HALLWOOD GROUP INC
Form DEFR14A
May 21, 2007

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

SCHEDULE 14A

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

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

Check the appropriate box:

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

The Hallwood Group, Incorporated

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

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THE HALLWOOD GROUP INCORPORATED

NOTICE OF ANNUAL MEETING

Dear Hallwood Group Stockholder:

On behalf of the board of directors, you are cordially invited to attend the Annual Meeting of Stockholders of The Hallwood Group Incorporated (the Company). The annual meeting will be held on Wednesday, June 20, 2007, at 2:00 p.m. local time, at the offices of the Company, located at 3710 Rawlins, Suite 1500, Dallas, Texas 75219.

At the annual meeting we will:

1. Elect two directors to hold office for three years each; and

2. Transact any other business properly presented at the meeting.

Only stockholders of record at the close of business on Friday, May 11, 2007, are entitled to notice of and to vote at the annual meeting.

By order of the Board of Directors

MELVIN J. MELLE
Secretary

May 21, 2007

Your board of directors urges you to vote upon the matters presented. If you are unable to attend the meeting, please complete, sign, date and promptly return the enclosed proxy in the envelope provided. It is important for you to be represented at the meeting. Executing your proxy will not affect your right to vote in person if you are present at the annual meeting.

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THE HALLWOOD GROUP INCORPORATED
3710 Rawlins, Suite 1500
Dallas, Texas 75219

PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON WEDNESDAY, JUNE 20, 2007

This proxy statement and the accompanying proxy are first being mailed on or about May 21, 2007. The accompanying proxy is solicited by the board of directors of the Company.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

1. Q: Who is entitled to vote?

A: Stockholders of record at the close of business on Friday, May 11, 2007, the record date, are entitled to vote at the annual meeting.

2. Q: What may I vote on?

A: You may vote on:
(1) the election of two nominees to serve on the board of directors for three years each; and
(2) any other business properly presented at the meeting.

3. Q: How do I vote?

A: Sign and date each proxy card you receive and return it in the prepaid envelope. If you return your signed proxy card but do not mark the boxes showing how you wish to vote, your shares will be voted **FOR** the election of the nominees for director, and in the proxies discretion with respect to any other matter properly presented at the meeting. Abstentions, broker non-votes and proxies directing that the shares are not to be voted will not be counted as a vote in favor of the nominees.

4. Q: How can I revoke my proxy?

A: You have the right to revoke your proxy at any time by:
(1) notifying our corporate secretary in writing before the meeting;
(2) voting in person; or
(3) returning a later-dated proxy card before the meeting.
Attending the meeting is not sufficient to revoke your proxy unless you also take one of the actions above.

5. Q: How does the board of directors recommend I vote on the proposal to elect the nominees for director?

A: Your board of directors recommends that you vote **FOR** both nominees for director.

6. Q: How many shares can vote at the annual meeting?

A: As of the record date, there were 1,516,711 shares of common stock outstanding and entitled to vote at the annual meeting. You are entitled to one vote for each share of common stock you hold.

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7. Q: What is a quorum?

A: A quorum is a majority of the outstanding shares. A quorum may be present at the meeting or represented by proxy. There must be a quorum for the meeting to be valid. If you submit a properly executed proxy card, even if you abstain from voting, you will be considered part of the quorum. In addition, broker non-votes will be counted toward determining the presence of a quorum.

8. Q: What vote is required to elect the directors?

A: A plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors is necessary to elect the nominees for director. Abstentions and shares held by brokers that have been designated as not voted will be counted for purposes of determining a quorum, but will not be counted as votes cast in favor of the election of directors.

Mr. Gumbiner, our Chairman of the Board, beneficially owns approximately 66.0% of the outstanding shares and, therefore, will determine the outcome of the election. He has indicated that he intends to vote his shares in favor of the two nominees.

