

ALAMO GROUP INC  
Form DEF 14A  
March 18, 2010

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**ALAMO GROUP 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):

- x No fee required.
- o 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: |
|     |                                                                 |
| (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): |
|     |                                                                                                                                                                                                   |
| (4) | Proposed maximum aggregate value of transaction:                                                                                                                                                  |
|     |                                                                                                                                                                                                   |
| (5) | Total fee paid:                                                                                                                                                                                   |
|     |                                                                                                                                                                                                   |

o Fee paid previously with preliminary materials.

o 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.

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| (1) | Amount Previously Paid:                       |
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| (2) | Form, Schedule or Registration Statement No.: |
|     |                                               |
| (3) | Filing Party:                                 |
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|     |                                               |

**ALAMO GROUP INC.**  
**1627 East Walnut Street**  
**Seguin, Texas 78155**

Dear Fellow Stockholders:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of Alamo Group Inc., to be held on Thursday, May 6, 2010, at 9:00 a.m. local time, at the Doubletree Hotel, 37 NE Loop 410 (at McCullough), San Antonio, Texas. We hope that you will be able to attend the meeting. Matters on which action will be taken at the meeting are explained in detail in the notice of meeting and proxy statement accompanying this letter.

In addition to the specific matters to be acted upon, there will be a report on the progress of the Company and an opportunity for questions of general interest to the stockholders.

**Whether or not you expect to be present and regardless of the number of shares you own, please mark, sign and mail the enclosed proxy in the envelope provided as soon as possible. Stockholders may also vote through the Internet or by telephone. If you attend the meeting, you may revoke your proxy and vote in person.**

Thank you for your support. We hope to see you at the meeting.

Donald J. Douglass

Chairman of the Board of Directors

March 18, 2010

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**ALAMO GROUP INC.**

**1627 East Walnut Street**

**Seguin, Texas 78155**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD MAY 6, 2010**

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To the Stockholders of

Alamo Group Inc.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Alamo Group Inc. (the Company ) will be held at the Doubletree Hotel, 37 NE Loop 410 (at McCullough), San Antonio, Texas, on Thursday, May 6, 2010, at 9:00 a.m. local time, for the following purposes:

- (1) to elect seven (7) directors to the Board of Directors to serve until the next Annual Meeting of Stockholders or until their successors are elected and qualified;
- (2)

ALAMO GROUP INC.

to ratify the Audit Committee's appointment of KPMG LLP as the Company's independent auditors for the 2010 fiscal year;

(3) to transact such other business as may properly come before the meeting or any adjournment thereof.

In accordance with the Bylaws of the Company, the Board of Directors fixed the record date for the meeting as March 18, 2010. Only stockholders of record at the close of business on that date will be entitled to vote at the meeting or any adjournment thereof.

**Stockholders who do not expect to attend the meeting in person are urged to sign the enclosed proxy and return it promptly. A return envelope is enclosed for that purpose. Stockholders may also vote through the Internet or by telephone. Instructions for voting through the Internet or by telephone are included on the proxy card.**

A complete list of stockholders entitled to vote at the meeting, showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination by any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten business days prior to the meeting commencing April 20, 2010, at the offices of the Company's Counsel, which is Oppenheimer, Blend, Harrison and Tate, Inc., located at 711 Navarro, Suite 600, San Antonio, Texas 78205-1796.

By Order of the Board of Directors

Robert H. George  
Secretary

Dated: March 18, 2010





**ALAMO GROUP INC.**

1627 East Walnut Street

Seguin, Texas 78155

## **PROXY STATEMENT**

The accompanying Proxy is solicited by the Board of Directors (the Board of Directors or the Board ) of Alamo Group Inc., a Delaware corporation (the Company, we, our, or us ), to be voted at the 2010 Annual Meeting of Stockholders (the Annual Meeting ) to be held on May 6, 2010, and at any meeting scheduled as a result of any adjournments thereof. The meeting will be held at 9:00 a.m. local time, at the Doubletree Hotel, 37 NE Loop 410 (at McCullough), San Antonio, Texas. This Proxy Statement and the accompanying Proxy are being mailed to stockholders on or about April 2, 2010. The Annual Report of the Company for fiscal 2009, including audited financial statements for the fiscal year ended December 31, 2009, and a proxy card are enclosed.

**Important Notice regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 6, 2010: Our proxy statement and our annual report on Form 10-K for the fiscal year ended December 31, 2009 are available free of charge on our website at:**  
**[www.alamo-group.com/investor\\_relations/financial\\_reports.html](http://www.alamo-group.com/investor_relations/financial_reports.html).**

### **VOTING AND PROXIES**

Only holders of record of common stock, par value \$.10 per share ( Common Stock ), of the Company at the close of business on March 18, 2010 (the Record Date ) shall be entitled to vote at the meeting. There were 20,000,000 authorized shares of Common Stock and 11,746,929 shares of Common Stock outstanding on the Record Date. Each share of Common Stock is entitled to one vote. Any stockholder giving a proxy has the power to revoke the same at any time prior to its use by giving notice in person or in writing to the Secretary of the Company.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock is necessary to constitute a quorum at the 2010 Annual Meeting of Stockholders and any adjournment thereof.

### **Votes Required to Approve a Proposal**

Effective March 4, 2009, the Board of Directors amended the Company's Bylaws to reflect the change in stockholder voting for directors from a plurality to a majority vote. With this change, each director will be elected by a majority of the votes cast with respect to such director. A majority of the votes cast means that the number of votes cast for a director exceeds the number of votes cast against that director. Under Delaware law, if the director is not elected at the annual meeting, the director will continue to serve on the Board as a holdover director. As required by the Company's Bylaws, each director has submitted an irrevocable letter of resignation as director that becomes effective if he or she is not elected by stockholders and the Board accepts the resignation. If a director is not elected, the Nominating/Corporate Governance Committee will consider the director's resignation and recommend to the Board whether to accept or reject the resignation. The Board will decide whether to accept or reject the resignation and publicly disclose its decision and, if it rejects the resignation, the rationale behind the decision, within 90 days after the election results are certified.

The ratification of KPMG LLP's appointment as the Company's independent auditor requires the affirmative vote of a majority of the shares represented at the annual meeting and entitled to vote thereon.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspectors of election appointed by the Company for the meeting. The inspectors of election will treat abstentions and broker non-votes as shares that are present for purposes of determining the presence of a quorum. Abstentions may be specified on all proposals. Abstentions are present and entitled to vote for purposes of determining the approval of any matter submitted to the stockholders for a vote and will thus have the same effect as a negative vote on the proposal to ratify the appointment of KPMG LLP. Shares voting abstain on any nominee for director will be excluded from the vote and will have no effect on the election of directors. If a broker indicates on a proxy that it does not have the discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered present and entitled to vote with respect to that matter.

**BENEFICIAL OWNERSHIP OF COMMON STOCK**

Listed in the following table are the only beneficial owners that the Company is aware of as of March 9, 2010, of more than five percent of the Company's outstanding Common Stock. In addition, this table includes the outstanding voting securities beneficially owned by the Company's directors, its executive officers that are listed in the Summary Compensation Table, and by its directors and executive officers as a group as of March 9, 2010. Unless indicated otherwise below, the address of each person named on the table below is: c/o Alamo Group Inc., 1627 East Walnut Street, Seguin, Texas 78155.

| <b>Beneficial Owner<br/>of Common Stock</b>                                                                                    | <b>Amount and<br/>Nature of<br/>Beneficial Ownership(1)</b> | <b>Percent of Class(2)</b> |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------|
| Capital Southwest Venture Corporation<br><br>12900 Preston Road, Suite 700<br><br>Dallas, TX 75230                             | 2,832,300 <sup>(3)(10)</sup>                                | 24.09%                     |
| Duroc, LLC<br><br>c/o Brian Gilbert<br><br>Gould & Ratner LLP<br><br>222 N. LaSalle Street, Suite 800<br><br>Chicago, IL 60601 | 1,700,000(4)                                                | 14.47%                     |
| Third Avenue Management LLC<br><br>622 Third Avenue, 32 <sup>nd</sup> Floor<br><br>New York, NY 10017                          | 1,169,949(5)                                                | 9.96%                      |
| Dimensional Fund Advisors LP<br><br>Palisades West, Building One<br><br>6300 Bee Cave Road<br><br>Austin, TX 78746             | 861,914(6)                                                  | 7.34%                      |
| MetLife Advisers, LLC<br><br>501 Boylston Street                                                                               | 607,137(7)                                                  | 5.17%                      |

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|                                                                 |                         |        |
|-----------------------------------------------------------------|-------------------------|--------|
| Donald J. Douglass                                              | 337,925(8)(10)          | 2.87%  |
| Ronald A. Robinson                                              | 217,775(9)              | 1.85%  |
| Jerry E. Goldress                                               | 44,000(10)              | *      |
| James B. Skaggs                                                 | 25,100(10)              | *      |
| David H. Morris                                                 | 17,018(10)              | *      |
| David W. Grzelak                                                | 3,500(10)               | *      |
| Gary L. Martin                                                  | 2,832,300(3)(10)        | *      |
| Dan E. Malone                                                   | 10,000(9)               | *      |
| Robert H. George                                                | 20,550(9)               | *      |
| Richard J. Wehrle                                               | 17,340(9)               | *      |
| Geoff Davies                                                    | 30,550(9)               | *      |
| Donald C. Duncan                                                | 13,600(9)               | *      |
| Richard D. Pummell                                              | 9,200(9)                | *      |
| All Directors and Executive Officers<br>as a Group (12 Persons) | 3,578,858 (3)(8)(9)(10) | 30.46% |

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\* Less than 1% of class

- (1) In each case the beneficial owner has sole voting and investment power, except as otherwise provided herein.
- (2) The calculation of percent of class is based on the number of shares of Common Stock outstanding as of February 26, 2010, being 11,746,929 shares.
- (3) Includes shares owned by Capital Southwest Corporation ( Capital Southwest ) (170,300 shares), the parent corporation of Capital Southwest Venture Corporation (2,660,000 shares). Mr. Martin, a director of the Company, serves as Chairman of the Board, President and CEO of both Capital Southwest Venture Corporation and Capital Southwest. Mr. Martin has shared voting and investment power with respect to the shares of Common Stock owned by Capital Southwest Venture Corporation and Capital Southwest. Mr. Martin personally disclaims beneficial ownership of these shares.
- (4) Based on Schedule 13D dated October 29, 2009, by which Duroc, LLC and Henry Crown and Company ( HC&Co ) reported that on October 22, 2009, they had shared voting power over 1,700,000 shares, had sole voting power over none of the shares and had shared dispositive powers over 1,700,000 shares. Duroc, LLC and HC&Co have beneficial ownership in 1,700,000 shares as of October 22, 2009.
- (5) Based on a Schedule 13G dated February 16, 2010, by which Third Avenue Management LLC ( TAM ) reported that as of December 31, 2009, it or any of TAM s small cap funds had shared voting power over none of such shares, had sole voting power and had sole dispositive power over 1,169,949 shares. TAM reported beneficial ownership of 1,169,949 shares as of December 31, 2009.
- (6) Based on amendment No. 7 to Schedule 13G dated February 10, 2010, by which Dimensional Fund Advisors Inc. reported that as of December 31, 2009, it had shared voting power over none of such shares, had sole voting power over 844,161 shares and had sole dispositive power over 861,914 shares. Dimensional Fund Advisor Inc. reported beneficial ownership in 861,914 shares as of December 31, 2009.
- (7) Based on Schedule 13G dated February 10, 2010, by which MetLife Advisers, LLC and Met Investors Series Trust reported that as of December 31, 2009, they had shared voting power over 607,137 shares, had sole voting power over none of the shares and shared dispositive power over 607,137 shares. MetLife Advisers, LLC and Met Investors Series Trust reported beneficial ownership in 607,137 shares as of December 31, 2009.
- (8) Includes: 59,194 shares owned by The Douglass Foundation, a non-profit organization of which Helen D. Douglass, Mr. Douglass wife, is the President; 16,951 shares in the Douglass Charitable Lead Unitrust of 2000 of which Mrs. Douglass is trustee; and 44,100 shares owned by Helen D. Douglass. Various members of Mr. Douglass family hold shares of stock of the Company which are not included in this table and Mr. Douglass disclaims beneficial ownership of those shares.
- (9) Includes: shares available for exercise under various stock options as follows: 80,000 shares for Mr. Robinson; 10,000 shares for Mr. Malone; 12,400 shares for Mr. George; 12,400 shares for Mr. Wehrle; 22,050 shares for Mr. Davies; 6,600 shares for Mr. Duncan; and 9,200 shares for Mr. Pummell.
- (10) Includes: shares available for exercise under a non-qualified stock options as follows: 12,500 shares for Mr. Morris; 3,500 shares for Mr. Grzelak; 2,000 shares for Mr. Martin; 2,000 shares for Mr. Douglass; 5,000 shares for Mr. Skaggs; and 4,000 shares for Mr. Goldress.

