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MACDERMID INC
Form DEF 14A
June 07, 2001

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the
Commission Only (as permitted by
Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

MacDermid, Incorporated

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or
14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
- \$500 per each party to the controversy pursuant to Exchange Act Rule
14a-6(i)(3).
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
- 1) Title of each class of securities to which transaction applies:
 - 2) Aggregate number of securities to which transaction applies:
 - 3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the
filing fee is calculated and state how it was determined):
 - 4) Proposed maximum aggregate value of transaction:
 - 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act
Rule 0-11(a)(2) and identify the filing for which the offsetting fee was

paid previously. Identify the previous filing by registration statement
number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

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MACDERMID
Incorporated
245 Freight Street
Waterbury, CT. 06702-0671

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 25, 2001

The Annual Meeting of Shareholders of MacDermid, Incorporated ("MacDermid") will be held at the Naugatuck Valley Community College, Fine Arts Center, 750 West Main Street, Waterbury, CT. on Wednesday, July 25, 2001 at 3:00 P.M. EDT, for the following purposes:

1. To elect six (6) directors to hold office until the next annual meeting or until their successors are elected and qualified; and
2. To consider and act on a proposal to approve the MacDermid, Incorporated 2001 Key Executive Equity Performance Plan dated May 21, 2001; and
3. To consider and act on a proposal to approve the MacDermid, Incorporated 2001 All Employee Stock Option Plan dated May 21, 2001; and
4. To consider and act upon the ratification of the appointment of KPMG L.L.P. as independent accountants for 2002; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on May 25, 2001 as the record date for the determination of shareholders who will be entitled to notice of and to vote at the meeting.

Whether or not you plan to attend the annual meeting, please promptly vote, date and sign the enclosed proxy and return it in the enclosed postage-paid envelope at your earliest convenience prior to the meeting.

Your proxy vote is very important. Prompt return of all your proxies will minimize proxy solicitation expense, assure a quorum and avoid confusion and delay at the meeting.

By Order of the Board of Directors,

Waterbury, Connecticut
June 1, 2001

MARY ANNE B. TILLONA
Corporate Secretary

(IN ORDER TO AVOID UNNECESSARY EXPENSE), we urge you to indicate voting instructions on the enclosed proxy and date, sign and return it promptly PRIOR to the meeting in the envelope provided, no matter how large or small your holdings may be.

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Incorporated
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Waterbury, Connecticut 06702-0671

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PROXY STATEMENT GENERAL

THE ACCOMPANYING PROXY IS BEING SOLICITED BY THE BOARD OF DIRECTORS OF MACDERMID, INCORPORATED ("MACDERMID") for use at the annual meeting of Shareholders of MacDermid and at any and all adjournments thereof (the "Meeting") to be held, pursuant to the accompanying Notice of Annual Meeting of Shareholders, at Naugatuck Valley Community College, Fine Arts Center, Waterbury, CT. on Wednesday, July 25, 2001 at 3:00 P.M., EDT.

Each holder of MacDermid's common stock (the "Common Stock") is entitled to one vote per share on each matter to be brought before the Meeting. Valid proxies will be voted as specified thereon at the Meeting. Any shareholder giving a proxy in the accompanying form (a "Proxy") retains the power to revoke it at any time prior to the exercise of the powers conferred thereby by (1) delivering written notice of such revocation to Mary Anne B. Tillona, Corporate Secretary, MacDermid, Incorporated, 245 Freight Street, Waterbury, Connecticut 06702-0671; (2) delivering to the Corporate Secretary a duly executed Proxy or other proxy form bearing a date subsequent to the date on the given Proxy; or (3) appearing at the Meeting and requesting to vote his or her shares in person. Any shareholder who attends the Meeting in person will not be deemed thereby to revoke the Proxy unless such shareholder affirmatively indicates at the Meeting his or her intention to vote the shares in person.

Unless a shareholder provides contrary instructions on a Proxy, all shares represented by the Proxy (if not revoked before such shares are voted) will be voted for the election of the nominees for directors named below, and by the persons granted the proxies in their discretion on any other business properly to come before the Meeting.

MacDermid has retained D.F. King & Co., Inc. of New York, New York ("King") to assist with the solicitation of Proxies and the mailing and distribution of proxy material. The anticipated cost of King's services is approximately \$4,000, plus reimbursement of expenses. MacDermid will bear the cost of the solicitation of Proxies, which may include the reasonable expenses of brokerage firms and others for forwarding Proxies and proxy material to the beneficial owners of Common Stock of MacDermid. In addition to the use of the mails, Proxies may be solicited by King and by regular employees of MacDermid personally or by telephone or telegram. Votes will be counted by employees of The Bank of New York of New York, New York, the Corporation's transfer agent. MacDermid currently anticipates that Ms. Mary Anne B. Tillona, the Corporate Secretary of MacDermid, will be the Inspector of Election who will certify the votes at the meeting of shareholders.

