

NORDSON CORP  
Form DEF 14A  
January 30, 2004

**Table of Contents**

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934**

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

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

**NORDSON 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):

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

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

Not Applicable

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

Not Applicable

(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):

Not Applicable

(4) Proposed maximum aggregate value of transaction:

Not Applicable

(5) Total fee paid:

Not Applicable

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:

Not Applicable

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

Not Applicable

(3) Filing Party:

Not Applicable

(4) Date Filed:

Not Applicable

---

**TABLE OF CONTENTS**

Annual Meeting

Dear Shareholder:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

PROXY STATEMENT

ELECTION OF DIRECTORS

Nominees For Terms Expiring in 2007

Present Directors Whose Terms Expire in 2006

Present Directors Whose Terms Expire in 2005

Corporate Governance, Committees of the Board of Directors, and Attendance

Compensation of Directors

Ownership of Nordson Common Shares

Section 16(a) Beneficial Ownership Reporting Compliance

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Committee Report on Executive Compensation

Total Cash Compensation

Base Salary

Annual Cash Bonus

Long-Term Incentives

Deferred Compensation Plan

Chief Executive Officer Compensation

Deduction Limitation on Executive Compensation

Compensation Committee of the Board of Directors:

Summary Compensation Table

Option/SAR Grants in Last Fiscal Year

Long-Term Incentive Compensation

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

Salaried Employees Pension Plan

Excess Defined Benefit Pension Plan and Excess Defined Contribution Retirement Plan

Performance Graph

TOTAL SHAREHOLDER RETURNS

Agreements with Officers and Directors

Compensation Committee Interlocks and Insider Participation

INDEPENDENT AUDITORS

GENERAL

Voting at the Meeting

Shareholder Director Nominations, Proposals and Communications

APPENDIX A NORDSON CORPORATION GOVERNANCE GUIDELINES

1. Composition

2. Meetings

3. Meeting Attendance

4. Committees

5. Retirement

6. Change in Status

7. Membership on Other Boards

8. Presiding Director

9. Executive Sessions of Independent Directors

10. Assessing Board and Committee Performance

11. Evaluation of the Chief Executive Officer

12. Succession Planning/Management Development

13. Board Access to Senior Management and Independent Advisors

14. Board Interaction with Institutional Investors

15. Director Compensation

16. Stock Ownership

ATTACHMENT 1

I. Organization and Functioning

II. Statement of Purposes

III. Specific Duties and Responsibilities

ATTACHMENT 2 CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

I. Organization and Functioning

II. Statement of Purposes

III. Specific Duties and Responsibilities

ATTACHMENT 3

I. Organization and Functioning

II. Statement of Purpose

III. Specific Duties and Responsibilities

ATTACHMENT 4 CHARTER OF THE PENSION AND FINANCE COMMITTEE OF THE BOARD OF DIRECTORS

I. Organization and Functioning

II. Statement of Purposes

III. Specific Duties and Responsibilities

APPENDIX B AUDIT COMMITTEE REPORT

---

Table of Contents

# NORDSON CORPORATION

Notice of 2004

Annual Meeting  
and Proxy Statement

---

**Table of Contents**

William P. Madar

*Chairman of the Board*

Edward P. Campbell

*President and Chief  
Executive Officer*

January 30, 2004

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders to be held at the Spitzer Conference Center, 1005 North Abbe Road, Elyria, Ohio, at 5:30 p.m. on March 11, 2004. We hope that you will be able to attend.

The Notice of Annual Meeting of Shareholders and the Proxy Statement, which are included in this booklet, describe the matters to be acted upon at the meeting. Regardless of the number of shares you own, your vote on these matters is important. Whether or not you plan to attend the meeting, we urge you to mark your choices on the enclosed proxy card and to sign and return it in the envelope provided. If you later decide to vote in person at the meeting, you will have an opportunity to revoke your proxy and vote by ballot.

We look forward to seeing you at the meeting.

Sincerely,

WILLIAM P. MADAR  
Chairman of the Board

EDWARD P. CAMPBELL  
President and Chief  
Executive Officer

---

**Table of Contents**

**NORDSON CORPORATION**  
**NOTICE OF ANNUAL MEETING**  
**OF SHAREHOLDERS**

The Annual Meeting of Shareholders of Nordson Corporation will be held at the Spitzer Conference Center, 1005 North Abbe Road, Elyria, Ohio, at 5:30 p.m. on March 11, 2004. The purposes of the meeting are:

1. To elect 4 directors to the class whose term expires in 2007;
  2. To approve the Nordson Corporation 2004 Long-Term Performance Plan;
  3. To approve the Nordson Corporation 2004 Management Incentive Compensation Plan; and
  4. To hear reports and to transact any other business that may properly come before the meeting.
- Shareholders of record at the close of business on January 14, 2004 are entitled to notice of and to vote at the meeting.

For the Board of Directors

ROBERT E. VEILLETTE  
Secretary

January 30, 2004

---



**Table of Contents**

**NORDSON CORPORATION**

**PROXY STATEMENT**

The Board of Directors of Nordson Corporation requests your proxy for use at the Annual Meeting of Shareholders to be held on March 11, 2004, and at any adjournments of that meeting. This Proxy Statement is to inform you about the matters to be acted upon at the meeting.

If you attend the meeting, you can vote your shares by ballot. If you do not attend, your shares can still be voted at the meeting if you sign and return the enclosed proxy card. Shares represented by a properly signed card will be voted in accordance with the choices marked on the card. If no choices are marked, the shares will be voted to elect the nominees listed below and for the proposals described on pages 18 through 23. You may revoke your proxy before it is voted by giving notice to Nordson in writing or orally at the meeting.

This Proxy Statement and the enclosed proxy card are being mailed to shareholders on or about January 30, 2004. Nordson's executive offices are located at 28601 Clemens Road, Westlake, Ohio 44145, telephone number (440) 892-1580.

**ELECTION OF DIRECTORS**

Nordson's Board of Directors is composed of thirteen directors, divided into one class of five members and two classes of four members. The terms of these classes as of the 2004 Annual Meeting will expire in 2005, 2006 and 2007. Each of the directors serves for a term of three years and until a successor is elected. The Board of Directors met six times during the last fiscal year.

Four nominees for election as directors for terms expiring in 2007, as well as present directors whose terms will continue after the meeting, appear below.

**Nominees For Terms Expiring in 2007**

**William D. Ginn**, age 80, has been a director of Nordson since 1959. Mr. Ginn is a retired Partner with the law firm of Thompson Hine LLP. Thompson Hine LLP has in the past provided and continues to provide legal services to Nordson.

**Stephen R. Hardis**, age 68, has been a director of Nordson since 1984. He served as Chairman and Chief Executive Officer of Eaton Corporation from January 1996 through July 2000. Eaton produces automation systems and equipment, capital and consumer goods components, aerospace and defense systems, and automotive components. Mr. Hardis is a director of Lexmark International, Inc., a manufacturer and seller of computer printer products; Marsh & McLennan Cos., a provider of insurance and reinsurance, consulting, and investment advisory and management services; American Greetings Corporation, a creator, manufacturer and distributor of greeting cards and special occasion products; The Progressive Corporation, an insurance holding company; STERIS Corporation, a maker of technologies to control infection and contamination; Apogent Technologies Inc., a developer and manufacturer of products for the labware and life sciences, clinical diagnostics and laboratory equipment industries; and is Chairman of the Board of Axcelis Technologies, Inc., a producer of ion implantation equipment used in the semiconductor manufacturing industry.

**William L. Robinson**, age 62, has been a director of Nordson since 1995 and, for the last five years, has been a professor of law at the University of the District of Columbia's David A. Clarke School of Law. In 2000, Mr. Robinson was a visiting professor of law at the University of Maryland School of Law. In 1998 and 1999, he was a visiting professor of law at the CUNY School of Law at Queens College in Flushing, New York. Mr. Robinson served as Dean of the University of the District of Columbia School of Law from 1988 to 1998.

**Benedict P. Rosen**, age 67, has been a director of Nordson since January 1999. He has served as Chairman of AVX Corporation since July 1997 and was Chief Executive Officer of AVX Corporation from July 1997 through July 2001. AVX is an international producer of electronic components.

## **Table of Contents**

No shareholder or group that beneficially owns 5% or more of Nordson's outstanding Common Shares has nominated a candidate for election as a director at the 2004 Annual Meeting of the Shareholders.

### **Present Directors Whose Terms Expire in 2006**

**William P. Madar**, age 64, has been a director of Nordson since 1985. He has served as Chairman of the Board of Nordson since October 1997 and was Vice Chairman and Chief Executive Officer from August 1996 to October 1997. Mr. Madar is a director of Brush Engineered Materials, Inc., a producer and supplier of beryllium and related products, specialty metal systems and precious metal products, and The Lubrizol Corp., a manufacturer of specialty chemicals.

**William W. Colville**, age 69, has been a director of Nordson since 1988. He was Senior Vice President - Law, General Counsel and Secretary of Owens-Corning Fiberglas Corp. from 1984 until December 1994 and served as a legal consultant to Owens-Corning from January 1995 until October 2000. Owens-Corning manufactures glass fiber products and related materials. Mr. Colville is a director of Owens-Corning.

**Edward P. Campbell**, age 54, has been a director of Nordson since 1996. He has served as President and Chief Executive Officer of Nordson since November 1, 1997 and was President and Chief Operating Officer of Nordson from August 1996 to October 1997. He is a director of KeyCorp, a financial services company, and OMNOVA Solutions, Inc., a manufacturer of specialty chemicals, emulsion polymers and decorative and building products.

**Dr. David W. Ignat**, age 62, has been a director since March 2002 and was the Scientific Editor and General Manager of Nuclear Fusion, a research journal published by the International Atomic Energy Agency, from 1996 through 2002. From 2000 through 2001, he was a consultant to the Princeton Plasma Physics Laboratory, Princeton University. Dr. Ignat is the nephew of Eric T. Nord.

### **Present Directors Whose Terms Expire in 2005**

**Dr. Glenn R. Brown**, age 73, has been a director of Nordson since 1986. Dr. Brown is President and a member of the Board of Directors of The Generation Foundation, a tax-exempt public charity whose mission is to invest cooperatively in economic and technological initiatives to support employment growth, community development and revitalization in the Greater Cleveland, Ohio area. He was Science Advisor to the Governor of the State of Ohio from July 1996 to January 2001. He is also a retired Senior Vice President and a former director of The Standard Oil Company.

**Eric T. Nord**, age 86, has been a director of Nordson or its predecessor since 1941. He served as Chairman of the Board of Nordson from 1967 to October 1997. Eric Nord is Dr. Ignat's uncle.

**Peter S. Hellman**, age 54, has been a director of Nordson since May 2001. Mr. Hellman has served as Executive Vice President and Chief Financial and Administrative Officer of Nordson since February 2000. From 1995 through February 1999, Mr. Hellman was President and Chief Operating Officer of TRW Inc., where he also served on its board of directors and as a member of the management committee. TRW was a provider of advanced technology products and services for the automotive, aerospace and information systems markets. Mr. Hellman serves as a director of Qwest Communications International Inc., a global leader in broadband internet-based communications.

**Mary G. Puma**, age 46, has been a director of Nordson since July 2001 and is President and Chief Executive Officer of Axcelis Technologies, Inc., a producer of ion implantation equipment used in the semiconductor manufacturing

industry. Previous to her election as President and Chief Executive Officer of Axcelis in January 2002, Ms. Puma served as Axcelis President and Chief Operating Officer from May 2000 to January 2002 and as Vice President of Axcelis from February 1999 to May 2000. From January 1998 to February 1999, Ms. Puma was General Manager and Vice President of Eaton Corporation's Implant Systems Division. Eaton produces automation systems and equipment, capital and consumer goods components, aerospace and defense systems, and automotive components. Ms. Puma is also a

## **Table of Contents**

director of Axcelis and Apogent Technologies, Inc., a developer and manufacturer of products for the labware and life sciences, clinical diagnostics and laboratory equipment industries.

**Joseph P. Keithley**, age 55, has been a director of Nordson since July 2001 and is Chairman of the Board, President and Chief Executive Officer of Keithley Instruments, Inc., a provider of measurement solutions to the semiconductor, fiber optics, telecommunications and electronics industries. He has served as Chairman of the Board of Keithley Instruments since 1991, as CEO since 1993 and as President since 1994. Mr. Keithley is also a director of Brush Engineered Materials, Inc., a producer and supplier of beryllium and related products, specialty metal systems and precious metal products.

