

LABARGE INC
Form DEF 14A
October 16, 2008

**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**

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-12

LaBarge, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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(3) Filing Party:

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**NOTICE OF
ANNUAL MEETING
AND PROXY STATEMENT
NOVEMBER 12, 2008**

LaBarge, Inc.
Notice of Annual Meeting of Stockholders
NOVEMBER 12, 2008

To the Stockholders:

The Annual Meeting of Stockholders of LaBarge, Inc. (the Company) will be held at the Ritz-Carlton, St. Louis, 100 Carondelet Plaza, St. Louis, Missouri, on November 12, 2008, at 4:00 p.m., St. Louis time. Stockholders who do not attend the Annual Meeting in person are invited to listen to the webcast of the meeting, which will be accessible on the Internet at *www.labarge.com*.

At the Annual Meeting, Common Stockholders will be asked:

1. To elect two Class A Directors for a term ending in 2011;
2. To consider and act upon the ratification of the selection of KPMG LLP as independent registered public accountants for fiscal 2009; and
3. To transact such other business as may properly come before the meeting.

Only Stockholders whose names appear of record at the Company's close of business on September 19, 2008 are entitled to receive notice of and to vote at the Annual Meeting or any adjournment thereof.

We encourage you to vote via Internet or telephone, or you may mail your proxy.

If you receive more than one proxy card because you own shares registered in different names or at different addresses, please vote each proxy as soon as possible by following the instructions on the proxy card regarding voting by Internet, telephone or mail.

By Order of the Board of Directors

/s/ DONALD H. NONNENKAMP
Donald H. Nonnenkamp
*Vice President, Chief Financial Officer and
Secretary*

October 10, 2008

ALL STOCKHOLDERS ARE INVITED TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU INTEND TO BE PRESENT, PLEASE VOTE YOUR PROXY. STOCKHOLDERS CAN HELP THE COMPANY AVOID UNNECESSARY EXPENSE AND DELAY BY PROMPTLY VOTING THE ENCLOSED PROXY CARD. THE PRESENCE, IN PERSON OR BY PROPERLY SUBMITTED PROXY, OF A MAJORITY OF THE COMMON STOCK OUTSTANDING ON THE RECORD DATE IS NECESSARY TO CONSTITUTE A QUORUM AT THE ANNUAL MEETING.

LaBarge, Inc.
9900 Clayton Road
St. Louis, Missouri 63124
PROXY STATEMENT
Annual Meeting of Stockholders
to be held on November 12, 2008

This Proxy Statement and the enclosed form of proxy are being furnished to the Common Stockholders of LaBarge, Inc. (the Company) on or about October 10, 2008, in connection with the solicitation of proxies on behalf of the Board of Directors of the Company, for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held on November 12, 2008 at the time, place and for the purposes set forth in the accompanying Notice of Annual Meeting, and at any adjournment of that meeting.

Holders of shares of Common Stock, par value \$.01 per share (the Common Stock), of the Company at its close of business on September 19, 2008 (the Record Date) will be entitled to receive notice of and vote at the Annual Meeting. On the Record Date, 15,773,253 shares of Common Stock were outstanding. Holders of Common Stock are entitled to one vote for each share of Common Stock held of record on the Record Date on each matter that may properly come before the Annual Meeting.

Directors will be elected by a plurality of the voting power represented and entitled to vote at the Annual Meeting. The passage of any other proposal will be determined by the affirmative vote of the majority of the voting power represented and entitled to vote at the Annual Meeting. In the election of directors, abstentions and broker non-votes will not affect the outcome except in determining the presence of a quorum; they will not be counted toward the number of votes required for any nominee's election. An instruction to abstain from voting on any other proposal will have the same effect as a vote against the proposal. Broker non-votes will not be considered as present and entitled to vote on the proposals. Therefore, under applicable Delaware law, broker non-votes will have no effect on the number of affirmative votes required to adopt such proposal.

Stockholders of record on the Record Date are entitled to cast their votes in person or by properly submitted proxy at the Annual Meeting. Stockholders wishing to vote their shares by proxy may do so either (i) by completing, signing, dating and returning the enclosed proxy card in the enclosed envelope, or (ii) by Internet or telephone. Instructions for voting by Internet or telephone are contained on the proxy card. The presence, in person or by properly submitted proxy, of a majority of the Common Stock outstanding on the Record Date is necessary to constitute a quorum at the Annual Meeting. If a quorum is not present at the time the Annual Meeting is convened, the Company may adjourn the Annual Meeting.

All Common Stock represented at the Annual Meeting by properly submitted proxies received prior to or at the Annual Meeting and not properly revoked will be voted at the Annual Meeting in accordance with the instructions indicated in such proxies. If no instructions are indicated, such proxies will be voted FOR election of the Board's nominees as directors, FOR ratification of the selection of KPMG LLP, and, at the discretion of the named proxies, on any other matters that may properly come before the Annual Meeting. The Board of Directors of the Company does not know of any matters other than the matters described in the Notice of Annual Meeting attached to this Proxy Statement that will come before the Annual Meeting.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with the Secretary of the Company, at or before the Annual Meeting, a written notice of revocation bearing a date later than the date of the proxy, (ii) submitting a new proxy with a later date, including a proxy given via the Internet or by telephone, or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice revoking a proxy should be sent to: Corporate Secretary, LaBarge, Inc., 9900 Clayton Road, St. Louis, Missouri 63124.

