

GENERAL EMPLOYMENT ENTERPRISES INC
Form PRE 14A
August 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a - 101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

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

Filed by the Registrant 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

GENERAL EMPLOYMENT ENTERPRISES, INC.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(4) Date Filed:

GENERAL EMPLOYMENT ENTERPRISES, INC.
One Tower Lane, Suite 2200, Oakbrook Terrace
Illinois 60181

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on September 9, 2013

To the Stockholders of General Employment Enterprises, Inc.:

Notice is hereby given that the Annual Meeting of Stockholders of General Employment Enterprises, Inc. will be held on September 9, 2013, at _____ a.m., Eastern Daylight Time (EDT), at _____, located at _____, for the following purposes as more fully described in the proxy statement:

- To elect four (4) members of our Board of Directors;
- To ratify the appointment of Friedman LLP as our independent registered public accounting firm for 2013;
- To approve our 2013 Incentive Stock Plan;
- To approve our Amended and Restated Articles of Incorporation; and
- To consider such other business as may properly come before the annual meeting or any adjournment or postponement of the annual meeting.

Only stockholders of record as of the close of business on August 21, 2013, the record date, are entitled to receive notice of, and to vote at, the annual meeting or any adjournment or postponement of the annual meeting.

Please note that, if you plan to attend the annual meeting in person, you will need to register in advance and receive an admission card to be admitted. Please follow the instructions on page ___ of the proxy statement.

Your vote is important. Whether or not you plan to attend the annual meeting in person, it is important that your shares be represented. We ask that you vote your shares as soon as possible.

BY ORDER OF THE BOARD,

Michael K. Schroering
Chairman of the Board and
Chief Executive Officer

Oakbrook Terrace, Illinois
_____, 2013

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on September 9, 2013

This Proxy Statement and our Annual Report on Form 10-K for the Year Ended September 30, 2012, and the Quarterly Report on Form 10-Q for the Three Months Ended March 31, 2013, are available at _____.

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GENERAL EMPLOYMENT ENTERPRISES, INC.

One Tower Lane, Suite 2200

Oakbrook Terrace, Illinois 60181

PROXY STATEMENT

This proxy statement sets forth information relating to the solicitation of proxies by the Board of Directors of General Employment Enterprises, Inc. (the "Company") in connection with the Company's 2013 annual meeting of stockholders or any adjournment or postponement of the annual meeting. The annual meeting will take place on September 9, 2013 at _____, located at _____, at _____ a.m., Eastern Daylight Time.

This proxy statement and form of proxy were first sent on or about August 22, 2013, to our stockholders of record as of the close of business on August 21, 2013, the record date.

QUESTIONS AND ANSWERS ABOUT OUR ANNUAL MEETING

What is the purpose of the annual meeting?

Our 2013 annual meeting will be held for the following purposes:

- To elect four (4) members of our Board of Directors (Proposal 1);
- To ratify the appointment of Friedman LLP as our independent registered public accounting firm for 2013 (Proposal 2);
- To approve our 2013 Incentive Stock Plan (Proposal 3);
- To approve our Amended and Restated Articles of Incorporation (Proposal 4); and
- To consider such other business as may properly come before the annual meeting or any adjournment or postponement of the annual meeting.

In addition, senior management of the Company and representatives of our outside auditor, Friedman LLP, will be available to respond to your questions.

Who can vote at the annual meeting?

You can vote at the annual meeting if, as of the close of business on August 21, 2013, the record date, you were a holder of record of the Company's common stock. As of the record date, there were issued and outstanding _____ shares of common stock, each of which is entitled to one vote on each matter to come before the annual meeting.

How many shares must be present to conduct business at the annual meeting?

A quorum is necessary to hold a valid meeting of stockholders. For each of the proposals to be presented at the annual meeting, the holders of shares of our common stock outstanding on August 21, 2013, the record date, representing _____ votes must be present at the annual meeting, in person or by proxy. If you vote – including by Internet, telephone or proxy card – your shares voted will be counted towards the quorum for the annual meeting. Abstentions and broker non-votes are counted as present for the purpose of determining a quorum.

