

TEAM FINANCIAL INC /KS
Form DEF 14A
July 18, 2008

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

SCHEDULE 14A

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

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 §240.14a-12

Team Financial, 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):

- ☐ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

**8 West Peoria, Suite 200
Paola, Kansas 66071
(913) 294-9667**

NOTICE OF RESCHEDULED ANNUAL MEETING OF SHAREHOLDERS

August 19, 2008

To the Shareholders of Team Financial, Inc.:

Rescheduled Annual Meeting

Date: Tuesday, August 19, 2008

Time: 9:00 a.m. central time

Place: Evergreen Events Center
15 West Wea Street
Paola, Kansas 66071

Matters to be voted on:

1. Election of three Class III directors;
2. A proposal to approve the modification of terms of the 1999 Employee Stock Purchase Plan to extend the plan for another five years;
3. Ratification of KPMG LLP as our independent registered public accountants for 2008; and
4. Any other matters properly brought before shareholders at the meeting.

You are cordially invited to attend our annual meeting in person.

To ensure that you are represented at the meeting, please fill in, sign and return the enclosed proxy card as promptly as possible. Your early attention to the proxy statement will be greatly appreciated because it will reduce the cost we incur in obtaining your voting instructions.

By Order of the Board of Directors

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Robert J. Weatherbie
Chairman and Chief Executive Officer

July 18, 2008

TABLE OF CONTENTS

	Page
General Information About the Meeting	1
General Information About Voting	2
Stock Ownership	6
Section 16(a) Beneficial Ownership Reporting Compliance	8
Proposal No. 1 Election of Class III Directors	10
Board and Corporate Governance Matters	14
Certain Relationships and Related Transactions	16
Audit Committee Report	16
Compensation Committee Report On Executive Compensation	17
Executive Compensation	20
Proposal No. 2 Approval of the modification of terms of the 1999 Employee Stock Purchase Plan	28
Proposal No. 3 Ratification of the Appointment of Independent Registered Public Accountants	29
Independent Registered Public Accountants	29
Shareholder Communications with the Board of Directors	30
Other Matters	30

TEAM FINANCIAL, INC.
8 West Peoria, Suite 200
Paola, Kansas 66071
(913) 294-9667

PROXY STATEMENT

2008 Rescheduled Annual Meeting of Shareholders

This Proxy Statement is furnished to you in connection with the solicitation of proxies by the Board of Directors of Team Financial, Inc. for use at our 2008 annual meeting of shareholders to be held on Tuesday, August 19, 2008. The meeting will be held at the Evergreen Events Center, 15 West Wea Street, Paola, Kansas at 9:00 a.m. central daylight savings time. This Proxy Statement and the enclosed proxy card were sent to shareholders on or about July 18, 2008.

The following matters will be acted on at the annual meeting:

1. Election of three Class III directors to serve a three year term;
2. A proposal to approve the modification of terms of the 1999 Employee Stock Purchase Plan to extend the term of the plan for another five years;
3. Ratification of the appointment of KPMG LLP as our independent registered public accountants for 2008; and
4. Any other matters properly brought before shareholders at the annual meeting.

GENERAL INFORMATION ABOUT THE MEETING

Agreements with Shareholders

The Company's originally scheduled annual meeting of shareholders scheduled for June 17, 2008 was postponed, as a result of an agreement (the "Bicknell Agreement") that, on June 16, 2008, Team Financial, Inc. (the "Company") entered into with several stockholders. These stockholders, which we refer to in this Proxy Statement as the "Bicknell Group," are a "group" as defined in Rule 13d-5 promulgated by the Securities and Exchange Commission.

The Bicknell Agreement addresses several corporate governance matters relating to the Company. Under the Bicknell Agreement, the Company agreed to postpone or adjourn its 2008 Annual Meeting of Stockholders in order to resolicit proxies for a revised slate of Class III Director nominees to be elected at a rescheduled meeting. In conjunction with the Bicknell Agreement, original Class III Director nominees Carolyn Jacobs and Denis Kurtenbach have declined to stand for nomination in favor of the revised slate of director nominees presented in this proxy. In addition, independent director, Harold G. Sevy, Jr. has agreed to tender his resignation as a director immediately following the reconvened shareholder meeting, so that the total number of Board positions will be reduced to eight directors. The Company further agreed to seek to eliminate its classification of the Board of Directors so that annually all directors will stand for re-election, which would not take effect until the 2009 annual meeting of shareholders.

In addition, the Bicknell Agreement provides that the Company's Strategic Planning Committee of the Board will be reconstituted to consist of Connie Hart, Jeffery Renner and Richard Tremblay, with Ms. Hart serving as chairperson. Also the Audit Committee of the Board will be composed of Greg Sigman, who will serve as chairperson, Connie Hart and Jeffery Renner. The Nominating Committee will be composed of Robert Blachly, who will be the chairperson, Gregory Sigman and Kenneth Smith. The Compensation

Committee will be composed of Kenneth Smith, who will be chairperson, Connie Hart and Jeffery Renner. Furthermore, under the Bicknell Agreement, the Company will move forward with its plan to have Ms. Hart, an independent director, become Chairperson of the Board of Directors at the first Board meeting after the 2008 annual meeting of shareholders.

The Company also agreed to not extend its Rights Agreement with American Securities Transfer & Trust, Inc., as rights agent, beyond the expiration date of June 3, 2009 or adopt any similar agreement without stockholder approval.

On July 10, 2008 the Company also entered into a settlement agreement (the "Edquist Agreement") with shareholder and former director Keith B. Edquist with respect to the Company's 2008 Annual Meeting of Shareholders and related matters.

Under the terms of the Edquist Agreement, Mr. Edquist has agreed to terminate his efforts to nominate persons for election as Class III directors at the Company's 2008 Annual Meeting of Shareholders, has agreed to vote his shares in favor of the Company's nominees for director at the 2008 Annual Meeting (Robert M. Blachly, Jeffrey L. Renner and Richard J. Tremblay), and has agreed to abide by certain standstill provisions until the earlier of June 30, 2010 or the Company's 2010 Annual Meeting. As part of the Edquist Agreement, the parties executed a mutual release as well.

Additionally, under the terms of the Edquist Agreement, the Company has agreed to reimburse Mr. Edquist for certain expenses related to his proxy solicitation efforts. Under the reimbursement arrangement, Mr. Edquist will receive approximately \$22,572.00 monthly through January 1, 2009, for a total of approximately \$158,000.

Mr. Edquist's obligations under this agreement are contingent on the Bicknell Agreement, mentioned above, remaining in full force and effect.