## **Corporate Governance, Committees of the Board of Directors, and Attendance**

The Board of Directors has adopted the Nordson Corporation Governance Guidelines ( Guidelines ). These Guidelines are attached to this Proxy Statement as Appendix A. The Guidelines and committee charters discussed below are also available in the Corporate Governance section of the Company s website: [www.nordson.com](http://www.nordson.com).

The Audit Committee presently consists of six members, Messrs. Colville, Ginn, Madar, Robinson, Dr. Ignat and Ms. Puma. The Company s securities are quoted on the National Association of Securities Dealers Automated Quotations National Market System. All members of the Audit Committee meet the independence standards of the National Association of Securities Dealers ( NASD ). The Board of Directors has designated William P. Madar as the audit committee financial expert pursuant to the SEC s final rules implementing Section 407 of the Sarbanes-Oxley Act. The Audit Committee reviews the proposed audit programs (including both independent and internal audits) for each fiscal year, the results of these audits, and the adequacy of Nordson s systems of internal accounting control. The Committee also is responsible for (i) the appointment, compensation, and oversight of the independent auditors for each fiscal year, (ii) the approval of all permissible non-audit services to be performed by the independent auditors, (iii) the establishment of procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (iv) the approval of all related-party transactions. A more detailed discussion of the purposes, duties, and responsibilities of the Audit Committee is found in the Committee s charter included in this Proxy Statement as Attachment 1 to the Guidelines. The Committee has discussed with the independent auditors the auditors independence from management and the Company, including the matters in written disclosures required by the Independence Standards Board, and considered the compatibility of non-audit services with the auditors independence. The Audit Committee Report to the Board of Directors is attached to this Proxy Statement as Appendix B. The Audit Committee met five times during the last fiscal year.

The present members of the Compensation Committee are Messrs. Hardis, Keithley, Nord, Rosen and Dr. Brown. All members of the Compensation Committee meet the NASD independence standards. The Compensation Committee is responsible for approving executive officer compensation and for administering the incentive and equity participation plans which make up the variable compensation paid to executive officers including Nordson s 1993 Long-Term Performance Plan, as amended (the Performance Plan ), 1995 Management Incentive Compensation Plan, Deferred Compensation Plan, and Long-Term Incentive Plan. The Committee also administers employee stock plans and other benefit plans, including the Company s Excess Defined Benefit Pension Plan and Excess Defined Contribution Retirement Plan. A more detailed discussion of the purposes, duties, and responsibilities of the Compensation Committee is found in the Committee s charter included in this Proxy Statement as Attachment 2 to the Guidelines. During the last fiscal year, the Compensation Committee met six times.

The present members of the Governance and Nominating Committee are Messrs. Colville, Ginn, Hardis, Nord, Rosen and Dr. Brown. All members of the Governance and Nominating Committee meet the NASD independence standards. The purpose of the Governance and Nominating Committee is to ensure that the Board of Directors and its

committees are appropriately constituted so that the Board and directors may effectively meet their fiduciary obligations to shareholders and the Company. A more detailed discussion of the purposes, duties, and responsibilities of the Governance and Nominating Committee is found in the

4

---

## **Table of Contents**

Committee's charter included in this Proxy Statement as Attachment 3 to the Guidelines. The Governance and Nominating Committee met four times during the last fiscal year.

The present members of the Pension and Finance Committee are Messrs. Keithley, Madar, Robinson, Dr. Ignat and Ms. Puma. The purpose of the Pension and Finance Committee is to provide oversight of the named fiduciaries (the Company and the Company's Administrative Committee for Qualified Retirement Plans) administration of the Nordson Corporation Salaried and Hourly-Rated Employees Savings Trust ( NEST ) and Salaried and Hourly-Rated Employees Pension Plans (the Plans ), including oversight of the Company's and Administrative Committee's selection and evaluation of the performance of investment managers (as that term is defined in Section 3(38) of ERISA) having investment management authority over the assets, or portion thereof, of the NEST and the Plans. A more detailed discussion of the purposes, duties, and responsibilities of the Committee is found in the Pension and Finance Committee's charter attached to this Proxy Statement as Attachment 4 to the Guidelines. During the last fiscal year, the Pension and Finance Committee met two times.

Directors are expected to attend the Annual Meeting of the Shareholders and all Board of Directors meetings and meetings of committees on which a director serves. During the last fiscal year each director attended at least seventy-five percent of the meetings of the Board of Directors and of the committees on which he or she served. All directors attended the 2003 Annual Meeting of the Shareholders.

## **Compensation of Directors**

Nordson pays the Chairman of the Board of Directors a fee of \$15,000 per quarter and \$2,000 for each Board meeting attended. Nordson pays other non-employee directors a fee of \$7,500 per quarter and \$1,000 for each Board meeting attended. Each non-employee director is also paid \$1,000 for each committee meeting attended. Chairpersons of the Audit and Compensation Committees receive an additional \$1,000 per quarter with chairpersons of other committees receiving an additional \$750 per quarter.

Directors may defer all or part of their fees until retirement under the Performance Plan. The fees may be deferred as cash and credited with interest at a U.S. Treasury rate, or they may be translated into stock equivalents based on the market price of Nordson Common Shares when the fees are earned and credited with additional stock equivalents when dividends are paid.

Non-employee directors annually are granted an option to purchase 2,500 Nordson Common Shares and receive 500 restricted Nordson Common Shares.

**Table of Contents****Ownership of Nordson Common Shares**

The following table shows the number and percent of Nordson Common Shares beneficially owned on January 14, 2004 by each of the directors, including nominees; each of the executive officers named in the Summary Compensation Table set forth on page 11; any persons known to Nordson to be the beneficial owner of more than 5% of Nordson Common Shares; and by all directors and executive officers as a group.

Name	Number of Shares (1)	Percent
Dr. Glenn R. Brown	54,030	.2
Edward P. Campbell (2)	891,260	2.5
William W. Colville	44,245	.1
William D. Ginn (3)(5)(6)	539,835	1.5
Stephen R. Hardis	84,112	.2
Peter S. Hellman (2)	215,583	.6
Dr. David W. Ignat	1,657,098	4.7
Joseph P. Keithley	10,392	*
William P. Madar	406,729	1.2
Eric T. Nord (4)(5)(7)	4,487,987	12.8
Evan W. Nord (4)(7)(8)(9)	5,024,172	14.3
Mary G. Puma	8,384	*
William L. Robinson	28,557	*
Benedict P. Rosen	28,108	*
Donald J. McLane (2)	326,907	.9
Mark G. Gacka (2)	189,167	.5
Robert A. Dunn, Jr. (2)	209,564	.6
All directors and executive officers as a group (20 people) (10)	9,201,921	24.7

\* Less than 0.1%.

- (1) Except as otherwise stated in notes (2) through (10) below, beneficial ownership of the shares held by each of the directors, executive officers and affiliates consists of sole voting power and sole investment power, or of voting power and investment power that is shared with the spouse of the director, executive officer or affiliate. Beneficial ownership of the shares held by the non-employee directors and Evan Nord (a former director) includes the right to acquire shares on or before March 14, 2004 under the Stock Option provisions of the Performance Plan and the Directors Deferred Compensation provisions of the Performance Plan in the following amounts: Dr. Brown, 48,130 shares; Mr. Colville, 39,300 shares; Mr. Ginn, 0 shares; Mr. Hardis, 59,112 shares; Dr. Ignat, 6,360 shares; Mr. Keithley, 9,392 shares; Mr. Madar, 17,129 shares; Eric Nord, 51,039 shares; Evan Nord, 24,281 shares; Ms. Puma, 7,384 shares; Mr. Robinson, 27,557 shares; and Mr. Rosen, 25,056 shares. In addition, Mr. Madar has the right to acquire 142,552 shares on or before March 14, 2004 under stock option plans of the Company.
- (2) These include the right to acquire shares on or before March 14, 2004 in amounts as follows: Mr. Campbell, 781,250 shares; Mr. Hellman, 176,500 shares; Mr. McLane, 252,250 shares; Mr. Gacka, 154,450 shares; and Mr. Dunn, 180,650 shares. With respect to Mr. Campbell, the number of shares include 20,534 stock equivalent units held by Mr. Campbell under the Nordson Corporation Deferred Compensation Plan.
- (3) These include 121,964 shares held by Mr. Ginn as trustee of various trusts for the grandchildren of Eric Nord.



- (4) These include 632,116 shares held by The Nord Family Foundation. As trustees of this foundation, Eric Nord and Evan Nord have shared voting power and shared investment power with respect to these shares.

6

---

**Table of Contents**

- (5) These include 360,000 shares held by the Eric and Jane Nord Foundation. As trustees of this foundation, Eric Nord and Mr. Ginn have shared voting power and shared investment power with respect to these shares.
- (6) These include 12,000 shares held by the Ginn Family Fund. As a trustee of this fund, Mr. Ginn has shared voting power and shared investment power with respect to these shares.
- (7) These include 2,005,560 shares held by Eric Nord and Evan Nord as testamentary trustees under the will of Walter G. Nord, the founder of Nordson. Eric Nord and Evan Nord have shared voting power and shared investment power with respect to these shares.
- (8) These include 1,000,000 shares held by the Cynthia W. Nord Charitable Remainder Unitrust and 1,000,000 shares held by the Evan W. Nord Charitable Remainder Unitrust. As trust advisor of those trusts, Evan Nord has voting power with respect to these shares.
- (9) Evan Nord is a co-founder and former officer and director of Nordson and is beneficial owner of more than 5% of Nordson's Common Shares. His mailing address is PO Box 1330, Columbia, South Carolina 29202-1330.
- (10) Beneficial ownership of the shares held by each of the directors and executive officers as a group consists of sole voting power with respect to 114,250 shares, sole voting and sole investment power with respect to 3,767,964 shares, shared voting power and shared investment power with respect to 3,009,676 shares, and the right to acquire 2,289,497 shares on or before March 14, 2004.

As of January 14, 2004, present and former directors, officers and employees of Nordson and their families beneficially owned over 17.4 million Nordson Common Shares, representing 50% of the outstanding shares. Nordson is party to an agreement that, with some exceptions, gives Nordson a right of first refusal with respect to proposed sales of Nordson Common Shares by Evan Nord and Eric Nord, individually or as testamentary trustees, Mr. Ginn, as trustee, and The Nord Family Foundation. Except as described in the above table, to the best of Nordson's knowledge, no person beneficially owns more than 5% of the outstanding Nordson Common Shares.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires directors and executive officers of Nordson and persons who own more than ten percent of Nordson's Common Shares to file reports of ownership and changes in ownership of Nordson Common Shares held by them with the Securities and Exchange Commission. Copies of these reports must also be provided to the Company.

Based on its review of these reports, the Company believes that, during the fiscal year ended November 2, 2003, all reports were filed on a timely basis by reporting persons.

**Table of Contents**

**COMPENSATION OF EXECUTIVE OFFICERS**

**Compensation Committee Report on Executive Compensation**

The Compensation Committee (the Committee) of the Board of Directors, each member of which satisfies the independence standards of the National Association of Securities Dealers, is responsible for approving executive management compensation and for administering the incentive and equity participation plans which make up the variable compensation paid to executive officers (Officers). The Committee also administers employee stock plans and certain other benefit plans.

The Committee and the Board believe that the executive management compensation program should support the goals and objectives of the Company. These goals and objectives should balance the importance of annual financial performance with the equally important creation and protection of long-term fundamentals which support long-term growth and profitability.

Nordson's executive management compensation program:

- establishes compensation performance objectives that are directly linked to corporate goals;

- provides a high degree of leverage between compensation and corporate performance;

- creates long-term incentives directly linked to shareholder returns; and

- is designed to attract, retain and motivate key executives.

The Company's executive compensation program consists of base salary, annual cash bonuses, long-term incentive cash awards and stock awards. All of these components are designed with the objective of attracting and retaining executives and motivating management to meet and exceed Company growth and profitability goals. In determining the total amount and mix of the compensation package for each Officer, the Committee utilizes external competitive information provided by executive compensation consultants. The Committee also considers the overall value to the Company of each Officer based upon individual performance and past and expected contribution by each Officer towards the achievement of the Company's performance goals.

*Total Cash Compensation*

The cash compensation program is designed to provide each Officer with varying amounts of total cash compensation depending upon both the individual performance of the Officer and the financial performance of Nordson compared to the financial performance of similar industrial companies. The intent is to establish a direct correlation between Nordson's financial performance and Officer compensation such that the percentile ranking of Officer total cash compensation will generally correlate with the percentile ranking of Nordson's performance.

