

KAPSTONE PAPER & PACKAGING CORP
Form DEF 14A
April 01, 2013

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

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.)

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 under §240.14a-12

KAPSTONE PAPER AND PACKAGING CORPORATION

(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):
 - (4) Proposed maximum aggregate value of transaction:

Edgar Filing: KAPSTONE PAPER & PACKAGING CORP - Form DEF 14A

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

April 1, 2013

Dear Stockholder:

This year's Annual Meeting of Stockholders will be held on Thursday, May 16, 2013 at 11:00 a.m., Central Daylight Time, at 1033 Skokie Boulevard, Suite 100, Northbrook, Illinois. You are cordially invited to attend.

The Notice of Annual Meeting of Stockholders and a Proxy Statement, which describe the formal business to be conducted at the meeting, follow this letter.

After reading the Proxy Statement, please make sure to vote your shares by promptly dating, signing, and returning the enclosed proxy card or attending the annual meeting in person. Regardless of the number of shares you own, your careful consideration of, and vote on, the matters before the Company's stockholders are important.

A copy of the Company's 2012 Annual Report is also enclosed.

I look forward to seeing you at the Annual Meeting.

Very truly yours,

Roger W. Stone
Chairman and Chief Executive Officer

Table of Contents

PROXY SUMMARY

This summary contains highlights about our Company and the upcoming 2013 Annual Meeting of Stockholders. This summary does not contain all of the information that you should consider in advance of the meeting, and we encourage you to read the entire Proxy Statement carefully before voting.

GOVERNANCE HIGHLIGHTS

Board of Directors

9 directors; 7 are independent

All Committee members are independent

Executive sessions at each regularly scheduled Board meeting

Annual Board and Committee self-assessments

Stock ownership requirements for each non-employee director

Stockholder Interests

No stockholder rights plan

Policies against hedging or pledging applicable to employees and directors

Increased stock ownership requirements for Named Executive Officers (see page 29)

Annual advisory vote to approve compensation of Named Executive Officers

EXECUTIVE COMPENSATION HIGHLIGHTS

We believe that compensation for executives should be determined according to a competitive framework taking into account the financial performance of the Company, individual contributions and the external market in which the Company competes for executive talent. The Company relies on the following elements of compensation:

Base salary

Annual performance-based cash awards

Long-term incentive compensation in the form of stock options and restricted stock units

Edgar Filing: KAPSTONE PAPER & PACKAGING CORP - Form DEF 14A

In 2012, the Compensation Committee utilized the assistance of Frederic W. Cook & Co., an executive compensation consulting company, to assist in evaluating executive compensation programs and in evaluating executive officers' compensation compared to an established peer group of similar companies.

Best practices associated with our executive compensation programs include:

No employment agreements

No severance arrangements

Capped performance-based cash awards

Clawback provisions

Benchmarking

Increased stock ownership requirements

Table of Contents**VOTING MATTERS**

Agenda Items	Board Vote Recommendation	Page Reference
1. Election of three directors, each for a three-year term	FOR each director nominee	7
2. Vote to ratify appointment of Ernst & Young LLP as independent auditor for 2013	FOR	37
3. Advisory vote to approve executive compensation	FOR	38
4. Vote to approve Amended and Restated 2008 Performance Incentive Plan	FOR	39

Election of Directors (Proposal No. 1)

The following table provides summary information about our nominees for election to the Board of Directors. Additional information for all directors, including nominees, may be found beginning on page 7 of this Proxy Statement.

Name	Director Since	Occupation	Independent
Brian R. Gamache	2009	Chairman and CEO of WMS Industries, Inc.	X
S. Jay Stewart	2007	Former Chairman and CEO of Morton International, Inc.	X
David P. Storch	2009	Chairman and CEO of AAR Corporation	X

Vote to Ratify Appointment of Independent Auditor (Proposal No. 2)

We are asking stockholders to ratify the appointment of Ernst & Young LLP as our independent auditor for 2013. We paid Ernst & Young LLP a total of \$2,490,150 in fees in 2012. Additional information regarding our independent auditor and audit fees may be found beginning on page 20 of this Proxy Statement.

Advisory Vote to Approve Executive Compensation (Proposal No. 3)

We are asking stockholders to cast an advisory, nonbinding vote to approve the compensation awarded to our Named Executive Officers. Additional information regarding our executive compensation may be found beginning on page 22 of this Proxy Statement.

