - Form DEF 14A

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:

MACDERMID Incorporated  
245 Freight Street  
Waterbury, CT. 06702-0671

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD May 12, 2005

The Annual Meeting of Shareholders of MacDermid, Incorporated ("MacDermid") will be held at MacDermid's offices located at 245 Freight Street, Waterbury, CT. 06702 on Thursday, May 12, 2005 at 3:00 P.M. EDT, for the following purposes:

1. To elect six (6) directors to hold office until the next annual meeting or until their successors are elected and qualified;
2. To consider and act upon the ratification of the appointment of KPMG LLP, Independent Registered Public Accountants, to serve as independent auditors for 2005;
3. To consider and act upon an amendment to the Special Stock Purchase Plan; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 14, 2005 as the record date for the determination of shareholders who will be entitled to notice of and to vote at the meeting.

Whether or not you plan to attend the annual meeting, please promptly vote, date and sign the enclosed proxy and return it in the enclosed postage-paid envelope at your earliest convenience prior to the meeting.

Your proxy vote is very important. Prompt return of your proxy will minimize proxy solicitation expense, assure a quorum and avoid confusion and delay at the meeting.

By Order of the Board of Directors

Waterbury, Connecticut  
March 15, 2005

(IN ORDER TO AVOID UNNECESSARY EXPENSE), we urge you to indicate voting instructions on the enclosed proxy and date, sign and return it promptly PRIOR to the meeting in the envelope provided.

# Edgar Filing: MACDERMID INC - Form DEF 14A

MACDERMID  
Incorporated  
245 Freight Street  
Waterbury, Connecticut 06702-0671

## PROXY STATEMENT

### GENERAL

The accompanying proxy is being solicited by the Board of Directors of MacDermid, Incorporated ("MacDermid" or the "Company") for use at the Annual Meeting of Shareholders of MacDermid and at any and all adjournments thereof (the "Meeting") to be held, pursuant to the accompanying Notice of Annual Meeting of Shareholders, at MacDermid, Incorporated, 245 Freight Street, Waterbury, CT. 06702 on Thursday, May 12, 2005 at 3:00 P.M., EDT.

Each holder of MacDermid's common stock (the "Common Stock") is entitled to one vote per share on each matter to be brought before the Meeting. Valid proxies will be voted as specified thereon at the Meeting. Any shareholder giving a proxy in the accompanying form (a "Proxy") retains the power to revoke it at any time prior to the exercise of the powers conferred thereby by (1) delivering written notice of such revocation to John L. Cordani, Corporate Secretary, MacDermid, Incorporated, 245 Freight Street, Waterbury, Connecticut 06702-0671; (2) delivering to the Corporate Secretary a duly executed Proxy or other proxy form bearing a date subsequent to the date on the given Proxy; or (3) appearing at the Meeting and requesting to vote his or her shares in person. Any shareholder who attends the Meeting in person will not be deemed thereby to revoke the Proxy unless such shareholder affirmatively indicates at the Meeting his intention to vote the shares in person.

Unless a shareholder provides contrary instructions on a Proxy, all shares represented by the Proxy (if not revoked before such shares are voted) will be voted (1) for the election of the nominees for directors named below, (2) for ratification of the appointment of KPMG, LLP, (3) for approval of the amendment to the Special Stock Purchase Plan and (4) by the persons granted the proxies in their discretion on any other business properly to come before the Meeting.

MacDermid has retained D.F. King & Co., Inc. of New York, New York ("King") to assist with the solicitation of Proxies and the mailing and distribution of proxy material. The anticipated cost of King's services is approximately \$4,500, plus reimbursement of expenses. MacDermid will bear the cost of the solicitation of Proxies, which may include the reasonable expenses of brokerage firms and others for forwarding Proxies and proxy material to the beneficial owners of Common Stock of MacDermid. In addition to the use of the mails, Proxies may be solicited by King and by regular employees of MacDermid personally, electronically or by telephone. Votes will be counted by employees of The Bank of New York, the Company's transfer agent. MacDermid currently anticipates that John L. Cordani, the Corporate Secretary of MacDermid, will be the Inspector of Election who will certify the votes at the Meeting.

