

FMC CORP  
 Form PRE 14A  
 February 27, 2012

**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

Filed by a Party other than the Registrant

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**FMC CORPORATION**

*(Name of Registrant as Specified In Its Charter)*

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(1) Amount Previously Paid:
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## FMC Corporation

Dear Stockholder:

It is my pleasure to invite you to attend the Company's 2012 Annual Meeting of Stockholders. The meeting will be held on Tuesday, April 24, 2012, at 2:00 p.m. local time at the Top of the Tower, 1717 Arch Street, 50<sup>th</sup> Floor, Philadelphia, Pennsylvania. The Notice of Annual Meeting and Proxy Statement accompanying this letter describe the business to be conducted at the meeting.

During the meeting, I will report to you on the Company's earnings, results and other achievements during 2011 and on our outlook for 2012. We welcome this opportunity to have a dialogue with our stockholders and look forward to your comments and questions.

Your vote is important. **Please vote your proxy promptly so your shares can be represented.** Please see your proxy card for specific instructions on how to vote.

If you plan to attend the meeting, please send written notification to the Company's Investor Relations Department, 1735 Market Street, Philadelphia, Pennsylvania 19103, so that your name can be put on an admission list held at the registration desk at the entrance to the meeting. If your shares are held by a bank, broker or other intermediary and you plan to attend, you must enclose with your notification evidence of your ownership, such as a letter from the bank, broker or intermediary confirming your ownership or a bank or brokerage firm account statement. If you wish to vote at the meeting, please refer to the section of this proxy statement entitled "How to Vote" for specific instructions.

I look forward to seeing you on April 24<sup>th</sup>.

March 16, 2012

Sincerely,

**Pierre Brondeau**

*President, Chief Executive Officer Chairman of the Board*

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Notice of Annual Meeting of Stockholders  
Tuesday, April 24, 2012

2:00 p.m.

Top of the Tower, 50<sup>th</sup> Floor, 1717 Arch Street, Philadelphia, Pennsylvania 19103

Dear Stockholder:

You are invited to the Annual Meeting of Stockholders of FMC Corporation. We will hold the meeting at the time and place noted above. At the meeting, we will ask you to:

1.

Elect four directors in Class II, each for a term of three years; and elect one director in Class I with a remaining term of two years.

2.

Ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2012.

3.

Hold an advisory (non-binding) vote on executive compensation.

4.

Vote on a proposed increase in the number of authorized shares of the Company's Common Stock.

5.

Consider and act upon a stockholder proposal, if properly presented at the Annual Meeting.

6.

Consider and act upon any other business properly brought before the meeting.

**THE BOARD RECOMMENDS A VOTE FOR ITS NOMINEES FOR DIRECTOR AND FOR PROPOSALS 2 THROUGH 4. THE BOARD RECOMMENDS A VOTE AGAINST DECLASSIFICATION OF THE BOARD, PROPOSAL 5.**

Your vote is important. To be sure your vote counts and assure a quorum, please vote, sign, date and return the enclosed proxy card whether or not you plan to attend the meeting; or if you prefer, please follow the instructions on the enclosed proxy card for voting by Internet or by telephone whether or not you plan to attend the meeting in person.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 24, 2012:**

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The proxy statement and the annual report to security holders are available at [www.fmc.com](http://www.fmc.com).

March 16, 2012

By order of the Board of Directors,

**Andrea E. Utecht**

*Executive Vice President, General Counsel and Secretary*

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## I. INFORMATION ABOUT VOTING

### Solicitation of Proxies

The Board of Directors of FMC Corporation (the “Company” or “FMC”) is soliciting proxies for use at the Company’s 2012 Annual Meeting of Stockholders and any adjournments of that meeting. The Company first mailed this proxy statement, the accompanying form of proxy and the Company’s Annual Report for 2011 on or about March 16, 2012.

### Agenda Items

The agenda for the Annual Meeting is to:

1.

Elect five directors;

2.

Ratify the appointment of KPMG LLP as the Company’s independent registered public accounting firm for 2012;

3.

Hold an advisory vote on executive compensation;

4.

Vote on a proposed amendment to the Company’s Restated Certificate of Incorporation to increase the number of authorized shares of the Company’s Common Stock from 130 million to 260 million.

5.