Vote to Approve the Company's Amended and Restated 2008 Performance Incentive Plan (Proposal No. 4)

We are asking stockholders to approve our Amended and Restated 2008 Performance Incentive Plan. Additional information regarding this plan may be found beginning on page 39 of this Proxy Statement

Table of Contents

MEETING INFORMATION

Date and time	May 16, 2013, 11:00 a.m. Central Daylight Time
Place	1033 Skokie Boulevard, Suite 100 Northbrook, Illinois 60062
Record date	March 18, 2013
Voting	Stockholders of record at the close of business on the record date may vote at the Annual Meeting. Each share is entitled to one vote on each matter to be voted upon.

Table of Contents

TABLE OF CONTENTS

<u>NOTICE OF ANNUAL MEETING OF STOCKHOLDERS</u>	
<u>FREQUENTLY ASKED QUESTIONS</u>	<u>1</u>
<u>STOCK OWNERSHIP</u>	
<u>Security Ownership of Management</u>	<u>4</u>
<u>Security Ownership of Certain Beneficial Stockholders</u>	<u>5</u>
<u>Securities Authorized for Issuance under Equity Compensation Plan</u>	<u>6</u>
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	<u>7</u>
<u>Nominees for Election at the 2013 Annual Meeting of Stockholders</u>	<u>7</u>
<u>GOVERNANCE STRUCTURE</u>	<u>12</u>
<u>Role of the Board</u>	<u>12</u>
<u>Board Leadership Structure</u>	<u>12</u>
<u>Who are the independent directors?</u>	<u>13</u>
<u>How often did the Board meet during 2012?</u>	<u>13</u>
<u>What is the Company's policy regarding director attendance at the Annual Meeting of Stockholders?</u>	<u>13</u>
<u>What committees has the Board established?</u>	<u>13</u>
<u>How are directors nominated?</u>	<u>14</u>
<u>2012 Director Compensation</u>	<u>15</u>
<u>Director Outstanding Equity Awards at 2012 Fiscal Year End</u>	<u>16</u>
<u>Director Stock Ownership Requirements</u>	<u>16</u>
<u>Corporate Governance</u>	<u>17</u>
<u>Risk Oversight</u>	<u>17</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>18</u>
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>20</u>
<u>Fees of Independent Registered Public Accounting Firm</u>	<u>20</u>
<u>EXECUTIVE OFFICERS</u>	<u>21</u>
<u>EXECUTIVE COMPENSATION</u>	<u>22</u>
<u>Compensation Discussion and Analysis</u>	<u>22</u>
<u>Compensation Policies and Objectives</u>	<u>22</u>
<u>Overview of Compensation Program and Process</u>	<u>23</u>
<u>Benchmarking</u>	<u>24</u>
<u>Components of Executive Compensation</u>	<u>25</u>
<u>Regulatory Considerations</u>	<u>29</u>
<u>Named Executive Officer Stock Ownership Requirements</u>	<u>29</u>
<u>Report of the Compensation Committee</u>	<u>30</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>30</u>
<u>RISK OVERSIGHT OF COMPENSATION</u>	<u>30</u>
<u>SUMMARY COMPENSATION TABLE</u>	<u>31</u>
<u>GRANTS OF PLAN-BASED AWARDS</u>	<u>32</u>
<u>OUTSTANDING EQUITY AWARDS AT 2012 FISCAL YEAR END</u>	<u>33</u>
<u>OPTION EXERCISES AND STOCK VESTED</u>	<u>34</u>
<u>STOCK PRICE PERFORMANCE PRESENTATION</u>	<u>35</u>
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL</u>	<u>35</u>
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	<u>35</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>36</u>
<u>CODE OF ETHICS</u>	<u>36</u>
<u>PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>37</u>
<u>PROPOSAL 3 APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION</u>	<u>38</u>
<u>PROPOSAL 4 APPROVAL OF THE COMPANY'S AMENDED AND RESTATED 2008 PERFORMANCE INCENTIVE PLAN</u>	<u>39</u>
<u>ADDITIONAL INFORMATION</u>	<u>42</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>43</u>
<u>TRANSACTION OF OTHER BUSINESS</u>	<u>43</u>
<u>ANNEX A: AMENDED AND RESTATED 2008 PERFORMANCE INCENTIVE PLAN</u>	<u>A-1</u>

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 16, 2013

To the Stockholders:

