BOWNE & CO INC
Form 10-K/A
April 20, 2010

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K/A

(Amendment No. 1)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2009

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File No. 1-5842
Bowne & Co., Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**13-2618477**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
55 Water Street New York, New York	**10041**
(Address of principal executive offices)	*(Zip code)*

(212) 924-5500

(Registrant s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Par Value $.01	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes o No þ

The aggregate market value of the Common Stock issued and outstanding and held by non-affiliates of the registrant as of the last business day of the registrant s most recently completed second fiscal quarter was approximately $166.5 million. For purposes of the foregoing calculation, the registrant s 401(K) Savings Plan is deemed to be an affiliate of the registrant.

The registrant had 40,094,746 shares of Common Stock outstanding as of March 1, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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EXPLANATORY NOTE

The sole purpose of this Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2009 (the Form 10-K), which was filed with the Securities and Exchange Commission on March 2, 2010 is to set forth the information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K because a definitive proxy statement containing such information will not be filed within 120 days after the end of the fiscal year covered by the Original Filing. Because of our pending merger with R.R. Donnelley & Sons Company (R.R. Donnelley), we have postponed our annual meeting of stockholders. If our merger with R.R. Donnelley closes in the interim, then we will not hold an annual meeting of stockholders because we will be a wholly owned subsidiary of R.R. Donnelley. This Amendment amends and restates in its entirety Items 10, 11, 12, 13 and 14 of Part III of the Original Filing. Except as expressly set forth herein, this Amendment does not reflect events occurring after the date of the Original Filing or modify or update any of the other disclosures contained therein in any way other than as required to reflect the amendments discussed above. The reference on the cover of the Original Filing to the incorporation by reference of the registrant s definitive proxy statement into Part III of the Original Filing is hereby deleted.

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PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Board of Directors

Information relating to our Directors is set forth below.

Carl J. Crosetto (Age 61)
Sales and marketing consultant, President, CBC Consulting, Inc., previously Managing Director of GSC Group from January 2004 to December 2009. Mr. Crosetto was President of Bowne & Co., Inc (the Company) from December 2000 to December 2003. Previously he was Executive Vice President of the Company from December 1998, Senior Vice President of the Company from May 1998, and formerly President of a Company subsidiary, Bowne International L.L.C. He is also a director of Speedflex Asia Ltd. He was first elected to the Company s Board of Directors in 2000 and is a Class II director. His term will expire in 2010.

Douglas B. Fox (Age 62)
Management consultant and private investor. Mr. Fox is President and Chief Executive Officer of Renaissance Brands Ltd. and a director of Hunter Fan Company, Allant, Microban International, Totes International, Inc. and Young America, Inc. Previously he was Senior Vice President of Marketing and Strategy, Compaq Computer Corporation and Chief Marketing Officer and Senior Vice President of Marketing, International Paper Co. He was first elected to the Company s Board of Directors in 2001 and is a Class II director. His term will expire in 2010.

Marcia J. Hooper (Age 55)
Management consultant and private investor, President of HooperLewis, LLC. General Partner of Castile Ventures from 2002 to 2007. Previously, she was a partner of Advent International from 1996 to 2002, general partner of Viking Capital from 1994 to 1996, general partner of Ampersand Ventures/Paine Webber Ventures from 1985 to 1993, and a regional marketing support representative for IBM Corporation from 1979 to 1983. Ms. Hooper also currently serves as a director of AumniData, Hangout Industries, Visual IO and Isis Biopolymer. She sits on the Advisory Board of Gridley & Company. She serves in a number of advisory and fundraising capacities for Brown University. She was first elected to the Company s Board of Directors in 2006 and is a Class I director. Her term will expire in 2010.

Philip E. Kucera (Age 68)
Retired as Chairman and Chief Executive Officer of the Company on December 31, 2006 after serving as Chairman and Chief Executive Officer and a director from May 2005 to his retirement. Mr. Kucera served as Chief Executive Officer and a director from October 2004 to May 2005. He served as Interim Chief Executive Officer and a director of the Company from May 2004 to October 2004. Mr. Kucera served as the Company s Senior Vice President and General Counsel from November 1998 to May 2004. Prior to joining Bowne, he was Deputy General Counsel and Assistant Secretary for The Times Mirror Company, where he served in various positions for 26 years. He was first elected to the Company s Board of Directors in 2004

and is a Class III director. His term will expire in 2011.

Stephen V. Murphy (Age 64)
President of S.V. Murphy Co., Inc. Previously, he served as Managing Director in the Investment Banking Department of Merrill Lynch Capital Markets and for The First Boston Corporation in a number of positions, including Managing Director in its Corporate Finance Department. Mr. Murphy also serves as a director of The First of Long Island Corporation, The First National Bank of Long Island, Excelsior Venture Partners, Excelsior Directional Hedge Fund of Funds, Inc., Holborn Corporation, Abilities!, Peoples Symphony Concerts, and Locust Valley Cemetery Association. He was first elected to the Company s Board of Directors in 2006 and is a Class I director. His term will expire in 2012.

Gloria M. Portela (Age 56) Attorney and mediator. Senior Counsel of Seyfarth Shaw LLP since January 2003. Previously Ms. Portela was a Partner of Seyfarth Shaw from 1994. She is a director of the Houston Grand Opera. She was first elected to the Company s Board of Directors in 2002 and is a Class I director. Her term will expire in 2012.

H. Marshall Schwarz (Age 73)
Retired Chairman of the Board and CEO of U.S. Trust Corporation. Mr. Schwarz is Chairman of the Company s Executive Committee. He was first elected to the Company s Board of Directors in 1986. He is a Class III director and serves as Presiding Director. His term will expire in 2011.

David J. Shea (Age 54)
Chairman and Chief Executive Officer of the Company since November 19, 2007. Previously, Mr. Shea was Chairman, Chief Executive Officer and President of the Company from December 31, 2006 to November 19, 2007. He also served as President and Chief Operating Officer and a director of the Company since October 2004 and President and a director of the Company from August 2004. Mr. Shea formerly served as Senior Vice President of the Company and Senior Vice President and Chief Executive Officer, Bowne Business Solutions and Bowne Enterprise Solutions from November 2003. He joined the Company in July 1998 as Executive Vice President of Bowne Business Solutions. He was first elected to the Company s Board of Directors in 2004 and is a Class III director. His term will expire in 2011.

Lisa A. Stanley (Age 53)
Financial planning consultant. Ms. Stanley is also a Trustee and Vice President of Town Creek Foundation, Inc. She was first elected to the Company s Board of Directors in 1998 and is a Class II director. Her term will expire in 2010.

Vincent Tese (Age 67)
Chairman of Premier American Bank. Mr. Tese is also Chairman of Wireless Cable International and Cablevision Systems Corporation, GGCP, Inc., ICE US Trust, Madison Square Garden and Retail Opportunity Investment Corp., a director of Custodial Trust Company, Cablevision, Inc., Mack-Cali Realty Corporation and IntercontinentalExchange, Inc. In addition, he is a trustee of the New York Presbyterian Hospital, and New York University School of Law. He was first elected to the Company s Board of Directors in 1996 and is a Class I director. His term will expire in 2012.

Richard R. West (Age 72)
Consultant. Dean Emeritus, Stern School of Business, New York University. Mr. West is also a trustee or director of Vornado Realty Trust, Alexander s Inc., and several investment companies advised by BlackRock Advisors or its affiliates. He was first elected to the Company s Board of Directors in 1994 and is a Class I director. His term will expire in 2012.