Only holders of Common Stock of record at the close of business on May 25, 2001 are entitled to notice of and to vote at the Meeting. On that date there were 31,463,574 shares of Common Stock outstanding and entitled to be voted. Holders of a majority of such outstanding shares, present in person or represented by proxy, will be necessary to constitute a quorum at the Meeting. If a quorum is present, the affirmative vote of a majority of the shares present in person or represented by proxy at the Meeting will be necessary for the election of each nominee for director and for the approval of the other items proposed. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum. Abstentions are counted in determining the shares represented at the Meeting with respect to each proposal presented to shareholders, but broker non-votes are not counted for such purpose.

Any shares held for the account of a shareholder who participates in the MacDermid Dividend Reinvestment Plan will be voted automatically with

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the shareholder's other shares of Common Stock as directed by the shareholder on the enclosed Proxy.

The approximate date on which this Proxy Statement and the accompanying Proxy are first sent to shareholders is June 11, 2001. MacDermid's Annual Report to Shareholders, containing financial statements for the fiscal year ended March 31, 2001, accompanies these proxy materials to each shareholder.

EVERY SHAREHOLDER'S VOTE IS IMPORTANT
Please complete, sign and return your proxy card
in the enclosed envelope.

ITEM 1

ELECTION OF DIRECTORS

Mr. Harold Leever, Chairman Emeritus of the Board of Directors and retired Chairman and President of the Company, passed away in January, 2001. His death created a vacancy on the Board of Directors, which was not filled by the remaining members of the Board. The Nominating Committee has therefore nominated Mr. Robert L. Ecklin to fill the vacancy left by Mr. Leever's passing.

The Board of Directors, pursuant to the By-Laws, as amended, has fixed at six (6) the number of directors to be elected at the Meeting. Shares represented by Proxies will be voted for the election of the nominees for Director listed below, unless otherwise indicated. Each Director of MacDermid shall serve until the next annual meeting or until his successor has been elected and qualified. Except for Mr. Ecklin, all nominees are currently Directors of MacDermid.

Management has no reason to believe that any nominee named below will be unable to serve as a Director. If at the time of the Meeting a nominee should be unable to stand for election, it is the intention of the persons granted the Proxies to vote in their discretion for such person as may be designated as a nominee by the Board of Directors of MacDermid.

The following information has been provided by each Director nominee.

--NOMINEES FOR DIRECTOR --

DANIEL H. LEEVER Mr. Leever joined MacDermid in 1982. In 1989, he was appointed Senior Vice President and Chief Operating Officer. The following year, he was appointed President and Chief Executive Officer. In 1998, Mr. Leever was appointed Chairman of the Board and currently serves as Chairman, President and Chief Executive Officer. Mr. Leever attended undergraduate school at Kansas State University and the graduate school at the University of New Haven School of Business.

Principal occupation -Chairman of the Board and Chief Executive Officer of MacDermid

Director since 1989

1,597,435 shares - 5.1% (1)

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Member of the Executive and Nominating Committees

Age: 52

DONALD G. OGILVIE - Mr. Ogilvie has been Executive Vice President of the American Bankers Association since 1985. From 1980 to 1985 he was a Vice President of Celanese Corporation and from 1977 to 1980 Associate Dean of Yale University's School of Organization and Management. Earlier, he held posts in the U.S. Department of Defense and in the Executive Office of the President as Associate Director of National Security and International Affairs in the Office of Management and Budget. Mr. Ogilvie has a B.A. degree from Yale University and an M.B.A. from Stanford University's School of Business.

Principal occupation - Executive Vice President of American Bankers Association
Director since 1986

11,778 shares - *(2) (3)

Member of the Audit, Compensation, Executive and Nominating Committees.

Age: 58

JAMES C. SMITH Mr. Smith is Chairman of the Board and Chief Executive Officer of Webster Financial Corporation and its subsidiary, Webster Bank of Connecticut. From prior to 1987 until April 2000, Mr. Smith also served as President of Webster Financial Corporation and Webster Bank. Mr. Smith is active in a number of organizations dedicated to enhancing the quality of life in the communities served by Webster. Mr. Smith has an AB degree from Dartmouth College.

Principal occupation - Chairman of the Board and Chief Executive Officer of Webster Financial Corporation and its subsidiary, Webster Bank of Connecticut.