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SOLICITATION OF PROXIES

The cost of preparing, assembling, printing and mailing this proxy statement and the enclosed proxy form and the cost of soliciting proxies related to the annual meeting will be borne by the Company. The Company will request banks and brokers to solicit their customers who are beneficial owners of shares of common stock listed of record in names of nominees, and will reimburse those banks and brokers for the reasonable out-of-pocket expenses of the solicitation. The original solicitation of proxies by mail may be supplemented by telephone, telegram and personal solicitation by officers and other regular employees of the Company and its subsidiaries, but no additional compensation will be paid to those individuals on account of their activities. In addition, the Company has retained Morrow & Co., Inc. to assist in the solicitation of proxies, for which it will be paid a fee of $2,500 plus reimbursement of reasonable out-of-pocket expenses. We estimate that Morrow & Co. s total fees and expenses will be approximately $5,000.

ELECTION OF DIRECTORS

The Company s board of directors is divided into three classes serving staggered three-year terms. At the annual meeting, you will elect two directors to serve for three years each.

The individuals named on the enclosed proxy card intend to vote for the election of the nominees listed below, unless you direct them to withhold your vote. Each of the nominees has indicated that he is able and willing to serve as a director. However, if for some reason either of the nominees is unable to stand for election or becomes unwilling to serve for good cause, the individuals named as proxies may vote for a substitute nominee(s). The nominees for director must be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

Below are the names and ages of the nominees and of the directors whose terms of office will continue after the annual meeting, the year in which each director was first elected as a director of the Company, their principal occupations or employment for at least the past five years and other directorships they hold.

Nominees for Election for a Three-Year Term Ending with the 2010 Annual Meeting

J. Thomas Talbot	Mr. Talbot, age 71, has served as a director since 1981. He is the owner of The Talbot Company. He also has been a partner in Pacific Management Group, an asset management firm, since 1986. He was a partner of Shaw & Talbot, a commercial real estate investment and development company, from 1975 until August 2003. He served as a director of Fidelity National Financial, Inc. from 1990 to September 2003. He served as a director of California Coastal Communities, Inc. from August 1993 to July 2004.
A. Peter Landolfo	Mr. Landolfo, age 58, has served as a director since May 2004. Since December 2005, he has been a partner in APL Consulting, Inc., a consulting company to the financial printing industry. Since 1992, he has been President of Dallas Design Concepts, Inc., a specialty gift company. He served in various capacities, most recently as Senior Vice President, with Bowne of Dallas, LLP, a financial printer in Dallas, Texas, from 1974 to December 2005.

Director Continuing in Office Until the 2008 Annual Meeting

Charles A. Crocco, Jr.	Mr. Crocco, age 68, has served as a director since 1981. He is an attorney, who was Counsel to Crocco & De Maio, P.C. through March 2003. He is a Securities Arbitrator in proceedings brought under the auspices of the National Association of Securities Dealers. He also served as a director of First Banks America, Inc., a bank holding company, from 1989 until December 2002.

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Directors Continuing in Office Until the 2009 Annual Meeting

Anthony J. Gumbiner	Mr. Gumbiner, age 62, has served as a director and Chairman of the Board since 1981, and Chief Executive Officer of the Company since 1984. He also served as President and Chief Operating Officer from December 1999 to March 2005. He also serves as a director and Chairman of the board of directors of Hallwood Energy Management, LLC, the general partner of Hallwood Energy, L.P. (Hallwood Energy). He served as a director of Hallwood Realty, LLC, the general partner of Hallwood Realty Partners, L.P. (HRP) and its predecessor until HRP was sold in July 2004. Mr. Gumbiner was a director and officer of Hallwood Energy Corporation (HEC) until its sale in December 2004 and of Hallwood Energy III, L.P. (HE III) until its sale in July 2005. Mr. Gumbiner is also a solicitor of the Supreme Court of Judicature of England.
M. Garrett Smith	Mr. Smith, age 45, has served as a director since November 2004. He has been a general partner in Spinnerhawk Natural Resources Fund, L.P., a long-short energy hedge fund, since February 2005. From December 2000 to February 2005, he was a Principal with BP Capital, LLC, a Dallas, Texas-based investment firm specializing in the oil and gas industry, and as a General Partner and Portfolio Manager of BP Capital Energy Equity Fund, an energy hedge fund. From March to December 2000, Mr. Smith was the Chief Financial Officer of Stonebridge Technologies. From 1989 to 2000, Mr. Smith held a number of financial management positions, including Executive Vice President and Chief Financial Officer, of Pioneer Natural Resources Company, an exploration and production company.