The proxies are solicited by the Board of Directors of the Company. In addition to the use of the Internet, telephone and mail, proxies may be solicited personally or by facsimile transmission by directors, officers or regular employees of the Company. The cost of solicitation of proxies will be borne by the Company.

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A copy of the Company's Annual Report for the fiscal year ended June 29, 2008 is being mailed to each Stockholder along with this Proxy Statement.

The date of this Proxy Statement is October 10, 2008.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors of the Company is divided into three classes, designated as Class A, Class B and Class C. Each Director is elected for a three-year term and the term of each Class expires in a different year. Under the Company's bylaws, the Board of Directors has the authority to fix the number of directors. The number of directors currently is fixed at six.

The Board of Directors has nominated for election two Class A Directors: Messrs. Thomas A. Corcoran and Craig E. LaBarge. Each of the nominees is currently serving as a Director of the Company and has consented to continue to serve as a Director if elected. Unless proxy cards are marked to withhold authority to vote for any Director nominee, the proxies intend to vote all properly executed proxies FOR election of each of the Director nominees.

The following biographical information is furnished with respect to each nominee and each current Director whose term continues after the Annual Meeting.

	Term			Positions(s) with the Company
	Expiration Date	Age	Director Since	
Class A Nominees				
Thomas A. Corcoran	2011	64	2005	Director Chief Executive Officer, President and Director
Craig E. LaBarge	2011	57	1981	
Continuing Class B Directors				
John G. Helmkamp, Jr.	2009	61	1998	Director
Lawrence J. LeGrand	2009	57	1998	Director
Continuing Class C Directors				
Robert G. Clark	2008	49	2001	Director
Jack E. Thomas, Jr.	2008	56	1997	Director

Mr. Corcoran became a Director in June 2005 and serves as a member of the Audit Committee, Human Resources Committee and the Nominating Committee of the Board of Directors. Mr. Corcoran is currently President of Corcoran Enterprises, LLC, a private management-consulting firm, and serves as senior advisor to The Carlyle Group, a Washington, D.C.-based private equity firm. Prior to joining The Carlyle Group as senior advisor, Mr. Corcoran served as President and Chief Executive Officer for Gemini Air Cargo, Inc., and Allegheny Teledyne Inc. He previously spent 32 years at Lockheed Martin Corporation and its predecessor companies where he held various senior management positions, including President and Chief Operating Officer for the corporation's Space and Strategic Missiles, and Electronics Systems sectors. Mr. Corcoran is a Director of L-3 Communications Holding LLC.

Mr. LaBarge has been a Director since 1981. He assumed the positions of Chief Executive Officer and President in 1991. Prior to that time, he was Vice President Marketing of the Electronics Division of the Company (1975 to 1979), President of the Electronics Division of the Company (1979 to 1986), Vice President of the Company (1981 to 1986) and President and Chief Operating Officer of the Company (1986 to 1991). Mr. LaBarge is a Director of U.S. Bank, N.A., in St. Louis.

Mr. Helmkamp has been a Director since 1998 and serves as a member of the Audit Committee of the Board of Directors. He retired from the positions of Chairman of the Board and Chief Executive Officer of Illinois State Bank and Trust in 1996 where he served in those capacities for more than five years.

Mr. LeGrand became a Director in 1998 and serves as Chairman of the Audit Committee of the Board of Directors. He has been Executive Vice President of Plancorp, Inc., a financial planning and investment advisory firm, since

2001. He served as Executive Vice President of LMI Aerospace from 1998 to 2001. Prior to that time, Mr. LeGrand was a partner of KPMG LLP for more than 20 years.

Mr. Clark became a Director in 2001 and serves as a member of the Human Resources Committee and the Nominating Committee of the Board of Directors. Since 1984, he has served as Chairman of the Board and Chief Executive Officer of Clayco, Inc., a design/build construction, real estate and architectural firm doing business in the United States and Canada.

Mr. Thomas became a Director in 1997 and serves as Chairman of the Human Resources Committee and the Nominating Committee of the Board of Directors. Since 1982, he has been President, Chief Executive Officer and Chairman of the Board of Coin Acceptors, Inc., a world leader in the design and manufacture of coin mechanisms, bill validators, control systems and vending machines. Mr. Thomas is a Director of U.S. Bank, N.A. in St. Louis, is Chairman and Chief Executive Officer of Royal Vendors, Inc. and is also Chairman and Chief Executive Officer of Money Controls, Ltd.

**The Board of Directors Recommends that you vote
FOR election of its Nominees for Director.**

Meetings of the Board of Directors and Fees

The Board of Directors of the Company held five meetings in fiscal 2008. Each Director attended at least 75% of the meetings of the Board and its Committees on which he served in fiscal 2008. It is the Company's policy that directors are expected to attend the Annual Meeting of Stockholders and at the last Annual Meeting, held on November 14, 2007, all directors were in attendance.

