

PREFORMED LINE PRODUCTS CO  
Form DEF 14A  
March 16, 2018  
Table of Contents

**SCHEDULE 14A**  
**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

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

**Preformed Line Products Company**

**(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.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(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):

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(3) Filing Party:

(4) Date Filed:



**Table of Contents**

**TABLE OF CONTENTS**

<u>Proxy Statement</u>	1
<u>Security Ownership of Certain Beneficial Owners &amp; Management</u>	2
<u>Corporate Governance</u>	4
Proposals of the Board	
<u>Proposal One Election of Directors</u>	7
<u>Proposal Two Ratification of Independent Auditor</u>	24
<u>Board Committees and Meetings</u>	9
<u>Audit Committee Report</u>	10
<u>Compensation Policies and Risk</u>	11
<u>Compensation Discussion and Analysis</u>	11
<u>Compensation Committee Report</u>	16
<u>Pay Ratio</u>	16
<u>Executive Compensation</u>	17
<u>Grants of Plan-Based Awards</u>	18
<u>Outstanding Equity Awards</u>	19
<u>Option Exercises and Stock Vested</u>	20
<u>Non-Qualified Deferred Compensation</u>	20
<u>Potential Payments upon Termination or Change in Control</u>	21
<u>Director Compensation</u>	22
<u>Transactions with Related Persons</u>	23
<u>Independent Registered Public Accounting Firm Fees, Services and Independence</u>	25
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	25
<u>Shareholder Proposals for 2019 Annual Meeting</u>	26
Householding Information	26
Solicitation Statement	27

Table of Contents

**PREFORMED LINE PRODUCTS COMPANY**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

To our shareholders:

The 2018 annual meeting of shareholders of Preformed Line Products Company will be held at the principal offices of the Company, 660 Beta Drive, Mayfield Village, Ohio, 44143 on Tuesday, May 8, 2018, at 9:30 a.m., local time, for the following purposes:

1. To elect four directors, each for a term expiring in 2020;
2. To ratify the appointment of Ernst & Young LLP; and
3. To consider any other matters that properly come before the meeting.

Only shareholders of record at the close of business on March 9, 2018 are entitled to notice of and to vote at the meeting or any adjournment thereof. Shareholders are urged to complete, sign and date the enclosed proxy and return it in the enclosed envelope or to vote online or by telephone.

By order of the Board of Directors,

CAROLINE S. VACCARIELLO,  
*Secretary*

Dated: March 23, 2018

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY, MAY 8, 2018:**

**This notice of annual meeting of shareholders, the accompanying proxy statement and the Company's 2017 Annual Report to Shareholders are also available at: [www.proxydocs.com/PLPC](http://www.proxydocs.com/PLPC).**

**YOUR VOTE IS IMPORTANT**

**PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR PROXY OR VOTE ONLINE OR BY TELEPHONE**

**Table of Contents**

**PREFORMED LINE PRODUCTS COMPANY**

**PROXY STATEMENT**

Our Board of Directors is sending you this proxy statement to ask for your vote as a Preformed Line Products Company shareholder on the matters to be voted on at the annual meeting of shareholders to be held at 660 Beta Drive, Mayfield Village, Ohio, 44143, on Tuesday, May 8, 2018, at 9:30 a.m., local time and at any adjournment of the meeting. We are mailing this proxy statement and the accompanying notice and proxy to you on or about March 23, 2018.

*Annual Report.* A copy of our Annual Report to Shareholders for the fiscal year ended December 31, 2017 is enclosed with this proxy statement.

*Solicitation of Proxies.* Our Board of Directors is making this solicitation of proxies and the Company will pay the cost of the solicitation. In addition to solicitation of proxies by mail, our employees may solicit proxies by telephone, facsimile or electronic mail.

*Proxies; Revocation of Proxies; Voting Instructions.* If you are a shareholder of record, the shares represented by your signed and returned proxy will be voted in accordance with the instructions as indicated on your proxy. In the absence of any such instructions, they will be voted to (a) elect the director nominees set forth under Election of Directors, and (b) ratify the appointment of Ernst & Young LLP (EY) as our independent registered accounting firm for the fiscal year ending December 31, 2018. Your presence at the annual meeting of shareholders, without more, will not revoke your proxy. However, you may revoke your proxy at any time before it has been exercised by signing and delivering a later-dated proxy or by giving notice to us in writing at our address indicated on the attached Notice of Annual Meeting of Shareholders by May 8, 2018, or in the open meeting.

If you hold shares through an account with a bank or broker, banks and brokers have the authority to vote shares for which their customers do not provide voting instructions on certain routine matters. The ratification of the appointment of EY as the Company's independent registered public accounting firm is considered a routine matter for which banks and brokers may vote without specific instructions from their customers, but banks and brokers do not have the authority to vote for the election of directors. As such, if you own your shares through a bank or broker and do not provide specific voting instructions to the bank or broker or do not obtain a proxy to vote those shares, then your shares will not be voted on this matter ( broker non-votes ).

*Voting Eligibility.* Only shareholders of record at the close of business on the record date, March 9, 2018, are entitled to receive notice of the annual meeting of shareholders and to vote the common shares that they held on the record date at the meeting. On the record date, our voting securities outstanding consisted of 5,051,487 common shares, \$2 par value, each of which is entitled to one vote at the meeting.

*Quorum.* Shareholders, present in person or by proxy and entitled to vote at the meeting, holding shares entitling them to exercise a majority of the voting power of the Company are necessary to constitute a quorum at the meeting. Abstaining votes and broker non-votes will be counted as present for purposes of determining whether a quorum has been achieved at the meeting.

*Voting Required.* The vote required to approve each proposal is as follows:

Director nominees who receive the greatest number of affirmative votes will be elected directors. Abstentions and broker non-votes will not be counted in favor of or against any nominee and, therefore, have no effect on this proposal.

Approval of the proposal to ratify the selection of EY as the Company's independent registered public accounting firm requires the affirmative vote of a majority of the common shares present in person or

**Table of Contents**

by proxy and entitled to vote at the Annual Meeting. Abstentions will have the same effect as votes against the proposal. Banks or brokers holding shares for which no voting instructions were received may exercise their discretionary voting authority for this proposal.

If any other matter properly comes before the meeting, the persons named in the proxy will vote thereon in accordance with their judgment. We do not know of any other matter that will be presented for action at the meeting and we have not received any timely notice that any of our shareholders intend to present a proposal at the meeting. If any other matters are considered at the meeting, they would require for approval the affirmative vote of a majority of the shares entitled to vote and represented at the meeting in person or by proxy.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS & MANAGEMENT**

The following table shows the amount of the Company's common shares beneficially owned as of March 9, 2018 by (a) the Company's directors, (b) each other person known by the Company to own beneficially 5% or more of the outstanding common shares, (c) the Company's named executive officers (NEOs), and (d) the Company's executive officers and directors as a group. Except as noted below, the mailing address for each of the beneficial owners listed below is c/o Preformed Line Products Company, 660 Beta Drive, Mayfield Village, Ohio 44143.

Name of Beneficial Owner	Number of Common Shares Beneficially Owned	Percent of Class
Barbara P. Ruhlman (1)	1,392,113(2)	27.6%
Robert G. Ruhlman (1)	1,658,616(3)	32.8%
Randall M. Ruhlman (1)	1,450,930(4)	28.7%
Royce & Associates LLC	582,011(5)	11.5%
Key Corp	405,179(6)	8.0%
The PNC Bank	328,378(7)	6.5%
Dimensional Fund Advisors LP	296,645(8)	5.9%
Glenn E. Corlett	2,700	*
Matthew D. Frymier	800	*
Richard R. Gascoigne	2,200	*
Michael E. Gibbons	11,741(9)	*
Eric R. Graef	32,314(9)(10)	*
William H. Haag III	32,423(9)	*
Dennis F. McKenna	28,425(9)	*
R. Steven Kestner	5,100(9)	*
J. Ryan Ruhlman	1,888(11)	*
Maegan A. R. Cross	7,743	*
David C. Sunkle	21,337(9)	*
Michael A. Weisbarth	2,500(9)	*
All Executive Officers and Directors as a Group (15 persons)	1,855,480(12)	36.7%

\* Represents less than 1%.

(1)



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The mailing address for (a) the Barbara P. Ruhlman Irrevocable Trust dated 6/29/2008 and (b) the Barbara P Ruhlman Revocable Trust dated 9/21/16 is McDonald Hopkins LLC, Attention: Bernard L. Karr, Trustee, 600 Superior Avenue, East, Suite 2100, Cleveland, Ohio 44114.

**Table of Contents**

- (2) Includes 787,900 shares, which are held by the Barbara P Ruhlman Revocable Trust dated 9/21/16, of which Bernard Karr serves as trustee and Robert G. Ruhlman and Randall M. Ruhlman act as co-trust advisors with respect to the investment and voting of such shares. Bernard L. Karr, as the trustee, has shared voting and dispositive power with respect to these shares. These shares are also deemed to be beneficially owned by Robert G. Ruhlman and Randall M. Ruhlman, who act as co-trust advisors. Also includes 604,213 shares held in a revocable trust of which Barbara P. Ruhlman is sole trustee and a direct beneficiary and for which she has sole voting and investment power.
- (3) Robert G. Ruhlman has sole voting and dispositive power with respect to 366,152 shares, which includes (i) 156,648 deferred common shares held in the rabbi trust for future distribution under the Company Deferred Compensation Plan of which Robert G. Ruhlman is trustee, (ii) 7,165 shares held directly, (iii) 57,078 held in the Company's 401(k) Profit Sharing Trust, of which Robert G. Ruhlman is trustee, (iv) 144,911 shares held in a revocable trust, of which Robert G. Ruhlman is trustee and beneficiary, and (v) 350 shares held in an individual retirement account; excludes 6,274 shares held in his individual Company Profit Sharing account, as they are included in (iii). Robert G. Ruhlman has shared voting and dispositive power with respect to 1,292,464 shares, which includes (i) 34,656 shares held in a trust for the benefit of Robert G. Ruhlman and his children and of which Robert G. Ruhlman and Randall M. Ruhlman serve as co-trustees, (ii) 46,656 shares held in a trust for the benefit of Randall M. Ruhlman and of which Robert G. Ruhlman and Randall M. Ruhlman serve as co-trustees, (iii) 787,900 shares held in the Barbara P Ruhlman Revocable Trust dated 9/21/16, of which Bernard Karr serves as trustee and Robert G. Ruhlman and Randall M. Ruhlman act as co-trust advisors with respect to the investment and voting of such shares, (iv) 400,452 shares held in the Ethel B. Peterson Trust of which KeyCorp is the trustee and for which Robert G. Ruhlman and Randall M. Ruhlman act as co-trust advisors, (v) 22,500 shares held in the Irrevocable Trust between Barbara P. Ruhlman and Bernard L. Karr of which Bernard L. Karr is the trustee and for which Robert G. Ruhlman and Randall M. Ruhlman act as co-trust advisors, and (vi) 300 shares owned by Robert G. Ruhlman's wife, with respect to which he may be deemed to share voting and dispositive power. Excludes 108,140 restricted share units (RSUs) issued under the Preformed Line Products Company Long Term Incentive Plan of 2008 and the 2016 Incentive Plan (collectively, LTIP) that have not yet vested.
- (4) Includes 158,766 shares with respect to which Randall M. Ruhlman has sole voting and dispositive power. Randall M. Ruhlman has shared voting and dispositive power with respect to 1,292,164 shares, which includes (i) 46,656 shares held in a trust for the benefit of Randall M. Ruhlman and his children and of which Randall M. Ruhlman and Robert G. Ruhlman serve as co-trustees, (ii) 34,656 common shares held in a trust for the benefit of Robert G. Ruhlman and his children and of which Randall M. Ruhlman and Robert G. Ruhlman serve as co-trustees, (iii) 400,452 shares held in the Ethel B. Peterson Trust of which KeyCorp is the trustee and for which Randall M. Ruhlman and Robert G. Ruhlman act as co-trust advisors, (iv) 22,500 shares held in the Irrevocable Trust between Barbara P. Ruhlman and Bernard L. Karr of which Bernard L. Karr is the trustee and for which Randall M. Ruhlman and Robert G. Ruhlman act as co-Trust Advisors, and (v) 787,900 shares held in the Barbara P Ruhlman Revocable Trust dated 9/21/16, of which Bernard Karr serves as trustee and Randall M. Ruhlman and Robert G. Ruhlman act as co-trust advisors with respect to the investment and voting of such shares.
- (5) Information obtained from a Schedule 13G/A filed by Royce & Associates, LLC on January 23, 2018. The mailing address for Royce & Associates, LLC is 745 Fifth Avenue, New York, New York 10151. Percent of class is calculated based on the shares reported in the Schedule 13G/A and the number of shares outstanding as of March 9, 2018. Royce & Associates, LLC has sole voting and dispositive power over 582,011 shares.
- (6) Information obtained from a Schedule 13G/A filed by KeyCorp on January 24, 2018. The mailing address for KeyCorp is 127 Public Square, Cleveland, Ohio 44114. Percent of class is calculated based on the shares reported in the Schedule 13G/A and the number of shares outstanding as of March 9, 2018. KeyCorp has sole voting power over 4,727 shares, shared voting power over 400,452 shares, which are held by the Ethel B. Peterson Trust, of which KeyCorp is Trustee and Robert G. Ruhlman and Randall M. Ruhlman are co-trust Advisors, sole dispositive power over 1,027 shares and shared dispositive power over 404,152 shares, which includes the Ethel