Periodically throughout the year, the Board of Directors and its standing committees meet to direct and oversee management of the Company. The Board of Directors held six meetings during 2009. In addition, the committees of the Board met a total of 18 times and took action without formal meetings by written consents when appropriate.

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Board members also share information and exchange views with the Chairman and with each other informally and in executive sessions of non-management directors and separate executive sessions of independent directors following Board meetings on matters that concern the Company and its stockholders. Mr. Schwarz, the Company s Presiding Director, chairs these executive sessions.

During fiscal year 2009 each member of the Board of Directors participated in at least 75% of the Board of Director and committee meetings which he or she was entitled to attend. The Company s corporate governance guidelines state that directors are expected to attend the Annual Meeting of Stockholders. All of the directors attended the previous year s Annual Meeting of Stockholders.

Board Composition

The Board of Directors seeks to ensure that the Board is composed of members whose particular experience, qualifications, attributes and skills, when taken together, will allow the Board to satisfy its oversight responsibilities effectively.

How Directors are Chosen

The Nominating and Corporate Governance Committee (the Nominating Committee) is responsible for assisting the Board in identifying individuals qualified to become Board members and recommending director nominees to the Board for each annual or special meeting of stockholders. It is the Nominating Committee s policy to consider candidates recommended by stockholders, Company management, other Board members or any interested person. The same criteria the Nominating Committee uses for evaluating director nominees will be used to evaluate candidates recommended by stockholders.

The Nominating Committee considers the qualifications of candidates based upon its charter and the Company s corporate governance guidelines. The Nominating Committee selects individuals as director nominees who have the highest personal and professional integrity, who have demonstrated exceptional ability and judgment and who would be most effective, in conjunction with the other members of the Board of Directors, in collectively serving the long-term interests of the stockholders, and all other factors it considers appropriate. In accordance with the Corporate Governance Guidelines adopted by the Board of Directors the Nominating Committee also considers diversity in identifying and selecting nominees for director. The Nominating Committee views diversity broadly to include race, gender and national origin as well as differences of viewpoint, professional experience, financial, business, academic, public sector and other expertise, education, skill and other individual qualities and attributes that contribute to board heterogeneity. The Nominating Committee has authority to retain search firms to assist in identifying and evaluating director candidates and to approve fees and retention terms for such advisors. After conducting an initial evaluation of a candidate, the Nominating Committee will interview that candidate if it believes the candidate might be suitable to be a director and may also ask the candidate to meet with other directors and members of management. If the Nominating Committee believes a candidate would be a valuable addition to the Board, it will recommend to the full Board that candidate s election.

Director Suitability

The Nominating Committee believes that the current directors of the Company have the experience, qualifications, attributes and skills, taken as a whole, to enable the board to satisfy its oversight responsibilities effectively in light of the Company s business and structure. In particular, the Nominating Committee considers important and valuable the following with respect to such directors:

Mr. Crosetto is an experienced former senior executive of the Company with extensive background and knowledge with respect to the Company and the industry. He has also served on the Company s Board of Directors since 2000.

Mr. Fox is an experienced senior business executive, management consultant and private investor. Mr. Fox has specific expertise in risk assessment and financial reporting and the Board of Directors has determined that he is an audit committee financial expert , as that term is defined in the Securities and Exchange Commission rules. He has also served on the Company s Board of Directors since 2001 including Board standing committee service.

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Ms. Hooper is an experienced management consultant and private investor. She has extensive experience in the venture capital industry and as a director or advisor in the private and public sectors. Ms. Hooper has specific expertise in risk assessment and financial reporting and the Board of Directors has determined that she is an audit committee financial expert , as that term is defined in the Securities and Exchange Commission rules. She has also served on the Board of Directors since 2006, including Board standing committee service.

Mr. Kucera is an experienced former senior executive of the Company, with extensive background and knowledge of the Company and the industry.

Mr. Murphy is an experienced investment banker with extensive financial expertise and has served on the boards of directors of a number of public companies and charitable institutions.

Ms. Portela is a former partner of a major law firm with significant expertise in employment and other human resource matters.

Mr. Schwarz has had a distinguished career as the Chairman of the Board and Chief Executive Officer of a major financial institution.

Mr. Shea, the Chairman and Chief Executive of the Company, has extensive background and knowledge of the Company and the industry.

Ms. Stanley is an experienced financial planning consultant. She has also served on the Company s Board of Directors since 1998 including Board standing committee service.

Mr. Tese has extensive private and public sector background and experience and long service on boards of directors of a number of public companies and charitable institutions.

Mr. West has a distinguished career as the dean of several of the nation s top business schools as well as long service on boards of directors of a number of public real estate and investment companies.

In addition, with respect to Ms. Portela, Mr. Schwarz, Mr. Tese and Mr. West, the Nominating Committee considers important their valuable contributions to the Company s success during their many years of Board service.

Leadership Structure

The Board of Directors determined that combining the Chairman and Chief Executive Officer positions is the appropriate leadership structure for the Company. The Board of Directors believes that one-size does not fit all, and the decision of whether to combine or separate the positions of Chief Executive Officer and Chairman will vary company to company and depend upon a company s particular circumstances at a given point in time. The Company s Corporate Governance Guidelines provide that the two positions may or may not be the same person, depending on several factors as determined by the Board, including the succession planning process. Accordingly, the Board of Directors carefully considers from time to time whether the Chairman and Chief Executive Officer positions should be combined based on what the Board believes is best for the Company and its shareholders. The Board of Directors believes that appointment of a non-management Presiding Director is necessary for effective governance. Accordingly, the Company s Corporate Governance Guidelines provide that the Chairman of the Executive Committee serves as the Presiding Director. In addition to presiding at meetings of the Board when the Chairman is not present and at executive sessions of the non-management directors, the responsibilities of the Presiding Director, which are set forth in the Company s Corporate Governance Guidelines, include:

providing the Chief Executive Officer with input as to the preparation of Board meeting agendas;

consulting with the Chairman and Chief Executive Officer about the concerns of the non-management directors;

discussing concerns of the non-management directors when appropriate with members of senior management; and

discussing concerns of members of senior management.

The Board of Directors believes that the responsibilities delegated to the Presiding Director are substantially similar to several of the functions typically fulfilled by a board chairman. The Board of Directors believes that its Presiding Director position balances the need for effective and independent oversight of management with the need for strong, unified leadership.

The Board of Directors also believes that one of the key elements of effective, independent oversight is that the non-management as well as its independent directors meet in executive session on a regular basis without the presence of management. Accordingly, in 2009, following each of the six in-person Board meetings, the non-management directors as well as the independent directors met in executive session with the Presiding Director presiding at such meetings. The Board of Directors believes that its current structure is in the best interest of the Company at this time as it allows for a balance of responsibilities between the Chairman and Chief Executive Officer and the non-management and independent directors and provides an environment in which its directors are fully informed, have significant input into the content of Board meeting agendas and are able to provide objective and thoughtful oversight of management.

Committees of the Board

The Board of Directors has four standing committees. The principal functions and current membership of each committee is as follows:

Executive Committee. The Executive Committee has many of the powers of the full Board of Directors in directing management of the Company and may exercise those powers between regular Board meetings. However, this committee may not amend the Company s By-laws, fill vacancies on the Board of Directors, make other fundamental corporate changes or take actions which require a vote of the full Board of Directors under Delaware law or the Company s charter or By-laws. The current members of the Executive Committee all of whom, with the exception of Mr. Shea, the Board of Directors has determined meet the criteria for independence contained in the rules of the Exchange, are Mr. Schwarz (chairman), Mr. Shea, Ms. Stanley, Mr. Tese and Mr. West. In 2009, this committee met twice and took action four times by written consents in lieu of meetings.

