PREFORMED LINE PRODUCTS CO
Form PRE 14A
March 07, 2016

SCHEDULE 14A

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 ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Preformed Line Products Company

(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.

¨ 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:

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials:

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

PREFORMED LINE PRODUCTS COMPANY

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To our shareholders:

The 2016 annual meeting of shareholders of Preformed Line Products Company will be held at the principal offices of the Company, 660 Beta Drive, Mayfield Village, Ohio, 44143 on Tuesday, May 10, 2016, at 9:30 a.m., local time, for the following purposes:

1. To elect four directors, each for a term expiring in 2018;

2. To ratify the appointment of Ernst & Young LLP;

3. To approve an amendment to the Amended and Restated Code of Regulations:

4. To approve the Preformed Line Products Company 2016 Incentive Plan: and

5. To consider any other matters that properly comes before the meeting.

Only shareholders of record at the close of business on March 7, 2016 are entitled to notice of and to vote at the meeting or any adjournment thereof. Shareholders are urged to complete, sign and date the enclosed proxy and return it in the enclosed envelope or to vote online or by telephone.

By order of the Board of Directors,

CAROLINE S. VACCARIELLO,
Secretary

Dated: March , 2016

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY, MAY 10, 2016:

This notice of annual meeting of shareholders, the accompanying proxy statement and the Company s 2015 Annual Report to Shareholders are also available at: http://materials.proxyvote.com/740444.

YOUR VOTE IS IMPORTANT

PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR PROXY OR VOTE ONLINE OR BY TELEPHONE

PREFORMED LINE PRODUCTS COMPANY

PROXY STATEMENT

Our Board of Directors is sending you this proxy statement to ask for your vote as a Preformed Line Products Company shareholder on the matters to be voted on at the annual meeting of shareholders to be held at 660 Beta Drive, Mayfield Village, Ohio, 44143, on Tuesday, May 10, 2016, at 9:30 a.m., local time and at any adjournment of the meeting. We are mailing this proxy statement and the accompanying notice and proxy to you on or about March , 2016.

Annual Report. A copy of our Annual Report to Shareholders for the fiscal year ended December 31, 2015 is enclosed with this proxy statement.

Solicitation of Proxies. Our Board of Directors is making this solicitation of proxies and the Company will pay the cost of the solicitation. In addition to solicitation of proxies by mail, our employees may solicit proxies by telephone, facsimile or electronic mail.

Proxies; Revocation of Proxies; Voting Instructions. If you are a shareholder of record, the shares represented by your signed and returned proxy will be voted in accordance with the instructions as indicated on your proxy. In the absence of any such instructions, they will be voted to (a) elect the director nominees set forth under Election of Directors , (b) ratify the appointment of Ernst & Young LLP, (c) approve an amendment to the Amended and Restated Code of Regulations and (d) approve the Preformed Line Products Company 2016 Incentive Plan. Your presence at the annual meeting of shareholders, without more, will not revoke your proxy. However, you may revoke your proxy at any time before it has been exercised by signing and delivering a later-dated proxy or by giving notice to us in writing at our address indicated on the attached Notice of Annual Meeting of Shareholders by May 10, 2016, or in the open meeting.

If you hold shares through an account with a bank or broker, banks and brokers have the authority to vote shares for which their customers do not provide voting instructions on certain routine matters. The ratification of the appointment of Ernst & Young LLP (EY) as the Company s independent registered public accounting firm is considered a routine matter for which banks and brokers may vote without specific instructions from their customers, but banks and brokers do not have the authority to vote for the election of directors, the amendment to the Amended and Restated Code of Regulations or the Preformed Line Products Company 2016 Incentive Plan. As such, if you own your shares through a bank or broker and do not provide specific voting instructions to the bank or broker or do not obtain a proxy to vote those shares, then your shares will not be voted on these matters (broker non-votes).

Voting Eligibility. Only shareholders of record at the close of business on the record date, March 7, 2016, are entitled to receive notice of the annual meeting of shareholders and to vote the common shares that they held on the record date at the meeting. On the record date, our voting securities outstanding consisted of 5,210,818 common shares, $2 par value, each of which is entitled to one vote at the meeting.

Quorum. Shareholders, present in person or by proxy and entitled to vote at the meeting, holding shares entitling them to exercise a majority of the voting power of the Company are necessary to constitute a quorum at the meeting. Abstaining votes and broker non-votes will be counted as present for purposes of determining whether a quorum has been achieved at the meeting.

Voting Required. The vote required to approve each proposal is as follows:

Director nominees who receive the greatest number of affirmative votes will be elected directors. Abstaining votes and broker non-votes will not be counted in favor of or against any nominee and, therefore, have no effect on this proposal.

Approval of the proposal to ratify the selection of EY as the Company s independent registered public accounting firm requires the affirmative vote of a majority of the common shares present in person or by proxy and entitled to vote at the Annual Meeting. Abstentions will have the same effect as votes against the proposal. Banks or brokers holding shares for which no voting instructions were received may exercise their discretionary voting authority for this proposal.

Approval of the proposal to amend the Amended and Restated Code of Regulations requires the affirmative vote of the holders of a majority of the issued and outstanding common shares. Abstentions and broker non-votes will have the same effect as votes against the proposal.

Approval of the Preformed Line Products Company 2016 Incentive Plan requires the affirmative vote of a majority of the votes cast at the Annual Meeting. Abstentions and broker non-votes will have no effect on the approval of the proposal.

If any other matter properly comes before the meeting, the persons named in the proxy will vote thereon in accordance with their judgment. We do not know of any other matter that will be presented for action at the meeting and we have not received any timely notice that any of our shareholders intend to present a proposal at the meeting. If any other matters are considered at the meeting, they would require for approval the affirmative vote of a majority of the shares entitled to vote and represented at the meeting in person or by proxy.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS & MANAGEMENT

The following table shows the amount of the Company s common shares beneficially owned as of March 7, 2016 by (a) the Company s directors, (b) each other person known by the Company to own beneficially 5% or more of the outstanding common shares, (c) the Company s named executive officers, and (d) the Company s executive officers and directors as a group. Except as noted below, the mailing address for each of beneficial owners listed below is c/o Preformed Line Products Company, 660 Beta Drive, Mayfield Village, Ohio 44143.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Barbara P. Ruhlman (1)	605,687(2)	11.6%
Robert G. Ruhlman (1)	1,745,798(3)	33.5%
Randall M. Ruhlman (1)	1,525,798(4)	29.3%
Barbara P. Ruhlman Irrevocable Trust dated 6/29/2008 (1)	876,294(5)	16.8%
Royce & Associates, LLC	656,677(6)	12.6%
KeyCorp	405,352(7)	7.8%
PNC Bank, National Association	323,954(8)	6.2%
J. Ryan Ruhlman	7,679(9)	*
Eric R. Graef	37,579(10)	*
Dennis F. McKenna	31,483(10)	*
William H. Haag III	30,719(10)	*
David C. Sunkle	28,854(10)	*
Glenn E. Corlett	1,400	*
Richard R. Gascoigne	1,400	*
Michael E. Gibbons	8,568(10)	*

R. Steven Kestner	4,070(10)	*
All executive officers and directors as a group (14 persons)	2,559,451(10)(11)	49.1%

* Represents less than 1%.

