

MAGNETEK INC  
Form DEF 14A  
October 03, 2005  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

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

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

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

**MAGNETEK, INC.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
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8966 Mason Avenue  
Chatsworth, California 91311

September 29, 2005

Dear Shareholder:

It is our pleasure to invite you to the 2005 Annual Meeting of Shareholders of Magnetek, Inc., which will be held at the **Regency Club in the Murdock Plaza, 10900 Wilshire Blvd., 17<sup>th</sup> Floor, Los Angeles, California on Wednesday, November 9, 2005 at 10:00 a.m. Pacific Time.** During the meeting we will discuss the items of business described in the attached Notice of Annual Meeting of Shareholders and Proxy Statement. There will also be a report on Magnetek's business operations and an opportunity to ask questions. Representatives of Ernst & Young LLP, Magnetek's independent registered public accounting firm, will also be present and will have the opportunity to make a statement to our shareholders and respond to questions. We expect the meeting to adjourn at about 11:00 a.m.

We hope you can personally attend the meeting and vote your shares. If you are unable to do so, it is still important that your shares be represented and we urge you to promptly sign, date and return the enclosed Proxy Card or to vote via the Internet or telephone by following the instructions on the enclosed Proxy Card. Your vote, regardless of the number of shares you own, is important. If you are unable to attend the meeting, we hope you will take the time to listen to it live over the Internet by accessing our website at [www.magnetek.com](http://www.magnetek.com). Copies of slides used at the meeting and the audio of the meeting and report of operations will be maintained on our website until the next Annual Meeting.

Sincerely,

Andrew G. Galef  
Chairman of the Board of Directors

Thomas G. Boren  
President and Chief Executive Officer

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

- Time:** **Wednesday, November 9, 2005, 10:00 a.m. Pacific Time.**
- Place:** The Regency Club  
Murdock Plaza  
10900 Wilshire Boulevard, 17<sup>th</sup> Floor  
Los Angeles, California 90024
- Items of Business:**
- 1) Election of the members of the Board of Directors;
  - 2) Ratification of the appointment of Ernst & Young, LLP as Magnetek's independent registered public accounting firm for fiscal year 2006;
  - 3) Transaction of other business that may properly come before the meeting.
- Who Can Vote:** Anyone who held shares of common stock of Magnetek, Inc., at the close of business on **September 12, 2005** (the Record Date).
- Annual Report:** A copy of Magnetek's Annual Report for the fiscal year ended July 3, 2005, including the report on Form 10-K, without exhibits, is enclosed with this Notice of Annual Meeting and Proxy Statement. **The Annual Report on Form 10-K, with exhibits, which has been filed with the Securities Exchange Commission, can be accessed through direct links to the SEC filings on the Magnetek website at [www.magnetek.com](http://www.magnetek.com). Upon request, Magnetek will, without charge, send its shareholders an additional copy of the Annual Report on Form 10-K (with financial statements and related schedules) for fiscal 2005. The request must be directed to the attention of the Corporate Secretary of Magnetek, Inc., 8966 Mason Avenue, Chatsworth, California 91311.**
- Method of Voting:** Your vote is important and may be cast in any of the following ways:
- 1) Mark, sign, date and return the enclosed Proxy Card in the postage-paid envelope (no additional postage is necessary if mailed in the United States); or
  - 2) Vote in person at the Annual Meeting; or
  - 3) Vote by telephone by following the instructions on the Proxy Card; or
  - 4) Vote via the Internet by following the instructions on the Proxy Card.
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**PROXY STATEMENT**

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Magnetek Inc. s Board of Directors solicits the enclosed proxy to give all of the Company s shareholders of record an opportunity to vote on the matters set forth in the preceding Notice of Annual Meeting of Shareholders. **The meeting will be held on Wednesday, November 9, 2005, at 10:00 a.m. Pacific Time, at the Regency Club, Murdock Plaza, 10900 Wilshire Boulevard, 17<sup>th</sup> Floor, Los Angeles, California 90024.** This Proxy Statement and the accompanying Proxy Card were first mailed to shareholders on or about September 30, 2005.

**Voting Information**

**Who Can Vote:** Voting rights are vested exclusively in holders of Magnetek Inc.'s common stock, par value \$.01, who held stock as of the close of business on September 12, 2005 (the Record Date). As of the close of business on the Record Date, there were 29,084,594 shares of common stock outstanding. Shareholders are entitled to one vote for each share of common stock held on any matter that properly comes before the shareholders at the annual meeting.

