

DUCOMMUN INC /DE/  
Form DEF 14A  
March 28, 2005

**SCHEDULE 14A INFORMATION**

**(RULE 14A-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

DUCOMMUN INCORPORATED

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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.. 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:

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

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(3) Filing Party:

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(4) Date Filed:

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**DUCOMMUN INCORPORATED**

**23301 Wilmington Ave.**

**Carson, California 90745-6209**

**(310) 513-7280**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**May 4, 2005**

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To the Shareholders of

Ducommun Incorporated:

Notice is hereby given that the Annual Meeting of Shareholders of Ducommun Incorporated, a Delaware corporation (the Corporation), will be held at the Doubletree Hotel, 2 Civic Plaza, Carson, California, on Wednesday, May 4, 2005, at the hour of 9:00 o'clock A.M. for the following purposes:

1. To elect one director to serve for a two-year term ending in 2007, and two directors to serve for three-year terms ending in 2008.
2. To ratify the selection of PricewaterhouseCoopers LLP as the Corporation's independent accountants for the Corporation's fiscal year ending December 31, 2005.
3. To transact any other business that may properly be brought before the meeting or any adjournments or postponements thereof.

March 14, 2005 has been established as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. All shareholders are cordially invited to attend the meeting in person.

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To insure your representation at the meeting, please complete and mail your Proxy Card in the return envelope provided, as soon as possible. This will not prevent you from voting in person, should you so desire, but will help to secure a quorum and will avoid added solicitation costs.

By Order of the Board of Directors

James S. Heiser

Secretary

Carson, California

March 28, 2005

## DUCOMMUN INCORPORATED

23301 Wilmington Ave.

Carson, California 90745-6209

(310) 513-7280

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### PROXY STATEMENT

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This Proxy Statement is being mailed on or about March 28, 2005 to shareholders of Ducommun Incorporated (the "Corporation") who are such of record on March 14, 2005, in connection with the solicitation of proxies for use at the Corporation's Annual Meeting of Shareholders to be held at 9:00 o'clock A.M. on May 4, 2005, or at any adjournments or postponements thereof (the "Annual Meeting"), for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The accompanying proxy is solicited by the Board of Directors of the Corporation. Solicitation will be made by mail, interview, telephone, facsimile and Internet. D. F. King & Co., Inc. has been retained to assist in the solicitation of proxies for which it will be paid a fee of \$4,500 plus reimbursement of out-of-pocket expenses. Brokers, nominees, banks and other custodians will be reimbursed for their costs incurred in forwarding solicitation material to beneficial owners. All expenses incident to the proxy solicitation will be paid by the Corporation.

Proxies in the accompanying form will be voted in accordance with the instructions given therein. If no instructions are given, the proxies will be voted for the election as directors of the management nominees, for ratification of the selection of PricewaterhouseCoopers LLP as the Corporation's independent accountants for the fiscal year ending December 31, 2005, and in their discretion on such other business as may properly come before the meeting. Any shareholder may revoke his proxy at any time prior to its use by filing with the Secretary of the Corporation a written notice of revocation or a duly executed proxy bearing a later date or by voting in person at the Annual Meeting.

The close of business on March 14, 2005 has been fixed as the record date (the "Record Date") for the determination of holders of shares of Common Stock entitled to notice of, and to vote at, the Annual Meeting. At the close of business on the Record Date, the Corporation had outstanding 10,047,322 shares (excluding treasury shares) of Common Stock, \$.01 par value per share (the "Common Stock"). In the election of directors, holders of Common Stock have cumulative voting rights. Cumulative voting rights entitle a shareholder to a number of votes equal to the number of directors to be elected multiplied by the number of shares held. The votes so determined may be cast for one candidate or distributed among one or more candidates. Votes may not be cast, however, for a greater number of candidates than the number of nominees named herein. On all other matters to come before the Annual Meeting, each holder of Common Stock will be entitled to one vote for each share owned.

A majority of the outstanding shares of Common Stock will constitute a quorum at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum has been obtained. In the election of directors, abstentions and broker non-votes will not be counted. On all other matters, abstentions will be counted, but broker non-votes will not be counted, for purposes of determining whether a proposal has been approved.

In the election of directors, the candidates receiving the highest number of votes will be elected to fill the vacancies on the Board of Directors.  
The ratification of PricewaterhouseCoopers LLP as the Corporation's

independent accountants for the fiscal year ending December 31, 2005 requires approval by the affirmative vote of a majority of the votes cast.