## PROPOSAL 1 - ELECTION OF DIRECTORS

The Bylaws of the Company provide that the number of directors which shall constitute the whole Board of Directors shall be fixed and determined from time to time by resolution adopted by the Board of Directors. Currently, the size of the Board of Directors has been fixed at seven (7) directors. Each director elected at the Annual Meeting will serve until the next Annual Meeting of Stockholders or until a successor is elected and qualified. Unless otherwise instructed, shares represented by properly executed proxies in the accompanying form will be voted for the individuals nominated by the Board of Directors set forth below. Although the Board of Directors anticipates that the listed nominees will be able to serve, if at the time of the meeting any such nominee is unable or unwilling to serve, such shares may be voted at the discretion of the proxy holders for a substitute nominee. The Nominating/Corporate Governance Committee of the Board of Directors recommended the individuals listed below to the Board of Directors and the Board of Directors nominated them. Certain information concerning such nominees, including all positions with the Company and principal occupations during the last five years, is set forth below.

We have provided below information about our nominees, all of whom are incumbent directors, including their ages, years of service as directors and business experience. We have also included information about each nominee's specific experience, qualifications, attributes, or skills that led the board to conclude that he should serve as our director in light of our business and structure.

All of our nominees bring to our board extensive management and leadership experience gained through their service as executives and, in several cases, chief executive officers of diverse businesses. In these executive roles, they have taken hands-on, day-to-day responsibility for strategy and operations, including management of capital, risk and business cycles. In addition, several nominees bring private and public company board experience—either significant experience on other boards or long service on our board—that broadens their knowledge of board policies and processes, rules and regulations, issues and solutions.

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## **NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS**

Donald J. Douglass, age 78, founded the Company in 1969 and has served as Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Douglass resigned his position as Chief Executive Officer on July 7, 1999 and retired from his position as an employee of the Company on December 31, 1999 but continues to serve as a director and Chairman of the Board. As the founder and Chief Executive Officer of the Company for 30 years, Mr. Douglass has gained a deep understanding of the Company. Mr. Douglass brings to the board his extensive management experience, leadership capabilities, financial knowledge and business acumen. In addition, Mr. Douglass provides the board with institutional continuity with company and industry knowledge accumulated through all phases of industry and economic cycles and through our expansion over that period.

Ronald A. Robinson, age 57, has been President, Chief Executive Officer and a director of the Company since 1999. Mr. Robinson previously was President of Svedala Industries, Inc., the U.S. subsidiary of Svedala Industries AB of Malmo, Sweden, a leading manufacturer of equipment and systems for the worldwide construction, mineral processing and materials handling industries. Mr. Robinson joined Svedala in 1992 when it acquired Denver Equipment Company of which he was Chairman and Chief Executive Officer. Mr. Robinson is our CEO and has a deep knowledge and understanding of our Company and our lines of business. Mr. Robinson has demonstrated his leadership abilities and his commitment to our company since he was elected President and Chief Executive Officer and director in 1999.

Jerry E. Goldress, age 79, has been a director of the Company since 2000 and is Chairman and Chief Executive Officer of Grisanti, Galef & Goldress, Inc. ( GGG ), a turnaround management consulting firm. Mr. Goldress has been with GGG since 1973 and has been its Chairman and Chief Executive Officer since 1981. In his consulting capacity, he has been President of more than one hundred manufacturing, distribution and retail organizations. Mr. Goldress experience as a management consultant brings a broad understanding of the strategic priorities of diverse industries, coupled with extensive knowledge of operational, financial and strategic issues facing public and private companies.

David W. Grzelak, age 60, has been a director of the Company since August 2007 and has been Chairman and Chief Executive Officer of Komatsu America Corporation since April 2002. Komatsu America Corporation is the wholly-owned subsidiary of Komatsu Ltd., a global company incorporated in Japan that engages in the manufacturing, development, marketing and sale of a diversified range of industrial-use products and services. Komatsu America Corporation manufactures and markets Komatsu lines of hydraulic excavators, wheel loaders, crawler dozers, off-highway trucks and motor graders. Mr. Grzelak brings to the Board valuable insights on distribution, marketing and sales of the Company's products as well as operational and financial expertise.

Gary L. Martin, age 63, has been a director of the Company since May 2008. In 2009, Mr. Martin was elected Chairman of the Board of Capital Southwest Corporation, a publicly owned venture capital investment company located in Dallas, Texas. In 2008, he was elected President and CEO of Capital Southwest Corporation, where he served as Vice President since 1992 and as a Director since 1988. From 1979 through April 2008, Mr. Martin was Chief Executive Officer and President of The Whitmore Manufacturing Company, which is a specialty manufacturer of lubricants and coatings for industrial applications. Capital Southwest Corporation directly or indirectly owns 100% of Whitmore Manufacturing Company. Mr. Martin's daily experience leading a public company equips him to understand and guide management decisions and actions related to planning, risk management, investor relations, marketing and capital management. Mr. Martin has also demonstrated success in his business and leadership skills serving as chief executive officer and president of The Whitmore Manufacturing Company.

David H. Morris, age 68, has been a director of the Company since 1996 and is a chartered accountant. Mr. Morris retired as President and Chief Operating Officer of The Toro Company in November 1995 where he served in such capacities since December 1988. The Toro Company designs, manufactures and markets professional turf maintenance equipment and services, turf and agricultural micro-irrigation systems, landscaping equipment, and residential yard and snow removal products. Mr. Morris was first employed by The Toro Company in February 1979 and served in various executive positions with The Toro Company and its subsidiaries. Mr. Morris' extensive experience as the chief operating officer of The Toro Company, a public company in an industry in which the Company participates, brings valuable industry insight to our Board of Directors. In addition, Mr. Morris brings the board significant operational and financial experience.



James B. Skaggs, age 72, has been a director of the Company since 1996 and retired as Chairman of the Board, Chief Executive Officer and President of Tracor, Inc. in June 1998. Tracor provided technology products and services to governmental and commercial customers worldwide in the areas of information systems, aerospace, defense and systems engineering. Mr. Skaggs was Tracor's Chief Executive Officer, President and a Director since November 1990 and its Chairman of the Board since December 1993. Mr. Skaggs' extensive experience as chairman, chief executive officer and president of a public company demonstrates his leadership capability and business acumen. In addition, Mr. Skaggs brings public company operational, financial and corporate governance experience to our Board of Directors.

The following table shows the current membership of each Committee of the Board and the number of meetings held by each Committee during 2009:

|                                   | Compensation<br>Committee | Audit<br>Committee | Nominating/Corporate<br>Governance Committee |
|-----------------------------------|---------------------------|--------------------|----------------------------------------------|
| Donald J. Douglass                |                           |                    |                                              |
| Jerry E. Goldress                 | X                         | X                  | Chair                                        |
| David W. Grzelak                  | X                         | X                  | X                                            |
| Gary L. Martin                    | X                         |                    | X                                            |
| David H. Morris                   |                           | Chair              | X                                            |
| Ronald A. Robinson                |                           |                    |                                              |
| James B. Skaggs                   | Chair                     | X                  |                                              |
| Number of Fiscal<br>2009 Meetings | 4                         | 4                  | 2                                            |

## INFORMATION CONCERNING DIRECTORS

None of the nominees for director or the executive officers of the Company has a family relationship with any of the other executive officers or other nominees for director. Mr. Martin is a director and Chairman of the Board of both Capital Southwest Corporation and Heelys, Inc. He is also chairman of the Compensation Committee at Heelys. Mr. Goldress is a director of Rockford Corporation and he serves on its Audit Committee and Compensation Committee. Mr. Grzelak is a director of Boart Longyear Limited and serves on its Audit, Risk and Compliance Committee and its Environment, Health and Safety Committee. Except as disclosed above, none of the directors or nominees is a director or has been a director over the past five years of any other company which has a class of securities registered under, or is required to file

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reports under, the Securities Exchange Act of 1934, as amended (the Exchange Act ), or of any company registered under the Investment Company Act of 1940, as amended.

Non-management directors may meet in executive session, without the Chief Executive Officer, at any time, and there are regularly scheduled non-management executive sessions at each meeting of the Board of Directors and Committees thereof. The Chairman of the Board and the Chair of each Committee preside over their respective executive sessions.

In determining independence, each year the Board affirmatively determines whether each director has any material relationships with the Company other than as a director. When assessing the materiality of a director's relationship with the Company, the Board considers all relevant facts and circumstances, not merely from the director's standpoint, but from that of the persons or organizations with which the director has an affiliation, and the frequency or regularity of the services, whether the services are being carried out at arm's length in the ordinary course of business and whether the services are being provided substantially on the same terms to the Company as those prevailing at the time from unrelated parties for comparable transactions.

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The Board of Directors has determined that all of the current directors except Mr. Robinson, President and CEO, have no material relationships with the Company or its auditors and are independent within the meaning of the New York Stock Exchange ( NYSE ) listing standards on director independence and the director independence standards established under the Company s Corporate Governance, which are available at [www.alamo-group.com](http://www.alamo-group.com) under the Our Commitment tab. However, the Board of Directors has determined that Mr. Martin, Chairman of the Board, President and CEO of Capital Southwest Corporation, cannot chair or be a voting member of the Audit Committee because, in his capacity at Capital Southwest Corporation, he has the authority to vote more than 20% of the Company s outstanding shares of Common Stock. Mr. Douglass, who retired in 1999 as Chief Executive Officer of the Company and receives a supplemental retirement benefit, has been determined by the Board to be independent since 2004.

If you and other interested parties wish to communicate with the Board of Directors of the Company, you may send correspondence to the Corporate Secretary, Alamo Group Inc., 1627 East Walnut Street, Seguin, Texas 78155. The Secretary will submit your correspondence to the Board or to the appropriate Committee or Board member, as applicable. The Board s policy regarding stockholder communication with the Board of Directors is available at [www.alamo-group.com](http://www.alamo-group.com) under the Our Commitment tab.

Stockholders and other interested parties may communicate directly with non-management directors of the Board by sending their correspondence to the Chairman of the Board, Alamo Group Inc., 1627 East Walnut Street, Seguin, Texas 78155.

The Board has delegated some of its authority to three Committees of the Board of Directors. These are the Audit Committee, Nominating/Corporate Governance Committee, and Compensation Committee. All three Committees have published charters on the Company s website [www.alamo-group.com](http://www.alamo-group.com) under the Our Commitment tab.

