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

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

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

Mine Safety Appliances Company

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

MINE SAFETY APPLIANCES COMPANY P.O. BOX 426, PITTSBURGH, PENNSYLVANIA 15230 PHONE (412) 967-3000

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Holders of Common Stock of

Mine Safety Appliances Company:

Notice is hereby given that the Annual Meeting of Shareholders of Mine Safety Appliances Company will be held on Tuesday, May 11, 2010 at 8:30 A.M., local Pittsburgh time, at the Pittsburgh Marriott North, 100 Cranberry Woods Drive, Cranberry Township, Pennsylvania 16066 **(please note the new time and location of the meeting this year)** for the purpose of considering and acting upon the following:

(1) *Election of Directors for 2013:* The election of three directors for a term of three years;

(2) *CEO Annual Incentive Award Plan*: Approval of Adoption of the Company s amended and restated CEO Annual Incentive Award Plan;

(3) *Selection of Independent Registered Public Accounting Firm:* The selection of the independent registered public accounting firm for the year ending December 31, 2010;

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

Only the holders of Common Stock of the Company of record on the books of the Company at the close of business on February 16, 2010 are entitled to notice of and to vote at the meeting and any adjournment thereof.

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

By Order of the Board of Directors,

Douglas K. McClaine

Secretary

March 30, 2010

March 30, 2010

MINE SAFETY APPLIANCES COMPANY

PROXY STATEMENT

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to be held on May 11, 2010

The 2010 Proxy Statement and the Annual Report to Shareholders for the year ended December 31, 2009 are also available at www.msanet.com/proxymaterials.

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Mine Safety Appliances Company (the Company) of proxies in the accompanying form to be voted at the Annual Meeting of Shareholders of the Company to be held on Tuesday, May 11, 2010, and at any and all adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. If a proxy in the accompanying form is duly executed and returned, the shares of Common Stock represented thereby will be voted and, where a specification is made by the shareholder, will be voted in accordance with such specification. A shareholder giving the accompanying proxy has the power to revoke it at any time prior to its exercise upon written notice given to the Secretary of the Company.

The mailing address of the principal executive offices of the Company is P.O. Box 426, Pittsburgh, Pennsylvania 15230.

VOTING SECURITIES AND RECORD DATE

As of February 16, 2010, the record date for the Annual Meeting, 35,972,518 shares of Common Stock were issued and outstanding, not including 2,174,204 shares held in the Company s Stock Compensation Trust. The shares held in the Stock Compensation Trust are not considered outstanding for accounting purposes but are treated as outstanding for certain purposes, including voting at the Annual Meeting. See Stock Ownership Beneficial Ownership of Management.

Only holders of Common Stock of the Company of record on the books of the Company at the close of business on February 16, 2010 are entitled to notice of and to vote at the Annual Meeting and at any adjournment thereof. Such holders are entitled to one vote for each share held and do not have cumulative voting rights with respect to the election of directors. Holders of outstanding shares of the Company s 4½% Cumulative Preferred Stock are not entitled to vote at the meeting.

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

PROPOSAL NO. 1

ELECTION OF DIRECTORS

At the Annual Meeting, three directors will be elected to serve until the Annual Meeting in 2013. Messrs. Robert A. Bruggeworth, James A. Cederna and John C. Unkovic were nominated by the Board of Directors for election in the Class of 2013. The Board of Directors and its Nominating and Corporate Governance Committee recommend a vote FOR the election of the nominees, each of whom has consented to be named as a nominee and to serve if elected. Properly executed proxies timely received in the accompanying form will be voted for the election of the nominees named below, unless otherwise directed thereon, or for a substitute nominee designated by the Nominating and Corporate Governance Committee in the event a nominee named becomes unavailable for election.

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

Name	Principal Occupation and any Position with the Company; Other Reporting Company Directorships	Age	Director Since
	Nominees for terms expiring in 2013		
Robert A. Bruggeworth	President and Chief Executive Officer, RF Micro Devices, Inc. (high-performance radio systems and applications that drive mobile communications); Director of RF Micro Devices, Inc.; Director of Lightpath Technologies, Inc. As the CEO of a publicly traded multinational corporation, Mr. Bruggeworth brings to the Company s board specific expertise in global business, manufacturing, marketing and material sourcing for high technology products.	48	2007
James A. Cederna	Owner and President, Cederna International, Inc. (executive coaching). As the former Chairman and CEO of a publicly traded multinational company, Mr. Cederna brings to the Company s board specific expertise in global business, manufacturing and international markets.	59	2002
John C. Unkovic	Partner and General Counsel, Reed Smith LLP (full service law firm). As a long time partner and General Counsel of a multinational law firm, Mr. Unkovic brings to the Company s board the ability to identify and address the many legal aspects and risks of operating a multinational company.	66	2002
	Continuing Directors with terms expiring in 2011		
Diane M. Pearse	Chief Financial Officer, Crate and Barrel (home furnishings retailer). As the CFO of a major retail company with international markets, Ms. Pearse brings to the Company s board expertise related to the financial aspects and risks of operating a multinational company.	52	2004
L. Edward Shaw, Jr.	Senior Managing Director, Breeden Capital Management LLC and its affiliates (investment management and multi-disciplinary professional services firm); Director of HealthSouth Corporation; Director of H&R Block, Inc. As a former senior officer of three publicly traded multinational financial institutions, Mr. Shaw brings to the Company s board expertise in the legal and financial aspects and risks of operating a multinational company.	65	1998
William M. Lambert	President and Chief Executive Officer of the Company. As the Company s CEO, Mr. Lambert brings to the Company s board extensive experience in the Company s business with particular expertise in product development, marketing, finance and the global safety products industry.	51	2007

Name	Principal Occupation and any Position with the Company; Other Reporting Company Directorships	Age	Director Since
	Continuing Directors with terms expiring in 2012		
Thomas B. Hotopp	Retired (2003); formerly President of the Company. As the former President of the Company, Mr. Hotopp brings to the Company s board extensive experience in the Company s business with particular expertise in the Company s North American operations, markets, customers and competitors.	68	1998
John T. Ryan III	Chairman of the Board; Retired (2008); formerly Chief Executive Officer of the Company. As the former CEO of the Company, Mr. Ryan brings to the Company s board extensive experience in the Company s business with particular expertise in international markets and the global safety products industry.	66	1981
Thomas H. Witmer	Retired (1998); formerly President and Chief Executive Officer, Medrad, Inc. (manufacturer of medical devices). As the former CEO of a publicly traded multinational company, Mr. Witmer brings to the Company s board specific expertise in global engineering, product design and marketing in international markets.	67	1997

From January 2004 to September 2004, Mr. Shaw was Special Counsel for the Board of Directors of the New York Stock Exchange, Inc., and from September 2004 to January 2006, he was of counsel to Gibson, Dunn & Crutcher LLP, a full service law firm. Mr. Shaw is the brother-in-law of Mr. Ryan. Mr. Lambert has been President and Chief Executive Officer of the Company since May 2008. From May 2007 to May 2008 he was President and Chief Operating Officer and prior thereto he was a Vice President of the Company and President of MSA North America. Each other director has engaged in the principal occupation indicated in the above table for at least the past five years.

Director Independence

The Board of Directors has determined that each of directors Bruggeworth, Cederna, Hotopp, Pearse, Unkovic and Witmer is an independent director. An independent director is a director who has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company.

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

Disqualifying Relationships

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

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

If a director or an immediate family member receives more than $120,000 per year in direct compensation from the Company, the director is not independent until three years after the director or family member ceases to receive such compensation. Disqualifying compensation does not include director and committee fees, pension or deferred compensation for prior service or compensation received by an immediate family member for service as a non-executive officer employee.

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

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

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

Non-Disqualifying Relationships

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

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

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

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

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

Other Relationships

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

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

Mr. Unkovic is a partner and General Counsel of Reed Smith LLP, which provides legal services to the Company. In 2009, the amount of payments made by the Company to Reed Smith did not exceed the greater of

$1,000,000 or 2% of the consolidated gross revenue of Reed Smith. The Board has determined that Mr. Unkovic s personal gain from the Company s relationship with Reed Smith does not affect his ability to act independently and, accordingly, is not material.

Board Committees

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

The Audit Committee presently consists of directors Bruggeworth, Cederna, Pearse (Chair) and Witmer, each for a term expiring at the 2010 organizational meeting of the Board of Directors. The Audit Committee, which met six times during 2009, assists the Board in fulfilling its oversight responsibility relating to the integrity of the Company s financial statements and financial reporting process. The Committee selects and recommends annually to the Board and the shareholders the independent registered public accounting firm to audit the Company s financial statements, approves in advance all audit and non-audit services performed by the independent registered public accounting firm, reviews the plans, findings and recommendations of the independent registered public accounting firm, and reviews and evaluates the performance of the independent registered public accounting firm, their independence and their fees. The Committee reviews and discusses with management and the independent registered public accounting firm the Company s financial statements and reports, its internal and disclosure controls and matters relating to the Company s internal control structure, its Code of Business Conduct and Ethics and legal and regulatory compliance. The Board of Directors has determined that Director Pearse is an audit committee financial expert, as defined by the rules of the Securities and Exchange Commission.