Except as indicated above, neither the nominees nor the continuing directors hold a directorship in any company with a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or subject to the requirements of Section 15(d) of the Securities Exchange Act or any company registered as an investment company under the Investment Company Act of 1940, as amended. Each of Messrs. Crocco, Landolfo, Smith and Talbot are independent directors under the standards of the American Stock Exchange, upon which the Company s Common Stock is listed for trading. In determining the independence of Messrs. Crocco and Talbot, the Board considered that each of them have invested in Hallwood Energy on the same terms as other investors.

No family relationships exist between the nominees, the directors and the executive officers.

The board of directors unanimously recommends a vote FOR the election of the nominated individuals.

Committees and Meetings of the Board of Directors

Messrs. Crocco (Chairman), Landolfo and Smith served as members of the Company s audit committee during the year ended December 31, 2006. The audit committee met five times during 2006 and was charged with the responsibility of reviewing the annual audit report and the Company s accounting practices and procedures, and recommending to the board of directors the independent registered public accounting firm to be engaged for the following year.

The board of directors does not have a standing nominating or compensation committee. Because Mr. Gumbiner owns more than 50% of the Company s voting power, it is a controlled company under the rules of the American Stock Exchange and is not required, nor does the Board believe it is necessary, to have separate nominating and compensation committees.

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During the year ended December 31, 2006, the board of directors held five meetings. Each director attended at least 75% of (1) the total number of meetings held by the board of directors, and (2) the total number of meetings held by all committees of the board of directors on which he served.

The Company does not have a policy with respect to attendance by the directors at the annual meetings of stockholders. Last year all members of the board of directors attended the annual meeting. Each member of the board of directors has indicated his intent to attend the 2007 Annual Meeting.

Communication With Directors

The board of directors does not provide a formal process by which stockholders may send communications to the board of directors. The Company is a controlled company under the rules of the American Stock Exchange and 66.0% of its voting securities are owned by a single stockholder. Consequently, the board of directors does not believe it is necessary to formalize such a communication process. However, stockholders may communicate with the Company or request information at any time by contacting Mr. Melvin J. Melle, Vice President, Chief Financial Officer and Secretary at 800.225.0135.

Code of Business Conduct and Ethics

The board of directors has adopted a Code of Business Conduct and Ethics that applies to all employees, including those officers responsible for financial matters. The Code of Business Conduct and Ethics may be accessed through the Company s website at www.hallwood.com. Any amendments to or waivers of the Code of Business Conduct and Ethics will be promptly disclosed on the Company s website. Any stockholder may request a printed copy of the Code of Business Conduct and Ethics by contacting Mr. Melvin J. Melle, Vice President, Chief Financial Officer and Secretary at 800.225.0135.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as to the beneficial ownership of shares of the Company s common stock as of the close of business on the record date (1) for any person or group, as that term is used in Section 13(d)(3) of the Securities Exchange Act, who, or which the Company knows, owns beneficially more than 5% of the outstanding shares of the Company s common stock; (2) for the continuing directors and the nominees for director; and (3) for all directors and executive officers as a group. Unless otherwise noted, the address of each person listed below is 3710 Rawlins, Suite 1500, Dallas, Texas 75219.