The Annual Meeting of Stockholders of KapStone Paper and Packaging Corporation ("KapStone" or the "Company") will be held on Thursday, May 16, 2013, at 11:00 a.m., Central Daylight Time, at 1033 Skokie Boulevard, Suite 100, Northbrook, Illinois, for the following purposes:

1. To vote upon the election of the three Class A directors identified in the proxy statement that accompanies this notice, each to hold office for a three-year term and until his respective successor is elected and qualified. The Board of Directors has nominated the following persons for election as Class A directors at the meeting: Brian R. Gamache, S. Jay Stewart, and David P. Storch.
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013.
3. To hold a non-binding vote to approve the Company's executive compensation.
4. To approve the Company's Amended and Restated 2008 Performance Incentive Plan.
5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on March 18, 2013 are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. For ten days prior to the Annual Meeting, a complete list of the stockholders of record on March 18, 2013 will be available at the Company's principal offices for examination during ordinary business hours by any stockholder for any purpose relating to the meeting.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" ALL DIRECTOR NOMINEES, AND "FOR" PROPOSALS 2, 3, AND 4.

By Order of the Board of Directors,

Roger W. Stone
Chairman and Chief Executive Officer

Northbrook, Illinois
April 1, 2013

IMPORTANT: Please promptly fill in, date, sign and return the enclosed proxy card in the accompanying pre-paid envelope to ensure that your shares are represented at the meeting. You may revoke your proxy before it is voted. If you attend the meeting, you may choose to vote in person even if you have previously sent in your proxy card.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders To Be Held on May 16, 2013

The Company's Proxy Statement for the 2013 Annual Meeting of Stockholders and the Annual Report to Stockholders for the fiscal year ended December 31, 2012, are available at <http://ir.kapstonepaper.com>.

Table of Contents

KapStone Paper and Packaging Corporation

**1101 Skokie Boulevard
Suite 300
Northbrook, Illinois 60062**

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

The accompanying proxy is being solicited by the Board of Directors (the "Board") of KapStone Paper and Packaging Corporation (the "Company" or "KapStone") and contains information related to the Annual Meeting of Stockholders to be held on Thursday, May 16, 2013, at 11:00 a.m., Central Daylight Time, or any adjournment or postponement thereof, for the purposes described in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at 1033 Skokie Boulevard, Suite 100, Northbrook, Illinois. This Proxy Statement was filed with the Securities and Exchange Commission (the "SEC") and is first being sent or given to stockholders on or about April 1, 2013.

FREQUENTLY ASKED QUESTIONS

What am I voting on?

You will be voting on:

The election of three (3) directors to serve on the Board;

The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2013;

Advisory approval of the Company's executive compensation;

Approval of the Company's Amended and Restated 2008 Performance Incentive Plan; and

Other matters properly brought before the meeting.

How does the Board recommend that I vote?

The Company's Board recommends that you vote:

FOR each of the director nominees;

FOR ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013;

FOR the approval of the non-binding resolution relating to the Company's compensation of the Company's named executive officers as disclosed in the Compensation, Discussion and Analysis section and accompanying compensation tables and related narratives contained in this Proxy Statement (the "Say-on-Pay resolution"); and

FOR the approval of the Company's Amended and Restated 2008 Performance Incentive Plan.

Who is entitled to vote at the meeting?

Holders of record of the Company's Common Stock at the close of business on March 18, 2013, (the "Record Date") will be entitled to vote. As of the close of business on the Record Date, there were 47,504,683 shares of Common Stock outstanding and entitled to vote.

How many votes am I entitled to?

You are entitled to one vote for each share of Common Stock that you own.

Table of Contents

How do I vote shares held in my name?

You may vote in person at the annual meeting or by proxy. If you properly complete and sign the enclosed proxy card, the shares held in your name will be voted as you direct. If you sign and return the proxy card but do not include voting instructions, the shares held in your name will be voted FOR the three nominee directors named in this Proxy Statement, FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm, FOR the approval of the Say-on-Pay resolution, and FOR the approval of the Company's Amended and Restated 2008 Performance Incentive Plan.

Can I change my vote after I return my proxy card?

You may change your vote or revoke your proxy at any time before the polls close at the annual meeting by taking any of the following actions:

Delivering a later-dated proxy;

Giving written notice to the Company's Secretary; or

Voting in person at the annual meeting.

How do I vote my shares held by my broker?

If your shares are held in street name, you must either direct your broker as to how to vote your shares, or obtain a proxy from your broker giving you the right to vote the shares in person at the annual meeting.