This correlation is established by setting Officer base salaries at approximately the median of similarly sized industrial company base salaries, and varying the annual cash bonus awards according to the financial performance of Nordson and the individual performance of each Officer. Although the annual cash bonus awards are generally set based upon the degree to which Nordson met its financial targets and individual Officers met their performance targets, these targets and the corresponding bonus payments are periodically calibrated so as to have Officer total cash compensation at various levels of performance generally correlate with external market compensation and performance.

*Base Salary*

Officer base salaries are targeted at approximately the 50th percentile salary for similar positions within similarly sized industrial companies. The Committee reviews the competitiveness of the base salary of each Officer annually and, if appropriate, salaries are changed based upon individual performance and competitive position.

8

---

**Table of Contents**

*Annual Cash Bonus*

Officer annual bonuses are funded primarily based upon corporate and individual performance. For the 2003 Bonus Plan, the Board of Directors and the Committee set two quantitative targets: (1) return on total invested capital and (2) earnings per share growth. In addition to performance against these corporate goals, the Committee evaluated the performance of each Officer against individual performance targets.

After considering performance against Plan and individual goals, the Committee approved cash bonus awards for Mr. Campbell and the four other most highly compensated Officers as indicated in the Summary Compensation Table on page 11. Though payment of annual bonuses is based primarily on pre-established performance criteria, the Committee may, however, choose to modify targets, change payment levels or otherwise exercise discretion to reflect the external economic environment and individual or Company performance.

*Long-Term Incentives*

Long-term incentives consist of stock options, restricted stock and cash awards granted under the Performance Plan. The Committee believes that through the use of stock and performance-based cash awards, Officer interests are directly aligned with those of the Company's shareholders.

Officers are issued stock option grants annually with an exercise price equal to the closing price of Nordson Common Shares on the last business day prior to the date of grant. These options are not fully exercisable until four years following the date of grant and expire in ten years. Officers also receive restricted stock awards annually. The restricted stock has a restriction on transfer of the stock for four years following the grant date. The stock awards are designed to reinforce a long-term perspective and to help retain key executives.

Officers receive cash awards under the Long-Term Incentive Plan based solely on corporate performance over three-year performance periods. Cash awards vary based on the degree to which corporate performance exceeds predetermined threshold, target and maximum performance levels at the end of a performance period. No payout will occur unless the Company achieves certain threshold performance objectives. The Committee may, however, choose to modify targets, change payment levels or otherwise exercise discretion to reflect the external economic environment and individual or Company performance.

The Committee chooses specific measures for each successive three-year performance period. In fiscal year 2000, the Committee established performance measures for the 2001-2003 performance period applicable to all Officers based on cumulative earnings per share and cumulative economic value added. Performance during this period fell short of the threshold levels, and no awards were paid to any Officer under the Long-Term Incentive Plan. Performance measures established by the Committee for the 2002-2004 and 2003-2005 performance periods are based on cumulative earnings per share and inventory reduction. For the 2004-2006 performance period, the Committee has established performance measures based on cumulative earnings per share and cumulative revenue.

*Deferred Compensation Plan*

The Deferred Compensation Plan provides Officers and key employees of Nordson with an opportunity to defer receipt of fiscal year cash compensation (base salary and incentive compensation). Participants may elect to defer all or part of their cash compensation for the relevant fiscal year for a period of years or until retirement. Participants can select from a variety of investment funds from which the earnings on their deferred compensation account will be

determined.

*Chief Executive Officer Compensation*

The 2003 compensation for Mr. Campbell was earned pursuant to the arrangements described above. The Committee approved a 2003 base salary increase for Mr. Campbell after considering both his overall performance in this key strategic leadership role and the competitiveness of his base salary in comparison to the marketplace.

**Table of Contents**

In determining the annual bonus to be paid to Mr. Campbell, the Committee considered Company performance against the corporate financial measures of return on total invested capital and earnings per share growth and other performance criteria. His bonus payment reflects both strong corporate financial performance against the corporate targets and continuing improvement in reducing total debt and expense control resulting in strong cash flow. In addition, the Company had a number of significant commercial and operational achievements including:

1. The successful launch of the next generation Blue Series adhesive melter product line;
2. EFD worldwide sales growth of over 10% fueled by geographic expansion;
3. Development of a new low-end automation platform for sales through the EFD distribution channels;
4. Significant progress in the development of China manufacturing capability; and
5. Improving operating productivity through the continuing implementation of *lean*.

Mr. Campbell was granted stock options, restricted stock and long-term incentive units based upon the factors described in earlier sections of this report. No payment was made to Mr. Campbell for the 2001-2003 performance period under the Long-Term Incentive Plan because performance fell short of the threshold performance targets.

*Deduction Limitation on Executive Compensation*

Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, permit a publicly-held corporation to deduct certain compensation up to \$1 million paid or accrued with respect to certain of the Officers. The Committee will continue to monitor its compensation policy for deductibility under Section 162(m), including encouraging deferrals of otherwise non-deductible payments.

**Compensation Committee of the Board of Directors:**

**Stephen R. Hardis, Chairman**  
**Dr. Glenn R. Brown**  
**Joseph P. Keithley**  
**Eric T. Nord**  
**Benedict P. Rosen**

**January 30, 2004**

**Table of Contents****Summary Compensation Table**

The following table sets forth individual compensation information for Edward P. Campbell and the four other most highly compensated Officers whose total annual salary and bonus for the fiscal year ended November 2, 2003 exceeded \$100,000:

Name And Principal Position	Year	Annual Compensation		
		Salary (\$)	Bonus (\$ (1))	Other Annual Compensation (\$)
Edward P. Campbell	2003	640,000	1,280,000	0
President & Chief	2002	610,500	350,000	0
Executive Officer	2001	590,000	0	0
Peter S. Hellman	2003	452,000	714,000	0
Executive Vice President &	2002	433,500	197,000	0
Chief Financial &	2001	420,000	0	0
Administrative Officer				
Donald J. McLane	2003	327,000	422,000	0
Senior Vice President	2002	310,500	147,000	0
	2001	300,000	0	0
Mark G. Gacka	2003	275,000	378,000	0
Vice President	2002	264,500	117,000	0
	2001	255,000	0	0
Robert A. Dunn, Jr.	2003	270,000	378,000	0
Vice President	2002	258,500	80,000	0
	2001	250,000	0	0

[Additional columns below]

[Continued from above table, first column(s) repeated]

Name And Principal Position	Long-Term Compensation Awards			All Other Compensation (\$ (3))
	Restricted Stock Awards (\$ (2))	Options/ SARs (#)	L-TIP \$	
Edward P. Campbell	419,040	85,000	0	18,436
President & Chief	0	192,000		38,355
Executive Officer	0	192,000		27,598
Peter S. Hellman	197,880	36,000	0	7,848
Executive Vice President				
&	0	80,000		8,523
Chief Financial &	0	80,000		2,019
Administrative Officer				



Edgar Filing: NORDSON CORP - Form DEF 14A

Donald J. McLane	122,220	21,000	0	9,384
Senior Vice President	0	52,000		17,926
	0	52,000		12,517
Mark G. Gacka	87,300	13,000	0	7,979
Vice President	0	36,000		14,690
	0	36,000		10,698
Robert A. Dunn, Jr.	87,300	13,000	0	7,804
Vice President	0	36,000		13,418
	0	36,000		10,660

---

(1) Bonus amounts paid to all Officers as a group was \$3,991,198.

(2) Amounts reported represent the dollar value on the date of grant. 48,500 shares of restricted Nordson Common Stock were awarded to all Officers as a group. 5,500 shares of restricted Nordson Common Stock were awarded to non-employee directors and 4,000 shares of restricted Nordson Common Stock were awarded to non-Officer employees as a group.

(3) Includes in each case, employer matching and allocations made to the Nordson Corporation Employees Savings Trust Plan and Supplemental Plan, and the Deferred Compensation Plan.

**Table of Contents****Option/SAR Grants in Last Fiscal Year**

The following table sets forth information regarding individual grants of stock options/SARs made during the fiscal year ended November 2, 2003 to each Officer named in the Summary Compensation Table:

<b>Individual Grants</b>					
<b>Name</b>	<b>Number of Securities Underlying Options/SARs Granted (1) (2) (3)</b>	<b>% of Total Options/SARs Granted to Employees in Fiscal Year</b>	<b>Exercise or Base Price (\$/Share)</b>	<b>Expiration Date</b>	<b>Grant Date Present Value (\$ (4)</b>
Edward P. Campbell	85,000	18.0%	27.78	12/9/2012	573,750
Peter S. Hellman	36,000	7.6%	27.78	12/9/2012	243,000
Donald J. McLane	21,000	4.4%	27.78	12/9/2012	141,750
Mark G. Gacka	13,000	2.7%	27.78	12/9/2012	87,750
Robert A. Dunn, Jr.	13,000	2.7%	27.78	12/9/2012	87,750

- (1) Options were awarded for 199,000 shares of Nordson Common Stock to all Officers as a group. Options were awarded for 28,072 shares of Nordson Common Stock to all non-employee directors and for 246,286 shares of Nordson Common Stock to non-Officer employees as a group.
- (2) All options awarded to Officers named in the Summary Compensation Table on page 11 become exercisable beginning one year after grant date at 25% per year on a cumulative basis. The exercise price was equal to the fair market value on the date of grant. The exercise price and tax withholding obligations related to the exercise may be paid by cash, delivery of currently-owned shares, by offset of the underlying shares, or any combination thereof.
- (3) No stock appreciation rights ( SARs ) were granted to any employee other than stock appreciation rights ( Limited Rights ) that become exercisable only upon the occurrence of a change in control of Nordson.
- (4) These values were calculated using a Black-Scholes option pricing model. The Black-Scholes model is a complicated mathematical formula which is widely used and accepted for valuing traded stock options. The actual value, if any, an Officer may realize will depend on the excess of the stock price over the exercise price on the date the options are exercised, and no assurance exists that the value realized by an Officer will be at or near the value estimated by the Black-Scholes model. The following assumptions were used in these calculations:
- (a) Expected life of option: 7.0 years;
- (b) Volatility factor: 28.4%;
- (c) Assumed risk-free rate of interest: 3.68%
- (d) Assumed dividend yield: 2.2%;
- (e) No reduction in the value calculated has been made for possible forfeitures.

**Table of Contents****Long-Term Incentive Compensation**

The following table sets forth information concerning the Company's Long-Term Incentive Plan for the 2003-2005 performance period. For the 2003-2005 performance period, the Committee established performance measures based on cumulative earnings per share and inventory reduction.

**LONG-TERM INCENTIVE PLAN AWARDS IN LAST FISCAL YEAR**

Name	Number of shares, units or other rights (#) (1)	Performance or other period until maturation or payout	Estimated future payouts under non-stock price-based plans			
			Less than Threshold (#)	Threshold (#)	Target (#)	Maximum (#)
Edward P. Campbell	25,000	2003-2005	0	6,250	25,000	50,000
Peter S. Hellman	12,500	2003-2005	0	3,125	12,500	25,000
Donald J. McLane	7,500	2003-2005	0	1,875	7,500	15,000
Mark G. Gacka	5,000	2003-2005	0	1,250	5,000	10,000
Robert A. Dunn, Jr.	5,000	2003-2005	0	1,250	5,000	10,000

(1) 66,600 share equivalent units were awarded to all executive officers as a group.

For the Long-Term Incentive Plan 2001-2003 performance period, the Compensation Committee established performance measures based on cumulative earnings per share and cumulative economic value added. Performance during this period fell short of the threshold levels, and no awards were paid to any Officer under the Long-Term Incentive Plan. Messrs. Campbell, Hellman, McLane, Gacka and Dunn were participants in the Long-Term Incentive Plan for the 2001-2003 performance period.

**Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values**

The following table sets forth information regarding each exercise of stock options/SARs during the fiscal year ended November 2, 2003, by each Officer named in the Summary Compensation Table, and the value of unexercised stock options/SARs held by each Officer named in the Summary Compensation Table:

Name	Number of Securities Underlying Options/SARs Exercised	Value Realized (1) (\$)	Number of Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options/SARs at FY-End(2) (\$) Exercisable/Unexercisable
Edward P. Campbell	1,256	816	724,000 E 325,000 U	2,144,020 E 460,800 U
Peter S. Hellman	0	0	140,000 E 136,000 U	669,600 E 278,400 U
Donald J. McLane	0	0	242,000 E 86,000 U	729,600 E 180,960 U

Edgar Filing: NORDSON CORP - Form DEF 14A

Mark G. Gacka	4,800	3,120	140,200 E 58,000 U	565,216 E 125,280 U
Robert A. Dunn, Jr.	6,000	1,500	159,400 E 58,000 U	620,704 E 125,280 U

---

- (1) Represents the difference between the option exercise price and the last sales price of a common share on the Nasdaq National Market System on the date prior to exercise.
- (2) Based on the last sales price of Nordson Common Shares of \$27.71 on the Nasdaq National Market System on October 31, 2003. The ultimate realization of profit on the sale of the shares underlying such options is dependent upon the market price of such shares on the date of sale.

**Table of Contents****Salaried Employees Pension Plan**

Benefits under the Salaried Employees Pension Plan are based on average annual compensation (salaries, commissions and incentive bonuses) for the highest 5 years during the last 10 years of employment prior to retirement. The following table shows the annual benefit payable under the Plan at age 65.

Final Average Annual Compensation	Years of Benefit Service				
	10	15	20	25	30
\$ 100,000	11,448	17,174	22,896	28,622	34,348
200,000	29,781	44,676	59,562	74,457	89,352
300,000	48,111	72,174	96,222	120,285	144,348
400,000	66,441	99,672	132,883	166,113	199,344
500,000	84,776	127,176	169,551	211,952	254,352
700,000	121,436	182,172	242,872	303,608	364,344
900,000	158,100	237,174	316,200	395,274	474,348
1,100,000	194,765	292,176	389,529	486,941	584,352
1,300,000	231,425	347,172	462,850	578,597	694,344
1,500,000	268,089	402,174	536,178	670,263	804,348
1,700,000	304,754	457,176	609,507	761,930	914,348
1,900,000	341,414	512,172	682,828	853,586	1,024,344
2,100,000	378,078	567,174	756,156	945,252	1,134,348
2,300,000	414,743	622,176	829,485	1,036,919	1,244,352

The amounts shown in the table represent the annual benefit (after reduction for Social Security payments) payable to an employee for life. Certain surviving spouse benefits are also available under the Pension Plan, as well as early retirement benefits. The table has been prepared without regard to benefit limitations imposed by the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). The years of benefit service credited under the Pension Plan as of November 2, 2003 for the Officers named in the Summary Compensation Table who continue to participate in the Pension Plan are as follows: Mr. Campbell 15 years; Mr. Hellman 3 years; Mr. McLane 28 years; Mr. Gacka 24 years and Mr. Dunn 32 years.

**Excess Defined Benefit Pension Plan and Excess Defined Contribution Retirement Plan**

The Internal Revenue Code limits the benefits provided under the Salaried Employees Pension Plan, the amount that an employee can contribute to the Employees Savings Trust Plan, and the amount that Nordson can contribute on behalf of an employee under the Employees Savings Trust Plan.

The Excess Defined Benefit Pension Plan provides for the payment, out of Nordson's general funds, of the amount by which certain participants' benefits under the Salaried Employees Pension Plan would exceed the limitations applicable to that Plan. The terms of payment under the Excess Defined Benefit Pension Plan are the same as those under the Salaried Employees Pension Plan.

The table above does not reflect benefit limitations imposed by the Internal Revenue Code, and shows the aggregate annual pension benefits payable under both the Salaried Employees Pension Plan and the Excess Defined Benefit Pension Plan.

The Excess Defined Contribution Retirement Plan provides for the payment, out of Nordson's general funds, of the amount by which the participant's contributions under the Employees' Savings Trust Plan and Nordson's contributions to the Employees' Savings Trust Plan would exceed the limitations applicable to that Plan. Salaried employees who are designated by the Committee and who participate in the Employees' Savings Trust Plan are eligible to participate in the Excess Defined Contribution Retirement Plan. Benefits under the Excess Defined Contribution Retirement Plan resulting from the Internal Revenue Code limitations applicable to the Employees' Savings Trust Plan will be paid in cash. Payments may be made

**Table of Contents**

either in lump sum or in monthly installments over a two-year period. The Compensation Committee administers the Excess Defined Contribution Retirement Plan.

The portions of Nordson's contributions under the Excess Defined Contribution Retirement Plan allocated to the accounts of the Officers named in the Summary Compensation Table, and to all current Officers as a group during the fiscal year ended November 2, 2003 are as follows: Mr. Campbell \$12,936; Mr. Hellman \$0; Mr. McLane \$3,884; Mr. Gacka \$2,479; Mr. Dunn \$0; and all current Officers as a group \$20,721.

**Table of Contents****Performance Graph**

The following is a graph which compares the five-year cumulative return from investing \$100 on October 30, 1998 in each of Nordson Common Shares, the S&P MidCap 400 Index and the S&P MidCap 400 Industrial Machinery Index (formerly known as the S&P MidCap 400 Manufacturing Specialized Index), with dividends assumed to be reinvested.

**TOTAL SHAREHOLDER RETURNS****INDEXED RETURNS**

	<b>10/98</b>	<b>10/99</b>	<b>10/00</b>	<b>10/01</b>	<b>10/02</b>	<b>10/03</b>
NORDSON CORPORATION	100.00	100.64	133.14	106.27	125.53	137.69
S&P MIDCAP 400	100.00	121.07	159.39	139.55	132.88	173.72
S&P MIDCAP 400 INDUSTRIAL MACHINERY	100.00	116.26	126.12	135.35	126.10	167.34

Assumes \$100 invested on October 30, 1998 in Nordson Common Shares, the S&P MidCap 400 Index, and the S&P MidCap 400 Industrial Machinery Index. Total return assumes reinvestment of dividends.



**Table of Contents**

**Agreements with Officers and Directors**

Nordson has agreed to provide Mr. Campbell with supplemental pension benefits in order to restore some of the benefits he would have received if he had remained with his former employer. Mr. Campbell will be a participant in the Salaried Employees Pension Plan described on page 14, but his benefits under this plan will be modified to recognize his prior service with his former employer. His average annual compensation under this plan will be determined as the average of his compensation during his 36 consecutive highest paid months (instead of 60), and he will be eligible for the full pension benefit at age 60. He may retire prior to age 60 commencing at age 55, but his benefit will be reduced 5% per year for retirement before age 60. His benefit will also be reduced by the amount of any pension benefit payment he receives from the pension plan of his former employer. Mr. Campbell had 11 years of employment with his former employer.

On October 30, 1998 the Committee approved Employment Agreements with the Officers that would be effective upon a change in control of the Company. These agreements specify events constituting a change in control, as well as certain circumstances in which a change in control may be undone.

Upon the occurrence of a change in control, the agreements will provide for a 24 month contract period during which the Officer is to hold substantially the same position with the same duties and responsibilities as immediately prior to the change in control. Each agreement will provide that total compensation is to continue during the contract period at a level not less than the level in effect immediately prior to the change in control (or on the date two years prior to the change in control, if higher) and for continued participation in benefit plans applicable to executive personnel.

In addition, if following a change in control the Officer's employment is terminated by the Company without cause or by the executive for good reason (even if termination occurs after expiration of the 24 month contract period), then the Officer is to be provided supplemental retirement benefits which reflect an additional five years of age and service credit under the Company's Salaried Employees Pension Plan and the Excess Defined Benefit Pension Plan, if the Officer is eligible to participate in that Plan.

Further, if the Officer's employment is terminated without cause or by the Officer for good reason during the 24 month contract period, the Officer will receive severance compensation until the later of the expiration of the 24 month contract period or the date which is not less than twelve months (24 months for Mr. Campbell) after the termination of employment. Total compensation is to be continued in effect as well as coverage under certain of the Company's benefit plans, including continued service credit under the Company's Salaried Employees Pension Plan and the Excess Defined Benefit Pension Plan, if applicable.

An Officer is to use reasonable efforts to seek other suitable employment, and the Company's obligation to provide continued payments of total compensation and benefits is offset in some circumstances by compensation and benefits provided by a subsequent employer.

As a condition of receiving payments, the Officer must not disclose confidential information relating to the Company or its business and is subject to certain noncompetition restrictions.

The agreements also provide for a tax gross-up payment to any Officer, in the event payments under the agreements are deemed excess parachute payments under applicable tax regulations and require the payment of excise taxes, in such amounts as are necessary to place the Officer in the same position as if such tax were not imposed.

**Compensation Committee Interlocks and Insider Participation**

Eric Nord, who serves on the Compensation Committee, was formerly President and Chief Executive Officer of the Company.

**Table of Contents**

**PROPOSAL NO. 1**

**APPROVAL OF THE NORDSON CORPORATION**

**2004 LONG-TERM PERFORMANCE PLAN**

Shareholders approved the Nordson Corporation 1993 Long-Term Performance Plan at the 1993 Annual Meeting and approved an amendment to that Plan at the 1997 Annual Meeting. The 2004 Long-Term Performance Plan is substantially similar to the 1993 Long-Term Performance Plan, as amended, and is referred to in this proxy statement as the Plan.

On June 30, 2003, the Securities and Exchange Commission approved new NASD rules that require, among other things, plans containing a formula for automatic increases in the shares available to have a term not in excess of ten years or be approved by the shareholders every ten years. In order to comply with the new NASD rules, the Board of Directors is submitting the Plan to the shareholders for approval.

If approved by the shareholders, the Plan will be effective for the fiscal year that began on November 3, 2003 and for each fiscal year thereafter through fiscal year 2013.

The following summary is a brief description of the material features of the Plan and is qualified in its entirety by reference to the terms of the Plan. Shareholders may obtain a copy of the Plan upon written request to the Secretary of Nordson.

**Summary of the Plan.** The objective of the Plan is to foster and promote the long-term growth and performance of Nordson by enhancing Nordson's ability to attract and retain qualified employees and directors and by motivating employees and directors through stock ownership and performance-based incentives. The Plan will be administered by the Compensation Committee of Nordson's Board of Directors. All key employees of Nordson and its subsidiaries and all directors of Nordson are eligible to participate in the Plan.

**Authority of Committee.** The Committee has authority to: select the participants who will receive awards, grant awards, determine the terms, conditions, and restrictions applicable to the awards, determine how the exercise price is paid, modify or replace outstanding awards within the limits of the Plan, accelerate the date on which awards become exercisable, waive the restrictions and conditions applicable to awards, and establish rules governing the Plan, including special rules applicable to awards made to employees who are foreign nationals or are employed outside the United States.

The Plan does not generally establish limits on the exercise price of awards, earn-out or vesting periods, or termination provisions in the event of termination of employment. Instead, the Committee is given the broad authority to establish these terms in order best to achieve the purpose of the Plan.

The Committee will be constituted in a manner consistent with the Non-Employee Director standard set forth in Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

**Number of Common Shares.** The Plan provides for the grant of not more than 3% of the number of Common Shares outstanding as of the first day of the fiscal year that began on November 3, 2003 plus the number of Common Shares that were available for grant of awards, but not granted, in prior years; in no event, however, will the number of Common Shares available for the grant of awards in any fiscal year exceed 3.5% of the Common Shares outstanding as of the first day of the then current fiscal year. The maximum number of Common Shares that may be issued upon exercise of incentive stock options is 1,000,000. Common Shares issued under the Plan may be either newly issued

shares or treasury shares.

Common Shares subject to an award that is forfeited, terminated, or canceled without having been exercised (other than shares subject to a stock option that is canceled upon the exercise of a related stock appreciation right) are generally available for grant under the Plan, without reducing the number of Common Shares available in any fiscal year for grant of awards under the Plan.

In the event of a recapitalization, stock dividend, stock split, distribution to shareholders (other than normal cash dividends), or similar transaction, the Committee will adjust the number and class of shares that may

18

---

## **Table of Contents**

be issued under the Plan (including the number of shares that may be subject to awards granted to a participant in any fiscal year) and the number and class of shares, and the exercise price, applicable to outstanding awards.

**Types of Awards.** The Plan provides for the grant of stock options (incentive stock options or non-qualified stock options), restricted stock, stock appreciation rights, stock purchase rights, stock equivalent units, cash awards, and other stock or performance-based incentives. These awards are payable in cash or Common Shares, or any combination thereof, as established by the Committee. The Plan also provides for the maintenance of an employee stock purchase program.