The Compensation Committee presently consists of directors Bruggeworth, Hotopp, Unkovic and Witmer (Chair), each for a term expiring at the 2010 organizational meeting of the Board. The Compensation Committee, which met three times in 2009, reviews and recommends (to the independent directors for approval) the annual goals, objectives and performance of the Company s chief executive officer, reviews and approves the compensation of the Company s executive officers and other key executives, monitors the effectiveness of the Company s employee benefit offerings, manages the Company s overall compensation strategy and compensation plans, assesses any risk inherent in these plans and attempts to ensure that such risk is not excessive and is acceptable to the Company and employs, compensates and oversees the Company s external compensation consultant. The Compensation Committee also administers the Company s 2008 Management Equity Incentive Plan and predecessor equity plans (collectively, the Management Equity Plans).

The Nominating and Corporate Governance Committee presently consists of directors Cederna (Chair), Hotopp and Unkovic, each for a term expiring at the 2010 organizational meeting of the Board. The Committee, which met two times in 2009, reviews and makes recommendations to the Board regarding the composition and structure of the Board, criteria and qualifications for Board membership, director compensation and evaluation of current directors and potential candidates for director. It is also responsible for establishing and monitoring policies and procedures concerning corporate governance. Further information concerning the Nominating and Corporate Governance Committee and its procedures appears below.

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

Corporate Governance Matters

The Board of Directors has adopted Corporate Governance Guidelines which cover a wide range of subjects, such as the role of the Board and its responsibilities, Board composition, operations and Committees, director compensation, Board and management evaluation and succession planning, director orientation and training and communications with the Board. The Corporate Governance Guidelines, as well as the Charters of the Board s Audit, Compensation, Nominating and Corporate Governance and Finance Committees and the Company s Code

5

of Business Conduct and Ethics for directors, officers and employees, are available in the Investor Relations section of the Company s internet website at www.MSAnet.com. Such material will also be furnished without charge to any shareholder upon written request to the Corporate Secretary at the Company s address appearing on page one.

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

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

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

A chairperson for the executive sessions for non-management directors is selected annually from the non-management directors. A chairperson for the executive session for independent directors is selected annually from the independent directors. A chairperson who serves in that role may not be the chairperson of the executive sessions again until at least two years have passed since he or she last held the position. From May 2009, Mr. Unkovic served as chairperson of the executive sessions of the non-management directors and Mr. Cederna served as the chairperson for the sessions with the independent directors. Commencing in May 2010, Ms. Pearse will serve as chairperson for both the executive sessions of the non-management directors and the sessions with the independent directors. The audit, compensation and nominating and governance committees are also each led by an independent director.

The Board of Directors met five times during 2009. All directors attended at least 75% of the combined total of the meetings of the Board and of all committees on which they served. Directors are expected to attend the Annual Meeting of Shareholders. In 2009, all members of the Board of Directors attended the Annual Meeting.

Risk Oversight

The Board as a whole exercises oversight of the Company s strategic risks and other risks identified through the Company s enterprise risk management program. Strategic risks are identified in the course of the Board s review and approval of the Company s plans and there is regular monitoring of the Company s performance against the strategic objectives including client satisfaction metrics as well as periodic review of the activities of competitors. The Board also has oversight of the enterprise risk management program which is managed by the chief financial officer. The chief financial officer requires all senior managers to identify possible risks under their areas of responsibility each quarter. An enterprise risk management team led by the Company s director of management reporting then identifies and applies appropriate mitigation elements to the risk for the purpose of estimating the likelihood and magnitude of each risk. This analysis is reviewed with the full Board annually and the resulting discussions often lead to a reconsideration of the analysis.

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

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

Vote Required

In the election of directors for terms expiring in 2013, the three candidates receiving the highest numbers of votes cast by the holders of Common Stock voting in person or by proxy will be elected as directors. A proxy vote indicated as withheld from a nominee will not be cast for such nominee but will be counted in determining whether a quorum exists for the meeting.

The Company s Restated Articles require that any shareholder intending to nominate a candidate for election as a director must give written notice, containing specified information, to the Secretary of the Company not later than 90 days in advance of the meeting at which the election is to be held. No such notices were received with respect to the 2010 Annual Meeting. Therefore, only the nominees named above will be eligible for election at the meeting.

PROPOSAL NO. 2

APPROVAL OF THE ADOPTION OF THE MINE SAFETY APPLIANCES COMPANY

AMENDED AND RESTATED CEO ANNUAL INCENTIVE AWARD PLAN

The Mine Safety Appliances Company CEO Annual Incentive Award Plan (the Plan) was originally adopted by the Compensation Committee of the Board of Directors in February 2005, subject to approval by the shareholders, which approval was obtained on May 10, 2005.

The Plan expired on December 31, 2009. The Plan, as amended and restated, is being resubmitted to the Company s shareholders, in accordance with Section 162(m) of the Internal Revenue Code (the Code), in order to allow the Company to continue the Plan and provide certain performance-based compensation that is deductible for Federal income tax purposes.

The Plan, as amended and restated, was adopted by the Compensation Committee of the Board of Directors in February 2010, subject to approval by the shareholders at the Annual Meeting. If the Plan is not approved by the Company s shareholders, awards for 2010 and thereafter will not be made pursuant to the Plan.

The principal features of the Plan are summarized below. The description of the Plan provided below includes the amendments to the Plan. In general, the amendments were adopted to expand the list of available performance criteria on which tax-deductible awards may be granted, to make certain clarifying changes to the Plan and to increase the maximum amount which may be earned by individual participants. The individual per-employee maximum amount is included for compliance with Section 162(m) of the Code and the increased maximum does not represent any change in the method or manner of compensating participants. The summary is qualified in its entirety by reference to the full text of the Plan, which is set forth as Appendix A to this Proxy Statement.

The Board of Directors recommends that shareholders vote FOR approval of the CEO Annual Incentive Award Plan. Unless otherwise specified thereon, proxies received in the accompanying form will be voted in favor of approval of the Plan.

General

The purposes of the Plan are to provide a strong financial incentive each year for performance of the Company s Chief Executive Officer (CEO) by making a significant percentage of the CEO s total cash compensation dependent upon the level of corporate performance attained for the year, and to do so in a manner which preserves deductibility of CEO compensation expense under Section 162(m) of the Code.

Section 162(m) generally limits the Company s federal income tax deduction for compensation paid to the CEO in any year to $1 million, unless any excess qualifies as performance-based compensation. The Plan is intended to conform the determination of the annual CEO incentive award to the requirements of Section 162(m) and thereby preserve the deductibility of any compensation expense exceeding the Section 162(m) cap.

Administration

The Plan will be administered by a Committee (the Committee) appointed by the Board of Directors or its Compensation Committee and consisting of not less than two members of the Board, each of whom must be both an outside director as defined in Section 162(m) and an independent director under the listing requirements of the New York Stock Exchange. The Plan will initially be administered by a subcommittee of the Board s Compensation Committee consisting of directors Bruggeworth, Hotopp, and Witmer.

Annual Incentive Awards

Under the Plan, the CEO s annual incentive award will be earned by meeting a Performance Target, which is a specific level or levels set by the Committee of achievement by the Company of one or more objective Performance Criteria. The Performance Criteria may be based on consolidated net income, earnings before interest and taxes (EBIT), income from continuing operations, income before extraordinary items, income from continuing operations before extraordinary items, earnings per share, return on equity, return on assets or total shareholder return. Performance Criteria based on any of those measures may be based on the Company s absolute performance under such measure for the year, or a combination of absolute or relative values or rates of change, and on a gross or net basis and/or upon a comparison of such performance with the performance of the Company in a prior period, the performance of a peer group of companies or other measure selected or defined by the

Committee at the time of establishing an award.

On or before the 90th day of each year, and in any event prior to 25 percent of the service period having elapsed, the Committee will determine the Performance Criteria to be used for such year and the method of determining the amount earned, including the applicable Performance Target. In addition to the Performance

Target, the Committee may establish a Performance Threshold, which is a minimum level of achievement of the selected Performance Criteria necessary for any part of the annual incentive award to be earned, and/or a Performance Maximum, which is a maximum dollar amount which may be earned based on the level of achievement of the Performance Criteria. In such cases, the terms of the award must set forth the dollar value of the annual incentive award at the Performance Threshold, the level of achievement necessary to earn the Performance Maximum and the method of determining the amount earned if the level of achievement of the Performance Criteria is between the Performance Threshold and the Performance Maximum. The terms of the award established by the Committee must be objective such that a third party having knowledge of the relevant facts could determine (1) whether or not the Performance Target and any Performance Threshold or Performance Maximum has been achieved and (2) the dollar amount which has been earned based on such performance.