Nominating and Corporate Governance Committee. As described above, the Nominating Committee assists the full Board of Directors in identifying qualified individuals to become Board members. It also assists the full Board of Directors in determining the composition of the Board committees, monitoring the process to assess Board of Directors effectiveness and developing and implementing the Company s corporate governance guidelines. All members of the Nominating Committee are required to be independent directors as determined by the rules of the Exchange and, unless the Board of Directors otherwise determines, the Nominating Committee shall be composed of the independent directors of the Executive Committee. The current members of the Nominating Committee, all of whom the Board of Directors has determined meet the criteria for independence contained in the rules of the Exchange, are Mr. West (chairman), Mr. Fox and Mr. Murphy. The Nominating Committee met five times in 2009.

Audit Committee. The Audit Committee assists the Board of Directors in its oversight of the quality and integrity of the financial reporting and the financial statements of the Company, the Company s compliance with legal and regulatory requirements, the independence and qualifications of the independent auditor, and the performance of the Company s internal audit function and the independent auditor. In connection with the performance of these functions, the Audit Committee recommends independent registered public accountants to serve as the Company s auditors and reviews the Company s annual report on Form 10-K with the auditors. Together with the Company s Chief Financial Officer, the Audit Committee reviews the scope and the results of the annual audit, as well as the auditors fees and other activities they perform for the Company. The Audit Committee also oversees internal controls and looks into other accounting matters if the need arises. The current members of the Audit Committee are Mr. Murphy (chairman), Mr. Fox, Ms. Hooper, and Ms. Stanley, all of whom the Board of Directors has determined meet the criteria for independence contained in the rules of the New York Stock Exchange (the Exchange) and rules promulgated by the Securities and Exchange Commission (the SEC) in effect on the date this proxy statement is first mailed to stockholders. The Audit Committee met five times in 2009. The Board of Directors has determined that Mr. Fox, Ms. Hooper and

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Mr. Murphy are audit committee financial experts as that term is defined in Securities and Exchange Commission rules.

Report of the Audit Committee

The Audit Committee of the Board of Directors (the Audit Committee) assists the Board in fulfilling its responsibility to relevant constituencies, including stockholders and potential stockholders of the Company, regarding internal controls and risk management, corporate accounting practices, reporting practices, and the quality and integrity of the financial reports of the Company. The Audit Committee also maintains free and open communication among the Board, the Company s financial management, including its Chief Financial Officer and its Director of Internal Audit, other Company executives, including its General Counsel, and its independent registered public accountants, Crowe Horwath LLP (the auditors). Company management has primary responsibility for the financial statements, internal control over financial reporting, and for the Company s compliance with legal and regulatory requirements. The Company s auditors are responsible for expressing an opinion on conformity of the Company s audited financial statements with generally accepted accounting principles in the United States, and annually auditing the effectiveness of internal control over financial reporting. It is the Audit Committee s responsibility to monitor and oversee the performance of these responsibilities and to report to the full Board of Directors.

Our Board of Directors has determined that each member of the Audit Committee is an independent director as defined in the Listing Standards of the Exchange and the Company s corporate governance standards. In addition, our Board of Directors has determined that Stephen V. Murphy, Douglas B. Fox and Marcia J. Hooper are audit committee financial experts , as defined by Securities and Exchange Commission rules.

The Audit Committee reviewed and discussed the audited financial statements and the auditor s evaluation of the Company s internal controls over financial reporting for fiscal 2009 with the Company s auditors, with management, and with the entire Board of Directors. The Committee also discussed with the auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committee, as amended). In addition, the Audit Committee has received from the auditors the letter and written disclosures respecting fiscal 2009, which are required by the Public Company Accounting Oversight Board, and has discussed with them their independence from the Company and its management. Furthermore, the Audit Committee considered and determined that the auditors non-audit services to the Company were consistent with the guidelines established to ensure auditor independence.

Based upon our reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board agreed, that the audited financial statements for fiscal 2009 be included in the Company s annual report on Form 10-K for the year ended December 31, 2009, for filing with the Securities and Exchange Commission.

This report by the Audit Committee is not to be deemed filed under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, and is not to be incorporated by reference into any other filing of the Company under those statutes except to the extent that the Company may expressly refer to this report for incorporation by reference in a particular instance.

The undersigned, being all the members of the Audit Committee, submit this report to the Company s stockholders.

Stephen V. Murphy, Chairman
Douglas B. Fox
Marcia J. Hooper
Lisa A. Stanley

Compensation and Management Development Committee. The Compensation Committee assists the Board of Directors in carrying out its responsibility with respect to the Company s compensation, benefit and perquisite programs, executive succession planning and management development. In connection with the performance of these functions, the Compensation Committee reviews base salaries and incentive compensation for officers of the Company and other members of senior management. The Compensation Committee administers compensation programs that involve present or deferred awards of the Common Stock, as well as those calling for cash payments. The Compensation Committee oversees management development and continuity programs. The Compensation Committee also reviews any newly proposed compensation plans, while overseeing the administration of existing retirement, 401(k), profit-sharing and other benefits plans for the Company s employees. Before significant changes affecting employees go into effect, the Compensation Committee normally asks the full Board of Directors to approve those changes. The current members of the Compensation Committee, all of whom the Board of Directors has determined meet the criteria for independence contained in the rules of the Exchange, are Mr. Tese (Chairman), Ms. Hooper and Ms. Portela. The Committee met six times in 2009.

Oversight of Risk Management

The Company is exposed to a number of risks, principally financial risks and operational risks. Other major risks relate to general economic conditions, regulatory changes and technology innovations.

The Company s Chief Financial Officer reports to the Chairman and Chief Executive Officer and provides regular updates to the Audit Committee concerning financial and other risks. In fulfilling his risk management responsibilities, the Chief Financial Officer works closely with members of senior management, including the Company s General Counsel; the Treasurer and Vice President of Tax and Finance; the Vice President, Chief Accounting Officer and Corporate Controller; the Director of Internal Audit; and each of the divisional presidents.

The Chairman and Chief Executive Officer is kept advised regarding Company risk matters, including financial and operational risks, at each of the periodic senior staff meetings and through discussions with the President as well as senior staff in between senior staff meetings. The senior staff has the responsibility to addresses operational risks on a continuous basis and to keep the Chairman and Chief Executive Officer advised of the actions being taken to address operational risks.

On behalf of the Board, the Audit Committee plays a key role in the oversight of the Company s risk management function. In accordance with the Audit Committee s Charter, the Audit Committee discusses with management and the independent auditors, as appropriate, concerning the Company s risk assessment and risk management policies, including the Company s major financial risk exposures and steps taken by management to monitor and mitigate such exposures. In that regard, the Company s Chief Financial Officer, General Counsel, Treasurer and Vice President of Tax and Finance, Vice President, Chief Accounting Officer and Corporate Controller, and Director of Internal Audit advise the Audit Committee at its periodic meetings as to financial and other risks facing the Company. The Audit Committee also reports to the Board at its periodic meetings to apprise them of their discussions with management regarding the Company s risk management efforts. Finally, the Chief Financial Officer and the General Counsel report directly to the Board at its periodic meetings to apprise them of the Company s risks and risk management efforts. In furtherance of its role in the oversight of the Company s risk management function, the Audit Committee reviews and discusses the major financial risks facing the Company. In consultation with management, the Audit Committee prepares a list of such major risks and establishes a schedule for management to present an analysis to the Audit Committee concerning these risks, including the Company s processes for addressing these risks. The list of major financial risks is subject to revision and update by the Audit Committee at its periodic meetings. Management prepares analyses of these risks and the analyses are discussed by the Audit Committee at its periodic meetings. These risk management discussions are reported to the Board at its periodic meetings by the Audit Committee and the related analyses are made available to the Board for its review. The Chairman and Chief Executive Officer apprises the Board at its periodic meetings of the Company s operational risks and efforts to address such risks.