*Vote required. Each director will be elected by a majority of the votes cast with respect to such director. All proxies will be voted FOR these nominees unless a contrary choice is indicated. Shares voting abstain on any nominee for director will be excluded from the vote and will have no effect on the election of directors.*

## **THE BOARD OF DIRECTORS HAS APPROVED THE SLATE OF DIRECTORS AND**

**RECOMMENDS A VOTE FOR THE ELECTION OF ALL SEVEN NOMINEES, WHICH IS DESIGNATED AS PROPOSAL NO. 1 ON THE ENCLOSED PROXY.**

### **MEETINGS AND COMMITTEES OF THE BOARD**

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During the fiscal year ended December 31, 2009, the Board held seven meetings. Each director attended 100% of the total number of meetings of the Board and Committees on which the director served during 2009. It is a policy of the Board that all directors attend the Annual Stockholders Meeting. All of our directors attended the Annual Stockholders Meeting in May 2009.

### **BOARD LEADERSHIP STRUCTURE**

The Board does not have a policy, one way or the other, on whether the same person should serve as both the CEO and Chairman of the Board or, if the roles are separate, whether the chairman should be selected from the non-employee directors or should be an employee. The Board believes that it should have the flexibility to make these determinations at any given point in time in the way that it believes best to provide appropriate leadership for the Company at that time.

Currently, Mr. Douglass serves as Chairman of the Board and Mr. Robinson serves as CEO. The CEO is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Chairman of the Board provides guidance to the CEO and sets the agenda for Board meetings and presides over meetings of the full Board.

The Board believes that its current leadership structure is appropriate since Mr. Douglass provides invaluable leadership and experience to the Board, particularly in view of the fact that he is a founder of the Company, was its CEO for 30 years and has served on the Board since the Company's inception.

## THE AUDIT COMMITTEE

In January 2009, the Audit Committee of the Board of Directors consisted of Messrs. Morris (Chairman), Goldress, Grzelak and Skaggs, and they were reappointed in May 2009. The Committee met four times during fiscal 2009. All Committee members were present at the meetings. The duties and responsibilities of the Committee include, among other things, to:

- appoint, approve compensation and oversee the work of the independent auditor;
- review at least annually a report by the independent auditor describing the firm's internal control procedures and any material issues raised by the most recent internal control review;
- preapprove all audit services and associated fees by the independent auditors;
- preapprove all permissible non-audit services to be provided by the independent auditor;
- review the independence of the independent auditor;
- review scope of audit and resolve any difficulties or disagreements with management encountered during the audit or any interim periods;
- review and discuss with management and the independent auditor the annual audit and quarterly financial statements of the Company;
- recommend to the Board whether the financial statements should be included in the Annual Report Form 10-K and in the quarterly reports on form 10-Q, in both cases, as reviewed;
- review adequacy and effectiveness of Company's internal controls;
- review adequacy and effectiveness of Company's disclosure controls and management reports thereon;
- approve scope of internal auditor's audit plan;
- review policies and procedures with respect to earnings press releases, financial information, earnings and guidance presented to analysts and rating agencies;
- review financial risk assessment and management procedures;
- oversee the Company's compliance systems with respect to legal and regulatory requirements, review the Company's Code of Business Conduct and Ethics and monitor compliance with such code;
- establish and maintain procedures for handling complaints regarding accounting, internal accounting controls and auditing matters, including a way to report anonymously;

review the Company's adherence to regulations for the hiring of employees and former employees of the independent auditor; and

review and evaluate annually the qualifications, performance and independence of the lead partner of the independent auditor and assure regular rotation of the lead audit partner as required by law.

The Audit Committee reports to the Board on its activities and findings.

The Board has determined that under current NYSE listing standards all members of the Committee are financially literate, are Audit Committee financial experts, and are independent under the Company's Corporate Governance Guidelines and NYSE listing requirements, and that each has accounting or related financial management expertise as required by the NYSE listing standards. The Committee's Charter and Corporate Governance Guidelines, which have been approved by the Board, are reviewed annually and may be viewed on the Company's website [www.alamo-group.com](http://www.alamo-group.com) under the "Our Commitment" tab.

#### REPORT OF THE AUDIT COMMITTEE

*The information contained in this report shall not be deemed to be soliciting material or filed with the Securities and Exchange Commission (the "SEC") or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act.*

The Audit Committee is comprised of four independent members of the Company's Board of Directors. Each member of the Audit Committee is independent under applicable law and NYSE listing requirements. The duties and responsibilities of the Audit Committee are set forth in the Audit Committee Charter, which the Board of Directors adopted on May 1, 2000, and reviews on an annual basis.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal control over financial reporting. In fulfilling its oversight responsibilities in fiscal 2009, the Committee reviewed and discussed the Quarterly Reports on Form 10-Q and the audited financial statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2009, with management, including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant adjustments, and the clarity of disclosures in the financial statements.

The Committee reviewed with management and with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their 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 by the independent auditors with the Committee under generally accepted auditing standards (including Statement on Auditing Standards No. 61). In addition, the Committee has discussed with the independent auditors the applicable requirements of the Public Company Accounting Oversight Board regarding independent accountant communications with the Audit Committee concerning independence as described in Item 407(d)(3)(i) of Regulation S-K, and considered the compatibility of non-audit services with the auditors' independence.

The Committee discussed with the independent auditors the overall scope and plans for their audit. They also discussed with management the overall scope and plans for the Company's assessment of internal control. The Committee meets with the independent auditors and the internal auditor, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls over financial reporting and the overall quality of the Company's financial reporting. The Committee met four times during fiscal 2009. All Committee members were present at the meetings.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors (and the Board approved) that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2009, for filing with the SEC. The Audit Committee has also recommended, subject to stockholder ratification, the appointment of KPMG LLP as the Company's independent auditors for the fiscal year 2010. Audit, audit-related and any permitted non-audit services provided to the Company by KPMG LLP are subject to preapproval by the Audit Committee.

#### **AUDIT COMMITTEE**

David H. Morris, Chairman  
Jerry E. Goldress, Member  
David W. Grzelak, Member  
James B. Skaggs, Member

THE NOMINATING/CORPORATE GOVERNANCE COMMITTEE

In January 2009, the Nominating/Corporate Governance Committee consisted of Messrs. Goldress (Chairman), Grzelak, Martin and Morris, and they were reappointed in May 2009. During 2009, the Committee held two meetings. All Committee members were present at the meetings. The Committee has the responsibility, among other things, to:

evaluate director candidates and has sole authority to retain a search firm in that effort, approve its fees and scope of service;

recommend to the Board of Directors nominees for Board election by the stockholders based upon their qualifications, knowledge, skills, expertise, experience and diversity;

review Board composition to reflect the appropriate balance of knowledge, skills, expertise, experience and diversity;

review size of the Board and the frequency and structure of Board meetings;

recommend to the Board establishment, elimination, size and composition of standing Committees;

review, at least annually, the Company's Code of Business Conduct & Ethics;

oversee and establish procedures for the annual evaluation of the Board and management;

evaluate Board and management performance; and

develop, recommend to the Board and review annually a set of corporate governance guidelines.

The Board of Directors has determined that the members of the Committee are independent under the Company's Corporate Governance Guidelines and NYSE listing requirements. The Committee's Charter and the Company's Corporate Governance Guidelines are reviewed annually and may be viewed on the Company's website [www.alamo-group.com](http://www.alamo-group.com) under the "Our Commitment" tab.

The Nominating/Corporate Governance Committee will consider director candidates recommended by stockholders. The Committee's Policy Regarding Director Candidates Recommended by Shareholders, the Company's Corporate Governance Guidelines (including our standards of director independence), the charters of our Board Committees, and the Company's Code of Conduct and Ethics are on our website [www.alamo-group.com](http://www.alamo-group.com) under the "Our Commitment" tab and are available in print at no charge to any stockholder who requests them by writing to Corporate Secretary, Alamo Group Inc., 1627 East Walnut Street, Seguin, Texas 78155.

Any stockholder of the Company who complies with the notice procedures set forth below and is a stockholder of record at the time such notice is delivered to the Company may make a director recommendation for consideration by the Nominating/Corporate Governance Committee. A stockholder may make recommendations at any time, but recommendations for consideration as nominees at the annual meeting of stockholders must be received not less than 120 days before the first anniversary of the date of the proxy statement released to stockholders in



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connection with the previous year's annual meeting. Therefore, to submit a candidate for consideration for nomination at the 2010 annual meeting of stockholders, a stockholder must have submitted the recommendation, in writing, by December 1, 2009. The written notice must demonstrate that it is being submitted by a stockholder of the Company and include information about each proposed director candidate, including name, age, business address, principal occupation, principal qualifications and other relevant biographical information. In addition, the stockholder must provide confirmation of each candidate's consent to serve as a director. A stockholder must send recommendations to the Nominating/Corporate Governance Committee, Alamo Group Inc., 1627 East Walnut Street, Seguin, Texas 78155.

The Nominating/Corporate Governance Committee identifies, evaluates and recommends director candidates to the Board of Directors. In identifying and recommending nominees for positions on the Board of Directors, the Nominating/Corporate Governance Committee places primary emphasis on (i) judgment, character, expertise, skills and knowledge useful to the oversight of our business; (ii) diversity of viewpoints, backgrounds, experiences and other demographics; (iii) business or other relevant experience; and (iv) the extent to which the interplay of the nominee's expertise, skills, knowledge and experience with that of other members of the Board will build a board that is active, collegial and responsive to the needs of the Company. Although diversity may be a consideration in the Committee's process, the Committee and the Board of Directors do not have a formal policy with regard to the consideration of diversity in identifying director nominees. Nominees are not discriminated against on the basis of gender, race, religion, national origin, sexual orientation, disability or any other basis prescribed by law.

Upon identifying a director candidate, the Committee initially determines the need for additional or replacement Board members and evaluates all the director candidates under the criteria described above, based on the information the Committee receives with the recommendation or otherwise possesses, which may be supplemented by certain inquiries. If the Committee determines, in consultation with other Board members including the Chairman, that a more comprehensive evaluation is warranted, the Committee may then obtain additional information about the director candidate's background and experience, including by means of interviews. The Committee will then evaluate the director candidate further, again using the evaluation criteria described above. The Committee receives input on such director candidates from other directors, including the Chairman, and recommends director candidates to the full Board of Directors for nomination. The Committee may engage a third party to assist in the search for director candidates or to assist in gathering information regarding a director candidate's background and experience. If the Committee engages a third party, the Committee approves the fee that Alamo pays for these services. The Committee did not engage a third party in 2009.

#### THE BOARD ROLE IN RISK OVERSIGHT

The Board has an active role in overseeing management of the Company's risk. The Board regularly reviews information regarding the Company's operational, financial, legal and regulatory, strategic and reputational risks which is usually conveyed to the Board by the senior management of the Company or by one of the Board's Committees. Because overseeing risk is an ongoing process and inherent in the Company's strategic decisions, the Board also discusses risk throughout the year at other meetings in relation to specific proposed actions.

The Board has delegated certain risk management oversight responsibility to the Board committees. The Audit Committee oversees risks related to the Company's accounting, auditing, reporting, financial practices (including the integrity of the Company's financial statements), administration and financial controls and compliance with legal and regulatory requirements. The Audit Committee also reviews and discusses the Company's policies with respect to risk assessment and risk management. The Compensation Committee oversees risks relating to the Company's compensation, incentive compensation, and equity-based compensation plans. The Nominating/Corporate Governance Committee oversees risks relating to the composition and organization of the Board.