More information about the Bicknell Agreement can be found in the Current Report on Form 8-K filed with the Securities and Exchange Commission by the Company on June 18, 2008. More information about the Edquist Agreement can be found in the Current Report on Form 8-K filed with the Securities and Exchange Commission by the Company on July 15, 2008.

GENERAL INFORMATION ABOUT VOTING

Who can vote?

You can vote your shares of common stock if our records show that you owned the shares on the record date, June 24, 2008. A total of 3,596,103 shares of common stock can vote at the annual meeting, with each share being entitled to one vote. The enclosed proxy card indicates the number of shares you can vote.

How do I vote by proxy?

Follow the instructions on the enclosed proxy card to vote on each proposal to be considered at the annual meeting. Sign and date the proxy card and mail it back to us in the enclosed envelope. The proxy holders named on the proxy card will vote your shares as you instruct. If you sign and return the proxy card but do not vote on a proposal, the proxy authorizes the proxy holders to vote on your behalf with respect to that proposal. Unless you instruct otherwise, the proxy holders will vote FOR each of the three Class III director nominees, FOR the approval of the modification of terms of the Employee Stock Purchase Plan and FOR the ratification of the appointment of KPMG LLP as our independent registered public accountants for 2008.

What if other matters come up at the annual meeting?

The matters described in this proxy statement are the only matters we know of that will be voted on at the annual meeting. If other matters are properly presented at the meeting, the proxy holders will vote your shares as they may determine in the exercise of their discretion.

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

Yes. At any time before the vote on a proposal, you can change your vote either by giving the Company's secretary a written notice revoking your proxy card or by signing, dating, and returning to us a new proxy card within the required time. We will honor the proxy card with the latest date.

Can I vote in person at the annual meeting rather than by completing the proxy card?

Yes. Although we encourage you to complete and return a proxy card to ensure that your vote is counted, you can attend the annual meeting and vote your shares in person, if your shares are registered directly in your name on our books and not held through a broker, bank or other nominee. On the other hand, if your shares are held in "street name" you may vote your shares in person if you have obtained a proxy from your bank, broker or nominee and you bring that proxy to the meeting. You can vote in person using these procedures even if you have previously completed and returned a proxy card.

What do I do if my shares are held in "street name"?

If your shares are held by your broker, a bank or other nominee, you will probably receive this proxy statement from them with instructions for voting your shares. Please respond quickly so that they may represent you.

If your shares are held in the name of a broker, bank or other nominee, and you do not tell that person how to vote your shares (so-called "broker non-votes"), that person can vote your shares as he or she sees fit only on matters that self-regulatory organizations determine to be routine, and not on any other proposal. Broker non-votes will be counted as present to determine if a quorum exists but will not be counted as present and entitled to vote on any non-routine proposals such as shareholder proposals that could be included in a proxy statement.

If I plan to attend the annual meeting, should I still submit a proxy?

Whether you plan to attend the annual meeting or not, we urge you to submit a proxy card. Returning the enclosed proxy card will not affect your right to attend the annual meeting and vote in person and will help assure the presence of a quorum, avoiding costly repeat expenses for annual meetings.

How are votes counted?

We will hold the annual meeting if a quorum is present, which, under our bylaws, means holders of at least one-third of the shares of common stock entitled to vote either sign and return their proxy cards or attend the meeting. If you sign and return your proxy card, your shares will be counted to determine whether we have a quorum, even if you withhold, abstain or fail to vote on any of the proposals listed on the proxy card.

With respect to the election of directors, the number of votes you have the right to cast for any particular nominee is equal to the number of shares you owned on the record date. Abstentions will only be counted to determine whether a quorum is present and will not be counted for the election of directors. The three director nominees receiving the greatest number of votes a "plurality" will be elected as our Class III directors.

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The approval of the modification of terms of the 1999 Employee Stock Purchase Plan and the ratification of the appointment of independent registered public accountants will require the affirmative vote of a majority of the shares represented at the annual meeting.

For any other items, if any, the affirmative vote of the holders of a majority of the shares represented at the meeting will be required for approval. A properly executed proxy marked "ABSTAIN" with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

If your shares are held in the name of a nominee, and you do not tell the nominee in a timely manner how to vote your shares (so-called "broker non-votes"), the nominee can vote them as he or she sees fit only on matters that self-regulatory organizations determine to be routine, and not on any other proposal. Non-contested elections for directors, as well as ratification of independent registered public accountants, are usually considered routine matters. However, the modifications to our 1999 Employee Stock Purchase Plan will not be considered routine under NASDAQ rules. Therefore, broker non-votes will be counted as present to determine if a quorum exists but will not be counted as present and entitled to vote on this proposal.

What are the recommendations of our Board of Directors?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our Board of Directors. Our Board of Directors' recommendations are set forth, together with the description of each item, below in this proxy statement. In summary, our Board of Directors recommends a vote:

FOR the election of the nominated slate of Class III directors (see page 10);

FOR the approval of the modification of the 1999 Employee Stock Purchase Plan (see page 28); and

FOR the ratification of our selection of the independent registered public accounting firm of KPMG, LLP as our independent registered public accountants for 2008 (see page 29).

Where can I find the voting results of the meeting?

We expect to announce the preliminary voting results at the annual meeting, as well as posting the results on our website. The final certified results will be included in our quarterly report on Form 10-Q for the third quarter of fiscal year 2008 that we will file with the Securities and Exchange Commission.

Will there be other matters proposed at the annual meeting?

Our bylaws limit the matters presented at our annual meeting to those properly presented at the meeting. Please refer to the next question for a description of requirements for shareholder proposals for our 2009 annual meeting. We do not expect any matters other than those set forth in this proxy statement to come before this annual meeting. **However, if any other matter requiring a vote of shareholders is presented in a proper manner, your signed proxy gives the individuals named as proxies authority to vote your shares in their discretion.**

When are 2009 shareholder proposals due if they are to be included in our proxy materials?

To be considered for inclusion in our proxy statement for the 2009 annual meeting of shareholders, a shareholder proposal must be received in our offices no later than January 15, 2009. Further information regarding the shareholder proposal process is set forth below under "Shareholder Proposals."

Who pays for this proxy solicitation?

We do. In addition to sending you these materials, some of our employees may contact you by telephone, by mail, or in person. None of these employees will receive any extra compensation for doing this. We may pay brokers and other nominees reasonable compensation for forwarding the proxy materials to beneficial owners of our shares.

How can I find more information about Team Financial, Inc.?

We file annual, quarterly and other reports and information with the Securities and Exchange Commission. The filings are available to the public in the SEC's EDGAR database at the Commission's web site <http://www.sec.gov>. Our website, <http://www.teamfinancialinc.com>, has links to these filings as well under the heading "SEC Filings." Our common stock is listed on NASDAQ Global Market under the symbol "TFIN."