Within two and one-half months following the end of the year, the Committee must determine and certify in writing whether the Performance Target, any Performance Threshold or Performance Maximum, and any other material terms of an annual incentive award were achieved or satisfied and the amount, if any, of the award payable to the CEO. The Committee may decrease, but may not increase, the amount of the award as calculated pursuant to the terms originally established by the Committee. The amount earned, as certified by the Committee, is payable to the CEO within two and one-half months following the end of the award year.

2010 Annual Incentive Award

Subject to shareholder approval of the Plan, the Committee has established the terms of the CEO annual incentive award for 2010. The targeted amount of the award may be earned by the Company meeting a Performance Target, which is a specified level of income before extraordinary items and annual return on net assets for 2010. There is also a Performance Threshold level of income before extraordinary items and annual return on net assets which must be achieved before any part of the award may be earned and a Performance Maximum which may be earned if the Company s 2010 income before extraordinary items and annual return on net assets exceeds the Performance Target by a specified amount. The following table shows the amounts of the 2010 CEO annual incentive award which may be earned at the Performance Threshold, Performance Target and Performance Maximum levels:

Performance Threshold	Performance Target	Performance Maximum
$269,920	$539,840	$1,214,640

Miscellaneous

The maximum amount of annual incentive awards which may be paid to any individual participant in any fiscal year of the Company is limited to $2,000,000.

A CEO may receive a pro rata portion of an annual incentive award otherwise earned by Company performance if the CEO s employment terminates during the year due to death, disability or retirement. The terms of an award may also provide for a payment even if the Participant is not employed as the CEO for the entire year. Additionally, an individual who becomes CEO during the year may receive a pro rata award based on the original award terms, or the Committee may establish separate award terms based on Company performance for all or part of the remainder of the year. If a change in control, as defined in the Plan, occurs during a year for which a Performance Target has been established, the Performance Target will be deemed to have been achieved, and a pro rata portion of the annual incentive award calculated at the Performance Target shall be payable. Except as set forth above in this paragraph, an individual must be employed as CEO during the entire fiscal year in order to earn an annual incentive award under the Plan.

If approved by the shareholders, the Plan will continue in effect through the year ending December 31, 2014, unless sooner terminated by the Board or the Board s Compensation Committee. The Board or the Compensation Committee may amend, suspend or terminate the Plan at any time, except that no amendment shall be made without shareholder approval if shareholder approval is necessary for awards under the Plan to qualify as performance based compensation under Section 162(m) of the Internal Revenue Code.

Equity Compensation Plans

The following table sets forth information as of December 31, 2009 concerning common stock issuable under the Company s equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	2,085,075	$ 25.01	1,472,703*
Equity compensation plans not approved by security holders	None		None
Total	2,085,075	$ 25.01	1,472,703

* Includes 1,157,542 shares available for issuance under the 2008 Management Equity Incentive Plan and 315,161 shares available for issuance under the 2008 Non-Employee Directors Equity Incentive Plan.

Vote Required for Approval

Pursuant to the Company s Bylaws, approval of the adoption of the Plan requires the affirmative vote of a majority of the votes which the holders of Common Stock present and voting in person or by proxy (excluding abstentions) are entitled to cast on the proposal, with a quorum of a majority of the outstanding shares of Common Stock being present or represented at the Annual Meeting.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Summary of 2009 Performance and Compensation Related Actions

The economic crisis impacted our financial performance and stock price in 2009. Aided by significant cost cutting measures, we maintained positive income. In response to the difficult business climate, the Compensation Committee of the Board of Directors (the Committee) approved several cost reduction initiatives that included, among other things, the temporary reduction in officer, key executive, and middle management base salaries and a temporary suspension of the Company s match on our 401(k) and supplemental defined contribution plans. Our North American operations showed improvement in the second half of the year while our international businesses were slower to respond to the recovery. As a result, our short-term incentive awards for 2009 performance were modestly above, or below, target for most plan participants and reflected modestly above target payouts for those aligned with the North American businesses. Many participants aligned with our international businesses received below target bonuses as a result of performance.

A portion of our long-term incentive awards is provided in the form of stock options, which only provide value to the executive when our stock price exceeds the price at which the options were granted. As a result of the decline in our stock price from the mid-$40 range in 2008 to the mid-$20 range at the end of 2009, option awards granted to executives in 2006, 2007 and 2008 are currently underwater and will hold no value until our stock price recovers above the original grant price. In February 2009, the Committee granted options to executives as part of our annual compensation program. These options are currently in-the-money, although vesting restrictions placed on each option prevents the holder from accessing these gains until a future period, thereby providing valuable retention benefits to the Company and alleviating the need for specific retention awards.

Objectives and Overview of the Executive Compensation Program

The objectives of MSA s executive compensation program, which covers not only the five officers named in the Summary Compensation Table (Named Officers), but all officers of the Company, are to help attract, retain and motivate superior executive talent who will drive financial performance and enable the Company to achieve its goals. Our program is guided by a philosophy that strives to align compensation at the middle (50^{th} percentile) of the market for all elements, including salary, cash and equity incentives, and benefits, yet provides above-market compensation opportunity for performance exceeding annual budgets and peer group return on net assets norms. We believe this philosophy will enable the Company to attract and retain superior executive talent with the opportunity to work in a highly ethical, growing and team-oriented Company. The design of our compensation programs is driven by the following core principles:

- The compensation program should account for each executive s individual role and unique responsibility while assuring a fair and competitive approach.

- Executive compensation should be aligned to the achievement of corporate goals and objectives and provide line of sight to annual and long-term corporate strategies.

- A significant portion of an executive s compensation should be performance-based and should hold executives accountable for the achievement of corporate objectives and increases in shareholder value.

The compensation program should promote an ownership culture through the use of stock-based compensation and ownership guidelines that define expected levels of ownership in MSA s stock.

The compensation program should recognize and reward an executive s loyalty and tenure with the Company by providing financial security following retirement.

Overview of the Executive Compensation Program. Our executive compensation program contains both cash and stock-based components designed to meet specific objectives of the Committee. The Committee considers both annual and long-term Company goals and strives to develop incentives that motivate executives to achieve these goals. Cash payments are provided through an executive s base salary and a performance-based annual incentive. Company stock is provided through the use of stock options, non-performance based time-vesting restricted stock and, beginning in 2009, performance stock units. The Committee has chosen to align its cash incentive program with the achievement of annual internal financial and strategic goals and its stock program with the accomplishment of long-term stock price appreciation and return on net asset performance relative to peers.

Executives participate in a retirement plan similar to all other employees and some are provided with a limited number of perquisites (e.g. company car, financial counseling, club memberships, etc.) that the Committee believes serve a business purpose, are common in the market and are of modest cost to the Company. Executives also participate in a limited severance plan that provides certain benefits to executives should their jobs be terminated following a change in control of the Company. The specific rationale for why the Committee has chosen to provide each element of compensation is as follows:

Base salary: provides a fixed level of compensation upon which an executive can usually rely, regardless of how the Company performs. Enables the Company to successfully compete for talent.

Annual cash incentive: provides a means of rewarding executives with an annual cash payment based on the achievement of annual Company, business unit and individual performance goals. Amount of payout can vary significantly based on actual performance relative to annual goals. This plan does not provide a guaranteed payout.

Stock option grants: provide a means of linking an executive s compensation to the increase in stock price above that at the time of grant. Stock options align a portion of an executive s compensation to increases in shareholder value, a long-term goal of the Company.

Time-vesting restricted stock: provides valuable retention benefits to the Company and facilitates the accumulation of Company shares by executives. Restricted stock aligns a portion of an executive s compensation to increases in shareholder value, a long-term goal of the Company. For international executives restricted stock units may be substituted.

Performance stock units: provides a means of linking an executive s compensation to long term key performance metrics such as the Company s return on net assets performance as compared to our peer group.

Retirement benefits: provide financial security following retirement; rewards for loyalty and tenure with the Company.

Change in control severance protection: allows executives to remain financially indifferent when considering opportunities that could benefit shareholders yet could otherwise negatively impact an executive s job security.

Perquisites: maximize the efficient use of an executive s time, meet competitive employment requirements and/or serve to strengthen relationships with customers and suppliers.

The Committee believes that all of these components, taken as a whole, provide an attractive compensation package that aligns with the Company s annual and long-term goals and enables the Company to attract, retain and motivate superior executive talent. As a means of mitigating risk, the Committee has adopted policies such as share ownership and retention guidelines, which require executives to maintain a certain level of ownership of MSA stock, and a compensation recoupment policy that provides the Committee the ability to recoup certain awards previously paid or earned based on financial results that were later restated downward, and discretionary authority held by the Committee which allows modification of any payouts from any plan.

Performance-Based Incentives. The Committee believes that a significant portion of an executive s compensation should be delivered through performance-based incentive compensation components. The Committee has identified meaningful financial and shareholder performance objectives that align with the business, are measurable, and are used by management on a day-to-day basis to pursue its business strategy. An example of this is the use of return on net assets as a measurement tool. The Committee believes it is a measure of capital efficiency related to increasing long term shareholder value regardless of the volatility that may occur in stock prices from year to year.

