

MINE SAFETY APPLIANCES CO
Form DEF 14A
March 30, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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:

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Mine Safety Appliances Company

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

MINE SAFETY APPLIANCES COMPANY n 1000 CRANBERRY WOODS DRIVE, CRANBERRY TOWNSHIP,
PENNSYLVANIA 16066 n PHONE (724) 776-8600

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO THE HOLDERS OF COMMON STOCK OF

MINE SAFETY APPLIANCES COMPANY:

Notice is hereby given that the Annual Meeting of Shareholders of Mine Safety Appliances Company will be held on Wednesday, May 11, 2011 at 9:00 A.M., local Pittsburgh time, at the Company's Corporate Center, 1000 Cranberry Woods Drive, Cranberry Township, Pennsylvania 16066 (**please note new time and location this year**) for the purpose of considering and acting upon the following:

- (1) *Election of Directors for 2014:* The election of three directors for a term of three years;
- (2) *Management Equity Plan Approval:* Approval of Adoption of the Company's Amended and Restated 2008 Management Equity Incentive Plan;
- (3) *Selection of Independent Registered Public Accounting Firm:* The selection of the independent registered public accounting firm for the year ending December 31, 2011;
- (4) *Say on Pay:* To provide an advisory (non-binding) vote on the executive compensation of the Company's named executive officers;
- (5) *Say on Pay Frequency Vote:* To provide an advisory (non-binding) vote on the frequency of the advisory vote on executive compensation.

and such other business as may properly come before the Annual Meeting or any adjournment thereof.

Only the holders of Common Stock of the Company of record on the books of the Company at the close of business on February 15, 2011 are entitled to notice of and to vote at the meeting and any adjournment thereof.

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You are cordially invited to attend the meeting. Whether or not you expect to attend the meeting, please execute and date the accompanying form of proxy and return it in the enclosed self-addressed, stamped envelope at your earliest convenience. If you attend the meeting, you may, if you wish, withdraw your proxy and vote your shares in person.

By Order of the Board of Directors,

DOUGLAS K. McCLAIN

Secretary

March 30, 2011

March 30, 2011

MINE SAFETY APPLIANCES COMPANY

PROXY STATEMENT

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to be held on May 11, 2011

The 2011 Proxy Statement and the Annual Report to Shareholders for the year ended December 31, 2010 are also available at www.msanet.com/proxymaterials.

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Mine Safety Appliances Company (the Company) of proxies in the accompanying form to be voted at the Annual Meeting of Shareholders of the Company to be held on Wednesday, May 11, 2011, and at any and all adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. If a proxy in the accompanying form is duly executed and returned, the shares of Common Stock represented thereby will be voted and, where a specification is made by the shareholder, will be voted in accordance with such specification. A shareholder giving the accompanying proxy has the power to revoke it at any time prior to its exercise upon written notice given to the Secretary of the Company.

The mailing address of the principal executive offices of the Company is 1000 Cranberry Woods Drive, Cranberry Township, PA 16066.

VOTING SECURITIES AND RECORD DATE

As of February 15, 2011, the record date for the Annual Meeting, 36,522,881 shares of Common Stock were issued and outstanding, not including 1,357,469 shares held in the Company's Stock Compensation Trust. The shares held in the Stock Compensation Trust are not considered outstanding for accounting purposes but are treated as outstanding for certain purposes, including voting at the Annual Meeting. See Stock Ownership Beneficial Ownership of Management.

Only holders of Common Stock of the Company of record on the books of the Company at the close of business on February 15, 2011 are entitled to notice of and to vote at the Annual Meeting and at any adjournment thereof. Such holders are entitled to one vote for each share held and do not have cumulative voting rights with respect to the election of directors. Holders of outstanding shares of the Company's 4/2% Cumulative Preferred Stock are not entitled to vote at the meeting.

See Stock Ownership for information with respect to share ownership by the directors and executive officers of the Company and the beneficial owners of 5% or more of the Company's Common Stock.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

At the Annual Meeting, three directors will be elected to serve until the Annual Meeting in 2014. Ms. Diane M. Pearse and Messrs. L. Edward Shaw, Jr. and William M. Lambert were nominated by the Board of Directors for election in the Class of 2014. **The Board of Directors and its Nominating and Corporate Governance Committee recommend a vote FOR the election of the nominees, each of whom has consented to be named as a nominee and to serve if elected.** Properly executed proxies timely received in the accompanying form will be voted for the election of the nominees named below, unless otherwise directed thereon, or for a substitute nominee designated by the Nominating and Corporate Governance Committee in the event a nominee named becomes unavailable for election.

The following table sets forth certain information about the nominees, all of whom are currently members of the Board, and about the other directors whose terms of office will continue after the Annual Meeting.