The Company believes that its leadership structure also enhances the risk oversight function of the Board. Our Chairman and our CEO regularly discuss material risks facing the Company with management and other members of the Board. Our CEO, as a member of the Board, is also expected to report candidly to his fellow directors on his assessment of the material risks the Company faces, based upon the information he receives as part of his management responsibilities. Both our Chairman and our CEO are well-equipped to lead Board discussions on risk issues.

#### THE COMPENSATION COMMITTEE

In January 2009, the Compensation Committee of the Board of Directors consisted of Messrs. Skaggs (Chairman), Goldress, Grzelak and Martin, and they were reappointed in May 2009. The Committee met four times during fiscal 2009. All Committee members were present at the meetings. The duties and responsibilities of the Committee include, among other things, to:

review and approve, at least annually, the goals and objectives relevant to the CEO compensation and the structure of the Company's plans for executive compensation, incentive compensation, equity-based compensation and its general compensation, and employee benefit plans, and make recommendations to the Board;

evaluate annual performance of the CEO in light of the goals of the Company's executive compensation plans, and recommend his or her compensation based on this evaluation;

in consultation with the CEO, review, evaluate and recommend to the Board the compensation of all executive officers and key managers;

evaluate and recommend to the Board compensation of directors for Board and Committee service;

review and recommend to the Board any severance agreement made with any executive officer;

review and recommend to the Board the amount and terms of all individual stock options;

review and recommend to the Board all equity-based compensation plans that are subject to stockholder approval; and

approve and issue the annual report on executive compensation required by the SEC for inclusion in the Company's proxy statement.

The Compensation Committee may delegate its duties and responsibilities to subcommittees as it deems necessary and advisable. The role of our executive officers in determining compensation is discussed below under Compensation Discussion and Analysis. The Compensation Committee has authority under its charter to retain, at the Company's expense, such consultants and other advisors as it deems necessary to assist it in the fulfillment of its duties. The Committee did not retain a compensation consultant in 2009.

The Board of Directors has determined that the members of the Committee are independent under the Company's Corporate Governance Guidelines and NYSE listing requirements. The Committee's Charter and the Company's Corporate Governance Guidelines are reviewed annually and may be viewed on the Company's website [www.alamo-group.com](http://www.alamo-group.com) under the Our Commitment tab.

#### COMPENSATION DISCUSSION AND ANALYSIS

This section provides information regarding the compensation program in place for the Company's principal executive officer, principal financial officer and the five most highly compensated executive officers other than the principal executive officer and principal financial officer ( Named Executive Officers or NEOs ) for 2009 (the Company has voluntarily included its five (as opposed to three) most highly compensated executive officers within its NEO group in this proxy statement). All NEOs are listed in the Summary Compensation Table. This section also includes information regarding, among other things, the overall objectives of the Company's compensation program and each element of compensation that we provide.

#### **Objectives of Our Compensation Program**

The Compensation Committee of the Board of Directors has responsibility for establishing, implementing, monitoring and approving the compensation program for NEOs. The Committee reviews and recommends proposed compensation program changes, salaries, annual cash incentive compensation amounts and incentive stock options for the NEOs and key managers to the Board of Directors for approval. The Committee acts pursuant to a charter that has been approved by the Board. If a compensation consultant is retained by the Committee, it shall have sole authority to retain and terminate the consulting firm, approve of the firm's fees and other retention terms.

The compensation program for NEOs is designed to attract, retain and reward talented executives who have the experience and ability to contribute materially to the Company's long-term success and thereby build value for its stockholders. The program is intended to provide competitive base salaries as well as short-term and long-term incentives which align management and stockholder objectives and provide the opportunity for NEOs to participate in the success of the Company and its individual business units. The program's annual cash incentive and its longer term stock-based incentive compensation provide potential upside for exceeding financial targets with significant downside risk for missing performance targets. This balances retention with reward for delivering increased stockholder value and provides closely aligned objectives for Company management and stockholders.

**Role of the CEO and the Compensation Committee in Compensation Decisions**

The Compensation Committee reviews and recommends all compensation for the CEO to the Board of Directors for its approval. The Compensation Committee reviews recommendations by the CEO for the compensation of other NEOs as well as other executive officers and designated key employees. The CEO annually reviews the performance of each NEO (other than the CEO, whose performance is reviewed by the Compensation Committee). The recommendations based on these reviews, including salary adjustments, annual cash incentive awards and stock options, are presented to the Compensation Committee. The Compensation Committee reviews these recommendations and can exercise its discretion in modifying and recommending adjustments or awards to executives. The final decisions are then recommended for approval by the Compensation Committee to the Board. Decisions regarding compensation for other key managers are made by the CEO and other NEOs of the Company.

## Components of Executive Compensation

For the fiscal year ended December 31, 2009, the principal components of compensation for NEOs were:

base salary;

non-equity incentive compensation plan awards;

qualified and non-qualified stock options, restrictive stock or restrictive stock units awards;

perquisites; and

other employee benefits.

## Base Salary

The Company provides NEOs and other key managers with competitive base salaries to compensate them appropriately for services rendered during the fiscal year. The Committee primarily considers the following for each of the NEOs as well as other executive officers and designated key employees:

the Company's performance and individual contributions to that performance;

experience in the position; and

in selected cases, other relevant factors.

Base salary levels were determined by the Committee in December 2009, some of which were effective January 10, 2010, most of which will be effective May 1, 2010. Any review of promotions or other changes in job responsibilities is also typically conducted during this timeframe.

The base salary level for Ronald A. Robinson, President and Chief Executive Officer, is normally recommended by the Committee and approved by the Board of Directors in March of each year, with an effective date of May 1. The base salary levels for all of our NEOs, other executive officers and designated key employees are also determined by the Committee based on those factors described in the preceding paragraphs and are approved and reset on the same dates as for the CEO. Salaries for the majority of these employees had been frozen since May 1, 2008. For 2010, senior management recommended, and the Committee approved, to increase salaries for the CEO, our NEOs, with the exception of Mr. Davies and Mr. Pummell, other executive officers and certain key employees effective January 10, 2010. Based on the above recommendations, Mr. Robinson's salary for 2010 was increased from \$425,000 to \$435,000. The salaries for the remaining NEOs were increased effective January 10, 2010 as follows: Mr. Malone from \$220,000 to \$227,000; Mr. Duncan from \$158,000 to \$163,000; Mr. George from \$151,000 to \$156,000;

and Mr. Wehrle from \$150,000 to \$155,000. Mr. Davies' salary was increased from \$226,300 to \$279,000 effective March 31, 2010. Mr. Pummell was promoted to Vice President of the Company on November 16, 2009 and his salary was increased from \$173,000 to \$225,000 in connection with his promotion.

#### **Incentive Compensation Plan**

In 1999, the Compensation Committee adopted a revised version of the Alamo Group Incentive Compensation Plan ( ICP ). The ICP is a cash incentive plan which allows the Compensation Committee to reward the Company's NEOs and key managers based upon three factors:

the overall performance of the Company;

the performance of the segment of the Company or division and/or business unit in which the employee is expected to contribute; and

the individual performance of the employee.

In March of each year, the Compensation Committee reviews with the senior management proposed changes, if any, to the ICP and then adopts the plan for the current year. The Compensation Committee, in its sole discretion, is entitled to interpret the ICP. Bonuses under the ICP are not deemed fully earned until paid.

ICP incentives for our NEOs include a 75% objective component and 25% subjective component. All incentives under the ICP are accrued and expensed monthly during each fiscal year and paid within 75 days after the end of the fiscal year.

For 2009, the objective component of the ICP was based on the relationship between Actual Earnings and Target Earnings, each as described below, for the Company or each relevant division, subsidiary or business unit. Target Earnings for the Company and its divisions, subsidiaries and units are approved at the beginning of each Plan Year by the Board of Directors based on management's proposed financial plan for the year considering anticipated market conditions and appropriate goals for earnings growth.

Generally, Target Earnings are the projected earnings before interest and taxes (EBIT) for the Company's divisions, subsidiaries or units which include an appropriate accrual for the estimated payments under the ICP. Actual Earnings are the actual earnings before interest and taxes (EBIT) calculated in a manner consistent with the Target Earnings and include adequate accruals to cover all estimated payments under the ICP. Actual Earnings and/or Target Earnings for any given year are subject to revision by the Committee if the Committee deems it appropriate to adjust for the effects of items such as extraordinary additions to or reversals of reserves, acquisitions and divestitures, gains or losses from the sale of assets, and operating income and expenses of discontinued operations. Since the specific quantitative targets are highly confidential, we do not publicly disclose these targets for several reasons, including our belief that disclosure would cause us competitive harm. We believe disclosing the quantitative targets would provide competitors and other third parties with insights into the Company's internal confidential strategic and planning processes and other confidential matters, which might allow our competitors to predict certain business strategies. These targets are based on our business plan for the fiscal year and are intended to be challenging but achievable.

In 2009 and 2008, all NEOs received a percentage of compensation for their objective component. In 2007, with the exception of Mr. Davies, the NEOs received no compensation for their objective component of the plan, since other than Mr. Davies, the NEOs' respective objective components were based upon Company-wide targets, which were not met.

Actual payments under the objective components of the 2009 ICP could range from 0% to 150% of established target payments on the basis of performance from 75% (threshold) to 125% (maximum) of the Target Earnings established by the Committee as follows:

| <u>Performance Level</u>    | <u>ICP Payment Level</u>     | <u>Incremental ICP Change in Payment for Each</u> |
|-----------------------------|------------------------------|---------------------------------------------------|
| <u>% of Target Earnings</u> | <u>% of Target Incentive</u> | <u>% of Actual Earnings to Target Earnings</u>    |
| 75% - 100%                  | 0 to 100%                    | 4%                                                |
| 100% - 125%                 | 100 to 150%                  | 2%                                                |

In each of the above brackets of Performance Level % of Target Earnings, the ICP incentive earned as a percentage of the Target Incentive is graduated by the incremental ICP change in payment to determine the ICP incentive earned (rounded to the nearest dollar).



For 2009 and 2010, the Committee recommended, and the Board of Directors approved, the weighting and criteria for the objective and subjective components of the plan. For Corporate Participants (CEO, NEOs and most key managers with the exception of Mr. Davies and Mr. Pummell and a few key operations managers), the criteria are as follows:

**Objective Component**

75%

**Criteria**

0% of target payment if 75% or less of identified target diluted earnings per share are met; 100% of target payment if identified target diluted earnings per share are met; and 150% of target payment if identified maximum target diluted earnings per share are met or exceeded, in each case with incremental increases as described in the table above

**Subjective Component**

25%

Based on subjective criteria

In the case of Mr. Davies, Mr. Pummell and other key operations managers, the criteria and weighting for the objective and subjective components of the plan are as follows:

| <u>Objective Component</u>  | <u>Criteria</u>                             |
|-----------------------------|---------------------------------------------|
| 50%                         | Actual EBIT vs. Target EBIT                 |
| 25%                         | Actual inventory turns improvement vs. Plan |
| <br>                        |                                             |
| <u>Subjective Component</u> |                                             |
| 25%                         | Based on subjective criteria                |

Some of the participants who are subject to these general criteria, as well as their direct reports, may have exceptions to the criteria based upon their job classifications and areas they can influence or specifically target for improvement.

