TrueBlue, Inc.
Form DEF 14A
April 14, 2008

SCHEDULE 14A INFORMATION

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
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TRUEBLUE, INC.
(Name of Registrant as Specified In Its Charter)
TRUEBLUE, INC.
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

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(3) Filing Party:

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Tacoma, Washington
April 14, 2008

Dear Shareholders:

It is a pleasure to invite you to your Company's 2008 annual meeting of shareholders, to be held at TrueBlue's corporate headquarters, 1015 A Street, Tacoma, Washington, 98402, on Wednesday, May 14, 2008, at 10:00 a.m. (Pacific Daylight Time).

The matters to be acted upon are described in the accompanying Notice of Annual Meeting and Proxy Statement.

I look forward to seeing our shareholders at the meeting. We will report on TrueBlue's operations and respond to questions you may have.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend, it is important that your shares be represented. Please sign, date and mail the enclosed proxy card as soon as possible in the enclosed postage-prepaid envelope in order to ensure that your vote is counted. If you attend the meeting you will, of course, have the right to vote your shares in person.

Very truly yours,

/S/ Robert J. Sullivan

Robert J. Sullivan
Chairman of the Board

TRUEBLUE, INC.
1015 A Street
Tacoma, Washington 98402

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
Wednesday, May 14, 2008

To the Shareholders:

The annual meeting of the shareholders of TrueBlue, Inc., a Washington corporation, will be held at TrueBlue's corporate headquarters, 1015 A Street, Tacoma, Washington, 98402, on Wednesday, May 14, 2008, at 10:00 a.m. (Pacific Daylight Time) for the following purposes:

1. to elect the directors to serve until the next annual meeting of shareholders, and until their respective successors are elected and qualified;

2. to ratify the selection of PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm of the Company for the fiscal year ending December 26, 2008; and,

3. to transact such other business as may properly come before the meeting.

Only shareholders of record at the close of business on April 1, 2008, will be entitled to notice of, and to vote at, the annual meeting and any adjournments thereof.

By Order of the Board of Directors

/S/ James E. Defebaugh

James E. Defebaugh
Secretary

Tacoma, Washington
April 14, 2008

YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE URGED TO DATE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT AS PROMPTLY AS POSSIBLE IN THE ENCLOSED STAMPED AND ADDRESSED ENVELOPE IN ORDER THAT THE PRESENCE OF A QUORUM MAY BE ASSURED. THE GIVING OF SUCH PROXY DOES NOT AFFECT YOUR RIGHT TO REVOKE IT LATER OR VOTE YOUR SHARES IN PERSON IN THE EVENT THAT YOU SHOULD ATTEND THE MEETING.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 14, 2008:
The Notice of Annual Meeting of Shareholders, Proxy Statement and the Annual Report to Shareholder are available on our website at www.trueblueinc.com.

TRUEBLUE, INC.
1015 A Street
Tacoma, Washington 98402

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
Wednesday, May 14, 2008

The Board of Directors of TrueBlue, Inc., a Washington corporation, is soliciting your proxy to vote your shares at the 2008 Annual Meeting of Shareholders of the Company to be held at 10:00 a.m. (Pacific Daylight Time) on Wednesday, May 14, 2008, at the corporate headquarters of TrueBlue, Inc., 1015 A Street, Tacoma, Washington, and at any adjournment thereof. This proxy statement contains the required information under the rules of the Securities and Exchange Commission and is designed to assist you in voting your shares.

Revocation of Proxies. If you execute a proxy, you will retain the right to revoke it at any time before it is voted. You may revoke or change your proxy before it is voted by (i) sending a written revocation to the Corporate Secretary of the Company at P.O. Box 2910, Tacoma, Washington 98401; (ii) submitting a proxy with a later date; (iii) delivering a written request in person to return the executed proxy; or, (iv) attending and voting at the annual meeting. Your right to revoke your proxy is not limited by or subject to compliance with a specified formal procedure, but you should give written notice to the Secretary of the Company at or before the annual meeting so that the number of shares represented by proxy can be recomputed.

Voting of Proxies. If you properly execute and return the enclosed proxy card, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. We urge you to specify your choices by marking the appropriate box on the enclosed proxy card; if you sign and return the proxy card without indicating your instructions, your shares will be voted FOR PROPOSAL 1 (the election of directors nominated by the Board of Directors), FOR PROPOSAL 2 (ratification of selection of independent registered public accounting firm) and, with respect to any other business that may come before the meeting, as recommended by the Board of Directors. In the vote on the election of the directors (Proposal 1), you may vote For all or some of the nominees or your vote may be Withheld with respect to one or more of the nominees. For the proposals to ratify the selection of the Company's independent registered accounting firm (Proposal 2), you may vote For, Against, or Abstain.

Quorum. A quorum is necessary to hold a valid meeting. If shareholders entitled to cast at least a majority of all the votes entitled to be cast at the annual meeting are present in person or by proxy, a quorum will exist. Shares represented by proxies containing an abstention as to any matter will be treated as shares that are present and entitled to vote for purposes of determining a quorum. Similarly, shares held by brokers or nominees for the accounts of others as to which voting instructions have not been given for that matter and for which the broker does not have discretionary voting authority for that matter (Broker Non-Votes) will be treated as shares that are present and entitled to vote for purposes of determining a quorum. Brokers may exercise discretion to vote shares as to which instructions are not given with respect to the proposals regarding the election of directors and the ratification of the selection of the independent registered accounting firm.

Voting Requirements to Approve Each Proposal. The eight nominees for election as directors who receive the greatest number of votes cast will be elected directors. There is no cumulative voting for the Company's directors. The proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered accounting firm will be approved under Washington law if the number of votes cast For the matter exceeds the number of votes cast Against the matter.

Effect of Abstentions, Withheld Votes and Broker Non-Votes. Abstentions, withheld votes and Broker Non-Votes will have no practical effect in the election of directors and in the ratification of appointment of PricewaterhouseCoopers LLP because abstentions, withheld votes and Broker Non-Votes do not represent votes cast For or Against the respective proposal.

Record Date. Shareholders of record at the close of business on April 1, 2008, are entitled to vote at the annual meeting. On April 1, 2008, the Company had 44,311,702 shares of common stock outstanding. Each share of common stock entitles the holder thereof to one vote.