The Corporation's 2004 Annual Report to Shareholders is being mailed to shareholders with this Proxy Statement.

## 1. ELECTION OF DIRECTORS

Three directors (out of a total of seven) are to be elected at the forthcoming Annual Meeting: one director to serve for a two-year term expiring at the Annual Meeting in 2007 and thereafter until his successor is elected and qualified, and two directors to serve for three-year terms expiring at the Annual Meeting in 2008 and hereafter until their successors are elected and qualified. The nominees for such positions are Robert C. Ducommun (for the two-year term), and Thomas P. Mullaney and Robert D. Paulson (for the three-year terms). In the absence of a contrary direction, proxies in the accompanying form will be voted for the election of the foregoing nominees. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur the person designated in the proxies will cast votes for other persons in accordance with their best judgment. In the event that any person other than the nominees named herein should be nominated for election as a director, the proxy holders may vote for less than all of the nominees and in their discretion may cumulate votes. Should any of the directors whose terms continue past the 2005 Annual Meeting cease to serve as directors prior to the Annual Meeting, the authorized number of directors will be reduced accordingly. **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR MR. DUCOMMUN, MR. MULLANEY AND MR. PAULSON.**

The following information is furnished as of March 14, 2005, with respect to the persons who are nominees for election to the Board of Directors, as well as for the other four directors of the Corporation whose terms of office will continue after the 2005 Annual Meeting.

<u>Name, Principal Occupation and Other Directorships</u>	<u>Age</u>	<u>Director Since</u>	<u>Term Expires</u>
Joseph C. Berenato Chairman of the Board and Chief Executive Officer of the Corporation; Director, SMALLCAP World Fund; Trustee, New Economy Fund, Fundamental Investors and Growth Fund of America of the Capital Research & Management Company	58	1997	2006
H. Frederick Christie Consultant; Retired President and Chief Executive Officer, The Mission Group subsidiary of SCEcorp (electric utility); Director, Valero, L.P., IHOP Corp., Southwest Water Company, Capital Income Builder, Inc., SMALLCAP World Fund, AMCAP Fund, Capital World Growth and Income Fund, Inc., and American Mutual Fund, Inc.; Trustee, American Variable Insurance and New Economy Fund; and Director or Trustee of twelve fixed income funds of the Capital Research & Management Company	71	1985	2007
Eugene P. Conese, Jr. President and Chief Executive Officer, Aero Capital LLC (private investment and holding firm)	45	2000	2006
Ralph D. Crosby, Jr. Chairman and Chief Executive Officer, EADS North America (aerospace manufacturer)	57	2000	2006
Robert C. Ducommun Business Advisor; Director, American Metal Bearing Company	53	1985	2007
Thomas P. Mullaney Business Advisor; Director, Lucas Film Ltd.; Trustee, St. John's Hospital Foundation	71	1987	2008
Robert D. Paulson Chief Executive Officer, Aerostar Capital, LLC (private investment firm); Director, Forgings International, LP and Nationwide Health Properties, Inc.	59	2003	2008

The Board of Directors met six times in 2004. All incumbent directors attended seventy-five percent or more of the meetings of the Board of Directors and Committees of the Board on which they served during 2004. The Corporation strongly encourages all directors to attend the Annual Meeting of Shareholders, and six out of seven directors attended the 2004 Annual Meeting of Shareholders. The Corporation has instituted a policy of holding regularly scheduled executive sessions of non-management directors to follow each regularly scheduled meeting of the full Board of Directors. Additional executive sessions of non-management directors may be held from time to time as required. The director serving as the presiding director at these executive sessions is the chair of the Corporate Governance and Nominating Committee. Currently, Mr. Paulson is the presiding director.

Each of the persons named above was elected by the shareholders at a prior annual meeting. Mr. Mullaney was previously a director of the Corporation in 1984 and 1985. The Board of Directors has determined that except for Mr. Berenato, the Corporation's Chief Executive Officer, the nominees for election to the Board of Directors and all of the other directors whose terms of office will continue after the 2005 Annual Meeting of Shareholders do not have any relationship with the Corporation other than in connection with their service as directors and meet the independence standards of the New York Stock Exchange's listing standards.