Name	Principal Occupation and any Position with the Company;	Age	Director Since
	Other Reporting Company Directorships		
Nominees for terms expiring in 2014			
Diane M. Pearse	Senior Vice President of Finance and Operations for Redbox Automated Retail, LLC (a fully automated DVD rental company) since October 2010 and Senior Vice President of Finance of Redbox from May 2010 to October 2010. Prior to joining Redbox in May 2010, Ms. Pearse was Chief Financial Officer of Crate and Barrel (a home furnishings retailer). As the Senior Vice President of Finance and Operations for a large consumer company, in addition to her prior financial management experience with a major international retail company, Ms. Pearse brings to the Company's board expertise related to the financial aspects and risks of operating a multinational company.	53	2004
L. Edward Shaw, Jr.	Private investor and corporate director; Mr. Shaw retired as Senior Managing Director of Breeden Capital Management LLC (investment management and multi-disciplinary professional services firm) in July 2010; currently a Director and Chairman of the Compensation Committees of HealthSouth Corporation and H&R Block, Inc. As a former senior officer of three publicly traded multinational financial institutions and a former partner of a major New York law firm, Mr. Shaw brings to the Company's board expertise in the legal and financial aspects and risks of operating a multinational company.	66	1998
William M. Lambert	President and Chief Executive Officer of the Company. As the Company's CEO, Mr. Lambert brings to the Company's board extensive experience in the Company's business with particular expertise in product development, marketing, finance and the global safety products industry.	52	2007
Continuing Directors with terms expiring in 2012			
Thomas B. Hotopp	Retired (2003); formerly President of the Company. As the former President of the Company, Mr. Hotopp brings to the Company's board extensive experience in the Company's business with particular expertise in the Company's North American operations, markets, customers and competitors.	69	1998
John T. Ryan III	Chairman of the Board; Retired (2008); formerly Chief Executive Officer of the Company. As the former CEO of the Company, Mr. Ryan brings to the Company's board extensive experience in the Company's business with particular expertise in international markets and the global safety products industry.	67	1981

Name	Principal Occupation and any	Age	Director Since
	Position with the Company;		
	Other Reporting Company Directorships		
Continuing Directors with terms expiring in 2012			
Thomas H. Witmer	Retired (1998); formerly President and Chief Executive Officer, Medrad, Inc. (manufacturer of medical devices). As the former CEO of a publicly traded multinational company, Mr. Witmer brings to the Company's board specific expertise in global engineering, product design and marketing in international markets.	68	1997
Continuing Directors with terms expiring in 2013			
Robert A. Bruggeworth	President and Chief Executive Officer, RF Micro Devices, Inc. (high-performance radio systems and applications that drive mobile communications); Director of RF Micro Devices, Inc. As the CEO of a publicly traded multinational corporation, Mr. Bruggeworth brings to the Company's board specific expertise in global business, manufacturing, marketing and material sourcing for high technology products.	49	2007
James A. Cederna	Owner and President, Cederna International, Inc. (executive coaching). As the former Chairman and CEO of a publicly traded multinational company, Mr. Cederna brings to the Company's board specific expertise in global business, manufacturing and international markets.	60	2002
John C. Unkovic	Partner and General Counsel, Reed Smith LLP (full service law firm). As a long time partner and General Counsel of a multinational law firm, Mr. Unkovic brings to the Company's board the ability to identify and address the many legal aspects and risks of operating a multinational company.	67	2002

Mr. Lambert has been President and Chief Executive Officer of the Company since May 2008. From May 2007 to May 2008 he was President and Chief Operating Officer and prior thereto he was a Vice President of the Company and President of MSA North America. Except as described in the table above, each other director has engaged in the principal occupation indicated in the above table for at least the past five years. Mr. Shaw is the brother-in-law of Mr. Ryan.

Director Independence

The Board of Directors has determined that each of directors Bruggeworth, Cederna, Hotopp, Pearse, Unkovic and Witmer is an independent director. An independent director is a director who has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. At present, given his prior service as Chief Executive Officer, Mr. Ryan III is not considered an independent director under the New York Stock Exchange guidelines. Under the NYSE guidelines, Mr. Ryan III is eligible to be considered to be independent on July 1, 2011, three years following his retirement from the Company. At that time Mr. Shaw, who is Mr. Ryan's brother-in-law, could also be considered an independent director. The independent directors of the Board have considered this matter and have determined that Mr. Ryan III and Mr. Shaw will be independent directors effective July 1, 2011.

In making its independence determinations, the Board reviewed the director's individual circumstances, the corporate governance rules of the New York Stock Exchange and the Board's independence standards. These standards are available in the Investor Relations section of the Company's internet website at www.MSAnet.com. They are summarized below:

Disqualifying Relationships

The following relationships are considered to be material relationships that would impair a director's independence:

If a director is an employee or has an immediate family member who is an executive officer of the Company, the director is not independent until three years after the end of the employment relationship.