Name and Address of Beneficial Owner	**Amount and Nature of Beneficial Ownership(1)**	**Percentage of Class(1)**
Anthony J. Gumbiner	1,001,575(2)	66.0%
Advisory Research, Inc.	123,001(3)	8.1
Charles A. Crocco, Jr.	14,846(4)	1.0
Melvin J. Melle	12,523(5)	0.8
J. Thomas Talbot	5,000(6)	0.3
M. Garrett Smith	(7)	
A. Peter Landolfo	(7)	
William L. Guzzetti	(8)	
Amber M. Brookman	(9)	
All directors and executive officers as a group (8 persons)	1,033,944	67.8

(1) Assumes, for each person or group listed, the exercise of all stock options or other rights held by that person or group that are exercisable within 60 days, according to Rule 13d-3(d)(1)(i) of the Securities Exchange Act, but the exercise of none of the derivative securities owned by any other holder of options. Unless otherwise noted, the address of each individual listed above is 3710 Rawlins, Suite 1500, Dallas, Texas 75219.

(2) Shares held indirectly through Hallwood Family (BVI) L.P., a limited partnership controlled by Mr. Gumbiner and members of his family. 175,000 of these shares are pledged to a bank in connection with a loan agreement. Mr. Gumbiner also holds a 4.26% profits interest in Hallwood Energy.

(3) This information is derived from a Schedule 13G filed by Advisory Research, Inc. on February 21, 2007. Advisory Research Inc. s reported address is 180 North Stetson St., Suite 5500, Chicago, Illinois 60601.

(4) Mr. Crocco is an investor in Hallwood Energy.

(5) Includes currently exercisable options to purchase 9,000 shares of common stock. Mr. Melle is an investor in Hallwood Energy.

(6) Mr. Talbot is an investor in Hallwood Energy.

(7) Messrs. Smith and Landolfo do not own any shares or hold any options to purchase shares of the Company.

(8) Mr. Guzzetti does not own any shares or hold any options to purchase shares of the Company. He is an investor and holds a 4.26% profits interest in Hallwood Energy.

(9) Ms. Brookman does not own any shares or hold any options to purchase shares of the Company. She is an investor in Hallwood Energy.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company is a holding company with interests in textile products and energy. The Company s compensation program is intended to pay competitive salaries and to reward specific accomplishments through a combination of bonuses or other compensation depending on each officer s role in the Company. Mr. Gumbiner, the Company s Chief Executive Officer, and Mr. Guzzetti, the President and Chief Operating Officer are active in the Company s corporate activities and energy investments and oversee the activities of the textile subsidiary. The Company s Chief Financial Officer, Mr. Melle, is responsible for the financial activities of the Company and oversees the financial activities of the textile subsidiary. Ms. Brookman is the President and primarily responsible for the activities of Brookwood Companies Incorporated (Brookwood), the Company s textile subsidiary.

The Company s board of directors, acting in its capacity as the compensation committee, annually determines the compensation paid by the Company to its executive officers and bases the amount of compensation on the board of directors determination of the reasonable compensation for each officer. The members of the board of directors, through their business experience, are generally aware of prevailing compensation practices and regularly review and remain informed about the recent financial and operating experience of the Company. Based on this experience and review, the board of directors establishes compensation that it believes to be appropriate for each officer. In general, a substantial portion of the executive officers compensation from the Company has been paid as salary, although from time to time the Company has awarded substantial bonuses upon completion of significant transactions that provide material benefits to the Company. The board does not routinely utilize formal surveys, benchmarking or compensation consultants in making its compensation decisions. The board considers the executive officers input in determining compensation, but the individual officer does not participate in the meeting when his or her compensation is determined.

Mr. Gumbiner s base compensation is provided through a consulting agreement originally entered into in 1996 between the Company and Hallwood Investments Limited (HIL), an entity associated with Mr. Gumbiner. The Company has from time to time paid bonuses to Mr. Gumbiner or HIL upon the completion of significant transactions. The Board did not consider any changes in the consulting fee paid under this agreement for 2006, no bonus was paid for 2006 and Mr. Gumbiner did not receive any equity or long-term compensation for 2006. In addition to the consulting fee, under this agreement, the Company reimbursed HIL for business expenses in providing office space and administrative services, for travel to and from the Company s United States office, and related expenses. During 2006, the Company also reimbursed Mr. Gumbiner for services, meals and other personal expenses related to the office separately maintained by Mr. Gumbiner. At Mr. Gumbiner s recommendation, the outside members of the Company s board of directors determined in 2006 that the reimbursement for personal expenses would not continue after November 2006. In addition, Mr. Gumbiner is a director and officer of Hallwood Energy in which the Company holds an approximate 25% interest (20% after consideration of profits interests). As compensation for Mr. Gumbiner s services on behalf of Hallwood Energy, Mr. Gumbiner has a consulting agreement with Hallwood Energy and Mr. Gumbiner holds a profits interest in Hallwood Energy. The compensation from Hallwood Energy was approved by the board of directors of Hallwood Energy.