Consider and act upon a stockholder proposal, if properly presented at the Annual Meeting; and

6.

Conduct other business properly brought before the meeting.

### Who Can Vote

You can vote at the Annual Meeting if you are a holder of the Company’s common stock, par value of \$0.10 per share (“Common Stock”), on the record date. The record date is the close of business on February 28, 2012. You will have one vote for each share of Common Stock. As of February 28, 2012, there were [X] shares of Common Stock outstanding.

### How to Vote



You may vote in one of four ways:

- 

You can vote by signing and returning the enclosed proxy card. If you do, the individuals named on the card will vote your shares in the way you indicate;

- 

You can vote by Internet;

- 

You can vote by telephone; or

- 

You can cast your vote at the Annual Meeting.

*If you plan to cast your vote at the meeting, please send written notification to the Company's Investor Relations Department, 1735 Market Street, Philadelphia, Pennsylvania 19103, so that your name can be put on an admission list held at the registration desk at the entrance to the meeting. In addition, if you hold your shares through a broker or bank and you wish to vote at the Annual Meeting, you must obtain a legal proxy from them authorizing you to vote at the Annual Meeting. We will be unable to accept a vote from you at the Annual Meeting without that authorization. If you are a registered stockholder and wish to vote at the Annual Meeting, in addition to the above attendance notification, you must provide proper identification as the stockholder of record at the registration desk, but no additional authorization will be required in order to cast your vote.*

#### Use of Proxies

Unless you tell us on the proxy card to vote differently, we plan to vote signed and returned proxies **FOR** the Board nominees for director, **FOR** Proposals 2 through 4, and **AGAINST** Proposal 5.

#### Quorum Requirement

We need a quorum of stockholders to hold a valid Annual Meeting. A quorum will be present if the holders of at least a majority of the outstanding Common Stock entitled to vote at the meeting either attend the Annual Meeting in person or are represented by proxy at the Annual Meeting. Abstentions, broker non-votes (described below) and votes withheld are counted as present for the purpose of establishing a quorum.

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Vote Required for Action

Effective January 1, 2009, FMC's Board of Directors amended the Company's By-Laws to provide that directors shall be elected by a majority of the votes cast in an uncontested election. These actions reflect FMC's dedication to maintaining the highest quality corporate governance practices and commitment to address stockholder concerns. Because the number of nominees properly nominated for the Annual Meeting is the same as the number of directors to be elected at the Annual Meeting, the election of directors is a non-contested election. As a result, any nominee who receives a majority of the votes cast with respect to his or her election at the Annual Meeting will be elected to the Board (or re-elected, in the case of any nominee who is an incumbent director). Incumbent nominees have tendered a contingent resignation which would become effective if (i) the nominee does not receive a majority of the votes cast with respect to his or her election at the Annual Meeting and (ii) the Board of Directors accepts such resignation. Adoption of Proposals 2, 3 and 5 require the affirmative vote of the majority of shares present in person or represented by proxy and entitled to vote at the meeting, and adoption of Proposal 4 requires the affirmative vote of a majority of the outstanding shares of Common Stock.

Abstentions or Lack of Instructions to Banks, Brokers, or Employee Benefit Plan Trustees

Abstentions will not be counted as votes cast for the election of directors, and thus will have no effect on the election of directors. With respect to Proposals 2 through 5, abstentions will have the effect of a vote against such proposals.

A broker non-vote occurs when a bank, broker or other nominee holding shares on behalf of a stockholder does not receive voting instructions from the stockholder with respect to a non-routine matter to be voted on at the Annual Meeting by a specified date before the Annual Meeting. Banks, brokers and other nominees may vote undirected shares on matters deemed routine in accordance with New York Stock Exchange rules, but they may not vote undirected shares on matters deemed non-routine in accordance with such rules. For this purpose, the ratification of the appointment of the independent registered public accounting firm is considered a routine matter, but the election of directors, the advisory vote regarding executive compensation, the amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's Common Stock and the stockholder proposal are considered non-routine matters. In the event of a broker non-vote in the election of directors or with respect to Proposals 2, 3 or 5 at the Annual Meeting, the broker non-vote will not have any effect on the outcome inasmuch as broker non-votes are not counted as votes cast or as shares present and entitled to be voted with respect to any matter on which the broker has expressly not voted. In the event of a broker non-vote with respect to Proposal 4, relating to the amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's Common Stock, the broker non-vote will have the effect of a vote against the Proposal inasmuch as adoption of that Proposal requires the affirmative vote of a majority of the outstanding shares of Common Stock.