If a director or an immediate family member receives more than \$100,000 per year in direct compensation from the Company, the director is not independent until three years after the director or family member ceases to receive such compensation. Disqualifying compensation does not include director and committee fees, pension or deferred compensation for prior service or compensation received by an immediate family member for service as a non-executive officer employee.

If a director or an immediate family member is employed by or affiliated with a present or former internal or external auditor of the Company, the director is not independent until three years after the end of the affiliation or the employment or auditing relationship. Employment of an immediate family member in a non-professional capacity does not disqualify a director.

If a director or an immediate family member is an executive officer of another company, and any of the Company's present executives serves on that company's compensation committee, the director is not independent until three years after the end of such employment or service.

If a director is an employee or an immediate family member is an executive officer of a company that makes payments to or receives payments from the Company for property or services, and the amount of such payments in a fiscal year exceeds the greater of \$1 million or 2% of the other company's consolidated gross revenue, the director is not independent until three years thereafter.

Non-Disqualifying Relationships

The following relationships are not considered to be material relationships that would impair a director's independence:

A director is an executive officer of another company that is indebted to the Company, or to which the Company is indebted, in an amount less than 5% of the other company's total consolidated assets;

A director is an executive officer of another company in which the Company owns a common stock interest less than 5% of the other company's total shareholders' equity;

A director serves as an executive officer of a charitable organization, and the Company's discretionary contributions to the organization are less than 2% of the organization's annual revenue; or

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A director is an executive officer of another company that owns a common stock interest in the Company.

Other Relationships

The Board will annually review commercial and charitable relationships of directors. If a relationship is not one of the non-disqualifying relationships described above, the determination of whether the relationship is material or not, and therefore whether the director is independent or not, is made by the directors who satisfy the independence guidelines set forth under the two preceding captions.

For example, if a director is the executive officer of a charitable organization, and the Company's discretionary contributions to the organization are more than 2% of that organization's annual revenue, the independent directors will determine, after considering all of the relevant circumstances, whether the relationship is material, and therefore whether or not the director should be considered independent. The Company will explain in its proxy statement the basis for any Board determination that a relationship is not material, despite the fact that it does not meet one of the safe-harbors under Non-Disqualifying Relationships above.

Mr. Unkovic is a partner and General Counsel of Reed Smith LLP, which provides legal services to the Company. In 2010, the amount of payments made by the Company to Reed Smith did not exceed the greater of \$1,000,000 or 2% of the consolidated gross revenue of Reed Smith. The Board has determined that Mr. Unkovic's personal gain from the Company's relationship with Reed Smith does not affect his ability to act independently and, accordingly, is not material.

Board Committees

The Board of Directors has established an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, a Finance Committee and certain other committees.

The Audit Committee presently consists of directors Bruggeworth, Cederna, Pearse (Chair) and Witmer, each for a term expiring at the 2011 organizational meeting of the Board of Directors. The Audit Committee, which met seven times during 2010, assists the Board in fulfilling its oversight responsibility relating to the integrity of the Company's financial statements and financial reporting process. The Committee selects and recommends annually to the Board and the shareholders the independent registered public accounting firm to audit the Company's financial statements, approves in advance all audit and non-audit services performed by the independent registered public accounting firm, reviews the plans, findings and recommendations of the independent registered public accounting firm, and reviews and evaluates the performance of the independent registered public accounting firm, their independence and their fees. The Committee reviews and discusses with management and the independent registered public accounting firm the Company's financial statements and reports, its internal and disclosure controls and matters relating to the Company's internal control structure, its Code of Business Conduct and Ethics and legal and regulatory compliance. The Board of Directors has determined that Director Pearse is an audit committee financial expert, as defined by the rules of the Securities and Exchange Commission.

The Compensation Committee presently consists of directors Bruggeworth, Hotopp, Unkovic and Witmer (Chair), each for a term expiring at the 2011 organizational meeting of the Board. The Compensation Committee, which met four times in 2010, reviews and recommends (to the independent directors for approval) the annual goals, performance and compensation of the Company's chief executive officer, reviews and approves the compensation of all other executive officers and other key executives, monitors the effectiveness of all other employee benefit offerings, manages the Company's overall compensation strategy and compensation plans, assesses any risk inherent in these plans and attempts to ensure that such risk is not excessive and is acceptable to the Company and employs, compensates and oversees the Company's external compensation consultant and assures its independence. The Compensation Committee also administers the Company's 2008 Management Equity Incentive Plan and predecessor equity plans (collectively, the Management Equity Plans).

The Nominating and Corporate Governance Committee presently consists of directors Cederna, Hotopp (Chair) and Unkovic, each for a term expiring at the 2011 organizational meeting of the Board. The Committee, which met two times in 2010, reviews and makes recommendations to the Board regarding the composition and structure of the Board, criteria and qualifications for Board membership, director compensation and evaluation of current directors and potential candidates for director. It is also responsible for establishing and monitoring policies and procedures concerning corporate governance. Further information concerning the Nominating and Corporate Governance Committee and its procedures appears below.