**Ways to Vote:** Shareholders may vote in person at the annual meeting, by proxy, by telephone or via the Internet. To vote by proxy, simply mark the enclosed Proxy Card, date and sign it and return it in the postage-paid envelope provided. Doing so authorizes the individuals named as proxy holders on the Proxy Card to vote your shares according to your instructions. Proxy Cards that are signed and returned without voting instructions will be voted by the proxy holders in favor of each proposal. The proxy holders will vote at their discretion on other matters that properly come before the shareholders at the annual meeting. You may also vote via telephone or the Internet by simply following the instructions on the enclosed Proxy Card.

**Revocation of Proxy.** At any time before the meeting, you may revoke your proxy by (a) signing another Proxy Card with a later date and returning it prior to the meeting, (b) attending the meeting in person to cast your vote, or (c) casting your vote via telephone or the Internet on a date later than the date on your Proxy Card.

**Quorum and Counting of Votes.** To establish a quorum necessary to conduct business at the annual meeting, a majority of the outstanding shares of common stock must be represented. Votes may be cast in favor of the proposals, may be withheld, or you may abstain from voting on a particular item, except with respect to the election of Directors. Votes withheld from the election of any Director will be excluded entirely from the vote and will have no effect on the election. Directors are elected by a plurality of the votes cast and shares may not be voted cumulatively for the election of Directors. Abstentions will be counted as present for purposes of establishing a quorum with respect to the item on which the abstention is noted and will have the effect of a negative vote.

Broker non-votes occur when shares are held in street form through a broker or similar market intermediary rather than in the shareholder's

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own name. The broker or other intermediary is authorized to vote the shares on routine matters, such as the election of Directors, but may not vote on non-routine matters without the beneficial shareholder's express authorization. Broker non-votes are counted for purposes of determining the presence of a quorum for the election of Directors, but under Delaware law are not counted for purposes of determining the votes cast on any non-routine proposal.

**Proposals.** The following proposals will be submitted by the Company for a vote of the shareholders at this year's annual meeting.

**Proposal 1: Election of Directors.** Each current member of the Board of Directors is recommended for re-election to the Board and has agreed to stand for re-election. If elected, they will each serve a one-year term until the next annual meeting or until a successor is elected and qualified in the event that their services as a Director terminate prior to the next meeting of shareholders for some unforeseen reason. If unforeseen circumstances make it necessary for the Board of Directors to substitute another person in place of any of the below nominees, the proxy holders will vote shares cast in favor of that nominee for the substitute. Detailed information about each of the below-named nominees is provided in the section titled "Board of Directors" on pages 4-6 of this Proxy Statement:

Andrew G. Galef

Thomas G. Boren

Dewain K. Cross

Yon Yoon Jorden

Paul J. Kofmehl

Mitchell I. Quain

Robert E. Wycoff

**The Board of Directors unanimously recommends a vote FOR each of the nominees.**

**Proposal 2: Ratification of the Appointment of Independent Registered Public Accounting Firm.** The Audit Committee of the Board of Directors has appointed Ernst & Young LLP to serve as Magnetek's independent registered public accounting firm for fiscal 2006. The Board has ratified the appointment. This proposal is submitted to the shareholders to verify their approval of this selection. If the appointment of Ernst & Young is not ratified by the shareholders, the Audit Committee will reconsider its selection but reserves the right to uphold the appointment.

**Shareholder Proposals.** No proposals were timely submitted for inclusion in the Proxy Statement for this annual meeting or for consideration at this meeting. No untimely proposals were submitted as of the date of this Proxy Statement. Any proposals received prior to the meeting will be voted by the proxy holders in the manner deemed appropriate by the Board of Directors.

**Other Matters.** Magnetek does not know of any business other than that described in the Notice of Annual Meeting and this Proxy Statement that will be presented for consideration or action by the shareholders at this annual meeting; however, any business that properly comes before the annual meeting will be voted by the proxy holders in the manner deemed appropriate by the Board.