Members of the Board of Directors who are not employees of the Company receive \$1,500 for each Board meeting attended, \$1,000 for each Audit Committee meeting attended, \$750 for each Human Resources Committee and Nominating Committee meeting attended, and \$500 for attendance at the Company's Annual Meeting. All directors who are not employees receive a quarterly retainer of \$2,500, with Committee Chairs receiving an additional \$1,000. In addition, all non-employee Directors received a \$20,000 cash payment in recognition of their contributions to the record financial results achieved in fiscal 2008. The following table discloses our non-employee Directors compensation for fiscal 2008:

2008 Director Compensation

Name	Fees Earned or Paid in Cash (\$)	Total (\$)
Robert G. Clark	38,000	38,000
Thomas A. Corcoran	44,500	44,500
John G. Helmkamp, Jr.	43,000	43,000
Lawrence J. LeGrand	47,000	47,000
Jack E. Thomas, Jr.	43,000	43,000

Committees

The Board of Directors has standing Audit, Human Resources and Nominating Committees. The Audit Committee is composed of Messrs. Corcoran, Helmkamp and LeGrand (Chairman). The Human Resources Committee is composed of Messrs. Clark, Corcoran and Thomas (Chairman). The Nominating Committee is composed of Messrs. Clark, Corcoran and Thomas (Chairman).

Based on the independence standards as defined by the Company Guide of The American Stock Exchange (the AMEX), the Board has determined in its business judgment that each of the following Directors and Director nominees is independent, as such term is defined in the AMEX listing standards: Messrs. Clark, Corcoran, Helmkamp, LeGrand and Thomas. In addition, each of the members of the Audit Committee meets the more stringent independence standards and the financial literacy standards set forth in the rules of the Securities and Exchange Commission (SEC) and the AMEX listing standards. The Board has made an affirmative determination as to each independent Director that no relationships exist that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. In making these determinations, the Directors reviewed and discussed information provided by the Directors and the Company with regard to each director's business and personal activities as they may relate to the Company and management.

Audit Committee

The Audit Committee, which met five times in fiscal 2008, oversees the Company's accounting and financial reporting processes, audits of the Company's financial statements and internal control matters, and appoints the independent registered public accountants to audit the Company's financial statements. The Committee's report on its activities for fiscal 2008 is on pages 18 and 19. Fees paid to the independent registered public accountants in fiscal 2008 are provided on page 17. The Committee's charter is available on the Company's Web site at www.labarge.com.

Nominating Committee

The Nominating Committee, which met one time in fiscal 2008, is responsible for identifying individuals qualified to become members of the Board of Directors, recommending Director nominees for each Annual Meeting and nominees to fill Board vacancies and to address related matters. The Committee's charter is available on the Company's Web site at www.labarge.com.

Human Resources Committee

The Human Resources Committee, which met two times in fiscal 2008, serves as the Board's compensation committee. The Committee's charter is available on the Company's Web site at www.labarge.com.

The Human Resources Committee oversees compensation for the Company's Chief Executive Officer and other senior executives. In doing so, the Committee is responsible for considering and approving the annual salary and incentive compensation, including performance awards under the 2004 Long Term Incentive Plan, and other benefits of executive management.

Compensation Committee Interlocks and Insider Participation

During the 2008 fiscal year, Messrs. Clark, Corcoran and Thomas served as members of the Human Resources Committee. None of the Company's executive officers serves as a director or member of the compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of the Company's Board of Directors or the Human Resources Committee. None of Messrs. Clark, Corcoran or Thomas has ever been an officer or employee of the Company or any of its subsidiaries.

Communication with the Board of Directors

Stockholders may communicate with any and all members of the Company's Board of Directors by transmitting correspondence by mail addressed to one or more Directors by name (or to the Chief Executive Officer, for a communication addressed to the entire Board of Directors) at the following address and fax number: Name of the Director(s), c/o Corporate Secretary, LaBarge, Inc., 9900 Clayton Road, St. Louis, Missouri 63124, fax number: 314-812-9438. Communications from the Company's Stockholders to one or more Directors will be monitored by the Company's Corporate Secretary and the Chief Executive Officer, who will bring any significant issues to the attention of the appropriate Board members.

Director Nominations

Director candidates are nominated by the Board. The Nominating Committee recommends Director nominees to the Board. The Nominating Committee investigates and assesses the background and skills of potential candidates for Directors. The Committee seeks to create a Board that will bring a broad range of experience, knowledge and judgment to the Company. The Committee does not have specific minimum qualifications that must be met by a candidate for election to the Board of Directors in order to be considered for nomination by the Committee. When the Committee reviews a potential new candidate, the Committee looks specifically at the candidate's qualifications in light of the needs of the Board and the Company at that time given the current mix of Director attributes.

Upon identifying a candidate for serious consideration, one or more members of the Nominating Committee initially interview the candidate. If a candidate merits further consideration, all other Committee members (individually or as a group) interview the candidate and the candidate meets the Company's executive officers and ultimately meets many of the other Directors. The Nominating Committee elicits feedback from all persons who met the candidate and then determines whether or not to nominate the candidate. The process is the same whether the candidate is recommended by a Stockholder, another Director, management or otherwise. The Company does not pay a fee to any third party for the identification or evaluation of candidates.