The Finance Committee, which was established in May 2009, presently consists of directors Cederna, Pearse, Ryan III and Shaw (Chair), each for a term expiring at the 2011 organization meeting of the Board. The Committee, which met two times in 2010, reviews and makes recommendations to the Board regarding the Company's capital structure, dividend policy, financing activities, funding of the Company's employee benefit plan, and liquidity management.

Corporate Governance Matters

The Board of Directors has adopted Corporate Governance Guidelines which cover a wide range of subjects, such as the role of the Board and its responsibilities, Board composition, operations and Committees, director compensation, Board and management evaluation and succession planning, director orientation and training and communications with the Board. The Corporate Governance Guidelines, as well as the Charters of the Board's Audit, Compensation, Nominating and Corporate Governance and Finance Committees and the Company's Code of Business Conduct and Ethics for directors, officers and employees, are available in the Investor Relations section of the Company's internet website at www.MSAnet.com. Such material will also be furnished without charge to any shareholder upon written request to the Corporate Secretary at the Company's address appearing on page one.

While the fundamental criterion for selecting prospective directors is the ability to contribute to the well-being of the Company and its shareholders, the Board also considers diversity of race, gender and national origin to be an important factor that is weighed with other criteria such as having good judgment, integrity and a commitment to the mission of the Company when recommending prospective directors for the Company. Other criteria include skills and experience needed by the Board, commitment and any other factor considered relevant by the Nominating and Corporate Governance Committee and/or the Board. The Committee may prioritize the criteria depending on the current needs of the Board and the Company.

The Board has separated the position of Chairman of the Board and Chief Executive Officer. The current Chairman is Mr. Ryan III. Mr. Ryan III was Chairman and Chief Executive Officer of the Company from October 1991 until he retired as Chief Executive Officer in May 2008. He remained an employee of the Company until July 1, 2008. At present, given his prior service as Chief Executive Officer, Mr. Ryan III is not considered an independent director under the New York Stock Exchange guidelines. As discussed above under Director Independence, Mr. Ryan III will become an independent director on July 1, 2011. When Mr. Ryan III retired as Chief Executive Officer, the independent directors considered whether to appoint him as Chairman. This consideration took into account the reasons why some companies have decided to have an independent non-executive chairman and/or an independent lead director. The independent directors of the Board have determined that given the composition of the Board, the diligent independence traditionally exercised by the Board, the transparency of the Company's operations and other relevant considerations including the culture of the company, the Company does not need to have an independent chairman or independent lead director. Moreover, as a long time executive of the Company, and substantial shareholder, Mr. Ryan's service as chairman facilitates his ability to represent the Company externally and internally as appropriate. The Chairman position is evaluated annually, as is the performance of the incumbent, and this evaluation includes consideration of whether it is advisable to have an independent Chairman or independent lead director.

The Board also maintains an active structure of independent director leadership which performs many of the functions of an independent lead director. In furtherance of this, the Corporate Governance Guidelines provide that it is the Company's practice for the non-management directors to meet at each Board meeting in executive session, with no members of management present. The non-management directors include, in addition to the independent directors, any other director who is not a current officer of the Company. In addition, the independent directors hold at least one executive session per year.

A chairperson for the executive sessions for non-management directors is selected annually from the non-management directors. A chairperson for the executive session for independent directors is selected annually

from the independent directors. A chairperson who serves in that role may not be the chairperson of the executive sessions again until at least two years have passed since he or she last held the position. From May 2010, Ms. Pearse served as chairperson of the executive sessions of the non-management directors and for the sessions with the independent directors. Effective July 1, 2011, when Mr. Ryan III and Mr. Shaw become independent directors, the Company will only need to hold meetings of independent directors (all directors except Mr. Lambert). A chairperson for such meetings of independent directors will be chosen at the first such meeting in 2011. The audit, compensation and nominating and corporate governance committees are also each led by an independent director.

The Board of Directors met nine times during 2010. All directors attended at least 75% of the combined total of the meetings of the Board and of all committees on which they served. Directors are expected to attend the Annual Meeting of Shareholders. Eight directors attended last year's annual meeting.

Risk Oversight

The Board as a whole exercises oversight of the Company's strategic risks and other risks identified through the Company's enterprise risk management program. Strategic risks are identified in the course of the Board's review and approval of the Company's plans and there is regular monitoring of the Company's performance against the strategic objectives including customer satisfaction metrics as well as periodic review of the activities of competitors. The Board also has oversight of the enterprise risk management program which is managed by the chief financial officer. The chief financial officer requires all senior managers to identify possible risks under their areas of responsibility each quarter. An enterprise risk management team led by the Company's Director of Internal Audit then identifies and considers appropriate mitigation elements to each risk for the purpose of estimating the likelihood and impact of each risk, and develops risk contingency plans as appropriate. This analysis is reviewed with the full Board annually and input from the Board is considered in the analysis.

