

ALAMO GROUP INC
Form DEF 14A
March 20, 2008
SCHEDULE 14A INFORMATION

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

Filed by the Registrant /X/
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))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to Section 240.14a-12

Alamo Group Inc.
(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):

/X/ No fee required.

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

(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

ALAMO GROUP INC.
1627 East Walnut Street
Seguin, Texas 78155

Dear Fellow Stockholders:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of Alamo Group Inc., to be held on Wednesday, May 7, 2008, at 9:00 a.m. local time, at the Westin Riverwalk Hotel, 420 West Market Street, San Antonio, Texas. We hope that you will be able to attend the meeting. Matters on which action will be taken at the meeting are explained in detail in the notice of meeting and proxy statement accompanying this letter.

In addition to the specific matters to be acted upon, there will be a report on the progress of the Company and an opportunity for questions of general interest to the stockholders.

Whether or not you expect to be present and regardless of the number of shares you own, please mark, sign and mail the enclosed proxy in the envelope provided as soon as possible. Stockholders may also vote through the Internet or by telephone. If you attend the meeting, you may revoke your proxy and vote in person.

Thank you for your support. We hope to see you at the meeting.

Donald J. Douglass

Chairman of the Board of Directors

March 20, 2008

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ALAMO GROUP INC.

1627 East Walnut Street

Seguin, Texas 78155

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 7, 2008

To the Stockholders of

Alamo Group Inc.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Alamo Group Inc. (the "Company") will be held at the Westin Riverwalk Hotel, 420 West Market Street, San Antonio, Texas, on Wednesday, May 7, 2008, at 9:00 a.m. local time, for the following purposes:

- (1) To elect seven (7) directors to the Board of Directors to serve until the next Annual Meeting of Stockholders or until their successors are elected and qualified;
- (2) To ratify the Audit Committee's appointment of Ernst & Young LLP as the Company's independent auditors for the 2008 fiscal year;

(3) To transact such other business as may properly come before the meeting or any adjournment thereof.

In accordance with the By-Laws of the Company, the Board of Directors fixed the record date for the meeting on March 14, 2008. Only stockholders of record at the close of business on that date will be entitled to vote at the meeting or any adjournment thereof.

Stockholders who do not expect to attend the meeting in person are urged to sign the enclosed proxy and return it promptly. A return envelope is enclosed for that purpose. Stockholders may also vote through the Internet or by telephone. Instructions are included on the proxy card.

A complete list of stockholders entitled to vote at the meeting, showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of twelve days commencing April 21, 2008, at the offices of the Company's Counsel which is Oppenheimer, Blend, Harrison and Tate, Inc. located at 711 Navarro, Suite 600, San Antonio, Texas 78205-1796.

By Order of the Board of Directors

Robert H. George

Secretary

Dated: March 20, 2008

ALAMO GROUP INC.

1627 East Walnut Street

Seguin, Texas 78155

PROXY STATEMENT

The accompanying Proxy is solicited by the Board of Directors of Alamo Group Inc., a Delaware corporation (the "Company", "we", "our" and "us"), to be voted at the 2008 Annual Meeting of Stockholders to be held on May 7, 2008, and at any adjournments thereof. The meeting will be held at 9:00 a.m. local time, at the Westin Riverwalk Hotel, 420 West Market Street, San Antonio, Texas. This Proxy Statement and the accompanying Proxy are being mailed to Stockholders on or about March 31, 2008. The Annual Report of the Company for fiscal 2007, including audited financial statements for the fiscal year ended December 31, 2007, and a proxy card are enclosed.

VOTING AND PROXIES

Only holders of record of Common Stock of the Company at the close of business on March 14, 2008 (the Record Date), shall be entitled to vote at the meeting. There were 20,000,000 authorized shares of Common Stock, par value \$.10 per share ("Common Stock"), of the Company and 9,796,829 shares of Common Stock outstanding on the Record Date. Each share of Common Stock is entitled to one vote. Any Stockholder giving a proxy has the power to revoke same at any time prior to its use by giving notice in person or in writing to the Secretary of the Company.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock is necessary to constitute a quorum at the 2008 Annual Meeting of Stockholders and any adjournment thereof.

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A plurality of the votes cast at the Annual Meeting is required for the election of each individual nominated by the Board of Directors. The ratification of Ernst & Young LLP's appointment as the Company's independent auditor requires the affirmative vote of a majority of the votes cast by the Stockholders represented at the annual meeting and entitled to vote thereon.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspectors of election appointed by the Company for the meeting. The inspectors of election will treat abstentions and broker non-votes as shares that are present for purposes of determining the presence of a quorum. Abstentions may be specified on all proposals except the election of directors. Abstentions are present and entitled to vote for purposes of determining the approval of any matter submitted to the Stockholders for a vote and will thus have the same effect as a negative vote on the proposal to ratify the appointment of Ernst & Young. If a broker indicates on a proxy that it does not have the discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered present and entitled to vote with respect to that matter.