The Committee uses annual financial performance metrics and goals as the basis for motivating and rewarding executives through the Company s annual incentive plan. In addition, the Committee believes that an increase in the Company s stock price along with success under long-term internal financial performance metrics is the best means of rewarding shareholders over the long-term. To meet this objective, the Committee has chosen to provide executives with stock options and performance stock awards.

The Company s incentive plans (annual and long-term) are targeted to reward executives at the middle (50th percentile) of the market. Plans are designed to be sensitive to Company s performance thereby increasing or decreasing the value of awards based on whether performance exceeds or falls short of our goals and expectations. For example, our annual incentive plan is designed to pay above the targeted level and, therefore, above the middle of the market if the Company s performance exceeds our goals and expectations, subject to a cap upon maximum performance. If the Company s performance falls below our goals and expectations, the annual incentive plan is designed to pay below the targeted level. If actual performance falls below a certain threshold level, our annual incentive plan is designed to pay nothing.

The following table shows the allocation of performance-based versus fixed compensation components for our Named Officers at targeted levels in 2009:

PERCENT OF COMPENSATION AT RISK

Executive Officer	**Performance-Based (1)**	**Fixed (2)**
William M. Lambert	61.8%	38.2%
Dennis L. Zeitler	54.3%	45.7%
Rob Cañizares	53.9%	46.1%
Joseph A. Bigler	52.2%	47.8%
Kerry M. Bove	48.8%	51.2%

(1) Includes the target value of 2009 non-equity incentive award, the grant date fair value of performance stock units at target and the grant date fair value of stock options granted in February 2009.

(2) Includes base salary earned in 2009 plus the grant date fair value of time-vesting restricted stock granted in February 2009. Time-vesting restricted stock is included in the fixed column because there are no performance conditions to its vesting (other than continued employment), but unlike base salary, the ultimate value of restricted stock is inherently performance based.

Determination of Executive Compensation Amounts

Compensation Oversight Process. The Committee has responsibility for the oversight and decision making regarding executive compensation. The Committee has engaged an outside compensation consultant, Towers Watson (formerly Towers Perrin), to provide assistance and guidance on compensation issues. The consultant provides management and the Committee with relevant information pertaining to market compensation levels, alternative compensation plan design, market trends and best practices.

At its meetings, the Committee regularly holds executive sessions, which exclude management and, subject to the Committee s desire, may include its outside consultant. Management assists in the coordination and preparation of the meeting agenda and materials for each meeting, which are reviewed and approved by the Committee Chairman. Meeting materials are mailed to Committee members for review approximately one week in advance of each meeting. The Committee met three times in 2009.

The Committee develops proposals on compensation issues relating to the Chief Executive Officer and presents them to the independent directors for their approval. Compensation decisions regarding all other executive officers are approved by the Committee. The Committee considers the recommendations of the Chief Executive Officer when making compensation decisions regarding all executive officers.

Setting Compensation Levels. The Committee reviews data related to compensation levels and programs of other companies prior to making its decisions. The Committee engages its consultant to perform a comprehensive assessment of compensation levels provided to executives among a peer group of companies. These companies are selected based on the following criteria:

- Annual revenues that range from approximately half to double (approximately $500 million to $2 billion in 2009) our annual revenues

- Manufacturing process representing various industry sectors

- Global operations and customer base

For 2009, the peer group consisted of the following 22 companies:

Albany International Corp.	Matthews International Corp.
Brady Corp.	Mettler-Toledo International Inc.
Bucyrus International Inc.	Moog Inc.
Ceradyne Inc.	Nordson Corp .
Checkpoint Systems Inc.	PerkinElmer Inc.
CLARCOR Inc.	Robbins & Myers Inc.
ESCO Technologies Inc.	Roper Industries Inc.
Federal Signal Corp.	Simpson Manufacturing Co. Inc.
Gentex Corp.	Standex International Corp.
IDEX Corporation	STERIS Corp.
Invacare Corp.	Varian Inc.

The Committee may periodically make changes to the peer group, usually by adding companies who may better meet our selection criteria or by removing companies who may have experienced change, such as acquisition, and no longer fit our selection criteria. In 2009, the Committee through its consultant, conducted a review of the peer companies which resulted in the removal of AMETEK Inc. and EDO Corp. due to their large revenues falling outside the Committee s criteria and Respironics Inc. due to it being purchased.

The consultant conducts an annual analysis of the most recent proxy disclosures for the peer group companies in order to understand the compensation ranges for base salary, annual and long-term incentives provided to the peer group named executive officers. In addition, regression analysis is applied to data from compensation surveys conducted by Towers Watson and Mercer HR Consulting representing nearly one thousand (1,000) general industry companies. The peer group data is added to the survey data as an additional data source. This combined data (peer group and surveys) allows the Committee to understand the market compensation ranges for both the Named Officers and positions below the Named Officers based on the duties and responsibilities of each position. This process allows the Committee to understand and determine the level of compensation needed to target the middle (50^{th} percentile) of the market.

The market compensation data are further used to develop a market compensation structure which includes salary grades with midpoints. Each executive is assigned to a salary grade where the midpoint of the grade approximates the median (50^{th} percentile) of the market salary level for the position. Each salary grade has a salary range around the midpoint and has a corresponding annual and long-term incentive award opportunity that also aligns with the middle (50^{th} percentile) of the market. In assigning an executive to a salary grade, the Committee also considers internal factors that may, in a limited number of instances, impact the grade assignment of an executive.

In addition to the market data, the Committee considers other factors when making compensation decisions, such as:

- Individual and Company performance
- Experience in the position
- Current compensation relative to midpoint
- Prior-year compensation adjustments

An assessment of these factors could result in actual compensation being positioned modestly above or below the desired middle (50^{th} percentile) of the market positioning. The Committee does not consider amounts earned from prior performance-based compensation, such as prior bonus awards or realized or unrealized stock option gains, in its decisions to increase or decrease compensation for the following year. The Committee believes that this would not be in the best interest of retaining and motivating executives.

In order to assess the impact of its executive compensation decisions, the Committee reviews a summary report or tally sheet of total compensation provided to each executive. The tally sheet includes the total dollar value of annual compensation, including salary, annual and long-term incentive awards, annual increase in retirement accruals and the value of other benefits and perquisites. The tally sheet also provides the Committee information pertaining to equity ownership, future retirement benefits, and benefits the Company is required to provide to each executive under various termination scenarios. The Committee s review of the tally sheet information has become a integral part of the its decision making process each year.

Elements of Executive Compensation

Fixed Cash Base Salary. The Company provides executives with a base salary in order to attract and retain executive talent and to provide a dependable means of funding daily living expenses. Base salary is designed to be competitive with other organizations and is sensitive to the skill level, responsibility and experience of the executive. Base salary for each executive is determined through our external benchmarking process and an internal comparison to other executives at the Company to ensure internal equity. Base salary levels are targeted to the middle (50^{th} percentile) of the market, although the Committee considers base salary levels that fall within plus or minus 10% of the market median to be competitive.

As part of the Company s cost reduction initiatives in 2009, the Committee approved a salary reduction initiative which included the temporary reduction of officer base salary levels by 20% for our CEO and 12% for all other officers effective June 1, 2009 through December 31, 2009. Base salary levels were restored to their original level as of January 1, 2010. Prior to this temporary reduction, base salary levels for our NEOs were positioned within 15% above or below the market median.

In most years, base salary adjustments are considered and can be affected by each executive s individual performance assessment based on a rigorous performance management process called PMP . This individual process details an executive s annual accomplishments compared to set levels of performance expectations, and also assesses the actual behaviors used to achieve the performance level. The CEO develops annual base salary adjustments for each executive primarily by evaluating individual performance through the PMP process. The

Committee performs a similar comprehensive evaluation of the CEO s performance against pre-determined strategic goals and determines his recommended annual base salary increase based on the outcome of this evaluation. In 2009, all officer base salaries were frozen and no salary adjustments were provided. Officer base salary levels were later temporarily reduced as mentioned above.

Performance-Based Annual Cash Incentive. The Company provides executives with an annual cash incentive, referred to as the MSA Non-CEO Executive Incentive Plan (NCEIP), which directly rewards the accomplishment of key corporate and/or geographical or business unit performance goals. Our CEO participates in the CEO Annual Incentive Award Plan (AIAP) which has been approved by shareholders and is administered within the requirements necessary to retain the tax deductibility of his annual incentive award under Section 162(m) of the Internal Revenue Code. Additionally, each executive, including the CEO, participates in a feature known as the Enhanced Bonus that rewards for exceeding the Company s budgeted consolidated net income before extraordinary items. Under the Enhanced Bonus feature, annual incentive awards earned under the NCEIP or AIAP, which are limited to a maximum payout of 150% of target, may be increased from 0% to 50% if the Company s income before extraordinary items exceeds the target. The enhancement is interpolated at performance levels between target and 125% of target. For each 1% increase in actual income before extraordinary items above target, earned awards under the NCEIP and AIAP may be increased by 2%. For example, at performance of 105% of target the incentive is increased by 10%. The incentive is increased by 50% if the Company exceeds the target by 25% or more. The Committee believes that the Enhanced Bonus feature provides line of sight rewards and motivation to exceed bottom line profitability targets in addition to other Company and business unit performance measures.