STOCK OWNERSHIP

The following table shows the number of shares of our common stock beneficially owned as of July 3, 2008 by:

each person whom we know beneficially owns more than 5% of our common stock;

each director, and the new nominees proposed to be elected to our board of directors at the annual meeting;

each of our executive officers; and

our directors and executive officers as a group.

Names and Addresses of Beneficial Owner(1)	Common Shares Beneficially Owned	
	Number	Percent
Robert J. Weatherbie(2) 8 West Peoria, Suite 200 Paola, Kansas 66071-0402	340,505	9.1%
Carolyn S. Jacobs(3) 8 West Peoria, Suite 200 Paola, Kansas 66071-0402	116,837	3.2
Sandra J. Moll(4) 8 West Peoria, Suite 200 Paola, Kansas 66071-0402	51,245	1.4
Bruce R. Vance(5) 8 West Peoria, Suite 200 Paola, Kansas 66071-0402	6,366	*
Kaila D. Beeman(6) 8 West Peoria, Suite 200 Paola, Kansas 66071-0402	0	*
Richard J. Tremblay(7) 12729 Grandview Street Overland Park, KS 66213	37,000	1.0
Connie D. Hart(8) P.O. Box 250 Paola, KS 66071	8,300	*
Denis A. Kurtenbach(9) 108 E. Kaskaskia Paola, Kansas 66071	6,925	*
Kenneth L. Smith(10) 5 East Terrace Paola, KS 66071	4,300	*
Harold G. Sevy, Jr.(11) 18294 W. 335 th Street Paola, KS 66071	4,250	*

Names and Addresses of Beneficial Owner(1)	Common Shares Beneficially Owned	
	Number	Percent
Gregory D. Sigman(12) 6401 Sagamore Mission Hills, KS 66208	2,250	*
Robert M. Blachly 307 North Oak Paola, KS 66071	65	*
Jeffrey L. Renner(13) 224 Shadow Road Bellevue, NE 68005	46,602	1.3
All executive officers, directors and director nominee as a group (twelve persons)	624,645	16.4%
Employee Stock Ownership Plan(14) 8 West Peoria, Suite 200 P.O. Box 402 Paola, Kansas 66071-0402	876,415	24.4%
Collective Reporting Group:(15) Bicknell Family Holding Co, LLC Bicknell Family Management Company, LLC Bicknell Family Management Company Trust Mariner Wealth Advisors, LLC Martin C. Bicknell Cherona Bicknell Bruce Kusmin 7400 College Boulevard, Suite 205 Overland Park, Kansas 66210	427,025	11.9%

- (1) Unless otherwise indicated, the shares are held directly in the names of the named beneficial owners and each person has sole voting and sole investment power with respect to the shares. The participants in our Employee Stock Ownership Plan (the "Team Financial, Inc. Employees' Stock Ownership Plan" or "ESOP") direct the ESOP trustee with respect to all matters submitted to a vote of the shareholders. The ESOP trustee will vote the shares held under the ESOP only in the manner directed by the ESOP participants, as provided in the ESOP.
- (2) Includes 58,999 shares of common stock owned by Mr. Weatherbie's wife and 340 shares owned by his minor children, over which shares he may be deemed to have shared voting and investment power. Includes 24,663 shares owned in a self-directed trust. Includes approximately 112,503 shares of common stock that have been allocated to Mr. Weatherbie's account in our ESOP. Includes 144,000 shares which have vested pursuant to options issued under our 1999 stock incentive plan.
- (3) Includes 10,000 shares of common stock owned by Ms. Jacobs' husband's revocable trust, over which she may be deemed to have shared voting and investment power. Includes 15,000 shares of common stock owned in an Individual Retirement Account. Includes approximately 73,837 shares of common stock that have been allocated to Ms. Jacobs's account in our ESOP. Includes 18,000 shares which have vested pursuant to options issued under our 1999 stock incentive plan.
- (4) Includes 5,440 shares held in two revocable trusts, of which Ms. Moll and her husband are trustees of one trust apiece. Includes approximately 11,805 shares of common stock that have been allocated to Ms. Moll's account in our ESOP and her husband's account in our ESOP. Includes

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30,000 shares which have vested pursuant to options issued under our 1999 stock incentive plan and 4,000 shares which have vested to her husband under the same plan.

- (5) Mr. Vance was named Chief Financial Officer on an interim basis, effective April 28, 2008 following Richard J. Tremblay's resignation as a Director of the Company and Chief Financial Officer.
- (6) Ms. Beeman was named Principal Accounting Officer on an interim basis, effective April 28, 2008 following Richard J. Tremblay's resignation as a Director of the Company and Chief Financial Officer.
- (7) Includes 20,000 shares which have vested pursuant to options issued under our 1999 stock incentive plan.
- (8) Shares are held in a revocable trust over which Ms. Hart claims indirect ownership and may be deemed to have shared voting and investment power.
- (9) Includes 925 shares of common stock held by Mr. Kurtenbach in an Individual Retirement Account and 3,500 shares owned by his wife, over which he may be deemed to have voting and investment power and 2,500 shares which have vested to Mr. Kurtenbach pursuant to options issued under our 1999 stock incentive plan.
- (10) Includes 1,800 shares of common stock are owned jointly by Mr. Smith and his wife, and 2,500 shares which have vested to Mr. Smith pursuant to options issued under our 1999 stock incentive plan.
- (11) Includes 1,250 shares which have vested to Mr. Sevy pursuant to options issued under our 1999 stock incentive plan.
- (12) Includes 1,250 shares which have vested to Mr. Sigman pursuant to options issued under our 1999 stock incentive plan.
- (13) Includes 10,000 shares held in a family trust over which Mr. Renner is deemed to have sole voting and investment power.
- (14) Our ESOP holds 876,415 shares of record which includes 25,000 unallocated shares as of the record date. Team Financial, Inc. is the ESOP trustee. Each ESOP participant directs the ESOP trustee as to the voting of shares allocated to such participant's accounts on all matters submitted to a vote of the shareholders. An ESOP participant's failure to provide voting directions to the ESOP trustee will be deemed to be a direction to vote in the manner specified in the instructions provided to the ESOP participant. Unallocated shares will be voted by the ESOP trustee in the same proportion on each issue as the allocated shares.
- (15) The following information for the following group of shareholders was obtained from a Schedule 13D/A filed with the Securities and Exchange Commission on or about June 26, 2008. Bicknell Family Holding Company, Bicknell Family Management Company, LLC, Bicknell Family Management Company Trust, Mariner Wealth Advisors, LLC, Martin C. Bicknell, Cherona Bicknell and Bruce Kusmin are deemed to have acquired beneficial ownership of all equity securities of the Issuer beneficially owned by the other members of the group.