The chart below reflects each NEO's target incentive as a percentage of base salary incentive at 100% targeted performance.

| <u>NEO</u>         | <u>% of Base Salary Incentive at Target Performance</u> |
|--------------------|---------------------------------------------------------|
| Ronald A. Robinson | 75%                                                     |
| Geoff Davies       | 40%                                                     |
| Richard D. Pummell | 40%                                                     |
| Dan E. Malone      | 35%                                                     |
| Robert H. George   | 30%                                                     |
| Richard J. Wehrle  | 30%                                                     |
| Donald C. Duncan   | 30%                                                     |

In 2009, with the exception of Mr. Davies and Mr. Pummell, the Company achieved 82% of the target criteria for the NEOs. This resulted in a 28% payout under the objective portion of the ICP. The Committee, at its discretion, may approve an extra bonus payment for specific accomplishments.

In March 2010, the Committee approved total non-equity incentive payments of \$1,152,758 for the 2009 performances to participating employees. These payments were expensed in 2009 and paid in March 2010. Incentive payments expensed in 2008 and paid in March 2009 totaled \$1,134,492. Included in these totals were payments to Ronald A. Robinson, President and Chief Executive Officer, of \$209,275 (\$66,150 related the objective component of the ICP, \$118,125 related to the subjective component of the ICP, and \$25,000 as an extra bonus for Mr. Robinson's efforts related to the Bush Hog acquisition) and \$218,925 (\$132,200 related the objective component of the ICP and \$86,625 related to the subjective component of the ICP) applicable to 2009 and 2008, respectively. The primary factors affecting Mr. Robinson's compensation include, among other things, his overall leadership of the Company, the growth of the Company, the management of the Company during difficult economic conditions, the successful acquisition of Bush Hog, and his efforts contributing to the continued long-term success of the Company.

Mr. Davies' s non-equity incentive compensation was \$107,945 (\$74,000 related to the objective component of the ICP and \$33,945 related to the subjective component of the ICP) and \$135,096 (\$73,941 related to the objective component of the ICP, \$31,155 related to the subjective component of the ICP, and \$30,000 as an extra bonus for Mr. Davies' s efforts related to the Rivard acquisition) for 2009 and 2008, respectively. The primary factors affecting Mr. Davies' s compensation include, among other things, leadership, productivity, efficiency, adherence to annual budgets, customer satisfaction, and his efforts contributing to the continued long-term success of the Company.

Mr. Malone's non-equity incentive compensation was \$50,045 (\$16,170 related to the objective component of the ICP, \$28,875 related to the subjective component of the ICP, and \$5,000 as an extra bonus for Mr. Malone's efforts related to the Bush Hog acquisition) and \$47,740 (\$32,340 related to the objective component of the ICP and \$15,400 related to the subjective component of the ICP) for 2009 and 2008, respectively. The primary factors affecting Mr. Malone's compensation include, among other things, expense management, his contribution to the Company's achievement of its objective goals and to the enhancement of shareholder return, and his efforts contributing to the continued long-term success of the Company.

Mr. Pummell's non-equity incentive compensation was \$30,898 (\$1,800 related to the objective component of the ICP, \$24,098 related to the subjective component of the ICP, and \$5,000 as an extra bonus for Mr. Pummell's efforts related to the Bush Hog acquisition) and \$18,326 (\$8,326 related to the objective component of the ICP and \$10,000 related to the subjective component of the ICP) for 2009 and 2008, respectively. The primary factors affecting Mr. Pummell's compensation include, among other things, leadership, productivity, efficiency, adherence to annual budgets, customer satisfaction, and his efforts contributing to the continued long-term success of the Company.

Mr. Duncan's non-equity incentive compensation was \$32,729 (\$9,954 related to the objective component of the ICP, \$17,775 related to the subjective component of the ICP, and \$5,000 as an extra bonus for Mr. Duncan's efforts related to the Bush Hog acquisition) and \$29,981 (\$19,908 related to the objective component of the ICP and \$10,073 related to the subjective component of the ICP) for 2009 and 2008, respectively. The primary factors affecting Mr. Duncan's compensation include, among other things, expense management, his contribution to the Company's achievement of its objective goals and to the enhancement of shareholder return, and his efforts contributing to the continued long-term success of the Company.

Mr. George's non-equity incentive compensation was \$36,501 (\$9,513 related to the objective component of the ICP, \$16,988 related to the subjective component of the ICP, and \$10,000 as an extra bonus for Mr. George's efforts related to the Bush Hog acquisition and restructuring credit facility) and \$30,351 (\$19,026 related to the objective component of the ICP and \$11,325 related to the subjective component of the ICP) for 2009 and 2008, respectively. The primary factors affecting Mr. George's compensation include, among other things, expense management, his contribution to the Company's achievement of its objective goals and to the enhancement of shareholder return, and his efforts contributing to the continued long-term success of the Company.

Mr. Wehrle's non-equity incentive compensation was \$31,325 (\$9,450 related to the objective component of the ICP, \$16,875 related to the subjective component of the ICP, and \$5,000 as an extra bonus for Mr. Wehrle's efforts related to the Bush Hog acquisition) and \$30,150 (\$18,900 related to the objective component of the ICP and \$11,250 related to the subjective component of the ICP) for 2009 and 2008, respectively. The primary factors affecting Mr. Wehrle's compensation include, among other things, expense management, his contribution to the Company's achievement of its objective goals and to the enhancement of shareholder return, and his efforts contributing to the continued long-term success of the Company.

Awards made to the NEOs under the ICP for performance in 2009 are reflected in the Non-Equity Incentive Compensation Plan column of the Summary Compensation Table on page 20.

### **Equity Awards Programs**

The Company's equity awards programs relate stockholder value and our executive long-term compensation. These programs provide an opportunity for increased equity ownership by our executives while maintaining competitive levels of total compensation.

From time to time the Committee has recommended, and the Board of Directors has granted, qualified, non-qualified stock options and restricted stock units to NEOs, key employees and directors. Stock option award levels vary among participants based on their performance and positions within the Company.

Options are granted at the NYSE's closing price of the Company's Common Stock on the effective date of grant and thus will have no ultimate value unless the value of the Company's Common Stock appreciates. The Company has never granted options with an exercise price that is less than the closing price of the Company's Common Stock on the grant date, nor has it granted options which are priced on a date other than the effective date of the grant. We do not grant options during blackout periods when insider transactions are prohibited; options are generally granted at the Company's closing price on the date of grant, which generally is the third business day after the Company's press release announcement of earnings or disclosure of other material non-public information. Newly-hired executive officers who are eligible to receive options are awarded such options at the next regularly scheduled Committee meeting following their hire date. The Committee believes these options provide a significant incentive for the option holders to enhance the value of the Company's Common Stock by continually improving the Company's performance.

All qualified and non-qualified options granted by the Committee become vested and exercisable for 20% of the total optioned shares after one year following the grant and for an additional 20% of the total optioned shares after each succeeding year until the option is fully exercisable. The options have a term of 10 years. For options granted prior to February 2006, upon termination or retirement of the employee or Director option holder, the option holder has 30 days to exercise vested shares except in the case of death (which is subject to a one-year limitation). For options granted after February 2006, if the option holder is at least 62 years of age and has at least 5 years of service with the Company, then all outstanding options become fully vested upon termination of employment (not for cause), retirement, or death.

In 2009, stockholders approved the 2009 Equity Incentive Plan that allows for the issuance of non-qualified stock options, restricted stock or restricted stock units or any combination thereof. Non-qualified stock options issued under the Plan become vested and exercisable for 20% of the total optioned shares after one year following the date of grant and for an additional 20% of the total optioned shares after each succeeding year until the option is fully exercisable. Restricted stock and restricted stock units generally vest over four years at 25% per year. The awards are valued at the closing price of the Company's common stock on the NYSE on the date of the grant.

The following grants of stock options to named executive officers of the Company were awarded in 2009: 25,000 stock options for Mr. Robinson; 12,000 stock options for Mr. Malone; 12,000 stock options for Mr. Wehrle; 12,000 stock options for Mr. George; and 10,000 stock options for Mr. Duncan. The options awarded to Messrs. Wehrle, George and Duncan are incentive stock options. The options awarded to Mr. Robinson and Mr. Malone are non-qualified stock options. All of the options (a) vest in equal annual installments over the five-year period commencing on the first anniversary of the date of grant (which was May 11, 2009) provided that the officer is employed by the Company on each such date (subject to certain exceptions), (b) have an exercise price equal to the closing price of the Company's common stock on the New York Stock Exchange on the date of grant and (c) have a term of ten (10) years from such date. The options are subject to vesting upon a Change in Control, as defined in the relevant plan under which they were issued. Mr. Robinson's options were granted under the 2009 Equity Incentive Plan. Mr. Malone's options were granted under the Company's First Amended and Restated 1999 Nonqualified Stock Option Plan. The options for Messrs. Wehrle, George and Duncan were all issued under the Company's 2005 Incentive Stock Option Plan.

In addition, the Company granted 5,000 restricted stock units to Mr. Geoff Davies under the 2009 Equity Incentive Plan. The restricted stock units vest in four equal annual installments commencing on the first anniversary of the date of grant (which was May 11, 2009) provided that Mr. Davies is employed by the Company on each such date (subject to certain exceptions). In the event of a Change in Control (as defined in the 2009 Equity Incentive Plan), restrictions on the restricted stock units will immediately lapse and the restricted period will end, unless the award is either assumed or equitable substitution is made therefore.

As a component of total compensation, the purpose of these awards is to align the CEO's; NEO's and key managers interest with increasing shareholder value.

#### Perquisites

The Company's NEOs and key managers receive various perquisites provided by or paid for by the Company. These perquisites can include memberships in social and professional clubs, car allowances, a 401(k) restoration plan, and gross-up payments equal to the taxes payable on certain perquisites:

Club memberships reimbursement for dues and business expenses, usually negotiated at start of employment.

Car allowances/company vehicles an allowance paid monthly for usage of a personal vehicle or a company vehicle is provided where required, also usually negotiated at start of employment.

401(k) restoration plan provides a supplemental compensation benefit to a select group of executive officers and highly compensated employees who cannot participate at the same level as other employees of the Company.

Gross-up payments provided in certain limited situations, such as commuting and relocation expenses, that are taxable events.

Reimbursement of certain commercial airfare, hotel and vehicle expenses in connection with Mr. Robinson's commuting that was approved by the Committee.

We provide these perquisites because, in many cases, such as membership in social and professional clubs, the perquisites are often used by the executives for business-related activities and entertainment, and these perquisites are provided by many companies to their NEOs and are therefore necessary to enable the Company to retain and recruit capable managers. With respect to the last item listed above, the Board agreed to reimburse certain expenses in connection with Mr. Robinson's commuting from his home in Colorado Springs, Colorado, to the Company's corporate office in Seguin, Texas, including commercial airfare, hotel and car rental.

The Committee reviews the perquisites provided to the NEOs on an annual basis, in an attempt to ensure that they continue to be appropriate in light of the Committee's overall goal of designing a compensation program for NEOs.

#### **Other Employee Benefits**

NEOs participate in all other benefits generally offered to employees.

#### **Tax Implications**

As part of its role, the Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct compensation of more than \$1,000,000 that is paid to certain individuals. The Company believes that compensation paid under the management incentive plans is generally fully deductible for federal income tax purposes. For fiscal 2009, there were no salaries in excess of \$1,000,000 for any named executive officer of the Company and the Company did not provide to the NEOs any other compensation components, such as long-term grant programs or deferred compensation.

#### **Accounting for Stock-Based Compensation**

Beginning on January 1, 2007, the Company began accounting for stock-based payments relating to its Stock Option Program in accordance with the requirements of Financial Accounting Standards Board Accounting Standards Codification Topic 718 ( FASB ASC 718 ).

#### **COMPENSATION COMMITTEE REPORT**



The Compensation Committee of the Board of Directors oversees the Company's compensation program on behalf of the Board. In fulfilling its oversight responsibilities, the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth in this Proxy Statement.