(1) The mailing address for the Barbara P. Ruhlman Irrevocable Trust dated 6/29/2008 is McDonald Hopkins LLC, Attention: Bernard L. Karr, Trustee, 600 Superior Avenue, East, Suite 2100, Cleveland, Ohio 44114.

(2) Includes 604,213 shares, which are held through a revocable trust for which Mrs. Ruhlman is sole trustee and direct beneficiary and for which Mrs. Ruhlman has sole voting and dispositive power. Includes 1,474 shares held by The Thomas F. Peterson Foundation (the Foundation), of which Barbara P. Ruhlman is President and a Trustee. Mrs. Ruhlman has shared voting and dispositive power with respect to these 1,474 shares. Voting and dispositive power with respect to such shares is shared with Robert G. Ruhlman, who serves as a Trustee of the Foundation, and Randall M. Ruhlman, who serves as a Trustee and Secretary of the Foundation.

(3) Robert G. Ruhlman has sole voting and dispositive power with respect to 392,240 shares, which includes (i) 156,648 deferred common shares held in the rabbi trust for future distribution under the Company Deferred Compensation Plan of which Robert G. Ruhlman is trustee and (ii) 72,057 held in the Company s Profit Sharing Trust, of which Robert G. Ruhlman is trustee. Robert G. Ruhlman has shared voting and dispositive power with respect to 1,359,532 shares, which includes (i) 34,656 shares held in a trust for the benefit of Robert G. Ruhlman and his children and of which Robert G. Ruhlman and Randall M. Ruhlman serve as co-trustees, (ii) 46,656 shares held in a trust for the benefit of Randall M. Ruhlman and of which Robert G. Ruhlman and Randall M. Ruhlman serve as co-trustees, (iii) 400,452 shares held in the Ethel B. Peterson Trust of which KeyCorp is the trustee and for which Robert G. Ruhlman and Randall M. Ruhlman act as co-Trust Advisors, (iv) 876,294 shares held in the Irrevocable Trust between Barbara P. Ruhlman and Bernard L. Karr of which Bernard L. Karr is the trustee and for which Robert G. Ruhlman and Randall M. Ruhlman act as co-Trust Advisors, (v) 1,474 shares held by the Foundation for which Robert G. Ruhlman serves as a Trustee and Secretary and (vi) 300 shares owned by Robert G. Ruhlman s wife, with respect to which he may be deemed to share voting and dispositive power. Voting and dispositive power with respect to the common shares held by the Foundation is shared with Barbara P. Ruhlman, who serves as a Trustee and the President of the Foundation, and Robert G. Ruhlman and Randall M. Ruhlman, who serve as Trustees of the Foundation. Excludes 87,750 restricted share units (RSUs) issued under the Preformed Line Products Company Long Term Incentive Plan of 2008 (LTIP) that have not yet vested.

(4) Includes 166,266 shares with respect to which Randall M. Ruhlman has sole voting and dispositive power. Randall M. Ruhlman has shared voting and dispositive power with respect to 1,359,532 shares, which includes (i) 46,656 shares held in a trust for the benefit of Randall M. Ruhlman and his children and of which Randall M. Ruhlman and Robert G. Ruhlman serve as co-trustees, (ii) 34,656 common shares held in a trust for the benefit of Robert G. Ruhlman and his children and of which Randall M. Ruhlman and Robert G. Ruhlman serve as co-trustees, (iii) 400,452 shares held in the Ethel B. Peterson Trust of which KeyCorp is the trustee and for which Randall M. Ruhlman and Robert G. Ruhlman act as co-Trust Advisors, (iv) 876,294 shares held in the Irrevocable Trust between Barbara P. Ruhlman and Bernard L. Karr of which Bernard L. Karr is the trustee and for which Randall M. Ruhlman and Robert G. Ruhlman act as co-Trust Advisors, and (v) 1,474 shares held by the Foundation for which Randall M. Ruhlman serves as a Trustee and Secretary. Voting and dispositive power with respect to the shares held by the Foundation is shared with Barbara P. Ruhlman, who serves as a Trustee and the President of the Foundation, and Randall M. Ruhlman and Robert G. Ruhlman, who serve as Trustees of the Foundation.

(5) Bernard L. Karr, as the trustee, has shared voting and dispositive power with respect to 876,294 shares. These shares are also deemed to be beneficially owned by Robert G. Ruhlman and Randall M. Ruhlman, who act as co-Trust Advisors.

(6) Information obtained from a Schedule 13G/A filed by Royce & Associates, LLC on February 3, 2016. The mailing address for Royce & Associates, LLC is 745 Fifth Avenue, New York, New York 10151. Percent of class is calculated based on the shares reported in the Schedule 13G/A and the number of shares outstanding as of March 7, 2016. Royce & Associates, LLC has sole voting and dispositive power over such shares.

(7)

Information obtained from a Schedule 13G/A filed by KeyCorp on February 12, 2016. The mailing address for KeyCorp is 127 Public Square, Cleveland, Ohio 44114. Percent of class is calculated based on the shares reported in the Schedule 13G/A and the number of shares outstanding as of March 7, 2016.

KeyCorp has sole voting power over 4,900 shares, shared voting power over 400,452 shares, which are held by the Ethel B. Peterson Trust, of which KeyCorp is Trustee and Robert G. Ruhlman and Randall M. Ruhlman are co-trust Advisors, sole dispositive power over 1,000 shares and shared dispositive power over 405,352 shares, which includes the Ethel B. Peterson Trust shares.