BENEFICIAL OWNERSHIP OF COMMON STOCK

Listed in the following table are the only beneficial owners that the Company is aware of as of February 28, 2008, of more than five percent of the Company's outstanding Common Stock. In addition, this table includes the outstanding voting securities beneficially owned by its directors, its executive officers that are listed in the Summary Compensation Table and by its directors and executive officers as a group as of February 28, 2008. Unless indicated otherwise below, the address of each person named on the table below is: c/o Alamo Group Inc., 1627 East Walnut Street, Seguin, Texas 78155.

Beneficial Owner of Common Stock	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
Capital Southwest Venture Corporation 12900 Preston Road, Suite 700 Dallas, TX 75230	2,830,300 ⁽³⁾	28.89%
Third Avenue Management LLC Formerly EQSF Advisors, Inc. 622 Third Avenue, 32 nd Floor New York, NY 10017	2,578,615 (4)	26.32%
Dimensional Fund Advisors LP 1299 Ocean Avenue, 11 th Floor Santa Monica, CA 90401	819,146 (5)	8.36%
Met Investors Advisory, LLC 5 Park Plaza, Suite 1900 Irvine, CA 92614	562,013 (6)	5.74%
Tradewinds Global Investors, LLC	514,444 (7)	5.25%

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2049 Century Park East, 20th Floor

Los Angeles, CA 90067

Donald J. Douglass	334,925 (8)	3.4%
Ronald A. Robinson	320,000 (9)	3.3%
Jerry E. Goldress	29,000	*
James B. Skaggs	16,100	*
David H. Morris	12,018 (10)	*
David W. Grzelak	500 (10)	*
Gary L. Martin	2,830,300 (3)	*
Dan E. Malone	5,000 (9)	*
Robert H. George	15,750 (9)	*
Richard J. Wehrle	12,540 (9)	*
Geoffrey Davies	21,550 (9)	*
Donald C. Duncan	9,200 (9)	*
All Directors and Executive Officers as a Group (12 Persons)	3,606,883 (8)(9)(10)	36.82%

* Less than 1% of class

(1) In each case the beneficial owner has sole voting and investment power, except as otherwise provided herein.

- (2) The calculation of percent of class is based on the number of shares of Common Stock outstanding as of February 28, 2008, being 9,796,829 shares.
- (3) Includes shares owned by Capital Southwest Corporation (Capital Southwest) (170,300 shares), the parent corporation of Capital Southwest Venture Corporation (2,660,000 shares). Mr. Martin, a director of the Company, serves as President and CEO of both Capital Southwest Venture Corporation and Capital Southwest Corporation. Mr. Martin has share voting and investment power with respect to the shares of Common Stock owned by Capital Southwest Venture Corporation and Capital Southwest Corporation. Mr. Martin personally disclaims beneficial ownership of these shares.
- (4) Based on a Schedule 13G dated February 14, 2008, by which Third Avenue Management LLC (TAM) reported that as of December 31, 2007, it or any of TAM 's small cap funds had shared voting power over none of such shares, had sole voting power over 1,893,284 such shares, and had sole dispositive power over 2,578,615 of such shares. TAM has beneficial ownership in 2,578,615 shares as of December 31, 2007.
- (5) Based on Schedule 13G dated February 6, 2008, by which Dimensional Fund Advisors Inc. reported that as of December 31, 2007, it had shared voting power over none of such shares, had sole voting power over 819,146 shares and had sole dispositive power of 819,146 shares. Dimensional Fund Advisor Inc. has beneficial ownership in 819,146 shares as of December 31, 2007.
- (6) Based on Schedule 13G dated February 14, as amended on February 21, 2008, by which Met Investors Advisory, LLC (MIA) reported that as of December 31, 2007, it had shared voting power over 562,013 shares, had sole voting power over none of the shares and shared dispositive power over 562,013 shares. MIA has beneficial ownership in 562,013 shares as of December 31, 2007. The 562,013 shares held by MIA are also included in the shares held by TAM above.
- (7) Based on Schedule 13G dated February 14, 2008, by which Tradewinds Global Investors LLC (TGI) reported that as of December 31, 2007, it had shared voting power over none of the shares, had sole voting power over 446,970 shares and sole dispositive power over 514,444 shares. TGI has beneficial ownership in 514,444 shares as of December 31, 2007.
- (8) Includes 59,194 shares owned by The Douglass Foundation, a non-profit organization of which Helen D. Douglass, Mr. Douglass ' wife, is the President; 16,951 shares in the Douglass Charitable Lead Unitrust of 2000 of which Mrs. Douglass is trustee; and 43,100 shares owned by Helen D. Douglass. Various members of Mr. Douglass ' family hold shares of stock of the Company which are not included in this table and Mr. Douglass disclaims beneficial ownership of those shares.
- (9) Includes shares available for exercise under various stock options as follows: for Mr. Robinson 275,000 shares; for Mr. Malone 5,000; for Mr. George 11,350 shares; for Mr. Wehrle 11,350 shares; for Mr. Davies 20,350 shares; and for Mr. Duncan 6,400 shares.
- (10) Includes shares available for exercise under a non-qualified stock options as follows: for Mr. Morris 7,500 shares and for Mr. Grzelak 500 shares.