Only holders of Common Stock of record at the close of business on March 14, 2005 are entitled to notice of and to vote at the Meeting. On that date there were 30,313,697 shares of Common Stock outstanding and entitled to be voted. Holders of a majority of such outstanding shares, present in person or represented by proxy, will be necessary to constitute a quorum at the Meeting. Directions to withhold authority and abstentions will be counted for purposes of determining the presence or absence of a quorum. Broker non-votes are not counted for such purpose.

## Edgar Filing: MACDERMID INC - Form DEF 14A

Any shares held for the account of a shareholder who participates in the MacDermid Dividend Reinvestment Plan will be voted automatically with the shareholder's other shares of Common Stock as directed by the shareholder on the enclosed Proxy.

The approximate date on which this Proxy Statement and the accompanying Proxy are first sent to shareholders is March 15, 2005. MacDermid's Annual Report to Shareholders, containing financial statements for the fiscal year ended December 31, 2004, accompanies these proxy materials to each shareholder. MacDermid's principal executive offices are located at 1401 Blake Street, Denver, Colorado 80202.

EVERY SHAREHOLDER'S VOTE IS IMPORTANT  
PLEASE COMPLETE, SIGN AND RETURN YOUR PROXY CARD IN THE ENCLOSED ENVELOPE

### ITEM 1: ELECTION OF DIRECTORS

The Board of Directors, pursuant to the By-Laws, as amended, has fixed at six (6) the number of directors to be elected at the Meeting. Shares represented by Proxies will be voted for the election of the nominees for Director listed below, unless otherwise indicated. Each Director of MacDermid shall serve until the next annual meeting or until his successor has been elected and qualified. All nominees are currently Directors of MacDermid.

Management has no reason to believe that any nominee named below will be unable or unwilling to serve as a Director. If at the time of the Meeting a nominee should be unable to serve, or for good cause will not serve, it is the intention of the persons granted the Proxies to vote in their discretion for such other person as may be designated as a nominee by the Board of Directors of MacDermid.

The following information has been provided by each Director nominee.

#### --NOMINEES FOR DIRECTOR --

DANIEL H. LEEVER - Mr. Leever joined MacDermid in 1982. In 1989, he was appointed Senior Vice President and Chief Operating Officer. The following year, he was appointed President and Chief Executive Officer. In 1998, Mr. Leever was appointed Chairman of the Board and currently serves as Chairman and Chief Executive Officer. Mr. Leever attended undergraduate school at Kansas State University and the graduate school at the University of New Haven School of Business.

Principal occupation - Chairman of the Board and Chief Executive Officer of MacDermid  
Director since 1989  
2,167,795 shares - 7.2% (1)  
Age: 56

DONALD G. OGILVIE - Mr. Ogilvie has been President and Chief Executive Officer of the American Bankers Association since 2002, and prior to that he served as Executive Vice President since 1985. From 1980 to 1985 he was a Vice President of Celanese Corporation and from 1977 to 1980 Associate Dean of Yale University's School of Organization and Management. Earlier, he held posts in the U.S. Department of Defense and in the Executive Office of the President as Associate Director of National Security and International Affairs in the Office of Management and Budget. Mr. Ogilvie has a B.A. degree from Yale University and an M.B.A. from Stanford University's School of Business.

## Edgar Filing: MACDERMID INC - Form DEF 14A

Principal occupation - President and Chief Executive Officer of American Bankers Association

Director since 1986

49,847 shares - \*(2) (3)

Chairman of the Audit Committee and member of the Compensation and Corporate Governance Committees.

Age: 61

JAMES C. SMITH - Mr. Smith is Chairman of the Board (since 1995) and Chief Executive Officer (since 1987) of Webster Financial Corporation and its subsidiary, Webster Bank of Connecticut. From 1987 until April 2000, Mr. Smith also served as President of Webster Financial Corporation and Webster Bank. Mr. Smith is active in a number of organizations dedicated to enhancing the quality of life in the communities served by Webster. Mr. Smith has an AB degree from Dartmouth College.

Principal occupation - Chairman of the Board and Chief Executive Officer of Webster Financial Corporation and its subsidiary, Webster Bank of Connecticut. Director since 1994

59,963 shares - \*(2) (3)

Member of the Audit, Compensation and Corporate Governance Committees.

