

NORDSON CORP
Form DEF 14A
January 30, 2004

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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**

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

NORDSON CORPORATION

(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):

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

(1) Title of each class of securities to which transaction applies:

Not Applicable

(2) Aggregate number of securities to which transaction applies:

Not Applicable

(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):

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(4) Proposed maximum aggregate value of transaction:

Not Applicable

(5) Total fee paid:

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o Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

Not Applicable

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

Not Applicable

(3) Filing Party:

Not Applicable

(4) Date Filed:

Not Applicable

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NORDSON CORPORATION

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William P. Madar

Chairman of the Board

Edward P. Campbell

*President and Chief
Executive Officer*

January 30, 2004

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders to be held at the Spitzer Conference Center, 1005 North Abbe Road, Elyria, Ohio, at 5:30 p.m. on March 11, 2004. We hope that you will be able to attend.

The Notice of Annual Meeting of Shareholders and the Proxy Statement, which are included in this booklet, describe the matters to be acted upon at the meeting. Regardless of the number of shares you own, your vote on these matters is important. Whether or not you plan to attend the meeting, we urge you to mark your choices on the enclosed proxy card and to sign and return it in the envelope provided. If you later decide to vote in person at the meeting, you will have an opportunity to revoke your proxy and vote by ballot.

We look forward to seeing you at the meeting.

Sincerely,

WILLIAM P. MADAR
Chairman of the Board

EDWARD P. CAMPBELL
President and Chief
Executive Officer

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NORDSON CORPORATION
NOTICE OF ANNUAL MEETING
OF SHAREHOLDERS

The Annual Meeting of Shareholders of Nordson Corporation will be held at the Spitzer Conference Center, 1005 North Abbe Road, Elyria, Ohio, at 5:30 p.m. on March 11, 2004. The purposes of the meeting are:

1. To elect 4 directors to the class whose term expires in 2007;
 2. To approve the Nordson Corporation 2004 Long-Term Performance Plan;
 3. To approve the Nordson Corporation 2004 Management Incentive Compensation Plan; and
 4. To hear reports and to transact any other business that may properly come before the meeting.
- Shareholders of record at the close of business on January 14, 2004 are entitled to notice of and to vote at the meeting.

For the Board of Directors

ROBERT E. VEILLETTE
Secretary

January 30, 2004

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NORDSON CORPORATION

PROXY STATEMENT

The Board of Directors of Nordson Corporation requests your proxy for use at the Annual Meeting of Shareholders to be held on March 11, 2004, and at any adjournments of that meeting. This Proxy Statement is to inform you about the matters to be acted upon at the meeting.

If you attend the meeting, you can vote your shares by ballot. If you do not attend, your shares can still be voted at the meeting if you sign and return the enclosed proxy card. Shares represented by a properly signed card will be voted in accordance with the choices marked on the card. If no choices are marked, the shares will be voted to elect the nominees listed below and for the proposals described on pages 18 through 23. You may revoke your proxy before it is voted by giving notice to Nordson in writing or orally at the meeting.

This Proxy Statement and the enclosed proxy card are being mailed to shareholders on or about January 30, 2004. Nordson's executive offices are located at 28601 Clemens Road, Westlake, Ohio 44145, telephone number (440) 892-1580.

ELECTION OF DIRECTORS

Nordson's Board of Directors is composed of thirteen directors, divided into one class of five members and two classes of four members. The terms of these classes as of the 2004 Annual Meeting will expire in 2005, 2006 and 2007. Each of the directors serves for a term of three years and until a successor is elected. The Board of Directors met six times during the last fiscal year.

Four nominees for election as directors for terms expiring in 2007, as well as present directors whose terms will continue after the meeting, appear below.

Nominees For Terms Expiring in 2007

William D. Ginn, age 80, has been a director of Nordson since 1959. Mr. Ginn is a retired Partner with the law firm of Thompson Hine LLP. Thompson Hine LLP has in the past provided and continues to provide legal services to Nordson.