- B. Peterson Trust shares.
- (7) Information obtained from a Schedule 13G filed by The PNC Financial Services Group, Inc., PNC Bancorp, Inc., PNC Bank, National Association and PNC Capital Advisors, LLC (collectively, PNC ) on February 2, 2018. The mailing address for PNC Bank is One PNC Plaza, 249 Fifth Avenue, Pittsburgh, PA 15222-2707. Percent of class is calculated based on the shares report in the Schedule 13G and the number of outstanding shares as of March 9, 2018. PNC Bank has sole voting power over 328,378 shares and sole dispositive power over 30,218 shares and disclaims beneficial ownership of such shares.

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**Table of Contents**

- (8) Information obtained from a Schedule 13G filed by Dimensional Fund Advisors LP ( Dimensional ) on February 9, 2018. The mailing address for Dimensional is Building One, 6300 Bee Cave Road, Austin, Texas 78746. Percent of class is calculated based on the shares report in the Schedule 13G and the number of outstanding shares as of March 9, 2018. Dimensional has sole voting power over 283,170 shares and sole dispositive power over 296,645 shares and disclaims beneficial ownership of such shares.
- (9) Includes the following number of deferred common shares held in the rabbi trust for future distribution under the Company s Deferred Compensation Plan: Eric R. Graef, 20,000; Dennis F. McKenna, 24,535; William H. Haag III, 24,587; and David C. Sunkle, 19,499, Michael E. Gibbons, 7,437, and R. Steven Kestner, 87. Excludes the following number of RSUs issued under the LTIP that are subject to vesting based on certain service and performance vesting requirements: Eric R. Graef, 4,856; Dennis F. McKenna, 23,787; William H. Haag III, 19,501; and David C. Sunkle, 19,397; and Michael A. Weisbarth, 4,399. Also includes shares held in the Company s 401k Plan: Dennis F. McKenna, 1,987; William H. Haag III, 1,832; and David C. Sunkle, 408. Finally, includes 2,500 shares subject to stock options that Michael A. Weisbarth has the right to acquire within 60 days of March 9, 2018.
- (10) Includes ownership by Eric R. Graef through March 9, 2018, although he retired from the Company and was no longer required to report his beneficial ownership of the Company s shares as of May 31, 2017. Excludes 4,856 RSUs issued under the LTIP that are subject to vesting based on certain performance vesting requirements (such awards are pro-rated for the portion of the applicable service period ending on his retirement date).
- (11) Includes 625 shares subject to stock options that J. Ryan Ruhlman has the right to acquire within 60 days of March 9, 2018. Excludes 13,362 RSUs issued under the LTIP that are subject to vesting based on certain service and performance vesting requirements.
- (12) Excludes a total of 46,549 shares of unvested RSUs that other executive officers not listed above were issued under the LTIP that are subject to vesting based on certain service and performance vesting requirements, and which they do not have the right to acquire within 60 days of March 9, 2018. Includes 1,000 shares subject to stock options that an executive officer has the right to acquire within 60 days of March 9, 2018.

**CORPORATE GOVERNANCE**

***Code of Conduct***

The Company believes that high ethical standards are conducive to long-term performance, and as such, all Board members, officers and employees are subject to the Company s Code of Conduct, which is available on the Company s website [www.preformed.com](http://www.preformed.com) in the About Us section. The Company will disclose any waivers granted under the Code of Conduct that are required to be disclosed in such section of the website as well.

***Board Leadership***

The Company s leadership begins with the Board, where the Company has one individual, Robert G. Ruhlman, who serves as both Principal Executive Officer (President and Chief Executive Officer) and Chairman of the Board. Mr. Ruhlman s dual responsibility is appropriate given the Company s size and history. Mr. Ruhlman has led the Company for the past 13 years as both CEO and Chairman. As such, he has thorough, specialized knowledge regarding the strategic challenges and opportunities facing the Company. Mr. Ruhlman is supported by independent directors who play pivotal roles. The Board has no policy that requires the separation or combination of the CEO and Chairman roles and may reconsider the leadership structure from time to time. Additionally, the Board does not have a lead independent director. Finally, the Board believes that the Board s role in risk oversight does not affect this

leadership structure.

***Board's Role in Risk Oversight***

The Company believes taking measured and informed risks is an important element of its strategy. The Board maintains an active role in the Company's risk oversight to identify and mitigate broader systematic risks. All material transactions and decisions are presented to the Board, and the Board engages in active discussions,

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**Table of Contents**

challenging management while using its experiences to improve the Company. The Board has a depth of risk management experience, including one Board member with over 30 years of experience as an insurance broker. The Board members frequently have discussions with members of management outside of the meetings and have the authority to call on experts where appropriate. Additionally, in accordance with the Audit Committee Charter, the Audit Committee reviews and discusses with management and the Company's independent auditor, the Company's (i) significant exposures (whether financial, operating or otherwise), and (ii) risk assessment and risk management policies. The Compensation Committee monitors the risks that may be created through the Company's compensation programs. The Audit Committee also has responsibility for oversight of cybersecurity risks.

***Board Composition***

In accordance with our Amended and Restated Code of Regulations, the number of directors has been fixed at eight. The Board of Directors is classified into two classes composed of four members each, with both classes serving staggered two-year terms. Below is an overview of each current Board member including a description of the particular experiences, qualifications, attributes and skills of the directors that led to the conclusion that each should serve as a director. Mr. Glenn Corlett, Mr. Michael Gibbons, Mr. R. Steven Kestner and Mr. J. Ryan Ruhlman are nominees for election as directors at the annual meeting of shareholders.

*Glenn E. Corlett* Mr. Corlett's business experience commenced over 40 years ago, when he joined Price Waterhouse where he served as a partner until 1990. Since that time, Mr. Corlett had served as the Chief Financial Officer and later the Chief Operating Officer for N.W. Ayer, a major international advertising agency before he became a Professor of Accounting at Ohio University, and the Dean and Philip J. Gardner Leadership Professor at the College of Business at Ohio University from July 1997 through June 2007. Mr. Corlett's tenure at Ohio University's Business School has given him the necessary credentials to be a contributing member of the Board, not only from an accounting aspect, but also in general business management. Mr. Corlett has lectured and written on accounting, auditing and executive compensation. Mr. Corlett's zest for understanding the Company's financial statements, while providing sound business advice, keeps him in a close working relationship with senior management. In addition, his oversight experience facilitates his role in reviewing the Company's compensation policy and ensuring that management is compensated in a manner consistent with the compensation policy and in accordance with the relevant laws as Chairman of the Compensation Committee.

*Maegan A. R. Cross (formerly Maegan A. Ruhlman)* Ms. Cross is currently the Director of the Laurel Fund at Laurel School in Shaker Heights, Ohio, where she has worked since 2009. She holds a Bachelor of Science from the College of Charleston and a Master of Business Administration from Ohio University, with a concentration in Finance. Her excellent project management skills and collaborative approach are a welcome addition to the Board. Ms. Cross is also currently the Trustee Chair and a founding member of the Rainbow Babies & Children's Foundation Associate Board, having served as Vice President in 2016 and President in 2017. Her strong desire to give back to her community ensures that the Company is focused on the community at large. Ms. Cross is the daughter of Robert G. Ruhlman, Chairman of the Board, President and CEO of the Company, granddaughter of Barbara P. Ruhlman, *Director Emeritus* of the Company's Board of Directors, and sister to J. Ryan Ruhlman, a director and employee of the Company. Ms. Cross' commitment to the Company and its shareholders is evident, having been exposed to the Company from a very young age and working for the Company between 2003 and 2008 within the Human Resources Department.

*Matthew D. Frymier* - Mr. Frymier draws on more than 25 years' experience in financial services and asset management, which adds to the expertise of the Board. During his 17-year tenure at Bank of America Corporation, Matthew led a principal investment division responsible for strategic investments and mergers and acquisitions targeted at building the Bank of America franchise, which aligns with the Company's approach to growth and

acquisitions. His entrepreneurial spirit is evident in that he co-founded Corrum Capital Management, LLC, an alternative asset management firm in San Francisco, California and Charlotte, North Carolina, in December 2013, where he currently serves as Senior Advisor. Mr. Frymier's extensive prior board experience has honed his ability to exercise independent judgment and engage in strategic decision-making. In addition, he currently serves as a Director of the Chicago Stock Exchange, where he was elected Chairman in May 2016, and as a Director of AltX Inc., a financial technology company.