Directors who are not employees of the Corporation or a subsidiary are paid an annual retainer of \$17,500 and receive \$1,000 for each Board of Directors meeting or committee meeting they attend. In addition, the chairman of the Audit Committee is paid an annual retainer of \$5,000, the chairman of the Compensation Committee is paid an annual retainer of \$3,000, and the chairman of the Corporate Governance and Nominating Committee is paid an annual retainer of \$3,000. Under the Directors Deferred Income and Retirement Plan, a director may elect to defer payment of all or part of his fees for service as a director until he retires as a director. Deferred directors' fees may be placed, at the election of the director, in an interest account or a phantom stock account which tracks the Common Stock of the Corporation with dividends (if any), and will be paid with earnings thereon following the retirement of the director. A retiring director will also receive the annual retainer fee in effect at the time of retirement or at the time of payment, whichever is higher, for life or for a period of years equal to his service as a director, whichever is shorter, provided that the director retires after the age of 65, has served as a director for at least five years and is not an employee of the Corporation when he retires (the retirement benefits). In 1997, accrual of additional retirement benefits under the Directors Deferred Income and Retirement Plan was terminated, but existing directors remain eligible for retirement benefits accrued to such date.

Directors are also eligible to participate in the Corporation's 1994 Stock Incentive Plan and 2001 Stock Incentive Plan. Directors who are not employees of the Corporation or a subsidiary, following each annual meeting of shareholders, in 2004 were granted stock options to purchase 3,000 shares, and in 2005 will be granted stock options to purchase 3,000 shares, of Common Stock of the Corporation at an exercise price equal to 100% of the closing price of the Corporation's Common Stock on the New York Stock Exchange on the date of grant.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires the Corporation's officers and directors, and persons who own more than 10% of the Corporation's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC) and to furnish copies of such forms to the Corporation. Based solely on a review of the copies of such forms furnished to the Corporation, and on written representations that no Forms 5 were required, the Corporation believes that during its past fiscal year all of its officers, directors and greater than 10% owners complied with the filing requirements of Section 16(a) except that John J. Walsh, president of the Corporation's Ducommun Technologies, Inc. subsidiary, failed to report his initial beneficial ownership of securities on a timely basis on one Form 3 that was subsequently filed and failed to report one transaction on a timely basis on one Form 4 that was subsequently filed.



## CODE OF ETHICS

The Corporation has adopted a Code of Ethics for Senior Financial Officers and a Code of Business Conduct and Ethics, the text of each of which is posted on the Corporation's website at [www.ducommun.com](http://www.ducommun.com).

## COMMITTEES OF THE BOARD OF DIRECTORS

The Corporation has standing Audit, Compensation, and Corporate Governance and Nominating Committees. The members of the Audit Committee are Messrs. Christie, Conese and Ducommun. The Audit Committee, which met formally seven times during 2004, oversees the integrity of the Corporation's financial statements, the Corporation's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of the Corporation's internal audit function and the Corporation's independent auditor. The Audit Committee is governed by a charter which was adopted by the Board of Directors, and which is attached to this Proxy Statement as Appendix A. The Corporation's securities are listed on the New York Stock Exchange and are governed by its listing standards. All of the members of the Audit Committee meet the independence standards of the New York Stock Exchange's listing standards. The Board of Directors has determined that Mr. Christie, the chairman of the Audit Committee, is an audit committee financial expert as such term is defined under the regulations of the SEC.

The members of the Compensation Committee are Messrs. Crosby, Mullaney and Paulson. The Compensation Committee, which met formally two times during 2004, reviews and recommends compensation for executive officers, grants stock options and administers stock option programs, reviews and recommends retirement plans, employment agreements and severance arrangements for executive officers, and oversees the evaluation of management of the Corporation. All of the members of the Compensation Committee meet the independence standards of the New York Stock Exchange's listing standards.

The members of the Corporate Governance and Nominating Committee are Messrs. Ducommun, Mullaney and Paulson. The Corporate Governance and Nominating Committee, which met formally one time during 2004, reviews and recommends to the Board of Directors the nominees for election as directors of the Corporation and oversees the corporate governance of the Corporation. All of the members of the Corporate Governance and Nominating Committee meet the independence standards of the New York Stock Exchange's listing standards.

The charters of each of the committees of the Board of Directors and the Corporation's Corporate Governance Guidelines are available on the Corporation's website at [www.ducommun.com](http://www.ducommun.com).