Discretionary Authority. If any nominee for director is unable to serve or for good cause will not serve, or if any matters not specified in this proxy statement come before the meeting, eligible shares will be voted as specified by the named proxies pursuant to discretionary authority granted in the proxy. At the time this proxy statement was printed, we were not aware of any other matters to be voted on.

Solicitation of Proxies. Proxies may be solicited by officers, directors and regular supervisory and executive employees of the Company, none of whom will receive any additional compensation for their services.

Mailing and Forwarding of Proxy Materials. On or about April 14, 2008, we mailed this proxy statement and the enclosed proxy card to shareholders. We will arrange with brokerage firms and other custodians, nominees and fiduciaries to forward proxy solicitation material to certain beneficial owners of the common stock and will reimburse such brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses that they incur as a result of forwarding the proxy materials.

Executive Offices. The principal executive office of the Company is located at 1015 A Street, Tacoma, Washington 98402. The mailing address of the principal executive office is P.O. Box 2910, Tacoma, Washington 98401. The telephone number for the Company is (253) 383-9101.

PROPOSAL 1. ELECTION OF DIRECTORS

The Companys directors are elected each year at the annual meeting of shareholders to serve until their successors are elected and qualified, or until they resign or are removed or are otherwise disqualified to serve. The Companys Board of Directors currently consists of eight directors. The Board of Directors has nominated the following persons for election as directors, all of whom are currently directors. **The Board of Directors recommends a vote for each of the nominees.** Proxies cannot be voted for a greater number of persons than the number of nominees named. The nominees are as follows:

Steven C. Cooper, 45, has served as a Director and the Companys Chief Executive Officer since 2006, and has served as President since 2005. From 2001 to 2005, Mr. Cooper served as the Companys Executive Vice President and Chief Financial Officer. Prior to joining the Company in 1999, Mr. Cooper held senior management positions in various professional services organizations, and with a NYSE-listed retail company.

Keith D. Grinstein, 47, has served as a Director of the Company since 2004. He has held a number of senior executive positions at Nextel International, Inc., a telecommunications company, serving as its President and Chief Executive Officer from 1996 to 1999 and a member of its Board of Directors from 1996 until 2002. Mr. Grinsteins other past experience includes positions at AT&T Wireless Services, Inc. (formerly McCaw Communications). He is currently a Partner of Second Avenue Partners, a venture capital fund, and a Director of F5 Networks, Inc., Coinstar, Inc., and Car Toys, Inc.

Thomas E. McChesney, 61, has served as a director of the Company since 1995. Since 2004, Mr. McChesney has been President of SR Footwear, LLC. From 1998 to 2005, he was Director of Investment Banking with Blackwell Donaldson and Company. He is also a Director of Nations Express, Inc. and Stonestreet One, Inc.

Gates McKibbin, 61, has served as a Director of the Company since 2001. Since 1996, Ms. McKibbin has been self-employed as a consultant developing comprehensive strategy and leadership programs for large, nationally respected organizations. Prior to 1996 Ms. McKibbin held numerous executive and consulting positions.

Joseph P. Sambataro, Jr., 57, has served as a Director since 2000. Mr. Sambataro served as the Companys Chief Executive Officer from 2001 until 2006, and served as the Companys President from 2001 until 2005. Mr. Sambataro joined the Company in 1997 and served as Chief Financial Officer, Treasurer and Assistant Secretary until 2001 and as Executive Vice President until March 2001. Prior to joining the Company, he worked with BDO Seidman, LLP, KPMG Peat Marwick and in senior management of biotechnology firms in Seattle.

William W. Steele, 71, has served as a Director of the Company since 2001. Mr. Steele is currently a Director, Audit Committee member, and Chairman of the Executive Committee of ABM Industries, a large facilities services contractor traded on the New York Stock Exchange. In the course of his 43-year career with ABM Industries, Mr. Steele was appointed its President in 1991 and its Chief Executive Officer in 1994, and served in those capacities until his retirement in October of 2000.

Robert J. Sullivan, 77, has served as Chairman of the Board of the Company since 2000 and as a Director since November 1994. Mr. Sullivans career included 12 years at American Express Company and related companies, where he served as a Financial Officer and Division General Manager. He served three years as Chief Financial Officer of Cablevision, Inc., and was general manager of the Long Island cable television system. He also spent 10 years as a financial consultant to small businesses, including TrueBlue from 1993 to 1994.

Craig E. Tall, 62, has served as a Director of the Company since 2006. Mr. Tall has been employed by Washington Mutual since 1985 and has served as the Vice Chair of Corporate Development for Washington Mutual since 1999. Mr. Tall was a member of Washington Mutuals Executive Committee from 1985 to 2005. Mr. Talls management responsibilities included a variety of assignments, such as mergers and acquisitions, commercial banking, consumer finance, managing Washington Mutuals life insurance company, strategic planning, and real estate. Before joining Washington Mutual, Mr. Tall was president of Compensation Programs, Inc., a national employee benefits consulting firm.

PROPOSAL 2. RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed PricewaterhouseCoopers LLP as the independent registered public accounting firm to audit the Companys consolidated financial statements for the fiscal year ending December 26, 2008. Services provided to the Company and its subsidiaries by PricewaterhouseCoopers LLP in fiscal 2007 and 2006 are described under Fees Paid to Independent Registered Public Accountant Firm for the 2007 and 2006 Fiscal Years below. Representatives of PricewaterhouseCoopers LLP will be present at the annual meeting to make a statement, if they desire to do so, and respond to appropriate questions by shareholders. The ratification of the Boards selection of PricewaterhouseCoopers LLP as the Companys independent registered public accounting firm for the fiscal year ending December 26, 2008, will be approved if the number of votes cast in favor of the ratification exceeds the numbers of votes cast against ratification. **Proxies will be voted FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Companys independent registered public accounting firm for fiscal 2008 unless other instructions are indicated on your proxy.** In the event shareholders do not ratify the appointment, the Audit Committee will reconsider the appointment. The Audit Committee reserves the right to change its independent registered public accounting firm without seeking shareholder approval if it determines that such change is in the best interests of the Company.