**Grant of Awards.** Awards may be granted singularly or in combination or tandem with other awards. Awards may also be granted in replacement of other awards granted by Nordson. If a participant pays all or part of the exercise price or taxes associated with an award by the transfer of Common Shares or the surrender of all or part of an award (including the award being exercised), the Committee may, in its discretion, grant a new award to replace the Common Shares or award that were transferred or surrendered. Nordson may also assume awards granted by an organization acquired by Nordson or may grant awards in replacement of any such awards.

While future awards, if any, to be granted under the Plan are not yet determinable, awards granted for the fiscal year ended November 2, 2003 under the Performance Plan for each of Edward P. Campbell, Peter S. Hellman, Donald J. McLane, Mark G. Gacka and Robert A. Dunn, Jr. are shown under the heading Long-Term Compensation Awards in the Summary Compensation Table set forth on page 11 and under the heading Long-Term Incentive Compensation on page 13.

Restricted stock awards granted for all executive officers (including those foregoing named executive officers) as a group, all directors who are not executive officers as a group, and all employees other than executive officers are set forth in footnote 2 to the Summary Compensation Table on page 11. Option awards granted for all executive officers (including those foregoing named executive officers) as a group, all directors who are not executive officers as a group, and all employees other than executive officers are set forth in footnote 1 to the Option/SAR Grants in Last Fiscal Year Table on page 12. Share equivalent units awarded to all executive officers as a group are set forth in footnote 1 to the Long-Term Incentive Plan Table on page 13.

**Payment of Exercise Price.** The exercise price of a stock option (other than in incentive stock option), stock purchase right, and any other stock award for which the Committee has established an exercise price may be paid in cash, by the transfer of Common Shares, by the surrender of all or part of an award (including the award being exercised), or by a combination of these methods, as and to the extent permitted by the Committee. The exercise price of an incentive stock option may be paid in cash, by the transfer of Common Shares, or by a combination of these methods, as and to the extent permitted by the Committee at the time of grant, but may not be paid by the surrender of an award.

**Taxes Associated with Awards.** Prior to the payment of an award, Nordson may withhold, or require a participant to remit to Nordson, an amount sufficient to pay any Federal, state, and local taxes associated with the award. If, however, a stock option has been transferred and the participant does not pay such taxes on the date of exercise, the taxes will be paid by reducing the number of Common Shares to be received upon exercise. The Committee may permit participants to pay the taxes associated with an award (other than an incentive stock option) in cash, by the transfer of Common Shares, by the surrender of all or part of an award (including the award being exercised), or by a combination of these methods.

**Termination of Awards.** The Committee may cancel any awards if the participant, without Nordson's prior written consent, (i) renders services for an organization, or engages in a business, that is in the judgment of the Committee, in competition with Nordson or (ii) discloses to anyone outside of Nordson, or uses for any purpose other than Nordson's business, any confidential information or material relating to Nordson.

**Change in Control.** In the event of a change in control of Nordson, as defined in the Plan, unless the Board of Directors determines otherwise, (i) all outstanding stock options, stock appreciation rights, and

**Table of Contents**

stock purchase rights become fully exercisable, (ii) all restrictions and conditions applicable to restricted stock and other awards exercisable for Common Shares will be deemed to have been satisfied, and (iii) all cash awards will be deemed to have been fully earned. Any such determination by the Board of Directors that is made after the occurrence of the change in control will not be effective unless a majority of the directors then in office are continuing directors and the determination is approved by a majority of the continuing directors. For this purpose, continuing directors are directors who were in office prior to the change in control or were recommended or elected to succeed continuing directors by a majority of the continuing directors then in office.

**Nonassignability of Awards.** Unless the Committee otherwise determines, no award granted under the Plan may be transferred or assigned by the holder other than by designation of beneficiary, or, if none, by will, pursuant to the laws of descent and distribution, or pursuant to a qualified domestic relations order. For this purpose, a holder is a participant in the Plan or an eligible transferee (as determined by the Committee) and a designation of beneficiary is the person or entity designated to receive the holder's option on the holder's death in accordance with Committee procedures.

The Plan also provides that, unless the Committee otherwise determines, an award may be exercised during the holder's lifetime, only by the holder or by the holder's guardian or legal representative. No incentive stock option or Section 423 Right (as defined in the Plan), however, may be transferred or assigned pursuant to a qualified domestic relations order or exercised, during the participant's lifetime, by the participant's guardian or legal representative.

**Amendment, Effective Date, and Termination of the Plan.** The Board of Directors may amend, suspend, or terminate the Plan at any time. Shareholder approval for any such amendment will be required only to the extent necessary to comply with the rules of the NASDAQ National Market System or any other exchange or quotation system on which the Common Shares are traded or listed, the rules and regulations related to incentive stock options, Section 162(m) of the Internal Revenue Code, or any other applicable legal requirements. The plan will expire, if not previously terminated, at the end of fiscal year 2013.

**Federal Income Tax Consequences of Awards.** The following is a brief general discussion of the anticipated income tax treatment, under current provisions of the Internal Revenue Code, of the grant and exercise of awards to Nordson and the participants.

**Incentive Stock Options.** In general, an employee will not recognize taxable income at the time an incentive stock option is granted or exercised, and Nordson will not be entitled to a deduction, so long as a minimum employment requirement is satisfied. However, the excess of the fair market value of the Common Shares acquired upon exercise over the exercise price is potentially subject to the alternative minimum tax. If the employment requirement is not satisfied, the income tax treatment will be the same as that for a non-qualified stock option, described below. Upon disposition of the Common Shares acquired upon exercise, capital gain or capital loss will be recognized in an amount equal to the difference between the sale price and the exercise price, so long as minimum holding period requirements are satisfied. If the holding period requirements are not satisfied, the employee will recognize ordinary income, and Nordson will be entitled to a corresponding deduction, to the extent of the difference between the exercise price and the lesser of the fair market value of the Common Shares on the date the option is exercised or the amount realized in the disposition. Any remaining gain or loss is treated as a capital gain or capital loss.

**Non-Qualified Stock Options.** In general, an employee will not recognize taxable income upon the grant of a stock option that does not qualify as an incentive stock option (a non-qualified stock option), and Nordson will not be entitled to a deduction. Upon exercise, the employee will recognize ordinary income in an amount equal to the difference between the exercise price and the fair market value of the Common Shares acquired upon exercise, and Nordson will be entitled to a corresponding deduction. Upon disposition of the Common Shares, appreciation or depreciation after the date of exercise will be treated as either capital gain or capital loss.

**Restricted Stock.** Unless an employee makes an election under Section 83(b) of the Internal Revenue Code, the employee will recognize no income, and Nordson will be entitled to no deduction, at the time

20

---



**Table of Contents**

restricted stock is awarded to the employee. When the restrictions lapse or are otherwise removed, the employee will recognize compensation income equal to the excess of the fair market value of the restricted stock at that time over the amount, if any, paid by the employee for the restricted stock, and Nordson will be entitled to a deduction in the same amount. Dividends paid on restricted stock during any restriction period will, unless the employee has made an election under Section 83(b) of the Internal Revenue Code, constitute compensation income, and Nordson will be entitled to a deduction in the same amount. Upon disposition of Common Shares after the restrictions lapse or are otherwise removed, any gain or loss realized by an employee will be treated as capital gain or loss.

If an employee makes an election under Section 83(b) of the Internal Revenue Code, the employee will recognize compensation income equal to the excess of the fair market value of the Common Shares on the date of grant over the price paid for those Common Shares, and Nordson will be entitled to a deduction in the same amount. Dividends paid on the stock thereafter will be treated as dividends taxable to the employee and not deductible by Nordson.

**Stock Appreciation Rights and Stock Equivalent Units.** The grant of stock appreciation rights and stock equivalent units will have no immediate tax consequences to Nordson or the employee receiving the grant. The amount received by the employee upon the exercise of the stock appreciation rights will be included in the employee's ordinary income in the taxable year in which the stock appreciation rights are exercised, and Nordson will be entitled to a deduction in the same amount in that year. In general, at the time Nordson pays any amount to the employee with respect to the stock equivalent units, the employee will recognize compensation income equal to the amount of that payment, and Nordson will be entitled to a deduction in that amount.

**Stock Purchase Rights.** In general, the exercise of a stock purchase right under a stock purchase program that does not meet the requirements of Section 423 of the Internal Revenue Code will be treated as the exercise of a non-qualified stock option for tax purposes, as described above.

In general the exercise of a stock purchase right under a stock purchase program that does meet the requirements of Section 423 of the Internal Revenue Code (a Section 423 Right) will receive the same treatment as the exercise of an incentive stock option, described above, with the following differences. If the employee disposes of the stock before minimum holding period requirements are satisfied, the amount of ordinary income recognized by the employee will be the difference between the fair market value of the stock at the time of exercise and the exercise price. If, after minimum holding period requirements are satisfied, the employee disposes of stock received on exercise of a Section 423 Right at an exercise price of less than 100% of the fair market value of the stock at the time of grant, or dies at any time while holding such stock, the employee will recognize ordinary income in an amount equal to the lesser of the fair market value of the stock at the time of disposition (or the date of death) or the fair market value of the stock at the time of grant over the exercise price. Any additional gain or loss to the employee on a disposition of such stock will be capital, and the amount of any ordinary income will be added to basis for purposes of determining the amount of such gain or loss.

**Vote Required to Approve the Plan.** The favorable vote of the holders of a majority of the Common Shares present in person or by proxy at the Annual Meeting is required to approve the Plan. *Nordson's Board of Directors recommends that shareholders vote FOR approval of the Plan.*

**Table of Contents**

**PROPOSAL NO. 2**

**APPROVAL OF THE NORDSON CORPORATION**

**2004 MANAGEMENT INCENTIVE COMPENSATION PLAN**

The Board of Directors is submitting for shareholder approval the Nordson Corporation 2004 Management Incentive Compensation Plan (the Bonus Plan) to provide incentive compensation to certain executive officers of the Company in such a manner that the incentive compensation will be fully deductible by the Company for federal income tax purposes.

Section 162(m) of the Internal Revenue Code allows a publicly-traded corporation to take a tax deduction in excess of \$1 million per year for certain compensation that it or any subsidiary pays to specified executives. Those specified executives are the Chief Executive Officer and the four other executive officers for whom proxy disclosure is required (the Covered Employees). Compensation that is contingent on the attainment of performance goals is excluded from the \$1 million deduction limit and is therefore deductible without regard to that limit. To qualify for this performance-based exemption, the material terms pursuant to which the compensation is to be paid, including a description of the employees eligible to receive compensation under the plan, a description of the business criteria on which the plan's performance goals are based, and the maximum amount that may be paid to any Covered Employee under the plan, must be approved by the shareholders of the corporation every five years.

Nordson's existing bonus plan and the performance goals thereunder were last approved by shareholders at the 1995 Annual Meeting and, consequently, awards under the existing bonus plan currently do not qualify as performance-based as defined under Section 162(m).

The Bonus Plan is designed to provide for compensation which will, subject to shareholder approval of the Bonus Plan, qualify as performance-based compensation under Section 162(m). In the event that shareholders do not approve the Bonus Plan, no awards will be made under the Bonus Plan, although other incentive awards may, subject to the considerations discussed above under the heading COMPENSATION OF EXECUTIVE OFFICERS Compensation Committee Report on Executive Compensation beginning on page 8, be paid in the future at the discretion of the Committee. The Committee retains the discretion to make awards outside of the Bonus Plan, including awards to employees who are eligible to participate in the Bonus Plan and without regard to whether such awards would be deductible under Section 162(m).

The Bonus Plan is substantially similar to the 1995 Management Incentive Compensation Plan discussed above under the heading COMPENSATION OF EXECUTIVE OFFICERS Compensation Committee Report on Executive Compensation beginning on page 8 except that the Committee has greater flexibility in determining appropriate performance goals for a performance period under the Bonus Plan.

While benefits, if any, to be paid under the Bonus Plan are not yet determinable, amounts paid for the fiscal year ended November 2, 2003 under the 1995 Management Incentive Compensation Plan for each of Edward P. Campbell, Peter S. Hellman, Donald J. McLane, Mark G. Gacka and Robert A. Dunn, Jr. are shown under the heading Bonus in the Summary Compensation Table set forth on page 11 and amounts paid for all executive officers (including the foregoing named executive officers) as a group is set forth in footnote 1 to the Summary Compensation Table on page 11.

If approved by the shareholders, the Bonus Plan will be effective for the fiscal year that began on November 3, 2003 and for each fiscal year thereafter until terminated.