(8) Information obtained from a Schedule 13G filed by The PNC Financial Services Group, Inc., PNC Bancorp, Inc., PNC Bank, National Association and PNC Capital Advisors, LLC (collectively, PNC) on February 12, 2016. The mailing address for PNC Bank is One PNC Plaza, 249 Fifth Avenue, Pittsburgh, PA 15222-2707. Percent of class is calculated based on the shares report in the Schedule 13G and the number of outstanding shares as of March 7, 2016. PNC Bank has sole voting power over 323,954 shares and sole dispositive power over 32,933 shares and disclaims beneficial ownership of such shares.

(9) Includes 7,500 shares that may be acquired pursuant to currently exercisable stock options for J. Ryan Ruhlman. Excludes 4,037 RSUs issued under the LTIP that are subject to vesting based on certain service and performance vesting requirements.

(10) Includes 2,000 shares that may be acquired pursuant to currently exercisable stock options for David C. Sunkle. Also includes the following number of deferred common shares held in the rabbi trust for future distribution under the Company s Deferred Compensation Plan: Eric R. Graef, 27,618; Dennis F. McKenna, 24,535; William H. Haag III, 24,587; and David C. Sunkle, 19,499, Michael E. Gibbons, 5,168 and R. Steven Kestner, 148. Excludes the following number of RSUs issued under the LTIP that are subject to vesting based on certain service and performance vesting requirements: Eric R. Graef, 17,813; Dennis F. McKenna, 13,948; William H. Haag III, 15,425; and David C. Sunkle, 14,204. Also includes shares held in the Company s 401k Plan: Eric R. Graef, 1,162; Dennis F. McKenna, 1,987; William H. Haag III, 1,832; and David C. Sunkle, 4,085.

(11) Includes 9,450 shares subject to stock options that other executive officers not listed in the table have the right to acquire within 60 days of March 7, 2016. Does not include a total of 34,864 shares of unvested RSUs that our current directors and executives officers not listed above do not have the right to acquire within 60 days of March 7, 2016.

CORPORATE GOVERNANCE

Code of Conduct

The Company believes that high ethical standards are conducive to long-term performance, and as such, all Board members, officers and employees are subject to the Company s Code of Conduct, which is available on the Company s website www.preformed.com in the About Us section. The Company will disclose any waivers granted under the Code of Ethics that are required to be disclosed in such section of the website as well.

Board Leadership

The Company s leadership begins with the Board, where the Company has one individual, Robert G. Ruhlman, who serves as both Principal Executive Officer (President and Chief Executive Officer) and Chairman of the Board. Mr. Ruhlman s dual responsibility is appropriate given the Company s size and history. Mr. Ruhlman has led the Company for the past 11 years as both CEO and Chairman. As such, he has thorough, specialized knowledge regarding the strategic challenges and opportunities facing the Company. Mr. Ruhlman is supported by independent directors who play pivotal roles. The Board has no policy that requires the separation or combination of the CEO and Chairman roles, and may reconsider the leadership structure from time to time. Additionally, the Board does not have a lead independent director. Finally, the Board believes that the Board s role in risk oversight does not affect this leadership structure.

Board s Role in Risk Oversight

The Company believes taking measured and informed risks is an important element of its strategy. The Board maintains an active role in the Company s risk oversight to identify and mitigate broader systematic risks. All material transactions and decisions are presented to the Board, and the Board engages in active discussions, challenging management while using its experiences to improve the Company. The Board has a depth of risk management experience, including one Board member with over 30 years of experience as an insurance broker. The

Board members frequently have discussions with members of management outside of the meetings and have the authority to call on experts where appropriate. Additionally, in accordance with the Audit Committee Charter, the Audit Committee reviews and discusses with management and the Company s independent auditor, the Company s (i) significant exposures (whether financial, operating or otherwise), and (ii) risk assessment and risk management policies. The Compensation Committee monitors the risks that may be created through the Company s compensation programs.

Board Composition

In accordance with our Amended and Restated Code of Regulations, the number of directors has been fixed at eight, and there is currently one vacancy. The Board of Directors is classified into two classes composed of four members each, with both classes serving staggered two-year terms. Below is an overview of each current Board member including a description of the particular experiences, qualifications, attributes and skills of the directors that led to the conclusion that each should serve as a director. Mr. Glenn Corlett, Mr. Michael Gibbons, Mr. R. Steven Kestner, and Mr. Ryan Ruhlman are nominees for election as directors at the annual meeting of shareholders.

Glenn E. Corlett Mr. Corlett s business experience commenced over 40 years ago when he joined Price Waterhouse where he served as a partner until 1990. Since that time, Mr. Corlett had served as the Chief Financial Officer and later the Chief Operating Officer for N.W. Ayer, a major international advertising agency before he became a Professor of Accounting at Ohio University, and the Dean and Philip J. Gardner Leadership Professor at the College of Business at Ohio University from July 1997 through June 2007. Mr. Corlett s tenure at Ohio University s Business School has given him the necessary credentials to be a contributing member of the Board, not only from an accounting aspect, but also in general business management. Mr. Corlett has lectured and written on accounting, auditing and executive compensation. Mr. Corlett s zest for understanding the Company s financial statements, while providing sound business advice, keeps him in a close working relationship with senior management. In addition, his oversight experience facilitates his role in reviewing the Company s compensation policy and ensuring that management is compensated in a manner consistent with the compensation policy and in accordance with the relevant laws as Chairman of the Compensation Committee.

Richard R. Gascoigne Mr. Gascoigne brings more than 30 years of experience in the insurance industry, and is well suited to be a board member, given his expertise in risk management and compliance. He was Managing Director at Marsh Inc., subsidiary of Marsh & McLennan Co. from 1995 until his retirement in 2008. He held numerous positions during his career at Marsh, including two years as regional compliance officer. He has extensive experience in commercial property and casualty underwriting, specifically focusing on middle market companies. In addition, he has provided risk management consulting to clients during product development, acquisitions and market introductions. The Company values his strong risk management and compliance experience. He is skilled at monitoring the Company s implementation of and adherence to its policies. His thoughtfulness in decision-making coupled with his willingness to thoroughly discuss issues make him a fitting member of the Board, as well as the Compensation and Audit Committees.

Michael E. Gibbons Mr. Gibbons began his career with McDonald & Company, where he quickly rose to the level of general partner and then senior vice president. From there, he became president and CEO of a leading regional securities and investment banking firm in Houston, Texas. Soon after that, he founded Brown Gibbons Lang & Company, where he provides an active senior role to client engagements and business development opportunities. He knows how to provide workable solutions to the Company. From his leadership of an investment bank, he is well suited to provide counsel on trends in the debt and equity markets, the integrity of the financial statements and the performance of our independent registered public accounting firm. This business acumen and experience ensures that he is well suited not only as a member of the Board, but also as the Chairman of the Audit Committee and a member of the Compensation Committee.