*

Less than one percent.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10% of our common stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of our common stock. Executive officers, directors and greater than 10% shareholders are required by Securities and

Exchange Commission regulations to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based solely on review of the copies of such reports furnished to us or advice that no filings were required, during 2007 all executive officers, directors, and greater than 10% beneficial owners, with the exception of those listed below, complied with the Section 16(a) filing requirements:

Name	Type of Filing	Number of Late Reports	Number of Transactions Not Reported on a Timely Basis
Sandra J. Moll	Form 3	1	1
Bicknell Family Holding Co. LLC, et al.*	Form 3	1	7
O. Gene Bicknell	Form 4	1	1

*

Includes members of the collective reporting group described in footnote 14 under Security Ownership of Certain Beneficial Owners and Management listed above.

**PROPOSAL NO. 1
ELECTION OF CLASS III DIRECTORS**

Our Board of Directors is currently divided into three classes that serve three year terms. Each class's terms expire in different years as shown below.

Class	Expiration
Class I	2009
Class II	2010
Class III	2011

The terms of our Class III Directors, Robert M. Blachly, Carolyn S. Jacobs, and Denis A. Kurtenbach, expire at the annual meeting. In connection with the Bicknell Agreement and the rescheduling of this meeting from its original date last June, of these three individuals only Mr. Blachly is standing for re-election having been elected by the Board of Directors to fill an unexpired term created by a resignation, and two other individuals, Jeffrey J. Renner and Richard J. Tremblay have been nominated for the other two director positions. We propose that each of these nominees be elected to a three-year term expiring at our annual meeting in 2011. However, please refer to the discussion regarding the intention to declassify the Board at the 2009 Annual Meeting under *GENERAL INFORMATION ABOUT THE MEETING* on page 1. Jeffrey L. Renner and Richard J. Tremblay are subject to the non-objection of the Federal Reserve Bank, and as such, the Company has taken all of the necessary actions in order to receive the applicable non-objections of the Federal Reserve Bank of Kansas City.

With respect to the election of directors, the number of votes you have the right to cast for any particular nominee is equal to the number of shares you owned on the record date. Abstentions will only be counted to determine whether a quorum is present and will not be counted for the election of directors. The three director nominees receiving the greatest number of votes a "plurality" will be elected as our Class III directors. If no instructions are given, the shares will be voted for the election of all nominees.

Your Board of Directors recommends a vote *FOR* the election of Robert M. Blachly, Jeffrey L. Renner and Richard J. Tremblay. Proxies solicited by your Board of Directors will be voted FOR them unless instructions are given to the contrary.

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The following sets forth certain information with respect to the three Class III nominees, our other directors who are expected to serve in such capacity after the annual meeting, and our executive officers.

Name	Age	Position	Officer or Director Since
<i>Non-Independent Directors and Executive Officers</i>			
Robert J. Weatherbie		Chairman of The Board and Chief Executive Officer(1)(5)	1986
Sandra J. Moll	61	Director and Chief Operating Officer	2007
Bruce R. Vance	44	Interim Chief Financial Officer	2008
Kaila D. Beeman	51	Interim Principal Accounting Officer	2008
Richard J. Tremblay	44	Nominee, former Director and former Chief Financial Officer	N/A
<i>Independent Directors</i>			
Kenneth L. Smith	56	Director(1)(2)(3)(7)	2004
Harold G. Sevy, Jr.	65	Director(1)(2)(3)(4)(10)	2006
Gregory D. Sigman	57	Director(1)(3)(4)(8)(9)	2006
Connie D. Hart	58	Director(1)(3)(4)(9)	2007
Robert M. Blachly	44	Director(1)	2008
Jeffrey L. Renner	58	Nominee	N/A

(1) Member of the Executive Committee.

(2) Member of Compensation Committee.

(3) Member of Nominating Committee.

(4) Member of the Audit Committee.

(5) Chairman of the Executive Committee.

(6) Chairman of the Compensation Committee.

(7) Chairman of the Nominating Committee.

(8) Chairman of the Audit Committee.

(9) Designated financial expert.

(10) In accordance with the Bicknell Agreement, Mr. Sevy has agreed to resign from our Board of Directors following the annual meeting in order to reduce the size of our Board of Directors to eight directors from the present nine directors.

Robert J. Weatherbie has served as our Chairman of the Board and director since May 1986, and Chief Executive Officer since September 1995. Effective January 2004, Mr. Weatherbie was appointed President and Chief Executive Officer of TeamBank, N.A. Prior to 1986 he was an executive officer of TeamBank, N.A., formally known as Miami County National Bank, for 13 years. Mr. Weatherbie is also a director of Colorado National Bank. Mr. Weatherbie is a member of the Miami County Bankers Association. He obtained a Bachelor of Arts degree from Emporia State University, Emporia, Kansas, in 1969 and graduated from the Colorado School of Banking at the University of Colorado and the American Institute of Banking-Kansas City Chapter. Mr. Weatherbie serves as a Class II director, and his current term expires in 2010.

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Sandra J. Moll is Chief Operating Officer for the Company and, effective April 28, 2008, was appointed to the Company's Board of Directors to replace Richard J. Tremblay as a Class II Director. Ms. Moll has served as a Senior Vice President, Operations of Team Financial, Inc. for 4 years and Senior Vice President and Chief Operations Officer for TeamBank, N.A., a \$636 million wholly-owned subsidiary of Team Financial, Inc., for 8 years, and has 19 years of cumulative banking experience, including operations, lending and retail functions within the banking industry. She holds a Bachelor of Science Degree from Missouri Southern State College, attended the Graduate School of Banking at Colorado and also attended the MBA program at the University of Kansas.

Bruce R. Vance was appointed as Chief Financial Officer of the Company, on an interim basis, effective April 28, 2008. Mr. Vance is a Certified Public Accountant who has served as the Director of Internal Audit for the Company since May 2006. Prior to joining the Company, Mr. Vance spent four years as an independent financial institution consultant with Bruce R. Vance, C.P.A., Chartered, a local firm which specialized in financial institution consulting. Previous experience also includes fifteen years as a Federal financial institution regulator with the Office of Thrift Supervision, four years as chief financial officer of a \$110 million financial institution, and four years in public accounting with national and regional accounting firms.

Kaila D. Beeman, CPA, was appointed as the Company's Principal Accounting Officer, on an interim basis, effective April 28, 2008. Ms. Beeman, joined the Company in February, 2007 and serves as the Cashier for TeamBank, N.A., a wholly-owned subsidiary of the Company. Prior to joining the Company, Ms. Beeman served as Chief Financial Officer of Bank of the Prairie, a \$105 million bank from 2005 to 2007, and as Vice President of Finance/Cashier of Legacy Bank, a \$165 million bank, from 1992 to 2005. Ms. Beeman also has experience working in public accounting with a regional accounting firm.