In reliance on the review and discussions referred above, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Proxy Statement to be filed in connection with the Company's 2010 Annual Meeting of Stockholders, which will be filed with the SEC.

#### **COMPENSATION COMMITTEE**

James B. Skaggs, Chairman

Jerry E. Goldress, Member

David W. Grzelak, Member

Gary L. Martin, Member

**EXECUTIVE COMPENSATION**

## SUMMARY COMPENSATION TABLE

The following table describes the annual compensation for our NEOs for the fiscal years 2009, 2008 and 2007.

| Name and Principal Position                        | Year | Salary<br>(\$)(1) | Bonus<br>Payments<br>(\$)(2) | Stock<br>Awards<br>(\$)(3) | Option<br>Awards<br>(\$)(4) | Non-Equity<br>Incentive<br>Compensation<br>Plan<br>(\$)(5) | All Other<br>Compensation<br>(\$)(6)(7) | Total<br>(\$) |
|----------------------------------------------------|------|-------------------|------------------------------|----------------------------|-----------------------------|------------------------------------------------------------|-----------------------------------------|---------------|
| Ronald A. Robinson                                 | 2009 | 436,670           | 25,000                       |                            | 90,512                      | 184,275                                                    | 83,068                                  | 819,525       |
| President & CEO                                    | 2008 |                   |                              |                            |                             |                                                            |                                         |               |
|                                                    | 2007 | 412,824           |                              |                            | 114,294                     | 218,925                                                    | 93,031                                  | 839,074       |
|                                                    |      | 390,891           |                              |                            | 169,301                     | 93,750                                                     | 116,270                                 | 770,212       |
| Geoff Davies                                       | 2009 | 222,879           |                              | 57,250                     | 34,684                      | 107,945                                                    | 36,116                                  | 458,874       |
| VP & Managing Director,<br>Alamo Group Europe Ltd. | 2008 |                   |                              |                            |                             |                                                            |                                         |               |
|                                                    | 2007 | 205,116           | 30,000                       |                            | 27,243                      | 106,881                                                    | 27,587                                  | 396,827       |
|                                                    |      | 196,850           |                              |                            | 57,750                      | 81,468                                                     | 18,564                                  | 354,632       |
| Dan E. Malone                                      | 2009 | 227,795           | 5,000                        |                            | 49,399                      | 45,045                                                     | 8,614                                   | 335,853       |
| Executive VP & CFO,<br>Principal Financial Officer | 2008 |                   |                              |                            |                             |                                                            |                                         |               |
|                                                    | 2007 | 216,334           |                              |                            | 43,498                      | 47,740                                                     | 9,550                                   | 317,122       |
|                                                    |      | 193,998           | 25,000                       |                            | 34,739                      | 19,688                                                     | 4,410                                   | 277,835       |
| Richard D. Pummell                                 | 2009 | 186,446           | 5,000                        |                            | 11,596                      | 25,898                                                     | 5,940                                   | 234,880       |
| VP Agricultural Division(8)                        |      |                   |                              |                            |                             |                                                            |                                         |               |
| Donald C. Duncan                                   | 2009 | 163,378           | 5,000                        |                            | 13,159                      | 27,729                                                     | 6,394                                   | 215,660       |
| VP & General Counsel                               | 2008 |                   |                              |                            |                             |                                                            |                                         |               |
|                                                    | 2007 | 155,824           |                              |                            | 29,639                      | 29,981                                                     | 6,919                                   | 223,363       |

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|                                                  |      |         |        |        |        |       |         |
|--------------------------------------------------|------|---------|--------|--------|--------|-------|---------|
|                                                  |      | 149,200 |        | 28,768 | 9,438  | 6,522 | 193,928 |
| Robert H. George                                 | 2009 | 155,858 | 10,000 | 21,359 | 26,501 | 6,258 | 219,976 |
|                                                  | 2008 |         |        |        |        |       |         |
| VP, Secretary & Treasurer                        | 2007 | 152,569 |        | 25,746 | 30,351 | 6,848 | 215,514 |
|                                                  |      | 150,939 |        | 30,262 | 11,250 | 6,602 | 199,053 |
| Richard J. Wehrle                                | 2009 | 155,469 | 5,000  | 21,359 | 26,325 | 5,202 | 213,355 |
|                                                  | 2008 |         |        |        |        |       |         |
| VP & Controller,<br>Principal Accounting Officer | 2007 | 150,653 |        | 25,751 | 30,150 | 5,652 | 212,206 |
|                                                  |      | 145,550 |        | 30,262 | 11,094 | 5,179 | 192,085 |

- (1) The Company pays all employees on a biweekly basis. In 2009, the salaries represent 27 pay periods compared to the normal 26 pay periods.
- (2) In 2009, Mr. Robinson, Mr. Malone, Mr. Pummell, Mr. Duncan, Mr. George and Mr. Wehrle all received bonus payments relating to the Bush Hog acquisition. In 2008, Mr. Davies received a bonus payment relating to the Rivard acquisition. In 2007, Mr. Malone received a starting bonus.
- (3) Mr. Davies received an award of 5,000 restricted stock units valued at \$57,250 that will vest over four years. The amount in this column reflects the grant date fair value of the restricted stock units in accordance with FASB ASC 718.
- (4) The amount shown in this column constitutes options granted under the Company's stock option programs. The amounts are valued based on the aggregate grant date fair value of the award in accordance with FASB ASC 718. See Note 1 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 for a discussion of the relevant assumptions used in calculating grant date fair value pursuant to FASB ASC 718.
- (5) ICP incentives approved and paid in 2008, 2009 and 2010.
- (6) With the exception of Mr. Davies and Mr. Robinson, amounts represent the Company's contribution under the Alamo Group (USA) Inc. tax-qualified 401(k) plan (the "401(k) Plan"). In the case of Mr. Robinson, each year the amounts include perquisites in excess of \$10,000 which includes reimbursement of commuting expenses (\$49,841 in 2009, \$58,218 in 2008, \$69,001 in 2007), a car allowance, club dues and restoration payments pursuant to the Alamo Group Inc. 401(k) Restoration Plan. Such restoration payments are equivalent to matching contributions that would have been or would be made under the Company's 401(k) plan but were foregone due to certain limitations on contributions to 401(k) plans in the Internal Revenue Code of 1986.
- (7) The amount reflects Alamo Group Europe Ltd.'s contribution to Mr. Davies' retirement plan in the United Kingdom.
- (8) Mr. Pummell was promoted to Vice President of Alamo Group Inc. in November of 2009 and his annual salary was increased to \$225,000. Mr. Pummell was not an executive officer prior to his promotion.

## Employment Agreements

All NEOs of the Company serve at the discretion of the Board of Directors. The NEOs are appointed to their positions by the Board until the next annual meeting of directors or until their successors have been duly qualified and appointed. There are currently no employment agreements with any NEOs of the Company.

### 2009 GRANTS OF PLAN-BASED AWARDS

| Name               | Grant Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) |         |         | Estimated Future Payouts Under Equity Incentive Plan Awards |            |         | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: Number of Securities Under-lying Options | Exercise or Base Price of Option Awards (\$/Sh) | Grant-Date Fair Value of Stock and Option Awards (\$)(4) |
|--------------------|------------|----------------------------------------------------------------------|---------|---------|-------------------------------------------------------------|------------|---------|------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|
|                    |            | Threshold                                                            | Target  | Maximum | Threshold                                                   | Target (#) | Maximum |                                                            |                                                                   |                                                 |                                                          |
| Ronald A. Robinson | 5/11/2009  | 0                                                                    | 315,000 | 472,500 |                                                             |            |         |                                                            |                                                                   |                                                 |                                                          |
| Geoff Davies       | 5/11/2009  | 0                                                                    | 83,700  | 125,550 |                                                             |            | 5,000   |                                                            |                                                                   |                                                 | 57,250                                                   |
| Dan E. Malone      | 5/11/2009  | 0                                                                    | 77,000  | 115,500 |                                                             |            |         | 12,000                                                     | 11.45                                                             |                                                 | 60,360                                                   |
| Richard D. Pummell | 5/11/2009  | 0                                                                    | 64,400  | 96,600  |                                                             |            |         | 10,000                                                     | 11.45                                                             |                                                 | 50,300                                                   |
| Donald C. Duncan   | 5/11/2009  | 0                                                                    | 47,400  | 71,100  |                                                             |            |         | 10,000                                                     | 11.45                                                             |                                                 | 50,300                                                   |
| Robert H. George   | 5/11/2009  | 0                                                                    | 45,300  | 67,950  |                                                             |            |         | 12,000                                                     | 11.45                                                             |                                                 | 60,360                                                   |

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|            |           |        |        |        |       |        |
|------------|-----------|--------|--------|--------|-------|--------|
| Richard J. | 0         | 45,000 | 67,500 |        |       |        |
| Wehrle     | 5/11/2009 |        |        | 12,000 | 11.45 | 60,360 |

- (1) Amounts shown are estimated possible payouts for fiscal 2009 under the Company's Incentive Compensation Plan. These amounts are based on the individual's fiscal 2009 base salary and position. The maximum amount shown is 150% of the target amount. Actual incentives received by the NEOs for fiscal 2009 are reported in the summary compensation table under the column entitled "Non-Equity Incentive Plan Compensation."
- (2) The amount in this column reflects restricted stock units granted to the named officer under the plan 2009 Equity Incentive Plan.
- (3) The amount in this column reflects the number of options to purchase shares of the Company's Common Stock granted to named officers under the 2005 Incentive Stock Option Plan and 2009 Equity Incentive Plan.
- (4) The amount shown in this column constitutes options granted under the Company's stock option program. The amounts represent the value of the options based on the aggregate grant date fair values of the awards determined pursuant to FASB ASC 718. See Note 1 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 for a discussion of the relevant assumptions used in calculating grant date fair value pursuant to FASB ASC 718. The grant date fair value for options is based on the Black-Scholes option pricing model in which the option fair value as of the grant date (May 11, 2009) was determined to be \$5.03.