**Table of Contents**

*Richard R. Gascoigne* Mr. Gascoigne brings more than 30 years of experience in the insurance industry and is well suited to be a board member given his expertise in risk management and compliance. He was Managing Director at Marsh Inc., subsidiary of Marsh & McLennan Co. from 1995 until his retirement in 2008. He held numerous positions during his career at Marsh, including two years as regional compliance officer. He has extensive experience in commercial property and casualty underwriting, specifically focusing on middle market companies. In addition, he has provided risk management consulting to clients during product development, acquisitions and market introductions. The Company values his strong risk management and compliance experience. He is skilled at monitoring the Company's implementation of and adherence to its policies. His thoughtfulness in decision-making coupled with his willingness to thoroughly discuss issues make him a fitting member of the Board, as well as the Compensation and Audit Committees.

*Michael E. Gibbons* Mr. Gibbons began his career with McDonald & Company, where he quickly rose to the level of general partner and then senior vice president. From there, he became president and CEO of a leading regional securities and investment banking firm in Houston, Texas. Soon after that, he founded Brown Gibbons Lang & Company, where he provides an active senior role to client engagements and business development opportunities. He knows how to provide workable solutions to the Company. From his leadership of an investment bank, he is well suited to provide counsel on trends in the debt and equity markets, the integrity of the financial statements and the performance of our independent registered public accounting firm. This business acumen and experience ensures that he is well suited not only as a member of the Board, but also as the Chairman of the Audit Committee and a member of the Compensation Committee.

*R. Steven Kestner* Mr. Kestner has been practicing corporate law with the national law firm of Baker & Hostetler LLP since 1979. Mr. Kestner serves as Chairman of Baker & Hostetler and chairs the firm's Policy Committee, which functions as the board of directors for the law firm, positions he has held since 2004. As Chairman, Mr. Kestner is the chief executive officer of the firm and his responsibilities include managing the firm's operations, finance and strategic growth. In addition, prior to becoming Chairman of the firm, he served in several management positions, including Policy Committee member and Chair of the firm's National Business Practice Group, while developing an active legal practice focusing primarily on transactions, financings and securities law matters. Mr. Kestner advises and represents clients in the areas of domestic and foreign mergers and acquisitions, and he regularly works with public and private companies. He works closely with NYSE and NASDAQ listed companies. Mr. Kestner's securities law work has included registration statements under the Securities Act of 1933 with respect to both debt and equity financings and annual and periodic reports and proxy statements under the Securities Exchange Act of 1934. He is valued for his thoughtful analysis and ability to provide the Board with various perspectives based on his depth of experience with similar companies.

*J. Ryan Ruhlman* As the great-grandson of the founder and the son of the Chairman of the Board, President and CEO, Robert G. Ruhlman, J. Ryan Ruhlman has been part of the Company throughout his life. He began working for the Company in January 2002 as a part-time Laboratory Technician while attending college, and continued his career at the Company after graduation, working in various roles in Research and Engineering, Manufacturing, and International Operations. He was most recently promoted, in December 2015, to Vice President, Marketing and Business Development where he is responsible for Special Industries, Distribution and Transmission Markets, as well as Marketing Communications. Prior to that, he was promoted to Director, Marketing and Business Development in January 2015, which included responsibilities for Special Industries, Distribution and Transmission Markets, as well as Marketing Communications. He has served a variety of positions in Research and Engineering, International and Marketing and Sales departments since 2002, including Laboratory Technician, International Operations Project Specialist, Business Development Specialist and Manager of New Business Development and Marketing Communications. Mr. Ruhlman has developed an understanding of strategic and tactical business issues that include operations, manufacturing, marketing, and business development. Furthermore, he possesses an understanding of the



innovation necessary to grow the Company, is involved with employee development initiatives, and plays a key role in setting and maintaining the Company's corporate culture. Mr. Ruhlman is the grandson of Barbara P. Ruhlman, *Director Emeritus* of the Company's Board of Directors, and brother to Maegan A. R. Cross, a director of the Company.

**Table of Contents**

*Robert G. Ruhlman* Mr. Ruhlman started with the Company 38 years ago as an Associate Engineer. Over his years of service with the Company, he has held various positions including Manufacturing Administrator (1985), New Venture Coordinator (1987), Vice President of Corporate Planning (1988), President (1995), Chief Operating Officer (1995) and, most recently, Chief Executive Officer (2000). He was appointed as Chairman of the Board in 2004. These positions have given Mr. Ruhlman exposure to almost every aspect of the Company, from manufacturing to marketing. He has had ample experience and intimate knowledge of not only the Company itself, but also working with its customers. He has also been lauded for his clear thinking and ability to distill vast information into its critical components. Finally, his leadership fosters a Board culture of open discussion to support sound decision-making. Mr. Ruhlman is the father of J. Ryan Ruhlman, a director and employee of the Company, Maegan A. R. Cross, a director of the Company, and is the son of Barbara P. Ruhlman, *Director Emeritus* of the Company's Board of Directors.

*Barbara R. Ruhlman (Director Emeritus)* Mrs. Ruhlman became a member of the Board in 1988 and in 2016, elected to resign and was appointed as Director Emeritus. As the daughter of the founder and the mother of Robert G. Ruhlman and grandmother of J. Ryan Ruhlman and Maegan A. R. Cross, she has seen the Company grow from its founding as a local manufacturing firm to the multi-national company it is today. She has served as President of the Thomas F. Peterson Foundation since 1988, and has been active in her philanthropy for over 50 years. She serves as a member of the Development Committee of the University Hospitals Board of Directors, and in addition, she serves as Chair of the MacDonal Women's Health Leadership Council. She has been on the Board of the Arthritis Foundation Northeastern Ohio Chapter for 20 years, and serves on the Hunger Network Board. Finally, she was a member of the Board at Laurel School for over 10 years. Mrs. Ruhlman brings her vast experience based not only on long-standing tenure with the Company, but also with her extensive exposure to other entities via her volunteer work. She has the skills and capacity to provide strategic insight and direction by encouraging innovations and evaluating strategic decisions.

**PROPOSAL ONE: Election of Directors**

Four of the Company's directors, Mr. Glenn Corlett, Mr. Michael Gibbons, Mr. R. Steven Kestner and Mr. J. Ryan Ruhlman, are serving terms that expire at this year's annual meeting of shareholders and have been nominated by the Board of Directors upon the recommendation of a majority of the Company's independent directors, for re-election at the meeting to a term which expires in 2020. At the annual meeting of shareholders, the shares represented by proxies, unless otherwise specified, will be voted for these four nominees.

If for any reason any of the nominees are not a candidate when the election occurs (which is not expected), the Board of Directors expects that proxies will be voted for the election of a substitute nominee designated by the Board. Four directors, Mr. Matthew D. Frymier, Mr. Richard R. Gascoigne, Ms. Maegan A. R. Cross and Mr. Robert G. Ruhlman, are currently serving terms that expire in 2019. The following information is furnished with respect to each person nominated for election as a director and the directors continuing in office.

**The Board recommends that you vote FOR the following nominees:**

<b>Name and Age</b>	<b>Principal Occupation and Business Experience</b>	<b>Period of Service as a Director</b>	<b>Expiration of Term for Which</b>
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			<b>Proposed</b>
Glenn E. Corlett, 74	Mr. Corlett is currently Dean Emeritus of The College of Business at Ohio University. From July 1997 through June 2007, Mr. Corlett was the Dean and the Philip J. Gardner Leadership Professor at The College of Business at Ohio University. Mr. Corlett currently serves as a director and Chairman of the audit committee for Rocky Brands, Inc. Mr. Corlett also serves as a director of the following companies: Copernicus Therapeutics, Inc. and Palmer-Donavin Manufacturing Corporation.	2004 to date	2020

**Table of Contents**

Michael E. Gibbons, 65	Mr. Gibbons is the founder and Senior Managing Director of Brown Gibbons Lang & Company, an investment bank. Mr. Gibbons is past Chairman and serves on the executive committee for Global M&A Partners Ltd., Dublin, Ireland; on the Northeast Ohio Advisory Board for U.S. Bank Corp., Minneapolis, Minnesota; on the board of trustees and executive committee for Greater Cleveland Sports Commission, Cleveland, Ohio; on the board of visitors executive committee for Case Western Reserve University Weatherhead School of Management, Cleveland, Ohio; and serves on the Executive Committee Board of Visitors for the Cleveland-Marshall College of Law. Mr. Gibbons also served on the board of directors of Associated Estates Realty Corporation (AEC), Richmond Heights, Ohio, from 2004 to 2015.	2008 to date	2020
R. Steven Kestner, 63	Since September 1979, Mr. Kestner has been an attorney with the law firm Baker & Hostetler LLP, and has been Chairman of that firm since January 2004. Mr. Kestner serves on the Board of Trustees for The Cleveland Museum of Art and the Board of Directors for the Greater Cleveland Partnership.	2008 to date	2020
J. Ryan Ruhlman, 34	Vice President of Marketing and Business Development, for the Company.	2016 to date	2020

Current directors whose terms will not expire at the annual meeting of shareholders:

<b>Name and Age</b>	<b>Principal Occupation and Business Experience</b>	<b>Period of Service as a Director</b>	<b>Term Expiration</b>
Robert G. Ruhlman, 61	Mr. Ruhlman was elected Chairman of the Company in July 2004. Mr. Ruhlman has served as Chief Executive Officer since July 2000, and as President since 1995.	1992 to date	2019
Matthew D. Frymier, 48	Mr. Frymier is a Co-Founder and Senior Advisor of Corrum Capital Management, LLC. He also serves as a Director of the Chicago Stock Exchange, where he was elected as Chairman in May 2016. In addition, he is a Director of AltX, -Inc.	2017 to date	2019
Richard R. Gascoigne, 68	Mr. Gascoigne was Managing Director at Marsh Inc., a subsidiary of Marsh & McLennan Co. that provides insurance services, from 1995 until his retirement in 2008. Prior to that, he had held numerous positions during his 28-year career at Marsh.	2009 to date	2019
Maegan A. R. Cross, 32	Ms. Cross is the Director of the Laurel Fund at Laurel High School. She is also the Trustee Chair of the Rainbow Babies & Children's Foundation Associate Board, having served as its Vice President in 2016 and President in 2017.	2017 to date	2019



## **Table of Contents**

The Board has determined that Messrs. Corlett, Frymier, Gibbons, Kestner and Gascoigne are independent under the NASDAQ's corporate governance rules. In the opinion of the Board, Mr. Kestner's affiliation with Baker & Hostetler LLP, a law firm that regularly provides legal services to the Company, does not interfere with Mr. Kestner's exercise of independent judgment in carrying out his duties as a director of the Company.