Executive Officers

The information required by this Item 10 with respect to the Company s executive officers appears as a Supplemental Item in Part I of this Annual Report under the caption Executive Officers of the Registrant.

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Section 16(a) Beneficial Ownership Reporting Compliance

The Company believes that during fiscal year 2009 all reports for the Company s executive officers and directors that were required to be filed under Section 16 of the Securities Act of 1934 were timely filed.

Ethics

In accordance with the Sarbanes-Oxley Act and Exchange listing requirements, the Company has adopted a code of ethics that covers its directors, officers and employees including, without limitation, its principal executive officer, principal financial officer, principal accounting officer, and controller. The code of ethics is posted on the Company s website *(www.bowne.com)* and is available in print without charge to any shareholder who requests it from the Corporate Secretary. We will disclose on our website amendments to or waivers from our code of ethics applicable to directors or executive officers in accordance with applicable laws and regulations.

Corporate Governance Information

The Company s corporate governance guidelines as well as charters for the Company s Audit Committee, Compensation and Management Development Committee, and Nominating and Corporate Governance Committee are available on the Company s website *(www.bowne.com)* and are available in print without charge to any shareholder who requests them from the Corporate Secretary.

Executive Certifications

The Company has submitted to the Exchange the annual Chief Executive Officer certification required by the rules of the Exchange. The Company also submitted to the SEC all certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act as exhibits to its Form 10-Qs and Form 10-K for fiscal year 2009.

Item 11. *Executive Compensation*

Report of the Compensation and Management Development Committee

The Compensation Committee has overall responsibility for approving and evaluating the director and executive officer compensation plans, policies and programs of the Company. The Compensation Committee recommends to the independent members of the Board compensation for the Chairman and Chief Executive Officer and other officers, and recommends to the Nominating and Corporate Governance Committee compensation for directors. Members of the Compensation Committee are appointed by the Board, on the recommendation of the Nominating and Corporate Governance Committee. Compensation Committee members may be removed and replaced by the Board.

In 2009 the Compensation Committee consisted of three directors Vincent Tese, Chairman; Gloria M. Portela and Marcia J. Hooper. All three directors have extensive management and/or Board experience in managing, overseeing, and/or researching in the fields of employment and/or executive compensation. As determined by the Board, all three directors meet the independence requirements of the Exchange and other legal requirements for the proper administration of the Company s compensation plans and programs, including requirements under the Federal securities laws and the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). In addition, each Compensation Committee member is neither a current nor former employee of the Company.

The Compensation Committee operates under a charter, which is posted in the Corporate Governance section of the Company s website *(www.bowne.com)*. The Compensation Committee Charter was approved by the Board of Directors on November 20, 2003 and was most recently reviewed and updated on March 6, 2008.

The Compensation Committee s authority and responsibilities include the following:

Review and recommend to the Board on an annual basis the corporate goals and objectives with respect to compensation for the Chairman and Chief Executive Officer; and evaluate at least once a year the Chairman and Chief Executive Officer s performance in light of these goals and objectives, and based upon these evaluations determine and approve with the other independent directors the Chairman and Chief Executive Officer s compensation.

Review and recommend to the Board on an annual basis the evaluation process and compensation structure for the Company s other officers, and evaluate the performance of the Company s other senior executive officers, and recommend to the Board the compensation of such senior executive officers.

Review annually the Company s incentive compensation and stock-based plans, and recommend changes in such plans to the Board as needed.

Monitor and make recommendations to the Board regarding employee pension, profit sharing and benefit plans. The Compensation Committee delegated the administration of the benefit plans to the Company s Investment and Administration Committee consisting of the Chairman and Chief Executive Officer; Senior Vice President and Chief Financial Officer; Senior Vice President, General Counsel and Corporate Secretary; and Senior Vice President, Human Resources.

Assist the Board in developing and evaluating potential candidates for executive positions and overseeing the development of executive succession plans.

Review periodically the compensation of the non-management members of the Board and make recommendations to the Nominating and Corporate Governance Committee to maintain competitive compensation for non-management members of the Board.

Retain such compensation consultants, outside counsel and other advisors as the Compensation Committee may deem appropriate, with sole authority to approve related fees and retention terms of such advisors.

Perform a review and evaluation, at least annually, of the performance of the Compensation Committee and its members.

In 2009 the Compensation Committee met six times. With the exception of two meetings, all meetings were regularly scheduled to coincide with the dates of Board meetings. The Compensation Committee Chairman and the Company s Senior Vice President, Human Resources determined the agenda for each meeting. Compensation Committee members generally received agendas and discussion materials several days in advance, to provide them with time for adequate review and preparation for the meetings.

In March 2009, the Compensation Committee selected PricewaterhouseCoopers LLP (PwC) as its compensation consultant. Services provided by PwC in support of the Compensation Committee s charter included competitive compensation benchmarking of executive officer positions, industry research on design of compensation and employment programs and the compensation of non-employee directors, presentation and analysis of long-term incentive design alternatives, assistance in connection with compliance with tax laws, disclosure rules and regulations governing compensation and benefits, and other technical advice. PwC s fees related to providing advice to the Compensation Committee during 2009 were approximately $239,500.

For the past several years, PwC has provided technical compensation and other human resource and tax services under the direction of the Company s management. The Compensation Committee reviewed PwC s work in these areas. The total fees for the services provided in 2009 were $309,810 and covered the following areas:

Review of the company s compensation and benefits plans related to compliance with IRC Section 409A 2009 fees were approximately $97,000. The Compensation Committee reaffirmed and ratified its delegation to amend all plans and programs to comply with Section 409A to the Investment and Administration Committee of the Company.

Assistance with the preparation of executive compensation proxy disclosure, including amendments to the Company s 1999 Incentive Compensation Plan 2009 fees were approximately $108,000. The Compensation Committee reviews all aspects of the Compensation Committee s report and the Compensation Discussion and Analysis and related tabular disclosures.

Assistance with other technical compensation issues 2009 fees were approximately $40,000.

PwC also provided tax services to the Company s management during 2009. Fees for 2009 related to these services were approximately $64,810.

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The Company s management regularly provides the Compensation Committee with a report of all services provided by PwC other than in support on the Compensation Committee, but the decision to engage PwC for these services is made by the Company s management.

The characteristics of PwC s relationship with the Compensation Committee include the following:

The Compensation Committee, according to its charter, has the authority to retain such compensation consultants, outside counsel and other advisors as the Compensation Committee may deem appropriate, with sole authority to approve related fees and retention terms of such advisors.

The PwC consultants providing services to the Compensation Committee report directly to the Compensation Committee.

The Compensation Committee regularly provides guidelines which give direction to the consultants, and delegates specified interaction with the consultants to the Company s Senior Vice President, Human Resources. PwC provides the Compensation Committee with data, analysis, and assessment of alternatives, but does not provide recommendations on compensation decisions for individual executive officers.

At the Compensation Committee s request, from time to time members of management attend portions of Compensation Committee meetings. During 2009 they included the Chairman and Chief Executive Officer; Senior Vice President and Chief Financial Officer; Senior Vice President, General Counsel and Corporate Secretary; and Senior Vice President, Human Resources.

On an annual basis, the Senior Vice President, Human Resources presents to the Compensation Committee a summary of the Company s Management Continuity System including performance evaluations and development plans for each of the Company s senior executive officers and a review of the talent profile of the Company.