**Submission of Shareholder Proposals for 2006 Annual Meeting.** Magnetek anticipates that next year's annual meeting of shareholders will take place on **October 25, 2006**. Any shareholder satisfying the Securities Exchange Commission's requirements and wishing to submit a proposal to be included in the Proxy Statement for the 2006 annual meeting

should submit the proposal in writing to the General Counsel of Magnetek, Inc at:

Magnetek, Inc.

Attn: General Counsel

8966 Mason Avenue

Chatsworth, California 91311.

The proposal must be received on or before **June 2, 2006**, to be considered timely submitted for inclusion in the Proxy Statement for the 2006 annual meeting. Magnetek's proxy holders reserve discretion to vote in the manner deemed appropriate by the Board of Directors with respect to timely filed proposals, provided that (1) Magnetek includes in its Proxy Statement for the 2006 annual meeting advice on the nature of the proposal and how Magnetek intends to exercise its voting discretion, and (2) the proponent of such proposal does not issue a separate proxy statement in respect of that

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proposal. Proposals that are not timely submitted for inclusion in the Proxy Statement for the 2006 annual meeting pursuant to the above paragraph, must be submitted in writing to the General Counsel at the address in the above paragraph on or before **August 17, 2006** to be timely for consideration at the meeting.

**Costs of Solicitation.** Magnetek will pay the cost of preparing, printing and mailing materials in connection with this solicitation of proxies. Magnetek has retained D.F. King & Co, Inc. to solicit proxies at a cost of approximately **\$7,000**, plus reasonable out-of-pocket expense. In addition to solicitation of proxies by use of the mail, D.F. King & Co., Inc. may, without additional compensation, solicit proxies personally, by telephone or by other appropriate means. Magnetek will request banks, brokerage firms and other custodians, nominees or fiduciaries holding shares of Magnetek's common stock for others to send proxy materials to, and to obtain proxies from, their principals, and Magnetek will reimburse them for reasonable expenses incurred in doing so upon request.

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BOARD OF DIRECTORS

**Andrew Galef has served as Chairman of the Board since 1984. He served as President and Chief Executive Officer of Magnetek from September 1993 until June 1996 and from May 1999 until May 2005, when he voluntarily resigned his position. Mr. Galef has been President of The Spectrum Group, Inc., a private investment and management firm, since its incorporation in California in 1978 and has served as Chairman and Chief Executive Officer of the Spectrum Group since 1987. Prior to the formation of the Spectrum Group, Mr. Galef provided professional management services to companies with operating and financial problems. Mr. Galef is also a founder of the Galef Institute, a non-profit organization committed to improving education.**

*Andrew G. Galef (72),  
Chairman, President and  
Chief Executive Officer  
(until May 2005)*

**Thomas Boren has served on the Board since 1997 and has served as the Company's President and Chief Executive Officer since May 9, 2005. Mr. Boren served as Chairman of the Nominating and Governance Committee and as a member of the Audit Committee until May 9, 2005, when he resigned those positions due to his appointment as CEO. Mr. Boren has held executive positions in the energy products and services sector since 1980, most recently as Executive Vice President of PG&E Corporation, and as President and Chief Executive Officer of PG&E's National Energy Group from August 1999 until December 2002. Prior to joining PG&E Corporation, Mr. Boren was an Executive Vice President with Southern Company and served as President and CEO of Southern Energy Inc., Southern Company's worldwide power plant, energy trading, and energy services business.**

*Thomas G. Boren (56),  
President and Chief Executive  
Officer  
(effective May 2005)*

**Dewain Cross has served on the Board since 1994 and has served as Chairman of the Audit Committee since January 1995. He also served on the Nominating and Governance Committee during fiscal 2005. He will continue to serve as Chairman of the Audit Committee and as a member of the Nominating and Governance Committee and will also serve as a member of the Compensation Committee during fiscal 2006. Mr. Cross served in various financial capacities with Cooper Industries, Inc., a diversified, worldwide manufacturer of electrical tools and products, from 1966 until his retirement in 1995, including as Senior Vice President of Finance from 1980 until 1995, Vice President, Finance from 1972 to 1980 and as Director of Accounting and Taxation and Assistant Controller and Treasurer prior to that. Mr. Cross is currently a director of Circor International, Inc., a fluid control valve manufacturer, and Register.com, an internet domain registration service.**

*Dewain K. Cross (67),  
Chairman, Audit Committee;  
Member, Nominating  
and Governance  
Committee*