R. Steven Kestner Mr. Kestner has been practicing corporate law with the national law firm of Baker & Hostetler LLP since 1979. Mr. Kestner serves as Chairman of Baker & Hostetler and chairs the firm s Policy Committee, which functions as the board of directors for the law firm, positions he has held since 2004. As Chairman, Mr. Kestner is the chief executive officer of the firm and his responsibilities include managing the firm s operations, finance and strategic growth. In addition, prior to becoming Chairman of the firm, he served in several management positions, including Policy Committee member and Chair of the firm s National Business Practice Group, while developing an active legal practice focusing primarily on transactions, financings and securities law matters. Mr. Kestner advises and represents clients in the areas of domestic and foreign mergers and acquisitions, and he regularly works with public and private companies. He works closely with NYSE and NASDAQ listed companies. Mr. Kestner s securities law work has included registration statements under the Securities Act of 1933 with respect to both debt and equity financings and annual and periodic reports and proxy statements under the Securities Exchange Act of 1934. He is valued for his thoughtful analysis and ability to provide the Board with various perspectives based on his depth of experience with similar companies.

Barbara R. Ruhlman Mrs. Ruhlman is the current longest-serving board member, having become a member of the Board in 1988. As the daughter of the founder and the mother of Robert G. Ruhlman and grandmother of J. Ryan Ruhlman, she has seen the Company grow from its founding as a local manufacturing firm to the multi-national company it is today. She has served as President of the Thomas F. Peterson Foundation since 1988, and has been active in her philanthropy for over 50 years. She serves as a member of the Development Committee of the University Hospitals Board of Directors, and in addition, she serves as Chair of the MacDonald Women s Health Leadership Council. She has been on the Board of the Arthritis Foundation Northeastern Ohio Chapter for 20 years, and also serves on the Hunger Network Board. Finally, she was a member of the Board at Laurel School for over 10 years. Mrs. Ruhlman brings her vast experience based not only on long-standing tenure with the Company, but also with her extensive exposure to other entities via her volunteer work. She has the skills and capacity to provide strategic insight and direction by encouraging innovations and evaluating strategic decisions.

J. Ryan Ruhlman Mr. Ruhlman is the newest member to the Board, appointed in July 2015. As the great-grandson of the founder and the son of the Chairman of the Board Robert G. Ruhlman, he has been part of the Company throughout his life. He began working for the Company in January 2002 as a part-time Laboratory Technician while attending college, and continued his career at the Company after graduation, working in various roles in Research and Engineering, Manufacturing, and International Operations. He was most recently promoted, in December 2015, to Vice President, Marketing and Business Development where he is responsible for Special Industries, Distribution and Transmission Markets, as well as Marketing Communications. Prior to that, he was promoted to Director, Marketing and Business Development in January 2015 including responsibilities for Special Industries, Distribution and Transmission Markets, as well as Marketing Communications. He has served a variety of positions in Research and Engineering, International and Marketing and Sales departments since 2002, including Laboratory Technician, International Operations Project Specialist, Business Development Specialist and Manager of New Business Development and Marketing Communications. Mr. Ruhlman has developed an understanding of strategic and tactical business issues that include operations, manufacturing, marketing, and business development. Furthermore, he possesses an understanding of the innovation necessary to grow the Company, is involved with employee development initiatives, and plays a key role in setting and maintaining the Company s corporate culture.

Robert G. Ruhlman Mr. Ruhlman started with the Company over 35 years ago as an Associate Engineer. Over his years of service with the Company, he has held various positions including Manufacturing Administrator (1985), New Venture Coordinator (1987), Vice President of Corporate Planning (1988), President (1995), Chief Operating Officer (1995) and, most recently, Chief Executive Officer (2000). He was appointed as Chairman of the Board in 2004. These positions have given Mr. Ruhlman exposure to almost every aspect of the Company, from manufacturing to marketing. He has had ample experience and intimate knowledge of not only the Company itself, but also working with its customers. He has also been lauded for his clear thinking and ability to distill vast information into its critical components. Finally, his leadership fosters a Board culture of open discussion to support sound decision-making.

Election of Directors

In July 2015, Mr. Randall Ruhlman elected to resign as a Director, and the Board approved appointment of J. Ryan Ruhlman to complete his term, as recommended by a majority of the Board s independent members. Four of the Company s directors, Mr. Glenn Corlett, Mr. Michael Gibbons, Mr. R. Steven Kestner, and Mr. J. Ryan Ruhlman, are serving terms that expire at this year s annual meeting of shareholders and have been nominated by the Board of Directors upon the recommendation of a majority of the Company s independent directors, for re-election at the meeting to a term which expires in 2018. At the annual meeting of shareholders, the shares represented by proxies, unless otherwise specified, will be voted for these four nominees.

If for any reason any of the nominees are not a candidate when the election occurs (which is not expected), the Board of Directors expects that proxies will be voted for the election of a substitute nominee designated by the Board. Three directors, Mr. Richard Gascoigne, Mrs. Barbara Ruhlman, and Mr. Robert Ruhlman, are currently serving terms that expire in 2017. The following information is furnished with respect to each person nominated for election as a director and the directors continuing in office.

The Board recommends that you vote FOR the following nominees:

Name and Age	Principal Occupation and Business Experience	Period of Service as a Director	Expiration of Term for Which Proposed
Glenn E. Corlett, 72	Mr. Corlett is currently Dean Emeritus of The College of Business at Ohio University. From July 1997 through June 2007, Mr. Corlett was the Dean and the Philip J. Gardner Leadership Professor at The College of Business at Ohio University. Mr. Corlett currently serves as a director and Chairman of the audit committee for Rocky Brands, Inc. Mr. Corlett also serves as a director of the following companies: Integrity Insurance, Copernicus Therapeutics, Inc., Grange Insurance Companies and Palmer-Donavin Manufacturing Corporation.	2004 to date	2018
Michael E. Gibbons, 63	Mr. Gibbons is the founder and Senior Managing Director of Brown Gibbons Lang & Company, an investment bank. Mr. Gibbons is past Chairman and serves on the executive committee for Global M&A Partners Ltd., Dublin, Ireland; on the Northeast Ohio Advisory Board for U.S. Bank Corp., Minneapolis, Minnesota; on the board of trustees and executive committee for Greater Cleveland Sports Commission, Cleveland, Ohio; on the board of visitors executive committee for Case Western Reserve University Weatherhead School of Management, Cleveland, Ohio; and serves on the Executive Committee Board of Visitors for the Cleveland-Marshall College of Law. Mr. Gibbons also served on the board of directors of Associated Estates Realty Corporation (AEC), Richmond Heights, Ohio, from 2004 to 2015.	2008 to date	2018
R. Steven Kestner, 61	Since September 1979, Mr. Kestner has been an attorney with the law firm Baker & Hostetler LLP, and has been Chairman of that firm since January 2004. Mr. Kestner serves on the Board of Trustees for The Cleveland Museum	2008 to date	2018

	of Art and the Board of Directors for the Greater Cleveland Partnership.		
J. Ryan Ruhlman, 32	Vice President of Marketing and Business Development, for the Company.	2015 to date	2018