In addition, on an annual basis the Compensation Committee reviews and approves increases or changes to each element of the total direct compensation package of each individual executive officer, with the exception of the Chairman and Chief Executive Officer. The Compensation Committee Chairman presents recommendations for the Chairman and Chief Executive Officer for review by the Compensation Committee. The Compensation Committee s recommendations are then presented to the independent Board members for approval.

The 2009 review included comparisons to competitive levels of compensation based on peer groups as approved by the Compensation Committee, as well as year-over-year comparisons. The Compensation Committee concluded that total direct compensation levels, as well as individual elements of compensation, were reasonable for all executive officers in light of Company performance, business unit performance, individual performance, and competitive practice.

At each meeting in 2009 the Compensation Committee held an executive session. No members of management, consultants or other outsiders attended these executive sessions. Among other topics, discussions and decisions regarding performance, succession and compensation of the Chairman and Chief Executive Officer took place during these executive sessions.

The Compensation Committee took the following key actions at its meetings in 2009:

Certified results for the 2008 performance year under the Annual Incentive Plan (AIP), based on formulas the Compensation Committee had previously approved. According to the results, no AIP payments were approved (or recommended to the independent members of the Board, as appropriate).

Approved the 2009 AIP financial targets and strategic goals used to determine the 2009 AIP awards payable in March 2010.

Approved a pool of 50,000 stock option grants to be granted to key non-officer employees during 2009.

Approved a Long Term Incentive Plan (LTIP) for the three-year performance cycle beginning January 2009 and ending December 31, 2011 including the performance goals and individual grant targets to be paid in the form of cash. Approved (or recommended to the independent members of the Board, as appropriate) target awards to certain of the executives including all the Named Executive Officers.

Approved the appointment of PwC as the Compensation Committee s compensation consultant.

Approved payment of directors deferred compensation fees for the first quarter of 2009, including both the portion that was mandatorily deferred and the portion the directors previously may have elected to defer and convert into Deferred Stock Units (DSUs) in place of cash.

Authorized PwC to conduct a market analysis of the total compensation for the members of the Board of Directors.

Recommended to the Nominating Committee adjustments to the deferral of compensation of the members of the Board of Directors based on the results from the market analysis.

Approved the voluntary surrender of 794,500 outstanding, out of the money stock options (with no corresponding consideration) by senior executive officers.

Approved amendments to the 1999 Incentive Compensation Plan, including the replenishment of shares. These amendments were presented to and approved by the stockholders at the 2009 annual meeting.

Approved revised Stock Ownership Guidelines that would align the interest of executives with those of stockholders and remain meaningful in cases of market volatility and for executives with varying tenure.

Conducted a review of the Company s Management Continuity System and succession plans.

Approved a revised group of peer companies to be used in market analysis of compensation for the executives.

Approved revised Equity Grant Guidelines to include the granting of both stock options and Restricted Stock Units (RSUs) as a regular practice.

Approved (or recommended to the independent members of the Board, as appropriate) grants of stock options and RSUs to officers, including the Named Executive Officers, based on the revised Equity Grant Guidelines.

Approved (or recommended to the independent members of the Board, as appropriate) compensation arrangements for the senior executive officers for 2010, including no base salary adjustment except for one senior executive officer and no changes to the AIP target percentages for 2010.

Reviewed the design and impact of an increase to the Supplemental Executive Retirement Plan benefit for David Shea and recommended to the independent members of the Board that the increase be approved.

In addition the Compensation Committee took the below actions in the first quarter of 2010:

Certified results for the 2009 performance year, based on formulas the Compensation Committee had previously approved. Approved (or recommended to the independent members of the Board, as appropriate) AIP payments for executive officers for the 2009 performance year, based on financial targets and strategic goals the Compensation Committee had previously approved in the first quarter of 2009.

Approved the 2010 AIP financial targets and strategic goals used to determine the 2010 AIP awards. Such awards will be determined based on 2010 performance and will be payable, if earned, in March 2011.

The Compensation Committee has reviewed the compensation discussion and analysis, discussed it with management and, based on such review and discussions, recommends its inclusion in the Company s annual report on Form 10-K.

Vincent Tese, Chairman
Gloria M. Portela
Marcia J. Hooper

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Compensation Discussion and Analysis

Executive Summary

Key objectives of the Company s executive compensation programs are as follows:

- Attract and retain superior executive talent;
- Provide incentives and rewards for executives who contribute to the Company s success;
- Link executive compensation to both corporate performance and the creation of long-term shareholder value; and
- Provide for levels of compensation consistent with the Company s leadership position in several highly specialized business areas.

Principal components of ongoing compensation for our executive officers include the following:

- Base salaries consistent with each executive s responsibilities and individual performance;
- An AIP based on financial factors at the corporate and business unit levels and on quantifiable strategic performance measures;
- A LTIP that closely links cash awards with the Company s strategic plan through attainment of Return on Invested Capital (ROIC) goals, thereby providing incentives for both Company performance and the creation of shareholder value;
- Restricted stock awards, RSUs and stock option awards, which provide incentives for the creation of shareholder value and rewards for sustained efforts and continued service;
- Employee benefit programs;
- Termination protection agreements to maintain the alignment of executive and shareholder interests during potential changes in corporate control; and
- Limited executive perquisites consistent with the Company s focus on pay-for-performance.

The Company believes that its executive compensation policies, plans and programs advance the objectives listed above and adhere to high standards of corporate governance.

Objectives of the Company s Executive Compensation Programs

The Company s executive compensation programs have four key objectives described above in the Executive Summary. To accomplish these objectives, the Company s executive compensation programs are based on the following guiding principles:

- Base salaries for executive officers are adjusted annually based on the Company s strategic goals and performance, changes in the market and the responsibilities of the individual Named Executive Officers identified in the Summary Compensation Table on page 21;

Base salary for each of the Named Executive Officers is benchmarked at the 50th percentile of the competitive marketplace. Total cash compensation and total direct compensation for each of the Named Executive Officers are targeted at the 65th percentile of the competitive market. Actual compensation levels reflect the individual performance, expertise and tenure with the Company, in addition to the competitive marketplace benchmark;

Total cash compensation as measured for benchmarking purposes is the sum of annualized base salaries and target AIP awards. Total direct compensation as measured for benchmarking purposes may comprise base salary, target AIP award, target LTIP award, grant date fair value of stock options, grant date fair value of restricted stock and RSUs the combined value of these components as well as the respective amounts of each component are assessed;

AIP awards are formula-based and linked to performance against financial targets and strategic objectives;

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Long term cash and equity-based compensation plans provide incentives to achieve strategic financial results and create shareholder value, to reward sustained service and performance, and to assist in the accumulation of significant equity stakes for the participating executives;

Option, restricted stock and RSU award dates are established using a consistent approach to grant dates, and are determined without consideration of recent or expected future public announcements;

Executives are expected to maintain long-term stock ownership through ownership guidelines expressed as a required retention percentage of each award or grant that must be held after the grant is paid or exercised;

Retirement programs have been designed to provide pension credit for compensation that exceeds the limitations imposed by the U.S. tax laws and to serve as a recruitment tool for mid-career hires of senior executives in lieu of providing significant sign-on bonuses or equity grants;

Severance and change in control benefits reflect industry practices and are designed to promote stability within the senior management team during a time of pending change in Company ownership, and limit benefit coverage to key executives whose continued employment might be vulnerable following a change in control of the Company;

To the extent possible, compensation is structured to be fully tax deductible; and

Executive perquisites and special benefits are limited and mostly business-related.