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How do I vote?

Registered Stockholders. If you are a registered stockholder (i.e., you hold your shares in your own name through our transfer agent, Continental Stock Transfer & Trust Co., referred to herein as “Continental”), you may vote by proxy via the Internet, by telephone, or by mail by following the instructions provided on the proxy card. Stockholders of record who attend the annual meeting may vote in person by obtaining a ballot from the inspector of elections.

Beneficial Owners. If you are a beneficial owner of shares (i.e., your shares are held in the name of a brokerage firm, bank or a trustee), you may vote by proxy by following the instructions provided in the vote instruction form or other materials provided to you by the brokerage firm, bank, or other nominee that holds your shares. To vote in person at the annual meeting, you must obtain a legal proxy from the brokerage firm, bank or other nominee that holds your shares.

Will my shares be voted if I do not provide voting instructions?

If you are a stockholder of record and you properly sign, date and return a proxy card, but do not indicate how you wish to vote with respect to a particular nominee or proposal, then your shares will be voted FOR the election of the four nominees for director named in “Proposal 1—Election of Directors,” FOR “Proposal 2—Ratification of the Appointment of Friedman LLP as Our Independent Registered Public Accounting Firm for 2013,” FOR “Proposal 3 — Approval of 2013 Incentive Stock Plan, and FOR “Proposal 4 – Approval of Amended and Restated Articles of Incorporation.”

Under the rules of NYSE MKT, LLC (“NYSE MKT”), brokerage firms have the authority to vote shares held for a beneficial owner on “routine” matters. Accordingly, if your shares are held of record by a brokerage firm and you do not provide the firm specific voting instructions, that firm will have the authority to vote your shares only with respect to the “Proposal 2—Ratification of the Appointment of Friedman LLP as Our Independent Registered Public Accounting Firm for 2013,” but your shares will not be voted and will be considered broker non-votes with respect to all other proposals described in this proxy statement. We urge you to provide voting instructions so that your shares will be voted.

Can I change my vote after I have voted?

Yes, you may revoke your proxy and change your vote at any time before the final vote at the annual meeting. You may change your vote by voting again on a later date on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the annual meeting will be counted), signing and returning a new proxy card with a later date, or attending the annual meeting and voting in person. However, your attendance at the annual meeting will not automatically revoke any prior proxy unless you vote again at the annual meeting or specifically request in writing that your prior proxy be revoked.

What is the deadline to vote?

If you hold shares as the stockholder of record, your vote by proxy must be received before the polls close at the annual meeting. If you are the beneficial owner of shares, please follow the voting instructions provided by your broker, trustee or other nominee.

What vote is required to elect directors or take other action at the annual meeting?

Proposal 1: Election of Four (4) Directors. The election of the four (4) director nominees named in this proxy statement requires the affirmative vote of shares of common stock representing a plurality of the votes cast on the proposal at the annual meeting. This means that the four nominees will be elected if they receive more affirmative votes than any other person. You may not accumulate your votes for the election of directors. Brokers may not use

discretionary authority to vote shares on the election of directors if they have not received specific instructions from their clients. For your vote to be counted in the election of directors, you will need to communicate your voting decisions to your bank, broker or other nominee before the date of the annual meeting in accordance with their specific instructions.

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Proposal 2: Ratification of the Appointment of Friedman LLP as Our Independent Registered Public Accounting Firm for 2013. Ratification of the appointment of Friedman LLP as our independent registered public accounting firm for the year ending September 30, 2013 requires the affirmative vote of shares of common stock representing a majority of votes cast on the proposal at the annual meeting.

Proposal 3: Approval of 2013 Incentive Stock Plan. Approval of our 2013 Incentive Stock Plan requires the affirmative vote of shares of common stock representing a majority of votes cast on the proposal at the annual meeting.