If you are entitled to vote shares held under an employee benefit plan and you either do not direct the trustee by April 20, 2012 how to vote your shares, or if you vote on some but not all matters that come before the Annual Meeting, the trustee will, in the case of shares held in the FMC Corporation Savings and Investment Plan, vote your undirected shares in proportion to the votes received from other participants, and in the case of the Company's other employee plans, vote your shares in the trustee's discretion, except to the extent that the plan or applicable law provides otherwise.

Revoking a Proxy

You may revoke your proxy at any time before it is exercised. You can revoke a proxy by:

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Sending a written notice to the Corporate Secretary of FMC;

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Delivering a properly executed, later-dated proxy;

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Attending the Annual Meeting and voting in person, provided that you comply with the conditions set forth in the section of this proxy statement above entitled “How to Vote”; or

- 

If your shares are held through an employee benefit plan, your revocation must be received by the trustee by April 20, 2012.

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## II. THE PROPOSALS TO BE VOTED ON

### Proposal 1 Election of Directors

The Company has three classes of directors, each having a term of three years. Class terms expire on a rolling basis so that, in general, one class of directors is elected each year. The Company's By-Laws require that any increase in the number of directors be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible. Further, any additional director of any class elected to fill a vacancy resulting in an increase in that class holds office for a term that coincides with the remaining term of that class.

#### Nominees for Director

The nominees for director this year are Eduardo E. Cordeiro, Peter D'Aloia, C. Scott Greer, Paul J. Norris and William H. Powell. Messrs. D'Aloia, Greer and Norris are incumbent directors who are members of Class II, each of whose term expires at the 2012 Annual Meeting, and they have been nominated for re-election to Class II. Mr. Cordeiro, who was appointed to the Board of Directors in 2011 to fill a vacancy, has also been nominated for election to Class II. If elected, the Class II directors' next term will expire at the 2015 Annual Meeting. Mr. Powell, who was appointed to the Board of Directors in 2011 to fill a vacancy, has been nominated for election to Class I. If Mr. Powell is elected, his term will expire in 2014, coincident with the expiration of the term of the current members of Class I. Information about the nominees and the continuing directors is contained in the section of this proxy statement entitled "Board of Directors".

The Board of Directors expects that all of the nominees will be able and willing to serve as directors. If any nominee becomes unavailable, the proxies may be voted for another person nominated by the Board of Directors to fill the vacancy, or the size of the Board of Directors may be reduced.

Enrique J. Sosa, a director since 1999 and a member of Class I, will retire from the Board effective at the Annual Meeting on April 24, 2012. The Board extends its thanks to him for his counsel and service.

The Board of Directors recommends a vote FOR the election of Eduardo E. Cordeiro, Peter D'Aloia, C. Scott Greer, Paul J. Norris and William H. Powell to the respective classes of the Board of Directors as described above.

### Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has approved KPMG LLP continuing to serve as the Company's independent registered public accounting firm for 2012. For the years 2010 and 2011, KPMG's fees, all of which were approved by the Audit Committee, were as follows:

(\$000)	<b>2011</b>	<b>2010</b>
Audit Fees <sup>(1)</sup>	2,743	2,789
Audit Related Fees <sup>(2)</sup>	297	164
Tax Fees <sup>(3)</sup>	749	714
All Other Fees <sup>(4)</sup>	355	280

<b>TOTAL</b>	<b>4,144</b>	<b>3,947</b>
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(1) Fees for professional services performed by KPMG LLP for the integrated audit of the Company's annual consolidated financial statements and review of financial statements included in the Company's Form 10-Q filings, and other services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Fees for services performed by KPMG that are reasonably related to the performance of the audit or review of the Company's financial statements. This includes employee benefit and compensation plan audits, any acquisition-related audit work, and attestations by KPMG that are required by statute or regulation.

(3) Fees for professional services performed by KPMG with respect to tax compliance, tax advice and tax planning. This includes preparation of original and amended tax returns for the Company and its consolidated subsidiaries, refund claims, payment planning, and tax audit assistance.