The Senior Vice President, Human Resources provides support to the Compensation Committee to carry out its responsibilities including its review and recommendation of executive compensation programs for Named Executive Officers.

To help inform the Compensation Committee s decisions and monitor the Company s executive compensation programs, the Compensation Committee commissioned a benchmarking study of compensation levels for the executive officer positions. The benchmarking study was conducted by the Compensation Committee s compensation consultant, PwC. Comparisons were made to executive compensation levels at 13 publicly traded companies generally viewed as comparable in size and/or industry and with which the Company is considered to compete for executive talent. These are: Blue Coat Systems, Broadridge Financial Solutions, Cenveo, Consolidated Graphics, Deluxe Corporation, Ennis Incorporated, Harte Hanks, Interactive Data Corporation, M& F Worldwide Corporation, MDC Partners, Omniture, Standard Register Company, Valassis Communications. The Compensation Committee also considers data obtained by the Compensation Committee s compensation consultant from a general industry sample of similarly sized companies, particularly for positions that must be competitive with employers across a wide spectrum of industries.

Based on the market analysis prepared in December 2009:

The Company s base salaries for the Named Executive Officers are consistent with the Company s philosophy to pay at the 50th percentile with adjustment for differences in position, individual performance, tenure and expertise.

The Company s mix of compensation elements is similar to those of the comparator companies and appropriately linked to the performance of the Company.

The Company s total direct compensation levels generally fall below the targeted 65th percentile.

Analysis of the Company s Executive Compensation Programs

The following section provides details on each of the Company s executive compensation programs. It demonstrates how these programs individually and in total accomplish the objectives established for them and follow the guiding principles set forth above.

Base Salary Program. Base salary represents, on average, approximately one-third of an executive officer s total direct compensation package. This approach is consistent with industry practice, as demonstrated by the competitive benchmarking study commissioned by the Compensation Committee.

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The Compensation Committee did not approve any salary increases for the Named Executive Officers or other executives of the Company for 2009. For 2010, an increase was approved for one executive officer of the Company.

Annual Incentive Plan. The Company s AIP is formula-based and designed to reward executive officers based on the following:

For 2009 a financial factor based on attainment of targeted levels of the Company s consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (50% weighting). Attainment of $42 million in EBITDA would have funded 50% of the AIP award and EBITDA of $60 million would have funded the full AIP award related to the financial factor.

Attainment of strategic initiatives linked to the strategic and operating plan for the Company (50% weighting). The strategic initiatives are weighted such that each goal reflects the proportion of its relative impact on total Company performance.

The financial factor is based on the Company s consolidated EBITDA for several reasons. It is a stable measure of the Company s operating cash flow, is a key measure in the Company s planning and budgeting processes, is a measure that is regularly monitored in the Company s management reporting, and is easily calculated for the total Company. Threshold, target, and maximum levels of respective consolidated EBITDA for use in the AIP calculations were approved by the Compensation Committee at the January 2009 meeting based on the Company s 2009 budget and on historical Company and peer performance.

Strategic initiatives are quantifiable measures of operating performance that are aligned with the Company s operating and strategic plans and are critical to the Company s success. For 2009 the selected metrics are related to improvement in days outstanding of receivable balances, cost savings and operating efficiencies and maintaining within budgeted amounts for Technology capital expenditures, and attainment of non-transactional and divisional related revenues. The selected strategic initiatives are approved by the Compensation Committee based on the strategic and operating plans for the Company and on the recommendation of the Chairman and Chief Executive Officer. Strategic initiatives for the Chairman and Chief Executive Officer are reviewed and approved by the Compensation Committee. The Compensation Committee sets AIP targets at levels designed to challenge the Company s management to achieve operating and strategic plans to improve year over year performance. In 2009, one of the strategic goals was not achieved. The remaining three strategic goals were attained at 50% of target, 75% of target and 200% of target. In 2008, the entry point of the financial factor was not attained therefore no AIP awards linked to the strategic goals were paid.

The financial factors and strategic initiatives for a fiscal year are approved by the Compensation Committee in January of that fiscal year subject to adjustments for significant corporate events, and are based on the Company s strategic and operating plans approved by the Board of Directors in December of the prior year. The Compensation Committee (and, in the case of Mr. Shea, the independent Board members) reviews and approves the target AIP awards for executive officers, including all Named Executive Officers, in December of the prior fiscal year.

The Compensation Committee then confirms the fiscal year results against the financial targets and strategic goals previously established and approves payments of the AIP awards during the first quarter of the following year, after completion of the Company s audited financial statements and assessment of strategic initiatives.

Each Named Executive Officer has a threshold, target, and maximum AIP award as approved by the Compensation Committee (and, in the case of Mr. Shea, the independent Board members) in December of the prior fiscal year, which are reported in the Estimated Future Payouts Under Non-Equity Incentive Plan Awards columns of the 2009 Grants of Plan-Based Awards Table.

These incentive formulas directly link each Named Executive Officer s incentive payment to the financial performance of the Company and to strategic initiatives that are critical to the Company s overall success. Also, these awards are intended to be fully deductible expenses on the Company s tax returns.

The Company attained 30.6% of the financial targets established for 2009 and attained 40.6% of the strategic goals. AIP awards consistent with such attainments were approved and paid for the Named Executive Officers and all other participants in the AIP.

Long Term Incentive Plan.

At the March 4, 2009 meeting, the Compensation Committee (and in the case of Mr. Shea, the independent Board members) approved a new LTIP for a three-year cycle beginning January 1, 2009 and ending December 31, 2011. Any awards earned at the end of the performance cycle will be settled in the first quarter of 2012. The LTIP incorporates individual award targets and requires achievement of specified levels of ROIC performance. The LTIP awards were made, and will be settled, in cash rather than awarded in RSUs and settled in shares of Common Stock as under prior years plans. The primary reason for the change in the form of payment is the current and anticipated future volatility of the Company s stock price over the three-year cycle. Granting and paying these awards in cash will serve to avoid the commitment of a large number of shares and the possibility of corresponding gains from a subsequent share price rebound. The ROIC targets are calculated based on a three-year average of the Company s ROIC for fiscal years 2009, 2010 and 2011. Attainment of a 9.0% three-year average ROIC will fund 50% of the LTIP awards, 100% payment of the LTIP awards will be made upon attainment of a 10.5% average ROIC over the three years, and the maximum payment of 200% of the LTIP awards will be made if the three year average ROIC is 13.5% or higher. If the Company s average ROIC during the first two years of performance cycle (2009-2010) exceeds the predetermined maximum level of 13.5%, then the awards will become vested and paid at a maximum of 150%, but will still be settled in the first quarter of 2012. In addition, the LTIP design for 2009-2011 allows for participants to earn reduced awards for average ROIC performance over any two consecutive year periods during the cycle, or for ROIC performance in any single year of the cycle. The Company again chose ROIC as the principal measure for the LTIP because it comprises both growth in profitability and capital efficiency and it is a primary driver of shareholder value.

The Compensation Committee (and, in the case of Mr. Shea, the independent Board members) approved all awards to the Chairman and Chief Executive Officer and other Named Executive Officers and approved the threshold, target and maximum levels of ROIC based on the Company s strategic plan, and historical and peer analysis. As of the grant date, the estimated compensation expense that could be recognized for the 2009 LTIP at the target performance metric for the years ended December 31, 2009 through 2012, was approximately $2.3 million, $3.0 million, $3.0 million and $0.8 million, respectively. For 2009, the Company did not accrue compensation expense for the 2009 LTIP. As of December 31, 2009, the total estimated compensation expense that can be recognized through 2012 related to the 2009 LTIP is $0 to approximately $11.5 million, depending on the level of performance achieved during the remaining performance cycle. Compensation expense under the 2009 LTIP is intended to be fully tax-deductible by the Company.