Fees Paid to Independent Registered Public Accountant for Fiscal Years 2007 and 2006

PricewaterhouseCoopers provided audit and other services in the following categories and was paid the following amounts:

	2007	2006
Audit fees: (1)	$ 1,389,317	$ 1,799,877
Audit-related fees: (2)	$ 569,041	$ 151,877

Tax fees: (3)	$	58,907	$	19,382
All other fees: (4)	$	0	$	3,900

(1) Audit fees for the 2007 and 2006 fiscal years were for services rendered for the audits of the consolidated financial statements included in the Company’s Annual Reports on Form 10-K, quarterly reviews of the financial statements included in the Company’s Quarterly Reports on Form 10-Q, reviews of internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act and other Securities and Exchange Commission filings including consents, comfort letters, and other assistance required to complete the year-end audit of the consolidated financial statements.

(2) All audit-related fees for the 2007 and 2006 fiscal years were for due diligence related to mergers and acquisitions activity.

(3) Tax fees include consultation on tax compliance, tax advice, and tax planning.

(4) All other fees for the 2007 and 2006 fiscal years include subscriptions to accounting research services.

The services described above were approved by the Audit Committee pursuant to the policy described below; the Audit Committee did not rely on any of the exceptions to pre-approval under Rule 2-01(c)(7)(i)(C) under Regulation S-X.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee pre-approves all audit and non-audit services provided by the independent registered public accounting firm prior to the engagement of the independent accountants with respect to such services. The Company’s independent accountants may be engaged to provide non-audit services only after the Audit Committee has first considered the proposed engagement and has determined in each instance that the proposed services are not prohibited by applicable regulations, and that the accountants’ independence will not be materially impaired as a result of having provided such services. In making this determination, the Audit Committee shall take into consideration whether a reasonable investor, knowing all relevant facts and circumstances would conclude that the accountants’ exercise of objective and impartial judgment on all issues encompassed within the accountants’ engagement would be materially impaired. The Audit Committee may delegate its approval authority to pre-approve services provided by the independent accountants to one or more of the members of the Audit Committee, provided that any such approvals are presented to the Audit Committee at its next scheduled meeting.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Company has adopted Corporate Governance Guidelines (the “Guidelines”) which are available at www.TrueBlueInc.com by first clicking “Investors,” then “Corporate Governance” and then “Guidelines.” The Guidelines are also available in print to any shareholder who requests them. The Guidelines were adopted by the Board to best ensure that the Board is independent from management, that the Board adequately performs its function as the overseer of management, and to help ensure that the interests of the Board and management align with the interests of the shareholders.

On an annual basis, each Director and executive officer is obligated to complete a Director and Officer Questionnaire which requires disclosure of any transactions with the Company in which the Director or executive officer, or any member of his or her immediate family, have a direct or indirect material interest.

Related Person Transactions

The Board has adopted a Related Person Transaction Policy that is attached as Exhibit A to the Guidelines which sets forth the policies and procedures for the review and approval or ratification of Related Person Transactions, which is defined to include transactions, arrangements or relationships in which the Company is a participant, the amount involved exceeds $120,000 and a Related Person had or will have a direct or indirect material interest. Related Persons is defined to include directors, executive officers, director nominees, beneficial owners of more than 5% of the Companys common stock and members of their immediate families. A Related Person Transaction must be reported to the Companys General Counsel and reviewed and approved by the Corporate Governance and Nominating Committee (the Governance Committee). Under certain circumstances a transaction may be approved by the Chair of the Governance Committee subject to ratification by the full Committee at its next meeting. In determining whether to approve or ratify a Related Person Transaction, the Committee, as appropriate, shall review and consider:

- the Related Persons interest in the Related Person Transaction;
- the approximate dollar value of the amount involved in the Related Person Transaction;
- the approximate dollar value of the amount of the Related Persons interest in the Related Person Transaction without regard to the amount of any profit or loss;
- whether the Related Person Transaction was undertaken in the ordinary course of business of the Company;
- whether the Related Person Transaction with the Related Person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to the Company of, the Related Person Transaction; and
- any other information regarding the Related Person Transaction or the Related Person in the context of the proposed Related Person Transaction that would be material to investors in light of the circumstances of the particular transaction.

After reviewing all facts and circumstances the Governance Committee may approve or ratify the Related Person Transaction only if it determines that the transaction is in, or is not inconsistent with, the best interests of the Company.

Certain Relationships and Related Transactions

None.

Director Independence

The Board affirmatively determines the independence of each Director and nominee for election as a Director in accordance with criteria set forth in the Guidelines, which include all elements of independence set forth in the New York Stock Exchange listing standards and related Securities and Exchange Commission Rules and Regulations. At a portion of each Board meeting or as part of the Governance Committee meetings, the independent Directors meet in executive session without management or any non-independent Directors present.

Based on these standards, at its meeting held on February 11, 2008, the Governance Committee and the Board determined that each of the following non-employee Directors is independent and has no material relationship with the Company, except as a Director and shareholder of the Company:

- Robert J. Sullivan
- Keith D. Grinstein

- Thomas E. McChesney
- Gates McKibbin
- William W. Steele
- Craig E. Tall

In making their determinations the Governance Committee and the Board reviewed the following transactions, relationships or arrangements which were determined to be immaterial and not to impair the independence of the respective directors: (i) the Company has retained a law firm with which an adult daughter of Mr. Sullivan has an Of Counsel relationship (i.e., no equity interest or management role) and with respect to which engagement his daughter will not receive any compensation or other benefit; and (ii) Mr. Steele is a director of ABM Industries, which is a customer and vendor of the Company for services that were less than 2% of ABMs consolidated revenues during 2007.

In addition, based on the New York Stock Exchange Rules, the Board affirmatively determined that: (a) Steven C. Cooper is not independent because he is the Chief Executive Officer of the Company, and (b) Joseph P. Sambataro, Jr. is not independent because he was the Chief Executive Officer of the Company until his retirement effective May 17, 2006.

Nominations for Directors

Qualifications of Nominees

Our Guidelines include the criteria our Board believes are important in the selection of director nominees. While the Board has not established any minimum qualifications for nominees, the Board does consider the composition of the Board as a whole, the requisite characteristics (including independence, diversity, experience in industry, finance, administration and operations) of each candidate, and the skills and expertise of its current members while taking into account the overall operating efficiency of the Board and its committees.

Nominee Identification and Evaluation

The Governance Committee may employ a variety of methods for identifying and evaluating nominees for director. The Governance Committee regularly assesses the size of the Board, the need for particular expertise on the Board, the need for diversity on the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated or arise, the Governance Committee considers various potential candidates for director which may come to the Governance Committees attention through current Board members, professional search firms, shareholders or other persons. These candidates will be evaluated at regular or special meetings of the Governance Committee and may be considered at any time during the year.