Director since 1994

14,406 shares - * (2) (3)

Member of the Audit, Compensation, Executive and Nominating Committees.

Age: 52

JOSEPH M. SILVESTRI Mr. Silvestri has been a Vice President of Citicorp Venture Capital Ltd. since 1995. He is a member of the boards of directors and compensation committees of Triumph Group, Inc, a manufacturer and distributor of aircraft components, Euramax, a fabricator of aluminum and steel products and ISG Resources, a manufacturer of building products. Mr. Silvestri is also a director of Delco Remy, a manufacturer of automotive parts. Mr. Silvestri also serves on the Boards of Directors of a number of private corporations. Mr. Silvestri has a BS degree from Pennsylvania State University and an MBA degree

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from Columbia Business School.

Principal occupation - Vice President of Citicorp Venture Capital Ltd.

Director since 1999

43,986 shares - * (2) (3)

Member of the Audit, Compensation, Executive and Nominating Committees.

Age: 39

T. QUINN SPITZER, JR. Mr. Spitzer is a partner in McHugh Consulting, a management consulting firm specializing in business strategy and complexity management. Mr. Spitzer has been an independent consultant since 1973. In 1978 he joined the consulting firm of Kepner-Tregoe, Inc. of Princeton, N.J. In 1990, he was appointed as President and Chief Executive Officer of Kepner-Tregoe, and in 1996 he also became Chairman of the Board of Kepner-Tregoe. In 1999 he established McHugh Consulting. Mr. Spitzer received his undergraduate education from the University of Virginia and his graduate education from the University of Georgia. He serves on the Boards of Directors of a number of organizations, including the National Alliance of Business.

Principal Occupation - Partner, McHugh Consulting

Director since 2000

2,201 shares - *(2) (3)

Member of the Audit, Compensation, Executive and Nominating Committees

Age: 52

ROBERT L. ECKLIN Mr. Ecklin is Executive Vice President-Optical Communications for Corning Incorporated. He has held this position since January 2001 and has been Executive Vice President for Corning since January,1999. He joined Corning in 1961 in the Engineering Division and has held a number of manufacturing and operations positions at Corning. He was formerly plant manager of two Corning facilities and was named Vice President in 1982. In 1990, Mr. Ecklin was appointed Senior Vice President and General Manager, Industrial Products. Mr. Ecklin serves on several boards including Pittsburgh Corning, Pittsburgh Corning Europe as well as several service organizations, including the Alliance For Manufacturing and Technology for the Southern Tier, the Committee of 50, Alfred Technology Resources, National Alliance of Business and the State University of New York, Research Board. Mr. Ecklin holds a bachelor's degree in architectural engineering and has completed the Executive Management Program at Dartmouth University.

Principal occupation - Executive Vice President of Corning, Incorporated

0 shares

Nominated for appointment to the Audit, Compensation, Executive and Nominating Committees.

Age: 62

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* Indicates less than 1% of the outstanding shares of Common Stock.

Notes to Election of Directors

(1) Includes 145,866 shares held by MacDermid's Profit Sharing and Employee Stock Ownership plans (reported as of March 31, 2001), 462,065 shares which may be acquired upon exercise of options granted under the Special Stock Purchase Plan and 500,000 shares which may be acquired upon exercise of options granted under the MacDermid Incorporated Stock Option Plan dated July 6, 1998. Also includes 10,020 shares which are subject to restrictions on transfer until May 14, 2002 under the terms of the MacDermid 1995 Equity Incentive Plan. Includes 5,759 shares held in trust by Mr. Leever for his son and 2,500 shares owned by his spouse, as to all of which Mr. Leever disclaims beneficial interest. Also includes 67,989 shares held by a certain trust established by Mr. Harold Leever, for which Mr. Daniel Leever is co-trustee and 92,055 shares held by the Leever Foundation, Inc., over which Mr. Leever holds voting power.

(2) Owner has sole voting power.

(3) Includes director's premium options granted under the MacDermid, Incorporated Stock Option Plan of 2,295, 2,295, 3,501, 1,527 and 0 for Messrs. Ogilvie, Smith, Silvestri, Spitzer and Ecklin, respectively.

COMPENSATION COMMITTEE

REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee has furnished the following report on executive compensation in the fiscal year ended March 31, 2001.

EXECUTIVE COMPENSATION

The Compensation Committee is primarily responsible for MacDermid's overall executive compensation policy of compensating MacDermid's officers competitively with those of comparable companies, rewarding exceptional performance where appropriate and providing incentive for future performance through cash incentive payments and equity incentives. In fiscal year 2001, MacDermid's executive compensation generally had three basic components: annual base salary, short-term cash incentive bonus and equity incentives (long term compensation).