Restricted Stock, RSUs and Stock Option Grants.

Any stock option grants are made with exercise prices that are no less than the fair market value (FMV) of the Common Stock on the date of grant. The FMV is defined as the mean of the highest and the lowest trading prices reported on the Exchange on that day. The grant dates of the restricted stock, RSU and stock option grants correspond to predetermined meetings of the Compensation Committee and Board, during which the awards are approved. In December 2009, the Company granted stock options and RSUs to the Named Executive Officers and other executives. In conjunction with the market analysis and benchmarking study, the Compensation Committee reviewed and approved new Equity Grant Guidelines for both stock options and RSUs. The guidelines are intended to support the Company s targeted 65th percentile positioning within the competitive market and provide the flexibility to reward performance, expertise, and tenure with the Company. Based on these guidelines, the Compensation Committee, (and in the case of Mr. Shea, the independent Board members) approved total grants of 429,000 options and 121,500 RSUs to the Named Executive Officers and other executives..

Stock Ownership Guidelines. In 2009, based on changes in the Company s stock price, no senior executive officer was in compliance with the established stock ownership guidelines, which were based on dollar values equal to multiples of their base salaries. The Compensation Committee approved new ownership guidelines in the form of net share retention guidelines. Under this approach each member of the Board of Directors and senior executive officer will be required to hold at least 50% of any net shares acquired through the Company s Board of Directors compensation programs or executive equity incentive plans until they leave the Board of Directors or employment with the Company. Net shares are defined as shares acquired net of any shares used to pay required exercise price and/or tax liability. The Compensation Committee believes this approach, which does not depend on the underlying stock price, will be more meaningful than the previous approaches to executive stock ownership, while ensuring long term alignment of executive and stockholder interests.

Benefits and Executive Perquisites. It is the Company s policy to provide limited executive perquisites and special benefits, most of which are business-related. The Chairman and Chief Executive Officer and the other Named Executive Officers participate in the Company s tax-qualified 401(k) Savings Plan on the same basis as all other U.S. based full-time employees. If a contribution the Company makes under the 401 (k) Savings Plan for the benefit of an executive who is a participant in the LTIP would exceed the limit imposed by the Employee Retirement Income Security Act (ERISA), then the Company makes only the allowable contribution to the executive s account and credits an amount equal to 140% of the balance to a deferred cash account in the first quarter of the subsequent year. Deferred amounts are credited with interest at the rate of 120% of the long term applicable federal rate as published by the Internal Revenue Service. The 401(k) match on employee contributions is currently suspended due to the severe economic environment. Accordingly, no credits were made to deferred accounts in 2010 for the 2009 plan year.

The Chairman and Chief Executive Officer and other Named Executive Officers also receive an auto allowance or the use of a company provided car, which benefit is also provided to a wider group of executives in the Company. In addition, the Company provides business-related perquisites in the form of payment of membership fees in a country club to some of the Named Executive Officers which may be used for both personal and business functions.

The incremental costs related to perquisites for Named Executive Officers are disclosed in the All Other Compensation column of the Summary Compensation Table, along with details on their valuations.

Termination Protection Agreements. The Company has Termination Protection Agreements (TPAs) with the Chairman and Chief Executive Officer and other Named Executive Officers (as well as certain other officers of the Company). The TPAs are designed to:

- Promote senior management stability during a time of pending changes in Company ownership;
- Limit benefit coverage to key executives whose continued employment might be vulnerable following a change in control; and
- Reflect competitive practices in the industry.

A more detailed description of the benefits payable under the TPAs, as well as estimated payments that would be paid to the Chairman and Chief Executive Officer and other Named Executive Officers if a change-in-control related termination had occurred on the last business day of 2009, are included following the tabular disclosures below.

The Company does not have any specified termination plans or policies related to terminations not in connection with a change in control, nor does it have employment agreements in place for the Chairman and Chief Executive Officer or any of its other Named Executive Officers.

Impact of Regulatory Requirements

In making executive compensation decisions, the Compensation Committee is mindful of the impact of regulatory requirements on those decisions. In particular, regulatory requirements affect the Compensation Committee s decisions in the following ways:

- *Internal Revenue Code Section 162(m):* The Compensation Committee endeavors to maximize the amount of compensation that is tax deductible as an expense. To help accomplish this, base salaries are generally limited to approximately one third of the total direct compensation package and none of the Chairman and Chief Executive Officer or other Named Executive Officers is paid a salary that exceeds the allowable deductible maximum of $1,000,000. LTIP awards and non-qualified stock options are also provided under a shareholder-approved plan that is intended to meet the requirements for deductibility. Perquisites and special benefits are generally limited in use and value. All compensation paid to each Named Executive Officer in 2009 was intended to be deductible, with the exception of RSUs granted in December 2009.

Internal Revenue Code Section 409A: All programs have been reviewed by counsel to verify that either they are not considered deferred compensation under the Section 409A definitions, or they comply with the deferred compensation rules in Section 409A. As a result, the Company does not anticipate employees to be subject to any tax penalties under Section 409A.

FASB ASC Topic 718: The Company adopted the rules now codified as Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (FASB ASC Topic 718) beginning in fiscal year 2006. In determining option and RSU awards, the Compensation Committee considers the potential expense of those programs under FASB ASC Topic 718 and its impact on earnings per share. The Compensation Committee concluded that the expense associated with executive compensation in 2009 was appropriate, given competitive compensation practices in the industry, the Company s performance, and the motivational and retention effect of the awards.

Conclusions

The Company and its Compensation Committee regularly consider ways to improve the ability of its total direct compensation program to meet the objectives established for it. The Company believes that its executive compensation programs are reasonable, appropriate, and in the best interests of shareholders. Key reasons for this conclusion include the following:

Competitive benchmarking indicates that our executive compensation levels (both base salaries and total direct compensation) are administered in a manner consistent with the Company s total direct compensation philosophy.

Total direct compensation is highly dependent on Company and business unit performance, through a compensation mix that emphasizes performance-based pay, low levels of perquisites and special benefits other than those that are business-related, formula-based annual and long-term incentive awards, RSUs, stock options, and share ownership guidelines.

The economic interests of the executive officers are aligned with those of shareholders through the opportunity for an accumulation of a significant equity stake, facilitated by RSUs, DSUs, stock options and stock ownership guidelines.

The Company s executive retention objectives are achieved at reasonable cost through the TPAs, the Supplemental Executive Retirement Plan and competitive vesting schedules for RSUs, stock options and restricted stock awards.

The cost and dilution of equity award programs are reasonable in light of the Company s size, industry, and performance.

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Summary Compensation Table

The table below summarizes the total compensation paid or earned by each of the executive officers of the Company whose name appears in the table (Named Executive Officers) for the fiscal year ended December 31, 2009. The Company has not entered into any employment agreements with any of the Named Executive Officers. When setting the total compensation for each of the Named Executive Officers, the Compensation Committee reviews total compensation which includes the executive s current cash compensation (base salary and annual incentive awards), long-term and equity-based compensation.

Amounts listed under column (e), Non-Equity Incentive Plan Compensation for 2009 were determined by the Compensation Committee at its March 2, 2010 meeting in accordance with previously approved financial targets and strategic goals established in January 2008.