The following summary is a brief description of the material features of the Bonus Plan and is qualified in its entirety by reference to the terms of the Bonus Plan. Shareholders may obtain a copy of the Bonus Plan upon written request to the Secretary of Nordson.

**Summary of the Bonus Plan.** The objective of the Bonus Plan is to enhance Nordson's ability to attract and retain qualified employees and to provide incentives that motivate employees to achieve challenging strategic and operating objectives. The Bonus Plan will be administered by a subcommittee of the

**Table of Contents**

Committee constituted in a manner consistent with the outside director standard of Section 162(m) of the Internal Revenue Code and will remain in effect until terminated by the Committee.

For each fiscal year during the term of the Bonus Plan (a Plan Year ), the Committee will determine the participants in the Bonus Plan for the Plan Year and establish target levels of cash bonuses, or Incentive Awards, to be awarded to participants upon the achievement by the Company of certain pre-determined performance goals.

Employees of Nordson who are in a position to make significant contributions to the financial success of Nordson will be eligible to participate in the Bonus Plan. Incentive Awards will be based on a percentage of each participant's base salary for the applicable Plan Year, provided that the maximum annual dollar award to any participant will not exceed \$2,000,000.

The method for computing the amount of each Incentive Award that a participant will be paid will be selected by the Committee and stated in terms of an objective formula or standard. The Committee may not increase the amount that will be due in accordance with the formula or standard but will retain discretion under the Bonus Plan to reduce an award at any time before it is paid.

Under the Bonus Plan, the performance goals for a participant for any performance period may be based on any of the following business criteria, either alone or in any combination, and on either a consolidated or business unit level, as the Committee may in each case determine: return on net assets, return on capital employed, economic value added, sales, revenue, earnings per share, operating income, net income, earnings before interest and taxes, return on equity, total shareholder return, market valuation, cash flow, completion of acquisitions, product and market development, inventory management, working capital management and customer satisfaction. The foregoing criteria may be clarified by reasonable definitions adopted by the Committee, which may include or exclude any or all of the following items, as the Committee may specify: extraordinary, unusual or non-recurring items; effects of accounting changes; effects of currency fluctuations; effects of financing activities; expenses for restructuring or productivity initiatives; non-operating items; acquisition expenses; and effects of acquisitions, divestitures or reorganizations. Any of the foregoing criteria may apply to a participant's award opportunity for any period in its entirety or to any designated portion of the award opportunity, as the Committee may specify.

The performance goals that have been established by the Committee for the 2004 Plan Year are based on earnings per share growth and return on capital. Under the Bonus Plan, the Committee may use the same criteria or any one or more of the other criteria described above for awards in future Plan Years.

Following the end of the each Plan Year, the Committee will determine each participant's Incentive Award, if any, based on Nordson's performance against the performance goals for that Plan Year and will certify achievement of those goals prior to payment of any award. Payment of Incentive Awards, if any, will be made, subject to deferral, following the Plan Year in which the Incentive Award was earned.

The Committee can amend the Bonus Plan to the extent necessary to treat the compensation payable pursuant to the Bonus Plan as qualified performance-based compensation exempt from the non-deductible limitation of Section 162(m) of the Internal Revenue Code.

**Vote Required to Approve the Bonus Plan.** The favorable vote of the holders of a majority of the Common Shares present in person or by proxy at the Annual Meeting is required to approve the Bonus Plan. *Nordson's Board of Directors recommends that shareholders vote FOR approval of the Bonus Plan.*

**Table of Contents****INDEPENDENT AUDITORS**

Ernst & Young LLP has been appointed as Nordson's independent auditors for the fiscal year ending October 31, 2004. Ernst & Young LLP or a predecessor has served as Nordson's independent auditors since 1935. A representative of Ernst & Young LLP is expected to be present at the annual meeting. The representative will be given an opportunity to make a statement if desired and to respond to questions regarding Ernst & Young LLP's examination of Nordson's financial statements and records for the fiscal year ended November 2, 2003.

**Fees Paid to Ernst & Young LLP**

The following table shows the fees paid or accrued by the Company for audit and other services provided by Ernst & Young LLP for the fiscal years ended November 3, 2002 and November 2, 2003:

	<b>FY 2002</b>	<b>FY 2003</b>
Audit Fees (1)	\$595,000	\$641,000
Audit-Related Fees (2)	\$384,000	\$160,000
Tax Fees (3)	\$299,000	\$340,000
All Other Fees (4)		\$ 2,000

(1) Audit services of Ernst & Young LLP consisted of the audit of the annual consolidated financial statements of the Company and the quarterly review of interim financial statements.

(2) Audit-Related Fees generally include fees for statutory, employee benefit plan, business acquisitions, and accounting consultations, and services related to Securities and Exchange Commission registration statements.

(3) Tax Fees generally include fees for tax planning and compliance consulting.

(4) All Other Fees represent fees for employee benefit consulting services.

The Audit Committee's pre-approval policies and procedures are found in the Committee's charter included in this Proxy Statement as Attachment 1 to the Guidelines (Appendix A). Following the effective date of the SEC's final rule Regarding Strengthening the Commission's Requirements Regarding Auditor Independence, all of the audit-related and other services provided by Ernst & Young LLP were pre-approved in accordance with the Audit Committee's policies and procedures.

**GENERAL****Voting at the Meeting**

Shareholders of record at the close of business on January 14, 2004 are entitled to vote at the meeting. On that date, a total of 35,094,617 Nordson Common Shares were outstanding. Each share is entitled to one vote.

Voting for directors will be cumulative if any shareholder gives notice in writing to the President, a Vice President or the Secretary of Nordson at least 48 hours before the time set for the meeting and an announcement of the notice is made at the beginning of the meeting by the Chairman or the Secretary, or by or on behalf of the shareholder giving the notice. If cumulative voting is in effect, Nordson's shareholders will be entitled to cast, in the election of directors, a number of votes equal to the product of the number of directors to be elected multiplied by the number of shares that

each shareholder is voting. Nordson's shareholders may cast all of these votes for one nominee or distribute them among several nominees, as they see fit. If cumulative voting is in effect, shares represented by each properly signed proxy card will also be voted on a cumulative basis, with the votes distributed among the nominees in accordance with the judgment of the persons named in the proxy card.

Under Ohio law, directors are elected if they receive the greatest number of votes of shareholders of the corporation present at a meeting at which a quorum is present, and proposals are adopted or approved by the vote of a specified percentage of the voting power of the corporation. Abstentions and broker non-

**Table of Contents**

votes are tabulated in determining the votes present at a meeting. Consequently, an abstention or a broker non-vote has the same effect as a vote against a proposal or a director nominee, as each abstention or broker non-vote would be one less vote in favor of a proposal or for a director nominee.

If any of the nominees listed on page 2 becomes unable or declines to serve as a director, each properly signed proxy card will be voted for another person recommended by the Board of Directors. However, the Board has no reason to believe that any nominee will be unable or will decline to serve as a director.

The Board of Directors knows of no other matters that will be presented at the meeting other than as described in this Proxy Statement. However, if other matters do properly come before the meeting, the persons named in the proxy card will vote on these matters in accordance with their best judgment.

**Shareholder Director Nominations, Proposals and Communications**

Any shareholder who wishes to submit a candidate for election as director or a proposal to be considered for inclusion in next year's Proxy Statement should send the nomination or proposal to the Secretary of Nordson for receipt on or before October 2, 2004. A shareholder may nominate a candidate for election as a director at next year's Annual Meeting of the Shareholders provided the shareholder (i) is a shareholder of the Company of record at the time of giving of the notice for the meeting, (ii) is entitled to vote at the meeting in the election of directors, and (iii) has given timely written notice of the nomination to the Secretary. The Governance and Nominating Committee will assess the qualifications of the candidate according to criteria set out in the Governance Guidelines. See Article 1 of the Guidelines and the Governance and Nominating Committee Charter for some of the criteria the Committee will consider in evaluating candidates. Additionally, under Nordson's Regulations, a shareholder must submit a candidate for election as director or a proposal for consideration at next year's Annual Meeting of Shareholders, no earlier than November 19, 2004 and no later than December 19, 2004. For a candidate to be considered for election as a director or for business to be properly requested by a shareholder to be brought before an annual meeting of shareholders, the shareholder must comply with all of the requirements of Nordson's Regulations, not just the timeliness requirements described above.

The Company has established procedures to permit confidential communications by shareholders to the Board of Directors regarding the Company. Shareholders may communicate directly with the Board of Directors by mail at the following address: Mr. Benedict Rosen, Director, c/o Secretary, Nordson Corporation, Attn: Shareholder Communications, 28601 Clemens Road, Westlake, Ohio 44145.

Nordson will bear the expense of preparing, printing and mailing this Notice and Proxy Statement. In addition to requesting proxies by mail, officers and regular employees of Nordson may request proxies by telephone or in person. Nordson will ask custodians, nominees and fiduciaries to send proxy material to beneficial owners in order to obtain voting instructions. Nordson will, upon request, reimburse them for their reasonable expenses for mailing the proxy material.

Nordson's Annual Report to Shareholders, including financial statements for the fiscal year ended November 2, 2003, is being mailed to shareholders of record with this Proxy Statement.

For the Board of Directors

ROBERT E. VEILLETTE  
Secretary

January 30, 2004





**Table of Contents**

**APPENDIX A**

**NORDSON CORPORATION**

**GOVERNANCE GUIDELINES**

The following Governance Guidelines ( Guidelines ), along with the charters of the Committees of the Board of Directors, provide the framework for the governance of Nordson Corporation.

**1. Composition**

The Board of Directors is classified, with two classes of four Directors and one class of five Directors. The number of Directors may be changed by the shareholders or by a vote of the majority of Directors then in office. Directors are elected for three-year terms and the terms of each of the classes expire in consecutive years. Directors may be added to a class and in such case, will hold office for the remainder of the term in office of that class. In the event of a vacancy in the Board of Directors, the Directors then in office may elect a Director to serve the remainder of the term of a Director whose resignation, removal, or death resulted in the vacancy. A majority of the Directors must meet the National Association of Securities Dealers ( NASD ) standards for independence.

The Board should represent a broad spectrum of individuals with experience who are able to contribute to the success of the Company. To that end, the Board should seek candidates having (a) deep concern for society and a view of the role of a corporation in society which is consistent with the traditional values of the Company, (b) senior operating experience with industrial corporations, and (c) a broad understanding of and direct experience in international business. Consideration of potential new members should include the issues of independence, diversity, and skills necessary to the perceived needs of the Board at a particular time.

The Governance and Nominating Committee of the Board of Directors will arrange for orientation for new directors and Directors will engage in continuing education programs as deemed necessary by the Committee.

**2. Meetings**

The Board holds an organizational meeting after each Annual Meeting of Shareholders at which time officers are elected. The Annual Meeting and the Organizational Meeting of the Board are held between February 15 and March 15 of each year. Otherwise, the Board may establish regular meetings at such times and places as it may decide. Board of Directors meetings are generally held five times each year in the months of January, March (in conjunction with the Annual Meeting), May, July and October, subject to availability of Directors. Dates are determined in advance. A majority of Directors then in office constitutes a quorum for Board of Directors meetings. Several meetings during each year are preceded or followed by an Audit and/or Compensation Committee Meeting.

The Chairperson of the Board and the Chief Executive Officer (if the Chairperson is not the Chief Executive Officer) will establish the agenda for each Board meeting. Each Director is free to suggest the inclusion of item(s) on the agenda.

Information and data that is important to the Board's understanding of the Company's business will be distributed in writing to the Board before each Board of Directors meeting. Management will make every attempt to see that this material is as brief as possible while still providing the desired information.

**3. Meeting Attendance**

Directors are expected to attend the Annual Meeting of Shareholders and all Board of Directors meetings and meetings of Committees on which the Director serves. If a Director determines that it is not possible to attend a meeting, the Director is expected to give notice of that fact as early as practicable. If a Director cannot attend a Board meeting due to an inability to be at the site of that meeting but is otherwise able to participate, it may be possible for the Director to participate by telephone if advance arrangements are

---

**Table of Contents**

made. Proxy rules require the Company to identify in the Proxy those Directors who did not attend 75% of the scheduled Directors meetings and any meetings of Committees on which the Director serves.

**4. *Committees***

The Board may establish an Executive Committee, a Finance Committee, or other committees each consisting of not less than three Directors. Directors are expected to serve on one or more committees and where feasible, to rotate such service among the various committees as members and Chairpersons on a periodic basis. The Board of Directors acting on the recommendation of the Governance and Nominating Committee will determine the appropriate period of service for Committee members and Chairpersons.