*Yon Yoon Jordan (50)*  
Member, Audit,  
Compensation and  
Nominating and  
Governance  
Committees

**Yon Jordan has served on the Board since July 2004. She served on the Audit and the Compensation Committees during fiscal 2005 and was elected to the Nominating and Governance Committee on May 9, 2005. She will continue to serve on the above Committees during fiscal 2006.** Ms. Jordan currently provides Chief Financial Officer services, as a consultant, to Schaller Anderson, a privately held company that administers Medicaid, Medicare and self-funded employer benefit programs. Since 1984 she has held senior management positions in the health care services, technology and manufacturing industries, mostly as Chief Financial Officer or Controller of major NASDAQ or Fortune 500 companies. From 2002 to 2004, Ms. Jordan was Executive Vice President and Chief Financial Officer of Advance PCS. Prior to that, she served as Executive Vice President and Chief Financial Officer of Informix from 2000 to 2001, and held the same position with Oxford Health Plans, Inc., from 1998 to 2000. From 1990 to 1996, Ms. Jordan was a Senior Vice President and Chief Financial Officer of Wellpoint, Inc. From 1979 until 1984, Ms. Jordan was a Senior Auditor with Arthur Andersen & Company. Ms. Jordan serves on the Board and is a member of the Audit/Ethics Committee for the Dallas Symphony and was an Advisory Board member of the University of Texas at Dallas, Institute of Excellence in Corporate Governance

**Paul Kofmehl has served on the Board since 1990. He serves as the Presiding Director for executive sessions of the independent Directors and is a member of the Nominating and Governance Committee, where he served as interim Chairman from May 2005 until July 2005, and of the Compensation Committee. He will continue to serve as Presiding Director for executive sessions of independent Directors and as a member of both committees during fiscal 2006.** Mr. Kofmehl co-founded Franklin Health Group in 1991, where he continued to work until Franklin's merger with Corning, Inc. in 1995. From 1955 until his retirement in 1988, Mr. Kofmehl held various positions with International Business Machines Corp., most recently serving as Vice President and Group Executive, Americas Group, and as a member of the IBM Corporate Management Board. During his career at IBM, Mr. Kofmehl had executive responsibilities for various international sectors, including Europe, Canada, Latin America, the Middle East and Africa.

*Paul J. Kofmehl (77)*  
Presiding Director for  
Executive Sessions of  
Independent Directors;  
Member, Compensation  
and Nominating  
and Governance  
Committees

**Mitchell I. Quain has served on the Board since 2000. He served on the Audit and Compensation Committees during fiscal 2005 and was elected to the Nominating and Governance Committee on May 9, 2005. He will continue to serve on each of the above committees during fiscal 2006 and will serve as the Compensation Committee s Chairman.** Mr. Quain is Chairman of the Board of Register.com, an internet domain name registration service. From 2001 to 2003, he served as Vice Chairman of Investment Banking at ABN AMRO, a global full service wholesale and retail bank. Prior to that, he served as the Global Head of the Industrial Manufacturing and Technologies Group at ING Barings LLC from 1997 until the acquisition of its banking business by ABN AMRO in 2001. From early 1997 until its acquisition by ING Barings later that year, Mr. Quain was an Executive Vice President and a member of the Board of Directors and of the Management Committee of Furman Selz, an international financial services and investment banking firm. Prior to joining Furman Selz, Mr. Quain was a partner with Wertheim & Company, Inc., an investor relations and communications company. Mr. Quain serves on the boards of Hardinge, Inc., a machine tool manufacturer, Strategic Distribution Inc., a provider of on-site supply chain management services, and Titan International, Inc., a manufacturer of civilian and military tires and wheels.

*Mitchell I. Quain (53),  
Member Audit,  
Compensation and  
Nominating and  
Governance  
Committees*

**Robert E. Wycoff has served on the Board of Directors since 1996. He served as the Chairman of the Compensation Committee and was a member of the Nominating and Governance Committee during fiscal 2005. During fiscal 2006, Mr. Wycoff will Chair the Nominating and Governance Committee and will serve as a member of the Compensation Committee.** Mr. Wycoff was the President and Chief Operating Officer of Atlantic Richfield Company (ARCO) from January 1986 until his retirement in June 1993. He also served on the Boards of ARCO, ARCO Alaska, Inc., and the ARCO Foundation, Inc. In addition, he served as Chairman of the Board and as a director of Lyondell Petrochemical Company. Following his retirement in 1993, Mr. Wycoff became President Emeritus of ARCO.