## **Board Committees and Meetings**

### *Nominating Committee*

The Board does not have a Nominating Committee nor any charter with respect to nominations. However, pursuant to NASDAQ corporate governance rules, any Board nominees must be recommended for Board selection by a majority of the Company's independent directors. The independent directors are responsible for ensuring that the members of the Board of Directors possess a variety of knowledge, experience and capabilities derived from substantial business and professional experience, based on an assessment of numerous factors such as age and understanding of and experience in manufacturing, technology, finance and marketing. The Board considers whether potential candidates will satisfy the independent standards for the Board, Audit Committee and Compensation Committee. Additionally, nominees for the Board of Directors should be committed to enhancing long-term shareholder value and must possess a high level of personal and professional ethics, sound business judgment and integrity. Finally, the Board welcomes nominees with diverse backgrounds, not only in gender and ethnicity, but also in particular experience such as banking, international business, government, and health care. To this end, the independent directors rely on their networks of contacts to compile a list of potential candidates, and may also consider qualified candidates suggested by officers, employees, shareholders and others, using the same criteria to evaluate all candidates. While the Board considers diversity in its evaluation of candidates, the Board does not have a policy specifically focused on the consideration of diversity.

The independent directors will also consider nominees for election to the Board from shareholders. To recommend a prospective nominee, submit the candidate's name and qualifications to Caroline Vaccariello, General Counsel and Corporate Secretary, in writing to the following address: 660 Beta Drive, Mayfield Village, Ohio, 44143.

### *Audit Committee*

The Board of Directors has appointed an Audit Committee, comprised of Messrs. Gibbons (chairman), Corlett, Frymier and Gascoigne, each of whom qualifies as independent for audit committee purposes under the NASDAQ rules. The Board of Directors has determined that Michael E. Gibbons is an audit committee financial expert and that each member meets the requirements under the NASDAQ rules regarding the ability to read and understand financial statements.

The Audit Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibility relating to corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports and other financial information provided by the Company to NASDAQ, the Securities and Exchange Commission or the public. The Audit Committee also engages the independent registered public accountants for the Company, reviews with the independent registered public accountants the plans and results of audit engagements, preapproves all professional services provided by the independent registered public accountants including audit and non-audit-related services, reviews the independence of the independent registered public accountants, approves the range of audit and non-audit fees, reviews the independent registered public accountants' management letters and management's responses, reviews with management their conclusions about the effectiveness of the Company's disclosure controls

and procedures, and reviews significant accounting or reporting changes. Management does not approve professional services provided by the independent public accountants for audit and non-audit-related services. The Audit Committee is governed by a written charter, which is available on the Company's website [www.preformed.com](http://www.preformed.com).

## **Table of Contents**

### ***Compensation Committee***

The Board of Directors has appointed a Compensation Committee, comprised of Messrs. Corlett (chairman), Frymier, Gascoigne and Gibbons, each of whom qualifies as independent under the NASDAQ rules. The Compensation Committee administers the Company's executive compensation program and as such, is responsible for reviewing all aspects of the compensation program for the Company's executive officers. The Compensation Committee meets at scheduled times during the year no less than twice and has the authority to consider and take action by written consent. The Compensation Committee Chairman reports on Compensation Committee actions and recommendations at the Company's Board meetings. In order to meet its responsibilities, the Compensation Committee has the authority to delegate certain of its responsibilities to subcommittees and/or officers where necessary and consistent with applicable law and to retain consultants. The Compensation Committee is governed by a written charter, which is available on the Company's website [www.preformed.com](http://www.preformed.com). See Compensation Discussion and Analysis for the role of the President and Chief Executive Officer in compensation matters.

The Compensation Committee's primary objective with respect to executive compensation is to establish programs that attract and retain key officers and managers and align their compensation with the Company's overall business strategies, values, and performance. To this end, the Compensation Committee has established, and the Board of Directors has endorsed, an executive compensation philosophy to compensate executive officers based on their responsibilities and the Company's overall annual and long-term performance, which is outlined under Directors and Executive Officers Compensation.

### ***Meetings***

In 2017, the Board of Directors held five meetings. In 2017, the Audit Committee held five meetings and the Compensation Committee held four meetings. All of the directors attended at least 75% of the total of meetings held by the Board of Directors and all committees on which the director served. The directors are expected to attend the Company's annual meeting of shareholders. All of the directors attended last year's annual meeting of shareholders.

### **Audit Committee Report**

In accordance with its charter, the Audit Committee assists the Board of Directors in fulfilling its responsibility relating to corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports and other financial information provided by the Company to NASDAQ, the Securities and Exchange Commission or the public. Management is responsible for the financial statements and the reporting process, including the system of internal controls. The independent registered public accountants are responsible for expressing an opinion on the conformity of the audited financial statements with generally accepted accounting principles. The Audit Committee is comprised of four directors who are not officers or employees of the Company and are independent under the current NASDAQ rules.

In discharging its oversight responsibility as to the audit process, the Audit Committee reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2017, with the Company's management. The Audit committee reviewed with the independent auditor, which is responsible for expressing an opinion on the conformity of those audited consolidated financial statements and related schedule with US generally accepted accounting principles, its judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee by the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), including PCAOB Auditing Standard No. 1301,



Communications with Audit Committees, the rules of the Securities and Exchange Commission, and other applicable regulations. In addition, the Committee has discussed with the independent auditor the firm's independence from the Company management and the Company, including the matters in the letter from the firm required by PCAOB Rule 3526, Communication with Audit Committees Concerning Independence, and considered the compatibility of non-audit services with the independent auditors' independence.

## **Table of Contents**

Based on the above-referenced review and discussions with management and the independent auditors, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements and management's assessment of effectiveness of the Company's internal control over financial reporting be included in its Annual Report on Form 10-K for the year ended December 31, 2017, for filing with the Securities and Exchange Commission.

Michael E. Gibbons, Chairman  
Glenn E. Corlett  
Matthew D. Frymier  
Richard R. Gascoigne

## **COMPENSATION POLICIES AND RISK**

The Company's policies and overall actual compensation practices for all employees do not create risks that are reasonably likely to have a material adverse effect on the Company. Generally speaking, the compensation policies are consistent for all business units of the Company. Additionally, incentives are not designed to, and do not, create risks that are reasonably likely to have a material adverse effect on the Company as the incentives generally reward growth and profitability. The Company's various bonus programs are based on consistent growth of the Company, relying, for example, on the total return on investment, or including language that requires any increases in sales to be on appropriate and consistent margins. As such, they do not encourage employees to take risks in order to receive incentive compensation, nor are they reasonably likely to have a material adverse effect on the Company.

## **DIRECTORS AND EXECUTIVE OFFICERS COMPENSATION**

### **Compensation Discussion and Analysis**

#### *Role of the Compensation Committee*

The Compensation Committee (the "Committee") administers the Company's executive compensation programs. The Committee's primary role is to oversee the Company's compensation and benefit plans and policies for its elected executive officers, including the executive officers listed in the Summary Compensation Table below ("NEOs") who are the Company's principal executive officer (Robert G. Ruhlman, Chairman, President and Chief Executive Officer), principal financial officer (Michael A. Weisbarth, Vice President - Finance) and the three other most highly compensated executive officers. The Committee reviews and approves all executive compensation decisions relating to the officers, including all NEOs.

In the performance of its duties, the Committee has the authority to allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to a committee formed for that purpose, subject to approval from the entire Board. Additionally, the Committee may select and appoint outside consultants to assist it.

#### *Philosophy of the Compensation Program*

The philosophy of the Committee is to provide a compensation program that will attract, motivate and retain key members of the leadership team in order to give the Company a competitive advantage while ensuring the success and growth of the Company. The compensation program should ensure that a significant portion of compensation will be

directly related to the Company's performance by tying annual cash bonus and long-term incentive awards to Company performance. The compensation program is intended to motivate the officers to enable the Company to achieve its short-term and long-term business goals. The Committee has three goals to guide it in this endeavor: (a) compensation paid to officers should be aligned with the performance of the Company on both a long- and short-term basis; (b) compensation should be competitive within the employment environment; and (c) compensation should be designed to reward officers for meeting performance targets.

## **Table of Contents**

### *Compensation Program*

The Committee strives to craft a compensation program that pays the officers at competitive levels reflective of their individual responsibilities while maintaining consistency and pay equity among the individual officers. The Committee conducts an annual review of the compensation program, as well as changes in the overall composition of the management team and the responsibilities of the individual officers, to ensure that the compensation is competitive within the market, supports retention objectives and is internally equitable. Reliance upon various tools, and the findings from such tools, assists the Committee in its analysis, and leads to decisions regarding the mix of the various compensation elements to be included. Additionally, the cost of the compensation program is considered, in recognition that the optimal compensation program motivates employees to improve Company results on a cost-effective basis. Typically, the Committee finalizes compensation elements for a calendar year in December of the prior year.

*Tools and Findings from Analysis.* The Committee relies upon tools to analyze the compensation program internally and within the competitive landscape. Historically, these tools have been outside data compiled by various consultants, tally sheets detailing overall compensation packages for each individual officer and discussions with the CEO regarding performance levels and goals. The Committee also considers the results of the most recent non-binding advisory say on pay vote of the Company's shareholders on executive compensation.

*Consultant.* The Committee has the authority to retain its own advisor. For 2017, the Committee did not retain an advisor.

*External Data.* The Committee generally relies upon various independent surveys, which are matched to specific positions with similar functional descriptions as those for the officers. The Committee reviews surveys primarily to gain perspective on how the Company's executive compensation compares to other similarly-sized companies so that it can assess whether the Company's pay levels are generally competitive and represent a reward for strong performance. For 2017, the Committee utilized the Willis Towers Watson annual compensation level survey. Using this independent survey, the Committee analyzed the compensation paid to officers, including the CEO, compared against the compensation paid to executives holding equivalent positions in the peer classification group, consisting of surveyed manufacturers of durable goods with employment levels of between 1,000 and 4,999 (the Peer Group). The survey did not include any revenue limitations as using such limitations would have resulted in a peer group that was too small to be statistically relevant. The Committee reviews base salary and total compensation at both the 50<sup>th</sup> and 75<sup>th</sup> percentile levels to highlight where the Company's compensation is relative to peers for competitive purposes and takes into account the individual's experience and performance and the Company's results. For 2017, the officers including the CEO were near the median when reviewing base salary alone. The Committee decided that salary levels that are near the median were appropriate for 2017, given the sales and operating income levels achieved by the Company.

The Committee also reviews total cash compensation, which included salary and the maximum available bonus for the officers and compares that data with the Peer Group data. The Committee does not engage in specific benchmarking when comparing total compensation because a significant portion is tied to the Company's performance, which can cause a great variation relative to the amounts paid by comparable companies with different performance results. As a result, the Committee considers the total compensation paid by other companies to ensure that the Company's pay is competitive, and to assess whether its payout levels for strong performance represents an incentive to achieve such performance. For 2017, total compensation of the officers was found to align near the median depending on the actual payout to be achieved.

*Discussions with the CEO.* All of the non-CEO officers report directly to the CEO, who performs a yearly evaluation of the performance of each officer. The CEO's assessment of the individual performance forms the basis for the proposed compensation levels of each officer (other than the CEO), in light of the information derived from the aforementioned survey. The CEO provides a written evaluation for each officer (other than the CEO) that includes his recommendations for salary adjustments for the subsequent year to the Committee, which weighs these recommendations in determining salary levels.