Proposal 4: Approval of Amended and Restated Articles of Incorporation. Approval of our Amended and Restated Articles of Incorporation requires the affirmative vote of shares of common stock representing at least two-thirds of the Company's issued and outstanding common stock.

In general, other business properly brought before the annual meeting requires the affirmative vote of shares of common stock representing a majority of votes cast on such matter at the annual meeting.

How does the Board recommend that I vote?

Our Board recommends that you vote your shares "FOR" each director nominee named in this proxy statement, "FOR" ratification of Friedman LLP as our independent registered public accounting firm, "FOR" approval of our 2013 Incentive Stock Plan, and "FOR" approval of our Amended and Restated Articles of Incorporation.

How will the persons named as proxies vote?

If you complete and submit a proxy, the persons named as proxies will follow your instructions. If you submit a proxy but do not provide instructions, or if your instructions are unclear, the persons named as proxies will vote as recommended by our Board or, if no recommendation is given, in their own discretion.

Where can I find the results of the voting?

We intend to announce preliminary voting results at the annual meeting and will publish final results through a Current Report on Form 8-K to be filed with the Securities and Exchange Commission ("SEC") within four (4) business days after the annual meeting. The Current Report on Form 8-K will be available on the Internet at our website, www.generalemployment.com.

Do I need a ticket to attend the annual meeting?

Yes, you will need an admission card to enter the annual meeting. You may request tickets by providing the name under which you hold shares of record or, if your shares are held in the name of a bank, broker or other holder of record, the evidence of your beneficial ownership of the shares, the number of tickets you are requesting and your contact information. You can submit your request in the following ways:

by sending an e-mail to _____; or

by calling us toll-free at (____) _____.

Stockholders also must present a form of personal photo identification in order to be admitted to the annual meeting.

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Who will pay for the cost of soliciting proxies?

We will pay for the cost of soliciting proxies. Our directors, officers and other employees, without additional compensation, may solicit proxies personally, in writing, by telephone, by email or otherwise. As is customary, we will reimburse brokerage firms, fiduciaries, voting trustees, and other nominees for forwarding our proxy materials to each beneficial owner of common stock held of record by them.

What is “householding” and how does it affect me?

In accordance with notices to many stockholders who hold their shares through a bank, broker or other holder of record (a “street-name stockholder”) and share a single address, only one copy of our proxy statement and included periodic reports to stockholders is being delivered to that address unless contrary instructions from any stockholder at that address were received. This practice, known as “householding,” is intended to reduce our printing and postage costs. However, any such street-name stockholder residing at the same address who wishes to receive a separate copy of this proxy statement and annual report may request a copy by contacting the bank, broker or other holder of record, or by sending a written request to: General Employment Enterprises, Inc., One Tower Lane, Suite 2200, Oakbrook Terrace, Illinois 60181, attn.: Secretary or by contacting our Secretary by telephone at (____) _____. The voting instruction form sent to a street-name stockholder should provide information on how to request (1) householding of future Company materials or (2) separate materials if only one set of documents is being sent to a household. A stockholder who would like to make one of these requests should contact us as indicated above.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Directors

Our Board currently consists of four members, as set forth in the table below. Our Board consists of an experienced group of business leaders, with experience in corporate governance, corporate finance, capital markets, insurance, employee benefits, real estate, and the practice of law. Our directors have a strong owner orientation -approximately 71% of the voting power of our capital stock is held by our directors or entities or persons related to our directors (as of August ____, 2013).

Name	Age	Position
Michael K. Schroering	55	Chairman of the Board and Chief Executive Officer
Edward Hunter	66	Director
Thomas C. Williams	53	Director
Dennis W. Baker	66	Director

We have set forth below information regarding each of our directors, including the experience, qualifications, attributes or skills that led the Board to conclude that such person should serve as a director. Our Nominating Committee and our Board believe that the experience, qualifications, attributes and skills of our directors provide us with the ability to address our evolving needs and represent the best interests of our stockholders.