Based on the grant date fair value of equity awards granted to Named Executive Officers in 2009 and the base salary of the Named Executive Officers, Salary accounted for approximately 21% of the total compensation of the Named Executive Officers in 2009.

nd Principal Position		**Salary** a	**Bonus** b (1)	**Stock Awards** c (2)	**Option Awards** d (2)	**Non-Equity Incentive Plan Compensation** e (3)	**Change in Pension Value and Nonqualified Deferred Compensation Earnings** f (4)	**All Other Compensation** g (5)	**T**
Shea	2009	$ 700,000	$ 0	$ 260,600	$ 335,000	$ 596,400	$ 3,557,826	$ 81,692	$ 5,5
n & CEO	2008	$ 699,519	$ 0	$ 1,371,652	$ 332,000	$ 0	$ 252,577	$ 100,396	$ 2,7
	2007	$ 575,000	$ 0	$ 0	$ 0	$ 690,000	$ 676,989	$ 74,198	$ 2,0
Valker	2009	$ 400,000	$ 0	$ 97,725	$ 146,563	$ 184,600	$ 291,677	$ 28,426	$ 1,1
ice President,	2008	$ 399,750	$ 0	$ 459,250	$ 149,400	$ 0	$ 99,911	$ 56,153	$ 1,1
nancial Officer	2007	$ 335,000	$ 0	$ 0	$ 0	$ 217,800	$ 223,799	$ 19,468	$ 7
P. Penders	2009	$ 400,000	$ 0	$ 114,013	$ 146,563	$ 213,000	$ 732,224	$ 47,752	$ 1,6
t	2008	$ 399,866	$ 0	$ 678,369	$ 199,200	$ 0	$ 111,947	$ 59,464	$ 1,4
	2007	$ 365,000	$ 0	$ 179,050	$ 0	$ 343,620	$ 403,694	$ 39,543	$ 1,3
. Cummiskey	2009	$ 315,000	$ 0	$ 68,408	$ 87,938	$ 134,200	$ 387,773	$ 20,797	$ 1,0
ice President,	2008	$ 314,969	$ 0	$ 329,564	$ 91,025	$ 0	$ 41,777	$ 38,523	$ 8
Resources	2007	$ 307,000	$ 0	$ 0	$ 0	$ 184,200	$ 252,259	$ 34,672	$ 7
Spitzer	2009	$ 310,000	$ 0	$ 68,408	$ 87,938	$ 132,100	$ 479,086	$ 26,732	$ 1,1
ice President,	2008	$ 309,923	$ 0	$ 329,564	$ 74,700	$ 0	$ 104,686	$ 35,238	$ 8
Counsel and Corporate /	2007	$ 290,000	$ 0	$ 0	$ 0	$ 174,000	$ 447,716	$ 29,961	$ 9

Notes:

(1) The Named Executive Officers were not entitled to receive Bonus payments unrelated to performance.

(2) The amounts in columns (c) and (d) are the aggregate grant date fair value. The amounts are consistent with the grant date estimates of compensation cost (excluding the effect of forfeitures) under FASB Topic ASC 718. Assumptions used in the calculation of these amounts are included in footnotes (1) and (18) to the Company s audited financial statements for the year ended December 31, 2009 which is included in the Company s Annual Report on Form 10-K filed with the SEC on March 2, 2010. Amounts related to the 2008 Long-Term Equity Incentive Plan award reflected in column (c), (Mr. Shea, $884,917; Mr. Walker, $331,600; Mr. Penders, $359,244; Ms. Cummiskey, $221,061; and Mr. Spitzer, $221,061) were canceled and not paid. Amounts related to the 2007 LTEIP award reflected in column (c) (Mr. Penders, $179,050) were paid out.

(3) The amounts in column (e) reflect the cash awards to the Named Executive Officers paid under the AIP described on page 17 under the section Annual Incentive Plan.

(4) The amounts in column (f) reflect the actuarial increase in the present value of the Named Executive Officer s accumulated benefit under all the pension plans established by the Company, determined using the interest rate and mortality rate assumptions consistent with those used in the Company s financial statements and including amounts which the Named Executive Officers may not currently be entitled to receive because such amounts

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are not vested. No earnings on non-qualified deferred compensation are considered above-market or preferential and, accordingly, no such earnings are reflected in this column.

(5) The amounts shown in column (g) for 2009 reflect for each Named Executive Officer the below described payments:

(A) An auto allowance paid monthly to one of the Named Executive Officers. In 2009, Mr. Spitzer received $11,818.

(B) The imputed income related to the automobiles owned by the company that are attributable to the personal use of three of the Named Executive Officers. Mr. Shea s, Mr. Penders and Ms. Cummiskey s automobiles were purchased in 2006. Mr. Walker s automobile was purchased in 2008 and he took possession of the automobile as of September 1, 2008.

(C) Any employee who waives medical coverage under the Company s medical plan receives a $500 payment in lieu of the coverage. The payment may be received in cash or is contributed to the employee s flexible spending account. Mr. Walker is the only one of the Named Executive Officers who received this payment in 2009.

(D) Matching contributions allocated to each of the Named Executive Officers pursuant to the Company s 401(k) Savings Plan and the excess benefit under the Deferred Award Plan are described in the section titled 2009 Non-Qualified Deferred Compensation on page 27. For 2009, the Named Executive Officers received ERISA excess benefits (for the 2008 plan year) in the following amounts: Mr. Shea $68,105; Mr. Penders $30,160; Mr. Walker $22,763; Ms. Cummiskey $15,809; and Mr. Spitzer $14,914. For the 2009 plan year, matching contributions were suspended and the Named Executive Officers did not receive an ERISA excess benefit in 2010.

(E) The cost to the Company of club memberships provided to Mr. Shea and Mr. Penders. The annual cost for Mr. Shea was $5,196 and the annual cost for Mr. Penders was $12,741 in 2009. Both of the clubs are used for business and personal purposes.

2009 Grants of Plan-Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan			All Other Stock Awards: Number of Shares of Stock or Units	All Other Options Awards: Number of Securities Underlying Option	Exercise or Base Price of Option Awards	Closing Market Price for Grant Date of Option Awards	Grant D Fair Va of Stock a Optio Awar
me	Grant Date a	Threshold c(1)	Awards Target d(1)	Maximum e(1)	f(2)	g(3)	h(3)	i(4)	j(5)
vid J. a	January 14, 2009	$ 420,000	$ 840,000	$ 1,680,000					
	March 25, 2009	$ 1,330,000	$ 2,660,000	$ 5,320,000					

	December 9, 2009				40,000				$ 260,6
	December 9, 2009					100,000	$ 6.515	$ 6.46	$ 335,0
n J. lker	January 14, 2009	$ 130,000	$ 260,000	$ 520,000					
	March 25, 2009	$ 500,000	$ 1,000,000	$ 2,000,000					
	December 9, 2009				15,000				$ 97,7
	December 9, 2009					43,750	$ 6.515	$ 6.46	$ 146,5
liam P. ders	January 14, 2009	$ 150,000	$ 300,000	$ 600,000					
	March 25, 2009	$ 500,000	$ 1,000,000	$ 2,000,000					
	December 9, 2009				17,500				$ 114,0
	December 9, 2009					43,750	$ 6.515	$ 6.46	$ 146,5
an W. nmiskey	January 14, 2009	$ 94,500	$ 189,000	$ 378,000					
	March 25, 2009	$ 362,250	$ 724,500	$ 1,449,000					
	December 9, 2009				10,500				$ 68,4
	December 9, 2009					26,250	$ 6.515	$ 6.46	$ 87,9
tt L. zer	January 14, 2009	$ 93,000	$ 186,000	$ 372,000					
	March 25, 2009	$ 356,500	$ 713,000	$ 1,426,000					
	December 9, 2009				10,500				$ 68,4
	December 9, 2009					26,250	$		