In addition to the Board oversight described above, each committee has various risks that it oversees. For example, the Audit Committee is responsible for reviewing the Company's risk management policies and procedures, as well as its major financial risk exposures, and the processes management has established to monitor and control such exposures. The Compensation Committee monitors risk inherent in the Company's compensation policies and practices and those related to the recruitment and retention of employees. The Nominating and Corporate Governance Committee monitors risks related to Board performance and the Company's governance practices.

The Compensation Committee has evaluated the risks arising from the Company's compensation policies and practices for its employees, including review of examinations by Towers Watson and Pay Governance LLC of the compensation philosophy, design, governance and administration of compensation policies and practices provided to MSA's executives, and information developed by management regarding programs provided to other non-executive employees. Based on this, the committee concluded again in December 2010 that the risks arising from the Company's compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on the Company.

Vote Required

In the election of directors for terms expiring in 2014, the three candidates receiving the highest numbers of votes cast by the holders of Common Stock voting in person or by proxy will be elected as directors. A proxy vote indicated as withheld from a nominee will not be cast for such nominee but will be counted in determining whether a quorum exists for the meeting.

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The Company's Restated Articles require that any shareholder intending to nominate a candidate for election as a director must give written notice, containing specified information, to the Secretary of the Company

not later than 90 days in advance of the meeting at which the election is to be held. No such notices were received with respect to the 2011 Annual Meeting. Therefore, only the nominees named above will be eligible for election at the meeting.

PROPOSAL NO. 2

APPROVAL OF THE ADOPTION OF THE MINE SAFETY APPLIANCES COMPANY

AMENDED AND RESTATED 2008 MANAGEMENT EQUITY INCENTIVE PLAN

The Company's 2008 Management Equity Incentive Plan (the "Plan") was originally adopted by the Company's Board of Directors on February 28, 2008, and approved by the Company's shareholders on May 13, 2008. Upon recommendation of the Compensation Committee (the "Committee"), the Company's Board of Directors adopted amendments to the Plan on February 25, 2011, subject to shareholder approval.

The principal features of the Plan are summarized below. The description of the Plan provided below includes the amendments to the Plan. The summary is qualified in its entirety by the full text of the amended and restated Plan, which is set forth as Exhibit A to this Proxy Statement. The principal amendment is an increase of 2,000,000 in the total number of shares of common stock reserved for issuance as awards under the Plan. In addition, the amended Plan does not generally provide for automatic vesting of awards upon a change in control. Instead, the amended Plan utilizes the more conservative "double-trigger" vesting, under which awards vest only if the participant's employment is terminated following a change in control. The Plan was also amended to increase individual per employee limits with respect to performance-based compensation, and additional performance criteria were added to the Plan to further increase flexibility with respect to grants of performance-based compensation and to permit the alignment of compensation with performance.

The affirmative vote of the shareholders on or prior to February 24, 2012 is required for approval of the amendments to the Plan. If the Company's shareholders do not approve the amendments to the Plan as proposed in this Proxy Statement, the Plan will remain in effect without including the amendments. Accordingly, if the shareholders of the Company do not approve the amendments, there will be no increase in the number of shares available under the Plan or in the per employee limits, and no addition of performance criteria. Consequently, employees will not be able to receive certain performance-based compensation under the amended Plan if shareholder approval is not obtained.

The Board of Directors recommends that shareholders vote FOR approval of the Amended and Restated 2008 Management Equity Incentive Plan. Such approval will ensure the Company's continuing ability to provide a flexible range of compensation awards, including performance-based compensation awards, under the Plan. An increase in the number of shares available for future grants is necessary to permit the Plan to continue to operate as intended. The additional amendments further expand the Company's flexibility with respect to performance-based compensation and conform the Plan to current market practice and regulation. Unless otherwise specified thereon, proxies received in the accompanying form will be voted in favor of approval of the Plan.

General

The purpose of the Plan is to benefit the Company's shareholders by

encouraging high levels of performance by individuals whose performance is a key element in the Company's continued success by rewarding the creation of shareholder value, and

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enabling the Company to recruit, reward, retain and motivate employees to work as a team to achieve the Company's goals.

Employees of the Company or any subsidiary which has more than half of its voting power beneficially owned by the Company are eligible to receive awards under the Plan. The Committee (as described in

Administration, below) will determine which employees will be participants, the types of awards to be made to participants and the terms, conditions and limitations applicable to the awards. It is expected that approximately 280 employees will be eligible to participate in the Plan.