Stephen R. Hardis, age 68, has been a director of Nordson since 1984. He served as Chairman and Chief Executive Officer of Eaton Corporation from January 1996 through July 2000. Eaton produces automation systems and equipment, capital and consumer goods components, aerospace and defense systems, and automotive components. Mr. Hardis is a director of Lexmark International, Inc., a manufacturer and seller of computer printer products; Marsh & McLennan Cos., a provider of insurance and reinsurance, consulting, and investment advisory and management services; American Greetings Corporation, a creator, manufacturer and distributor of greeting cards and special occasion products; The Progressive Corporation, an insurance holding company; STERIS Corporation, a maker of technologies to control infection and contamination; Apogent Technologies Inc., a developer and manufacturer of products for the labware and life sciences, clinical diagnostics and laboratory equipment industries; and is Chairman of the Board of Axcelis Technologies, Inc., a producer of ion implantation equipment used in the semiconductor manufacturing industry.

William L. Robinson, age 62, has been a director of Nordson since 1995 and, for the last five years, has been a professor of law at the University of the District of Columbia's David A. Clarke School of Law. In 2000, Mr. Robinson was a visiting professor of law at the University of Maryland School of Law. In 1998 and 1999, he was a visiting professor of law at the CUNY School of Law at Queens College in Flushing, New York. Mr. Robinson served as Dean of the University of the District of Columbia School of Law from 1988 to 1998.

Benedict P. Rosen, age 67, has been a director of Nordson since January 1999. He has served as Chairman of AVX Corporation since July 1997 and was Chief Executive Officer of AVX Corporation from July 1997 through July 2001. AVX is an international producer of electronic components.

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No shareholder or group that beneficially owns 5% or more of Nordson's outstanding Common Shares has nominated a candidate for election as a director at the 2004 Annual Meeting of the Shareholders.

Present Directors Whose Terms Expire in 2006

William P. Madar, age 64, has been a director of Nordson since 1985. He has served as Chairman of the Board of Nordson since October 1997 and was Vice Chairman and Chief Executive Officer from August 1996 to October 1997. Mr. Madar is a director of Brush Engineered Materials, Inc., a producer and supplier of beryllium and related products, specialty metal systems and precious metal products, and The Lubrizol Corp., a manufacturer of specialty chemicals.

William W. Colville, age 69, has been a director of Nordson since 1988. He was Senior Vice President - Law, General Counsel and Secretary of Owens-Corning Fiberglas Corp. from 1984 until December 1994 and served as a legal consultant to Owens-Corning from January 1995 until October 2000. Owens-Corning manufactures glass fiber products and related materials. Mr. Colville is a director of Owens-Corning.

Edward P. Campbell, age 54, has been a director of Nordson since 1996. He has served as President and Chief Executive Officer of Nordson since November 1, 1997 and was President and Chief Operating Officer of Nordson from August 1996 to October 1997. He is a director of KeyCorp, a financial services company, and OMNOVA Solutions, Inc., a manufacturer of specialty chemicals, emulsion polymers and decorative and building products.

Dr. David W. Ignat, age 62, has been a director since March 2002 and was the Scientific Editor and General Manager of Nuclear Fusion, a research journal published by the International Atomic Energy Agency, from 1996 through 2002. From 2000 through 2001, he was a consultant to the Princeton Plasma Physics Laboratory, Princeton University. Dr. Ignat is the nephew of Eric T. Nord.

Present Directors Whose Terms Expire in 2005

Dr. Glenn R. Brown, age 73, has been a director of Nordson since 1986. Dr. Brown is President and a member of the Board of Directors of The Generation Foundation, a tax-exempt public charity whose mission is to invest cooperatively in economic and technological initiatives to support employment growth, community development and revitalization in the Greater Cleveland, Ohio area. He was Science Advisor to the Governor of the State of Ohio from July 1996 to January 2001. He is also a retired Senior Vice President and a former director of The Standard Oil Company.

Eric T. Nord, age 86, has been a director of Nordson or its predecessor since 1941. He served as Chairman of the Board of Nordson from 1967 to October 1997. Eric Nord is Dr. Ignat's uncle.