7

Current directors whose terms will not expire at the annual meeting of shareholders:

Name and Age	Principal Occupation and Business Experience	of Service as a Director	Term Expiration
Barbara P. Ruhlman, 83	President of the Thomas F. Peterson Foundation since 1988.	1988 to date	2017
Robert G. Ruhlman, 59	Mr. Ruhlman was elected Chairman of the Company in July 2004. Mr. Ruhlman has served as Chief Executive Officer since July 2000, and as President since 1995. He is on the Board of Proxisafe, in which the Company has made an investment.	1992 to date	2017
Richard R. Gascoigne, 66	Mr. Gascoigne was Managing Director at Marsh Inc., a subsidiary of Marsh & McLennan Co. that provides insurance services, from 1995 until his retirement in 2008. Prior to that, he had held numerous positions during his 28-year career at Marsh.	2009 to date	2017

The Board has determined that Messrs. Corlett, Gibbons, Kestner and Gascoigne are independent under the NASDAQ s corporate governance rules. In the opinion of the Board, Mr. Kestner s affiliation with Baker & Hostetler LLP, a law firm that regularly provides legal services to the Company, does not interfere with Mr. Kestner s exercise of independent judgment in carrying out his duties as a director of the Company.

Barbara P. Ruhlman is the mother of Robert G. Ruhlman and the grandmother of J. Ryan Ruhlman.

Board Committees and Meetings

Nominating Committee

The Board does not have a Nominating Committee nor any charter with respect to nominations. However, pursuant to NASDAQ corporate governance rules, any Board nominees must be recommended for Board selection by a majority of the Company s independent directors. The independent directors are responsible for ensuring that the members of the Board of Directors possess a variety of knowledge, experience and capabilities derived from substantial business and professional experience, based on an assessment of numerous factors such as age and understanding of and experience in manufacturing, technology, finance and marketing. The Board considers whether potential candidates will satisfy the independent standards for the Board, Audit Committee and Compensation Committee. Additionally, nominees for the Board of Directors should be committed to enhancing long-term shareholder value and must possess a high level of personal and professional ethics, sound business judgment and integrity. Finally, the Board welcomes nominees with diverse backgrounds, not only in gender and ethnicity, but also in particular experience such as banking, international business, government, and health care. To this end, the independent directors rely on their networks of contacts to compile a list of potential candidates, and may also consider qualified candidates suggested by officers, employees, shareholders and others, using the same criteria to evaluate all candidates. J. Ryan Ruhlman was recommended for consideration by the independent directors for nomination for election to the Board by Robert G. Ruhlman, our Chairman, President and Chief Executive Officer and his father. While the Board considers diversity in its evaluation of candidates, the Board does not have a policy specifically focused on the consideration of diversity.

8

Audit Committee

The Board of Directors has appointed an Audit Committee, comprised of Messrs. Gibbons (chairman), Corlett and Gascoigne, each of whom qualifies as independent for audit committee purposes under the NASDAQ rules. The Board of Directors has determined that Michael E. Gibbons is an audit committee financial expert and that each member meets the requirements under the NASDAQ rules regarding the ability to read and understand financial statements.

The Audit Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibility relating to corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports and other financial information provided by the Company to NASDAQ, the Securities and Exchange Commission or the public. The Audit Committee also engages the independent registered public accountants for the Company, reviews with the independent registered public accountants the plans and results of audit engagements, preapproves all professional services provided by the independent registered public accountants including audit and non-audit-related services, reviews the independence of the independent registered public accountants, approves the range of audit and non-audit fees, reviews the independent registered public accountants management letters and management s responses, reviews with management their conclusions about the effectiveness of the Company s disclosure controls and procedures, and reviews significant accounting or reporting changes. Management does not approve professional services provided by the independent public accountants for audit and non-audit-related services. The Audit Committee is governed by a written charter, which is available on the Company s website www.preformed.com.

Compensation Committee

The Board of Directors has appointed a Compensation Committee, comprised of Messrs. Corlett (chairman), Gibbons and Gascoigne, each of whom qualifies as independent under the NASDAQ rules. The Compensation Committee administers the Company s executive compensation program and as such, is responsible for reviewing all aspects of the compensation program for the Company s executive officers. The Compensation Committee meets at scheduled times during the year no less than twice and has the authority to consider and take action by written consent. The Compensation Committee Chairman reports on Compensation Committee actions and recommendations at the Company s Board meetings. In order to meet its responsibilities, the Compensation Committee has the authority to delegate certain of its responsibilities to subcommittees and/or officers where necessary and consistent with applicable law and to retain consultants. The Compensation Committee is governed by a written charter, which is available on the Company s website www.preformed.com. See Compensation Discussion and Analysis for the role of the President and Chief Executive Officer in compensation matters.

The Compensation Committee s primary objective with respect to executive compensation is to establish programs that attract and retain key officers and managers, and align their compensation with the Company s overall business strategies, values, and performance. To this end, the Compensation Committee has established, and the Board of Directors has endorsed, an executive compensation philosophy to compensate executive officers based on their responsibilities and the Company s overall annual and long-term performance, which is outlined under Directors and Executive Officers Compensation.

Meetings

In 2015, the Board of Directors held five meetings. In 2015, the Audit Committee held four meetings and the Compensation Committee held five meetings. Barbara Ruhlman attended less than 75% of the total meetings of the Board of Directors, and all other directors attended at least 75% of the total of meetings held by the Board of Directors and all committees on which the director served. The directors are expected to attend the Company s annual meeting of shareholders. All of the directors except Barbara Ruhlman attended last year s annual meeting of shareholders.