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**Table of Contents**

*Results of 2017 Say on Pay and Say on Frequency Votes.* The Proxy Statement filed by the Company in 2017 included a non-binding advisory say on pay vote on executive compensation and a non-binding advisory say on frequency vote to determine whether shareholders would be asked to cast a vote on executive compensation every year, every two years or every three years. Although these votes were non-binding, the Board of Directors and the Committee value the opinions of the shareholders and considers the outcome of these votes when making compensation decisions for the Company's NEOs. The Company's compensation program received an affirmative vote from over 61% of the Company's common shares who voted at the 2017 annual meeting and the Board and the Committee will consider this perspective with respect to future executive compensation decisions. The 2017 compensation amounts for NEOs were established in February 2017, prior to the Company's annual meeting of shareholders on May 9, 2017, and the 2016 compensation amounts described in the proxy statement for the 2017 annual meeting addressed unusual market conditions. In early 2017, as the Committee began to review the 2016 payout amounts, the Committee recognized that the management team had put forth an extraordinary effort given the difficult economic conditions surrounding the Company's industry. Because the Company's customers are primarily governments or governmental-regulated entities, the economic woes facing the majority of governments in the last few years forced most of the Company's customers to curtail capital expenditures. As such, capital expenditures at public utilities around the world slowed precipitously. Due to these significant variations in market demand, the Committee exercised its discretion to award Company executives a greater bonus in 2017 with respect to 2016 performance at lower levels of return on shareholders' equity in an effort to compensate them for achievements with respect to market share and volume-related expense management. Such compensation decisions are made on a case-by-case basis and seek to balance the objectives of rewarding short-term and long-term goals and retaining and motivating talented executives. At the 2017 annual meeting, shareholders also provided the most votes in favor of holding the say on pay vote every three years, so the Board has determined to continue with this frequency for such vote.

*Compensation Elements.* The Company recognizes that its success depends, in large part, on a leadership team with the skills and commitment necessary to successfully manage a global organization. The compensation program assists in achieving this objective by relying on the elements of compensation detailed below. Certain elements are designed to enable the Company to attract and retain the officers with the skills to anticipate and respond to the market, while other elements are intended to motivate the officers to achieve financial results to enhance shareholder value. The Company's 2017 compensation program for officers consisted of the following elements:

Base salaries;

Annual cash incentive awards;

Long-term equity grants;

Retirement benefits; and

Health and welfare benefits.

The Company structures the total compensation program so that its reliance on any particular element of compensation is flexible. Thus, the compensation program strives to meet the goals outlined above, by balancing short-term (i.e., base salaries, annual cash incentive awards) and long-term incentives (i.e., long-term equity grants),

competitively in the market and to address the volatility in the Company's performance due to external factors. There is no difference in the policies and their application for each of the officers, except for the CEO.

*Base Salaries.* The Company's goal is to establish salaries at a level sufficient to attract and retain talented executives. This goal is based on the Company's belief that it is important to maintain salary levels near a midpoint of comparable company executives to be competitive within the general market and the Peer Group. The base salaries of the officers are reviewed annually. In each case, factors considered in establishing an officer's salary level include a review of the individual's performance initiated by the CEO, an accounting of the Company's performance, the experience level for the position, the Peer Group executive compensation information derived from the independent compensation survey using companies in similar industries and with similar employee levels and internal equity. For 2017, the Committee ratified the CEO's recommendations for no increases for either the officers or the CEO, in light of the Company's performance and a return to a bi-annual salary review for the officers.

**Table of Contents**

*Annual Cash Incentive Awards.* The annual cash incentive award is designed to motivate and reward the officers for their contributions to the Company's performance by making a significant portion of their total compensation variable and dependent upon the Company's annual financial performance. It is tied directly to the financial performance of the Company on a sliding scale of return on shareholders' equity. The Committee believes that compensating management by aligning compensation with shareholders' return on their investment is an effective way to connect the achievement of performance goals and to encourage growth in the Company while rewarding officers for their contributions. The calculation is based on the Company's pre-tax return on equity and assessed over a range of 3% to 11%. The implied target is 7% which assumes a linear, symmetrical bonus curve with one-half of the maximum bonus earned at the midpoint of the performance range. From this calculation, the awards are determined based on a schedule that provides certain percentages to be applied to base salaries. The Company's pre-tax return on shareholders' equity for 2017 was 11.4%, which resulted in a payout of 100% for the CEO and 85% for the other NEOs. The maximum bonuses are 100% of salary for the CEO and 85% of salary for the other officers.

*Long-term Equity Grants.* The Committee has the discretion under the Company's equity award plans to set the amounts and terms of any equity compensation and may vary the equity award program from year to year to address the Company's then-current compensation objectives and strategic goals. The Committee believes that the Company's shareholders will be well served if a greater percentage of the long-term equity incentive program is related to achievement of the Company's Board-approved strategic objectives. To that end, the balanced LTI program consisting of service vested restricted share units (RSUs) and performance vested RSUs is a way to achieve its objectives. Generally, performance-vesting aligns executive long-term incentive rewards more directly with shareholders' interests since achieving strategic objectives is a better measure of management's performance than the volatility of the stock market. Furthermore, the Committee believes that the shareholders are served well by decisions that further the Company's long-term strategic plan. The Committee also believes that the CEO's long-term incentive should generally be 100% dependent on the achievement of the Company's strategic objectives. Nevertheless, the Committee believes that it is appropriate to include some service vested RSUs in the long-term incentive program of the other officers in order to encourage retention of key executives over the duration of a business cycle. Additionally, upon vesting, it was mandated that the officers defer receipt of the shares received from the grants in 2009 through 2013 until, at the earliest, their retirement/termination date. This policy was replaced by the ownership guidelines discussed below in 2014.

Long-term incentive grants made after 2016 are issued under the 2016 Incentive Plan ( 2016 Plan ), which was approved by the Board and by the shareholders in 2016. The CEO's typical annual equity compensation awards are performance-based RSUs, vesting in three years based upon achieving performance standards approved at the time of the grant by the Company's Board of Directors. The typical annual equity compensation awards to the other participants are as follows: two-thirds of the award is performance-based RSUs, vesting in three years based on achieving performance standards approved at the time of the grant by the Company's Board of Directors, and one-third of the award is service-based RSUs, vesting three years after the date of the grant based solely on continued employment by the Company. The Committee chose to emphasize performance over three years (rather than weigh performance and service equally), because it believes this approach aligns the Company's performance with shareholders' interests, while acknowledging the benefit from long-term service.

For the performance-based RSUs, the number of shares in which the participant becomes vested will depend upon the specific level of growth in pre-tax income and sales growth measured over a specified period (historically, either one-year or three-year performance period), with thresholds of 0%, 2% and 5% for pre-tax income growth, and 0%, 3% and 5% for sales growth. The threshold payout is at 25% of the maximum number of performance-based RSUs if both measures are achieved, the target is at 50% if both 2% growth in pre-tax income and 3% growth in sales are achieved, and the maximum is at 100% of the number of RSUs subject to the award if 5% growth in each measure is achieved at the end of the three-year period. If only one of the two measures is achieved at any of these levels, the



vesting percentage is weighted to provide for some additional vesting for achieving the higher measure. Dividends declared on unvested RSUs are accrued as cash distributions payable upon vesting.

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**Table of Contents**

For the 2017 grants, the Committee once again analyzed the history of the RSU grants, and whether such grants effectively aligned the interests of the NEOs with the Company's interests, taking into account industry data and input from officers regarding the Company's markets, projections and costs. The Committee's intention is to incentivize management to grow the Company while maintaining profit margins. Given the economic conditions and volatile Company performance over the past few years and the challenges in forecasting the external factors that drive the Company's sales, the Committee determined that it would use a three-year base as it had done so from 2008 to 2013 and in 2016 to measure growth during the performance period and set the performance metrics at the growth percentages discussed above. The Committee recommended and the Board approved the grants in February 2017 to each of the officers including the CEO.

The CEO's award is set at a number of RSUs equal to 100% of the CEO's salary if target performance is achieved, with a maximum award equal to 200% of his salary if the maximum performance is achieved. The awards to the other officers are as follows: the award is set at a number of RSUs equal to that percentage of participant's salary that is specified at the time of grant if target performance is achieved. The maximum amount of the performance portion of the award is equal to two times the target award. The amount of the service-vested award that can be earned is equal to the target award. Each officer was granted the number of RSUs equal to the maximum level under the performance criteria.

*Retirement Benefits.* The Company believes that retirement benefits are an important component of total compensation. The Company's primary retirement benefit consists of the Company's 401(k) and profit sharing plan under which all salaried employees of the Company, including officers, participate starting in their third year of employment. The amount the Company provides to the profit sharing plan is based on the recommendation of management, with the Board's approval. Typically, the Company's contribution under this plan is approximately 15% of the then-current year's cash compensation, which is consistent with the amount contributed for all full-time salaried employees of the Company, including the cash incentive award. When calculating the Company's contributions under the profit sharing plan, the Company does not consider gains from prior awards. Every aspect of this plan is the same for all salaried employees, including officers. Thus, each salaried participant elects the investment options with the same options offered to all salaried employees and officers. The plan does not involve any guaranteed minimum return or above-market returns; rather, the investment returns are dependent upon actual investment results. To the extent an employee's award exceeds the maximum allowable contribution permitted under existing tax laws, the excess is accrued for (but not funded) under a non-qualified Supplemental Profit Sharing Plan. The return under this Supplemental Profit Sharing Plan is calculated at a weighted average of the Treasury constant maturity one-year rate plus 1%.

*Executive Perquisites.* Perquisites and other personal benefits do not comprise a significant aspect of the Company's compensation program. Although officers participate in the same benefit programs as the Company's other employees, the Company provides a few additional benefits to its officers. These benefits are designed to enable the officers to balance their personal, business and travel schedules. In 2017, benefits include the Company's payment of club dues, which was less than \$4,000 annually per membership, for three of the NEOs as indicated in the accompanying Summary Compensation Table. The Company also pays annual dues for Robert G. Ruhlman at a club located near the Company's Rogers, Arkansas facility, which totaled approximately \$3,000 in 2017. This benefit is also provided to four other non-officer employees, primarily for business entertainment purposes. Except as described here, the Company aircraft is available to all of the employees, including the officers, for business-related travel only. The CEO is permitted to use the Company's aircraft for personal purposes, as shown on the Summary Compensation Table. The Company also makes personal financial advice available to the CEO and tax advice available to all its officers.

*Ownership Guidelines.* In 2009, the Board established a requirement that the NEOs defer receipt of all shares received upon vesting of RSUs until retirement or termination of employment. Upon advice from Aon Hewitt during its 2013

engagement, the Committee determined that ownership guidelines would provide a more flexible way to ensure executives maintain sufficient ownership position in the Company. In February 2014, the Committee recommended and the Board approved ownership guidelines to ensure that the NEOs have a stake in the future of the Company in lieu of the deferral requirement. The ownership guidelines require the CEO to hold six times his annualized base salary in equity of the Company, and the other officers to hold three times their annualized base

## **Table of Contents**

salaries. The ownership guidelines state that the types of equity that count toward the ownership requirement are stock owned directly, stock owned in a Company-sponsored retirement plan, and the unvested portion of RSUs that are subject only to time-vesting. Each covered executive will have up to five years from the effective date of the 2014 ownership guidelines or the date such person becomes a covered executive to meet the stock ownership requirement.