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OUTSTANDING EQUITY AWARDS AT 2009 FISCAL YEAR-END

The following table lists all outstanding equity awards held by our NEOs as of December 31, 2009:

| Name               | Option Awards                                       |                                                     | Equity Incentive Plan Awards:                       |                     |                 | Stock Awards                                   |                                            | Equity Incentive Plan Awards:                                            |                                                                                              |
|--------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|---------------------|-----------------|------------------------------------------------|--------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
|                    | Number of Securities Underlying Unexercised Options | Number of Securities Underlying Unexercised Options | Number of Securities Underlying Unexercised Options | Exercise Price (\$) | Expiration Date | Number of Shares or Units that have Not Vested | Market Value of Stock that have Not Vested | Number of Unearned Shares, Units, or Shares, Rights that have not Vested | Market Value or Payout Value of Unearned Shares, Units, or other Rights that have not Vested |
| Ronald A. Robinson | 50,000                                              | -                                                   | -                                                   | 12.10               | 5/12/2013       | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 20,000                                              | 5,000                                               | -                                                   | 19.79               | 5/4/2015        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 10,000                                              | 15,000                                              | -                                                   | 25.18               | 5/7/2017        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | -                                                   | -                                                   | 25,000                                              | 11.45               | 5/11/2019       | -                                              | -                                          | -                                                                        | -                                                                                            |
| Geoff Davies       | 1,150                                               | -                                                   | -                                                   | 14.38               | 2/13/2012       | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 11,900                                              | -                                                   | -                                                   | 12.10               | 5/12/2013       | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 4,000                                               | 1,000                                               | -                                                   | 19.79               | 5/4/2015        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 4,000                                               | 1,000                                               | -                                                   | 22.39               | 3/3/2016        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 2,000                                               | 8,000                                               | -                                                   | 22.55               | 5/9/2018        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | -                                                   | -                                                   | -                                                   | -                   | -               | -                                              | -                                          | 5,000                                                                    | 57,250                                                                                       |
| Dan E. Malone      | 10,000                                              | 15,000                                              | -                                                   | 24.13               | 3/8/2017        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | -                                                   | 12,000                                              | -                                                   | 11.45               | 5/11/2019       | -                                              | -                                          | -                                                                        | -                                                                                            |
| Richard D. Pummell | 8,000                                               | 2,000                                               | -                                                   | 19.79               | 5/4/2015        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 1,200                                               | 1,800                                               | -                                                   | 25.18               | 5/7/2017        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | -                                                   | 10,000                                              | -                                                   | 11.45               | 5/11/2019       | -                                              | -                                          | -                                                                        | -                                                                                            |
| Donald C. Duncan   | 3,000                                               | -                                                   | -                                                   | 17.85               | 2/20/2014       | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 2,400                                               | 600                                                 | -                                                   | 19.79               | 5/4/2015        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 1,200                                               | 1,800                                               | -                                                   | 25.18               | 5/7/2017        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | -                                                   | 10,000                                              | -                                                   | 11.45               | 5/11/2019       | -                                              | -                                          | -                                                                        | -                                                                                            |
| Robert H. George   | 5,000                                               | -                                                   | -                                                   | 12.10               | 5/13/2013       | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 3,000                                               | -                                                   | -                                                   | 17.85               | 2/20/2014       | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 2,400                                               | 600                                                 | -                                                   | 19.79               | 5/4/2015        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 2,000                                               | 3,000                                               | -                                                   | 25.18               | 5/7/2017        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | -                                                   | 12,000                                              | -                                                   | 11.45               | 5/11/2019       | -                                              | -                                          | -                                                                        | -                                                                                            |
| Richard J. Wehrle  | 5,000                                               | -                                                   | -                                                   | 12.10               | 5/13/2013       | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 3,000                                               | -                                                   | -                                                   | 17.85               | 2/20/2014       | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 2,400                                               | 600                                                 | -                                                   | 19.79               | 5/4/2015        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | 2,000                                               | 3,000                                               | -                                                   | 25.18               | 5/7/2017        | -                                              | -                                          | -                                                                        | -                                                                                            |
|                    | -                                                   | 12,000                                              | -                                                   | 11.45               | 5/11/2019       | -                                              | -                                          | -                                                                        | -                                                                                            |



## OPTION EXERCISES IN 2009

| Name               | Option Awards<br>Number of<br>Shares Acquired<br>on Exercise<br>(#) | Value Realized<br>Upon Exercise<br>(\$) |
|--------------------|---------------------------------------------------------------------|-----------------------------------------|
| Ronald A. Robinson | 125,000                                                             | 236,579                                 |
| Geoff Davies       |                                                                     |                                         |
| Dan E. Malone      |                                                                     |                                         |
| Richard D. Pummell |                                                                     |                                         |
| Donald C. Duncan   |                                                                     |                                         |
| Robert H. George   |                                                                     |                                         |
| Richard J. Wehrle  |                                                                     |                                         |

**Potential Payments Upon Termination or Change in Control**

This section describes the benefits and payments to which each NEO would have been entitled under the Company's existing plans and arrangements if his employment had terminated or if the Company had undergone a Change in Control, in each case, on December 31, 2009. For purposes of valuing any outstanding equity awards, we have assumed a per share value of \$17.15, the closing market price of the Company's common stock on December 31, 2009.

**General Policies.**

The NEOs are not entitled to cash severance payments upon any termination of employment or upon a Change in Control of the Company. Upon termination, the NEOs receive health and welfare benefits under Cobra that are



generally available to all salaried employees and accrued vacation pay. There are no special or enhanced termination benefits under the Company's stock option plans for the NEOs as compared to non-named executive officer participants.

**Termination of Employment - Equity.**

A detailed list of the equity awards held by each NEO as of December 31, 2009 is set forth in the Outstanding Equity Awards at 2009 Fiscal Year-End table above. The NEOs do not hold any equity awards other than the stock options and the restricted stock units listed in that table. With respect to options granted since February 2006, if the NEO is at least 62 years of age and has at least 5 years of service with the Company, the options become fully vested and may be exercised upon termination of the NEO's employment (not for cause), retirement or death. With respect to options granted prior to February 2006, NEOs may exercise only vested options within 30 days of termination of their employments (not for cause), 30 days of their retirements, or 1 year of their deaths.

Some of the stock options held by the NEOs that would become exercisable upon a termination of employment (not for cause), retirement or death had intrinsic value as of December 31, 2009, but in most cases the exercise price of the stock options was greater than the closing market price of the Company's common stock on December 31, 2009.

**Change in Control or Change in Ownership (All NEOs).**

Stock options granted by the Company have included provisions applicable upon a Change in Control, as defined in the applicable award certificates. These options will become exercisable upon the occurrence of a Change in Control, but transfer restrictions on shares acquired upon exercise of stock options and cancellation provisions will remain in effect until the applicable transfer restriction date.

Some of the stock options held by the NEOs that would become exercisable upon a Change of Control had intrinsic value as of December 31, 2009, but in most cases the exercise price of the stock options was greater than the closing market price of the Company's common stock on December 31, 2009.

**DIRECTOR COMPENSATION DURING 2009**

The following table sets forth the aggregate compensation awarded to, earned by or paid to our non-employee directors during 2009:

| Name               | Fees Earned<br>or Paid<br>in Cash<br>(\$) | Option<br>Awards<br>(\$) <sup>(1)</sup> | All Other<br>Compensation<br>(\$) <sup>(2)</sup> | Total<br>(\$) |
|--------------------|-------------------------------------------|-----------------------------------------|--------------------------------------------------|---------------|
| Donald J. Douglass | 34,200                                    | 14,075                                  | 81,763                                           | 130,038       |
| Jerry E. Goldress  | 44,000                                    | 20,367                                  |                                                  | 64,226        |
| David W. Grzelak   | 35,200                                    | 17,829                                  |                                                  | 53,029        |
| Gary L. Martin     | 38,600                                    | 14,075                                  |                                                  | 52,675        |
| David H. Morris    | 44,600                                    | 20,367                                  |                                                  | 64,967        |
| James B. Skaggs    | 42,200                                    | 20,367                                  |                                                  | 62,567        |

- (1) The amount shown in this column constitutes options granted under the Company's stock option program. The amounts are valued based on the aggregate grant date fair value of the award in accordance with FASB ASC 718. See Note 1 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 for a discussion of the relevant assumptions used in calculating grant-date fair value pursuant to FASB ASC 718. At December 31, 2009, options to purchase the following numbers of shares of Common Stock of the Company were outstanding and held by our directors: 13,000 shares for Mr. Douglass, 16,000 shares for Mr. Goldress, 15,500 shares for Mr. Grzelak, 13,000 shares for Mr. Martin, 24,500 shares for Mr. Morris and 17,000 shares for Mr. Skaggs.
- (2) The amount reflected is payment of principal and interest relating to a supplemental retirement benefit.

Effective May 2008, non-employee directors received \$2,400 for each meeting of the Board of Directors attended in person, and \$1,200 for each meeting of any Committee attended in person, or \$600 for each meeting of the Board of Directors or any meeting of any Committee thereof attended by telephone. The Company pays directors who are not employees of the Company a \$20,000 retainer per year. The chairman of the Audit Committee receives an additional \$3,000 annual retainer and other Committee chairs receive an additional \$1,000 annual retainer. Directors are reimbursed for reasonable expenses incurred as a result of attending meetings of the Board or the Committees.

On May 3, 2001, the Stockholders of the Company approved the First Amended and Restated 1999 Non-Qualified Stock Option Plan ( FAR 1999 NQSO Plan ) to add non-employee directors as eligible persons to receive grants of stock options. The Company then granted options to purchase 5,000 shares of Common Stock to the following non-employee directors: Messrs. Goldress, Morris, Skaggs and Thomas, respectively, at an exercise price of \$13.96 per share. On May 12, 2003, the Company granted additional options from the FAR 1999 NQSO Plan to purchase a total of 70,000 shares of Common Stock consisting of options on 50,000 shares to Mr. Robinson and 5,000 shares of Common Stock each to the following non-employee directors: Messrs. Goldress, Morris, Skaggs and Thomas, at an exercise price of \$12.10 per share. There were no options granted under the FAR 1999 NQSO Plan during 2004. On May 4, 2005, the Company granted additional options from the FAR 1999 NQSO Plan to purchase a total of 20,000 shares of Common Stock consisting of options on 5,000 shares each to the following non-employee directors: Messrs. Goldress, Morris, Skaggs and Thomas, at an exercise price of \$19.79 per share. On August 8, 2006, the Company granted options to Mr. Grzelak from the FAR 1999 NQSO Plan to purchase a total of 2,500 shares of Common Stock at an exercise price of \$25.02 per share. On May 7, 2007, the Company granted additional options from the FAR 1999 NQSO Plan to purchase a total of 30,000 shares of Common Stock consisting of options on 5,000 shares each to the following non-employee directors: Messrs. Douglass, Grzelak, Goldress, Martin, Morris and Skaggs, at an exercise price of \$25.18 per share. There were no options granted under the FAR 1999 NQSO Plan during 2008. On May 11, 2009, the Company granted additional options from the FAR 1999 NQSO Plan to purchase a total of 48,000 shares of Common Stock consisting of options on 8,000 shares each to the following non-employee directors: Messrs. Douglass, Grzelak, Goldress, Martin, Morris and Skaggs, at an exercise price of \$11.45 per share.

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company or one of our subsidiaries may occasionally enter into transactions with certain related persons. Our Board has adopted a written Related Person Transactions Policy (the Policy ) governing the approval or ratification of Related Person Transactions by the Audit Committee or all of the disinterested members of the Board, if necessary.

For purposes of the Policy, a Related Person Transaction generally means any transaction outside the normal course of business and not arms-length involving an amount in excess of \$120,000 cumulatively within a twelve month period in which the Company is a participant and in which a Related Person, as defined below, has a direct or indirect material interest. In addition, proposed charitable contributions, or pledges of charitable contributions in excess of \$100,000 cumulatively within a twelve month period, by the Company to a charitable or non-profit organization identified on the roster of Related Persons are also subject to prior review and approval by the Audit Committee. A Related Person means (i) an executive officer or director of the Company or a nominee for director of the Company, (ii) a beneficial owner of more than 5% of any class of voting securities of the Company, (iii) an immediate family member of any of the persons identified in clauses (i) or (ii) hereof, and (iv) any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

Prior to entering into the Related Person Transaction, (a) the Related Person, (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person, or (c) the relevant business manager responsible for the potential Related Person Transaction shall provide notice to the General Counsel of the facts and circumstances of the proposed Related Person Transaction. The General Counsel shall advise the Chairman of the Audit Committee of any Related Person Transaction of which he becomes aware.

Under the Policy, the Audit Committee shall consider each Related Person Transaction, unless the Audit Committee determines that the approval or ratification of such Related Person Transaction should be considered by all of the disinterested members of the Board of Directors.

In considering whether to approve or ratify any Related Person Transaction, the Audit Committee or the disinterested members of the Board of Directors, as the case may be, shall consider all factors that are relevant to the Related Person Transaction, including, without limitation, the following:

the size of the transaction and the amount payable to a Related Person;

the nature of the interest of the Related Person in the transaction;

whether the transaction may involve a conflict of interest; and

whether the transaction involves the provision of goods or services to the Company that are available from unaffiliated third parties and, if so, whether the transaction is on terms and made under circumstances that are at least as favorable to the Company as would be available in comparable transactions with or involving unaffiliated third parties.