(4) Fees for other permissible work performed by KPMG that does not fall within the categories set forth above. For the years listed above, this work consists of tax filings for individual employees involved in the Company's expatriate program.

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Pre-Approval of Independent Registered Public Accounting Firm Services

The Committee has adopted a Pre-Approval Policy with respect to audit and non-audit services performed by its independent registered public accounting firm. The following is a summary of the Policy.

Prior to the commencement of services for a given year, the Audit Committee will grant pre-approvals of expected services and estimated fees, as presented by the independent registered public accounting firm. The independent registered public accounting firm will routinely update the Committee during the year in which the services are performed as to the actual services provided and related fees pursuant to the Pre-Approval Policy.

Unexpected services not captured under the Pre-Approval Policy, or where actual fees exceed pre-approved amounts, will require specific approval before the services may be rendered. Requests or applications to provide such services that require specific approval by the Audit Committee will be submitted to the Chairman of the Audit Committee and to the Company's Chief Financial Officer or his designate by the independent registered public accounting firm.

The request or application must include a statement as to whether, in the view of both the independent registered public accounting firm and the Chief Financial Officer or his designate, such request or application is consistent with the rules of the Securities and Exchange Commission ("SEC") regarding auditor independence. Authority to grant approval for such services has been delegated to the Chairman of the Audit Committee, subject to a \$100,000 limit for each request, and provided that any such approval would then be reviewed by the full Committee at the next regularly scheduled meeting. Any such request exceeding that amount would require the approval of the full Audit Committee.

The Audit Committee has determined that the independence of KPMG LLP has not been adversely impacted as a result of the non-audit services performed by such accounting firm.

We expect a representative of KPMG LLP to attend the Annual Meeting. The representative will have an opportunity to make a statement if he or she desires and also will be available to respond to appropriate questions.

[The Board of Directors recommends a vote FOR ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2012.](#)

[Proposal 3 An Advisory](#)

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires virtually all publicly-traded companies to permit their stockholders to cast a non-binding advisory vote on executive compensation paid to their executive officers named in this proxy statement ("named executive officers" or "NEOs"). This advisory vote on executive compensation is non-binding on the Board, will not overrule any decision by the Board and does not compel the Board to take any action. However, the Board and the Compensation and Organization Committee may consider the outcome of the vote when considering future executive compensation decisions. Specifically, to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders' concerns and the Compensation and Organization Committee will evaluate whether any actions are necessary to address those concerns.

The Board and the Compensation and Organization Committee believe that the Company's executive compensation programs and policies and the compensation decisions for 2012 described in this proxy statement (i) support the Company's business objectives, (ii) link the interests of the executive officers and stockholders, (iii) align NEO pay

with individual and the Company's performance, without encouraging excessive risk-taking that could have a material adverse effect on the Company, (iv) provide NEOs with a competitive level of compensation and (v) assist the Company in retaining the NEOs as well as other senior leaders.

For the reasons discussed above (and further amplified in the compensation disclosures made in this proxy statement), the Board recommends that stockholders vote in favor of the following resolution:

RESOLVED that the stockholders approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table and other related tabular and narrative disclosures set forth in this proxy statement).

The Board of Directors unanimously recommends a vote FOR the above resolution.

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#### [Proposal 4](#) Increase in Authorized Shares of Common Stock

The Board of Directors has approved a proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's Common Stock from 130 million to 260 million. The proposed amendment would replace Section (a) of Article Fourth of the Restated Certificate of Incorporation with the following language:

"The total number of shares of stock which the Corporation shall have authority to issue is 265,000,000 shares, consisting of 260 million shares of Common Stock, par value \$.10 per share, and 5,000,000 shares of Preferred Stock, without par value."

The Board of Directors believes it is in the best interest of the Company to increase the number of authorized shares of Common Stock in order to give the Company greater flexibility in considering and planning for future corporate needs, including, but not limited to, stock dividends, grants under equity compensation plans, stock splits, financings, potential strategic transactions, including mergers, acquisitions, and business combinations, as well as other general corporate transactions. The Board of Directors believes that additional authorized shares of Common Stock will enable the Company to take timely advantage of market conditions and favorable financing and acquisition opportunities that become available to the Company without the delay and expense associated with convening a special meeting of the Company's stockholders.