Peter S. Hellman, age 54, has been a director of Nordson since May 2001. Mr. Hellman has served as Executive Vice President and Chief Financial and Administrative Officer of Nordson since February 2000. From 1995 through February 1999, Mr. Hellman was President and Chief Operating Officer of TRW Inc., where he also served on its board of directors and as a member of the management committee. TRW was a provider of advanced technology products and services for the automotive, aerospace and information systems markets. Mr. Hellman serves as a director of Qwest Communications International Inc., a global leader in broadband internet-based communications.

Mary G. Puma, age 46, has been a director of Nordson since July 2001 and is President and Chief Executive Officer of Axcelis Technologies, Inc., a producer of ion implantation equipment used in the semiconductor manufacturing

industry. Previous to her election as President and Chief Executive Officer of Axcelis in January 2002, Ms. Puma served as Axcelis President and Chief Operating Officer from May 2000 to January 2002 and as Vice President of Axcelis from February 1999 to May 2000. From January 1998 to February 1999, Ms. Puma was General Manager and Vice President of Eaton Corporation's Implant Systems Division. Eaton produces automation systems and equipment, capital and consumer goods components, aerospace and defense systems, and automotive components. Ms. Puma is also a

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director of Axcelis and Apogent Technologies, Inc., a developer and manufacturer of products for the labware and life sciences, clinical diagnostics and laboratory equipment industries.

Joseph P. Keithley, age 55, has been a director of Nordson since July 2001 and is Chairman of the Board, President and Chief Executive Officer of Keithley Instruments, Inc., a provider of measurement solutions to the semiconductor, fiber optics, telecommunications and electronics industries. He has served as Chairman of the Board of Keithley Instruments since 1991, as CEO since 1993 and as President since 1994. Mr. Keithley is also a director of Brush Engineered Materials, Inc., a producer and supplier of beryllium and related products, specialty metal systems and precious metal products.

Corporate Governance, Committees of the Board of Directors, and Attendance

The Board of Directors has adopted the Nordson Corporation Governance Guidelines (Guidelines). These Guidelines are attached to this Proxy Statement as Appendix A. The Guidelines and committee charters discussed below are also available in the Corporate Governance section of the Company s website: www.nordson.com.

The Audit Committee presently consists of six members, Messrs. Colville, Ginn, Madar, Robinson, Dr. Ignat and Ms. Puma. The Company s securities are quoted on the National Association of Securities Dealers Automated Quotations National Market System. All members of the Audit Committee meet the independence standards of the National Association of Securities Dealers (NASD). The Board of Directors has designated William P. Madar as the audit committee financial expert pursuant to the SEC s final rules implementing Section 407 of the Sarbanes-Oxley Act. The Audit Committee reviews the proposed audit programs (including both independent and internal audits) for each fiscal year, the results of these audits, and the adequacy of Nordson s systems of internal accounting control. The Committee also is responsible for (i) the appointment, compensation, and oversight of the independent auditors for each fiscal year, (ii) the approval of all permissible non-audit services to be performed by the independent auditors, (iii) the establishment of procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (iv) the approval of all related-party transactions. A more detailed discussion of the purposes, duties, and responsibilities of the Audit Committee is found in the Committee s charter included in this Proxy Statement as Attachment 1 to the Guidelines. The Committee has discussed with the independent auditors the auditors independence from management and the Company, including the matters in written disclosures required by the Independence Standards Board, and considered the compatibility of non-audit services with the auditors independence. The Audit Committee Report to the Board of Directors is attached to this Proxy Statement as Appendix B. The Audit Committee met five times during the last fiscal year.

The present members of the Compensation Committee are Messrs. Hardis, Keithley, Nord, Rosen and Dr. Brown. All members of the Compensation Committee meet the NASD independence standards. The Compensation Committee is responsible for approving executive officer compensation and for administering the incentive and equity participation plans which make up the variable compensation paid to executive officers including Nordson s 1993 Long-Term Performance Plan, as amended (the Performance Plan), 1995 Management Incentive Compensation Plan, Deferred Compensation Plan, and Long-Term Incentive Plan. The Committee also administers employee stock plans and other benefit plans, including the Company s Excess Defined Benefit Pension Plan and Excess Defined Contribution Retirement Plan. A more detailed discussion of the purposes, duties, and responsibilities of the Compensation Committee is found in the Committee s charter included in this Proxy Statement as Attachment 2 to the Guidelines. During the last fiscal year, the Compensation Committee met six times.