*Tax Deductibility of Pay.* Section 162(m) of the Internal Revenue Code of 1986 places a limit of \$1 million on the amount of eligible compensation that a company may deduct in any one year with respect to each of its NEOs. All officers were below this threshold in 2017, except the CEO. As a result of the Tax Cuts and Jobs Act enacted in December 2017, the performance-based compensation exception has been eliminated for taxable years beginning after December 31, 2017, which may result in lost tax deductions going forward.

## **Compensation Committee Report**

The Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis, and based on the review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Glenn E. Corlett, Chairman

Matthew D. Frymier

Richard R. Gascoigne

Michael E. Gibbons

## **Pay Ratio**

Applicable SEC rules require that we provide a reasonable estimate of the ratio of the annual total compensation of our Chief Executive Officer to the median of the annual total compensation of our other employees. We determined our median employee based on taxable compensation (annualized in the case of full- and part-time employees who joined the Company during 2017) of each of our 2,761 employees (excluding the Chief Executive Officer) as of December 31, 2017. The annual total compensation of our median employee (other than the Chief Executive Officer) for 2017 was \$17,910. As disclosed in the Summary Compensation Table appearing on page 17, our Chief Executive Officer's annual total compensation for 2017 was \$3,353,370. Based on the foregoing, our estimate of the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all other employees was 187 to 1. Over 70% of our employees work in our foreign subsidiaries, which traditionally have lower salaries. Given the different methodologies that various public companies will use to determine an estimate of their pay ratio, the estimated ratio reported above should not be used as a basis for comparison between companies.

**Table of Contents****Summary Compensation Table**

The table below describes the compensation earned in the last three fiscal years for our NEOs.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) (1)	Non-Equity Incentive Plan Compensation (\$) (2)	All Other Compensation (\$) (3)	Total (\$)
Robert G. Ruhlman Chairman, President and Chief Executive Officer	2017	810,000		2,074,855	810,000	451,596	4,146,450
	2016	810,000		1,336,990	712,800	326,062	3,185,852
	2015	763,380		1,715,144	572,535	309,407	3,360,466
Eric R. Graef (retired 5/31/17) Chief Financial Officer and Vice President - Finance	2017	146,090		61,256	124,177	183,175	514,698
	2016	350,616		265,253	262,962	110,557	989,388
	2015	344,400		365,945	193,725	96,768	1,000,838
Michael A. Weisbarth (from 6/1/17) Vice President - Finance and Treasurer	2017	223,335			144,001	53,925	421,260
Dennis F. McKenna Executive Vice President - Global Business Development	2017	365,004		467,485	310,253	116,205	1,258,948
	2016	365,004		276,114	273,753	105,493	1,020,364
	2015	340,008		387,041	191,255	89,364	1,007,668
William H. Haag III Vice President - AsiaPac Region	2017	307,200		393,448	261,120	99,020	1,060,787
	2016	307,200		232,400	230,400	90,857	860,857
	2015	295,440		321,065	166,185	80,994	863,684
David C. Sunkle Vice President - Research and Engineering and Manufacturing	2017	300,000		384,220	255,000	93,847	1,033,067
	2016	300,000		226,969	225,000	87,102	839,071
	2015	258,780		312,581	145,564	67,097	784,022

- (1) Reflects the dollar amount of the grant date fair value, as determined in accordance with Financial Accounting Standard Board (FASB) ASC Topic 718, with respect to performance-based and service-based restricted share units (RSUs) awarded under the 2016 Plan (for 2017 awards) and the Company's Long-Term Incentive Plan of 2008 (for awards in prior years). The value of performance-based RSUs was calculated assuming the highest level of the performance conditions achieved. The performance period for the 2015 performance-based RSUs ended on December 31, 2017 and the actual payout was at 77% of the maximum share number. For a further description of these awards, see the discussion under the heading "Long-Term Equity Grants" above and Note H "Share-Based Compensation" to the Notes to Consolidated Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Also reflects the dollar amount in 2015 of the grant date fair value, as determined in accordance with FASB ASC Topic 718, with respect to a one-time grant of restricted stock to the CEO and other officers. For a further description of these awards, see Note H "Share-Based Compensation" to the Notes to Consolidated Statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

- (2) Reflects the dollar amount of the payout under the Company's Annual Non-Equity Incentive Plan based on a sliding scale of the Company's return on shareholders' equity, ranging from 3% (for the threshold payout) to 11% (for the maximum payout), with target payout at 7%. The percentage achieved within this range determined the dollar amount of the award based on a percentage of salary, which is a maximum of 100% for Robert G. Ruhlman and 85% for the other NEOs, in each case, subject to the Compensation Committee's discretion as to the final payout amount. The Company's return on shareholders' equity for 2017 was 11.4%, which resulted in a payout of 100% for Robert G. Ruhlman and 85% for the other NEOs. For a further description of the Annual Non-Equity Incentive Plan awards, see the discussion under the heading "Annual Cash Incentive Awards" above.

**Table of Contents**

- (3) Reflects the employees' 2017 earnings and interest accruals to the Company's non-qualified Supplemental Profit Sharing Plan, in which the Company accrues for (but does not fund) those employees' contributions which exceed the maximum allowable contribution permitted under existing tax laws, in the following amounts: Robert G. Ruhlman, \$292,211; Eric R. Graef, \$11,775; Michael A. Weisbarth, \$11,907; Dennis F. McKenna, \$67,523; William H. Haag III, \$52,833; and David C. Sunkle, \$46,121. See Non-Qualified Deferred Compensation Table for additional information. Also reflects the following perquisites and personal benefits received by Robert G. Ruhlman: aggregate incremental cost for personal use of the Company's airplane of \$50,147, club dues of \$6,415, financial planning fees of \$39,000 and tax preparation fees of \$7,497. The aggregate incremental cost of the personal use of the corporate airplane is determined on a per flight basis and includes the cost of the fuel used, the hourly cost of aircraft maintenance for the applicable number of flight hours, landing fees, trip-related hangar and parking costs and other costs specifically incurred. Imputed income is assessed to Mr. Ruhlman amounting to the equivalent of a first-class ticket for comparable flights. Reflects the Company's contributions to the Profit Sharing Plan in 2017 of \$40,500 for each NEO, except Eric R. Graef who retired May 31, 2017. Also reflects premiums paid for group term life insurance for 2017: Robert G. Ruhlman, \$18,851; Eric R. Graef, \$6,370; Michael A. Weisbarth, \$1,518; Dennis F. McKenna, \$2,884; William H. Haag III, \$2,404; and David C. Sunkle, \$4,386.

**Grants of Plan-Based Awards**

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			Grant Date All Other Fair Value of Stock Awards and Option Awards (3) (\$)	
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Units (#)	(\$)
Robert G. Ruhlman		364,500	567,000	810,000					
Eric R. Graef									
Michael A. Weisbarth		72,000	132,000	204,000					
Dennis F. McKenna		109,501	200,752	310,253					
William H. Haag III		92,160	168,960	261,120					
David C. Sunkle		90,000	165,000	255,000					
Robert G. Ruhlman	2/1/17				9,500	19,001	38,001		2,074,855
Eric R. Graef	2/1/17				1,234	2,468	6,580	1,645	449,085
Michael A. Weisbarth	2/1/17								
Dennis F. McKenna	2/1/17				1,285	2,569	6,850	1,712	467,485
William H. Haag III	2/1/17				1,081	2,162	5,765	1,441	393,448
David C. Sunkle	2/1/17				1,056	2,112	5,630	1,407	384,220

- (1) Reflects the dollar amount of the payout under the Company's Annual Non-Equity Incentive Plan based on a sliding scale of the Company's return on shareholders' equity, ranging from 4% (for the threshold payout) to 15% (for the maximum payout), with target payout at 9.5%. The percentage achieved within this range determines the amount of the award based on a percentage of salary, which is a maximum of 100% for Robert G. Ruhlman and 85% for the other NEOs, in each case, subject to the Compensation Committee's discretion as to the final payout amount. The Company's return on shareholders' equity for 2017 was 11.4%, which resulted in a payout of 100% for Robert G. Ruhlman and 85% for the other NEOs. For a further description of the Annual Non-Equity Incentive Plan awards, see the discussion under the heading "Annual Cash Incentive Awards" above.
- (2) Reflects the number of performance-based restricted share award units (RSUs) granted during 2017 pursuant to the 2016 Plan. The RSUs vest at the end of three-year performance period through December 31, 2019 based on the Company's level of performance. The number of shares the participant may receive depends upon the specific level of performance of growth in pre-tax income and sales growth over the three-year performance period, with thresholds of 2%, 4% and 6% for pre-tax income growth and 5%, 7% and 10% for sales growth. The threshold payout is at 25% of the maximum number of performance-based RSUs if both measures are achieved, the target is at 50% if 2% growth in pre-tax income and 3% growth in sales are achieved, and the maximum is at 100% of the numbers of shares subject to the award if 5% growth in pre-tax income and 5% growth in sales are achieved at the end of the three-year period. If only one of the two measures is achieved at any of these levels, the vesting percentage is weighted to provide for some additional vesting for achieving the higher measure.



**Table of Contents**

- (3) Reflects the number of time-based RSUs granted during 2017 pursuant to the 2016 Plan. The RSUs cliff vest and are no longer subject to risk of forfeiture after December 31, 2019 depending on continuous employment.
- (4) The value of the RSUs was calculated using the closing market price of the RSUs on the grant date multiplied by the number of RSUs granted and reflects the probable total amount that the Company would expense in its financial statements over the restricted awards vesting period assuming service and performance goals are met, in accordance with FASB ASC Topic 718.