*Robert E. Wycoff (75)  
Chairman, Compensation  
Committee; Member,  
Nominating and  
Governance  
Committee*

## **CORPORATE GOVERNANCE PRINCIPLES**

Magnetek s Board of Directors and management are committed to operating the Company in accordance with its long-standing governance principles and sound business practices. This fundamental framework provides the foundation from which the Board and management pursue long-term strategic objectives aligned with the interests of the Company s shareholders. Magnetek s corporate governance principles are reviewed annually by the Nominating and Governance Committee and any proposed changes are discussed with and recommended to the full Board for approval. Magnetek s governance principles are published on its website at [www.magnetek.com](http://www.magnetek.com) in the Investors section and are available in print to any shareholder that requests a copy from the General Counsel/Corporate Secretary at Magnetek, Inc., 8966 Mason Avenue, Chatsworth, California 91311.

## **BOARD COMPOSITION AND INDEPENDENCE**

Magnetek s Board of Directors consists of seven members, each of whom is elected by the Company s shareholders to serve a one-year term until the next annual meeting of shareholders, absent any unforeseen circumstances. The guidelines for Board composition encourage a breadth of experience from



a variety of industries and professional backgrounds. The Nominating and Governance Committee identifies potential candidates through professional search firms and referrals. Candidacy for Board membership requires the final approval of the full Board, based upon the recommendation of the Nominating and Governance Committee and the Chairman of the Board. Each year, the Board proposes a slate of nominees to the shareholders, who elect the members of the Board at the annual meeting. Shareholders may also propose nominees for consideration by the Nominating and Governance Committee by submitting the names and supporting information regarding proposed candidates to the Corporate Secretary in accordance with the procedure for submitting shareholder proposals set forth on page 2 of this Proxy Statement. Selected Directors are expected to meet the Company's well-defined governance criteria, including demonstration of the highest personal and professional ethics, integrity and values, and a commitment to representing the long-term interests of the Company's shareholders.

In accordance with the governance guidelines established by the New York Stock Exchange (NYSE) and the requirements of the Sarbanes-Oxley Act of 2002, the Board believes that a substantial majority of its members should be independent, non-employee Directors and has adopted criteria for establishing independence that meets or exceeds the requirements of the NYSE Corporate Governance Listing Standards. Each year, the Nominating and Governance Committee reviews the qualifications and independence of each existing Board member and new candidates for membership, if any, prior to making recommendations for nominations to the Board for the following year, taking into account all relevant facts, circumstances and affiliations, direct or indirect, and transactions that might impact a member's independence from the Company and management. Mr. Kofmehl serves as President of Magnetek SpA, the Company's wholly owned power supplies subsidiary in Italy, and the Committee has determined that this does not affect his independence because his function is to protect the interests of the Company, Magnetek SpA's sole shareholder, and he does not participate in the day-to-day operations of Magnetek SpA, nor is he compensated for his services by Magnetek SpA or by the Company. Based upon its most recent review of independence in July 2005, the Nominating and Governance Committee determined that all of the current Directors are independent under the NYSE Listing Standards and the Company's guidelines, except Mr. Galef, who served as the Company's President and Chief Executive Officer until May 9, 2005, and Mr. Boren, who accepted the appointment to serve as President and Chief Executive Officer of the Company effective May 9, 2005.

Recognizing the value of long-term experience, the Company does not have a mandatory retirement policy for its Directors. The Company does, however, require non-employee Directors to offer their resignation whenever their principal employment or affiliation changes after joining the Board or whenever there is a material change in their personal circumstances. The Nominating and Governance Committee then evaluates the changed circumstance and its impact on the Board member's ability to continue effectively contributing to the oversight of the Company's management and makes a recommendation to the Board on whether the member should continue to serve. The final decision, based upon the Committee's recommendation, is made by the Board.

#### **BOARD RESPONSIBILITIES**

Board members are expected to devote sufficient time and attention to carrying out their duties and responsibilities and to ensure that their other responsibilities, including service on other boards, do not interfere with their responsibilities as a member of Magnetek's Board of Directors. Directors are expected to prepare for and attend all Board meetings and meetings of Committees to which they are assigned. Board members also attend the annual shareholder's meetings, circumstances permitting. The Company schedules Board meetings once each quarter and calls special and telephonic meetings when required. Last year, the Company held four regularly scheduled quarterly meetings, one special meeting and ten telephonic meetings. All of the Directors attended at least 75% of the meetings and all of the Directors attended the 2004 annual meeting.