In establishing levels of annual salary, incentive bonus and equity incentives, the Committee generally considers, in order of emphasis, the following factors: (i) MacDermid's performance, or in certain cases group performance, relative to Committee expectations, (ii) the performance and achievements of MacDermid's executives, individually, and collectively, (iii) the responsibilities of each executive, (iv) the compensation practices of peer companies, and (v) the level of cash compensation and equity incentives required to attract and hold qualified executives.

MacDermid uses a comparative group of specialty chemical companies, (the "Comparator Group") to serve as a factor for determining the appropriate cash and equity incentive components of the program. The companies in the Comparator Group are selected based upon their similarity to MacDermid, relative complexity, and scope. Earnings trends, return on equity and other performance measures are compared. The size and composition of the Comparator Group may change from year to year. The Comparator Group differed from the group of companies included in the Media General Specialty Chemical stock index

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used in the Comparative Stock Performance graph on page 9. The Media General Specialty Chemical stock index, which consists of approximately 70 companies, is too unwieldy to use for compensation purposes because of the large number of companies and their disparate compensation practices. The Comparator Group is not used in the performance graph principally because of the need to maintain consistency in the indices or peer groups used in the graph.

Before considering the compensation factors discussed above, the Committee targets annual base compensation at a level which, together with incentive bonuses, would provide cash compensation to individual executives at below median market compensation levels for poor corporate or unit performance, at median market compensation levels for good performance, and above median market compensation levels for excellent performance.

Executives, other than the Chief Executive Officer, were eligible to receive incentive bonuses pursuant to MacDermid's Short-Term Executive Incentive Compensation Plan, the purpose of which is to motivate executives to use their best efforts to enhance shareholder value through improvements in MacDermid's financial performance. The Committee used a formula in determining the amount of the executive incentive bonus. The formula utilizes the following three factors: (i) the increase in consolidated earnings per share averaged over the most recent two-year period (the "EPS Change"), (ii) the relationship of net earnings to net sales ("ROS") and (iii) the relationship of net earnings to average shareholders' equity ("ROE"). An incentive bonus was paid with respect to a particular factor only if the EPS Change, ROS or ROE equaled or exceeded 3%, 4% and 14%, respectively. The factors may be measured on corporate or group performance. The amount of incentive bonus that is actually paid to corporate executive officers is subject to downward adjustment by the Committee based upon individual performance.

During the fiscal year ended March 31, 2001, MacDermid's executives were eligible to receive equity incentives (Stock Options or Restricted Stock Awards) under the MacDermid Special Stock Purchase Plan (the "Special Stock Purchase Plan"), the MacDermid, Incorporated 1995 Equity Incentive Plan (the "Equity Incentive Plan") and stock options under the MacDermid Stock Option Plan dated July 6, 1998 (the "Stock Option Plan"), (the Special Stock Purchase Plan, Equity Incentive Plan and Stock Option Plan collectively referred to as the "Plans").

The Committee administers the Plans, and awards equity incentives to executives and other employees of MacDermid. The purpose of awarding equity incentives under the Plans is to enable MacDermid to attract, retain and motivate its employees to exert their best efforts to enhance shareholder value by giving them the ability to participate in the long-term growth of MacDermid. The Committee generally considers the same factors in establishing the amounts of equity awards for MacDermid's executive officers as those listed above. The amounts of the awards are based upon the relative position of each executive officer within MacDermid and individual performance independent of the terms and amount of awards previously granted.

During fiscal year 2001, the Compensation Committee did not authorize any grants of restricted stock.

Stock options awarded under the Stock Option Plan are in the form of options to purchase a specified number of shares of MacDermid common stock at an exercise price which is set at a premium over the market price on the date of grant. The actual premium is set by the Compensation Committee. The exercise price for options granted during fiscal year 2001 is a 33% premium above the average closing price on the five trading days preceding the date of grant. The period for exercising an option will begin four years after the date of grant and will end ten years after the date of grant. Vesting requirements, if any, are established by the Committee. Unless determined otherwise by the Compensation Committee, the exercise period will automatically terminate ninety

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(90) days after the grantee ceases to be employed by the Company on a full time basis, for any reason. During fiscal year 2001, options were granted to Messrs. Largan and Bolingbroke to purchase 10,000 and 10,000 shares, respectively of MacDermid common stock under the terms of the Stock Option Plan. The exercise price for the foregoing grants was set at a premium of 33% above the average closing price on the five trading days preceding the date of grant.