The Governance Committee will consider candidates recommended by shareholders when the nominations are properly submitted. Following verification of the shareholder status of persons proposing candidates, the Governance Committee will make an initial analysis of the qualifications of any candidate recommended by shareholders or others pursuant to the criteria summarized above to determine whether the candidate is qualified for service on the Board before deciding to undertake a complete evaluation of the candidate. If a shareholder or professional search firm in connection with the nomination of a director candidate provides any materials, such materials will be forwarded to the Governance Committee as part of its review. If the Governance Committee determines that additional consideration is warranted, it may engage a third-party search firm to gather additional information about the prospective nominees background and experience and to report its findings to the Governance Committee. Other than the verification of compliance with procedures and shareholder status, and the initial analysis performed by the Governance Committee, the Governance Committee will treat a potential candidate nominated by a shareholder like any other potential candidate during the review process. In connection with this evaluation, the Governance Committee will determine whether to interview the prospective nominee. If warranted, one or more members of the Governance Committee, and others as appropriate, will interview prospective nominees in person or by telephone. After completing this evaluation and interview, the Governance Committee will make a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board will determine the nominees after considering the recommendation and report of the Governance Committee.

Nominations by Shareholders

The Governance Committee will consider director candidates recommended by shareholders on the same basis as are candidates recommended by the Governance Committee. On May 17, 2007, the Company adopted a Bylaw requiring notice of shareholder proposals and nominations for director. Any shareholder wishing to nominate a candidate should provide the following information in a letter addressed to the Chairman of the Governance Committee in care of the Company's General Counsel no later than 120 days and no earlier than 180 days prior to the one year anniversary of the date the proxy statement was mailed in connection with the most recent annual meeting (nominations for the 2009 annual meeting must be submitted between October 16, 2008 and December 15, 2008):

- the name and address of the shareholder recommending the person to be nominated;
- a representation that the shareholder is a holder of record of stock of the Company, including the number of shares held and the period of holding;
- a description of all arrangements or understandings between the shareholder and the recommended nominee;
- information as to any plans or proposals of the type required to be disclosed in Schedule 13D (including, without limitation, plans involving acquisitions of the Company's securities and/or plans involving a potential merger or change of control transaction) and any proposals that the nominee proposes to bring to the Board of Directors if so elected;
- any other information regarding the recommended nominee as would be required to be included in a proxy statement filed pursuant to Regulation 14A promulgated by the Securities Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"); and
- the consent of the recommended nominee to serve as a director of TrueBlue if so elected.

Additional information may be requested to assist the Governance Committee in determining the eligibility of a proposed candidate to serve as a director. This may include requiring that a prospective nominee complete a director and officer questionnaire and provide any follow-up information requested. In addition, the notice must meet all other requirements contained in TrueBlue's Bylaws.

Shareholder Communications

Any shareholder or interested party who wishes to communicate with our Board of Directors or any specific directors, including non-management directors, may write to:

Board of Directors
TrueBlue, Inc.
c/o Corporate Secretary
P.O. Box 2910
Tacoma, WA 98401

The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Board Communication" or "Director Communication." All such letters must indicate whether or not the author is a shareholder and clearly state whether the intended recipients are all members of the Board or just certain specified individual directors. The General Counsel will make copies of all such letters and circulate them to the appropriate director or directors. If the Company develops any other procedures, they will be posted on the

Company's corporate website. Procedures addressing the reporting of other concerns by shareholders, employees or other third parties are set forth in our Code of Business Conduct and Ethics (described below).

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics is applicable to all directors and employees of the Company. Our Code of Business Conduct and Ethics is available at www.TrueBlueInc.com by clicking on "Investors," then "Corporate Governance" and then "Code of Business Conduct." Shareholders may also request a free printed copy of the Code of Business Conduct and Ethics from:

TrueBlue, Inc.
c/o Investor Relations
P.O. Box 2910
Tacoma, WA 98401

The Company intends to disclose any amendments to the Code of Business Conduct and Ethics (other than technical, administrative or non-substantive amendments), and any waivers of a provision of the Code of Business Conduct and Ethics for directors or executive officers, on the Company's website at www.TrueBlueInc.com. Information on the Company's website, however, does not form a part of this proxy statement.

New York Stock Exchange Certification

The certification of the Chief Executive Officer required by the New York Stock Exchange Listing Standards, Section 303A.12(a), relating to TrueBlue's compliance with the New York Stock Exchange Corporate Governance Listing Standards, was submitted to the New York Stock Exchange on June 20, 2007. In addition, the Company's CEO and CFO certifications required under Section 302 of the Sarbanes-Oxley Act are filed as exhibits to the Company's Annual Report on Form 10-K.

Corporate Governance Quotient

The Company has received information from Institutional Shareholders Services (ISS) that its Corporate Governance Quotient (CGQ) exceeds the CGQ for 67% of the companies included in the Standard & Poors' SmallCap 600 companies and 83% of the companies included in the S&P Commercial Services & Supplies industry classification.

MEETINGS AND COMMITTEES OF THE BOARD

The Board

Each Director is expected to devote sufficient time, energy and attention to ensure diligent performance of his or her duties and to attend all Board, committee and shareholders' meetings. The Board met 14 times during 2007, 13 of which were regular meetings, and one was a special meeting. All Directors attended at least 75% of the meetings of the Board and of the committees on which they served during the fiscal year ended December 28, 2007. Directors are expected to attend the annual meetings and special meetings of shareholders, if any. All of the Directors attended the 2007 Annual Meeting of Shareholders on May 16, 2007.

Committees of the Board

The Board has three standing committees to facilitate and assist the Board in the execution of its responsibilities. The committees are currently the Audit Committee, the Compensation Committee and the Governance Committee. In accordance with New York Stock Exchange listing standards, all the committees are comprised solely of non-employee, independent Directors. Charters for each committee are available on the Company's website at www.TrueBlueInc.com by first clicking on "Investors" and then "Corporate Governance." The charter of each committee is also available in print to any shareholder who requests it. The table below shows current membership for each of the standing Board committees. The Board has also appointed an Executive Committee, to which is delegated the authority to act on behalf of the Board as necessary when the Board is not in session and it would be impracticable to call a meeting of the Board. The Executive Committee, which currently consists of Mr. Sullivan, who chairs the committee, and Messrs. McChesney, Steele, Grinstein, and Sambataro, did not meet during fiscal year 2007.