Stockholders who wish to recommend Director candidates for consideration by the Nominating Committee for the next Annual Meeting of Stockholders should notify the Nominating Committee no later than March 16, 2009. Submissions are to be addressed to the Nominating Committee, c/o Corporate Secretary, LaBarge, Inc., 9900 Clayton Road, St. Louis, Missouri 63124, which submissions will then be forwarded to the Committee. The Nominating Committee would then evaluate the possible nominee using the criteria established by it and would consider such person in comparison to all other candidates. The Nominating Committee is not obligated to nominate any such individual for election. No Stockholder nominations have been received by the Company for this year's Annual Meeting. Accordingly, no rejections or refusals of such candidates have been made by the Company.

Executive Officers

The following table sets forth certain information, as of September 19, 2008, with respect to the executive officers of the Company.

Name	Age	Position(s) with the Company
Craig E. LaBarge	57	Chief Executive Officer, President and Director
Randy L. Buschling	48	Vice President and Chief Operating Officer
Donald H. Nonnenkamp	56	Vice President, Chief Financial Officer and Secretary
William D. Bitner	53	Vice President, Operations
Teresa K. Huber	45	Vice President, Operations
John R. Parmley	54	Vice President, Sales and Marketing

Mr. LaBarge For biographical information, see Proposal 1: Election of Directors on page 2.

Mr. Buschling joined the Company in 1998. He is currently Vice President and Chief Operating Officer of the Company. He served as Senior Vice President of the Company's Manufacturing Services Group from 1999 to 2002 and as Vice President, Aerospace and Defense Business Unit from 1998 to 1999. Prior to joining the Company, Mr. Buschling was General Manager of Watlow Electric Manufacturing Company's Systems Division for more than five years.

Mr. Nonnenkamp joined the Company in 1999 and currently serves as Vice President, Chief Financial Officer and Secretary. Previously, he was Vice President and Treasurer for Esco Technologies, Inc. from 1993 to 1999. Prior to joining Esco, Mr. Nonnenkamp served as Vice President and Chief Financial Officer for Clark Oil and Refining Corporation.

Mr. Bitner joined the Company in January 2007 and began serving as Vice President, Operations. Prior to joining LaBarge, Mr. Bitner was Vice President and General Manager of Burger Boat Company, designer and builder of custom motor yachts, from 2005 to 2006. Previously, he was employed by Rolls-Royce Corporation, an aerospace manufacturing company, in various management positions from 2000 to 2005.

Ms. Huber joined the Company in 2004 through the acquisition of Pinnacle Electronics LLC, a contract manufacturing company, on February 17, 2004 and became Vice President, Operations in 2005. Prior to joining LaBarge, Ms. Huber was Chief Operating Officer of Pinnacle Electronics from 2002 to 2004. Previously, Ms. Huber was employed by Sony Electronics, Inc. in various management positions from 1992 to 2002.

Mr. Parmley joined the Company in 1997 and became Vice President, Sales and Marketing for the Manufacturing Services Group in 1999. He was Account Manager, Aerospace and Defense Business Unit from 1997 to 1999. Previously, Mr. Parmley was employed by Eagle-Picher Industries, Inc., where he served in various sales and management positions from 1991 to 1997.

Compensation Discussion and Analysis

Executive Compensation Objectives and Philosophy

The fundamental objectives of our executive compensation program are to attract and retain talented executives; align executive compensation with the interests of our stockholders; foster and promote the short-term and long-term financial success of the Company; materially increase stockholder value by motivating performance through incentive compensation; and, encourage executive ownership in the Company. These objectives are furthered by a

compensation philosophy that is based on the following:

Competition with peer companies: Compensation packages should be competitive and consistent with the general market. As such, the Human Resources Committee works with its compensation and benefits consultant to design compensation packages that fall

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within certain ranges compared with competitive companies, with sufficient flexibility to address individual responsibilities and performance.

Accountability and recognition for individual and company performance: Compensation should depend, in significant part, on each executive officer's performance in order to motivate and reward success. The Committee has provided for a sizeable portion of the overall compensation packages to be tied to performance through the payments of short-term incentive awards in the form of cash bonuses and the grant of long-term incentive awards in the form of performance units that are settled in restricted Common Stock.

Alignment of stockholder interests: Certain elements of the compensation packages should be tied to stock performance to align our executive officers' interests with those of our stockholders. In order to create this tie, a portion of the compensation packages include stock-based awards in the form of performance units that are settled in restricted Common Stock.

Compensation Determination Process

Our Human Resources Committee serves as our compensation committee and is responsible for considering and approving the annual salary, incentive compensation and other benefits of our Chief Executive Officer and other members of executive management. The Committee is made up of independent directors and typically meets following each fiscal year-end to: (i) consider and approve salary changes and annual incentive bonuses, if any; (ii) determine and approve long-term incentive awards, if any; and (iii) establish goals for both the annual and long-term incentive programs.

To assist the Committee in evaluating and determining executive compensation, the Company, at the direction of the Committee, has retained the services of Hay Group, a highly regarded international independent compensation and benefits consulting firm. Hay Group periodically evaluates the executive officer positions, measuring each position on the practical and technical skills required; problem-solving environment and challenges faced; and accountability and decision-making impact. The evaluation of all of these factors results in a point total for each executive officer position (Hay Points), which allows the Committee and Hay Group to rank the positions and measure the distance between jobs within the Company.