The Company has no current plan, commitment, arrangement, understanding or agreement regarding the issuance of the additional shares of Common Stock that will result from the Company's adoption of the proposed amendment. Except as otherwise required by law or by a regulation of the New York Stock Exchange, the newly authorized shares of Common Stock will be available for issuance at the discretion of the Board of Directors (without further action by the stockholders) for various future corporate needs, including those outlined above. While adoption of the proposed amendment would not have any immediate dilutive effect on the proportionate voting power or other rights of the Company's existing stockholders, any future issuance of additional authorized shares of the Company's Common Stock may, among other things, dilute the earnings per share of the Common Stock and the equity and voting rights of those holding Common Stock at the time the additional shares are issued.

In addition to the corporate purposes mentioned above, an increase in the number of authorized shares of the Company's Common Stock may make it more difficult to, or discourage an attempt to, obtain control of the Company by means of a takeover bid that the Board of Directors determines is not in the best interest of the Company and its stockholders. However, the Board of Directors does not intend or view the proposed increase in the number of authorized shares of the Company's Common Stock as an anti-takeover measure and is not aware of any attempt or plan to obtain control of the Company.

Any newly authorized shares of the Company's Common Stock will be identical to the shares of Common Stock now authorized and outstanding. The proposed amendment will not affect the rights of current holders of the Company's Common Stock, none of whom have preemptive or similar rights to acquire the newly authorized shares.

[The Board of Directors unanimously recommends a vote FOR the proposed amendment to increase the number of authorized shares of the Company's Common Stock from 130 million to 260 million.](#)

#### [Proposal 5](#) Stockholder Proposal



The Board of Directors expects the following stockholder proposal (Proposal 5 on the proxy card and voting instruction card) to be presented at the Annual Meeting. The Nathan Cummings Foundation, 475 Tenth Avenue, 14<sup>th</sup> Floor, New York, NY 10018, a holder of 138 shares of Common Stock, has submitted this resolution for consideration and action at the 2012 Annual Meeting.

#### Stockholder Proposal

RESOLVED, that shareholders of FMC Corporation urge the Board of Directors to take all necessary steps (other than any steps that must be taken by shareholders) to eliminate the classification of the Board of Directors and to require that all directors elected at or after the annual meeting held in 2013 be elected on an annual basis. Implementation of this proposal should not prevent any director elected prior to the annual meeting held in 2013 from completing the term for which such director was elected.

#### Stockholder's Supporting Statement

“This resolution was submitted by the Nathan Cummings Foundation. The Harvard Law School Shareholder Rights Project represented and advised the Nathan Cummings Foundation in connection with this resolution.

The resolution urges the Board of Directors to facilitate a declassification of the board. Such a change would enable shareholders to register their views on the performance of all directors at each annual meeting. Having directors stand for elections annually makes directors more accountable to shareholders, and could thereby contribute to improving performance and increasing firm value.

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Over the past decade, many S&P 500 companies have declassified their board of directors. According to data from FactSet Research Systems, the number of S&P 500 companies with classified boards declined by more than 50%; and the average percentage of votes cast in favor of shareholder proposals to declassify the boards of S&P 500 companies during the period January 1, 2010 - June 30, 2011 exceeded 75%.

The significant shareholder support for proposals to declassify boards is consistent with empirical studies reporting that classified boards could be associated with lower firm valuation and/or worse corporate decision-making. Studies report that:

- Classified boards are associated with lower firm valuation (Bebchuk and Cohen, 2005; confirmed by Faleye (2007) and Frakes (2007));
- Takeover targets with classified boards are associated with lower gains to shareholders (Bebchuk, Coates, and Subramanian, 2002);
- Firms with classified boards are more likely to be associated with value-decreasing acquisition decisions (Masulis, Wang, and Xie, 2007); and
- Classified boards are associated with lower sensitivity of compensation to performance and lower sensitivity of CEO turnover to firm performance (Faleye, 2007).

Please vote for this proposal to make directors more accountable to shareholders.”

Board of Directors’ Statement in Opposition

The Company’s Board of Directors has given this proposal extensive consideration and is currently of the view that it is not in the best interests of the Company or its stockholders to elect the members of the Board on an annual basis.