Michael K, Schroering – Chief Executive Officer, Chairman of the Board

Mr. Schroering joined the Company as a director in November 2012 and become the Chairman of the Board and Chief Executive Officer in December 2012. Prior to joining the Company, he served as President of The Schroering Company which he founded in 1993. The Schroering Company is a Louisville-based commercial real estate firm specializing in consulting services, site procurement, owner and tenant representation for the sale/leasing of office and industrial space. Other companies under his leadership have been active in real estate development through GlobalPort

United, LLC which owns interest in several million square feet of big box warehouse space. Mr. Schroering received a B.A. in Business Administration in Finance and Management from Loyola University (1979) and went to the University of Louisville School of law (1979 – 1981).

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Edward Hunter – Director

Mr. Hunter joined the Company in October 2012 as a Director. Mr. Hunter has practiced as an international business lawyer and litigator for more than 35 years, in both private practice and as in-house counsel. Most recently, he practiced with the business-focused firm of Robinson & Robinson, LLP, from 2002 to 2010, and since then with his own law office in Laguna Hills, California. Within the past five years, he served as a director of En Pointe Technologies, Inc. (formerly NASDAQ-CM: (now privately held)) (2003-2009) and of International Stem Cell Corporation (OTC: ISCO) (2007-2009), where he also served as Chairman of the respective Compensation Committees and as a member of their Audit Committees. From 2006 to 2009, he served on the board of Ovex Technologies (Pvt.) Ltd. of Lahore, Pakistan, chaired its Compensation Committee, and served on its Audit Committee. He previously served on the registrant's Board of Directors from February 2009 to July 2009. He has been designated a "financial expert" within the meaning of the Sarbanes-Oxley Act of 2002 ("SOX") and has experience implementing internal control and other procedures to comply with SOX requirements. In addition to legal training and experience as an attorney, Mr. Hunter has completed the Corporate Directors Certification Program at the UCLA Anderson Graduate School of Management and the certification procedures of the National Association of Corporate Directors. As chair of three previous Compensation Committees, he led each company's compliance with Regulation S-K (nonfinancial disclosures) and the evolving new rules and standards for executive compensation.

Thomas C. Williams – Director

Mr. Williams has served as a director of the Company since July 2009. Since 2005, Mr. Williams has served as acting Vice Chairman of Capital Management of Bermuda (previously Travelers of Bermuda), a company providing pension benefits for expatriates who have worked outside the U.S. and accrued benefits towards their retirement which are not covered by their domestic pension plans. Mr. Williams served as the Chief Executive Officer of Innova Insurance Ltd., a Bermuda based insurer, which provides extension risk to the Capital Markets on life insurance related assets from 2005 to 2009 when it was acquired. The Company believes that Mr. Williams is qualified to sit on the board of directors because of his significant management experience.

Dennis W. Baker – Director

Mr. Baker has served as a director of the Company since 2000. From April 1975 to April 2006, Mr. Baker held various positions with CF Industries Holdings, Inc., a fertilizer manufacturing and distribution company, and most recently served as Treasurer from March 1988 to April 2007, when he retired. During this time, he also held the following titles at CF Industries Holdings, Inc.: Assistant Treasurer, Director of Financial Planning and Budgeting, Manager of Financial Planning, Manager of Budgets and Capital Expenditure Control, Capital Expenditure Control Analyst and Financial Analyst. On May 1, 2011, Mr. Baker was elected to the Board of Directors of CIS World, Inc. Mr. Baker is Chairman of the Audit Committee and is a member of the Compensation and Nominating Committees. The Company believes that Mr. Baker is qualified to sit on the board of directors because of his extensive management experience.

Role of the Board and Board Structure

Our business and affairs are managed under the direction of our Board, which is the Company's ultimate decision-making body, except with respect to those matters reserved to our stockholders. Our Board's primary responsibility is to seek to maximize long-term stockholder value. Our Board establishes our overall corporate policies, selects and evaluates our senior management team, which is charged with the conduct of our business, monitors the performance of the Company and management, and provides advice and counsel to management. In fulfilling the Board's responsibilities, directors have full access to our management, internal and external auditors and outside advisors.