Richard J. Tremblay is a Class III director nominee whose term would expire at the annual meeting in 2011, is a former director of the Company and the former Chief Financial Officer of the Company, where he served from 2006 until his resignation from both positions in April 2008. Prior to serving the Company, Mr. Tremblay served as an Executive Vice President, Chief Financial Officer and Corporate Secretary for Gold Banc Corporation, Inc. a \$4 billion bank holding company headquartered in Leawood, Kansas. During his five-year tenure at Gold Banc Corporation, Inc., he directed numerous aspects of business operations, the financial and accounting functions, the asset and liability management, and a variety of aspects relating to profitability planning and mergers and acquisitions. Mr. Tremblay holds a Bachelor's of Science Degree in Business Administration Accounting and Economics, from Henderson State University, Arkadelphia, Arkansas. Mr. Tremblay is expected to serve on the Company's Strategic Planning Committee subsequent to the annual meeting of shareholders.

Kenneth L. Smith was elected to the Board of Directors in 2004 and serves as a Class I director whose term will expire in 2009. Mr. Smith has been President and principal owner of G.K. Smith & Sons, Inc., a mechanical contracting firm since 1987. Mr. Smith continues to serve on the Board of Directors for Team Financial, Inc. where he has been a director since April 2004. In addition to serving on the Company's Executive Committee, he is expected to continue his service on the Company's Nominating Committee and Compensation Committee following the annual meeting of shareholders. Mr. Smith served on the Board of Directors for TeamBank, N.A. from January 1992 thru July 2006. Throughout his career, he has served on the board of directors for several community organizations. Mr. Smith was one of the organizers of the Miami County Economic Development Corporation and served on the original Board of Directors for two terms.

Harold G. Sevy, Jr. is Class I director whose term expires in 2009. In accordance with the Bicknell Agreement, Mr. Sevy has agreed to resign from our Board of Directors following the rescheduled annual meeting in order to reduce the size of our Board of Directors to eight directors from the present nine directors. Mr. Sevy is a Magna Cum Laude graduate of Washburn University and received a Master's Degree in Science from Fort Hays State University. Since 1994, Mr. Sevy has served as the president of

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W.H. Debrick Co., Inc, a construction company. In addition, he is currently a managing partner of several real estate development companies. Mr. Sevy continues to serve on the Board of Directors for Team Financial, Inc. where he has been a director since June 2006. Mr. Sevy served on the Board of Directors of TeamBank, N.A. from January 1985 thru July 2006, where he served on the audit and executive review committees and as chairman of the compliance committee. Mr. Sevy serves on the Company's Audit Committee, Nomination Committee, Compensation Committee and the Executive Committee.

Gregory D. Sigman was elected to the Board of Directors in 2006 as a Class I director. Mr. Sigman is a graduate of the University of Missouri, Columbia, where he received a degree in accounting. He is a CPA and a member of the American Institute of Certified Public Accountants and the Kansas and Missouri Societies of Certified Public Accountants. Mr. Sigman has been an owner and chief executive officer of Sigman & Co., PC, a CPA firm, since 1998. During the period 1983 to 1998, Mr. Sigman was partner and/or shareholder of other CPA firms. Mr. Sigman has eleven years of prior auditing experience with Touche, Ross & Co. He serves on the Company's Audit Committee, Nominating Committee and Executive Committee, and is a designated financial expert.

Connie D. Hart was elected to the Board of Directors in 2007 and is a Class II director whose term will expire in 2010. Ms. Hart has served as the Chief Financial Officer of Bluestem Environmental Engineering, Inc. since 1995. Ms. Hart formerly served as a bank holding company and commercial bank examiner for the Federal Reserve Bank. She holds a Bachelor of Science Degree in Business Administration, Finance from Kansas State University. Ms. Hart was elected to serve on the Board of Directors for TeamBank, N.A. in August 2006, and continues to serve in that capacity. Ms. Hart currently serves on the Company's Audit Committee, Nomination Committee and the Executive Committee. Ms. Hart is expected to be named Chairperson of the Board of Directors, and in addition, she is expected to serve on the Company's Strategic Planning Committee, Audit Committee and Compensation Committee following the annual meeting of shareholders.

Robert M. Blachly, a Class III director since April 2008, is a graduate of the University of Kansas with a Bachelor of Science degree in Business Administration. He serves as an Executive Vice President of The Industrial Fumigant Company, in Olathe, Kansas, where he has served in various progressive capacities since 1976. Mr. Blachly has served as a director of TeamBank, N.A. since August 2006, and continues to serve in that capacity. As a member of the TeamBank, N.A. Board of Directors, Mr. Blachly has served as a member of the Board Loan Committee. Mr. Blachly serves on the Company's Executive Committee. Following the annual meeting of shareholders, Mr. Blachly is expected to serve on the Company's Nominating Committee.

Jeffrey L. Renner, a nominee as a Class III director, has served as a Community Director for TeamBank, N.A. in the Nebraska region since 1991. Mr. Renner is a real estate investor and has served as owner, general partner and President of various partnerships and companies since 1986. Since 1999 Mr. Renner has also served as a Director of Westside Savings Bank, Westside, Iowa, and Halbur Bancshares, Halbur, Iowa, a bank holding company. Mr. Renner received a Bachelor of Science Degree in Public Administration from the University of Nebraska-Omaha. Mr. Renner is expected to serve on the Company's Audit Committee, Compensation Committee and Strategic Planning Committee following the annual meeting of shareholders.

There are no family relationships between or among any directors, nominees or executive officers and none of such persons serve as a director of any other company required to file reports under the Securities Exchange Act of 1934 or which is registered as an investment company under the Investment Company Act of 1940.

Board and Corporate Governance Matters

Membership on the Board

The following discussion concerning the three groups of directors with each director being elected to a three-year term is qualified by the anticipated amendment to our bylaws to do away with the classified board at the 2009 annual meeting of shareholders, as discussed above under "General Information About the Meeting."

Directors are elected for three-year terms expiring in different years based on their assigned class. Any vacancies on the Board may be filled by the affirmative vote of a majority of the remaining directors. Any director elected to fill a vacancy shall hold office for the unexpired term of his predecessor. The directors' and nominees' class and terms are as follows:

Class	Expiration	Members
Class I	2009	Harold G. Sevy, Jr., Gregory D. Sigman and Kenneth L. Smith
Class II	2010	Sandra J. Moll, Robert J. Weatherbie and Connie D. Hart
Class III	2011	Robert M. Blachly, nominee, Jeffrey L. Renner, nominee, and Richard J. Tremblay, nominee.