## NOMINATING PROCESS

The Corporate Governance and Nominating Committee will consider director candidates recommended by security holders of the Corporation, provided that any security holder recommending a director candidate must have beneficially owned more than five percent (5%) of the Corporation's voting common stock continuously for at least one (1) year as of the date the recommendation is made and any such security holder may submit the name of only one person each year for consideration as a director candidate. All such security holders' recommendations of director candidates must be submitted to the Secretary of the Corporation in writing no later than October 31 of the year preceding the annual meeting of shareholders, and must include (i) the full name, address and Social Security number of the director candidate recommended, (ii) the full name, address and taxpayer identification number of each of the security holders, and (iii) an affidavit of each of the security holders that they satisfy the minimum beneficial ownership of common stock requirements set forth above.

The Corporate Governance and Nominating Committee believes that all Committee-recommended nominees for election as a director of the Corporation must, at a minimum, have (i) diverse expertise, business

experience, sound judgment and a record of accomplishment in areas relevant to the Corporation's business activities, (ii) unquestionable integrity, (iii) commitment to representing the interests of the Corporation's shareholders, (iv) willingness to devote sufficient time, energy and attention to carrying out their duties and responsibilities effectively, and (v) willingness to serve on the Board for an extended period of time.

The Corporate Governance and Nominating Committee also believes that at least a majority, and preferably two-thirds, of the Corporation's directors must be independent under the NYSE rules, and that at least one member of the Board of Directors must be an audit committee financial expert as defined by SEC rules. All persons to be considered for nomination as a director of the Corporation by the Corporate Governance and Nominating Committee must complete a questionnaire, provide such additional information as the Corporate Governance and Nominating Committee may request, and meet in person with directors of the Corporation.

#### **SECURITY HOLDERS COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

Security holders may, in their capacity as security holders of the Corporation, communicate with the Corporation's Board of Directors in writing by mail, addressed to Board of Directors, Ducommun Incorporated, 23301 Wilmington Ave., Carson, CA 90745-6209. Security holders wishing to communicate with the Board of Directors should include their full name, the number of shares of common stock beneficially owned, and the name of the record holder of the common stock if different from themselves (e.g., the name of any broker or bank holding the stock). The Corporation initially intends to forward all communications from security holders in the manner described above to the Corporate Governance and Nominating Committee members, who will then determine whether the communications should be distributed to the entire Board of Directors of the Corporation. If the Board of Directors of the Corporation receives a substantial number of communications from security holders, the Corporate Governance and Nominating Committee may delegate to the general counsel of the Corporation the screening of these communications to remove solicitations, communications unrelated to the Corporation's business, and communications from persons other than in their capacity as security holders of the Corporation. Should shareholders desire to communicate with the Corporation's presiding director or non-management directors as a group, such communications should be addressed to either the presiding director or the non-management directors at the address set forth above.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The tables below show the name and address of the beneficial owners, amount and nature of beneficial ownership and percentage ownership of persons or groups known by the Corporation to be the beneficial owners of 5% or more of the outstanding shares of Common Stock as of March 14, 2005. The tables below also show the name, amount and nature of beneficial ownership and percentage ownership of each director and nominee for director, each executive officer named in the Summary Compensation Table contained in this Proxy Statement, and all directors and executive officers as a group as of March 14, 2005 (except for Paul L. Graham who is no longer an executive officer of the Corporation). Unless otherwise indicated, such shareholders have sole voting and investment power (or share such power with their spouse) with respect to the shares set forth in the tables. The Corporation knows of no contractual arrangements which may at a subsequent date result in a change in control of the Corporation.

For the purposes of the tables, beneficial ownership of shares has been determined in accordance with Rule 13d-3 of the SEC, under which a person is deemed to be the beneficial owner of securities if he or she has or shares voting or investment power with respect to such securities or has the right to acquire ownership thereof within 60 days. Accordingly, the amounts shown in the tables do not purport to represent beneficial ownership for any purpose other than compliance with SEC reporting requirements.