**Outstanding Equity Awards at Fiscal Year-End**

Name	OPTION AWARDS					STOCK AWARDS		
	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) Unearned (#) (2)	Exercise Price (\$)	Expiration Date	Option Have Not Vested (#) (3)	Number of Shares or Units of Stock That Have Not Vested (#) (4)	Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#) (5)	Market or Payout Value of Unearned Shares, Units or Rights (\$)
Robert G. Ruhlman						26,069		1,852,220
Eric R. Graef						2,830		201,091
Michael A. Weisbarth	5,000		48	6/1/2027				
Dennis F. McKenna						7,786		553,160
William H. Haag III						6,583		467,740
David C. Sunkle						6,335		450,066

- (1) Michael A. Weisbarth was granted stock options of 5,000 shares on June 1, 2017, at a strike price of \$48.00 per share, which expires June 1, 2027. As of June 1, 2018, half of these options, or 2,500 shares, will vest and become exercisable. Another 1,250 shares will vest on June 1, 2019, and the final 1,250 shares will vest on June 1, 2020.
- (2) Includes (a) time-based restricted share units (RSUs) granted in 2017 for the following number of shares which vest on December 31, 2019 depending on continuous employment or pro-rata employment period until retirement: Eric R. Graef, 228; Dennis F. McKenna, 1,712; William H. Haag III, 1,441; and David C. Sunkle, 1,407; (b) performance-based RSUs granted in 2017, which vest after confirmation of achievement of the performance conditions for the three-year performance period ending December 31, 2019, for the following number of shares assuming the achievement of the Company's threshold level of performance measured by growth in pre-tax income and sales growth over the performance period: Robert G. Ruhlman, 9,500; Eric R. Graef, 228; Dennis F. McKenna, 1,713; William H. Haag III, 1,441; and David C. Sunkle, 1,408; (c) time-based RSUs granted in 2016, which vest on December 31, 2018, depending on continuous employment or pro-rata employment period until retirement: Eric R. Graef, 743; Dennis F. McKenna, 1,637; William H. Haag III, 1,378; and David C. Sunkle, 1,346; (d) performance-based RSUs granted in 2016, which vest after confirmation of achievement of the performance conditions for the three-year performance period ending December 31, 2018, for

the following number of shares assuming the achievement of the Company's threshold level of performance measured by growth in pre-tax income and sales growth over the performance period: Robert G. Ruhlman, 9,910; Eric R. Graef, 743; Dennis F. McKenna, 1,637; William H. Haag III, 1,378; and David C. Sunkle, 1,346; and (e) performance-based RSUs granted in 2015, which vested after confirmation of achievement of the performance conditions in February 2018 for the three-year performance period ending December 31, 2017, for the following number of shares based on the actual achievement of 6.71% growth in pre-tax income and 3.42% sales growth over the performance period: Robert G. Ruhlman, 6,659; Eric R. Graef, 888; Dennis F. McKenna, 1,087; William H. Haag III, 945; and David C. Sunkle, 828.

**Table of Contents**

(3) The market value was calculated using the closing price of the shares of \$71.05 as of December 31, 2017.

**Option Exercises and Stock Vested**

Name	OPTION AWARDS		STOCK AWARDS	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
	(1)	(1)	(2)	
Robert G. Ruhlman				
Eric R. Graef			888	63,092
Michael A. Weisbarth	5,000	110,600		
Dennis F. McKenna			1,087	77,231
William H. Haag III			945	67,142
David C. Sunkle			828	58,829

- (1) Represents stock options exercised by Michael A. Weisbarth on December 13, 2017, and net amount received after disposition back to the Company.
- (2) Consists of common shares vesting under the service-based RSUs granted in 2015 that vested on December 31, 2017. The performance-based awards for the 2015-2017 performance period vested as to 38.5% of the maximum number of shares subject to the award in 2018, upon confirmation of the achievement of the performance objectives by the Compensation Committee in February 2018 and, therefore, are not reflected above.

**Non-qualified Deferred Compensation**

Name	Registrant Required Contributions for Last FY (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Balance at Last FYE (\$)
	(1)	(1)	(2)
Robert G. Ruhlman	230,570	61,641	2,525,575
Eric R. Graef		11,775	408,490
Michael A. Weisbarth	11,907		11,907
Dennis F. McKenna	56,271	11,252	475,200
William H. Haag III	41,239	11,593	472,887
David C. Sunkle	39,660	6,461	280,228

- (1) The Company's required future contributions under the Supplemental Profit-Sharing Plan for the year ending December 31, 2017 included in the identified columns are also included in the Summary Compensation Table. The amounts are based on the amount by which compensation from the Company's qualified retirement

plan is limited by the IRS. Earnings are calculated based on an imputed interest rate of one-year Treasury bill rate plus 1% (2.76% for 2017) multiplied by the amount in such employee's account under the plan.

- (2) Of the totals in this column, the following amounts have been reported in the Summary Compensation Table in previously reported proxy statements: Robert G. Ruhlman, \$2,233,364; Eric R. Graef, \$495,893; Dennis F. McKenna, \$407,677; William H. Haag III, \$420,054; and David C. Sunkle, \$234,107.

**Table of Contents****Potential Payments upon Termination or Change in Control**

All of our employees, including NEOs, are employed at will and do not have employment, severance or change-in-control agreements. However, each LTIP plan includes a change in-control provision which provides that in the event of a Change in Control (as defined in the Plan) (a) any options outstanding which are not then exercisable and vested shall become fully exercisable and vested; and (b) unless otherwise provided in the award agreements, any restricted share units outstanding shall vest and entitle the holder to the maximum number of shares that may be earned under the award. The award agreements for the RSUs provide that in the event of the Change in Control (a) all time-based RSUs outstanding shall fully vest and entitle the holder to the maximum number of shares that may be earned under the award and (b) all performance-based RSUs outstanding shall vest and entitle the holder to receive, at the end of the performance period applicable to the award (whether or not then still employed by the Company), the number of shares that are earned based on the achievement of the performance vesting conditions in effect for the duration of the award. The following table shows the amount the Company's NEOs would have received under the LTIP if a change in control had occurred on December 31, 2017, assuming that all performance conditions of performance-based RSUs were satisfied at the maximum level and that the shares earned were issued as of December 31, 2017. The amounts are equal to the value of the shares that would have vested as of December 31, 2017 and, in the case of options, less the aggregate exercise price.

Name	Estimated Future Payouts Under Equity Incentive Plan Awards Stock Awards(\$)
Robert G. Ruhlman	7,408,739
Michael A. Weisbarth	115,250
Dennis F. McKenna	1,499,013
William H. Haag III	1,270,090
David C. Sunkle	1,213,321

The following details typical compensation arrangements upon retirement, resignation, death, disability or other termination for other plans. Mr. Graef retired on May 31, 2017 and received the following amounts, each of which were pro-rated for the period of service ending on his retirement date: (1) salary, (2) vested stock awards valued at \$61,256, (3) payout under his retirement agreement of \$167,021, (4) Supplemental Profit-Sharing Plan payout of \$119,957, with the balance being paid out over the next four years, and (5) continued vesting of his service and performance-based RSUs, to the extent the performance goals are achieved at the end of the performance period.

*Profit-Sharing Plan*

Upon termination of employment, the employee may receive vested contributions plus income earned on those contributions under the Company's Profit Sharing Plan. Upon disability, the IRS allows withdrawals to be made if the employee became permanently disabled. Upon death, the vested account balance of the employee will be paid to the designated beneficiaries.

*Supplemental Profit-Sharing Plan*

Our Supplemental Profit-Sharing Plan was established to compensate employees whose benefits in the Profit-Sharing Plan were reduced due to IRS limitations on compensation. Upon termination of employment, the employee may receive vested contributions plus income earned on those contributions. Upon disability, the IRS allows withdrawals to be made if the employee became permanently disabled. Upon death, the vested account balance of the employee will be paid to the designated beneficiaries.

**Table of Contents***Nonqualified Deferred Compensation Plan*

Our Nonqualified Deferred Compensation Plan was established in 2014 to have a supplemental retirement plan which provides employees the opportunity to save for retirement on a pretax basis in excess of qualified retirement plan limitation. Upon termination of employment, the employee may receive vested contributions plus income earned on those contributions. Upon disability, the IRS allows withdrawals to be made if the employee became permanently disabled. Upon death, the vested account balance of the employee will be paid to the designated beneficiaries.

**Director Compensation**

Each director who is not an employee of the Company received an annual retainer fee of \$25,000. Directors who are also employees are not paid a director's fee. Additionally, board members who serve on committees are also paid an annual retainer of \$10,000 plus an award of 200 shares per committee per year, to be paid upon the completion of each calendar year, and chairpersons of each committee are paid an additional annual retainer of \$10,000.

Under the Board Stock Ownership Plan, committee members are required to maintain ownership of the Company's common shares with a minimum aggregate market value of three times the amount of the annual cash retainer paid to a director for Board service (ignoring any additional retainer fees paid for service on Board committees) (the Ownership Requirement), and prohibits the sale of any common shares of Company stock owned by the committee member (except to pay the exercise price of stock options or tax liability generated as a result of equity grants) until such time as the Ownership Requirement is satisfied. Each committee member will have up to five years from the effective date of the Stock Ownership Plan (2014) or the date such person becomes a committee member to meet the ownership requirement.

Name	Fees Earned or Paid in Cash (\$) (1)	Stock Awards (\$ (2)	All Other Compensation (\$ (3)	Total (\$)
Glenn E. Corlett	55,000	30,036		85,036
Maegan A. R. Cross	25,000		43,691	68,691
Matt D. Frymier	45,000	30,036		75,036
Richard R. Gascoigne	45,000	30,036		75,036
Michael E. Gibbons	55,000	30,036		85,036
R. Steven Kestner	25,000			25,000

- (1) Directors' fees earned by R. Steven Kestner and Michael E. Gibbons were issued in common shares and held in the rabbi trust pursuant to the deferral election made under the Company's Deferred Compensation Plan. On January 3, 2018, 469 common shares were transferred from the rabbi trust to R. Steven Kestner per his deferral agreement.
- (2) The value of the shares granted was calculated using the closing market price of the shares on the grant date multiplied by the number of shares granted and reflects the amount that the Company has expensed in its financial statements in accordance with FASB ASC Topic 718.
- (3) Reflects aggregate incremental cost for personal use of the Company's airplane. The aggregate incremental cost of the personal use of the corporate airplane is determined on a per flight basis and includes the cost of the fuel used,

the hourly cost of aircraft maintenance for the applicable number of flight hours, landing fees, trip-related hangar and parking costs and other costs specifically incurred. Imputed income is assessed to Ms. Cross amounting to the equivalent of a first-class ticket for comparable flights.



**Table of Contents**

**Compensation Committee Interlocks and Insider Participation**

No director serving on the Compensation Committee during any part of 2017 was at any time either during or before 2017, an officer or employee of the Company or any of its subsidiaries. No interlocking relationship exists between the Board or Compensation Committee and the board of directors or compensation committee of any other company, nor has any interlocking relationship existed during 2017.

**Transactions with Related Person**

It is the policy of the Company that the Audit Committee approves all related party transactions. Additionally, the Company has a Code of Conduct that addresses the Company's commitment to the honesty, integrity and ethical behavior of the Company's directors, officers and employees. The Code governs the actions and working relationships of the Company's directors, officers and employees with current and potential customers, consumers, fellow employees, competitors, government and self-regulatory agencies, investors, the public, the media and anyone else with whom the Company has or may have contact. Each director, officer and employee is instructed to inform the Board when confronted with a situation that may be perceived as a conflict of interest. All related party transactions must be approved by the Audit Committee in advance. The Audit Committee may engage outside parties to assist it in assessing the fairness and reasonableness of related party transactions. Although the policies and procedures for related parties are not in writing, the results of actions taken by the Audit Committee are documented in formal minutes and are reported to the Board.