The Board has determined that directors Kenneth L. Smith, Denis A. Kurtenbach, Connie D. Hart, Gregory D. Sigman, Harold G. Sevy, Jr. Robert M. Blachly and nominee Jeffrey L. Renner are independent within the meaning of the rules and regulations of the Securities and Exchange Commission and NASDAQ Rule 4200.

Committees of the Board

Our Board of Directors has four standing committees. The function and membership of each committee and the number of times it met in 2007 is discussed below.

Audit Committee

The members of the Audit Committee during 2007 included Connie D. Hart, Denis A. Kurtenbach, Harold G. Sevy, Jr., Gregory D. Sigman and Jerry D. Wiesner. The current members are Connie D. Hart, Harold G. Sevy, Jr. and Gregory D. Sigman. The Audit Committee met seven times during 2007. On April 25, 2006, Mr. Wiesner was appointed Chairman of the Audit Committee and served in that capacity until June 1, 2007. Greg Sigman was appointed Audit Committee Chairman on June 1, 2007. Harold G. Sevy, Jr. was appointed to the audit committee on June 20, 2006. Connie D. Hart was appointed to the Audit Committee on June 19, 2007.

The primary function of the Audit Committee is to assist our Board in its oversight of the financial reporting process. The Audit Committee selects our independent registered public accountants, reviews the scope and results of its services, approves the related fees and reviews our financial reporting and internal control functions. The Audit Committee performs duties set forth in its charter, which was adopted by the Board of Directors March 29, 2004 and included with our proxy materials for the annual meeting of shareholders which was held on June 20, 2006. The Audit Committee charter was reaffirmed on January 23, 2007.

The Board has determined that each member of the Audit Committee is independent within the meaning of the rules and regulations of the Securities and Exchange Commission and NASDAQ Rule 4200. The Board has identified Directors Gregory D. Sigman and Connie D. Hart each as an "Audit Committee Financial Expert" as defined in Item 401(h) of the Securities and Exchange Commission Regulation S-K.

Compensation Committee

The members of our Compensation Committee in 2007 were Denis A. Kurtenbach, Kenneth L. Smith and Harold G. Sevy, Jr., and those directors continue to serve in that capacity. Our Board has determined that members of our Compensation Committee are independent within the meaning of the rules and regulations of the Securities and Exchange Commission and NASDAQ rule 4200. This Committee met ten times during 2007. The primary function of this Committee is to review and approve executive compensation and benefit programs. Additionally, this Committee approves the compensation of the Chief Executive Officer, Chief Financial Officer, and any other officers deemed appropriate. In addition, this Committee administers our Stock Incentive Plan.

Nominating Committee

The Board of Directors appointed the 2007 Nominating Committee and pursuant to the committee charter, the committee is comprised solely of directors who meet the independence requirements set forth in NASDAQ Rule 4200. The Nominating Committee Charter is available on our website, <http://www.teamfinancialinc.com>.

Our Nominating Committee will consider a candidate for a director position proposed by a shareholder. A candidate must be highly qualified in terms of business experience and be both willing and expressly interested in serving on the Board. A shareholder wishing to propose a candidate for the Board's consideration should forward the candidate's name and the information about the candidate's qualifications to Team Financial, Inc., Board of Directors, Nominating Committee, Attn: Chairman, 8 West Peoria, Suite 200, Paola, Kansas 66071. Any submission must include sufficient biographical information concerning the recommended individual, including age, employment history for at least the past five years indicating employers' names and descriptions of the employers' businesses, educational background and any other biographical information that would assist the Board in determining the qualifications of the individual. The Nominating Committee will consider recommendations received by a date not later than 120 calendar days before the date our proxy statement is released to shareholders in connection with the annual meeting for nomination at the annual meeting. Recommendations received after that date will be considered by the Nominating Committee for the following annual meeting elections. Additionally, future nominees may be subject to non-objection by the Federal Reserve Bank of Kansas City pursuant to the receipt of a letter received by the Company on June 13, 2008.

Executive Committee

In January 2007 the Company amended its bylaws by creating an additional standing committee, the Executive Committee, which meets monthly and is subject to the call of the Chairman to consider any matter not exclusively reserved for decisions by the full Board of Directors. The Chairman of this committee is Robert J. Weatherbie, with members Connie D. Hart, Gregory D. Sigman, Harold G. Sevy, Jr. and Kenneth L. Smith.

Attendance at Board and Committee Meetings

The Board of Directors had five regularly scheduled meetings and one special meeting during 2007. Each director attended all of the regularly scheduled meetings in person or telephonically and seven of the nine directors attended the special meeting. Although we do not have a formal policy regarding director attendance at the shareholder meeting, directors are encouraged to attend. All members of the Board of Directors attended our 2007 annual shareholder meeting.

Code of Ethics

The Board of Directors adopted a Code of Ethics that applies to all employees including executive officers, directors and principal accounting officers. The Code of Ethics is available on our website at www.teamfinancialinc.com.

Certain Relationships and Related Transactions

Our executive officers, directors and principal shareholders and businesses they control may be customers of our subsidiary banks. Credit transactions with these parties are subject to review by loan committees of the banks and/or by the banks' boards of directors. All outstanding loans and extensions of credit to these parties were made in the ordinary course of business on terms substantially similar to comparable transactions with unaffiliated persons. None of these loans involve more than the normal risk of collectibility or present other unfavorable features. At December 31, 2007, the aggregate balance of loans and advances under extensions of credit made by the subsidiary banks to these persons was approximately \$3,275,000.

Audit Committee Report

In the performance of its oversight function, our Audit Committee has considered and discussed our audited financial statements with management and the Company's independent registered public accountants. The Audit Committee has also discussed with our independent registered public accountants the matters required to be discussed by Statement on Auditing Standards No. 114, *Communication with Audit Committees*, as currently in effect. Finally, the Audit Committee has received the written disclosures and the letter from our independent registered public accountants required by Independence Standards Board No. 1, *Independence Discussions with Audit Committees*. The Audit Committee has considered whether other non-audit services provided by the independent registered public accountants to us is compatible with maintaining their independence and has discussed this with them.

Based on the disclosures and discussions described in this proxy statement, and procedures completed while performing the role and responsibilities of the Audit Committee referred to above and in the Charter, the Audit Committee recommended to our board of directors that the 2007 audited financial statements be included in our Annual Report on Form 10-K for the Year Ended December 31, 2007 and filed with the Securities and Exchange Commission.