PROPOSAL 1 - ELECTION OF DIRECTORS

The By-Laws of the Company provide that the number of directors which shall constitute the whole Board of Directors shall be fixed and determined from time to time by resolution adopted by the Board of Directors. Currently, the size of the Board of Directors has been fixed at seven (7) directors. Each director elected at the annual meeting will serve until the next annual meeting of Stockholders or until a successor is elected and qualified. Unless otherwise instructed, shares represented by properly executed proxies in the accompanying form will be voted for the individuals nominated by the Board of Directors set forth below. Although the Board of Directors anticipates that the listed nominees will be able to serve, if at the time of the meeting any such nominee is unable or unwilling to serve, such shares may be voted at the discretion of the proxy holders for a substitute nominee. The Nominating/Corporate Governance Committee of the Board of Directors recommended the following individuals to the Board of Directors and the Board of Directors nominated them. Certain information concerning such nominees, including all positions with the Company and principal occupations during the last five years, is set forth below.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Donald J. Douglass, age 76, founded the Company in 1969 and has served as Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Douglass resigned his position as Chief Executive Officer on July 7, 1999 and retired from his position as an employee of the Company on December 31, 1999 but continues to serve as a director and Chairman of the Board of the Company.

Ronald A. Robinson, age 55, has been President, Chief Executive Officer and a director of the Company since 1999. Mr. Robinson previously was President of Svedala Industries, Inc., the U.S. subsidiary of Svedala Industries AB of Malmo, Sweden, a leading manufacturer of equipment and systems for the worldwide construction, mineral processing and materials handling industries. Mr. Robinson joined Svedala in 1992 when it acquired Denver Equipment Company of which he was Chairman and Chief Executive Officer.

Jerry E. Goldress, age 77, has been a director of the Company since 2000 and is Chairman and Chief Executive Officer of Grisanti, Galef & Goldress, Inc. (GGG), a turnaround management consulting firm. Mr. Goldress has been with GGG since 1973 and has been its Chairman and Chief Executive Officer since 1981. In his consulting capacity, he has been President of more than one hundred manufacturing, distribution and retail organizations.

David W. Grzelak, age 57, has been a director of the Company since August 2006 and has been Chairman and Chief Executive Officer of Komatsu America Corporation since April 2002. He has full profit and loss responsibilities for U.S. Komatsu Operations relating to the construction, utility and mining industries. Komatsu America Corporation manufactures and markets Komatsu, Dressta and Galion lines of hydraulic excavators, wheel loaders, crawler dozers, off-highway trucks and motor graders.

Gary L. Martin, age 61, has been a director of the Company since May 2007. In 2007, Mr. Martin was elected President and CEO of Capital Southwest Corporation, where he served as Vice President since 1992, a publicly owned venture capital investment company located in Dallas, Texas, and has been a Director of Capital Southwest Corporation since 1988. From 1979 through April 2007 Mr. Martin was Chief Executive Officer and President of The Whitmore Manufacturing Company which is a specialty manufacturer of lubricants and coatings for industrial applications. Capital Southwest Corporation directly or indirectly owns 100% of Whitmore Manufacturing Company.

David H. Morris, age 66, has been a director of the Company since 1996. Mr. Morris retired as President and Chief Operating Officer of The Toro Company in November 1995. He had served in that capacity since December 1988. Mr. Morris was first employed by The Toro Company in February 1979 and served in various executive positions with The Toro Company and its subsidiaries.

James B. Skaggs, age 70, has been a director of the Company since 1996 and retired as Chairman of the Board, Chief Executive Officer and President of Tracor, Inc. in June 1998. Tracor provided technology products and services to governmental and commercial customers worldwide in the areas of information systems, aerospace, defense and systems engineering. Mr. Skaggs was Tracor's Chief Executive Officer, President and a Director since November 1990 and its Chairman of the Board since December 1993.

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The following table shows the current membership of each committee and the number of meetings held by each committee during 2007:

	Compensation Committee	Audit Committee	Nominating/ Corp Gov
Donald Douglass			
Jerry Goldress	X	X	Chair
David Grzelak	X		