Hay Group uses the Hay Points to compare the compensation of the Company's executive officers with the compensation of officers who hold positions with similar Hay Points in companies comprising the Hay General Industry Market, a group of approximately 800 industrial companies throughout the United States, 40% of which are manufacturing companies. Using this comparison, Hay Group constructs median ranges of base salaries, base salaries plus annual incentive bonus opportunities (Total Cash Compensation) and total compensation, which includes Total Cash Compensation and long-term incentives, for each of the Company's executive officer positions. The actual compensation of the Company's executive officers, and the relative position within the median ranges, is dependent on individual performance, Company performance versus established goals and other factors, as described herein.

The Committee believes that base salaries, Total Cash Compensation and total compensation should approximate the median of the Hay General Industry Market for performance at target levels, in furtherance of our compensation principles noted above. Other than the specific Company performance criteria considered in determining the annual and long-term incentive payments, our compensation programs are flexible, although we do rely on the Hay Group market analyses to ensure that our compensation practices remain equitable and competitive. For example, individual performance, expertise and experience are all considered when determining each element of total compensation.

The Committee considers the specific threshold, target and maximum Company performance levels relating to fiscal 2008 to be confidential, the disclosure of which would cause the Company competitive harm. Target goals relating to the Company's annual and long-term incentives are set at aggressive levels each year to motivate executive officers to succeed and focus on longer-term financial objectives. These targets, individually or together, are designed to be challenging and as such, the Committee believes that the Company's target performance would not be achieved all of the time. Historically, not all target performance levels have been achieved. Furthermore, the Committee believes that reaching maximum levels, and therefore the maximum payout, would be achieved less often than reaching the target performance levels, but recognizes that the payout should be appropriate for the performance, regardless of how often it may happen.

The mix of our cash and non-cash compensation, and short- and long-term compensation, is not subject to a specific policy. Instead, the Committee considers the current trends in the market based on the Hay Group data in light of our compensation philosophies and objectives outlined above, and makes gradual changes over time as necessary to further these compensation goals.

Each year, taking into account the evaluations of Hay Group, current performance and the Company's compensation objectives, the Chief Executive Officer makes recommendations to the Committee regarding proposed salary changes, annual incentive bonuses and long-term incentive awards, if any, for each executive officer. The Chief Executive Officer also assists the Committee in setting Company performance goals on which part of each officer's total compensation is based. The Committee considers this input from the Chief Executive Officer and the recommendations of the Hay Group, as well as other factors it believes are relevant, and determines the compensation packages of the executive officers, including the Chief Executive Officer.

Elements of Compensation

Base Salaries:

In line with the Company's philosophy that compensation should be competitive, the Committee aims for base salaries to approximate the median of the Hay General Industry Market. As such, changes in executive officer salaries are, in part, market-driven. However, salaries are also dependent on individual evaluations conducted each year by the Committee. During this process, the Chief Executive Officer provides input to the Committee. No specific individual performance criteria are or have been established by the Committee. Rather, each executive officer, including the Chief Executive Officer, is evaluated based on (i) general individual performance over the past year; (ii) the scope of each officer's duties and responsibilities; and (iii) experience and expertise.

Fiscal 2008 salaries are disclosed in the 2008 Summary Compensation Table later in this proxy statement and were established based on the criteria described above. The salaries of the executive officers approximated the median of the Hay General Industry Market.

At the end of fiscal 2008, the Committee established the fiscal 2009 salaries for the executive officers based on the same factors as described above. The fiscal 2009 salaries are as follows:

Name	Fiscal 2009 Salaries
Craig E. LaBarge	\$ 555,000
Randy L. Buschling	375,000
Donald H. Nonnenkamp	315,000
John R. Parmley	260,000
Teresa K. Huber	230,000

Annual Incentives:

Executive officers, including the Chief Executive Officer, have the opportunity to earn annual incentive bonuses in the form of cash payments following the end of each fiscal year. Annual incentive bonuses depend, in part, on each executive officer's individual performance during the fiscal year and other circumstances considered during the annual evaluation, as discussed above. As with salary determinations, the Committee does not set specific individual performance criteria.

The main consideration of the Committee in awarding annual incentive bonuses is the achievement of certain Company performance goals established at the beginning of each fiscal year. The measurements used may vary among the executive officers and relate to each officer's specific job responsibilities, changing each year as the Committee, with the input of the Chief Executive Officer, sees fit. Annually, goals and correlating annual incentive bonus opportunities are established at the threshold, target and maximum levels. The Committee's goal is that, for performance at the target level, Total Cash Compensation will approximate the median of the Hay General Industry Market. However, in any case, payout will be zero if threshold performance levels are not met and will not exceed such levels serve as a guide rather than strict payout formulas, as payouts vary depending on individual circumstances the maximum payout, or 150% of the payout for target performance.