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The positions of Chairman of the Board and Chief Executive Officer are both currently held by Mr. Schroering. Our Board has not appointed a lead director. Our Board believes that this leadership model is currently appropriate in light of the following factors: our directors are stockholder-oriented and focused on the best interests of our stockholders due to their ownership of our securities; our independent directors meet regularly, and at least annually, in executive sessions without management present; the dual roles enable decisive leadership and ensure clear accountability; and our Board believes the dual roles function well for the Company based on our current strategy and ownership structure.

Our Board held eight meetings during 2012. In 2012, each person serving as a director attended at least 75% of the total number of meetings of our Board and any Board committee on which he served.

Our directors are expected to attend the annual meeting. Any director who is unable to attend the annual meeting is expected to notify the Chairman of the Board in advance of the annual meeting. Each person who was then serving as a director attended the 2012 annual meeting of stockholders.

Board Risk Oversight

Management of the risks that we face in the conduct of our business is primarily the responsibility of our senior management team. However, our Board provides overall risk oversight with a focus on the most significant risks facing the Company. Our senior management team periodically reviews with our Board any significant risks facing the Company. Our Board has delegated responsibility for the oversight of specific risks to the committees of the Board as follows:

Audit Committee. The Audit Committee oversees the policies that govern the process by which our exposure to risk is assessed and managed by management. In that role, the Audit Committee discusses with our management major financial risk exposures and the steps that management has taken to monitor and control these exposures. The Audit Committee also is responsible for reviewing risks arising from related party transactions involving the Company and overseeing our code of ethics.

Compensation Committee. The Compensation Committee monitors the risks associated with our compensation philosophy and programs.

Nominating Committee. The Nominating Committee oversees risks related to our governance structure and processes.

Our board has assessed the risks that could arise from our employee compensation policies and does not believe that such policies are reasonably likely to have a materially adverse effect on the Company.

Committees of the Board and Committee Membership

Our Board has established three separately designated standing committees to assist our Board in discharging its responsibilities: the Audit Committee, the Compensation Committee, and the Nominating Committee. Our Board may eliminate or create additional committees as it deems appropriate. The charters for our Board committees are in compliance with applicable SEC rules and the NYSE MKT Listed Company Manual. These charters are not available on our website, but were attached to the following documents filed with the SEC: Audit Committee Charter - proxy statement filed January 27, 2012; Compensation Committee Charter – Proxy statement filed January 28, 2010; Nominating Committee Charter – proxy statement filed January 21, 2011. You may obtain a printed copy of any of these charters by sending a request to: General Employment Enterprises, Inc., One Tower Lane, Suite 2200, Oakbrook Terrace, Illinois 60181, attn.: Secretary.

Each committee of our Board is composed entirely of independent directors within all applicable standards (as further discussed below). Our Board's general policy is to review and approve committee assignments annually. The Nominating Committee is responsible, after consultation with our Chairman of the Board and Chief Executive Officer and consideration of appropriate member qualifications, to recommend to our Board for approval all committee assignments, including designations of the chairs. Each committee is also authorized to retain its own outside counsel and other advisors as it desires.

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The following table sets forth the current membership of each of our Board’s committees.

Name	Audit Committee	Compensation Committee	Nominating Committee
Edward Hunter	X	Chair	X
Thomas C. Williams	X	X	Chair
Dennis W. Baker	Chair	X	X

A brief summary of the committees’ responsibilities follows:

Nominating Committee

The functions of the Nominating Committee are to assist the Board in identifying, interviewing and recommending to the Board qualified candidates to fill positions on the board. The Nominating Committee met two times during 2012.

The Company does not have a policy regarding the consideration of diversity, however defined, in identifying nominees for director. Instead, in evaluating candidates to serve on the Company’s Board, consideration is given to the level of experience, financial literacy and business acumen of the candidate. In addition, qualified candidates for director are those who, in the judgment of the Nominating Committee, have significant decision-making responsibility, with business, legal or academic experience. The Nominating Committee will consider recommendations for board candidates that are received from various sources, including directors and officers of the Company, other business associates and stockholders, and all candidates will be considered on an equal basis, regardless of source.