**Security Ownership of Certain Beneficial Owners**

<u>Name and Address of Shareholders</u>	<u>Number of Shares</u>	<u>Percentage of Class</u>
Robert C. Ducommun 1155 Park Avenue New York, NY 10128	763,288(1)	7.6%
The Clark Estates, Inc. One Rockefeller Plaza, 31st Floor New York, NY 10020	1,430,363(2)	14.2%
Barclays Global Investors, N.A. and Barclays Global Fund Advisors 45 Fremont Street San Francisco, CA 94105	731,813(3)	7.3%
Dimensional Fund Advisors Inc. 1299 Ocean Ave., 11th Floor Santa Monica, CA 90401	526,130(4)	5.2%
FMR Corp. 82 Devonshire Street Boston, MA 02109	975,200(5)	9.7%
Goldman Sachs Asset Management 32 Old Slip	689,530(6)	6.9%

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New York, NY 10005

Royce & Associates, LLC

1,034,800(7)

10.3%

1414 Avenue of the Americas

New York, NY 10019

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- (1) The number of shares includes (i) 75,148 shares held by a foundation of which Mr. Ducommun is an officer, (ii) 171,240 shares as to which Mr. Ducommun has been granted a proxy to exercise voting power by his sister, Electra D. de Peyster, (iii) 2,900 shares owned by Mr. Ducommun's wife and step-daughters and 3,000 shares owned by his nephews, as to which he disclaims any beneficial interest, (iv) 1,000 shares held in an IRA for the benefit of himself, and (v) 15,000 shares issuable upon exercise of stock options. Mr. Ducommun has sole voting and sole investment power as to 511,000 shares, shared voting power as to 171,240 shares and shared investment power as to 81,048 shares.

- (2) The information is based on a Schedule 13G filed with the SEC dated February 11, 2005. The Clark Estates, Inc., has shared voting power and shared investment power as to 1,430,363 shares.
- (3) The information is based on a Schedule 13G filed with the SEC dated February 14, 2005. Barclays Global Investors, N.A. has sole voting power as to 559,448 shares and sole investment power as to 646,118 shares; and Barclays Global Fund Advisors has sole voting power as to 84,662 shares and sole investment power as to 85,695 shares.
- (4) The information is based on a Schedule 13G filed with the SEC dated February 9, 2005.
- (5) The information is based on a Schedule 13G filed with the SEC dated February 14, 2005. FMR Corp. has sole investment power as to 975,200 shares. These shares include 956,000 shares held by the Fidelity Low Priced Stock Fund.
- (6) The information is based on a Schedule 13G filed with the SEC dated February 9, 2005. Goldman Sachs Asset Management has sole voting power as to 537,331 shares and sole investment power as to 689,530 shares.
- (7) The information is based on a Schedule 13G filed with the SEC dated January 25, 2005.

**Security Ownership of Directors and Management**

<u>Name</u>	<u>Number of Shares(1)</u>	<u>Percentage of Class</u>
Joseph C. Berenato	182,993	1.8%
H. Frederick Christie	21,000	*
Eugene P. Conese, Jr.	20,000	*
Ralph D. Crosby, Jr.	15,000	*
Robert C. Ducommun	763,288(2)	7.6%
Thomas P. Mullaney	16,500	*
Robert D. Paulson	16,000	*
David H. Dittmore	12,500	*
James S. Heiser	9,919	*
Anthony J. Reardon	20,014	*
Samuel D. Williams	12,083	*
All Directors and Executive Officers as a Group (13 persons)	1,103,207	10.7%

\* Less than one percent.

- (1) The number of shares includes the following shares that may be purchased within 60 days after March 14, 2005 by exercise of outstanding stock options: 75,000 by Mr. Berenato, 15,000 by each of Messrs. Christie, Conese, Ducommun and Mullaney, 12,000 by Mr. Crosby, 6,000 by Mr. Paulson, 12,500 by Mr. Dittmore, 3,100 by Mr. Heiser, 20,000 by Mr. Reardon, 11,500 by Mr. Williams and 211,600 by all directors and executive officers as a group. The number of shares for Mr. Berenato includes 9,750 held in an IRA for the benefit of himself, 12,250 held in trust for the benefit of his children, and 425 held in an IRA for the benefit of his wife.
- (2) See the information set forth in Note 1 to the table under Security Ownership of Certain Beneficial Owners.



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**COMPENSATION OF EXECUTIVE OFFICERS**
**Summary Compensation Table**

The following table discloses compensation received for the three fiscal years ended December 31, 2004 by the Corporation's chief executive officer, the other four most highly-paid executive officers of the Corporation (including subsidiary presidents) who were serving as executive officers at the end of the Corporation's last fiscal year, and one additional individual who was not serving as an executive officer at the end of the Corporation's last fiscal year. Columns have been omitted from the table when there has been no compensation awarded to, earned by or paid to any of the named executive officers required to be reported in that column in any fiscal year covered by the table.