The maximum aggregate number of shares for which awards may be granted under the Plan is limited to the remaining shares of the Company's common stock, without par value (the Common Stock) available for grant immediately prior to your approval of the amendments plus an additional 2,000,000 shares of Common Stock, as provided in the amendments subject to adjustment for stock splits, dividends and similar events. Common Stock which is subject to any unexercised or undistributed portion of any terminated, expired, exchanged or forfeited award (or awards settled in cash in lieu of Common Stock) will become available for grant pursuant to new awards. However, shares delivered or withheld in satisfaction of the exercise price of an award or any tax withholding will not become available for grant pursuant to new awards. Stock appreciation rights to be settled in shares of the Company's common stock are counted in full against the number of shares available for award under the Plan regardless of the number of shares issued upon settlement of the stock appreciation right. The Committee may make such additional rules for determining the number of shares of Common Stock granted under the Plan as it deems necessary or appropriate. The Common Stock which may be issued pursuant to an award under the Plan may be treasury shares or authorized but unissued shares or Common Stock acquired, subsequently or in anticipation of the transaction, in the open market or otherwise to satisfy the requirements of the Plan, or any combination of such shares.

The Plan provides for the grant of incentive stock options (ISOs), as defined in Section 422 of the Code, and options which do not qualify as ISOs, known as nonqualified stock options (NSOs, and, together with ISOs, options). Options granted under the Plan may be accompanied by stock appreciation rights (Tandem SARs), and stock appreciation rights may be granted alone (Stand Alone SARs, and, together with Tandem SARs, SARs). Performance awards (Performance Awards) may also be granted under the Plan, which Performance Awards may be contingent on the performance of the Company, a subsidiary, any branch, department, business unit or portion thereof or a participant, or any combination thereof. The Plan also provides for the granting of restricted stock and other awards. All of the foregoing grants are sometimes referred to herein as awards, and the recipient of any award or grant is sometimes referred to herein as a grantee. The participants in the Plan will consist of those employees of the Company and its subsidiaries who are designated as grantees by the Committee administering the Plan, as described below.

The number of shares available under the Plan, any outstanding awards and individual per-employee limits are automatically adjusted in the event of stock dividends and similar events. In the event the shares of Common Stock have been affected in such a way that an adjustment of outstanding awards is appropriate in order to prevent the dilution or enlargement of rights under the awards (including, without limitation, any extraordinary dividend or other distribution (whether in cash or in kind), recapitalization, stock split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event), the Committee will make appropriate equitable adjustments, which may include, without limitation, adjustments to any or all of the number and kind of shares of stock (or other securities) which may thereafter be issued in connection with such outstanding awards and adjustments to any exercise price specified in the outstanding awards and will also make appropriate equitable adjustments to the number and kind of shares of stock (or other securities) authorized by, or to be granted under, the Plan.

Awards are subject to forfeiture and recoupment pursuant to the Company's recoupment policy or if a Plan participant engages in misconduct or violation of any Company policy, and incentive-based compensation otherwise payable or paid to current or former executive officers is forfeited and/or repaid to the Company as may be required pursuant to applicable regulatory requirements.

No awards may be granted under the Plan after February 24, 2021 and no Performance Awards may be granted under the Plan subsequent to the Company's annual meeting of stockholders in 2016.

Administration

The Plan will be administered by the Compensation Committee (the Committee), consisting of not less than two members of the Board. Each member of the committee must be an outside director as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), a non-employee director as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act) and an independent director under the rules of any stock exchange on which the Common Stock may be listed and under any other applicable regulatory requirements.

A majority of the members of the Committee will constitute a quorum. The vote of a majority of a quorum (or the unanimous written consent of the Committee members) will constitute action by the Committee. The Committee will periodically determine the participants in the Plan and the nature, amount, pricing, timing, and other terms of awards to be made to such individuals. The Committee has the power to interpret and administer the Plan. All questions of interpretation with respect to the Plan, the number of shares of Common Stock or other securities, stock appreciation rights, or units granted, and the terms of any agreements evidencing such awards will be determined by the Committee, and its determination will be final and conclusive upon all parties in interest. In the event of any conflict between an award agreement and the Plan, the terms of the Plan govern. The Committee may delegate to the officers or employees of the Company the authority to execute and deliver such instruments and documents, to do all such ministerial acts and things, and to take all such other ministerial steps deemed necessary, advisable or convenient for the effective administration of the Plan in accordance with its terms and purpose.

Stock Options

Options which may be granted by the Committee represent a right to purchase a specified number of shares of Common Stock at a specified price during such period of time as the Committee determines. The exercise price per share of Common Stock of any option will be no less than the fair market value per share of the Common Stock subject to the option on the date the option is granted. Fair market value, for purposes of the Plan, is the closing price per share of the Company's Common Stock on the New York Stock Exchange for the date as of which fair market value is to be determined. On March 17, 2011 the fair market value of a share of the Company's Common Stock was \$32.85. The maximum number of shares of Common Stock for which options and SARs can be granted to any one employee under the Plan may not exceed 150,000 shares per calendar year.