Age: 56

JOSEPH M. SILVESTRI - Mr. Silvestri is a partner at Citigroup Venture Capital Ltd where he has been employed since 1990. He is a member of the boards of directors and compensation committees of Triumph Group, Inc., a manufacturer and distributor of aircraft components, and Euramax, a fabricator of aluminum and steel products. Mr. Silvestri is also a director of Worldspan, a global distribution system for the travel industry. Mr. Silvestri has a BS degree from Pennsylvania State University and an MBA degree from Columbia Business School.

Principal occupation - Partner at Citigroup Venture Capital Ltd.

Director since 1999

201,622 shares - \*(2) (3)

Member of the Compensation Committee.

Age: 43

T. QUINN SPITZER, JR.- Mr. Spitzer is a partner in McHugh Consulting, a management consulting firm specializing in business strategy and complexity management. Mr. Spitzer has been an independent consultant since 1973. In 1978 he joined the consulting firm of Kepner-Tregoe, Inc. of Princeton, N.J. In 1990, he was appointed President and Chief Executive Officer of Kepner-Tregoe, and in 1996 he also became Chairman of the Board of Kepner-Tregoe. In 1999 he established McHugh Consulting. Mr. Spitzer received his undergraduate education from the University of Virginia and his graduate education from the University of Georgia. He serves on the Board of Directors of UTI, Inc.

Principal Occupation - Partner, McHugh Consulting

Director since 2000

42,287 shares - \*(2) (3)

Chairman of the Compensation and Corporate Governance Committees, as well as Lead Non-Management Director and member of the Audit Committee

Age: 55

ROBERT L. ECKLIN - Mr. Ecklin is Executive Vice President-Optical Communications for Corning Incorporated. He has held this position since January 2001 and has been Executive Vice President for Corning since January, 1999. He joined Corning

## Edgar Filing: MACDERMID INC - Form DEF 14A

in 1961 in the Engineering Division and has held a number of manufacturing and operations positions at Corning. He was formerly plant manager of two Corning facilities and was named Vice President in 1982. In 1990, Mr. Ecklin was appointed Senior Vice President and General Manager, Industrial Products. Mr. Ecklin serves on several boards including Pittsburgh Corning, Inc., Pittsburgh Corning Europe, Inc., and Cormetec Inc., as well as several service organizations, including the Alliance For Manufacturing and Technology for the Southern Tier, the Committee of 50, Alfred Technology Resources, Infotonics Inc. and the State University of New York, Research Board. Mr. Ecklin holds a bachelor's degree in architectural engineering and has completed the Executive Management Program at Dartmouth University.

Principal occupation - Executive Vice President of Corning, Incorporated  
Director since 2001  
40,047 shares - \*(2) (3)  
Member of the Audit, Compensation and Corporate Governance Committees.  
Age: 66

\* Indicates less than 1% of the outstanding shares of Common Stock.

### Notes to Election of Directors

(1) Includes 151,275 shares held by MacDermid's Profit Sharing and Employee Stock Ownership Plans (reported as of December 31, 2004), 147,065 shares (135,000 of these are subject of the shareholder proposal presented later in this proxy statement) which may be acquired upon exercise of options granted under the Special Stock Purchase Plan and 500,000 shares which may be acquired upon exercise of options granted under the MacDermid Incorporated Stock Option Plan dated July 6, 1998 and 580,000 shares which may be acquired upon the exercise of options granted under the 2001 Key Executive Performance Equity Plan. Includes 7,600 shares held in trust by Mr. Leever for his son and 4,478 shares owned by his spouse, as to all of which Mr. Leever disclaims beneficial ownership. Also includes 155,200 shares held by a certain trust established by Mr. Harold Leever, for which Mr. Daniel Leever is co-trustee. Includes 100,000 shares which may be acquired upon exercise of options granted under the 2001 Key Executive Performance Equity Plan on February 25, 2005.

(2) Except as otherwise indicated, owner has sole voting and investment power.