Stock Options awarded under the Special Stock Purchase Plan are in the form of options to purchase a specified number of restricted shares of MacDermid Common Stock at an exercise price at least 66.6% of the market price of the Common Stock on the date of award. The options are generally exercisable only during the four-year period beginning on the date of award. However, at the 1996 Annual Meeting, the shareholders approved amendments to the Special Stock Purchase Plan which may extend the foregoing exercise period under certain conditions. The shares of Common Stock acquired upon any exercise are treated as restricted stock for a period of four years commencing on the date of exercise. Such shares may not be sold during such period (other than to MacDermid at the exercise price) and must be resold to MacDermid at the exercise price if the participant's employment with MacDermid is terminated during such period, except in the case of death, retirement, permanent disability or involuntary termination without cause. Such restrictions may, however, be waived by the Committee in its discretion from time to time. No options were granted under the special Stock Purchase Plan during fiscal years 1999, 2000 or 2001.

The Committee believes that the Plans allow executive officers to participate in the enhancement of shareholder value.

CHIEF EXECUTIVE OFFICER COMPENSATION

Compensation for Daniel H. Leever, MacDermid's Chairman and Chief Executive Officer, was determined in accordance with the terms of the MacDermid, Incorporated Executive Compensation Plan, the material terms of which were approved by the Company's shareholders at the 1998 Annual Meeting. Under the terms of the plan, no base salary is paid to Mr. Leever. The amount of performance based short-term annual compensation which was paid to Mr. Leever during fiscal year 2001 was based directly and solely upon the following factors: (i) earnings per share, and (ii) the two-year average of earnings per share growth. Compensation under the plan was equal to the sum of two components. The first component was determined by multiplying a base amount of \$5,415 by the number of cents per share the Company has earned for the fiscal year up to \$1.00. The second component was determined by multiplying the same base amount by the number of cents per share earned by the Company during the fiscal year above \$1.00, further multiplied by a factor of from 0 to 2.5, which factor is determined based upon the two year average of earnings per share growth. For fiscal year 2001, the two year average growth in earnings per share was zero and the resulting factor was zero. Mr. Leever's annual performance based compensation was determined and paid solely in accordance with the terms of the plan as noted above.

Mr. Leever was awarded a multi-year grant of MacDermid stock options in fiscal year 1999 under the Option Plan and therefore Mr. Leever was not awarded additional option grants during fiscal year 2001. Mr. Leever did not receive a grant of restricted stock in fiscal year 2001.

The Company is subject to Internal Revenue Code Section 162(m), which could limit the deductibility of certain compensation payments to its executive officers. The Company intends to comply with the requirements of Section 162(m); however, it also weighs the burdens of such compliance against the benefits to be obtained by the Company and pays compensation that is not fully

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deductible if it determines that such payments are in the Company's best interests. During fiscal year 2001, all compensation paid to the Company's executive officers was fully deductible by the Company.

Respectfully submitted by,

THE COMPENSATION COMMITTEE
 T. Quinn Spitzer, Jr. (Chairman)
 Donald G. Ogilvie
 James C. Smith
 Joseph M. Silvestri

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee is or has been an officer or employee of the Company or any of its subsidiaries. In fiscal 2001, no executive officer of the Company served on the compensation committee or as a director of another entity, one of whose executive officers served on the Company's Compensation Committee or Board of Directors.

SUMMARY COMPENSATION TABLE

The following Summary Compensation Table summarizes annual, long-term and other compensation paid for each of its three fiscal years ended March 31, 2001 to MacDermid's Chief Executive Officer executive officers.

Name and Compensation Principal Position	Fiscal Year	Annual Compen- sation		Other Annual Compensation (\$)	Long- Term Compen- sation Awards		Securities Underlying Options/ SARs	
		Salary (\$)	Bonus (\$)		(1)	(2)	(#)	(3)
Daniel H. Leever Chairman, President and Chief Executive Officer	2001	-	541,500	-	-	-	-	-
	2000	-	427,500	-	-	-	-	-
	1999	-	1,125,000	-	328,155	-	500,000	-
Stephen Largan Vice President - Finance	2001	148,340	-	-	-	-	10,000	-
	2000	139,706	30,000	-	-	-	40,000	-
	1999	35,342	25,000	-	-	-	-	-

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Gregory M.	2001	122,167	-	-	-	10,000
Bolingbroke	2000	102,500	30,000	-	-	10,000
Vice President, Treasurer and Controller	1999	99,017	78,000	-	28,558	15,000