Audit Committee Report

In accordance with its charter, the Audit Committee assists the Board of Directors in fulfilling its responsibility relating to corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports and other financial information provided by the Company to NASDAQ, the Securities and Exchange Commission or the public. Management is responsible for the financial statements and the reporting process, including the system of internal controls. The independent registered public accountants are responsible for expressing an opinion on the conformity of the audited financial statements with generally accepted accounting principles. The Audit Committee is comprised of three directors who are not officers or employees of the Company and are independent under the current NASDAQ rules.

In discharging its oversight responsibility as to the audit process, the Audit Committee reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2015, with the Company s management. The Audit committee reviewed with the independent auditor, which is responsible for expressing an opinion on the conformity of those audited consolidated financial statements and related schedule with US generally accepted accounting principles, its judgments as to the quality, not just the acceptability, of the Company s accounting principles and such other matters as are required to be discussed with the Committee by the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), including PCAOB Auditing Standard No. 16, Communications with the Audit Committees, the rules of the Securities and Exchange Commission, and other applicable regulations. In addition, the Committee has discussed with the independent auditor the firm s independence from the Company management and the Company, including the matters in the letter from the firm required by PCAOB Rule 3526, Communication with Audit Committees Concerning Independence, and considered the compatibility of non-audit services with the independent auditors independence.

Based on the above-referenced review and discussions with management and the independent auditors, the Audit Committee recommended to the Board of Directors that the Company s audited financial statements and management s assessment of effectiveness of the Company s internal control over financial reporting be included in its Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the Securities and Exchange Commission.

Michael E. Gibbons, Chairman
Glenn E. Corlett
Richard R. Gascoigne

COMPENSATION POLICIES AND RISK

The Company s policies and overall actual compensation practices for all employees do not create risks that are reasonably likely to have a material adverse effect on the Company. Generally speaking, the compensation policies are consistent for all business units of the Company. Additionally, incentives are not designed to, and do not, create risks that are reasonably likely to have a material adverse effect on the Company as the incentives generally reward growth and profitability. The Company s various bonus programs are based on consistent growth of the Company, relying, for example, on the total return on investment, or including language that requires any increases in sales to be on appropriate and consistent margins. As such, they do not encourage employees to take risks in order to receive incentive compensation, nor are they reasonably likely to have a material adverse effect on the Company.

DIRECTORS AND EXECUTIVE OFFICERS COMPENSATION

Compensation Discussion and Analysis

Role of the Compensation Committee

The Compensation Committee (the Committee) administers the Company s executive compensation programs. The Committee s primary role is to oversee the Company s compensation and benefit plans and policies for its elected executive officers, including the Named Executive Officers (NEOs) who are the Company s principal executive officer (Robert G. Ruhlman, Chairman, President and Chief Executive Officer), principal financial officer (Eric R. Graef, Chief Financial Officer and Vice President Finance) and the three other most highly compensated executive officers. The Committee reviews and approves all executive compensation decisions relating to the officers, including all NEOs.

In the performance of its duties, the Committee has the authority to allocate all or any portion of its responsibilities and powers to any one or more of its members, and may delegate all or any portion of its responsibilities and powers to a committee formed for that purpose, subject to approval from the entire Board. Additionally, the Committee may select and appoint outside consultants to assist it.

Philosophy of the Compensation Program

The philosophy of the Committee is to provide a compensation program that will attract, motivate and retain key members of the leadership team in order to give the Company a competitive advantage while ensuring the success and growth of the Company. The compensation program should ensure that a significant portion of compensation will be directly related to the Company s performance by tying annual cash bonus and long-term incentive awards to Company performance. The compensation program is intended to motivate the officers to enable the Company to achieve its short-term and long-term business goals. The Committee has three goals to guide it in this endeavor: (a) compensation paid to officers should be aligned with the performance of the Company on both a long- and short-term basis; (b) compensation should be competitive within the employment environment; and (c) compensation should be designed to reward officers for meeting performance targets.

Compensation Program

The Committee strives to craft a compensation program that pays the officers at competitive levels reflective of their individual responsibilities while maintaining consistency and pay equity among the individual officers. The Committee conducts an annual review of the compensation program, as well as changes in the overall composition of the management team and the responsibilities of the individual officers, to ensure that the compensation is competitive within the market, supports retention objectives and is internally equitable. Reliance upon various tools, and the findings from such tools, assists the Committee in its analysis, and leads to decisions regarding the mix of the various compensation elements to be included. Additionally, the cost of the compensation program is considered, in recognition that the optimal compensation program motivates employees to improve Company results on a cost-effective basis. Typically, the Committee finalizes compensation elements for a calendar year in December of the prior year.

Tools and Findings from Analysis. The Committee relies upon tools to analyze the compensation program internally and within the competitive landscape. Historically, these tools have been outside data compiled by various consultants, tally sheets detailing overall compensation packages for each individual officer and discussions with the CEO regarding performance levels and goals. The Committee also considers the results of the most recent non-binding advisory say on pay vote of the Company s shareholders on executive compensation.

Consultant. The Committee has the authority to retain its own advisor. For 2015, the Committee did not retain an advisor.

External Data. The Committee generally relies upon various independent surveys, which are matched to specific positions with similar functional descriptions as those for the officers. The Committee reviews surveys primarily to gain perspective on how the Company s executive compensation compares to other similarly-sized companies so that it can assess whether the Company s pay levels are generally competitive and represent a reward for strong performance. For 2015, the Committee utilized the TowersWatson annual compensation level survey. Using this independent survey, the Committee analyzed the compensation paid to officers, including the CEO, compared against the compensation paid to executives holding equivalent positions in the peer classification group, consisting of surveyed manufacturers of durable goods with employment levels of between 1,000 and 4,999 (the Peer Group). The survey did not include any revenue limitations as using such limitations would have resulted in a peer group that was too small to be statistically relevant. The Committee reviews base salary and total compensation at both the 50th and 75th percentile levels to highlight where the Company s compensation is relative to peers for competitive purposes, and also takes into account the individual s experience and performance and the Company s results. For 2015, the officers including the CEO were near the 50th percentile, when reviewing base salary alone. The Committee decided that salary levels that are near the 50th percentile were appropriate for 2015, given the sales and operating income levels achieved by the Company.

The Committee also reviews total cash compensation, which included salary and the maximum available bonus for the officers, and compares that data with the Peer Group data. The Committee does not engage in specific benchmarking when comparing total compensation because a significant portion is tied to the Company s performance, which can cause a great variation relative to the amounts paid by comparable companies with different performance results. As a result, the Committee considers the total compensation paid by other companies to ensure that the Company s pay is competitive, and to assess whether its payout levels for strong performance represents an incentive to achieve such performance. For 2015, total compensation of the officers was found to align near the 50th percentile depending on the actual payout to be achieved.