Audit	**Compensation**	**Governance**
Keith D. Grinstein*	Thomas E. McChesney*	William W. Steele*
Gates McKibbin	William W. Steele	Keith D. Grinstein
Robert J. Sullivan	Craig E. Tall	Thomas E. McChesney
		Gates McKibbin
		Robert J. Sullivan
		Craig E. Tall

* Chair

8

Audit Committee

The Audit Committee has three members and met six times in fiscal 2007. The Audit Committee is comprised solely of non-employee Directors, all of whom the Board has determined are independent pursuant to the New York Stock Exchange rules and the independence standards set forth in Rule 10A-3 of the Exchange Act. The Governance Committee and the Board have determined that all the members of the Audit Committee are financially literate pursuant to the New York Stock Exchange rules. The Board also has determined that Messrs. Grinstein and Sullivan of the Audit Committee are Audit Committee Financial Experts within the meaning stipulated by the Securities and Exchange Commission. The Board has adopted a charter for the Audit Committee which is available at www.TrueBlueInc.com by first clicking on Investors and then Corporate Governance. The charter is also available in print to any shareholder who requests it.

Governance Committee

The Governance Committee has six members and met six times in fiscal 2007. The Committee is comprised solely of non-employee Directors, all of whom the Board has determined are independent pursuant to the New York Stock Exchange rules. The Board has adopted a charter for the Governance Committee, which is available on the Companys website at www.TrueBlueInc.com by first clicking on Investors and then Corporate Governance. The charter is also available in print to any shareholder who requests it.

Compensation Committee

The Compensation Committee has three members and met six times in fiscal 2007. The Compensation Committee is comprised solely of non-employee Directors, all of whom the Board has determined are independent pursuant to the New York Stock Exchange rules. The Board has adopted a charter for the Compensation Committee, which is available on the Companys website at www.TrueBlueInc.com by first clicking on Investors and then Corporate Governance. The charter is also available in print to any shareholder who requests it. Additional information regarding the Compensation Committee and its procedures and processes for the consideration and determination of executive and director compensation are included under the Compensation Discussion and Analysis section of this proxy statement.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, requires the Companys officers and directors and certain other persons to timely file certain reports regarding ownership of, and transactions in, the Companys securities with the Securities and Exchange Commission. Copies of the required filings must also be furnished to the Company. Based solely on its review of such forms received by it, or representations from certain reporting persons, the Company believes that during 2007 all applicable Section 16(a) filing requirements were met, and that all such filings were timely, except for a late Form 4 filing for Mr. Sambataro. Mr. Sambataros late Form 4 filing was filed to report the sale of stock on April 25, 2007.

Compensation of Directors

Annual Retainers

The Chairman of the Board of Directors, if not an employee of the Company, receives an annual retainer of $60,000. Committee chairs receive an annual retainer of $40,000. All other non-employee directors receive an annual cash retainer of $30,000.

Meeting Fees

Each non-employee director receives meeting fees for attendance during each regular or special Board of Directors or committee meeting in accordance with the schedule below.

Meeting	In Person	Telephonic
Board of Directors	$1,500	$750
Audit Committee Chair	$1,500	$750
Audit Committee	$1,250	$625
Compensation Committee Chair	$1,250	$625
Compensation Committee	$1,250	$625
Executive Committee	$1,250	$625
Corporate Governance Chair	$1,250	$625
Corporate Governance Committee	$1,250	$625

Equity Grants

Each non-employee director receives an annual grant of unrestricted common stock worth $100,000. The Chairman of the Board of Directors receives an additional $96,000 grant and each committee chair receives an additional $25,000 grant. In 2006 the value of each grant was based on the mean between the high and low stock prices on the first trading day in January of each year. Beginning in 2007, the Company changed its practice and will now price and determine the number of shares of each annual grant of vested common stock based on the closing price on the second full trading day after the announcement of the Company’s fourth quarter and year-end financial results. Non-employee Directors appointed during the year are entitled to receive a pro rata grant as follows: 100% if appointed prior to the first quarterly meeting, 75% if appointed prior to the second quarterly meeting, 50% if appointed prior to the third quarterly meeting, and 25% if appointed prior to the last quarterly meeting of the year.

Non-Employee Director Compensation

The following table discloses the cash, equity awards and other compensation earned by each of the Company’s non-employee directors during the last completed fiscal year.

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Keith D. Grinstein	$69,875	$125,000	—	—	—	—	$194,875
Thomas E. McChesney	$67,375	$125,000	—	—	—	—	$192,375
Gates McKibbin	$59,010	$100,000	—	—	—	—	$159,010
	$67,207	$125,000	—	—	—	—	$192,207

William W. Steele							
Robert J. Sullivan	$89,690	$196,000	—	—	—	—	$285,690
Craig E. Tall	$55,375	$100,000	—	—	—	—	$155,375
Joseph P. Sambataro, Jr.	$56,750	$100,000	—	—	—	—	$156,750

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(1) Reflects the dollar value of stock awards granted to the named non-employee directors, which amount is also the dollar amount recognized by the Company for financial statement reporting purposes for the 2007 fiscal year in accordance with SFAS 123R.

EXECUTIVE OFFICERS

The names, ages and positions of the current non-director executive officers of the Company are listed below, along with their prior business experience. No family relationships exist among any of the directors or executive officers of the Company.

Robert P. Breen, 43, has served as Vice President of Strategic Planning and Financial Analysis since 2003. Prior to that time, Mr. Breen served as Director of Financial Planning and Analysis and held other positions within the finance area since joining the Company in 1997. Prior to that, Mr. Breen spent eight years in public accounting with BDO Seidman, LLP.

James E. Defebaugh, 53, has served as Executive Vice President, General Counsel and Secretary of the Company since 2006, after serving as Vice President, General Counsel and Secretary of the Company since joining the Company in 2005. Prior to joining TrueBlue, Mr. Defebaugh served as Senior Vice President and Chief Compliance Officer of Sears Holdings Corporation (2005). Prior to joining Sears Holdings, Mr. Defebaugh held various positions with Kmart Holding Corporation, including Senior Vice President and Chief Legal Officer (2004-2005), Senior Vice President and Chief Compliance Officer (2002-2004), Vice President and Corporate Secretary (2001-2002), and Vice President, Legal (2001).