There were no relationships or Related Party Transactions that occurred in the fiscal year ending December 31, 2009.

**PROPOSAL 2 - RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS**

The Audit Committee of the Board of Directors desires to engage the services of KPMG LLP for the fiscal year ending December 31, 2010. KPMG LLP replaced our former auditors, Ernst & Young LLP, beginning with the fiscal year 2009. See Initial Appointment of KPMG LLP below. The Audit Committee has appointed KPMG LLP to audit the financial statements of the Company for fiscal 2010 and report on those financial statements. Stockholders are being asked to vote FOR the ratification of the appointment. If stockholders do not ratify the appointment of KPMG LLP, the Audit Committee will reconsider its appointment.

**Fees Incurred by the Company for KPMG LLP**

The following table shows the fees paid or accrued by the Company for the audit and other services provided by KPMG LLP for fiscal 2009 and Ernst & Young LLP for fiscal 2008.

|                                   | <b>2009</b> |    | <b>2008</b> |
|-----------------------------------|-------------|----|-------------|
| Audit Fees <sup>(1)</sup>         | \$831,000   | \$ | 1,255,721   |
| Audit-Related Fees <sup>(2)</sup> | 50,000      |    | 98,900      |
| Tax Fees <sup>(3)</sup>           | 36,000      |    | 143,426     |
| All Other Fees <sup>(4)</sup>     |             |    |             |
| Total                             | \$917,000   | \$ | 1,498,047   |

(1) Both 2009 and 2008 Audit Fees include: (i) the audit of our consolidated financial statements included in our Form 10-K annual report and services attendant to, or required by, statute or regulation; (ii) reviews of the interim condensed consolidated financial statements included in our quarterly reports on Form 10-Q; (iii) comfort letters, consents and other services related to SEC and other regulatory filings; and (iv) the audit of management's reports on the effectiveness of the Company's internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404). 2009 also includes Audit Fees related to the Bush Hog acquisition.

(2) Audit-Related Fees in 2009 and 2008 include employee benefits plans.

(3) Tax Fees in 2009 and 2008 include tax compliance, tax planning and tax advice. Tax compliance, tax planning and tax advice services include the review of U.S. federal, state and local income tax returns.

(4) There were no other professional services rendered in 2009 or 2008.

**Initial Appointment of KPMG LLP**

As a result of a competitive request for proposal, the Audit Committee of our Board of Directors decided on January 16, 2009 to change the Company's independent registered public accounting firm from Ernst & Young LLP to KPMG LLP. The change in auditors became effective on March 11, 2009 following the completion by Ernst & Young LLP

of its report on the financial statements of the Company for the year ended December 31, 2008. On March 4, 2009, the Audit Committee recommended, and the Board of Directors approved, KPMG LLP as the Company's independent registered public accounting firm and that it audit the Company's financial statements for the year ending December 31, 2009. Shareholders ratified the appointment at the Company's 2009 annual shareholders' meeting.

The reports of Ernst & Young LLP on the financial statements of the Company for the years ended December 31, 2008 and 2007 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's fiscal years ended December 31, 2008 and 2007 and through the date of March 13, 2009, there were no disagreements with Ernst & Young LLP on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedures, which disagreements if not resolved to the satisfaction of Ernst & Young LLP would have caused it to make reference to the subject matter of such disagreements in connection with their reports on the financial statements for such years and any interim periods. Further, there were no reportable events as defined under Item 304(a)(1)(v) of Regulation S-K during the Company's two most recent fiscal years preceding March 13, 2009.

During the fiscal years ended December 31, 2008 and 2007 and through March 13, 2009, neither the Company, nor anyone acting on their behalf, consulted with KPMG LLP with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that would have been rendered on the Company's consolidated financial statements, or any matters that were either the subject of a disagreement (as that term is used in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

### **Audit Committee's Preapproval Policy And Procedures**

During fiscal year 2004, the Audit Committee of our Board of Directors adopted policies and procedures for the preapproval of audit and non-audit services for the purpose of maintaining the independence of our independent auditors. These policies and procedures have been reviewed annually since 2004. We may not engage our independent auditors to render any audit or non-audit service unless either the service is approved in advance by the Audit Committee or the engagement to render the service is entered into pursuant to the Audit Committee's preapproval policies and procedures. On an annual basis, the Audit Committee may preapprove services that are expected to be provided to the Company by the independent auditors during the following twelve months.

The Audit Committee may also preapprove particular services on a case-by-case basis. In assessing requests for services by the independent auditors, the Audit Committee considers whether such services are consistent with the auditor's independence, whether the independent auditors are likely to provide the most effective and efficient service based upon their familiarity with the Company and whether the service could enhance the Company's ability to manage or control risk or improve audit quality.

Representatives of KPMG LLP will be present at the Annual Meeting and will be available to respond to appropriate questions concerning the fiscal year ending December 31, 2009 and make a statement should they so desire.

*Vote required. This recommendation must be approved by the affirmative vote of a majority of the shares represented at the Annual Meeting and entitled to vote thereon. All proxies will be voted **FOR** the ratification of the appointment of KPMG LLP as the Company's independent auditor unless a contrary choice is indicated.*

**THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR**

**THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR 2010, WHICH IS DESIGNATED AS PROPOSAL NO. 2 ON THE ENCLOSED PROXY.**





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

Section 16(a) of the Exchange Act requires our directors, executive officers and beneficial owners of more than 10% of Common Stock to file with the SEC reports regarding their ownership and changes in ownership of our securities. The Company believes that, through March 18, 2010, its directors, executive officers and beneficial owners of more than 10% of the Common Stock complied with all Section 16(a) filing requirements, except as follows: Ronald A. Robinson had one late report for four section 16(a) reporting transactions; James B. Skaggs had one late report for a section 16(a) reporting transaction; and Richard D. Pummell, a new officer, was not timely reported on Form 3.

In making this statement, the Company has relied upon examination of the copies of Forms 3, 4 and 5 and amendments thereto, provided to Alamo Group Inc. and the written representations of its directors, executive officers and beneficial owners of more than 10% of the Company's Common Stock.

## **STOCKHOLDER PROPOSALS FOR 2011 ANNUAL MEETING**

Proposals from stockholders intended to be presented at the 2011 Annual Meeting, pursuant to Rule 14a-8 under the Exchange Act, must be received in writing by the Company at its principal executive offices not later than December 3, 2010. The Company's principal executive offices are located at 1627 East Walnut Street, Seguin, Texas 78155. Please direct all such proposals to the attention of the Company's Secretary.

If a stockholder intends to present business at the 2011 Annual Meeting other than pursuant to Rule 14a-8, to be considered timely pursuant to Rule 14a-4(c), such proposal must be submitted in writing to the Secretary of the Company at our principal executive offices no later than February 16, 2011, and such proposal, under law, must be an appropriate subject for stockholder action.

#### **PROXY SOLICITATION**

The cost of soliciting proxies by the Board of Directors will be borne by the Company. Proxies may be solicited through the mail and through telephonic communications or meetings with stockholders or their representatives by directors, officers and other employees of the Company who will not receive special compensation for these services.

The Company requests persons such as brokers, nominees and fiduciaries holding stock in their names for others, or holding stock for others who have the right to give voting instructions, to forward proxy material to their principals and to request authority for the execution of the proxy, and the Company will reimburse such persons for

their reasonable expenses.

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## OTHER MATTERS

No business other than the matters set forth in this Proxy Statement is expected to come before the Annual Meeting, but should any other matters requiring a vote of stockholders arise, including a question of adjourning the Annual Meeting, the persons named in the accompanying Proxy will vote thereon according to their best judgment in the interests of the Company. If any of the nominees for office of director should withdraw or otherwise become unavailable for reasons not presently known, the persons named as proxies may vote for another person in his/her place in what they consider the best interests of the Company.

The Company is enclosing with this proxy a copy of the Company's Annual Report on Form 10-K including financial statements and schedules thereto filed with the SEC for the year ended December 31, 2009. Any request for exhibits should be in writing addressed to Corporate Secretary, Alamo Group Inc., 1627 East Walnut Street, Seguin, Texas 78155.

By Order of the Board of Directors

Robert H. George  
Secretary

March 18, 2010

**Proxy for 2010 Annual Meeting of Stockholders**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Donald J. Douglass, Ronald A. Robinson or Robert H. George or any one of them, proxies or proxy with full power of substitution and revocation as to each of them, to represent the undersigned and to act and vote, with all powers which the undersigned would possess if personally present at the Annual Meeting of Stockholders of Alamo Group Inc., to be held on Thursday, May 6, 2010 at 9:00 a.m., local time, at the Doubletree Hotel, 37 NE Loop 410 (at McCullough), San Antonio, Texas, on the following matters and in their discretion on any other matters which may come before the Meeting or any adjournments thereof. Receipt of Notice-Proxy Statement dated March 18, 2010 is acknowledged.

**(Continued and to be signed on the reverse side)**

**COMMENTS:**

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**ANNUAL MEETING OF STOCKHOLDERS OF  
ALAMO GROUP INC.**

**May 6, 2010**

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, proxy statement and proxy card are available at [www.alamo-group.com](http://www.alamo-group.com)

Please sign, date and mail your proxy card in the envelope provided as soon as possible.

| <b>THE BOARD OF DIRECTORS RECOMMENDS A VOTE <input type="checkbox"/>FOR<input checked="" type="checkbox"/> PROPOSALS 1 AND 2.<br/>PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR<br/>BLACK INK AS SHOWN HERE    x</b> |                                                                                                         |     |         |         |   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-----|---------|---------|---|
|                                                                                                                                                                                                                                                                         |                                                                                                         | FOR | AGAINST | ABSTAIN |   |
| 1. Election of Directors:                                                                                                                                                                                                                                               | Donald J. Douglass                                                                                      | o   | o       | o       |   |
|                                                                                                                                                                                                                                                                         | Jerry E. Goldress                                                                                       | o   | o       | o       |   |
|                                                                                                                                                                                                                                                                         | David W. Grzelak                                                                                        | o   | o       | o       |   |
|                                                                                                                                                                                                                                                                         | Gary L. Martin                                                                                          | o   | o       | o       |   |
|                                                                                                                                                                                                                                                                         | David H. Morris                                                                                         | o   | o       | o       |   |
|                                                                                                                                                                                                                                                                         | Ronald A. Robinson                                                                                      | o   | o       | o       |   |
|                                                                                                                                                                                                                                                                         | James B. Skaggs                                                                                         | o   | o       | o       |   |
|                                                                                                                                                                                                                                                                         | 2. Proposal FOR ratification of appointment of KPMG LLP as the Company's Independent auditors for 2010. |     | o       | o       | o |
|                                                                                                                                                                                                                                                                         | 3. In their discretion, upon such other business as may properly come before the meeting.               |     |         |         |   |
| This proxy when properly executed will be voted in the manner directed herein by the undersigned.                                                                                                                                                                       |                                                                                                         |     |         |         |   |
| In the absence of such direction the proxy will be voted FOR the Nominees listed in Proposal 1 and FOR the Proposal set forth in Proposal 2.                                                                                                                            |                                                                                                         |     |         |         |   |

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. o | I plan to attend the meeting. <input type="checkbox"/> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|

Signature of Stockholder \_\_\_\_\_ Date: \_\_\_\_\_ Signature of Stockholder \_\_\_\_\_  
Date: \_\_\_\_\_

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.