The present members of the Governance and Nominating Committee are Messrs. Colville, Ginn, Hardis, Nord, Rosen and Dr. Brown. All members of the Governance and Nominating Committee meet the NASD independence standards. The purpose of the Governance and Nominating Committee is to ensure that the Board of Directors and its

committees are appropriately constituted so that the Board and directors may effectively meet their fiduciary obligations to shareholders and the Company. A more detailed discussion of the purposes, duties, and responsibilities of the Governance and Nominating Committee is found in the

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Committee's charter included in this Proxy Statement as Attachment 3 to the Guidelines. The Governance and Nominating Committee met four times during the last fiscal year.

The present members of the Pension and Finance Committee are Messrs. Keithley, Madar, Robinson, Dr. Ignat and Ms. Puma. The purpose of the Pension and Finance Committee is to provide oversight of the named fiduciaries (the Company and the Company's Administrative Committee for Qualified Retirement Plans) administration of the Nordson Corporation Salaried and Hourly-Rated Employees Savings Trust (NEST) and Salaried and Hourly-Rated Employees Pension Plans (the Plans), including oversight of the Company's and Administrative Committee's selection and evaluation of the performance of investment managers (as that term is defined in Section 3(38) of ERISA) having investment management authority over the assets, or portion thereof, of the NEST and the Plans. A more detailed discussion of the purposes, duties, and responsibilities of the Committee is found in the Pension and Finance Committee's charter attached to this Proxy Statement as Attachment 4 to the Guidelines. During the last fiscal year, the Pension and Finance Committee met two times.

Directors are expected to attend the Annual Meeting of the Shareholders and all Board of Directors meetings and meetings of committees on which a director serves. During the last fiscal year each director attended at least seventy-five percent of the meetings of the Board of Directors and of the committees on which he or she served. All directors attended the 2003 Annual Meeting of the Shareholders.

Compensation of Directors

Nordson pays the Chairman of the Board of Directors a fee of \$15,000 per quarter and \$2,000 for each Board meeting attended. Nordson pays other non-employee directors a fee of \$7,500 per quarter and \$1,000 for each Board meeting attended. Each non-employee director is also paid \$1,000 for each committee meeting attended. Chairpersons of the Audit and Compensation Committees receive an additional \$1,000 per quarter with chairpersons of other committees receiving an additional \$750 per quarter.

Directors may defer all or part of their fees until retirement under the Performance Plan. The fees may be deferred as cash and credited with interest at a U.S. Treasury rate, or they may be translated into stock equivalents based on the market price of Nordson Common Shares when the fees are earned and credited with additional stock equivalents when dividends are paid.

Non-employee directors annually are granted an option to purchase 2,500 Nordson Common Shares and receive 500 restricted Nordson Common Shares.

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The following table shows the number and percent of Nordson Common Shares beneficially owned on January 14, 2004 by each of the directors, including nominees; each of the executive officers named in the Summary Compensation Table set forth on page 11; any persons known to Nordson to be the beneficial owner of more than 5% of Nordson Common Shares; and by all directors and executive officers as a group.

Name	Number of Shares (1)	Percent
Dr. Glenn R. Brown	54,030	.2
Edward P. Campbell (2)	891,260	2.5
William W. Colville	44,245	.1
William D. Ginn (3)(5)(6)	539,835	1.5
Stephen R. Hardis	84,112	.2
Peter S. Hellman (2)	215,583	.6
Dr. David W. Ignat	1,657,098	4.7
Joseph P. Keithley	10,392	*
William P. Madar	406,729	1.2
Eric T. Nord (4)(5)(7)	4,487,987	12.8
Evan W. Nord (4)(7)(8)(9)	5,024,172	14.3
Mary G. Puma	8,384	*
William L. Robinson	28,557	*
Benedict P. Rosen	28,108	*
Donald J. McLane (2)	326,907	.9
Mark G. Gacka (2)	189,167	.5
Robert A. Dunn, Jr. (2)	209,564	.6
All directors and executive officers as a group (20 people) (10)	9,201,921	24.7

* Less than 0.1%.