Timothy P. Dyn, 41, has served as Vice President, Spartan Staffing since the Company acquired Spartan Staffing in 2004. Prior to the acquisition, Mr. Dyn was Vice President of Spartan Staffing from 2000 to 2004. Mr. Dyn owned and operated staffing companies from to 1994 to 2000, and prior to that had worked for Rawlings Sporting Goods in various finance and accounting positions.

Derrek L. Gafford, 37, has served as the Company's Executive Vice President and Chief Financial Officer since 2006, after serving as Vice President and Chief Financial Officer since 2005 and served as the Company's Vice President of Finance and Accounting beginning in 2004. Mr. Gafford is a Certified Public Accountant and first joined the Company in 2002 serving as Vice President and Treasurer. Prior to joining the Company, Mr. Gafford served as Chief Financial Officer for Metropolitan Markets, a grocery retailer, from 2001 to 2002 and held a variety of finance positions with Albertsons from 1995 to 2001. Previous to that, he worked for Deloitte & Touche LLP.

Wayne Larkin, 42, has served as Executive Vice President for Operations since 2007. Prior to this position, he was Senior Vice President for Operations in 2006, after serving as a Regional Vice President for Operations since 2005. Mr. Larkin originally joined the Company as a District Manager in 1996 and then was promoted in 1998 to Area Director of Operations. Between 1999 and 2002, Mr. Larkin worked for Staffmark, serving first as a Business Development Manager and then as a General Manager. Mr. Larkin rejoined the Company in 2002. Prior to working for the Company, Mr. Larkin held various management positions with Avis Rent-A-Car.

Richard L. Mercuri, 61, has served as Vice President, Human Resources and Organizational Development since June 2006. Prior to this assignment Mr. Mercuri served as Vice President of Human Resources and Organizational Development for CLP Resources beginning in September 2004. He has over 25 years of senior level human resources experience in both Fortune 200 and global consulting practices. Mr. Mercuri holds a Ph.D.

in Business Management and Organizational Development.

Billie R. Otto, 41, has served as Vice President and Chief Information Officer since 2004. Ms. Otto has been with TrueBlue since 1998, serving as Vice President and Corporate Controller prior to her current role. Prior to joining TrueBlue, Ms. Otto worked in public accounting with the firm now known as RSM McGladrey from 1990 to 1998.

Noel S. Wheeler, 67, has served as the President and CEO of CLP Resources since 1999. From 1994 to 1999, he was President and COO of TRS Staffing Solutions, Inc., a wholly-owned staffing subsidiary of Fluor Daniel, Inc. Mr. Wheeler joined Kelly Services in 1984, where he established their international division in 1988 and served as Senior Vice President until 1994. From 1980 to 1984, Mr. Wheeler managed his own staffing company in Canada, following 12 years with staffing company Drake International, Inc. from 1968 to 1980, where he served in a variety of management positions in Asia/Oceania, Europe and North America.

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee

Compensation for our executives is determined by the Compensation Committee (the "Committee") which consists of Thomas McChesney, Chair, William Steele and Craig Tall. As discussed under the "Corporate Governance" section, each of the members satisfies all of the independence requirements of the New York Stock Exchange. Each member also meets applicable requirements under the regulations issued by the Securities and Exchange Commission as "non-employee directors" and the Internal Revenue Service as "outside directors." Our Chief Executive Officer, Chief Financial Officer and the other executive officers identified in the Summary Compensation Table, below, are referred to as "named executive officers."

The mission of the Committee, as stated in its Charter, is "to further shareholder value by helping to create compensation plans that provide financial incentives to employees for producing results that fairly reward shareholders."

The Committee has regularly scheduled in-person meetings each quarter and has additional in-person or telephonic meetings as appropriate. During 2007 the Committee met six times. The agenda for each meeting is set by the Chair. The Committee has full authority to directly retain the services of outside counsel and compensation consultants and has done so on a regular basis. Our Chief Executive Officer and other named executive officers have attended portions of Committee meetings in order to provide information and help explain data relating to matters under consideration by the Committee but are not present during deliberations or determinations of their respective compensation or during executive sessions which occur in connection with each meeting. Outside counsel also regularly attends Committee meetings.

Prior to each regular meeting the Committee receives meeting materials including the agenda, minutes from prior meetings, a summary of outstanding equity awards and other briefing and background materials relating to agenda items. The briefing materials include tally sheets for each of our named executive officers, which are made available to the Committee for each meeting at which the Committee considers material changes to existing compensation arrangements or exercises discretion under existing plans. The tally sheets summarize (i) all material aspects of the executive compensation program for each named executive officer for the last two full years as well as year-to-date information for the current year including base salary, cash awards under the short-term incentive plan, equity awards (restricted stock and option grants) under the long-term incentive plan and all other miscellaneous compensation and benefits; (ii) equity ownership information for the last two years and the current year including current holdings, option vestings and exercises, restricted stock vestings, and any other purchases or sales of our stock; and (iii) amounts payable to named executive officers in the event of termination under various scenarios, including voluntary and involuntary termination with and without cause or good reason. The regular availability of tally sheets is intended to provide the Committee with up to date and relevant information so that the Committee members can assess the effect of individual decisions and new proposals in the context of the existing programs and prior awards and benefits taken as a whole.

Objectives of the Executive Compensation Programs

The objective of our compensation program for our executive officers is to provide significant incentives which attract, motivate, and retain key executives and reward them for developing and pursuing the strategies and obtaining the objectives proposed by management and set by the Board with the overall objective of producing fair long-term rewards for our shareholders. Our compensation programs are annually reviewed and modified, as appropriate, in order to be closely integrated with Company strategies and objectives for the ultimate purpose of growing shareholder value on a long-term basis.

Our current compensation programs are the result of decisions made by the Committee during the last four years. In December 2003, the Committee directly engaged an outside compensation consultant who is currently with Mercer Human Resources Consulting, LLC (Mercer), to advise on restructuring the Companys short-term and long-term incentive plans for senior executives. The consultant and her colleagues did extensive research and analysis and met with the Committee numerous times over a period of months. The Committee has continued to

work with the same consultant in revising and implementing our executive compensation programs. Based on the Boards feedback and further research, the Committee prepared final recommendations for executive base compensation and short-term and long-term executive incentive plans that were approved by all of the independent members of the Board of Directors in March 2004. The three primary elements of the compensation program base salary, short-term incentive and long-term incentive were developed together to support the Companys objectives and each element of the compensation programs have been reviewed annually by the Committee to determine whether the individual elements and their collective effect are continuing to further the Companys objectives. Other than minor modifications the programs have been consistent during the last four years.