Name and Principal Position	Year	Annual Compensation				
		Salary(\$)	Bonus(\$)	Other Annual Compensation \$(1)	Long-Term Compensation Stock Option Awards(#)	All Other Compensation\$(2)
Joseph C. Berenato Chairman of the Board, President and Chief Executive Officer	2004	\$ 435,000	\$ 0	\$ 0	40,000	\$ 4,000
	2003	415,000	650,000	0	50,000	4,000
	2002	415,000	0	0	0	4,000
David H. Dittimore(3) President and Chief Operating Officer	2004	325,000	0	168,579	25,000	4,000
	2003	93,750	175,000	22,427	50,000	250
	2002	0	0	0	0	0
Paul L. Graham President, Ducommun Technologies, Inc.	2004	233,000	0	0	0	4,000
	2003	225,000	220,000	0	30,000	4,000
	2002	195,846	30,000	83,171	0	3,799
James S. Heiser Vice President, Chief Financial Officer, General Counsel, Secretary and Treasurer	2004	242,000	0	0	15,000	4,000
	2003	234,730	275,000	0	25,000	4,000
	2002	228,000	0	0	0	4,000
Anthony J. Reardon President, Ducommun AeroStructures, Inc.	2004	232,000	0	43,542	18,000	3,742
	2003	230,039	225,000	40,646	45,000	4,000
	2002	179,874	0	0	0	4,744
Samuel D. Williams Vice President and Controller	2004	168,000	0	0	10,000	3,237
	2003	162,692	160,000	0	15,000	3,398
	2002	150,337	0	0	0	3,129

(1) This column includes for Mr. Dittimore \$156,579 and \$20,327 in 2004 and 2003, respectively, for housing allowances and relocation expenses, for Mr. Graham \$76,066 in 2002 for housing allowances, and for Mr. Reardon, \$31,542 and \$34,646 in 2004 and 2003, respectively, for relocation expenses. Other amounts have been omitted from this column which are not required to be reported.

(2) This column includes the Corporation's matching contributions under its 401(k) plan.



- (3) Mr. Dittmore became the president and chief operating officer of the Corporation on September 15, 2003.

**Stock Option Grants in Last Fiscal Year**

Name	Individual Grants					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3)	
	Number of Securities Underlying Options Granted(1)	Percent of Total Options Granted To Employees in Fiscal Year		Exercise or Base Price (\$/Sh)(2)	Expiration Date	5%	10%
		Fiscal Year					
Joseph C. Berenato	40,000	20.1%		\$ 19.90	6/22/11	\$ 324,052	\$ 755,179
David H. Dittmore	25,000	12.6		19.90	6/22/11	202,532	471,987
Paul L. Graham	0	0				0	0
James S. Heiser	15,000	7.5		19.90	6/22/11	121,519	283,192
Anthony J. Reardon	18,000	9.0		19.90	6/22/11	145,823	339,830
Samuel D. Williams	10,000	5.0		19.90	6/22/11	81,013	188,795

- (1) The stock options granted to the named executive officers become exercisable in increments of 25% of the number of shares granted on the anniversary date of the date of grant so that the options are fully exercisable on and after June 23, 2008. However, the stock options become fully exercisable immediately in the event of a change of control of the Corporation. A change of control of the Corporation is defined in the stock option agreement to mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act. Such a change in control is deemed conclusively to have occurred in the event of certain tender offers, mergers or consolidations, the sale, lease, exchange or transfer of substantially all of the assets of the Corporation, the acquisition by a person or group of 25% (or in the case of the Clark Estates, Inc., 30%) or more of the outstanding voting securities of the Corporation, the approval by the shareholders of a plan of liquidation or dissolution of the Corporation, or certain changes in the members of the Board of Directors of the Corporation.
- (2) The exercise price may be paid by delivery of already owned shares.
- (3) These amounts represent certain assumed rates of annual appreciation specified in the regulations adopted by the SEC and, therefore, are not intended to forecast future price performance of the Corporation's Common Stock.

**Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values**

The following table provides information on stock option exercises in 2004 by the named executive officers and the value of such executive officers' unexercised stock options at December 31, 2004.

Name	Shares Acquired on Exercise(#)	Value Realized(\$)	Number of Securities Underlying Unexercised Options at Fiscal Year-End(#)		Value of Unexercised In-the-Money Options at Fiscal Year-End(\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable

Joseph C. Berenato

50,000 \$ 537,250