The Board of Directors believes that its classified structure provides enhanced continuity and stability in the Board’s business strategies and policies. The Company’s Restated Certificate of Incorporation provides that the Board of Directors is divided into three classes elected to three-year terms. Approximately one-third of the members of the Board of Directors are elected each year and the entire Board can be replaced in the course of three annual meetings of stockholders, all held within approximately two years. Under the current system, after each election, at least two-thirds of the Board of Directors will have had prior experience and familiarity with the Company’s business, which is beneficial for long-term strategic planning and oversight of the Company’s operations. This is particularly true for FMC, where all but one of the directors are independent directors, given the significant period of time that it takes for new directors to learn about the three distinct and diverse business segments of the Company. At the same time, the Company’s stockholders have an opportunity each year to vote on approximately one-third of the members of the Board of Directors and to shape the decision-making of the Board accordingly.

A classified Board of Directors also serves as an important tool for resisting an unsolicited takeover of the Company on terms that are not advantageous to the Company's stockholders. The staggered system permits a more orderly process for directors to consider any alternatives to maximize stockholder value by encouraging those who may seek to acquire control of the Company to initiate such actions through the Board. Absent a classified Board of Directors, a potential acquirer could gain control of the Company by replacing a majority of the Board of Directors with its own slate of nominees at a single annual meeting by a simple plurality of votes cast, and without paying any premium to the Company's stockholders.

The Board of Directors believes that its current classified structure does not come at the cost of directors' accountability to the Company's stockholders. Stockholders have an annual opportunity to express their approval, or disapproval, of the performance of the Board of Directors as each class stands for reelection. Furthermore, the fiduciary duties of directors to the Company and its stockholders do not depend in any way upon the length of their term in office.

Electing directors to three-year terms also enhances the independence of non-management directors by providing them with a longer term of office. The longer term provides a certain amount of autonomy from special interest groups who may have an agenda contrary to the Company's long-term goals and objectives and those of a majority of stockholders. As a result, independent directors are able to make decisions that are in the best interests of the Company and its stockholders.

Although the Board acknowledges the trend in the declassification of public company boards of directors over the past decade, the Board believes that the arguments in favor of declassification are open to question. The "common wisdom" that a classified board structure is bad for stockholders has been questioned in academic studies.

A recent study conducted by business school professors provides evidence that the existence of a classified board may actually benefit stockholders in takeover situations and reaches a number of conclusions at odds with those in the studies cited by the Proponent. Namely:

- 

Stockholders of companies with a classified board that are involved in a takeover transaction receive a larger proportional share of the total value gains relative to the gains to target shareholders of companies with a declassified board; and

- 

Stockholders of companies with classified boards receive the same "cumulative abnormal returns" (CAR) in takeover transactions as do stockholders of companies with declassified boards. CAR is a statistical measurement of the premium received in a takeover transaction after factoring out the change in the broader market indices during the same period.

- 

By providing a tool to assist the board of directors in resisting an unsolicited takeover, board classification may improve the relative bargaining power of companies on behalf of their stockholders.

- 

Companies with a classified board are acquired at an equivalent rate as companies with a declassified board, disproving the contrary suggestion that classified boards are systematically used by entrenched managers to defeat takeover bids.

- The CEOs of companies with a classified board that are acquired wind up working for the acquiror (as a director or manager) at a statistically equivalent rate as the CEOs of targets with a declassified board, disproving the suggestion that board classification facilitates self-dealing by incumbent managers in takeover situations.

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See Thomas W. Bates, David A. Becher & Michael L. Lemmon, **Board Classification and Managerial Entrenchment: Evidence from the Market for Corporate Control**, 87 J.Fin.Econ. 656 (2008) (available at SSRN: <http://ssrn.com/abstract=923408>).

Another more recent scholarly article, Esteban L. Afonso and M. Babajide Wintoki, Explaining the Staggered Board Discount (October 4, 2011) (available at SSRN: <http://ssrn.com/abstract=1927471>), concludes that staggered boards do not cause a loss of firm value after adoption and goes on to refute a number of additional conclusions reached in the studies cited by the Proponent. This study states in part as follows:

“Empirical analysis that attempts to measure the cross-sectional relationship between firm value and staggered boards, without accounting for the underlying characteristics driving the choice to have a staggered board, will find a negative relationship. Such an analysis will conclude wrongly that staggered boards cause lower firm value when it is actually low firm value causing the presence of the staggered board.