Compensation Philosophy

Our compensation philosophy is to base a significant portion of executive compensation on the Companys overall performance, but both the short-term and long-term incentive plans also provide mechanisms for adjustments based on the Committees independent evaluation of the individual performance of each executive. As discussed in the next section, the short-term incentive plan and the stock option portion of the long-term incentive plan are by design directly linked to Company performance, while the restricted stock portion of the long-term incentive plan provides a continual incentive to increase the long-term value of the Companys stock regardless of the stock value at the time of grant. The combination of base salaries and the short-term and long-term incentive plans are intended to provide an opportunity for executives to earn competitive compensation which over time will correlate with overall Company performance. The three components are designed to provide executive compensation that is competitive with the long-term goal of placing the executives at or near the mid-point for total compensation received for comparable positions at the companies included in the surveys and studies described below.

Assuming that an executive earns the maximum short-term and long-term incentives, the ratio of the two incentive components to base salary (as of the time each is established) have historically been as follows:

2007 Interrelationships of Compensation Components

Officer	Base Salary	Maximum Short-Term Incentive	Maximum Long-Term Equity Incentive
Chief Executive Officer	1.0	0.5	1.5
Other Named Executive Officers	1.0	0.5	1.2

As discussed below, in order to improve the Companys competitive position, the Committee has modified the relative compensation components for 2008 so that the short-term incentive if fully earned could represent as much as 0.9 of base salary for the CEO and 0.6 for the other named executive officers, while the Long-Term Equity Incentive awards are being set at 1.5 of base salary for the CEO and 1.0 for the other named executive officers.

However, the actual values obtained under either the short-term or long-term incentives may vary significantly depending on the performance of the Company in the case of the short-term incentive and specifically our stock in the case of the long-term incentive awards.

Based on all information available, the Committee concluded at the time the plans were instituted and continues to believe that the levels of compensation obtainable under its compensation programs, especially taking into account the variable nature of the short-term and long-term incentive plans, represent an appropriate balance between what is needed to attract, retain and motivate executives and what is fair to the Companys shareholders.

Design of Compensation Programs

The three major elements to our compensation program base salary, the short-term incentive plan and the long-term incentive plan are reviewed and determined annually and presently consist of the following components:

Base Salaries

The base salaries of the named executive officers paid in 2007 were largely based on a study the Committee undertook in 2004. The Committee directly retained the compensation consultant identified above and together reviewed three different compensation surveys involving companies in related industries with similar annual revenues. The surveys were national surveys published by Mercer Human Resource Consulting, Watson Wyatt Data Services and Economic Research Institute. Due to the limited number of businesses of a similar size and complexity to the Company in the temporary staffing industry, the study focused on published survey data rather than a proxy peer group and used a slightly broader industry Professional and Business Services. After review of the information provided by the consultant retained by the Committee, discussions with the then Chief Executive Officer solely with respect to the other executive officers, and the application of the collective subjective judgments of the Committee relating to each executives prior performance and experience, base salaries were set for 2005 in December 2004 at levels generally at or near the mid-point for the combined three surveys.

The Committees policy is to review base salaries every two years, so no general changes were made to the salary structure for 2006, except in the case of Mr. Cooper who was first promoted from Chief Financial Officer to President on September 16, 2005, and to Chief Executive Officer on May 17, 2006. In each case his base salary was increased to a level consistent with the 2004 study taking into account his new position and his experience. Similarly the Committee has established base salaries for named executives who were hired or promoted during 2006 at levels and on a basis consistent with the 2004 study. At managements request, which the Committee accepted, no changes were made for base salaries for 2007.

In 2007, base salaries for the named executive officers as a group totaled $1,200,003 or 42% of Total Compensation as calculated for the Summary Compensation Table below

At its September 2007 meeting the Compensation Committee received a presentation from Mercer relating to base salaries and short-term incentive targets. The presentation was based on information compiled from both published salary surveys and a peer group compiled by Mercer based on input from Committee members. The following companies were selected. Although they differ in many respects from TrueBlue they were selected because they are engaged in staffing or functionally similar industries operate national branches and share similar revenue, market cap, total assets and core employee demographics:

ABM Industries Inc.	MPS Group Inc.
Administaff Omc/	Resources Connection Inc.
CDI Corp	RSC Holdings Inc.
Dollar Thrifty Automotive GP	Spherion Corp
G&K Services Inc.	Unifirst Corp
Hudson Highland Group Inc.	Volt Info Sciences Inc.

Kforce Inc.	Westaff Inc.

The data from this peer group was combined with national published surveys compiled by Mercer (Mercer Benchmark Database) and Watson Wyatt Data Services (Top Management Compensation Report). The Committees review of both the peer group data and the national surveys made it apparent that the base salaries and short-term target bonuses would likely produce total cash compensation which would be less than the median goal previously established by the Committee. The Committee again reviewed this subject and the relevant data at its December 2007 meeting as well as considering the background, experience, and past performance of each executive and determined that base salaries should be raised in 2008 so that the Chief Executives base salary will be $550,000 and each of the named executive officers base salaries will be $300,000. These adjustments still result in a base salary for the Chief Executive that is below the median determined by the combined survey and peer group review and base salaries for the named executives that are on average close to but generally just below the median. The Committee concluded that the resulting salaries, taking into account the ability to earn substantially more through the short-term and long-term incentive arrangements, and also taking into account the significant challenges faced by the Company during the current economic slowdown, represented an appropriate balance and was consistent with the objective and philosophy of attaining a compensation program that is fair to both the executives and to the shareholders.

Base compensation is utilized in determining awards under both the short-term and long-term incentive plans since the awards under those plans are determined by multiplying base compensation by a percentage or factor in addition to other objective and subjective adjustments as described below.

Short-Term Incentive Plan

The short-term incentive plan was initially adopted in 2003. The Committee has made minor prospective revisions each year. Prior to the commencement of each year, the Committee establishes a Company performance target which is based on the attainment of a pre-established earnings target and which is also approved by the full Board. In 2007, net income was computed without charges for incremental share-based compensation since those charges were not comparable from year to year. This is a non-GAAP financial measure that can be calculated by adding back incremental share-based compensation and the short-term incentive awards to the Companys net income. Individual target incentive percentages are also established prior to the commencement of the year. In 2007, individual target incentive percentages were set within a range of 30% to 45% of base compensation for each named executive officer. In addition to the targets, the Committee sets a threshold point (50% of the Company performance target) below which no awards are payable and a maximum point (125% of the Company performance target) at which awards are capped. Thus, no short-term award is earned unless the Company achieves at least half of the pre-established earnings goal.