A master Board meeting agenda and agendas for each of the Committees are prepared each year to cover recurring items and are submitted to the Chairman of the Board and to the Committees for review and approval. Proposed meeting agendas are submitted to the Chairman of the Board and the Committee Chairmen prior to each scheduled meeting to enable the Chairmen to revise the agenda and add additional topics for discussion, as appropriate. Materials relevant to the topics to be discussed are distributed prior to meetings and Directors are expected to review the materials and prepare for meetings in advance. At each quarterly meeting, the Board participates in focused discussions of each business group's quarterly performance and key issues affecting the Company and its various businesses. At least annually, the Board formally reviews and discusses the Company's business plan for the next year and its longer-term strategic objectives, as well as its succession plan. Board meetings are scheduled to occur at the Company's various plant locations so that the Board has an opportunity to tour each facility and meet the local management team.

Executive sessions with only independent Directors occur at the end of each quarterly meeting and at the end of special and telephonic meetings at the discretion of the Board. The meetings are chaired by the Presiding Director. Paul Kofmehl served as the Presiding Director for executive sessions of independent Directors during fiscal 2005 and has been elected to serve in that capacity for fiscal 2006 as well. At least annually, the independent Directors meet formally in executive session to evaluate the Chief Executive Officer's performance, compensation and performance objectives for the next fiscal year.

All of the Directors participate in an annual evaluation of the Board's effectiveness. Committee members also evaluate the effectiveness of the Committees on which they serve. The Directors also participate in a confidential evaluation of each other, which is reviewed by the Chairman of the Board and the results are disclosed, protecting anonymity, to the Chairman of the Nominating and Governance Committee to assist the Committee in making its recommendation of nominees for Board membership for the following year.

The Board, and each Committee, is authorized to engage independent outside financial, legal and other consultants as they deem necessary or appropriate. Directors also have full access to management. Committee responsibilities are detailed in each Committee charter and reports of Committee meetings are given to the full Board at each quarterly meeting so that the Board may act upon recommendations of the Committees and ratify their actions, as appropriate.

#### **ALIGNMENT WITH SHAREHOLDER INTERESTS**

Directors are expected to represent the interests of all shareholders. As described in the Director Compensation section on page 16 of this Proxy Statement, all or a substantial portion of each Director's compensation is linked to the Company's stock performance and to the long-term interests of the Company's shareholders. Directors are required to accept their annual Board and Committee Chairmanship retainer fees in phantom shares of the Company's common stock, and may elect to receive their meeting fees in phantom shares of common stock or cash. Currently, all of the Directors receive all of their compensation, including meeting fees, in phantom shares of common stock. The phantom stock is held in a RABBI Trust and is not distributed until January of the year following the termination of a Director's services on the Board. The Company does not have stock ownership requirements for its Directors because they all hold a substantial equity interest in the Company due to the requirements of the Director's compensation plan.

Senior management meets regularly with institutional investors and shareholder and reports to the Board on analyst and shareholder views of the Company.

## **SHAREHOLDER COMMUNICATIONS WITH THE BOARD**

Shareholders who wish to communicate with the Board of Directors may do so in writing, addressed to the Chairman of the Board, c/o General Counsel, Magnetek, Inc., 8966 Mason Avenue, Chatsworth, California 91311.

The Board of Directors has instructed the General Counsel to distribute communications to the Chairman after determining whether the communication is appropriate to duties and responsibilities of the Board. The General Counsel does not forward general surveys and mailings to solicit business, advertise products, resumes, product inquiries or complaints, sales communications or other communications that do not relate to the responsibilities of the Board.

## **CODE OF CONDUCT AND REPORTING OF ETHICAL CONCERNS**

Magnetek has adopted a Code of Conduct applicable to all employees, including the Chief Executive Officer, Chief Financial Officer and principal accounting officer. A copy of the Code of Conduct is available on the Company's website at [www.magnetek.com](http://www.magnetek.com) and in print to any shareholder who requests a copy from the General Counsel/Corporate Secretary of Magnetek, Inc., 8966 Mason Avenue, Chatsworth, California 91311. Any request for a waiver of the Code of Conduct must be submitted to the Nominating and Governance Committee for approval and must be ratified by the full Board. As of the date of this Proxy Statement, no request for a waiver of the Code of Conduct has ever been made.