The measurements used for determining fiscal 2008 annual incentive bonuses were as follows:

Name	2008 Annual Incentive Bonus Company Performance Goal Categories
Craig E. LaBarge	Net income Total bookings (i.e., new orders) Cash flow
Randy L. Buschling	Net income Total bookings Cash flow
Donald H. Nonnenkamp	Net income Cash flow Investor relations activities
John R. Parmley	Net income Total bookings Cash flow
Teresa K. Huber	Net income Business unit bookings Business unit operating income Business unit cash flow

Annual incentive bonuses for fiscal 2008 are disclosed in the 2008 Summary Compensation Table later in this proxy statement. In addition to the results of individual evaluations described above, amounts reflect the following fiscal 2008 financial achievement levels: (i) the Company's 2008 net income exceeded the maximum level; (ii) the Company's bookings exceeded the maximum level; (iii) the Company's cash flow exceeded the maximum level; (iv) investor relations activities exceeded the maximum level; (v) Ms. Huber's business units bookings exceeded the maximum level; (vi) Ms. Huber's business unit operating income exceeded the maximum level; and (vii) Ms. Huber's business unit cash flow met the target. Based on the individual performances and the Company's overall financial performance, each executive officer's total cash compensation exceeded the median of the Hay General Market Industry.

Long-Term Incentives:

Executive officers are eligible to earn long-term incentive awards pursuant to the Company's 2004 Long Term Incentive Plan (the "Plan"), the terms of which are more fully described later in this proxy statement. Under the terms of the Plan, the Company has the flexibility to utilize a variety of vehicles in designing appropriate long-term incentives. Since the Plan was approved in 2004, the Committee has elected to utilize performance units, which pay out in shares of restricted Common Stock. The number of shares of restricted Common Stock, if any, that each executive officer will receive is tied to the Company's fiscal year net income performance.

The Committee meets following each fiscal year-end to approve net income goals at threshold, target and maximum levels for three years hence (the "Performance Period"). At this meeting, the Committee also enters into performance unit award agreements with each executive officer, pursuant to which each executive officer is granted a specified number of performance units, the value of which will be determined based on the Company's actual net income performance for the Performance Period. If actual net income results are less than the threshold goal for the Performance Period, the value of each performance unit will be zero. If actual net income results are at threshold, the value of each performance unit will be \$0.50. If actual net income results are at target, the value of each performance unit will be \$1.00. If actual net income results are at or above maximum, the value of each performance unit will be \$1.50. If actual results are greater than threshold but less than target, or greater than target but less than maximum, the

value of each performance unit will be adjusted proportionately. Target long-term incentive opportunities are designed to approximate the median of the Hay General Industry Market for target net income performance and also take into account the individual circumstances considered in the annual evaluations.

Following the end of the Performance Period, the Committee meets to determine the value of each performance unit (the Unit Value) based upon the net income results for the Performance Period. Each executive officer is issued a number of shares of restricted Common Stock equal to the Unit Value times the number of performance units granted to him or her for the Performance Period, divided by the closing price of the Company's Common Stock as of the last trading day of the Performance Period. The restricted Common Stock then vests upon the first to occur of: (i) two additional years of employment; (ii) death or Disability; or (iii) a Change in Control (all as defined in the Plan).

The design of the Company's long-term incentive program provides that each executive officer will have three outstanding grants of performance units at all times. For example, the Committee met following the end of fiscal 2008 to establish threshold, target and maximum net income goals for 2011 and grant each executive officer performance units, the value of which will be determined based on the Company's net income results for fiscal 2011. Therefore, in the current fiscal year (fiscal 2009), each executive officer has outstanding performance units for fiscal years 2009, 2010 and 2011. These performance units will be valued, and restricted stock will be issued, if appropriate, once the net income results for these fiscal years are calculated. The Committee believes that the practice of setting three-year rolling grants is appropriate for the business, as it provides incentive for the executive officers to focus on the long-term health of the Company and serves as a retention tool. The Committee further believes that converting performance units to restricted Common Stock has certain advantages, including: (i) encouraging ownership of the Company's Common Stock by executive officers; (ii) providing a retention incentive through the two-year vesting period; and (iii) allowing for lower dilution, as compared to the granting of stock options.

As customary, the Committee met following the end of fiscal 2008 to determine the value of performance units based on fiscal 2008 net income performance and, thus, the number of shares of restricted Common Stock to be issued to each executive officer. The Company exceeded its maximum long-term net income goal in fiscal 2008. As such, the value of each performance unit was \$1.50. The following table discloses the number of shares of restricted Common Stock issued to each executive officer based on the closing price of the Company's Common Stock on the last trading day of fiscal 2008, which was \$13.00.

Name	Number of Shares of Restricted Common Stock Based on Fiscal 2008 Net Income Performance
Craig E. LaBarge	51,923
Randy L. Buschling	34,615
Donald H. Nonnenkamp	23,077
John R. Parmley	11,538
Teresa K. Huber	10,385

Perquisites and Other Benefits

Our executive officers receive the following benefits in addition to the compensation discussed above: (i) eligibility to participate in the Company's 401(k) plan; (ii) Company-paid interest on deferred compensation; (iii) life insurance policies; (iv) use of Company-leased vehicles, or a vehicle allowance; (v) club dues; and (vi) limited financial planning services. The Committee believes these perquisites are reasonable and competitive and considers the value to be modest. As such, the Committee has not given significant weight to the value of perquisites when designing executive compensation packages.

Executive officers are eligible to receive the same health, dental, disability and group life insurance benefits, and participate in the 401(k) on the same terms, as are available to all other full-time employees of the Company.

Retirement and Other Post-Termination Benefits

We maintain Executive Severance Agreements with each of our named executive officers. Each Executive Severance Agreement and the Plan contain Change in Control provisions, pursuant to which executive officers receive the benefits more fully described below.