- (1) Except as otherwise stated in notes (2) through (10) below, beneficial ownership of the shares held by each of the directors, executive officers and affiliates consists of sole voting power and sole investment power, or of voting power and investment power that is shared with the spouse of the director, executive officer or affiliate. Beneficial ownership of the shares held by the non-employee directors and Evan Nord (a former director) includes the right to acquire shares on or before March 14, 2004 under the Stock Option provisions of the Performance Plan and the Directors Deferred Compensation provisions of the Performance Plan in the following amounts: Dr. Brown, 48,130 shares; Mr. Colville, 39,300 shares; Mr. Ginn, 0 shares; Mr. Hardis, 59,112 shares; Dr. Ignat, 6,360 shares; Mr. Keithley, 9,392 shares; Mr. Madar, 17,129 shares; Eric Nord, 51,039 shares; Evan Nord, 24,281 shares; Ms. Puma, 7,384 shares; Mr. Robinson, 27,557 shares; and Mr. Rosen, 25,056 shares. In addition, Mr. Madar has the right to acquire 142,552 shares on or before March 14, 2004 under stock option plans of the Company.
- (2) These include the right to acquire shares on or before March 14, 2004 in amounts as follows: Mr. Campbell, 781,250 shares; Mr. Hellman, 176,500 shares; Mr. McLane, 252,250 shares; Mr. Gacka, 154,450 shares; and Mr. Dunn, 180,650 shares. With respect to Mr. Campbell, the number of shares include 20,534 stock equivalent units held by Mr. Campbell under the Nordson Corporation Deferred Compensation Plan.
- (3) These include 121,964 shares held by Mr. Ginn as trustee of various trusts for the grandchildren of Eric Nord.

- (4) These include 632,116 shares held by The Nord Family Foundation. As trustees of this foundation, Eric Nord and Evan Nord have shared voting power and shared investment power with respect to these shares.

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- (5) These include 360,000 shares held by the Eric and Jane Nord Foundation. As trustees of this foundation, Eric Nord and Mr. Ginn have shared voting power and shared investment power with respect to these shares.
- (6) These include 12,000 shares held by the Ginn Family Fund. As a trustee of this fund, Mr. Ginn has shared voting power and shared investment power with respect to these shares.
- (7) These include 2,005,560 shares held by Eric Nord and Evan Nord as testamentary trustees under the will of Walter G. Nord, the founder of Nordson. Eric Nord and Evan Nord have shared voting power and shared investment power with respect to these shares.
- (8) These include 1,000,000 shares held by the Cynthia W. Nord Charitable Remainder Unitrust and 1,000,000 shares held by the Evan W. Nord Charitable Remainder Unitrust. As trust advisor of those trusts, Evan Nord has voting power with respect to these shares.
- (9) Evan Nord is a co-founder and former officer and director of Nordson and is beneficial owner of more than 5% of Nordson's Common Shares. His mailing address is PO Box 1330, Columbia, South Carolina 29202-1330.
- (10) Beneficial ownership of the shares held by each of the directors and executive officers as a group consists of sole voting power with respect to 114,250 shares, sole voting and sole investment power with respect to 3,767,964 shares, shared voting power and shared investment power with respect to 3,009,676 shares, and the right to acquire 2,289,497 shares on or before March 14, 2004.

As of January 14, 2004, present and former directors, officers and employees of Nordson and their families beneficially owned over 17.4 million Nordson Common Shares, representing 50% of the outstanding shares. Nordson is party to an agreement that, with some exceptions, gives Nordson a right of first refusal with respect to proposed sales of Nordson Common Shares by Evan Nord and Eric Nord, individually or as testamentary trustees, Mr. Ginn, as trustee, and The Nord Family Foundation. Except as described in the above table, to the best of Nordson's knowledge, no person beneficially owns more than 5% of the outstanding Nordson Common Shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires directors and executive officers of Nordson and persons who own more than ten percent of Nordson's Common Shares to file reports of ownership and changes in ownership of Nordson Common Shares held by them with the Securities and Exchange Commission. Copies of these reports must also be provided to the Company.

Based on its review of these reports, the Company believes that, during the fiscal year ended November 2, 2003, all reports were filed on a timely basis by reporting persons.