Once the base incentive award is determined, an individual multiplier between 0.5 and 1.2 may be applied. The purpose of the multiplier is to provide the Committee with the means to make adjustments for variations in individual performances based on the subjective review and determination of the Committee. In determining the multiple applicable to the Chief Executive Officer, the Compensation Committee and the Governance Committee annually evaluate the Chief Executive Officers performance against pre-established goals and objectives. In the case of other named executive officers, the Committee receives input from the Chief Executive Officer as to the performance of all other executive officers, but the Committee makes the final decision as to each of the executive officers.

In 2007 the adjusted net after-tax profit declined by 11.7% over the adjusted net after-tax profit in 2006. This represented 0% of the Company performance target of obtaining a 20% increase in adjusted net after-tax profit and accordingly the threshold level was not attained and no short-term incentive bonuses were earned in 2007 under the general plan. Noel Wheeler, the CEO of the CLP subsidiary had 50% of his 2007 short-term incentive based on performance goals for CLP. In 2007 the adjusted net after-tax profit of CLP increased by 10.1% over the adjusted net after-tax profit in 2006. This represented 100% of CLPs performance target of obtaining a 6.1% in adjusted net after-tax profit. Based on the Companys performance target and results, no named executive officer, other than Mr. Wheeler, received a short term incentive award for 2007.

The Company performance target and the individual performance target percentages are set each year. The targets are discussed and developed as the Companys operating plan is developed and approved by the Board, typically at the September and December meetings. The Companys business has historically been closely linked to the overall economy, especially the demand for industrial temporary staffing which has historically been very volatile in that many customers cut back on the use of temporary staffing when they incur or anticipate an economic slowdown. Similarly, many customers will increase their use of temporary staffing as they anticipate and benefit from an economic recovery. In setting the Company performance target the Committee has historically taken into account the outlook for temporary staffing in the coming year as well as the Companys long-term growth goals. The Committees policy has been to set the Company performance target at a point which represents a significant challenge for management as evidenced by the fact that no short-term incentive bonuses were earned in 2007 under the general plan. After taking into account all of these factors the Committee set the Companys 2008 performance target as an increase in net income of 10%.

The compensation surveys and peer group reviews discussed above also clearly indicated that the target bonuses applicable in 2007 were below median. Thus, even if the Company performance targets had been attained or exceeded total cash compensation would not, in the judgment of the Committee, represent the appropriate balance between proper incentives for management to achieve results which are likely to produce fair rewards for

our shareholders. In 2008, all members of the executive team will have individual performance targets of 40% of their base salary, except the CEO, who will have an individual performance target of 60%. As discussed above, any short-term incentive award will remain subject to individual multipliers ranging from 0.5 to 1.2. In 2008, Messrs Wheeler and Larkin will have 50% of their short-term incentive bonus determined by the attainment of the Company performance target and 50% based on the performance of their respective business units.

Long-Term Executive Equity Incentive Plan

The long-term executive equity incentive plan, which is designed to align the long-term interests of the named executive officers with the shareholders, was first implemented in 2004 as part of the Committees study, consists of annual grants of restricted stock and stock options together with ownership retention requirements. The Committee, in conjunction with its consultant, after a review of data compiled from the same three compensation studies described above for base salaries, determined that the annual equity awards should be set at multiples of base compensation, ranging from 0.6 to 1.5 depending upon the executive position and experience and the subjective evaluations of the Committee. Each annual award in 2004 through 2007 consisted of restricted stock having a value equal to 50% of the annual equity award and stock options having a value equal to 50% of the annual equity award. As part of the most recent review the Committee increased the restricted stock portion to 60% and reduced the option portion to 40% for awards in 2008 for the named executive officers other than the Chief Executive Officer. The restricted stock awarded in 2004 through 2008 are generally subject to vesting equally over three years. The stock options awarded in 2004 through 2006 are generally subject to vesting equally over three years and the stock options awarded in 2007 and 2008 fully vest on the third anniversary after their grant date.

Beginning in 2007, for executives receiving over $100,000 of stock option grants, the first $100,000 worth of stock option grants is intended to qualify as incentive stock options, which provide favorable tax treatment for the executive provided that the executive satisfies the statutory holding period requirement of two years after grant and one year after exercise. Also, options granted to executives in 2007 or later cliff vest three years from the grant date. The Board of Directors continues to encourage executives to achieve and retain significant direct ownership of Company stock in addition to these specific vesting requirements.

The Committee believes that the use of both stock options and restricted stock, taking into account applicable vesting requirements, closely aligns executive compensation with the value to be received by shareholders during the same period. The option awards provide the executive with a benefit only if the value of Company shares increases over the exercise price of the options, but potentially provide greater leverage since more shares are included in an option grant than in a grant of restricted stock. The value of the restricted stock will fluctuate with the value of Company shares and provides a benefit even if the value of the Companys shares decline but has less upside potential than stock options since fewer shares are typically awarded in a restricted stock award having an equivalent initial value.

The Company will price and determine the number of shares to be received in each annual equity award based on the closing price on the second full trading day after the announcement of the Company's fourth quarter and year-end financial results. Named executive officers may also receive an equity award in connection with their initial hiring or upon a promotion. In each case the equity award is valued as of the later of the date of approval by the Board or the effective date of such hiring or promotion.

In 2007, the aggregate value of the equity awards under the long-term incentive plan to the named executive officers was $1,331,932, or 47% of "Total Compensation" as calculated for the Summary Compensation Table below. The valuation of the equity awards are based on the valuations included in the Summary Compensation Table which are determined in accordance with FASB Statement 123R as applied to the Company's financial statements.

In addition to the three basic components of the Company's compensation program, the Committee also approved Change in Control Agreements during 2006.

Total Compensation

As part of its review at meetings in September and December 2007 the Committee also concluded that the ratio between the total compensation that may be earned by the Chief Executive Officer and the total compensation that may be earned by the named executive officers, which in 2007 averaged .28 to 1.0, is in its opinion both equitable and competitive.

Change in Control Agreements