Both the Executive Severance Agreements and the Plan define "Change in Control" as the first to occur of any of the following events: (i) any merger, consolidation, share exchange, or other combination or reorganization involving the Company, irrespective of which party is the surviving entity, excluding any merger, consolidation, share exchange, or other combination involving the Company solely in connection with the acquisition by the Company of any other entity; (ii) any sale, lease, exchange, transfer, or other disposition of all or substantially all of the assets of the Company; (iii) any acquisition (other than pursuant to will, the laws of descent and distribution, gift to a parent, child, spouse or descendant, or pursuant to an employee benefit plan) or agreement to acquire by any person or entity,

directly or indirectly, beneficial ownership of 25% or more of the outstanding voting stock of the Company;
(iv) during any period of two consecutive years during the term hereof, individuals who at the date of the Agreement, in the case of Executive Severance Agreements, or the Plan, in the case of the 2004 Long Term Incentive Plan, constitute the Board of Directors of the Company (the Incumbent Directors) cease for any reason to constitute at least a majority thereof, unless the election of each director at the beginning of such director's term has been approved by at least two-thirds of the Incumbent Directors then in office; any such director so approved shall thereafter be an Incumbent Director; (v) a majority of the Board or a majority of the stockholders of the

Company approve, adopt, agree to recommend, or accept any agreement, contract, offer, or other arrangement providing for any of the transactions described above; (vi) any series of transactions resulting in any of the transactions described above; or (vii) any other set of circumstances which the Board of Directors deems to constitute a Change in Control.

Executive Severance Agreements

Each Executive Severance Agreement provides that, following a Change in Control, the Company will continue to employ the executive officer for a period not less than one year at his or her place of employment immediately prior to the Change in Control or within 50 miles thereof.

During the Change in Control payment period, the executive officer would be entitled to a base salary in the amount not less than the annualized base salary paid or payable to him or her during the month immediately preceding the month in which the Change in Control occurs. He or she would also be entitled to an annual bonus equal to the same percentage of his or her base salary as the average bonuses paid to the executive officer in each of the five fiscal years most recently ended were to his or her base salary in those years, after disregarding the highest and lowest of such percentages. The executive officer would also be entitled, during such one-year period, to all pension, welfare and other employee benefits, fringe benefits and perquisites in amounts and on terms no less favorable than those to which he or she was entitled on the date of the Change in Control. The Agreements also provide that, in the event of termination of the executive officer's employment during such one-year period for reasons other than death, Disability, or Cause (as defined by the Agreements) or voluntarily by the executive officer for Good Reason (as defined by the Agreements), the executive officer would be entitled to a lump sum payment from the Company equal to the sum of: (i) his or her salary and other compensation not yet paid by the Company through the date of termination; (ii) a bonus prorated for the portion of the year through the date of termination; (iii) the product of three times the sum of (x) the executive officer's salary plus (y) the bonus to which he or she would have been entitled for the full fiscal year; plus (iv) accrued vacation pay. The Company would also be required to provide to the executive officer, for three years after termination, all medical, hospitalization, disability and certain other benefits in amounts and on terms not less favorable than those to which he or she was entitled at the time of termination. If the foregoing amounts were not paid when due, they would bear interest at the rate of 15% per annum. The Agreements provide for appropriate adjustments of such payments if they would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended.

2004 Long Term Incentive Plan

As noted above, executive officers receive performance units to be settled in restricted Common Stock, pursuant to the Plan, as part of the Company's long-term incentive portion of compensation packages. Once issued, the restricted Common Stock vests upon the first to occur of: (i) two additional years of employment; (ii) death or Disability; or (iii) a Change in Control, as defined above. If a Change in Control occurs at any time prior to the end of the second fiscal year following the Performance Period (as defined above), the restricted Common Stock shall become fully vested and immediately transferable. If a Change in Control occurs at any time before the end of the Performance Period, the net income goals with respect to the Performance Period shall be deemed to have been achieved at the maximum level as of the date of the Change in Control, whether or not the Performance Period is complete, and the performance units shall be distributable at the end of the twelve-month period immediately following the Change in Control, subject to forfeiture upon termination of employment for reason other than Retirement, death, Disability or for Good Reason during such twelve-month period, as defined in the Plan.

Deferred Compensation Plan

Executive officers are also eligible to participate in a non-qualified deferred compensation plan that allows them to defer payments of portions of their salaries and annual bonuses until post-retirement. If an executive officer retires from the Company and has participated in the deferred compensation plan for at least five years, is at least 50 years old and has a deferred compensation balance of at least \$50,000, he or she will receive monthly payments from the Company over a three or fifteen-year period, at the individual's option, the amount of which depends on his or her balance. If all of the above criteria are not met, the executive officer will receive his or her plan balance in one lump sum upon retirement.

Impact of Accounting and Tax Treatments of Executive Compensation

Accounting Treatment

The Committee has taken into account certain accounting consequences and rules when determining the types of awards that executive officers should receive as part of their long-term incentive components of compensation packages. As such, the Committee makes awards of performance units under the Company's 2004 Long Term Incentive Plan that are settled in shares of restricted Common Stock that the executive officers receive upon vesting.