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COMPENSATION OF EXECUTIVE OFFICERS

Compensation Committee Report on Executive Compensation

The Compensation Committee (the Committee) of the Board of Directors, each member of which satisfies the independence standards of the National Association of Securities Dealers, is responsible for approving executive management compensation and for administering the incentive and equity participation plans which make up the variable compensation paid to executive officers (Officers). The Committee also administers employee stock plans and certain other benefit plans.

The Committee and the Board believe that the executive management compensation program should support the goals and objectives of the Company. These goals and objectives should balance the importance of annual financial performance with the equally important creation and protection of long-term fundamentals which support long-term growth and profitability.

Nordson's executive management compensation program:

- establishes compensation performance objectives that are directly linked to corporate goals;

- provides a high degree of leverage between compensation and corporate performance;

- creates long-term incentives directly linked to shareholder returns; and

- is designed to attract, retain and motivate key executives.

The Company's executive compensation program consists of base salary, annual cash bonuses, long-term incentive cash awards and stock awards. All of these components are designed with the objective of attracting and retaining executives and motivating management to meet and exceed Company growth and profitability goals. In determining the total amount and mix of the compensation package for each Officer, the Committee utilizes external competitive information provided by executive compensation consultants. The Committee also considers the overall value to the Company of each Officer based upon individual performance and past and expected contribution by each Officer towards the achievement of the Company's performance goals.

Total Cash Compensation

The cash compensation program is designed to provide each Officer with varying amounts of total cash compensation depending upon both the individual performance of the Officer and the financial performance of Nordson compared to the financial performance of similar industrial companies. The intent is to establish a direct correlation between Nordson's financial performance and Officer compensation such that the percentile ranking of Officer total cash compensation will generally correlate with the percentile ranking of Nordson's performance.

This correlation is established by setting Officer base salaries at approximately the median of similarly sized industrial company base salaries, and varying the annual cash bonus awards according to the financial performance of Nordson and the individual performance of each Officer. Although the annual cash bonus awards are generally set based upon the degree to which Nordson met its financial targets and individual Officers met their performance targets, these targets and the corresponding bonus payments are periodically calibrated so as to have Officer total cash compensation at various levels of performance generally correlate with external market compensation and performance.

Base Salary

Officer base salaries are targeted at approximately the 50th percentile salary for similar positions within similarly sized industrial companies. The Committee reviews the competitiveness of the base salary of each Officer annually and, if appropriate, salaries are changed based upon individual performance and competitive position.

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Annual Cash Bonus

Officer annual bonuses are funded primarily based upon corporate and individual performance. For the 2003 Bonus Plan, the Board of Directors and the Committee set two quantitative targets: (1) return on total invested capital and (2) earnings per share growth. In addition to performance against these corporate goals, the Committee evaluated the performance of each Officer against individual performance targets.

After considering performance against Plan and individual goals, the Committee approved cash bonus awards for Mr. Campbell and the four other most highly compensated Officers as indicated in the Summary Compensation Table on page 11. Though payment of annual bonuses is based primarily on pre-established performance criteria, the Committee may, however, choose to modify targets, change payment levels or otherwise exercise discretion to reflect the external economic environment and individual or Company performance.

Long-Term Incentives

Long-term incentives consist of stock options, restricted stock and cash awards granted under the Performance Plan. The Committee believes that through the use of stock and performance-based cash awards, Officer interests are directly aligned with those of the Company's shareholders.

Officers are issued stock option grants annually with an exercise price equal to the closing price of Nordson Common Shares on the last business day prior to the date of grant. These options are not fully exercisable until four years following the date of grant and expire in ten years. Officers also receive restricted stock awards annually. The restricted stock has a restriction on transfer of the stock for four years following the grant date. The stock awards are designed to reinforce a long-term perspective and to help retain key executives.

Officers receive cash awards under the Long-Term Incentive Plan based solely on corporate performance over three-year performance periods. Cash awards vary based on the degree to which corporate performance exceeds predetermined threshold, target and maximum performance levels at the end of a performance period. No payout will occur unless the Company achieves certain threshold performance objectives. The Committee may, however, choose to modify targets, change payment levels or otherwise exercise discretion to reflect the external economic environment and individual or Company performance.