An option may be exercised, in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. At the discretion of the Committee, the exercise price of the option may be paid in cash, by the tender of Common Stock already owned by the participant for more than six months, by cash forwarded through a broker or other agent sponsored exercise or financing program, through a combination of the foregoing, or through such other means as the Committee determines are consistent with the Plan's purpose and applicable law. No fractional shares will be issued or accepted.

For ISOs, the aggregate fair market value (determined on the date of grant) of the shares with respect to which incentive stock options are exercisable for the first time by an employee during any calendar year under all plans of the corporation employing such employee, any parent or subsidiary corporation of such corporation and any predecessor corporation of any such corporation will not exceed \$100,000.

Subject to the foregoing and the other provisions of the Plan, stock options granted under the Plan may be exercised at such times and in such amounts and be subject to such restrictions and other terms and conditions, if any, as determined in its discretion by the Committee.

Stock Appreciation Rights

An SAR is a right to receive, upon surrender of the right, an amount payable in cash and/or shares of Common Stock under such terms and conditions as the Committee determines. An SAR may be granted in tandem with part or all of (or in addition to, or completely independent of) an option or any other award under the Plan. An SAR issued in tandem with a stock option may only be granted at the time of grant of the related option. The amount payable in cash and/or shares of Common Stock with respect to each SAR will be equal in value to a percentage (including up to a maximum of 100%) of the amount by which the fair market value per share of Common Stock on the exercise date exceeds the fair market value per share of Common Stock on the date of grant of the SAR. The applicable percentage will be established by the Committee. The exercise price of any SAR will be no less than the fair market value per share of the Common Stock subject to the SAR on the date the SAR is granted. The agreement evidencing the award may state whether the amount payable is to be paid wholly in cash, wholly in shares of Common Stock or partly in each. If the award agreement does not state the manner of payment, the Committee will determine the manner of payment at the time of payment. The amount payable in shares of Common Stock, if any, is determined with reference to the fair market value per share of Common Stock on the date of exercise. Tandem SARs are exercisable only to the extent that the options to which they relate are exercisable. Upon exercise of the Tandem SAR, and to the extent of such exercise, the participant's underlying option will automatically terminate. Similarly, upon the exercise of the tandem option, and to the extent of such exercise, the participant's related SAR will automatically terminate.

Repricing Prohibited

The Plan prohibits repricing of options, SARs or other purchase rights without further shareholder approval. Repricing means the grant of a new option or SAR in return for the cancellation, exchange or forfeiture of an award that has a higher grant price than the new award, the amendment of an outstanding award to reduce the grant price, the cancellation or repurchase of an option or SAR at a time when grant price is greater than the fair market value of the Common Stock or any action that would be treated, for accounting purposes, as a repricing. The grant of a substitute award under the anti-dilution and adjustment provisions explained under General, above, is not a repricing.

Other Terms of Options and SARs

No dividend equivalents may be granted in connection with any option or SAR. The term of any option or SAR may not exceed ten years from the date of grant.

Unless otherwise provided in a grantee's award agreement, the following provisions of this paragraph will apply in the case of a grantee whose employment is terminated. If the employment of a grantee is terminated for reasons other than resignation by a grantee without the consent of the Company, termination for cause, retirement, disability or death, all outstanding options and SARs held by the grantee immediately prior to termination of employment will be exercisable by the grantee (but only to the extent exercisable immediately prior to termination of employment) at any time prior to the expiration date of the option or SAR or within one year following the date of termination, whichever is the shorter period.

Following the death of a grantee during employment, all outstanding options or SARs of the grantee will be exercisable (whether or not so exercisable immediately prior to the death of the grantee) by the person entitled to do so under the Will of the grantee, or, if the grantee fails to make testamentary disposition of the option or SAR or dies intestate, by the legal representative of the grantee, at any time prior to the expiration date of the option or SAR or within five years after the date of death of the grantee, whichever is the shorter period. Following the death of a grantee after ceasing employment and within a period following termination of employment during which an option or SAR remains exercisable, all outstanding options or SARs of the grantee will be exercisable (but only to the extent exercisable immediately prior to the death of the grantee) by the person entitled to do so under the Will of the grantee or, if the grantee shall fail to make testamentary disposition of the option or

SAR or

dies intestate, by the legal representative of the grantee, at any time prior to the expiration date of the option or SAR or within five years after the date of death of the grantee, whichever is the shorter period.

If the grantee retires or ceases employment due to disability under the terms of the Plan, all outstanding options and SARs will be exercisable (whether or not so exercisable immediately prior to the termination of employment of the grantee) at any time prior to expiration date of the option or SAR or within five years following the date of termination, whichever is the shorter period. If a grantee resigns without the consent of the Company, all outstanding options and SARs will be exercisable (but only to the extent exercisable immediately prior to the termination of employment) at any time prior to the expiration date of the option or SAR or within 30 days of the date of termination, whichever is the shorter period. If the employment of a grantee is terminated by the Company for cause, all outstanding options and SARs held by the grantee will terminate as of the date of termination of employment.