How many votes must be present to constitute a quorum?

A quorum is the presence at the annual meeting in person or by proxy of a majority of the outstanding shares of Common Stock. There needs to be a quorum in order for the annual meeting to be held. Broker non-votes and proxies received but marked as abstentions will count for purposes of establishing a quorum. Broker non-votes occur when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for the particular matter and has not received voting instructions from the beneficial owner.

May my shares be voted if I do not provide my proxy?

If your shares are held in street name, they may be voted on matters that the New York Stock Exchange (the "NYSE") considers "routine" even if you do not instruct your broker how to vote your shares. Accordingly, if you do not instruct your broker how to vote your shares, your broker can vote your shares to approve the appointment of Ernst & Young LLP as the Company's independent registered accounting firm, but your broker cannot vote your shares on the election of directors, the approval of the Say-on-Pay resolution, or the approval of the Company's Amended and Restated 2008 Performance Incentive Plan.

What vote is required to approve each proposal, assuming a quorum is present at the Annual Meeting?

It will depend on each proposal.

Edgar Filing: KAPSTONE PAPER & PACKAGING CORP - Form DEF 14A

For Proposal One: Stockholders will elect the three director nominees receiving the greatest number of votes.

For Proposal Two: The affirmative vote of the holders of a majority of the shares of Common Stock represented at the meeting and entitled to vote is required for the ratification of the

Table of Contents

appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2013.

For Proposal Three: The affirmative vote of the holders of a majority of the shares of Common Stock represented at the meeting and entitled to vote is required for approval of the compensation of our named executive officers. Because the vote is advisory, it will not be binding on the Board or the Company. However, the Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

For Proposal Four: The affirmative vote of the holders of a majority of the shares of Common Stock represented at the meeting and entitled to vote is required for approval of the Company's Amended and Restated 2008 Performance Incentive Plan.

How are we soliciting this proxy?

The Company may solicit stockholder proxies by mail, telephone, Internet, or personally through certain of its directors, officers and employees who will receive no extra compensation for their services. The Company will bear all costs of soliciting proxies, including, upon request, reimbursing brokers for the reasonable expenses incurred by them in forwarding proxy materials to the beneficial owners of Common Stock.

How can I contact the Board?

Anyone desiring to communicate directly with the Board or the non-management directors, individually or as a group, may do so by written communication addressed to them at KapStone Paper and Packaging Corporation, 1101 Skokie Boulevard, Suite 300, Northbrook, IL 60062, Attention: Secretary. Relevant communications will be forwarded by the Secretary to the appropriate directors depending on the facts and circumstances outlined in the communication.

Table of Contents**SECURITY OWNERSHIP OF MANAGEMENT**

The following table shows the amount of the Company's Common Stock beneficially owned, unless otherwise indicated, by the Company's directors, named executive officers, and directors and executive officers as a group as of March 18, 2013. Except as otherwise specified, the named beneficial owner has sole voting and investment power over the shares listed. None of the shares are pledged as security. The total number of shares of Common Stock outstanding as of March 18, 2013 is 47,504,683.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock(1)	Options Currently Exercisable or Exercisable within 60 days	Percentage of Common Stock
Roger W. Stone(2)	3,434,724	29,162	7.23%
Matthew Kaplan	1,694,775	75,258	3.57%
John M. Chapman	397,846	72,268	0.84%
Jonathan R. Furer	773,918	72,268	1.63%
Brian R. Gamache	14,306	1,882	0.03%
Ronald J. Gidwitz	47,687	1,882	0.10%
Matthew H. Paull	7,882	1,882	0.02%
S. Jay Stewart	82,268	72,268	0.17%
David P. Storch	14,313	1,882	0.03%
Andrea K. Tarbox	129,432	38,161	0.27%
Timothy P. Keneally	89,794	10,912	0.19%
All directors and executive officers as a group (eleven individuals)	6,686,915	377,825	14.08%