Magnetek has established procedures for employees, shareholders, and others to communicate concerns about ethical conduct or business practices, including accounting, internal controls or financial reporting issues, to the Audit Committee, which has responsibility for these matters. The concern may be anonymously communicated by contacting Signius (formerly Message Pro) at 866-428-1705. The Signius representative will transcribe the content of the call, maintaining the confidentiality of the caller even if contact information is left by the caller for follow-up purposes. Upon receipt of a communication, Signius immediately emails the content of the communication to the General Counsel and to the Chairman of the Audit Committee. All communications remain confidential and the identity of the caller, even if disclosed to Signius, is not disclosed to the General Counsel or the Audit Committee Chairman. As of the date of this Proxy Statement, no communication, other than a test communication by the Company, has ever been made to Signius or Message Pro.



**STANDING COMMITTEES OF THE BOARD**

**Audit Committee.**

Composition: Separately designated, standing Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act.

Charter: The Committee operates under a written charter adopted by the Committee and approved and ratified by the Board of Directors, which is reviewed annually by the Committee. A copy may be found on the Company's website at [www.magnetek.com](http://www.magnetek.com) in the Investor's section and is available in print to any stockholder who requests it from the General Counsel/Corporate Secretary. A copy of the charter was also attached as Appendix A to the Proxy Statement for the 2003 Annual Meeting of Shareholders.

Members\*:  
Dewain Cross, Chairman  
Thomas Boren (member until May 9, 2005)  
Yon Jorden  
Paul Kofmehl (member until October 2004)  
Mitchell Quain

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\* Yon Jorden was appointed to the Committee in July 2004. For the period from July 2004 until October 2004, there were five independent members of the Committee and from October 2004 until May 9, 2005, there were four independent members of the Committee. Mr. Boren voluntarily resigned his position on the Audit Committee on May 9, 2005, when he accepted his appointment as President and CEO, so that the Committee would continue to consist of only independent Directors, as required by the NYSE, Sarbanes-Oxley and the Committee Charter.

Independence: Every member of the Audit Committee qualifies as independent under the Company's independence guidelines and under guidelines established by the NYSE listing standards for Audit Committee membership.

Meetings: During fiscal 2005, the Audit Committee held four regularly scheduled quarterly meetings and five telephonic meetings. Each of the Committee Members attended at least 75% of the meetings during the time that they served on the Committee.

Self-Evaluation: The Committee performed a self-evaluation of its performance in fiscal 2005.

Experts: The Board has determined that all of the Committee members are financially literate under the NYSE Listing Standards and that Dewain Cross and Yon Jorden qualify as Audit Committee financial experts within the meaning of the SEC regulations and each of them has accounting or related financial management expertise as required by the NYSE listing standards.

Functions: The following are the primary responsibilities of the Audit Committee. A more complete description of the Audit Committee's responsibilities is set forth in the Committee Charter, which can be accessed on the Company's website.

- Oversees integrity, adequacy and effectiveness of internal controls, audits, and compliance, and the financial reporting process;
- Assesses and ensures the independence, qualifications and performance of the independent registered public accounting firm, selects the independent registered public accounting firm for the annual audit and approves the independent registered public accounting firm's services and fees;

- Meets with the independent registered public accounting firm, without management present, to consult with the firm and review and approve its annual scope of audit and to review and discuss management's response to findings;
- Meets with the internal auditor to review and approve the annual scope of audit and meets without management present to discuss management's response to findings;
- Reviews the performance of the internal audit function; and
- Reviews and approves annual audited financial statements before issuance, subject to approval by the Board.

**Compensation and Pension Committee (formerly the Compensation Committee)**

**Structure:** Separately designated Committee. As of July 2005, the name of the Committee was changed from Compensation Committee to Compensation and Pension Committee to reflect the additional responsibility for oversight of the Company's management of its pension funding obligation.

**Charter:** The Committee operates under a written charter adopted by the Committee and approved and ratified by the Board of Directors, which is reviewed annually. A copy may be found on the Company's website at [www.magnetek.com](http://www.magnetek.com) in the Investor's section and is available in print to any shareholder who requests it from the General Counsel/Corporate Secretary.