The Committee chooses specific measures for each successive three-year performance period. In fiscal year 2000, the Committee established performance measures for the 2001-2003 performance period applicable to all Officers based on cumulative earnings per share and cumulative economic value added. Performance during this period fell short of the threshold levels, and no awards were paid to any Officer under the Long-Term Incentive Plan. Performance measures established by the Committee for the 2002-2004 and 2003-2005 performance periods are based on cumulative earnings per share and inventory reduction. For the 2004-2006 performance period, the Committee has established performance measures based on cumulative earnings per share and cumulative revenue.

Deferred Compensation Plan

The Deferred Compensation Plan provides Officers and key employees of Nordson with an opportunity to defer receipt of fiscal year cash compensation (base salary and incentive compensation). Participants may elect to defer all or part of their cash compensation for the relevant fiscal year for a period of years or until retirement. Participants can select from a variety of investment funds from which the earnings on their deferred compensation account will be

determined.

Chief Executive Officer Compensation

The 2003 compensation for Mr. Campbell was earned pursuant to the arrangements described above. The Committee approved a 2003 base salary increase for Mr. Campbell after considering both his overall performance in this key strategic leadership role and the competitiveness of his base salary in comparison to the marketplace.

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In determining the annual bonus to be paid to Mr. Campbell, the Committee considered Company performance against the corporate financial measures of return on total invested capital and earnings per share growth and other performance criteria. His bonus payment reflects both strong corporate financial performance against the corporate targets and continuing improvement in reducing total debt and expense control resulting in strong cash flow. In addition, the Company had a number of significant commercial and operational achievements including:

1. The successful launch of the next generation Blue Series adhesive melter product line;
2. EFD worldwide sales growth of over 10% fueled by geographic expansion;
3. Development of a new low-end automation platform for sales through the EFD distribution channels;
4. Significant progress in the development of China manufacturing capability; and
5. Improving operating productivity through the continuing implementation of *lean*.

Mr. Campbell was granted stock options, restricted stock and long-term incentive units based upon the factors described in earlier sections of this report. No payment was made to Mr. Campbell for the 2001-2003 performance period under the Long-Term Incentive Plan because performance fell short of the threshold performance targets.

Deduction Limitation on Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, permit a publicly-held corporation to deduct certain compensation up to \$1 million paid or accrued with respect to certain of the Officers. The Committee will continue to monitor its compensation policy for deductibility under Section 162(m), including encouraging deferrals of otherwise non-deductible payments.

Compensation Committee of the Board of Directors:

Stephen R. Hardis, Chairman
Dr. Glenn R. Brown
Joseph P. Keithley
Eric T. Nord
Benedict P. Rosen

January 30, 2004

Table of Contents**Summary Compensation Table**

The following table sets forth individual compensation information for Edward P. Campbell and the four other most highly compensated Officers whose total annual salary and bonus for the fiscal year ended November 2, 2003 exceeded \$100,000:

Name And Principal Position	Year	Annual Compensation		
		Salary (\$)	Bonus (\$ (1))	Other Annual Compensation (\$)
Edward P. Campbell	2003	640,000	1,280,000	0
President & Chief	2002	610,500	350,000	0
Executive Officer	2001	590,000	0	0
Peter S. Hellman	2003	452,000	714,000	0
Executive Vice President &	2002	433,500	197,000	0
Chief Financial &	2001	420,000	0	0
Administrative Officer				
Donald J. McLane	2003	327,000	422,000	0
Senior Vice President	2002	310,500	147,000	0
	2001	300,000	0	0
Mark G. Gacka	2003	275,000	378,000	0
Vice President	2002	264,500	117,000	0
	2001	255,000	0	0
Robert A. Dunn, Jr.	2003	270,000	378,000	0
Vice President	2002	258,500	80,000	0
	2001	250,000	0	0

[Additional columns below]

[Continued from above table, first column(s) repeated]