Tax Treatment

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally imposes a \$1 million limit on the amount that public companies may deduct from compensation paid to the named executive officers. In fiscal 2008, no executive officer received compensation that triggered the applicability of Section 162(m).

Report of the Human Resources Committee

The Company's Human Resources Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based upon such review and discussions, the Human Resources Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Committee Members: Jack E. Thomas, Jr., Chairman
Robert G. Clark
Thomas A. Corcoran

2008 Summary Compensation Table

The following table sets forth information concerning the compensation of the named executive officers for the fiscal years ended July 1, 2007 and June 29, 2008.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$ (a))	Stock Awards (\$ (b))	Option Awards (\$)(c)	Change in Pension Value Non-qualified Deferred Compensation Earnings	All Other Compensation (\$ (e))	Total (\$)
Craig E. LaBarge Chief Executive Officer and President	2008	534,506	405,000	547,278			34,112	1,520,896
	2007	494,520	230,750	498,824	12,575		33,439	1,270,108
Randy L. Buschling Vice President and Chief Operating Officer	2008	352,011	232,500	345,151		6,325	28,902	964,889
	2007	336,414	146,913	268,373	9,198	4,722	28,152	793,772
Donald H. Nonnenkamp Vice President, Chief Financial Officer and Secretary	2008	300,011	180,000	226,907		3,160	33,237	743,315
	2007	286,520	105,900	179,760	7,358	2,393	35,003	616,934
John R. Parmley Vice President, Sales and Marketing	2008	246,505	150,000	111,612		6,006	29,363	543,486
	2007	235,404	105,760	105,572	4,925	4,722	27,416	483,799
Teresa K. Huber Vice President, Operations	2008	214,005	140,000	107,273			12,323	473,601
	2007	203,008	104,401	78,033	3,016		12,045	400,503

- (a) Bonus amounts are earned in the fiscal year shown and paid in the subsequent fiscal year.
- (b) Amounts shown equal the dollars expensed under FAS 123R under the Company's 2004 Long Term Incentive Plan for awards earned. Each of these awards is expensed over three years (the year in which the performance takes place, plus two additional years for vesting).
- (c) Amounts shown are the balance of expenses of option awards granted in fiscal year 2004 expensed under FAS 123R.

(d) Represents the above-market or preferential earnings on compensation that is deferred on a basis that is not tax-qualified, including such earnings on non-qualified defined contribution plans. Amounts shown represent interest earned at a rate that exceeded 120% of the applicable federal long-term rate.

(e) Includes amounts for 401(k) employer match, use of auto, club dues and financial planning and the following amounts for life insurance premiums: Mr. LaBarge, \$14,504; Mr. Buschling, \$15,136; Mr. Nonnenkamp, \$17,619; and Mr. Parmley, \$18,505 for the fiscal year ended June 29, 2008 and the following amounts for life insurance premiums for the fiscal year ended July 1, 2007: Mr. LaBarge, \$14,510; Mr. Buschling,

\$15,142;
 Mr. Nonnenkamp,
 \$17,097; and
 Mr. Parmley,
 \$18,511.

2008 Grants of Plan-Based Awards

The following table sets forth additional information about plan-based awards granted in the fiscal year ended June 29, 2008:

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards (#) (a)		
		Threshold	Target	Maximum
Craig E. LaBarge	8/22/2007	250,000	500,000	750,000
Randy L. Buschling	8/22/2007	160,000	320,000	480,000
Donald H. Nonnenkamp	8/22/2007	107,500	215,000	322,500
John R. Parmley	8/22/2007	54,000	108,000	162,000
Teresa K. Huber	8/22/2007	54,000	108,000	162,000

(a) Represents awards under the Company's 2004 Long Term Incentive Plan granted in fiscal year 2008 and are applicable for performance during fiscal year 2010. Awards are made in the form of performance units, the value of which will be determined based on the Company's net income performance in fiscal 2010, as more fully described in the Compensation Discussion and Analysis section. The performance units will be paid out in

restricted
Common Stock
based on the
closing price of
the Company's
Common Stock
on June 25,
2010. If the
threshold net
income
performance
goal for fiscal
2010 is not
achieved, no
shares of
restricted
Common Stock
will be issued.

As discussed above and in the Compensation Discussion and Analysis, performance units granted under the Company's 2004 Long Term Incentive Plan are paid out in restricted Common Stock depending on the achievement of net income levels and the closing price of the Company's Common Stock on the last day of the fiscal year during which net income performance is measured. Any restricted Common Stock that is issued is subject to a two-year vesting schedule as discussed in the Compensation Discussion and Analysis. During the restriction period, executive officers may exercise full voting rights and are entitled to dividends and other distributions paid with respect to the shares on the same terms as those of the Company's Common Stockholders.

Outstanding Equity Awards at 2008 Fiscal Year-End

The following table sets forth information on outstanding options and stock awards held by the named executive officers as of June 29, 2008, including the number of shares underlying both exercisable and unexercisable portions of each stock option, as well as the exercise price and the expiration date of each outstanding option, and the market value of stock awards:

Option Awards		Stock Awards		
Number of Securities Underlying	Number of Shares or Units of Stock That	Market Value of Shares or Units of Stock That	Equity Incentive Plan Awards:	Equity Incentive Plan Awards:
			Number of Shares, Unearned or	Market or Payout Value of Shares