Under the NCEIP and AIAP, the target incentive opportunity for each named executive officer is aligned with the executive s salary grade level and targets the middle (50^{th} percentile) of the market as determined through our external benchmarking process, although the Committee considers target incentive opportunities between plus or minus 5 percentage points of the market median to be competitive. In 2009, target annual incentive opportunities for each named executive officer fell within plus or minus 5 percentage points of market median target annual incentive opportunity of each position, except for our Chief Executive Officer, whose target annual incentive opportunity was 15 percentage points below the market median.

The following table shows the dollar amount of incentive that would be earned if actual performance was equal to the budgeted performance.

TARGET INCENTIVE AWARD

Executive	Percent of Salary Midpoint (1)	NCEIP/AIAP Target Award (2)
William M. Lambert	70%	$ 465,377
Dennis L. Zeitler	55%	$ 196,057
Rob Cañizares	55%	$ 196,057
Joseph A. Bigler	50%	$ 162,045
Kerry M. Bove	45%	$ 132,595

(1) Percent of salary midpoint is the percent multiplied by the executive s salary grade midpoint during 2009 to calculate the target award. Midpoints for several officers changed during the year. The target awards shown above reflect midpoints as of the end of 2009.

(2) Target award is the amount that would be paid to the executive assuming all Company and individual performance goals are met.

Actual NCEIP award payments are based primarily on the achievement of a variety of Company financial goals, but also have a discretionary personal performance factor applied based on the accomplishment of an executive s individual goals. An executive s individual performance goals are a mix of objective, subjective and strategically-oriented goals within the executive s control or to which he or she contributes in a meaningful way.

When making his recommendations, the CEO rates each executive s accomplishments relative to these goals and may increase or decrease the calculated NCEIP bonus amount by up to 20%. In most years, executives accomplish the majority of their individual goals.

Actual AIAP award payments for our CEO are based 50% on achievement of income before extraordinary items, as defined by generally accepted accounting principles, relative to the pre-determined goal established and approved by the Committee, and 50% on achievement of return on net assets levels relative to the peer group. The Committee also recommends for Board approval individual strategic goals for the CEO. The independent directors of the Committee may use their discretion to reduce the size of the CEO s calculated award based on his performance relative to his individual goals, but may not increase it. This is necessary to retain its deductibility under Internal Revenue Code Section 162(m).

Payout opportunities under the NCEIP and AIAP plans can range from 50% of an executive s target opportunity for performance at threshold level to 150% of an executive s target opportunity for performance at maximum levels. In addition to these opportunities, the Enhanced Bonus feature may add up to 50% to the calculated NCEIP or AIAP award. The maximum award opportunity under all plans combined is 225% of target for each executive including the CEO, whose opportunity is capped at $2,000,000 according to the AIAP. Actual awards paid for 2009 performance are included in the *Summary Compensation Table* on page 24 under the column *Non-Equity Incentive Plan Compensation.* Award opportunities for each Named Officer under the combined plans for 2009 at threshold, target and maximum are included in the *Grants of Plan-Based Awards* table on page 25 under the columns *Estimated Possible Payouts Under Non-Equity Incentive Plan Awards.*

In 2009, pre-established performance measures and goals were approved by the Committee at its February meeting. For the Chief Executive Officer and the other Named Officers, the Committee and in the case of the CEO, independent Directors, approved the following performance targets:

Performance Targets

President and Chief Executive Officer William M. Lambert

Senior Vice President, Chief Financial Officer and Treasurer Dennis L. Zeitler

(Dollars in millions)

Performance Measure	Weighting	2009 Actual Performance	Pre-Established 2009 Annual Incentive Goals Threshold	Target	Maximum
Consolidated Return on Net Assets	50%	12.9%	9.7%	13.9%	18.1%
Consolidated Net Income before extraordinary items	50%	$ 43.3	$ 29.3	$ 41.8	$ 54.3

Executive Vice President; President, MSA International Rob Cañizares

(Dollars in millions)

Performance Measure	Weighting	2009 Actual Performance	Pre-Established 2009 Annual Incentive Goals Threshold	Target	Maximum
Consolidated Return on Net Assets	50%	12.9%	9.7%	13.9%	18.1%
International Total Segment Operating Income	50%	$ 16.9	$ 26.0	$ 37.2	$ 48.4

Vice President; President, MSA North America Joseph A. Bigler

(Dollars in millions)

Performance Measure	Weighting	2009 Actual Performance	Pre-Established 2009 Annual Incentive Goals Threshold	Target	Maximum
Consolidated Return on Net Assets	50%	12.9%	9.7%	13.9%	18.1%
North America Segment Operating Income*	50%	$ 54.8	$ 32.4	$ 46.3	$ 60.2

Vice President, Global Operational Excellence Kerry M. Bove

(Dollars in millions)

Performance Measure	Weighting	2009 Actual Performance	Pre-Established 2009 Annual Incentive Goals Threshold	Target	Maximum
Consolidated Return on Net Assets	50%	12.9%	9.7%	13.9	18.1%
Consolidated Operating Income	25%	$ 71.1	$ 58.3	$ 83.3	$ 108.3
Consolidated Gross Profit Percentage*	25%	36.4%	26.8%	38.3%	49.8%

* For geographic business metrics and certain consolidated metrics a currency adjusted target will be used to compute the annual incentive payment.

The Committee has chosen consolidated return on net assets as the primary corporate performance goal for all Named Officers. For the CEO and CFO, consolidated net income before extraordinary items is an additional performance goal. For geographic business unit executives, the Committee has chosen a combination of consolidated return on net assets and their individual segments operating income. For the Vice President of Global Operations Excellence, in addition to consolidated return on net assets, consolidating operating income and consolidated gross profit percentage have been chosen by the Committee as the appropriate performance goals. The Committee believes that these measures are the best indicators of performance produced as a result of our executives efforts and is reflective of their individual areas of responsibility.

Long-Term Incentive Compensation. Our long-term incentive program represents a significant portion of an executive s total compensation package. Awards under this program are considered at risk which means they can increase or decrease in value based on fluctuations in our stock price. In selecting the appropriate long-term incentive vehicles to provide executives, the Committee made its decisions based on its desire to reward for long-term stock price appreciation, to promote loyalty and tenure with the Company and to provide a means of accumulating shares. Stock options and time-vesting restricted stock were chosen to meet these attributes. These awards are granted under the shareholder-approved 2008 Management Equity Incentive Plan (MEIP). In 2009, performance stock units were added to the mix of equity instruments used to meet the objectives of this plan and to place additional emphasis on the objective of maximizing the return on net assets.

The following table illustrates the calculation and allocation of the long-term incentive compensation. The values shown in the table below are calculated using a different methodology than the method used in the table of Grants of Plan-Based Awards. The table of Grants of Plan-Based Awards uses the amounts computed in accordance with FASB ASC Topic 718.

Long-Term Incentive Compensation

01/01/2009 Salary Midpoint	2009 Stock Multiplier[1]	Allocated to Stock Options (50%)	Restricted Stock (25%)	Performance Stock Units (25%)	Option Award Value[2]	Restricted Stock Award Value[3]	Performance Stock Units Award Value[4]
(1)	(2)	(3)	(4)	(5)	(1) x (3)	(1) x (4)	(1) x (5)

William M. Lambert	$ 664,825	170%	85.00%	42.50%	42.50%	$ 565,101	$ 282,551	$ 282,551
Dennis L. Zeitler	$ 356,468	120%	60.00%	30.00%	30.00%	$ 213,881	$ 106,940	$ 106,940
Rob Cañizares	$ 356,468	135%	67.50%	33.75%	33.75%	$ 240,616	$ 120,308	$ 120,308
Joseph A. Bigler	$ 324,090	95%	47.50%	23.75%	23.75%	$ 153,943	$ 76,971	$ 76,971
Kerry M. Bove	$ 294,655	75%	37.50%	18.75%	18.75%	$ 110,496	$ 55,248	$ 55,248

1 Stock multiplier is the percentage effective as of January 1, 2009.

2 Options to be awarded = Option Award Value divided by (stock price day of award x full-term Black-Scholes value plus adjustment for risk of forfeiture).

3 Shares to be awarded = Restricted Stock Award Value divided by closing stock price day of award plus adjustment for risk of forfeiture.

4 Units to be awarded = Performance Stock Unit Award value divided by closing stock price day of award plus adjustment for risk of forfeiture.

NOTE: Stock multipliers are market based and determined with the assistance of the Company s outside compensation consultant.