It is even theoretically possible that staggered boards actually create value for shareholders by allowing managers to extract higher premiums from acquirers and preventing hostile bidders who make inadequate offers from successfully taking over the firm (DeAngelo and Rice, 1983; Stulz, 1988). Stein (1988, 1989) argues that anti-takeover provisions may also enhance firm value by making managers less myopic. According to Stein, managers under constant threat of replacement are likely to make choices that boost short-term earnings rather than maximize the long-run value of the firm. Staggered boards align managers’ incentives so that they pursue the latter.”

Approval of this proposal requires the affirmative vote of a majority of the votes cast on the proposal. However, because the proposal is merely a recommendation to the Board of Directors and is not a binding stockholder proposal, its approval would not automatically result in the annual election of all directors. Elimination of the classified structure of the Board of Directors would require the amendment of the Company’s Restated Certificate of Incorporation, which requires the affirmative vote of 80% of all outstanding shares of common stock entitled to vote, following a recommendation from the Board of Directors. Although the Board of Directors would consider such an amendment in the event this stockholder proposal is approved, the Board remains subject to its fiduciary duty to consider independently whether it believes the declassification of the Board to be in the best interests of the Company and its stockholders generally.

In evaluating this proposal to declassify our Board, stockholders are encouraged to look at the history and performance of the Company, our record of creating stockholder value, the nature of our business and future growth opportunities, and our leadership structure. We believe that maintaining a classified board structure balances the need for stockholders to express their opinion on the Board’s performance, with the need for our directors to focus on the Company’s long-term success and maximize value for stockholders.

[For the foregoing reasons, the Board of Directors recommends a vote AGAINST Proposal 5.](#)

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### III. BOARD OF DIRECTORS

Nominees for Director

Class II—New Term Expiring in 2015

#### *Eduardo E. Cordeiro*

Principal Occupation: Executive Vice President and Chief Financial Officer of Cabot Corporation, a global specialty chemicals and performance materials company

Age: 44

Director Since: 2011

Mr. Cordeiro has served as Executive Vice President and Chief Financial Officer of Cabot Corporation since 2009. He joined Cabot in 1998 and has held several corporate, business and executive management positions including General Manager of Cabot's Fumed Metal Oxides and Tantalum businesses and Vice President of Corporate Strategy. Prior to joining Cabot, Mr. Cordeiro was a consultant with The Boston Consulting Group and a founding partner of The Economics Resource Group. Mr. Cordeiro brings extensive strategy, finance and chemical industry experience to the Board. He has developed corporate strategy experience working for The Boston Consulting Group and more specifically chemical industry strategy experience leading Cabot's corporate strategy function for the last several years. He also brings deep financial experience having held multiple finance roles at Cabot over the last 12 years, including, most recently, the CFO position. Mr. Cordeiro also brings operational and chemical industry business experience to the Board having been General Manager for two of Cabot's core specialty chemical businesses.

#### *Peter D'Aloia*

Principal Occupation: Managing Director and member of the Board of Directors of Ascend Performance Materials Holdings, Inc., a producer of Nylon 66 and related chemicals

Age: 67

Director Since: 2002

Mr. D'Aloia has served as Managing Director and a member of the Board of Directors of Ascend Performance Materials Holdings, Inc. since June 1, 2009. From February 2000 until June 2008, Mr. D'Aloia served as Senior Vice President and Chief Financial Officer of Trane, Inc. (formerly American Standard Companies, Inc.). Prior to that, he was employed by AlliedSignal Inc. (now known as Honeywell), a diversified industrial company, most recently serving as Vice President-Strategic Planning and Business Development. He spent 28 years with AlliedSignal Inc. in diverse management positions, including Vice President-Taxes, Vice President and Treasurer, Vice President and Controller, and Vice President and Chief Financial Officer for the Engineered Materials sector. He is a member of the Boards of Directors of ITT Corporation and Wabco, Inc. Mr. D'Aloia's significant financial and business experience resulting from senior executive and financial roles in large manufacturing operations, and service as a director of other public companies, make him eminently qualified to be a director of the Company and to serve as a financial expert on the Audit Committee.