The Nominating Committee is presently composed of three non-employee directors: Thomas C. Williams (Chairman), Dennis W. Baker, and Edward Hunter.

Audit Committee

The Audit Committee is primarily concerned with the effectiveness of the Company’s accounting policies and practices, its financial reporting and its internal accounting controls. In addition, the Audit Committee reviews and approves the scope of the annual audit of the Company’s books, reviews the findings and recommendations of the independent registered public accounting firm at the completion of their audit, and approves annual audit fees and the selection of an auditing firm. The Audit Committee met four times during fiscal 2012.

The Audit Committee is presently composed of three non-employee directors: Dennis W. Baker (Chairman), Edward Hunter and Thomas C. Williams. The Board has determined that Mr. Baker, Mr. Hunter and Mr. Williams are all considered an “audit committee financial expert” as defined by rules of the SEC. The Board has determined that each audit committee financial expert meets the additional independence criteria required under the listing standards of the NYSE MKT and Rule 10A-3 of the Exchange Act.

Compensation Committee

The Compensation Committee has the sole responsibility for approving and evaluating the officer compensation plans, policies and programs. It may not delegate this authority. It meets as often as necessary to carry out its responsibilities. The Compensation Committee has the authority to retain compensation consultants, but has not done so. The Compensation Committee met three times during fiscal 2012.

In the past, the Compensation Committee has met each September to consider the compensation of the Company's executive officers, including the establishment of base salaries and performance targets for the succeeding year, and the consideration of stock option awards. Management provides the Compensation Committee with such information as may be requested by the Compensation Committee, which in the past has included historical compensation information of the executive officers, tally sheets, internal pay equity statistics, and market survey data. Under the guidelines of the NYSE MKT, the Chief Executive Officer may not be present during the Compensation Committee's deliberations regarding his compensation. If requested by the committee, the Chief Executive Officer may provide recommendations regarding the compensation of the other officers.

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The Compensation Committee also has the responsibility to make recommendations to the Board regarding the compensation of directors.

The Compensation Committee is presently composed of three non-employee directors: Edward Hunter (Chairman), Dennis W. Baker, and Thomas C. Williams.

Director Compensation

Under the Company’s standard compensation arrangements each non-employee director receives a monthly retainer of \$2,000 with the exception of Mr. Baker who receives \$2,500 per month. Directors do not receive any additional compensation for attendance at meetings of the Board or its committees. Employees of the Company do not receive any additional compensation for service on the Board.

The following table sets forth information concerning the compensation of all persons who served as a director of the Company at any time during fiscal 2012.

2012 Director Compensation Table ⁽¹⁾

Name	Fees		Total
	Earned or Paid in Cash (\$)	Option Awards (2) (\$)	
Dennis W. Baker	30,000	76,500	106,500
Herbert F. Imhoff, Jr.	24,000	(3)	24,000
Charles W. B. Wardell III	24,000	76,500	100,500
Thomas C. Williams	24,000	76,500	100,500

(1) Compensation for Mr. Schroering, who is also a named executive officer of the Company, is disclosed in this proxy statement under the heading “Executive Compensation – Compensation Tables.”

The aggregate number of outstanding option awards at the end of fiscal 2012 were as follows for each of the non-employee directors: Mr. Baker – 330,000; Mr. Imhoff, Jr. – 315,000; Mr. Wardell – 315,000; Mr. Williams – 315,000. Due to a change of control, subsequent to year end, all of such options were immediately vested and (2)exercisable. The option awards column represents the fair value of the stock options as measured on the grant date. The methods and assumptions used to determine the fair value of stock options granted are disclosed in “Note 16 - Stock Option Plans” in the notes to consolidated financial statements in the Company’s Annual Report for fiscal 2012 accompanying this proxy statement.

(3)Options granted were included in compensation above as Herbert F. I