(3) Includes director's premium options granted under the MacDermid, Incorporated Stock Option Plan to purchase 2,295; 2,295; 3,501; 1,527 and 0 shares for Messrs. Ogilvie, Smith, Silvestri, Spitzer and Ecklin, respectively and options granted under the 2001 Key Executive Performance Equity Plan to purchase 25,779; 25,779; 34,914; 26,003; and 25,779 shares for Messrs. Ogilvie, Smith, Silvestri, Spitzer and Ecklin, respectively. Also includes 1,055; 704; 3,201; 1,974; and 259 shares restricted stock issued under the Equity Incentive Plan to Messrs. Ogilvie, Smith, Spitzer, Ecklin and Silvestri, respectively. Includes options to purchase 10,000; 10,000; 10,000; 10,000, and 10,000 shares of common stock granted under the 2001 Key Executive Performance Equity Plan for Messrs. Ogilvie, Smith, Silvestri, Spitzer and Ecklin respectively in February 2004. Also includes 735; 294; 294; 882 and 294 shares of restricted stock issued under the 1995 Equity Incentive Plan in February, 2005 for Messrs. Ogilvie, Smith, Silvestri, Spitzer and Ecklin respectively. All remaining shareholdings noted constitute personal or beneficial holdings on behalf of the applicable nominee.

## Edgar Filing: MACDERMID INC - Form DEF 14A

Vote Required  
-----

Each nominee for director shall be elected by a majority of the votes cast at the Meeting provided a quorum is present. Directions to withhold authority and abstentions will be counted for purposes of determining the presence or absence of a quorum. Broker non-votes are not counted for such purpose.

### COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee has furnished the following report on executive compensation in the fiscal year ended December 31, 2004.

#### EXECUTIVE COMPENSATION COMPENSATION PHILOSOPHY

The Compensation Committee is primarily responsible for MacDermid's overall executive compensation policy of compensating MacDermid's officers competitively with those of comparable companies, rewarding exceptional performance where appropriate and providing incentive for future performance through cash incentive payments and equity incentives. In the fiscal year ended December 31, 2004, MacDermid's executive compensation generally had three basic components: annual base salary, short-term cash incentive bonus and equity incentives (long term compensation).

In establishing levels of annual salary, incentive bonus and equity incentives, the Committee generally considers, in order of emphasis, the following factors: (i) MacDermid's performance, or in certain cases group performance, relative to Committee expectations, (ii) the performance and achievements of MacDermid's executives, individually, and collectively, (iii) the responsibilities of each executive, (iv) the compensation practices of peer companies, and (v) the level of cash compensation and equity incentives required to attract and hold qualified executives.

The Committee uses a comparative group of specialty chemical companies (the "Comparator Group") to serve as a factor for determining the appropriate cash and equity incentive components of the program. The companies in the Comparator Group are selected based upon their similarity to MacDermid, relative complexity, and scope. Earnings trends, return on equity and other performance measures are compared. The size and composition of the Comparator Group may change from year to year but the Comparator Group is generally the same as or similar to the Standard & Poors Specialty Chemical Index used in the Performance Equity Plan. The Comparator Group is different from the specialty chemical index used in the comparative stock performance graph.

Before considering the compensation factors discussed above, the Committee targets annual base compensation at a level which, together with incentive bonuses, would provide cash compensation to individual executives at below median market compensation levels for poor corporate or unit performance, at median market compensation levels for good performance, and above median market compensation levels for excellent performance.

#### Base Salary and Annual Bonus Compensation -----

Executives, other than the Chief Executive Officer, received base salaries and were eligible to receive performance based bonuses. Base salaries were set by the Committee in accordance with the above noted considerations. Primarily base salaries were determined by considering the executive's qualifications and responsibilities as well as the market based compensation practices of peer

## Edgar Filing: MACDERMID INC - Form DEF 14A

companies. Executives were also eligible to receive performance bonuses based primarily upon their individual and collective performance as well as the performance of the business units each primarily affects, in comparison to goals which have been pre-established by the Committee early in the fiscal year. The financial goals established by the Committee in determining performance bonuses use the operating profit and owner earnings of the business units most affected by each executive. Thus for this fiscal year the goals established by the Committee have encouraged executives to maximize the operating profit and owner earnings generated by the business units applicable to each executive. Bonuses were paid to the executives based upon the meeting of these pre-established financial goals. Performance bonuses ranged from 0% to 79% of base salary as a function of applicable financial performance in relation to the pre-established financial goals.