Long-term incentive opportunities are developed for each executive salary grade based on the middle (50^{th} percentile) of the market. While the Committee reviews these long-term incentive opportunities annually, it typically only adjusts the individual opportunities periodically as market median long-term incentive data tends to be volatile, increasing or decreasing for certain positions more frequently than salary or annual incentive data. As a result, each named executive officer s long-term incentive opportunity has been the same for the last several years even though the market has moved up and down over this time frame. More recently, the Committee has observed the market median long-term incentive opportunities decrease. As a result, long-term incentive opportunities for all NEOs are positioned modestly above market (i.e., 5 percentage points to 25 percentage points) except for our Chief Executive Officer position, whose long-term incentive opportunity is positioned slightly below the market median. This below market positioning is related to the tenure of the current Chief Executive Officer in his position. In order to bring the Chief Executive Officer closer to the market median, the Committee has increased his 2009 stock multiplier as described in the above chart from 170% to 190% for 2010. An executive s long-term incentive opportunity is distributed 50% to stock options, 25% performance stock units and 25% to time-vesting restricted stock. This allocation demonstrates the Committee s desire to weight a larger portion of the overall award to stock options and performance based awards.

Stock Option Awards. Stock options are a performance motivator for executives to increase shareholder value. The Committee has chosen to use stock options because of the alignment they provide with our shareholders and the value realized by the executive is limited to the increase in our stock price in excess of the option s exercise price, which is equal to the closing stock price on the date of grant. If our stock price drops below the exercise price, the option provides no value to the executive. This has occurred in several recent years prior to the grants in 2009. The exercise price of these grants ranged between $40 and $45 which was MSA s stock price at grant during that period. Given our current stock price in the mid $20 s range, these options are underwater and are currently providing no intrinsic value to the executive. However, since each option has a life of ten years, our stock price can increase beyond these exercise prices thereby providing value and incentive to the executive.

The value of options at grant is derived using the full-term Black-Scholes model, which is calculated and provided to MSA by the Committee s outside compensation consultant using market assumptions approved by management and aligned with FASB ASC Topic 718. Each option has vesting provisions that require continued employment of the executive thereby promoting the retention of the executive. Stock options vest 100% three years following grant. The options are exercisable after they vest and until they expire, which is generally on the tenth anniversary following the grant date.

In order to deliver stock options in the most tax efficient means to our executives, incentive stock options are provided, to the extent IRS limits permit, along with non-qualified stock options. The benefit of receiving incentive stock options is that realized gains are taxed at the lower capital gains rate instead of at an executive s higher normal income tax rate, if certain holding period requirements are met. The exercise price is 100% of the fair market value on the grant date.

The Company computes the fair value of each stock option using FASB ASC Topic 718, and expenses this amount over the vesting period in accordance with generally accepted accounting principles. The valuation methodology used to calculate the share grants and to calculate the accounting expense is the same.

Performance Stock Units. The Company introduced this new type of equity grant in 2009 to incent the achievement of one or more specific goals promoting long-term shareholder value. The goal of performance

stock units is to tie officer s compensation to the interests of shareholders. At the date of grant, a target number of shares is established based on the share value at the time of the award and present dollar value of the compensation intended to be delivered. Ultimately the number of shares awarded at the end of the performance period is variable based on achievement of the performance goal. The target number of shares will vest if the target performance goals are met. If excellence goals are met, the number of shares vested will be doubled. If only threshold performance is achieved, one half of the target number of shares will vest. If performance is below threshold the entire award will be forfeited. At performance levels between threshold, target and excellence, awards will be interpolated. There are no shares issued until the end of the performance period. Therefore, there are no dividend rights or voting rights associated with this form of long-term incentive until the shares are actually issued at vesting. Goals for the 2009 grant were based on a three year performance period. The metric is based on return on net assets (RONA) as compared to our peer group. Target payout will be made if our RONA is equal to the 50th percentile of our peer group, threshold payout will be made if our RONA is equal to the 25th percentile of our peer group and excellence payout (double the target award) will be made if our RONA is equal to or above the 75th percentile of our peer group.

Time-Vesting Restricted Stock. The Committee has selected time-vesting restricted shares in order to create and encourage an ownership culture and to serve as a retention tool. Restricted shares vest 100% on the third anniversary following the date of grant. The fair value of restricted shares is the fair market value on the date of grant, and the recipient is charged with income for Federal income tax purposes in the year of vesting and at the market value as of the date that vesting restrictions lapse. The restricted shares include voting rights and the right to dividends during the vesting period.

Compensation of CEO. Although it is generally the Company s policy to compensate its officers at the 50th percentile of the market based on the most recent market data from the Committee s compensation consultant, the salary of the current CEO, Mr. Lambert, is set at approximately 87% of the market median. This is approximately the 25th percentile as compared to other chief executive officers at manufacturing companies of similar size. Mr. Lambert s annual incentive pay and equity grants are also set below the median of the market. Mr. Lambert s compensation has increased each of the two years since he was elected CEO. The increases are consistent with the plan adopted by the Board of Directors to gradually bring his compensation to the 50th percentile of the market assuming the Mr. Lambert s performance is at acceptable levels.

Recoupment Policy. In 2008 the Committee formalized a recoupment policy applicable to officers and other Company employees, which was updated in 2009. In the event of a restatement of MSA s financial results or a determination of other misconduct that causes financial harm to the Company, the Board of Directors will review the circumstances that caused the restatement and consider issues of accountability for those who bore responsibility for the events. As part of that review, consideration would also be given to any appropriate action regarding compensation that may have been awarded to such persons. In particular, it would be appropriate to consider whether any compensation was awarded on the basis of having achieved specified performance targets, whether a person engaged in misconduct that contributed to the restatement and whether such compensation would have been reduced had the financial results been properly reported. Depending on the outcome of that review, appropriate action could include reducing compensation in the year the restatement was made, seeking repayment of any bonus received for the period restated or any gains realized as a result of exercising an option awarded for the period restated, or canceling any unvested equity compensation awarded for the period restated.

Post Employment Retirement Benefits. Retirement related compensation is designed to provide financial security following retirement from the Company and to reward for loyalty and tenure with MSA. Retirement benefits fall into three major elements which include pension, 401(k) and non-qualified retirement plans. All of these programs exist to help attract, retain, and motivate key executives. The programs are designed to be competitive and are benchmarked to representative peer companies. Retirement-related compensation programs do not have a direct linkage to performance but rather a link to employment with MSA, as do all other welfare benefits.

Pension   offered as part of a retirement package that helps the Company recruit employees and provides security and peace of mind for future retirement, enabling executives and other employees to exit the workforce at retirement age. Pension amounts are based on final average pay, years of service, age, and a pre-determined plan formula.

401(k)   offered as part of our benefits package to encourage employees to save for their own retirement and future financial security. MSA matches 100% of the first 1% of employee contributions and 50% of the next 6% for a total match of 4% on 7% of compensation. Plan design and provisions are reviewed periodically to determine if the total retirement package is competitive. The Company match portion of this plan was temporarily suspended in 2009 as a result of the Company s cost cutting initiatives.

Non-qualified retirement plans   provide additional retirement benefits for executives whose accumulations and contributions in the qualified plans are limited by the Internal Revenue Code. MSA maintains three such plans. The Supplemental Savings Plan provides benefits beyond the limitations imposed on 401(k) plans. The Supplemental Pension Plan provides benefits beyond the limitations imposed on defined benefit pension plans. The Supplemental Executive Retirement Program provides additional retirement benefits only for officers who retire from the Company at age 55 or later. The Supplemental Executive Retirement Program will not be provided to any new executives.

Stock Ownership Policy The Committee has adopted stock ownership guidelines for all executive officers and believes that significant ownership levels will provide additional motivation to executives to perform in accordance with the interests of the Company s shareholders. The Chief Executive Officer and other executive officers are expected to hold a number of shares equal in value to their salary grade midpoint multiplied by their annual long-term incentive opportunity multiplied by three. Executives have a five-year period from the time they become an executive during which they are encouraged to accumulate the specified shares. That specified ownership amount is expected to be retained thereafter as long as an executive remains an active employee. The level of ownership for each executive is defined as follows:

STOCK OWNERSHIP REQUIREMENTS

Position	Salary Midpoint as of 12/31/2009		2009 Stock Multiplier*				Ownership Requirement
William M. Lambert, President, CEO	$ 664,825	x	170%	x	3	=	$ 3,390,608
Dennis L. Zeitler, S.V.P., CFO	$ 356,468	x	120%	x	3	=	$ 1,283,285
Rob Cañizares, Executive V.P.; President International	$ 356,468	x	135%	x	3	=	$ 1,443,695
Joseph A. Bigler, V.P.; President North America	$ 324,090	x	95%	x	3	=	$ 923,657
Kerry M. Bove, V.P. Global Operational Excellence	$ 294,665	x	75%	x	3	=	$ 662,996

* Stock multiplier is the percentage effective as of December 31, 2009.

The following forms of share ownership apply toward the stock ownership level: shares purchased, vested and unvested restricted stock, shares retained following the exercise of stock options and shares acquired through any other lawful means. The Company currently does not have a formal penalty should an executive fail to meet the expected ownership level in the allotted timeframe, but all executives understand these requirements, and the Committee may use its discretion to reduce or eliminate future long-term incentive grants. These ownership guidelines help drive a culture of ownership and accountability among the executive team.