Our Audit Committee has determined to continue the services of KPMG LLP for the current fiscal year ending December 31, 2008. The Board of Directors has agreed with that determination and has presented the matter to our shareholders for ratification. These services will include the examination of our consolidated financial statements for the fiscal year ending on such date and other appropriate accounting services.

Submitted by the Audit Committee: Dated April 22, 2008
Gregory D. Sigman, Connie D. Hart and Harold G. Sevy, Jr.

Compensation Committee Report on Executive Compensation

Team Financial, Inc.'s executive compensation program is directed by the Compensation Committee (the "Committee") of the Board of Directors. The Committee acts independently, yet in conjunction with management, and maintains a philosophy that encompasses both long-term and short-term objectives. The three primary components of compensation that support this philosophy are:

Attract, retain and motivate high-performing executive talent. The Company operates in a competitive employment environment, and our employees, led by our listed executives, are essential to our success. Our listed executives are often recruited by other banking organizations and related industries. The compensation of our listed executives, while designed to be competitive with the marketplace for similar positions with bank holding companies of comparable size, is also designed to motivate the executives to maximize the performance of the Company.

Link pay to performance. Our compensation program is designed to provide a strong correlation between the performance of the named executives and the compensation he or she receives. We do this by utilizing a compensation program designed to reward our executives based on the overall performance of the Company and the executives' abilities to achieve the performance priorities set forth by the Compensation Committee each year.

Align executive compensation to shareholder value. Within our overall compensation strategy, we utilize equity compensation tools to align the financial interests and objectives of our executive officers with those of our stockholders by rewarding our executive officers with an equity interest in the Company through programs such as the Stock Incentive Plan. The interests of our shareholders and our executive officers are further aligned through the incorporation of Company performance into many of the other compensation components.

Determination of Executive Compensation

The compensation of our named executive officers' is based on individual performance, as well as the overall performance of the Company. In assessing the performance of the Company for the purpose of compensation decisions, numerous factors are considered including asset growth, return on average equity, earnings growth compared to prior year's performance, and strategic positioning of the Company for the future. The foundation for the total compensation packages offered to our executives is based on an assessment of our executives' individual responsibilities, a determination of the executives' contributions to the performance of the Company and the success of the Company in reaching its strategic goals. Compensation paid by other financial institutions with similar asset size in comparable markets is also considered as a measurement of the market value of our executive positions.

Because the annual cash bonus to our Chief Executive Officer is formula-driven based on the elements of growth described herein, there is little opportunity for management to influence the amount of any bonus awarded. However, management does have input as to the strategic goals and targets set for them to achieve in future periods, which could affect their annual compensation. However, the Committee carefully reviews the recommended levels before approving them. This is to ensure that the goals are set accurately to provide our executive officers with goals that are at a reasonably high level, but are also obtainable.

The principal elements of our executive compensation program for the fiscal year ended December 31, 2007, applicable to our Chief Executive Officer and other named executive officers were as follows:

The base salary level is reviewed and increases are evaluated annually. Consideration is given to the scope of responsibilities and to being comparable with similar positions with bank holding companies of comparable size. Factors included in the comparison are relative size of companies and the experience and responsibility of the position. After a study of comparable data provided

from a variety of sources including independent consultants, the Committee establishes the salary level based on both internal and external information as set forth above. As a result of the evaluation the factors listed above, the Committee approved a base salary increase of \$14,306, to a total base salary of \$300,431 for Mr. Weatherbie for 2008. Other named executive officers also received base salary increases.

Both discretionary and non-discretionary cash bonus awards are considered at least annually. In awarding bonus payments, factors considered by the Committee include a review of our financial performance as determined by our asset growth, net income growth, and return on average equity, and the performance of our named executive officers in achieving certain performance targets. The Committee, will, from time to time, adjust specific elements of actual performance used in the calculation for unique events or circumstances that the Committee feels an executive should not be rewarded for or penalized for in the bonus calculation. In determining the total bonus for our executives, the level of achievement of asset growth, earnings growth and return on average equity are blended together in a formula-driven approach to determine the executive's bonus, subject to established limits for their position. Cash bonuses were paid to Robert J. Weatherbie, Richard J. Tremblay, and Sandra J. Moll for their performance during 2007.

The Committee has the option to require certain executive officers to use a percentage of their cash bonus, if any, to purchase our common stock in the open market, subject to any limitations under federal or state securities laws. The percentage varies from year to year. The Committee did not require any of the executive officers to purchase any of our common stock with their 2007 bonus.

Incentive stock options are also granted annually at the discretion of the Committee, typically on January 1st of each year, to the Chief Executive Officer and certain other executives. The options are granted to provide the Chief Executive Officer and other officers with long-term incentives for profitable growth and to align the interests of our Chief Executive Officer and other executives with the interests of the Company's shareholders. The incentive stock options are structured to be long-term rewards, thereby increasing performance and retention of our named executives. The options granted to our named executives typically follow a set vesting schedule, but ultimately vest at the discretion of the Committee ratably over three years. The Committee believes that having the discretion to vest the options provides the executives with further incentive to achieve their performance objectives. With respect to the amount of options to be granted, consideration is given to the scope of responsibility and the degree of its effect on our performance as well as the degree of importance in providing an incentive to the individual to stay with us over time. The Committee, in determining whether to grant options or in the vesting of options, does not take into consideration the amounts of options previously granted or outstanding.

Executive compensation also includes the opportunity for certain eligible officers in our organization, including our Chief Executive Officer to participate in our non-qualified salary continuation program, whereby the officer will receive benefits commencing after retirement. The annual benefit for the Chief Executive Officer is based upon 65% of the highest base salary for any three years in the ten-year period immediately preceding retirement multiplied by the vested lifetime percentage. See "Salary Continuation Program" below for further information on the terms of this program. An executive's participation in the program is contingent upon the executive's agreement to sign a non-competition and non-solicitation agreement with the Company and participation in the deferred compensation program.

The deferred compensation program is a non-qualified plan for certain eligible employees whereby the officer may defer a stated percentage of salary up to 10% of compensation. The Company matches 25% of the deferral amounts made by our Chief Executive Officer. Interest is accrued on the deferral amounts based on a modified return on equity calculation, which includes the return on equity of TeamBank, N.A., net of core deposit intangible asset amortization, subject

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to a 6% minimum and a 12% maximum rate. The modified return on equity used for this program in 2007 was 9.52%. The deferred compensation program serves as another tool used to align the executive's interests with shareholder value. See "Deferred Compensation Program" below for more information on this program.

Split dollar life insurance benefits are provided to certain officers, including the Chief Executive Officer, to encourage the officers to continue their employment with us. The policy will remain in full force and effect upon a change in control of our capital stock unless the insurance policy is replaced with a comparable policy to cover the benefit provided to the officer. See "Split Dollar Life Insurance Benefit" below for further information on this benefit.