Going forward for 2005, the Compensation Committee has determined that it is appropriate for the President to be paid in accordance with a plan similar to, but not the same as, the Executive Compensation Plan. Under this which is new plan, which will take effect in 2005, the President will not receive a salary. Instead, the President will be paid performance based compensation tied directly, through a predetermined formula, to the operating profit and operating profit growth of the Company.

### Long Term Equity Compensation

-----

During the fiscal year ended December 31, 2004, MacDermid's executives were eligible to receive equity incentives (Stock Options or Restricted Stock Awards) under the MacDermid Special Stock Purchase Plan (the "Special Stock Purchase Plan"), the MacDermid, Incorporated 1995 Equity Incentive Plan (the "Equity Incentive Plan"), the MacDermid Stock Option Plan dated July 6, 1998 (the "Stock Option Plan"), and the 2001 Key Executive Performance Equity Plan (the "Performance Equity Plan") (the Special Stock Purchase Plan, Equity Incentive Plan, Stock Option Plan, and the Performance Equity Plan, collectively referred to as the "Plans").

The Committee administers the Plans, and awards equity incentives to executives and other employees of MacDermid. The purpose of awarding equity incentives under the Plans is to enable MacDermid to attract, retain and motivate its employees to exert their best efforts to enhance shareholder value by giving them the ability to participate in the long-term growth of MacDermid. The Committee generally considers the same factors in establishing the amounts of equity awards for MacDermid's executive officers as those listed above. The amounts of the awards are based upon the relative position of each executive officer within MacDermid and individual performance independent of the terms and amount of awards previously granted. The Compensation Committee has a stated policy of not re-pricing options after issuance.

"Stock Option Plan" - No Options Awarded this Fiscal Year.

-----

Stock options awarded under the Stock Option Plan are in the form of options to purchase a specified number of shares of MacDermid common stock at an exercise price which is set at a premium over the market price on the date of grant. The actual premium is set by the Compensation Committee. The period for exercising an option will begin four years after the date of grant and will end ten years after the date of grant. Vesting requirements, if any, are established by the Committee. Unless determined otherwise by the Compensation Committee, the exercise period will automatically terminate ninety (90) days after the grantee ceases to be employed by the Company on a full time basis, for any reason. During the fiscal year no options were granted under the Stock Option Plan.



## Edgar Filing: MACDERMID INC - Form DEF 14A

"Special Stock Purchase Plan" - No Options Awarded this Fiscal Year.  
-----

Stock Options awarded under the Special Stock Purchase Plan are in the form of options to purchase a specified number of restricted shares of MacDermid Common Stock at an exercise price at least 66.6% of the market price of the Common Stock on the date of award. The options are generally exercisable only during the four-year period beginning on the date of award. However, at the 1996 Annual Meeting of Shareholders, the shareholders approved amendments to the Special Stock Purchase Plan which may extend the foregoing exercise period under certain conditions. The shares of Common Stock acquired upon any exercise are treated as restricted stock for a period of four years commencing on the date of exercise. Such shares may not be sold during such period (other than to MacDermid at the exercise price) and must be resold to MacDermid at the exercise price if the participant's employment with MacDermid is terminated during such period, except in the case of death, retirement, permanent disability or involuntary termination without cause. Such restrictions may, however, be waived by the Committee in its discretion from time to time. An amendment to the Special Stock Purchase Plan which would extend the exercise period for certain options is presented with this Proxy. No options were granted under the Special Stock Purchase Plan during the fiscal year.

"Equity Incentive Plan" - No Restricted Shares Awarded to Executives this Fiscal  
-----

Year.

Restricted stock awards issued under the Equity Incentive Plan generally consist of shares of MacDermid Common Stock with vesting requirements and restrictions on transfer. The restricted stock awards may not be sold or transferred for a period of time. The restricted stock is forfeited to MacDermid if the participant's employment with MacDermid is terminated during the restricted period, except in the case of death, permanent disability, involuntary termination without cause or retirement. Such restrictions may, however, be waived by the Committee in its discretion from time to time. An aggregate of 1,812 shares of restricted stock were issued to non-employee Directors during 2004 under the Equity Incentive Plan, and no restricted stock was issued to executive officers under the Equity Incentive Plan during 2004 under the Equity Incentive Plan.

"Performance Equity Plan" -183,000 Options Awarded to Named Officers this Fiscal  
-----

Year.