Discussions with the CEO. All of the non-CEO officers report directly to the CEO, who performs a yearly evaluation of the performance of each officer. The CEO s assessment of the individual performance forms the basis for the proposed compensation levels of each officer (other than the CEO), in light of the information derived from the aforementioned survey. The CEO provides a written evaluation for each officer (other than the CEO) that includes his recommendations for salary adjustments for the subsequent year to the Committee, which weighs these recommendations in determining salary levels.

Results of 2014 Say on Pay Vote. The Proxy Statement filed by the Company in 2014 included a non-binding advisory say on pay vote on executive compensation. Although the vote was non-binding, the Board of Directors and the Committee value the opinions of the shareholders and considered the outcome of the vote when making compensation decisions for the Company s NEOs. The Company s compensation program received an affirmative vote from over 87% of the Company s common shares entitled to vote and present or represented by proxy at the 2014 annual meeting. The Company views this shareholder approval as an endorsement of a sound compensation program.

Compensation Elements. The Company recognizes that its success depends, in large part, on a leadership team with the skills and commitment necessary to successfully manage a global organization. The compensation

12

program assists in achieving this objective by relying on the elements of compensation detailed below. Certain elements are designed to enable the Company to attract and retain the officers with the skills to anticipate and respond to the market, while other elements are intended to motivate the officers to achieve financial results to enhance shareholder value. The Company s 2015 compensation program for officers consisted of the following elements:

- Base salaries;
- Annual cash incentive awards;
- Long-term equity grants;
- Bonus stock;
- Retirement benefits; and
- Health and welfare benefits.

The Company structures the total compensation program so that its reliance on any particular element of compensation is flexible. Thus, the compensation program strives to meet the goals outlined above, by balancing short-term (i.e., base salaries, annual cash incentive awards) and long-term incentives (i.e., long-term equity grants), competitively in the market and to address the volatility in the Company s performance due to external factors. There is no difference in the policies and their application for each of the officers, except for the CEO.

Base Salaries. The Company s goal is to establish salaries at a level sufficient to attract and retain talented executives. This goal is based on the Company s belief that it is important to maintain salary levels near a midpoint of comparable company executives to be competitive within the general market and the Peer Group. The base salaries of the officers are reviewed annually. In each case, factors considered in establishing an officer s salary level include a review of the individual s performance initiated by the CEO, an accounting of the Company s performance, the experience level for the position, the Peer Group executive compensation information derived from the independent compensation survey using companies in similar industries and with similar employee levels and internal equity. For 2015, the Committee ratified the CEO s recommendations for no increases for either the officers or the CEO, in light of the Company s performance and a return to a bi-annual salary review for the officers.

Annual Cash Incentive Awards. The annual cash incentive award is designed to motivate and reward the officers for their contributions to the Company s performance by making a significant portion of their total compensation variable and dependent upon the Company s annual financial performance. It is tied directly to the financial performance of the Company on a sliding scale of return on shareholders equity. The Committee believes that compensating management by aligning compensation with shareholders return on their investment is an effective way to connect the achievement of performance goals and to encourage growth in the Company while rewarding officers for their contributions. The calculation is based on the Company s pretax return on equity and assessed over a range of 4% to 15%. The implied target is 9.5% which assumes a linear, symmetrical bonus curve with one-half of the maximum bonus earned at the midpoint of the performance range. From this calculation, the awards are determined based on a schedule that provides certain percentages to be applied to base salaries. The Company s pretax return on shareholders equity for 2015 was 8.1% which would have resulted in a payout of 65% for the CEO and 50% for the other NEOs. The maximum bonuses are 100% of salary for the CEO and 85% of salary for the other officers. The Committee has the ability to exercise discretion and make adjustments. In December 2015, the Company s pretax return on shareholders equity was expected to yield a payout of 60% for the CEO and 45% for the other NEOs. However, the Committee recognized the extraordinary effort of the management team, during difficult economic conditions for the Company s industry. Because the Company s customers are primarily governments or governmental-regulated entities, the economic woes facing the majority of governments in the last few years have forced most of the customers to curtail capital expenditures. As such, capital expenditures at public utilities around the world have slowed precipitously. Due to these significant variations in market demand, the Committee believed that the management team should receive a greater bonus at lower levels of return on shareholders equity to also compensate them for achievements with respect to market share and volume-related expense management. The Committee approved an adjustment of the annual cash bonus award to 1.25 times the payout in recognition of this effort. Accordingly, the cash incentive awards for 2015 were 75% of salary for the CEO and 56.25% of salary for the other NEOs.

Long-term Equity Grants. The Committee believes that the Company s shareholders will be well served if a greater percentage of the long-term equity incentive program is related to achievement of the Company s Board-approved strategic objectives. To that end, the balanced LTI program consisting of service vested restricted share units (RSUs) and performance vested RSUs, is a way to achieve its objectives. Generally, performance-vesting aligns executive long-term incentive rewards more directly with shareholder interests since achieving strategic objectives is a better measure of managements performance than the volatility of the stock market. Furthermore, the Committee believes that the shareholders are served well by decisions that further the Company s long-term strategic plan. The Committee also believes that the CEO s long-term incentive should generally be 100% dependent on the achievement of the Company s strategic objectives. Nevertheless, the Committee believes that it is appropriate to include some service vested RSUs in the long-term incentive program of the other officers in order to encourage retention of key executives over the duration of a business cycle. Additionally, upon vesting, it was mandated that the officers defer receipt of the shares received from the grants in 2009 through 2013 until, at the earliest, their retirement/termination date. This policy was replaced by the ownership guidelines discussed below in 2014.

Long-term equity incentive grants are made under the Preformed Line Products Company Long Term Incentive Plan of 2008 (LTIP), which was initially approved by the Board and by the shareholders in 2008 and amended and restated by the Board during 2011 and subsequently approved by the shareholders at the 2011 annual meeting. The CEO s typical annual equity compensation awards are performance-based RSUs, vesting in three years based upon achieving performance standards approved at the time of the grant by the Company s Board of Directors. The typical annual equity compensation awards to the other participants are as follows: two-thirds of the award is performance-based RSUs, vesting in three years based on achieving performance standards approved at the time of the grant by the Company s Board of Directors, and one-third of the award is service-based RSUs, vesting three years after the date of the grant based solely on continued employment by the Company. The Committee chose to emphasize performance over three years (rather than weigh performance and service equally), because it believes this approach aligns the Company s performance with shareholder interests, while acknowledging the benefit from long-term service.