Currently, the Board has established four standing committees:

A. **Audit Committee**: The Audit Committee reviews the proposed audit program (including both independent and internal audits) for each fiscal year, the results of these audits, and the adequacy of Nordson's systems of internal accounting control. The Committee also is responsible for (i) the appointment, compensation, and oversight of the independent auditors for each fiscal year, (ii) the approval of all permissible non-audit services to be performed by the independent auditors, (iii) the establishment of procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (iv) the approval of all related-party transactions.

All members of the Audit Committee must meet the NASD standards for independence. Committee members must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. The Audit Committee will have at least one member who meets the definition of audit committee financial expert as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The role of the audit committee financial expert will be that of assisting the Audit Committee in overseeing the audit process, not auditing the Company.

No member of the Audit Committee may receive any payment from the Company other than payment for services as a Director or member of a Committee of the Board of Directors or be an affiliated person of the Company or any of its subsidiaries. Audit Committee members will inform the Chairman of the Committee and Chief Executive Officer prior to or upon accepting an audit committee appointment of another board of directors. See Attachment 1 to these Guidelines for the Audit Committee Charter.

B. **Compensation Committee**: The Compensation Committee of the Board of Directors is responsible for approving executive officer compensation and for administering the incentive and equity participation plans which make up the variable compensation paid to executive officers. The Compensation Committee also administers employee stock plans and other benefit plans. All members of the Compensation Committee must meet the NASD standards for independence. See Attachment 2 to these Guidelines for the Compensation Committee Charter.

C. **Governance and Nominating Committee**: The purpose of the Governance and Nominating Committee is to ensure that the Board of Directors and its committees are appropriately constituted so that the Board and directors may effectively meet their fiduciary obligations to shareholders and the Company. To accomplish this purpose, the Governance and Nominating Committee shall:

- (a) Identify individuals qualified to become Board members and recommend to the Board the director nominees for the next annual meeting of shareholders and candidates to fill vacancies in the Board;
- (b) Recommend to the Board annually the directors to be appointed to Board committees;

- (c) Annually review and, when warranted, adjust Director and Committee member compensation;
- (d) Monitor and evaluate annually how effectively the Board and the Company have implemented the policies and principles of these Guidelines; and
- (e) Adopt revisions to the Guidelines where revisions are warranted based upon the annual evaluation and recommend revisions to the Board of Directors for approval.

A-2

---

**Table of Contents**

All members of the Governance and Nominating Committee must meet the NASD standards for independence. See Attachment 3 to these Guidelines for the Governance and Nominating Committee Charter.

**D. Pension and Finance Committee:** The Pension and Finance Committee is responsible for providing oversight of the named fiduciaries (the Company and the Company's Administrative Committee for Qualified Retirement Plans) administration of the Nordson Corporation Salaried and Hourly-Rated Employees Savings Trust (NEST) and Salaried and Hourly-Rated Employees Pension Plans (the Plans), including oversight of the Company's and Administrative Committee's selection and evaluation of the performance of investment managers (as that term is defined in Section 3(38) of ERISA) having investment management authority over the assets, or portion thereof, of the NEST and the Plans. A more detailed discussion of the purposes, duties and responsibilities of the Pension and Finance Committee are found in the Committee charter included in this Proxy Statement as Attachment 4 to the Guidelines.

In addition to these Standing Committees, the Executive Committee acts to make necessary decisions between periodic Directors' meetings. This Committee may exercise all powers of the Board in managing and controlling the business of the Company except declaring dividends, electing officers or filling vacancies among the Directors or in any committee of the Directors. The Executive Committee shall report on all of its activities to the Board at the next Board meeting where its actions are subject to revision or alteration. Directors who do not serve as members of the Executive Committee and who are able to attend meetings of the Executive Committee are welcome to attend and are entitled to vote.

Each Committee of the Board of Directors is authorized to retain its own counsel and other advisors, at Company expense, if and to the extent necessary to carry out its responsibilities.

**5. *Retirement***

The Board of Directors has adopted a mandatory retirement policy. Under this policy, a Director, other than those Directors who were age 75 on July 27, 2001, is expected to retire at the conclusion of the Directors meeting immediately prior to the Director's 75th birthday.

**6. *Change in Status***

The Board of Directors has determined that a change in employment status should not affect a Director's status as a member of the Board unless the change in employment status creates a conflict of interest or prevents a Director from performing his or her duties as a Director. A Director whose employment status has changed is to inform the Chairperson of the Governance and Nominating Committee and the Chief Executive Officer of the change in status.

**7. *Membership on Other Boards***

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively and avoid actual or potential conflicts of interest that may arise from serving on other boards of directors. To that end, each Director has the responsibility to inform the Chairperson of the Governance and Nominating Committee and the Chief Executive Officer prior to accepting invitations to serve as a director on other boards of directors.

**8. *Presiding Director***

The non-executive Chairperson of the Board (or the Chairperson of the Compensation Committee if the Chairperson of the Board is not an independent Director) will serve in the capacity of Presiding Director for purposes of chairing regularly scheduled meetings of independent Directors or for other responsibilities that the independent Directors as a

whole might designate from time to time.

**Table of Contents**

***9. Executive Sessions of Independent Directors***

The independent Directors of the Board will meet in Executive Session no less than two (2) times a year.

***10. Assessing Board and Committee Performance***

Under the auspices of the Governance and Nominating Committee, members of the Board of Directors will conduct an annual self-assessment of the effectiveness of the Board. Each Standing Committee of the Board also conducts a self-assessment. The annual self-assessment review process should consider, among other matters, meeting agenda items and presentations, advance distribution of meeting materials, interim communication to Directors, access to and communications with senior management, and the Board's and each Committee's contribution as a whole with consideration to areas in which the Directors believe a better contribution could be made.

***11. Evaluation of the Chief Executive Officer***

The independent Directors will conduct an annual evaluation of the Chief Executive Officer, which evaluation should be communicated to the Chief Executive Officer by the Presiding Director and the Chairperson of the Compensation Committee (or another member of the Presiding Director's choosing if the Presiding Director is the Chairperson of the Compensation Committee).

To facilitate the evaluation, the Chief Executive Officer will prepare a listing of a few of the priorities that need attention during the fiscal year. The evaluation should consider aspects of corporate performance such as progress toward meeting goals and the capacity of the Company to do so in the future. The evaluation should use a combination of objective and subjective criteria.

The evaluation will be considered by the Compensation Committee in the course of its deliberations when establishing the Chief Executive Officer's compensation.

***12. Succession Planning/ Management Development***

At least every other year, the Chief Executive Officer shall report to the Board on succession planning and the Company's program for management development.

There should also be available, on a continuing basis, the Chief Executive Officer's recommendation as to his/her successor should he/she be unexpectedly disabled and be unable to carry on his/her duties as Chief Executive Officer.

***13. Board Access to Senior Management and Independent Advisors***

Directors have complete access to Nordson's management. Each Director has the responsibility to inform the Chief Executive Officer of the nature of communications with management and to provide copies of any written communication to the Chief Executive Officer.

The Board encourages management to bring managers into Board meetings who (a) can provide additional insight into the items being discussed because of personal involvement in these areas and/or (b) represent managers with future potential that management believes should be given exposure to the Board.

The Board, at its discretion, may engage and consult with independent advisors to assist the Board in carrying out its oversight responsibilities.

**14. Board Interaction with Institutional Investors**

The Board believes that the management speaks for Nordson and it is inappropriate for individual Directors to communicate separately to investors except with the full knowledge and at the request of management. Directors who receive inquiries should direct the investor to the Chief Financial Officer.

A-4

---



**Table of Contents**

***15. Director Compensation***

The Chief Executive Officer will report annually to the Governance and Nomination Committee on the status of Board of Directors compensation in relation to a peer group of U.S. manufacturing companies. The Governance and Nomination Committee is authorized to establish reasonable compensation for Directors and/or a reasonable fee for attendance at any meeting of the Directors. A Director who is a full-time employee of the Company does not receive compensation for his or her services as a Director.

The Chairperson of the Board of Directors, other independent Directors and Committee chairpersons receive an annual retainer and per meeting remuneration for each Board and Committee meeting attended. Each independent Director is eligible to receive an option for Nordson Corporation Common Shares under the Company's 1993 Long-Term Performance Plan.

Travel expenses incurred in attending all meetings are reimbursed. Air travel is based on round-trip actual airfare from the Director's home to meeting locations. A Director is encouraged to select the class of travel commensurate with the situation, such as first class for long trips. Other expenses, such as hotels, meals, local transportation and similar expenses are also reimbursed.

Independent Directors are also covered under the Company's (a) health care (medical, dental and prescription drug) plan with coverage being secondary to any health care plan under which a Director is also covered, (b) life insurance plan; and (c) business travel and accident insurance plan.

The Company maintains a Deferred Compensation Plan under which a Director may elect to defer all or a portion of his/her fees until retirement. Fees may be deferred as cash or translated into stock equivalent units.

Directors are eligible to participate in The Nordson Corporation Foundation Matching Gift Program.

***16. Stock Ownership***

Directors are encouraged to own shares of the Company's stock and to increase their ownership of those shares over time. The Board does not recommend a mandated stock ownership level for Directors.

**Table of Contents**

**ATTACHMENT 1**  
**CHARTER OF THE**  
**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**I. Organization and Functioning**

There shall be a committee of the Board of Directors to be known as the Audit Committee (the Committee). The Committee shall be comprised of at least three Directors who shall be appointed by the Board after considering the recommendation of the Governance and Nominating Committee. The Committee shall only include directors who satisfy the independence standards of the National Association of Securities Dealers (NASD) and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a Committee member.

Committee members must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. The Audit Committee will have at least one member who meets the definition of audit committee financial expert as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The role of the audit committee financial expert will be that of assisting the Audit Committee in overseeing the audit process, not auditing the Company.

The Board shall designate one member of the Committee as its Chairperson. The Committee shall meet at least four times each year and hold such other meetings from time to time as may be called by its Chairperson or any two members of the Committee. A majority of the members of the Committee shall constitute a quorum of the Committee. A majority of the members in attendance shall decide any question brought before any meeting of the Committee. At least once during the course of the year, the Committee will meet with Company management and the independent auditors in separate executive sessions to discuss the results of the independent auditors' annual examination of the Company's financial statements.

No member of the Committee may receive directly or indirectly any consulting, advisory, or other compensatory fee from the Company other than dividends and payment for services as a Director or member of a Committee of the Board of Directors as provided for in Section 15, Director Compensation, of the Governance Guidelines of the Company, or be an affiliated person of the Company or any of its subsidiaries.

The Committee shall keep minutes of its proceedings that shall be signed by the person whom the Chairman designates to act as secretary of the meeting. The minutes of a meeting shall be approved by the Committee at its next meeting, shall be available for review by the entire Board, and shall be filed as permanent records with the Secretary of the Company.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain special legal, compensation or other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee.

The Chairperson shall at each meeting of the Board following a meeting of the Committee report to the full Board on the matters considered at the last meeting of the Committee.

At least annually and in Executive Session, the Board shall provide the Committee with an evaluation of the Committee's performance.

## **II. Statement of Purposes**

Recognizing that the Company's outside auditors have ultimate accountability to the Board of Directors of the Company, the Committee shall assist Board of Directors oversight of: (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the independent auditor's qualifications and independence; (d) the performance of the Company's internal audit function and independent auditors.

---

**Table of Contents**

**III. Specific Duties and Responsibilities**

The Committee shall have the following duties and responsibilities:

- (a) Retain and, where warranted in the Committee's judgment, terminate independent auditors selected to audit the financial statements of the Company.
- (b) Approve of all permissible non-audit services to be performed by the independent auditors.
- (c) At least annually, obtain and review a report by the independent auditor describing:
  - (1) the audit firm's internal quality-control procedures;
  - (2) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the audit firm, and any steps taken to deal with any such issues; and
  - (3) (for the purpose of assessing the auditor's independence) all relationships between the independent auditor and the Company.
- (d) Meet with the independent auditors and financial management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit, including any comments or recommendations of the independent auditors.
- (e) Review with the Company's management, the Company's internal auditors and the Company's independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's Business Ethics Questionnaire.
- (f) Review the annual internal audit plan of the Company.
- (g) On an ongoing basis, review a summary of findings from completed internal audits and a progress report on the internal audit plan, with a summary report of any deviations from the plan.
- (h) The Committee Chairperson shall discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor. Based on the issues identified, the Chairperson may elect to ask the Committee for its review.
- (i) Review with the independent auditor any significant accounting alternatives and any audit problems or difficulties and management's response thereto.
- (j) Drafts of earnings press releases, as well as financial information and earnings guidance provided to analysts, shall be distributed to members of the Committee in a timely fashion; the Chairperson will discuss the draft with management including any observations made by other Committee members.
- (k)

Edgar Filing: NORDSON CORP - Form DEF 14A

Submit the minutes of all meetings of the Committee to, or discuss the matters considered at each Committee meeting with, the Board of Directors.