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*C. Scott Greer*

Principal Occupation: Principal, Greer and Associates, a private investment management firm

Age: 61

Director Since: 2002

Since June 2006, Mr. Greer has been a principal in Greer and Associates, a private investment management firm. Until June 2005, he was Chairman, President and Chief Executive Officer of Flowserve Corporation, a manufacturer of industrial flow management equipment. He served as Chairman from April 2000 and as its President and Chief Executive Officer from January 2000. Mr. Greer joined Flowserve Corporation in 1999 as President and Chief Operating Officer. In March 2005, without admitting or denying the SEC's charges, Mr. Greer consented to the issuance by the SEC of an administrative order concluding that he caused Flowserve to violate the SEC's periodic reporting requirements and Regulation FD, and he consented to the entry of a final judgment requiring him to pay a related \$50,000 civil penalty. Prior to joining Flowserve, Mr. Greer was President of UT Automotive, a subsidiary of United Technologies Corporation, a supplier of automotive systems and components, from 1997 to 1999. He was President and a director of Echlin, Inc., an automotive parts supplier, from 1990 to 1997, and its Chief Operating Officer from 1994 to 1997. Mr. Greer served on the Board of Directors of Washington Group from 2002 to 2007. He was also a member of the Board of Directors of eMedicalFiles, Inc. Mr. Greer's experience in senior executive roles, including as Chairman and CEO of a publicly-traded global manufacturing operation, as well as his service as a director of other public companies, enable him to make a significant contribution as a director of the Company.

*Paul J. Norris*

Principal Occupation: Retired Chairman and Chief Executive Officer of W. R. Grace & Co., a manufacturer of specialty chemicals

Age: 64

Director Since: 2006

Until May 2005, Mr. Norris served as Chairman and Chief Executive Officer of W. R. Grace & Co., a manufacturer of specialty chemicals. Mr. Norris was actively engaged in W. R. Grace's businesses for the six years prior to his retirement as Chief Executive Officer. He resigned as a member of W. R. Grace's Board of Directors in February 2010. Mr. Norris joined W.R. Grace as President and CEO in November 1998 and became Chairman in January 1999. W. R. Grace filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code in April 2001. Prior to joining W.R. Grace, Mr. Norris was at AlliedSignal Inc. (now known as Honeywell) for nine years and served as Senior Vice President and President, Specialty Chemicals, from 1997 to 1998; President, AlliedSignal Polymers Division from 1994 to 1997; and President, AlliedSignal Chemicals & Catalysts (formerly Fluorine Products Division) from 1989 to 1994. From 1981 to 1989, Mr. Norris served in various executive capacities with Engelhard Corporation (now a part of BASF Corporation), including President of Catalysts and Chemicals, Senior Vice President and General Manager of Catalysts, and Vice President and Business Director for Petroleum Catalysts. Mr. Norris has previously served on the Board of Directors of Borden Chemicals, Inc., Ecolab, Inc. and Nalco Holding Company. He is the Non-Executive Chairman of the Board of Directors of Sealy Corporation, and performs advisory services for Kohlberg Kravis Roberts & Co., currently the major stockholder of Sealy Corporation. As the former Chairman and CEO of a specialty chemical company and with over 30 years in the chemical industry, Mr. Norris has significant business experience relevant to the Company which makes him well qualified to serve as a director.



Class I—New Term Expiring in 2014

*William H. Powell*

Principal Occupation: Retired Chairman and Chief Executive Officer of The National Starch and Chemical Company, a producer of specialty polymers, electronic and engineering materials, and specialty food ingredients

Age: 66

Director Since: 2011

Mr. Powell retired as Chairman and Chief Executive Officer of The National Starch and Chemical Company in 2006. He joined National Starch in 1976 and held numerous management and executive positions in the company. When National Starch was a subsidiary of the UK chemical company ICI PLC, Mr. Powell was an Executive Vice President and a director of ICI PLC. Prior to joining National Starch, he was with Novamont Corporation and Air Products and Chemicals, Inc., and served as an officer in the United States Air Force. He currently serves as a non-executive director for Granite Construction Incorporated and PolyOne Corporation. Mr. Powell's deep background in the chemical industry, his global expansion and innovation systems experience, his extensive public company board service, and his role as a chief executive officer during periods of growth add great value to the Board of the Company.

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