**Members\*:** Four independent Directors during fiscal 2005, five independent Directors during fiscal 2006:  
Robert Wycoff (Chairman, fiscal 2005/Member fiscal 2006)  
Mitchell Quain (Chairman, fiscal 2006/Member fiscal 2005)  
Dewain Cross\*  
Yon Jordan  
Paul Kofmehl

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\* All of the above Directors served on the Committee during fiscal 2005 and will remain on the Committee for fiscal 2006, except Mr. Cross who was appointed to serve on the Committee in July 2005 for the fiscal 2006 year.

**Independence:** All of the Compensation Committee members are independent, as independence for Compensation Committee members is defined in the NYSE Listing Standards.

**Meetings:** During fiscal 2005, the Committee held two regularly scheduled meetings and three telephonic meetings. Each Committee member participated in at least 75% of the meetings during the time that they served on the Committee.

**Self-evaluation:** The Committee performed a self-evaluation of its performance in fiscal 2005.

**Functions:** The following are the primary responsibilities of the Compensation and Pension Committee. A more complete description of the Committee's functions is set forth in the Committee Charter, which can be accessed on the Company's website.

- Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance, and set the CEO's compensation. Review and approve the compensation of executives based upon the CEO's evaluation of performance and recommendations;

- Review, evaluate and make recommendations to the Board on the overriding compensation strategy of the Company and periodically reassess the balance between short-term pay and long-term incentives;
- Adopt, administer, approve and ratify awards under incentive compensation and equity-based plans and make recommendations with respect to performance or operating goals for participants in the Company's plans. Meet annually with the CEO to receive the CEO's recommendations concerning performance goals and the CEO's evaluation of the Company's progress toward meeting those goals;
- Adopt, administer, approve and ratify awards under incentive compensation and stock plans, including amendments to the awards made under any such plans, and review and monitor awards under such plans;
- Review and approve, for the CEO and the senior executives and officers of the Company, employment agreements, severance arrangements and change in control agreements and any special or supplemental benefits paid to the CEO and the senior executives;
- As of July 2005, the Committee has undertaken to hear regular reports from third party actuaries and management and to oversee the Company's plan for meeting its pension funding obligation when it becomes due.

**Nominating and Corporate Governance Committee.**

Structure:

Separately designated Committee of independent Directors.

Charter:

The Committee operates under a written charter adopted by the Committee and approved and ratified by the Board of Directors. A copy may be found on the Company's website at [www.magnetek.com](http://www.magnetek.com) in the Investor's section and is available in print to any stockholder who requests it from the General Counsel/Corporate Secretary.

Members\*:

Five independent Directors during fiscal 2005 and 2006\*:

Thomas Boren\*\* (Chairman until May 9, 2005)

Paul Kofmehl (Interim Chairman May 9, 2005 until July 26, 2005/Member fiscal 2006)

Robert Wycoff (Chairman, fiscal 2006/Member fiscal 2005)

Dewain Cross

Yon Jordan (effective May 9, 2005)

Mitchell Quain (effective May 9, 2005)

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\* There were four independent Directors on the Committee during fiscal 2005 until May 9, when Mr. Boren resigned and Ms. Jordan and Mr. Quain were appointed to the Committee to serve for the remainder of fiscal 2005. All of the above Directors, except Mr. Boren, will serve on the Committee during fiscal 2006.

\*\* Mr. Boren voluntarily resigned his position as Chairman of the Nominating and Governance Committee on May 9, 2005, when he accepted his appointment as President and CEO, in order to maintain the independence of the Committee.

Independence:

All of the Nominating and Governance Committee members are independent, as independence for Governance Committee members is defined in the NYSE Listing Standards.

- Meetings:** Two regularly scheduled meetings were held during fiscal 2005. Each of the Committee members attended at least 75% of the meetings during the time that they served on the Committee.
- Self-evaluation:** The Committee performed a self-evaluation of its performance in fiscal 2005.
- Functions:** The following are the primary responsibilities of the Nominating and Governance Committee. A more complete description of the Committee's functions is set forth in the Committee Charter, which can be accessed on the Company's website.
- Develop qualification criteria for Board membership and recommend to the Board of Directors nominees for Board membership;