Mr. Guzzetti s base compensation is provided through a salary, which was not changed in 2006. The Company has from time to time paid bonuses to Mr. Guzzetti upon the completion of significant transactions. No bonus was paid for 2006. In addition, Mr. Guzzetti is a director and officer of Hallwood Energy. As compensation for Mr. Guzzetti s services on behalf of Hallwood Energy, Mr. Guzzetti receives a salary from and holds a profits interest in Hallwood Energy. The compensation from Hallwood Energy was approved by the board of directors of Hallwood Energy.

The Board recognizes that Messrs. Gumbiner and Guzzetti both receive compensation from and hold a profits interest in Hallwood Energy, but consider that those reward their efforts on behalf of Hallwood Energy rather than the Company and, therefore, do not factor those amounts into the appropriate compensation for their efforts on behalf of the Company.

Mr. Melle receives a salary from the Company, which was not changed in 2006. The Company has from time to time paid bonuses to Mr. Melle, but no bonus was paid for 2006. Mr. Melle also holds options to purchase

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9,000 shares of common stock of the Company. The stock option plan expired by its terms in 2005, but options outstanding at the expiration date continue for the remainder of their original term.

Ms. Brookman s compensation for 2006 was determined in accordance with a compensation letter entered into with Ms. Brookman in 1998. The letter agreement provides for payment of a salary of $300,000 per year plus an annual bonus in an amount of the greater of 5% of Brookwood s earnings before taxes (with certain adjustments) or a minimum of $100,000. The bonus was intended to provide an incentive to Ms. Brookman to increase the earnings of Brookwood. In addition, the letter agreement provides for a car allowance of $500 per month. For 2006, the Board did not consider any changes in Ms. Brookman s salary or bonus. In 2005 and 2006, a special committee of the board consisting of all of the outside directors engaged representatives of Ernst & Young Human Capital as consultants and reviewed compensation paid to the executives of Brookwood, including Ms. Brookman. After this review, the Company adopted The Hallwood Group Incorporated 2005 Long-Term Incentive Plan for Brookwood Companies Incorporated. The plan was adopted to encourage employees of Brookwood to increase the value of Brookwood and to continue to be employed by Brookwood. The Company awarded Ms. Brookman 1,900 units under the Plan, which constituted 19% of the total units awarded under the Plan. In addition, the Company agreed that, if certain members of Brookwood s senior management do not have, prior to a change of control transaction, in the aggregate an equity or debt interest of at least two percent in the entity with whom the change of control transaction is completed (exclusive of any such interest any such individual receives with respect to his or her employment following the change of control transaction), then the Company will pay Ms. Brookman an additional $2,600,000. The number of units and additional cash payment awarded to Ms. Brookman were determined by the special committee after discussion with Ms. Brookman. On March 14, 2007, the Board of Directors of the Company authorized a change in Ms. Brookman s bonus, providing that the minimum bonus Ms. Brookman will receive for any year, beginning with the year 2007, will be $300,000.

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for nonqualifying compensation in excess of $1,000,000 paid to a senior executive officer in any fiscal year. The Company takes into account this limitation in making compensation decisions, but may approve compensation that does not qualify for deductibility when it believes it is in the best interest of the Company.

The following tables reflect compensation paid to the Company s Chief Executive Officer, Chief Financial Officer and each of the other executive officers of the Company.