Name And Principal Position	Long-Term Compensation Awards			All Other Compensation (\$ (3))
	Restricted Stock Awards (\$ (2))	Options/ SARs (#)	L-TIP \$	
Edward P. Campbell	419,040	85,000	0	18,436
President & Chief	0	192,000		38,355
Executive Officer	0	192,000		27,598
Peter S. Hellman	197,880	36,000	0	7,848
Executive Vice President				
&	0	80,000		8,523
Chief Financial &	0	80,000		2,019
Administrative Officer				

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Donald J. McLane	122,220	21,000	0	9,384
Senior Vice President	0	52,000		17,926
	0	52,000		12,517
Mark G. Gacka	87,300	13,000	0	7,979
Vice President	0	36,000		14,690
	0	36,000		10,698
Robert A. Dunn, Jr.	87,300	13,000	0	7,804
Vice President	0	36,000		13,418
	0	36,000		10,660

(1) Bonus amounts paid to all Officers as a group was \$3,991,198.

(2) Amounts reported represent the dollar value on the date of grant. 48,500 shares of restricted Nordson Common Stock were awarded to all Officers as a group. 5,500 shares of restricted Nordson Common Stock were awarded to non-employee directors and 4,000 shares of restricted Nordson Common Stock were awarded to non-Officer employees as a group.

(3) Includes in each case, employer matching and allocations made to the Nordson Corporation Employees Savings Trust Plan and Supplemental Plan, and the Deferred Compensation Plan.

Table of Contents**Option/SAR Grants in Last Fiscal Year**

The following table sets forth information regarding individual grants of stock options/SARs made during the fiscal year ended November 2, 2003 to each Officer named in the Summary Compensation Table:

Individual Grants					
Name	Number of Securities Underlying Options/SARs Granted (1) (2) (3)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Share)	Expiration Date	Grant Date Present Value (\$ (4)
Edward P. Campbell	85,000	18.0%	27.78	12/9/2012	573,750
Peter S. Hellman	36,000	7.6%	27.78	12/9/2012	243,000
Donald J. McLane	21,000	4.4%	27.78	12/9/2012	141,750
Mark G. Gacka	13,000	2.7%	27.78	12/9/2012	87,750
Robert A. Dunn, Jr.	13,000	2.7%	27.78	12/9/2012	87,750

- (1) Options were awarded for 199,000 shares of Nordson Common Stock to all Officers as a group. Options were awarded for 28,072 shares of Nordson Common Stock to all non-employee directors and for 246,286 shares of Nordson Common Stock to non-Officer employees as a group.
- (2) All options awarded to Officers named in the Summary Compensation Table on page 11 become exercisable beginning one year after grant date at 25% per year on a cumulative basis. The exercise price was equal to the fair market value on the date of grant. The exercise price and tax withholding obligations related to the exercise may be paid by cash, delivery of currently-owned shares, by offset of the underlying shares, or any combination thereof.
- (3) No stock appreciation rights (SARs) were granted to any employee other than stock appreciation rights (Limited Rights) that become exercisable only upon the occurrence of a change in control of Nordson.
- (4) These values were calculated using a Black-Scholes option pricing model. The Black-Scholes model is a complicated mathematical formula which is widely used and accepted for valuing traded stock options. The actual value, if any, an Officer may realize will depend on the excess of the stock price over the exercise price on the date the options are exercised, and no assurance exists that the value realized by an Officer will be at or near the value estimated by the Black-Scholes model. The following assumptions were used in these calculations:
- (a) Expected life of option: 7.0 years;
- (b) Volatility factor: 28.4%;
- (c) Assumed risk-free rate of interest: 3.68%
- (d) Assumed dividend yield: 2.2%;
- (e) No reduction in the value calculated has been made for possible forfeitures.

Table of Contents**Long-Term Incentive Compensation**

The following table sets forth information concerning the Company's Long-Term Incentive Plan for the 2003-2005 performance period. For the 2003-2005 performance period, the Committee established performance measures based on cumulative earnings per share and inventory reduction.

LONG-TERM INCENTIVE PLAN AWARDS IN LAST FISCAL YEAR

Name	Number of shares, units or other rights (#) (1)	Performance or other period until maturation or payout	Estimated future payouts under non-stock price-based plans			
			Less than Threshold (#)	Threshold (#)	Target (#)	Maximum (#)
Edward P. Campbell	25,000	2003-2005				