The following are the Transactions with Related Parties which have been approved by the Audit Committee and reported to the Board in 2017:

On August 16, 2017, Preformed Line Products Company (the Company), upon the approval of the Audit Committee of the Board of Directors and the Board of Directors, purchased 24,920 Common Shares of the Company from a trust for the benefit of Barbara P. Ruhlman, of which Robert G. Ruhlman and Randall M. Ruhlman act as co-trust advisors with respect to the investment and voting of the Company's shares held by the trust, at a price per share of \$50.16. Barbara P. Ruhlman is Director Emeritus of the Company's Board of Directors, and the mother of Robert G. Ruhlman and Randall M. Ruhlman and grandmother of J. Ryan Ruhlman and Maegan A. R. Cross, of which Robert G. Ruhlman, J. Ryan Ruhlman and Maegan A. R. Cross are members of the Board of Directors. Robert G. Ruhlman is Chairman, President and Chief Executive Officer of the Company, and J. Ryan Ruhlman is Vice President Marketing and Business Development. The purchase was consummated pursuant to a Shares Purchase Agreement dated August 16, 2017, between the Company and the trust.

On November 8, 2017, the Company purchased 7,000 common shares of the Company from Robert G. Ruhlman, at a price per share of \$71.07, which was calculated from a 30-day average of market price.

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On November 8, 2017, the Company purchased 4,000 common shares of the Company from John M. Hofstetter, at a price per share of \$71.07, which was calculated from a 30-day average of market price.

On November 8, 2017, the Company purchased 3,066 common shares of the Company from J. Cecil Curlee, at a price of \$71.07, which was calculated from a 30-day average of market price.

On November 8, 2017, the Company purchased 5,443 common shares of the Company from Dennis F. McKenna, at a price of \$71.07, which was calculated from a 30-day average of market price.

On December 13, 2017, the Company purchased 5,000 common shares of the Company from Michael A. Weisbarth, at a price per share of \$78.68, which was calculated from a 30-day average of market price.

On December 13, 2017, the Company purchased 8,750 common shares of the Company from J. Ryan Ruhlman, at a price per share of \$78.68, which was calculated from a 30-day average of market price.

**Table of Contents**

On December 13, 2017, the Company purchased 7,500 common shares of the Company from Randall M. Ruhlman, at a price per share of \$78.68, which was calculated from a 30-day average of market price.

On December 13, 2017, the Company, upon the approval of the Audit Committee of the Board of Directors, purchased 15,000 Common Shares of the Company from a trust for the benefit of Barbara P. Ruhlman, of which Robert G. Ruhlman and Randall M. Ruhlman act as co-trust advisors with respect to the investment and voting of the Company's shares held by the trust, at a price per share of \$78.68. Barbara P. Ruhlman is *Director Emeritus* of the Company's Board of Directors, and the mother of Robert G. Ruhlman and Randall M. Ruhlman and grandmother of J. Ryan Ruhlman and Maegan A. R. Cross, of which Robert G. Ruhlman, J. Ryan Ruhlman and Maegan A. R. Cross are members of the Board of Directors. Robert G. Ruhlman is Chairman, President and Chief Executive Officer of the Company, and J. Ryan Ruhlman is Vice President Marketing and Business Development. The purchase was consummated pursuant to a Shares Purchase Agreement dated December 13, 2017, between the Company and the trust to facilitate administration of the trust.

J. Ryan Ruhlman is the Vice President, Marketing and Business Development and is a member of the Company's Board of Directors. He is the son of Robert G. Ruhlman, President and CEO of the Company, and brother to Maegan A. R. Cross, member of the Company's Board of Directors. Mr. Ryan Ruhlman received \$653,518 in reportable compensation for 2017, of which, \$253,975 is attributable to his exercise and sale of stock options.

During 2017, the Company paid approximately \$140,000 in legal fees to Baker & Hostetler LLP, of which R. Steven Kestner is the Chairman and the chair of its policy committee. Mr. Kestner is a director of the Company.

**PROPOSAL TWO: Ratification of the Appointment of Ernst & Young LLP**

**The Board recommends that you vote FOR this proposal.**

The Audit Committee has appointed Ernst & Young LLP ( EY ) as the Company's independent registered public accounting firm for the year ending December 31, 2018. For 2017, the Company engaged EY to serve as the Company's independent registered public accounting firm for the year ended December 31, 2017, to audit the annual financial statements and to perform audit-related and tax services. Representatives of EY are expected to be present at the annual meeting of shareholders, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

The Board of Directors seeks an indication from shareholders of their approval or disapproval of the Audit Committee's appointment of EY as the Company's independent registered public accounting firm for 2018. The submission of this matter for approval by the shareholders is not legally required. The Board believes that submission of this matter presents an opportunity for the shareholders to provide feedback to the Board on an important issue of corporate governance. If the shareholders do not approve the appointment of EY, the appointment will be re-evaluated by the Audit Committee but will not require the Audit Committee to appoint a different accounting firm. The Audit Committee, in its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of the Company and its shareholders.



**Table of Contents**

**OTHER MATTERS**

**Independent Registered Public Accounting Firm**

The Audit Committee of the Board of Directors appointed Ernst & Young LLP (EY) as the Company's independent registered public accounting firm for the year ended December 31, 2017.

**Audit Fees**

The aggregate fees billed for professional services rendered by EY were \$1,870,300 for the audit of the Company's annual financial statements for the year ended December 31, 2017, the audit of internal controls over financial reporting as of December 31, 2017, EY's review of the financial statements included in the Company's Form 10-Q's filed with the Securities and Exchange Commission for the first, second and third quarters of 2017 and statutory audits of various international subsidiaries. The aggregate fees billed for professional services rendered by EY were \$1,852,000 for the audit of the Company's annual financial statements for the year ended December 31, 2016, the audit of internal controls over financial reporting as of December 31, 2016, EY's review of the financial statements included in the Company's Form 10-Q's filed with the Securities and Exchange Commission for the first, second and third quarters of 2016 and statutory audits of various international subsidiaries.

**Audit Related Fees**

The incremental fees billed for professional services rendered by EY for audit-related services for the year ended December 31, 2017 and 2016 were \$4,900 and \$4,600, respectively. Fees for both 2017 and 2016 were for a research grant audit at the Company's New Zealand subsidiary, and a royalty audit at the Company's South African subsidiary.

**Tax Fees**

The incremental fees billed for professional services rendered by EY for tax-related services for each year ended December 31, 2017 and 2016 were \$4,000. Fees included for 2017 and 2016 were for tax consulting and transfer pricing analysis at the Company's Mexican subsidiary.

**All Other Fees**

There were no incremental fees billed for professional services rendered by EY for all other services for the years ended December 31, 2017 and 2016.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and owners of more than 10% of our common shares, to file with the Securities and Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of our common shares and other equity securities. Executive officers, directors and owners of more than 10% of the common shares are required by SEC regulations to furnish the

Company with copies of all forms they file pursuant to Section 16(a).

Based solely on a review of these reports and written representations from the executive officers and directors, the Company believes that there was compliance with all such filing requirements for the fiscal year ended December 31, 2017, other than (a) J. Ryan Ruhlman inadvertently failed to timely report his ownership of 100 common shares indirectly held in an IRA and 79 common shares indirectly held by a 401(k) plan, and filed a Form 4/A on January 3, 2017

**Table of Contents**

to correct his holdings; (b) Michael E. Gibbons inadvertently failed to timely report shares purchased in 2016 and early 2017 due to automatic dividend reinvestment, and reported such transactions on February 7, 2017; (c) Messrs. Curlee, Graef, Haag, Hofstetter, McKenna, J. Ryan Ruhlman, Sunkle, and Ms. Vaccariello each inadvertently failed to timely report RSU s granted on February 1, 2017, and each subsequently filed a Form 4 reporting the transactions on February 7, 2017; (d) each of Messrs. Randall Ruhlman and Mr. Robert Ruhlman inadvertently failed to timely report the disposition of 24,920 shares held by trust on August 16, 2017, and each filed a Form 4 reporting the transaction on August 21, 2017; (e) Mr. Sunkle inadvertently failed to timely report the disposition of 3,677 common shares held by 401(k) plan on November 14, 2017, and filed a Form 4 reporting the transaction on December 1, 2017; (f) Mr. Corlett inadvertently failed to timely report the disposition of 500 common shares on November 8, 2017, and filed a Form 4 reporting the transaction on January 11, 2018; and (g) Mr. Weisbarth inadvertently failed to timely report the acquisition of stock options on June 1, 2017, and filed a Form 4 reporting the transaction on July 31, 2017.

**SHAREHOLDER PROPOSALS FOR 2019 ANNUAL MEETING**

Proposals of shareholders intended to be presented, pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 (the Exchange Act ), at the 2019 annual meeting of shareholders must be received by the Company at 660 Beta Drive, Mayfield Village, Ohio 44143, on or before November 23, 2018, for inclusion in the proxy statement and form of proxy relating to the 2018 annual meeting of shareholders. In order for a shareholder s proposal outside of Rule 14a-8 under the Exchange Act including submissions for director nominees to be considered timely within the meaning of Rule 14a-4(c) of the Exchange Act, such proposal must have been received by the Company at the address listed in the immediately preceding sentence no earlier than January 8, 2019 and not later than February 7, 2019 and must comply with all provisions of our Amended and Restated Code of Regulations.

**Communication with the Board of Directors**

The Board of Directors of the Company believes that it is important for shareholders to have a process to send communications to the Board of Directors. Accordingly, shareholders who wish to communicate with the Board of Directors or a particular director may do so by sending a letter to:

Caroline S. Vaccariello General Counsel and Corporate Secretary Preformed Line Products Company 660 Beta Drive Mayfield Village, Ohio 44143	- or -	Michael E. Gibbons  Chairman, Audit Committee c/o Brown Gibbons Lang & Company 1375 East 9 <sup>th</sup> Street, Suite 2500 Cleveland, OH 44114
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The mailing envelope must contain a clear notation indicating that the enclosed letter is a Shareholder-Board Communication or Shareholder-Director Communication. All such letters must identify the author as a shareholder and clearly state whether the intended recipients are all members of the Board of Directors or certain specified individual directors. The Secretary and Mr. Gibbons, as applicable, will make copies of all such letters and circulate them to the appropriate director or directors. The directors are not spokespeople for the Company and shareholders should not expect a response or reply to any communication.

**Shareholders Sharing the Same Address**

If you and other residents at your mailing address own common shares in street name, your broker or bank may have sent you a notice that your household will receive only one annual report and proxy statement unless contrary to your instructions. This practice is known as householding, and is designed to reduce our printing and postage costs. Upon written or oral request, we will promptly deliver a separate set of proxy materials to any beneficial owner at a shared address to which a single copy of any of those documents was delivered. To receive a separate set of proxy materials, you may write or call our Investor Relations Contact at PLP Investor Contacts, 660 Beta Drive, Mayfield Village, Ohio 44143, telephone (440) 461-5200.



**Table of Contents**

**Form 10-K**

We will mail without charge, upon written request, a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, including the consolidated financial statements, schedules and list of exhibits, and any particular exhibit specifically requested. Requests should be sent to our Investor Relations Contact at PLP Investor Contacts, 660 Beta Drive, Mayfield Village, Ohio 44143, telephone (440) 461-5200. The Annual Report on Form 10-K is also available at [www.preformed.com](http://www.preformed.com)

By order of the Board of Directors,  
CAROLINE S. VACCARIELLO,  
*Secretary*

Dated: March 23, 2018

**Table of Contents**

**Table of Contents**