- (1) Includes options currently exercisable or exercisable within 60 days of March 18, 2013. Restricted stock units (RSUs) granted under the Company's Amended and Restated 2006 Incentive Plan do not have voting rights and are converted into shares of Common Stock when the vesting period lapses. None of the persons named in the table has RSUs that vest within 60 days of March 18, 2013.
- (2) 1,573,400 shares of Common Stock are owned by Mr. Stone's family foundation of which Mr. Stone is director and has sole voting control and investment discretion over such shares, and 117,518 shares of Common Stock held by the Roger W. Stone 2009 GRAT dated June 3, 2009. On March 14, 2012, Mr. Stone made gifts to two irrevocable trusts for the benefit of his descendants. The aggregate amount of the gifts was 382,043 shares of Common Stock. In addition, on that date, Mr. Stone contributed 573,065 shares of Common Stock to a partnership without retention of beneficial ownership, direct or indirect, over such shares, in return for a limited partner interest. The business address of Mr. Stone and each of these entities is KapStone Paper and Packaging Corporation, 1101 Skokie Boulevard, Suite 300, Northbrook, IL 60062.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL STOCKHOLDERS**

The following table shows those persons known to us as of March 18, 2013 to be the beneficial owners of more than 5% of the Company's Common Stock, with the exception of Roger W. Stone, whose ownership is included in the Security Ownership of Management table above. In furnishing the information below, we have relied upon filings made by the beneficial owners with the SEC.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock	Percentage of Outstanding Common Stock
Wellington Management Company, LLP(1)	5,344,908	11.42%
BlackRock, Inc.(2)	3,704,319	7.91%
Richard A. Rubin/Hawkeye Capital Management, LLC(3)	3,113,520	6.65%
The Vanguard Group(4)	2,353,024	5.02%

- (1) Reflects the holdings Wellington Management Company, LLP reported in a Schedule 13G amendment dated February 14, 2013. At that time, it reported shared voting power with respect to 3,367,880 shares and shared dispositive power with respect to 5,344,908 shares as of December 31, 2012. The business address of the reporting person is 280 Congress Street, Boston, MA 02210.
- (2) Reflects the holdings BlackRock, Inc. reported in a Schedule 13G amendment dated February 4, 2013. At that time, it reported sole voting power and sole dispositive power with respect to 3,704,319 shares as of December 31, 2012. The business address of the reporting person is 40 East 52nd Street, New York, NY 10022.
- (3) Reflects the holdings reported in a Schedule 13G amendment dated February 14, 2013 filed jointly by Richard A. Rubin, Hawkeye Capital Management, LLC, and Hawkeye Capital Master. At that time, the group reported that Richard A. Rubin possessed sole voting power and sole dispositive power with respect to 3,113,520 shares as of December 31, 2012. The business address of the reporting persons other than Hawkeye Capital Master is 800 Third Avenue, 9th Floor, New York, NY 10022. The business address of Hawkeye Capital Master is P.O. Box 897GT, Windward 1 Regatta Office Park, West Bay Road, Georgetown, Grand Cayman, Cayman Islands.
- (4) Reflects the holdings the Vanguard Group reported in a Schedule 13G filing dated February 7, 2013. At that time, it reported sole voting power with respect to 58,931 shares, sole dispositive power with respect to 2,295,393 shares, and shared dispositive power with respect to 2,353,024 shares as of December 31, 2012. The business address of the reporting person is 100 Vanguard Blvd, Malvern, PA 19355.

Table of Contents**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN**

Information about the Company's equity compensation plan at December 31, 2012 is as follows:

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options and Restricted Stock Units	Weighted Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plan approved by stockholders(1)	1,447,599	\$ 10.91	1,912,259(2)
Equity compensation plans not approved by stockholders			
Total	1,447,599	\$ 10.91	1,912,529

(1) Pursuant to the Amended and Restated 2006 Incentive Plan

(2) Includes 500,000 shares issuable under the 2009 Employee Stock Purchase Plan, 464,660 of which are presently subject to purchase.

Table of Contents

PROPOSAL 1

ELECTION OF DIRECTORS

The Company has a classified Board of Directors currently consisting of three Class A directors (Brian R. Gamache, S. Jay Stewart and David P. Storch) who have terms expiring at the 2013 Annual Meeting of Stockholders, three Class B directors (John M. Chapman, Matthew Kaplan and Ronald J. Gidwitz) who have terms expiring at the 2014 Annual Meeting of Stockholders, and three Class C directors (Jonathan R. Furer, Matthew H. Paull, and Roger W. Stone) who have terms expiring at the 2015 Annual Meeting of Stockholders. Directors in a class are elected for a term of three years to succeed the directors in such class whose terms expire at such annual meeting, or a shorter term to fill a vacancy in another class of directors.

The nominees for election at the 2013 Annual Meeting of Stockholders to fill the three Clas