At its February 2010 meeting, the Committee approved a stock retention program in addition to the current stock ownership guidelines. Prior to achieving the ownership guidelines mentioned above, the executive must retain one hundred percent of all equity awards through MSA s compensation program (net of exercise costs and taxes). Once the ownership threshold requirement is met, each executive is required to retain at least twenty percent of all additional shares (net of exercise costs and taxes) realized through the exercise of stock options, the vesting of restricted stock, or the vesting of performance-based shares until age 62.

Perquisites. The Company provides executives with a limited number of perquisites in order to strengthen business relationships and maximize the use of our executive s time. Our perquisites have been benchmarked to the market and are considered ordinary, customary, and minimal for each executive s position. The following are available to the Named Officers:

Automobile each Named Officer is provided a Company leased vehicle to facilitate travel among MSA s various locations. With five local sites in Pittsburgh and others located around the country, travel can be an integral part of each executive s responsibility. An automobile enables travel among our Pittsburgh locations to occur effectively while encouraging executives to dedicate their time and attention to business issues. Personal use of this automobile is calculated and imputed as income for each executive.

Club memberships a country club membership is provided to our Chief Executive Officer to facilitate customer contact and a business club is provided to our Chief Financial Officer to afford an alternative location for business meetings with customers, management and the Board.

Financial planning and tax return assistance provides advice and guidance to executives on investment and income tax issues in order to maximize the use and understanding of our executive compensation program and minimize time otherwise required for taxation issues.

The Company does not own or lease an aircraft, nor does the Company have fractional ownership in any aircraft, nor does it typically pay for executives personal travel.

Severance Policy. The Company has a Separation Pay Policy that applies to the Named Officers as well as all other eligible salaried employees. The Plan applies to a permanent termination of the employment relationship when initiated by the Company and when other conditions are satisfied. A schedule of benefits determines the separation benefit ranging from four weeks to a maximum of fifty-two weeks of salary continuation.

Change in Control. The Company has entered into change in control employment agreements with each of the Named Officers. These agreements provide Named Officers up to three years income and benefits following a change in control of the Company. These agreements are intended to retain executives, provide continuity of management in the event of an actual or threatened change in control and enable executives to remain financially indifferent when evaluating opportunities that may be beneficial to shareholders yet could negatively impact the continued employment of the executive. Cash severance payments are double triggered and payable only in the event of both a change in control and termination of employment other than for cause, death or disability. There are no tax gross-up provisions in the change in control agreements. Equity accelerated vesting is single triggered and payable in the event of a change in control.

Stock Option and Other Equity Granting Process. The Company grants stock options and all other equity grants for executives and all other eligible associates at the first regularly scheduled Compensation Committee meeting of each calendar year. This grant date is fixed each year and precedes the year-end earnings release. Under the 2008 MEIP which was approved at the annual shareholders meeting in 2008, the stock option exercise price will be set as the closing price on the grant date, as permitted by generally accepted accounting principles. Option dating practices are consistent, regular and unbiased. The Company does not backdate options or grants of any kind.

Independence and Selection of Compensation Consultant. The Company employs the services of an external compensation consultant, Towers Watson, to assist the Compensation Committee in determining the appropriate compensation for officers and executives, and to provide other consulting services to the management of the Company. Towers Watson is hired directly by the Compensation Committee through an engagement letter with the Committee to provide advice to the Committee on executive compensation, and specifically approves all fees in advance. The Committee has sole responsibility and authority for the hiring and/or termination of the external consultant.

22

When providing other services for the company, Towers Watson is hired through a separate engagement letter signed by management of the Company. The Compensation Committee reviews and approves the engagement of Towers Watson by management, approves fees in advance for all services to management, receives reports on the services that are provided by Towers Watson directly to the Company, and requires that the Compensation Committee pre-approve any changes in scope from the services they have approved in advance. The Towers Watson principals who provide these services are different from those who provide compensation services. In 2009, the Company paid Towers Watson $122,947 for advice on executive compensation and $252,814 for such other services.

The independence and objectivity of the consultant and the scope of work performed by the consultant are reviewed annually by the Committee. The Company believes that Towers Watson is able to provide objective advice to the Compensation Committee on executive compensation. The Company has examined the protocols in place at Towers which attempt to ensure such objective advice. Such protocols include separating both compensation decisions and consultants for executive compensation at Towers from other services provided to the Company by Towers, peer review and audits of professional standards as to advice provided by the executive compensation consultants at Towers. At the December 2009 meeting of the Committee, the Committee discussed Towers Watson s performance and concluded that Towers Watson provided independent objective advice and decided to re-engage Towers Watson for 2010.

Adjustments or Recovery of Prior Compensation. The Company does not have employment agreements with any Named Officer. As described above under Recoupment Policy, a recoupment policy was established by the Company in 2008 to facilitate the recovery or adjustment of amounts previously awarded or paid to a Named Officer in the event that Company financial results are restated and such person engages in misconduct or violation of a Company policy. Additionally, the Sarbanes-Oxley Act of 2002 provides that if the Company is required to restate its financial results due to material noncompliance with financial reporting requirements as a result of misconduct, the Chief Executive Officer and the Chief Financial Officer must reimburse the Company for any bonus, incentive or equity-based compensation received, and any profits realized from the sale of Company securities, during the twelve months following the issuance or filing of the noncompliant results.

Compensation Committee Report

The Compensation Committee of the Board of Directors has reviewed the Compensation Discussion and Analysis and has discussed it with management. Based upon its review and those discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

Thomas H. Witmer, Chair

Robert A. Bruggeworth

Thomas B. Hotopp

John C. Unkovic

COMPENSATION TABLES

Summary Compensation Table

The following table shows the compensation for 2009, 2008 and 2007 of the Company s principal executive officer, the Company s principal financial officer and the other three executive officers of the Company with the highest total compensation for 2009 (the Named Officers):

Name and Principal Position	Year	Salary	Stock awards (1)	Stock option awards (2)	Non-equity incentive plan compensation (3)	Change in pension value (4)	All other compensation (5)	Total
William M. Lambert,	2009	$ 545,069	$ 619,272	$ 610,048	$ 487,419	$ 317,736	$ 45,325	$ 2,624,869
President and Chief Executive Officer	2008	$ 515,761	$ 304,963	$ 940,301	$ 363,407	$ 321,636	$ 47,395	$ 2,493,463
	2007	$ 379,733	$ 678,053	$ 351,114	$ 195,559	$ 62,458	$ 39,724	$ 1,706,641
Dennis L. Zeitler,	2009	$ 340,556	$ 234,358	$ 230,890	$ 225,877	$ 209,159	$ 27,373	$ 1,268,213
Senior Vice President,	2008	$ 348,142	$ 115,407	$ 355,879	$ 153,099	$ 208,534	$ 34,932	$ 1,215,993
Chief Financial Officer and Treasurer	2007	$ 327,833	$ 640,203	$ 255,007	$ 133,155	$ 88,420	$ 38,130	$ 1,482,748
Rob Cañizares	2009	$ 370,675	$ 263,670	$ 259,755	$ 97,593	$ 165,447	$ 227,242	$ 1,384,382
Executive VP, President International	2008	$ 379,219	$ 129,839	$ 400,374	$ 149,409	$ 188,700	$ 257,691	$ 1,505,232
	2007	$ 347,693	$ 620,597	$ 205,271	$ 128,382	$ 88,310	$ 167,977	$ 1,558,230
Joseph A. Bigler,	2009	$ 292,847	$ 168,672	$ 166,184	$ 171,537	$ 184,363	$ 26,810	$ 1,010,413
VP, President North America	2008	$ 298,914	$ 83,061	$ 256,146	$ 142,615	$ 155,437	$ 31,331	$ 967,504
	2007	$ 271,845	$ 43,744	$ 110,976	$ 99,346	$ 58,068	$ 29,166	$ 613,145
Kerry M. Bove	2009	$ 267,247	$ 121,066	$ 119,284	$ 134,930	$ 129,180	$ 27,794	$ 799,501
VP, Global Operational Excellence	2008	$ 272,705	$ 59,626	$ 183,853	$ 116,435	$ 107,760	$ 32,062	$ 772,441

(1) Represents the aggregate grant date fair value of the restricted stock awards and performance stock unit awards (for 2009 only), computed in accordance with FASB ASC Topic 718. For the performance stock unit awards, the amounts disclosed in the table are based upon the target amount of shares granted. If maximum share payouts were achieved for such units, the aggregate grant date fair value for such units would be twice the amount disclosed in the table for 2009 related to such units, or $619,272 (instead of $309,636) for Mr. Lambert, $234,358 (instead of $117,179) for Mr. Zeitler, $263,670 (instead of $131,835) for Mr. Cañizares, $168,672 (instead of $84,336) for Mr. Bigler and $121,066 (instead of $60,533) for Mr. Bove. In the event of such maximum payouts the totals in the stock awards column for 2009 would be $928,908 for Mr. Lambert, $351,537 for Mr. Zeitler, $395,505 for Mr. Cañizares, $253,008 for Mr. Bigler and $181,599 for Mr. Bove.