SUMMARY COMPENSATION TABLE FOR 2006

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Anthony J. Gumbiner, Chairman, Chairman and	2006	996,000(1)	$ 0	0	0	0	0	291,200(2)	1,287,200

Chief Executive Officer									
Melvin J. Melle, Vice President, Chief Financial Officer and Secretary	2006	208,333	9,240(3)	0	0	0	0	5,716	223,289
William L. Guzzetti President and Chief Operating Officer	2006	312,500(4)	9,240(3)	0	0	0	0	2,086	323,826
Amber M. Brookman President and Chief Executive Officer of Brookwood	2006	317,538(5)	260,782(6)	0	0	0	0	8,280	586,600

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(1) Consists of consulting fees paid by the Company to HIL, an entity associated with Mr. Gumbiner. In addition, Mr. Gumbiner received a consulting fee of $200,000 from Hallwood Energy. None of the amounts paid to Mr. Gumbiner were for his service as a director of the Company.

(2) Consists of $285,132 for reimbursement of services, meals and other personal expenses related to the office separately maintained by Mr. Gumbiner, and $6,200 in life insurance premiums. In addition to the amounts shown in the table, during 2006, the Company reimbursed HIL $178,133 for business expenses in providing office space and administrative services, $267,706 for travel to and from the Company s United States office, and certain other matters, as described in Compensation Committee Interlocks and Insider Participation.

(3) Consists of $9,240 for payment of a special cash bonus in lieu of a Company-matching contribution under its 401(k) Tax Favored Savings Plan.

(4) In addition, Mr. Guzzetti received a salary of $208,333 from Hallwood Energy.

(5) Salary includes a $6,000 car allowance and $11,538 for unused vacation time.

(6) Consists of annual bonus under compensation letter.

The following table reflects an award under The Hallwood Group Incorporated 2005 Long-Term Incentive Plan For Brookwood Companies Incorporated. Under the plan, upon a change of control transaction, each participant is entitled to receive a cash payment equal to the sum calculated by (i) dividing the number of units held by that participant by the 10,000 total units authorized under the plan, and (ii) multiplying the result by 15% of the amount by which (a) the net fair market value of all consideration received by the Company or its stockholders as a result of the transaction exceeds (b) the sum of the liquidation preference plus accrued but unpaid dividends on the Series A Preferred Stock of Brookwood at the time of the transaction. At December 31, 2006, the sum of the liquidation preference plus accrued but unpaid dividends on the Series A Preferred Stock of Brookwood was approximately $23,730,000. Ms. Brookman was awarded 1,900 Units under the Plan. However, if the Board determines that certain specified officers, or other persons performing similar functions do not have, prior to the change of control transaction, in the aggregate an equity or debt interest of at least two percent in the entity with whom the change of control transaction is completed, then the minimum amount to be awarded under the Plan shall be $2,000,000. In addition, the Company agreed that, if members of Brookwood s senior management do not have, prior to a change of control transaction, in the aggregate an equity or debt interest of at least two percent in the entity with whom the change of control transaction is completed (exclusive of any such interest any such individual receives with respect to his or her employment following the change of control transaction), then the Company will pay Ms. Brookman an additional $2,600,000. The Plan does not provide for Threshold, Target or Maximum amounts. However, based on the description above, the table presents as the Threshold Amount the $2,600,000 minimum payment Ms. Brookman may receive under certain conditions and presents as the Target Amount the $3,000,000 that may be paid to Ms. Brookman under certain additional conditions.

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GRANTS OF PLAN-BASED AWARDS FOR 2006

Name	Grant Date	Non-Equity Incentive Plan Awards: Number of Units or Other Rights (#)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)
Amber M. Brookman	1/17/06	1,900	2,600,000	3,000,000	

The following table reflects the equity awards outstanding at December 31, 2006 to the named executive officers. The only named executive officer who held equity awards at that date was Mr. Melle.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END FOR 2006

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Melvin J. Melle,	2,250	0	0	15.00	(1)
Vice President, Chief Financial	4,500	0	0		