Restricted Stock

Restricted stock is Common Stock that is issued to a participant and is subject to such terms, conditions and restrictions as the Committee deems appropriate, which may include, but are not limited to, restrictions upon the sale, assignment, transfer or other disposition of the restricted stock and the requirement of forfeiture of the restricted stock upon termination of employment or service under certain specified conditions, including the failure to achieve performance conditions. The restriction period applicable to restricted stock must, in the case of a time-based restriction, be not less than three years, with no more frequent than ratable vesting over such period or, in the case of a performance-based restriction period, be not less than one year. The Committee may provide for the lapse of any such term or condition or waive any term or condition based on such factors or criteria as the Committee may determine, provided that the Committee will not accelerate the vesting of, or waive the restrictions with respect to, restricted stock except in the case of death, disability, retirement, involuntary termination other than for cause, or change in control. Subject to such restrictions as the Committee may impose, the participant will have, with respect to awards of restricted stock, all of the rights of a shareholder of the Company, including the right to vote the restricted stock and the right to receive any dividends on such stock.

Unless otherwise provided in an award agreement, if the grantee of restricted stock ceases to be an employee for any reason, any outstanding shares of restricted stock held by the grantee will vest or be forfeited according to the following provisions:

- (i) If a grantee ceases to be an employee by reason of retirement, disability or death, any shares of restricted stock held by the grantee at the time of retirement will immediately vest; and
- (ii) If a grantee ceases to be an employee for any reason other than retirement, disability or death, any shares of restricted stock held by the grantee at the time of termination of employment will be immediately forfeited.

Performance Awards

Performance Awards may be granted under the Plan from time to time based on such terms and conditions as the Committee deems appropriate, consistent with the terms and purposes of the Plan. Performance Awards are awards the payment or vesting of which is contingent upon the achievement of specified levels of performance under specified Performance Criteria during a Performance Period by the Company, a subsidiary or subsidiaries, a branch, department, business unit or other portion thereof or the participant individually, and/or upon a comparison of such performance with the performance of a peer group of corporations, prior Performance Periods or other measure selected or defined by the Committee at the time the Performance Award is granted. Performance Awards may be in the form of performance units, performance shares and such other forms of Performance Awards as the Committee determines. The maximum amount that

may be paid in cash or in fair market value of Common Stock or other securities under all Performance Awards under the Plan paid to any one participant during a calendar year cannot exceed \$5,000,000, in the case of Performance Awards paid in cash or property (other than Shares) and 150,000 shares, in the case of Performance Awards paid in Shares. In the case of multi-year Performance Periods, the amount which is earned in any one calendar year is the amount paid for the Performance Period divided by the number of calendar years in the period. In applying this limit, the amount of cash and the number of Shares earned by a Participant is measured as of the close of the applicable calendar year which ends the Performance Period, regardless of the fact that certification by the Committee and actual payment to the Participant may occur in a subsequent calendar year or years.

The Performance Criteria to be used in determining whether a Performance Award has been earned, the level of achievement of such Performance Criteria necessary for the Performance Award to be earned in whole or in part, and the Performance Period over which such performance will be measured will be determined by the Committee at the time a Performance Award is granted. Such Performance Criteria will be one or more preestablished objective measures of performance during the Performance Period by the Company, a subsidiary or subsidiaries, any branch, department, business unit or other portion thereof or the participant individually. Performance Criteria may be based on:

earnings per share

return on equity, assets or investment

sales

gross profits

expenses

stock price

total shareholder return

costs

net income

operating margin

revenue from operations

income from operations as a percent of capital employed

income from operations

cash flow

market share

earnings (including EBITDA and EBIT)

operating cash flow

operating cash flow as a percent of capital employed

economic value added

gross margin

workforce diversity

number of accounts

workers compensation claims

budgeted amounts

turnover rate

inventory, inventory turns or obsolete inventory.

The Committee may in its discretion also determine to use other objective performance measures as Performance Criteria.

Unless otherwise provided in an award agreement, the following provisions apply if the recipient of a Performance Award ceases to be an employee for any reason prior to payment of the Performance Award:

(i) If a grantee ceases to be an employee by reason of retirement, disability or death, the employee will be entitled to a pro-rata portion of the Performance Award based upon the number of whole and partial months of employment during the Performance Period, contingent upon achievement of the performance goals and subject to any negative discretion retained by the Committee; and

(ii) If a grantee ceases to be an employee for any reason other than retirement, disability or death, any Performance Award shall be immediately forfeited.

Effect of Change in Control

Notwithstanding any other provision of the Plan to the contrary, and