Several of our named executive officers have employment agreements with the Company, and all of our named executives are entitled to certain severance benefits following a change of control. See "Potential Payments Upon Termination or Change in Control" on page 22 for a more detailed description, by executive, of such arrangements.

Other elements of compensation offered to the Chief Executive Officer and the other named executive officers are also offered to other eligible employees and include participation in a 401(k) deferred contribution program, our insurance benefit package, our organization-wide performance-based bonus program, and the Employee Stock Ownership Plan.

While the compensation arrangements offered to our named executive officers are meant to be collective packages, the various elements of the compensation package are not inter-related. For example, if a higher than expected level of bonus compensation is achieved, the base salary adjustment and number of options that will be granted are not affected. If options that are granted in one year have an exercise price that is greater than the current market price of our common stock, the amount of the bonus, options granted or vested, or other compensation to be paid to the executive officer the next year would normally not be impacted. Similarly, if options gain significant value, the amount of compensation or bonus to be awarded for the next year is not normally affected.

The Committee has reviewed and discussed the above-mentioned Compensation Committee Report on Executive Compensation with management. Based on those reviews and discussions, the Committee recommends to the Board of Directors that the Compensation Committee Report on Executive Compensation be included in the Company's definitive proxy statement for the 2008 Annual Meeting of Shareholders.

Respectively submitted by the Compensation Committee:

Denis A. Kurtenbach,
Kenneth L. Smith and
Harold G. Sevy, Jr.
Dated: April 22, 2008

Executive Compensation

Summary Compensation Table

The following table sets forth summary information regarding the compensation earned for services rendered in all capacities during 2007 and 2006 with respect to (i) our Chief Executive Officer, and (ii) our other named executive officers whose total annual compensation for 2007 exceeded \$100,000:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Option		Non-Equity Nonqualified		Change in Pension Value and Non-Equity Nonqualified	All Other Compensation (\$)(4)	Total (\$)
				Awards	Awards	Plan Compensation	Earnings	Incentive Deferred		
				(\$)(2)	(\$)(3)	(\$)	(\$)			
Robert J. Weatherbie	2007	286,125	143,063		29,917	6,011	13,895		118,909	597,920
Chairman of the Board and Chief Executive Officer	2006	262,500	131,250		109,734	14,175	18,512		156,745	692,916
Richard J. Tremblay(5)										
Chief Financial Officer	2007	175,000	48,125		21,427	3,500			7,200	255,252
	2006	83,692	15,000		13,100	4,519			3,600	119,911
Sandra J. Moll										
Chief Operating Officer	2007	148,240	29,648		21,069	2,965	983		16,329	219,234
	2006	136,000	15,000		62,697		1,466		15,928	231,091

(1)

Represents bonuses earned and later paid in cash.

(2)

Represents the dollar amount of compensation cost recognized by the Company, computed in accordance with Financial Accounting Standards Board Statement No. 123(R), "Share-Based Payment" (SFAS 123(R)).

(3)

Represents amounts paid to executives under the Company-wide performance-incentive program.

(4)

Perquisites paid by the Company to Mr. Weatherbie include \$4,125 for personal use of Company automobile, \$72,950 for changes in his non-qualified salary continuation plan, \$10,718 for contributions to Mr. Weatherbie's account for the Employee Stock Ownership Plan, \$6,750 for contributions under the deferred savings 401(k) plan, \$2,137 for life insurance premiums, \$2,856 for medical insurance premiums, and \$14,448 for the value of premiums paid by us in connection with life insurance policies issued pursuant to a split dollar life insurance agreement. The amount set forth for Mr. Tremblay represents amounts paid to him for a car allowance. Perquisites paid by the Company to Ms. Moll include \$1,361 for personal use of a Company automobile, \$2,393 for changes in her non-qualified salary continuation plan, \$7,274 for contributions to Ms. Moll's account for the Employee Stock Ownership Plan and \$4,581 for contributions under the deferred savings 401(k) plan.

(5)

Mr. Tremblay resigned as a Director and as Chief Financial Officer of the Company effective April 25, 2008. In connection with his resignation, Mr. Tremblay forfeited 25,000 unvested options, 15,000 of which were granted during 2008.

Outstanding Equity Awards at Fiscal Year-End 2007

The following table summarizes information concerning the unexercised options and unvested stock awards for each of the named executive officers as of December 31, 2007. The market value of the stock awards is computed by multiplying the closing market price of the Company's common stock on December 31, 2007, by the applicable number of shares of stock shown in the table for each grant.

2007 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)(1)(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Robert J. Weatherbie Chairman of the Board and Chief Executive Officer	20,000			8.94	12/31/2009				
	15,000			6.63	12/31/2010				
	4,000			10.10	12/31/2012				
	15,000			8.94	1/1/2010				
	15,000			6.63	1/1/2011				
	15,000			8.32	1/1/2012				
	15,000			10.10	1/1/2013				
	15,000			12.41	1/1/2014				
	15,000			12.19	1/1/2015				
	10,000	5,000		14.30	1/1/2016				
	5,000	10,000		15.97	1/1/2017				
Richard J. Tremblay(3) Chief Financial Officer	10,000			15.01	7/5/2016				
	5,000			15.97	12/31/2016				
	5,000	10,000		15.97	1/1/2017				
Sandra J. Moll Chief Operating Officer	1,200			6.63	12/31/2010				
	1,500			8.32	12/31/2011				

1,500		10.10	12/31/2012
2,000		12.41	12/31/2013
3,000		12.19	12/31/2014
10,000		14.30	12/31/2015
8,000	4,000	14.30	1/1/2016
4000	8000	15.97	1/1/2017

- (1) Should the employment of Mr. Weatherbie or Ms. Moll be terminated for any reason except for cause, all shares vest and become immediately exercisable.
- (2) These options are not yet vested, and are therefore unexercisable.
- (3) Mr. Tremblay resigned as a Director and as Chief Financial Officer of the Company effective April 25, 2008. In connection with his resignation, Mr. Tremblay forfeited 25,000 unvested options, 15,000 of which were granted during 2008.

Board of Directors Compensation

Our non-employee directors receive an annual fee of \$10,000 and \$300 per board meeting attended. Non-employee directors who serve as chairmen of our board committees receive \$500 for each Audit Committee and \$300 for each other committee meeting they chair. Our non-employee directors who serve on our board committees receive \$300 for each Audit Committee meeting and \$250 for each other committee meeting they attend.

Director Compensation**2007 DIRECTOR COMPENSATION TABLE**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards \$(1)(2)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Carolyn S. Jacobs	0	0	0	0		0	0
Denis A. Kurtenbach	18,050						