For the performance-based RSUs, the number of shares in which the participant becomes vested will depend upon the specific level of growth in pretax income and sales growth measured over the three-year performance period ending December 31, 2017, with thresholds of 5%, 7% and 10% for operating income growth, and 3%, 5% and 10% for sales growth. The threshold payout is at 25% of the maximum number of performance-based RSUs if both measures are achieved, the target is at 50% if both 7% growth in operating income and 5% growth in sales are achieved, and the maximum is at 100% of the number of RSUs subject to the award if 10% growth in each measure is achieved at the end of the three-year period. If only one of the two measures is achieved at any of these levels, the vesting percentage is weighted to provide for some additional vesting for achieving the higher measure. Dividends declared on RSUs are accrued as cash dividends.

For the 2015 grants, the Committee once again analyzed the history of the RSU grants, and whether such grants effectively aligned the interests of the NEOs with the Company s interests, taking into account industry data and input from officers regarding the Company s markets, projections and costs. The Committee s intention is to incentivize management to grow the Company while maintaining profit margins. Given the economic conditions and volatile Company performance over the past few years and the challenges in forecasting the external factors that drive the Company s sales, the Committee agreed to continue using a one-year base as established in 2014 to measure growth during the performance period, and adjusted the performance metrics to the growth percentages discussed above. The Committee recommended and the Board approved the grants in February 2015 to each of the officers including the CEO.

The CEO s award is set at a number of RSUs equal to 100% of the CEO s salary if target performance is achieved, with a maximum award equal to 200% of his salary if the maximum performance is achieved. The awards to the other officers are as follows: the award is set at a number of RSUs equal to that percentage of participant s salary that is specified at the time of grant if target performance is achieved. The maximum amount of the performance portion of the award is equal to two times the target award. The amount of the service-vested award that can be earned is equal to the target award. Each officer was granted the number of RSUs equal to the maximum level under the performance criteria.

Bonus Stock. In November 2015, the Committee reviewed the Company s financial results for the first three quarters of 2015 and expected results for the full year and considered the likelihood that the Company would achieve the performance targets for the performance-based RSUs over the three-year period ending in 2017. The Committee also considered the effort that the CEO and other officers had put forth during 2015 and that would continue to be needed to manage the Company through prolonged challenging market conditions, and whether the RSUs and cash incentive provided appropriate incentive compensation. In light of these considerations, the Committee awarded a special, one-time grant of restricted stock to the CEO and other officers that fully vested on the issuance date of November 30, 2015, as a shorter-term reward for achievements not tied to the performance metrics and to encourage retention.

Retirement Benefits. The Company believes that retirement benefits are an important component of total compensation. The Company s primary retirement benefit consists of the Company s 401(k) and profit sharing plan under which all salaried employees of the Company, including officers, participate starting in their third year of employment. The amount the Company provides to the profit sharing plan is based on the recommendation of management, with the Board s approval. Typically, the Company s contribution under this plan is approximately 15% of the then-current year s cash compensation which is consistent with the amount contributed for all full-time salaried employees of the Company, including the cash incentive award. When calculating the Company s contributions under the profit sharing plan, the Company does not consider gains from prior awards. Every aspect of this plan is the same for all salaried employees, including officers. Thus, each salaried participant elects the investment options with the same options offered to all salaried employees and officers. The plan does not involve any guaranteed minimum return or above-market returns; rather, the investment returns are dependent upon actual investment results. To the extent an employee s award exceeds the maximum allowable contribution permitted under existing tax laws, the excess is accrued for (but not funded) under a non-qualified Supplemental Profit Sharing Plan. The return under this Supplemental Profit Sharing Plan is calculated at a weighted average of the Treasury constant maturity one-year rate plus 1%.

Executive Perquisites. Perquisites and other personal benefits do not comprise a significant aspect of the Company s compensation program. Although officers participate in the same benefit programs as the Company s other employees, the Company provides a few additional benefits to its officers. These benefits are designed to enable the officers to balance their personal, business and travel schedules. In 2015, benefits include the Company s payment of club dues, which was less than $4,000 annually per membership, for three of the NEOs as indicated in the accompanying Summary Compensation Table. The Company also pays annual dues for Robert G. Ruhlman at a club located near the Company s Rogers, Arkansas facility, which totaled approximately $3,000 in 2015. This benefit is also provided to four other non-officer employees, primarily for business entertainment purposes. Except as described here, the Company aircraft is available to all of the employees, including the officers, for business-related travel only. The CEO is permitted to use the Company s aircraft for personal purposes, as shown on the Summary Compensation Table. The Company also makes personal financial advice available to the CEO and tax advice available to all its officers.

Ownership Guidelines. In 2009, the Board established a requirement that the NEOs defer receipt of all shares received upon vesting of RSUs until retirement or termination of employment. Upon advice from Aon Hewitt during its 2013 engagement, the Committee determined that ownership guidelines would provide a more flexible way to ensure executives maintain sufficient ownership position in the Company. In February 2014, the Committee recommended and the Board approved ownership guidelines to ensure that the NEOs have a stake in the future of the Company in lieu of the deferral requirement. The ownership guidelines require the CEO to hold six times his annualized base salary in equity of the Company, and the other officers to hold three times their annualized base salaries. The ownership guidelines state that the types of equity that count toward the ownership requirement are stock owned directly, stock owned in a Company-sponsored retirement plan, and the unvested portion of RSUs that are subject only to time-vesting. In addition, each covered executive has until 2019 to meet these parameters.

15

Tax Deductibility of Pay. Section 162(m) of the Internal Revenue Code of 1986 places a limit of $1 million on the amount of compensation that a company may deduct in any one year with respect to each of its NEOs. All officers were below this threshold in 2015, except the CEO.

Compensation Committee Report

The Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis, and based on the review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Glenn E. Corlett, Chairman

Richard R. Gascoigne

Michael E. Gibbons

Summary Compensation Table

The table below describes the compensation earned in the last three fiscal years for our NEOs.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)	Non-Equity Incentive Plan Compensation ($) (2)	All Other Compensation ($) (3)	Total ($)
Robert G. Ruhlman	2015	763,380		1,715,144	572,535	309,407	3,360,466
Chairman, President and	2014	763,380		1,526,759	715,669	356,449	3,362,257
Chief Executive Officer	2013	741,120		1,482,241			