(2) Represents the aggregate grant date fair value of the stock option awards, computed in accordance with FASB ASC Topic 718.

(3) Represents the aggregate amount of incentive awards earned by the Named Officer for 2009 under the Non-CEO Executive Incentive Program, the CEO Annual Incentive Award Plan and the Enhanced Bonus. See Performance-Based Cash Short-Term Incentive in the Compensation Discussion and Analysis above.

(4) Represents the amount of the aggregate increase for 2009 in the actuarial present value of the Named Officer s accumulated benefits under the defined benefit retirement plans described under Pension Benefits below.

(5) The following table describes the amounts included under All Other Compensation:

Name	Perquisites and personal benefits (A)	Company contributions to defined contribution plans	Insurance premiums	Total
William M. Lambert	$ 19,273	$ 25,429	$ 623	$ 45,325
Dennis L. Zeitler	$ 13,685	$ 12,608	$ 1,080	$ 27,373
Rob Cañizares	$ 210,573	$ 13,033	$ 3,636	$ 227,242
Joseph A. Bigler	$ 14,528	$ 11,280	$ 1,002	$ 26,810
Kerry M. Bove	$ 17,569	$ 9,745	$ 480	$ 27,794

(A) The amounts for Messrs. Lambert and Zeitler consist of the cost of personal use of a Company car, tax and investment assistance and a club membership. The amounts for Messrs. Bigler and Bove consist of the cost of personal use of a Company car and tax and investment assistance. The amount shown for Mr. Cañizares consists of personal use of a Company car, tax and investment assistance, and special allowances related to extensive worldwide travel from his U.S. base, including a German housing allowance of $71,028, a spousal travel allowance of $41,538, and a tax gross-up of $65,958. This arrangement was more favorable to the Company than the standard expatriate package offered to other employees.

Grants of Plan-Based Awards

The following table shows the grants of plan-based awards made to the Named Officers in 2009. These values were computed in accordance with FASB ASC Topic 718:

		Estimated possible payouts under non-equity incentive plan awards (1)			Estimated possible payouts under equity incentive plan awards (2)			Stock awards (3)		Option awards (4)		
Name	Grant date	Threshold	Target	Maximum	Threshold	Target	Maximum	Number of shares	Grant date fair value	Number of shares	Exercise price ($/share)	Grant date fair value
William M. Lambert	2/23/2009	$ 232,669	$ 465,377	$ 950,000	$ 154,818	$ 309,636	$ 619,272	17,366	$ 309,636	107,026	$ 17.83	$ 610,048
Dennis L. Zeitler	2/23/2009	$ 98,029	$ 196,057	$ 441,128	$ 58,590	$ 117,179	$ 234,358	6,572	$ 117,179	40,507	$ 17.83	$ 230,890
Rob Cañizares	2/23/2009	$ 98,029	$ 196,057	$ 441,128	$ 65,918	$ 131,835	$ 263,670	7,394	$ 131,835	45,571	$ 17.83	$ 259,755
Joseph A. Bigler	2/23/2009	$ 81,023	$ 162,045	$ 364,601	$ 42,168	$ 84,336	$ 168,672	4,730	$ 84,336	29,155	$ 17.83	$ 166,184
Kerry M. Bove	2/23/2009	$ 66,298	$ 132,595	$ 298,339	$ 30,267	$ 60,533	$ 121,066	3,395	$ 60,533	20,927	$ 17.83	$ 119,284

(1) Represents the amounts which could have been earned by the Named Officer through 2009 performance at the threshold, target and maximum levels under the annual incentive plans described under Performance-Based Annual Cash Incentive in the Compensation Discussion and Analysis above. The actual amounts earned are shown in the Non-equity incentive plan compensation column in the Summary Compensation Table above.

(2) Represents the amount that could be earned by the Named Officer at the threshold, target and maximum levels of shares to be issued with respect to the performance stock units granted to the Named Officer. The performance period runs through December 31, 2011. The amounts shown are based upon the grant date fair value of the applicable number of shares of the Company s Common Stock.

(3) Represents restricted stock awards granted to each Named Officer in 2009 under the Company s 2008 Management Equity Incentive Plan. To earn the award, the officer must remain employed by the Company or a subsidiary through the third anniversary of the grant date. Restricted shares will also vest earlier upon a change in control or if the grantee s employment terminates due to death, disability or retirement under a Company retirement plan. Messrs. Zeitler and Bigler are eligible to retire under the Company s pension plan. Unless and until forfeited upon termination of employment prior to vesting, holders of restricted shares receive dividends at the same rate as other holders of the Company s Common Stock.

(4) Represents stock options granted to each named officer in 2009 under the Company s 2008 Management Equity Incentive Plan. The options for 5,608 shares granted to each Named Officer are intended to qualify as incentive stock options under the Internal Revenue Code. The options become exercisable on the third anniversary of the grant date or upon an earlier change in control. The exercise price of each option is the market closing price of the Common Stock on

the grant date, and the options expire on the tenth anniversary of the grant date. Options are exercisable for up to five years (but not after the expiration date) following termination of employment due to death, disability, voluntary termination with the consent of the Company, retirement under a Company retirement plan or within one year after a change in control and may not be exercised following any other termination of employment.

Outstanding Equity Awards at Fiscal Year-End

The following table shows the outstanding equity awards held by the Named Officers at December 31, 2009:

	Stock option awards					Restricted stock awards			Performance Stock Unit Awards		
Name	**Number exercisable**	**Number un-exercisable**	**Date exercisable**	**Option exercise price**	**Expiration date**	**Number of shares that have not vested**	**Vesting date**	**Market value of shares that have not vested (1)**	**Number of shares or Units of Stock that have not vested**	**Vesting Date**	**Market Value of Shares or Units that have Not Vested (1)**
William M. Lambert	20,955		9/11/2002	$ 12.14	3/11/2012	3,451	3/15/2010	$ 91,555	17,366	3/8/2012	460,720
	44,251		3/12/2004	$ 10.65	3/12/2013	4,146	6/1/2011	$ 109,993			
	36,119		3/9/2005	$ 25.07	3/9/2014	4,146	6/1/2012	$ 109,993			
	20,443		12/14/2005	$ 45.68	2/23/2015	4,146	6/1/2013	$ 109,993			
	19,240		2/27/2009	$ 40.08	2/27/2016	6,741	3/15/2011	$ 178,839			
		22,859	2/21/2010	$ 40.10	2/21/2017	17,366	3/8/2012	$ 460,720			
		58,115	2/26/2011	$ 45.24	2/26/2018						
		107,026	2/23/2012	$ 17.83	2/23/2019						
Dennis L. Zeitler	15,969		12/14/2005	$ 45.68	2/23/2015	2,507	3/15/2010	$ 66,511	6,572	3/8/2012	$ 174,355
	15,029		2/27/2009	$ 40.08	2/27/2016	4.146	6/1/2011	$ 109,993			
		16,602	2/21/2010	$ 40.10	2/21/2017	4,146	6/1/2012	$ 109,993			
		21,995	2/26/2011	$ 45.24	2/26/2018	4,146	6/1/2013	$ 109,993			
		40,507	2/23/2012	$ 17.83	2/23/2019	2,551	3/15/2011	$ 67,678			
						6,572	3/8/2012	$ 174,355			
Rob Cañizares	9,848		3/12/2004	$ 10.65	3/12/2013	2,018	3/15/2010	$ 53,538	7,394	3/8/2012	$ 196,163
	19,290		3/9/2005	$ 25.07	3/9/2014	4,146	6/1/2011	$ 109,993			
	14,133		12/14/2005	$ 45.68	2/23/2015	4,146	6/1/2012	$ 109,993			
	13,302		2/27/2009	$ 40.08	2/27/2016	4,146	6/1/2013	$ 109,993			
		13,364	2/21/2010	$ 40.10	2/21/2017	2,870	3/15/2011	$ 76,141			
		24,745	2/26/2011	$ 45.24	2/26/2018	7,394	3/8/2012	$ 196,163			
		45,571	2/23/2012	$ 17.83	2/23/2019						
Joseph A. Bigler	12,619		3/9/2005	$ 25.07	3/9/2014	1,091	3/15/2010	$ 28,944	4,730	3/8/2012	$ 125,487
	7,640		12/14/2005	$ 45.68	2/23/2015	1,836	3/15/2011	$ 48,709			
	7,191		2/27/2009	$ 40.08	2/27/2016	4,730	3/8/2012	$ 125,487			
		7,225	2/21/2010	$ 40.10	2/21/2017						
		15,831	2/26/2011	$ 45.24	2/26/2018						
		29,155	2/23/2012	$ 17.83	2/23/2019						
Kerry M. Bove	26,200		3/12/2004	$ 10.65	3/12/2013	1,091	3/15/2010	$ 28,944	3,395	3/8/2012	$ 90,069
	13,849		3/9/2005	$ 25.07	3/9/2014	1,318	3/15/2011	$ 34,967			
	7,640		12/14/2005	$ 45.68							