Options to purchase MacDermid common shares pursuant to the terms of the Performance Equity Plan are issued at fair market value at the time of the grant, adjusted annually for the first six (6) years after grant based upon the comparative performance of the S&P Specialty Chemicals Index in relation to the Company's share performance. The options generally vest at the end of a four (4) year period. The number of options which vest may be increased or decreased based upon MacDermid's cumulative owner earnings and/or earnings per share during the four year vesting period in relation to targets set by the Committee at the time of the award. The exercise period generally begins upon vesting and ends 10 years from the date of grant. During the fiscal year the Committee awarded options to purchase 100,000; 42,000; 20,000; 20,000; and 1,000 shares of MacDermid common stock to Messrs. Leever, Largan, Bolingbroke, Cordani, and Monteiro respectively, under the Performance Equity Plan.

The Committee believes that the Plans allow executive officers to participate in the enhancement of shareholder value. The Committee has also adopted a stock retention policy (the "Policy") that is designed to encourage MacDermid executives to hold the shares of common stock which arise from the exercise of options under the Plans. The Policy provides that no covered executive shall be entitled to receive additional option grants or restricted share grants unless such executive has retained at least 75% of the aggregate of all common stock that arose from the exercise of options/restricted share grants

## Edgar Filing: MACDERMID INC - Form DEF 14A

previously provided to the executive after deduction for payment of applicable taxes and the exercise price. The Committee has retained discretion to waive compliance with the policy in exceptional circumstances. The Committee believes that participation in the Plans, as augmented by the Policy, encourages executives to concentrate on long-term shareholder value growth.

### CHIEF EXECUTIVE OFFICER COMPENSATION

Compensation for Daniel H. Leever, MacDermid's Chairman and Chief Executive Officer, was determined in accordance with the MacDermid, Incorporated Executive Compensation Plan, the material terms of which were approved by the Company's shareholders at the 1998 Annual Meeting of Shareholders. Under the plan, no base salary is paid to Mr. Leever. The amount of performance based short-term annual compensation which was paid to Mr. Leever during the last fiscal year was based directly and solely upon the following factors: (i) earnings per share, and (ii) the two-year average of earnings per share growth. Compensation under the plan was equal to the sum of two components. The first component was determined by multiplying a base amount of \$6,615 by the number of cents per share the Company has earned for the fiscal year up to \$1.00. The second component was determined by multiplying the same base amount by the number of cents per share earned by the Company during the fiscal year above \$1.00, further multiplied by a factor of from 0 to 2.5, which factor is determined based upon the two year average of earnings per share growth. In determining earnings, the Committee uses its discretion in including or excluding one time or extraordinary gains or losses. Mr. Leever's annual performance based compensation was determined and paid in accordance with the provisions noted above.

Mr. Leever received options to purchase 100,000 shares of MacDermid common stock pursuant to the terms of the Performance Equity Plan during the last fiscal year.

The Company is subject to Internal Revenue Code Section 162(m), which could limit the deductibility of certain compensation payments to its executive officers. The Company intends to comply with the requirements of Section 162(m); however, it also weighs the burdens of such compliance against the benefits to be obtained by the Company and may pay compensation that is not fully deductible if it determines that such payments are in the Company's best interests. During this fiscal year, all compensation paid to the Company's executive officers was fully deducted by the Company.

Respectfully submitted by,

#### THE COMPENSATION COMMITTEE

T. Quinn Spitzer, Jr. (Chairman)  
Donald G. Ogilvie  
James C. Smith  
Joseph M. Silvestri  
Robert L. Ecklin

### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee is or has been an officer or employee of the Company or any of its subsidiaries. In the last fiscal year, no executive officer of the Company served on the compensation committee or as a director of another entity, one of whose executive officers served on the Company's Compensation Committee or Board of Directors.

# Edgar Filing: MACDERMID INC - Form DEF 14A

## SUMMARY COMPENSATION TABLE

The following Summary Compensation Table summarizes annual, long-term and other compensation paid by MacDermid for each of its three previous fiscal years to MacDermid's Chief Executive Officer and the four other most highly compensated executive officers.

Annual Compensation	Long-Term Compensation Awards
---------------------	-------------------------------------