- (l) Investigate any matter brought to the Committee's attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.
  - (m) Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
  - (n) Approve of all related-party transactions.
  - (o) Review and approve the report that SEC rules require be included in the Company's annual proxy statement.
-

**Table of Contents**

- (p) Pursuant to Section 10 of the Company's Governance Guidelines, conduct an annual self-assessment of the Committee's performance with respect to the requirements of this Charter and recommend any proposed changes to the Board of Directors. In conjunction therewith, the Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- (q) Monitor and evaluate the effectiveness of the Company's Code of Business and Ethical Conduct and adopt revisions to the Code where revisions are warranted based upon the annual evaluation and recommend any such revisions to the Board of Directors for approval.

The Committee's function is one of oversight and review. While the Committee shall have the responsibilities and powers set forth in this Charter, it shall not be the duty of the Committee to assume the respective duties and responsibilities of the independent and internal auditors and management of the Company including but not limited to planning or conducting audits or determining that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. Further, it is not expected nor required that the Committee will conduct investigations or resolve disagreements, if any, between management of the Company and the independent auditor.

**Table of Contents**

**ATTACHMENT 2**  
**CHARTER OF THE**  
**COMPENSATION COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**I. Organization and Functioning**

There shall be a committee of the Board of Directors to be known as the Compensation Committee (the Committee). The Committee shall be comprised of at least three Directors who shall be appointed by the Board after considering the recommendation of the Governance and Nominating Committee. The Committee shall only include directors who satisfy the independence standards of the National Association of Securities Dealers and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a Committee member.

The Committee shall meet at least twice each year and hold such other meetings from time to time as may be called by its Chairperson or any two members of the Committee. A majority of the members of the Committee shall constitute a quorum of the Committee. A majority of the members in attendance shall decide any question brought before any meeting of the Committee.

The Committee shall keep minutes of its proceedings that shall be signed the person whom the Chairperson designates to act as secretary of the meeting. The minutes of a meeting shall be approved by the Committee at its next meeting, shall be available for review by the entire Board, and shall be filed as permanent records with the Secretary of the Company.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain special legal, compensation or other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee.

The Chairperson shall at each meeting of the Board following a meeting of the Committee report to the full Board on the matters considered at the last meeting of the Committee.

**II. Statement of Purposes**

The Committee shall:

1. Approve executive officer compensation and administer the incentive and equity participation plans that make up the variable compensation paid to executive officers;
2. Administer Company employee stock plans and certain other benefit plans; and
3. Produce the annual report on executive officer compensation for inclusion in the proxy statement of the Company.

**III. Specific Duties and Responsibilities**

The Committee shall have the following duties and responsibilities with respect to Chief Executive Officer (CEO) and executive officer compensation:

1. CEO Compensation and Goals. The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation levels based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
  2. Approval of CEO and Executive Officer Compensation. The Committee shall annually review and approve for the CEO and the executive officers of the Company: (a) the annual base salary level,
-



**Table of Contents**

(b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits.

3. Stock Plan Administration. The Committee shall have full and final authority in connection with the administration of all plans of the Company under which common shares or other equity securities of the Company may be issued.
4. Delegation. The Compensation Committee may form and delegate authority to subcommittees when appropriate, provided any action taken by a subcommittee is subsequently reported to the Committee and ratified. The Committee may also delegate to the CEO the authority to grant options and make awards of shares under the Company's stock plans under conditions established by the Committee.
5. Engaging Consultants. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of CEO or executive officer compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
6. Self-Assessment. Pursuant to Section 10 of the Company's Governance Guidelines, the Committee shall conduct and review with the Board of Directors annually an assessment of the Committee's performance with respect to the requirements of this Charter. In conjunction therewith, the Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

2-2

---

**Table of Contents**

**ATTACHMENT 3**  
**CHARTER OF THE**  
**GOVERNANCE & NOMINATING COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**I. Organization and Functioning**

There shall be a committee of the Board of Directors to be known as the Governance and Nominating Committee (the Committee ). The Committee shall be comprised of at least three Directors who shall be appointed initially by the Board and thereafter by the Board after considering the recommendation of the Committee. The Committee shall only include directors who satisfy the independence standards of the National Association of Securities Dealers. The Board shall designate one member of the Committee as its Chairperson. Members of the Committee shall serve until their resignation, retirement, removal by the Board or until their successors are appointed.

The Committee shall meet at least two times each year and hold such other meetings from time to time as may be called by its Chairperson or any two members of the Committee. A majority of the members of the Committee shall constitute a quorum of the Committee. A majority of the members in attendance shall decide any question brought before any meeting of the Committee.

The Committee shall keep minutes of its proceedings that shall be signed by the person whom the Chairperson designates to act as secretary of the meeting. The minutes of a meeting shall be approved by the Committee at its next meeting, shall be available for review by the entire Board, and shall be filed as permanent records with the Secretary of the Company.

At each meeting of the Board following a meeting of the Committee, the Chairperson of the Committee shall report to the full Board on the matters considered at the last meeting of the Committee.

At least annually and in Executive Session, the Board shall provide the Committee with an evaluation of the Committee s performance.

**II. Statement of Purpose**

The purpose of the Committee is to ensure that the Board and its Committees are appropriately constituted so that the Board and Directors may effectively meet their fiduciary obligations to shareholders and the Company. To accomplish this purpose, the Committee shall:

- (a) Identify individuals qualified to become Board members and recommend to the Board the Director nominees for the next annual meeting of shareholders and candidates to fill vacancies in the Board;
- (b) Recommend to the Board annually the Directors to be appointed to Board committees;
- (c) Annually review and, at the Committee s discretion, adjust Director and Committee member compensation; and

- (d) Monitor and evaluate annually how effectively the Board and the Company have implemented the Company's Governance Guidelines.

**III. Specific Duties and Responsibilities**

*1. Recommend Nominees for Election as Directors*

The Committee shall recommend to the Board the Director nominees for the next annual meeting of shareholders and persons to fill vacancies in the Board that occur between meetings of shareholders. In carrying out this responsibility, the Committee shall:

- (a) Determine the desired Board skills and attributes and, when appropriate, conduct searches for prospective Board members whose skills and attributes reflect those desired;
-

**Table of Contents**

- (b) Consider nominees submitted by shareholders; and
- (c) Prior to recommending a nominee for election, determine that the election of the nominee as a Director would effectively meet the Company's Governance Guidelines.

2. Recommend Appointments to Board Committees

The Committee shall annually recommend to the Board the Directors to be appointed to the various committees of the Board. The Committee shall consider the desired qualifications for membership on each Committee, the availability of the Director to meet the time commitment required for membership on the particular committee and the extent to which there should be a policy of periodic rotation of Committee members and Chairpersons.

3. Director and Committee Member Compensation

The Committee shall review the annual report from the Chief Executive Officer with respect to compensation of the Directors and Committee members in relation to a peer group of U.S. manufacturing companies. Thereafter, the Committee, at its discretion, may adjust an annual retainer and per meeting remuneration for each Board and Committee meeting attended.

4. Monitor and Evaluate the Governance Guidelines

The Committee shall annually review the Governance Guidelines for the purposes of:

- (a) Determining whether the Guidelines are being effectively adhered to and implemented;
  - (b) Ensuring that the Guidelines are appropriate for the Company and comply with applicable laws, regulations and listing standards; and
  - (c) Recommending any appropriate changes in the Guidelines to the Board.
- In addition, the Committee shall consider any other corporate governance issues that may arise, from time to time, and develop appropriate recommendations for the Board's consideration and approval.

5. Board Orientations and Continuing Education

The Committee shall be responsible for the development of an orientation program for new directors. The program should include background material, meetings with senior management and visits to Company facilities.

The Committee shall annually report to the Board on continuing education of directors with respect to the Company's business and financial statements, corporate governance, and other appropriate subjects.

6. Engagement of Advisors

The Committee shall have the sole authority to engage third party advisors for a fee to assist the Committee in identifying and evaluating director candidates. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any

member of, or consultants to, the Committee.

7. Self-Assessment

Pursuant to Section 10 of the Company's Governance Guidelines, the Committee shall conduct and review with the Board of Directors annually an assessment of the Committee's performance with respect to the requirements of this Charter. In conjunction therewith, the Committee shall review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

3-2

---

**Table of Contents**

**ATTACHMENT 4**  
**CHARTER OF THE**  
**PENSION AND FINANCE COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**I. Organization and Functioning**

There shall be a committee of the Board of Directors to be known as the Pension and Finance Committee (the Committee ). The Committee shall be comprised of at least three Directors who shall be appointed by the Board of Directors after considering the recommendation of the Governance and Nominating Committee.

It is expected the Committee will meet twice each year and hold such other meetings from time to time as may be called by its Chairperson or any two members of the Committee. A majority of the members of the Committee shall constitute a quorum of the Committee. A majority of the members in attendance shall decide any question brought before any meeting of the Committee.

The Committee shall keep minutes of its proceedings that shall be signed by the person whom the Chairperson designates to act as secretary of the meeting. The minutes of a meeting shall be approved by the Committee at its next meeting, shall be available for review by the entire Board of Directors, and shall be filed as permanent records with the Secretary of the Company.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain special legal, compensation or other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee.

The Chairperson shall at each meeting of the Board of Directors following a meeting of the Committee report to the Board of Directors on the matters considered at the last meeting of the Committee. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

**II. Statement of Purposes**

The Committee shall have responsibility for advice and counsel to management regarding oversight of the corporation's financial position and policies, financing activities, financial risk management policies and activities, and the ERISA-qualified, funded plans sponsored by the corporation.

**III. Specific Duties and Responsibilities**

**A. Oversight of the Company's Financial Position:**

The central responsibilities of the Committee with respect to the Company's financial position are to advise the Board of Directors on matters of finance and to assist the Board of Directors in setting policies governing the investment in or acquisition of securities or other assets of other entities or individuals. The evaluation of strategic mergers and

acquisitions shall continue to remain within the exclusive purview of the Board of Directors. To this end, the Committee's tasks shall include, but are not limited to, the following functions:

1. Review, evaluate, and provide oversight of the Company's capital structure and capital management strategies, its financial resources, strengths, capabilities, balance sheet and cash flow, providing advice and counsel to management;
  2. Review and provide oversight to the Company's asset/liability management policies, strategies and activities;
  3. Review the Company's annual financing plan;
-

**Table of Contents**

4. Evaluate the appropriateness of the Company's dividend policy and recommend any changes in the dividend rate to the Board of Directors; and
5. In conjunction with the annual review of the Company's financing plan, review the Company's stock repurchase activities and plans and recommend to the Board of Directors any stock repurchase programs deemed necessary or desirable by the Committee.

**B. Oversight of the Company-Sponsored Defined Benefit and Defined Contribution Qualified Retirement Plans (the Plans):**

The central responsibility of the Committee with respect to the Company's Plans shall be an oversight responsibility. The Committee shall not be deemed the fiduciary of any of the Plans for purposes of the Employee Retirement Income Security Act, as amended, nor shall it be responsible for managing the Plans or directing the investment of Plan assets. These are the responsibilities of management and the named fiduciaries of the Plans. To this end, the Committee's tasks shall include, but are not limited to, the following functions:

1. Review at least annually the actuarial assumptions adopted with respect to, and funding status of, the Plans and their impact on the Company's financial statements, with the recognition that final review authority on this subject is within the purview of the Audit Committee.
2. Review the investment policy with respect to funds held in trust by the Plans and financial performance of the investment managers for those funds; and
3. Review at least annually the investment performance of the Plans' assets and the administration of the Plans.

**C. Self-Assessment.**

Pursuant to Section 10 of the Company's Governance Guidelines, the Committee shall conduct and review with the Board of Directors annually an assessment of the Committee's performance with respect to the requirements of this Charter. In conjunction therewith, the Committee shall review and assess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.



**Table of Contents**

APPENDIX B

AUDIT COMMITTEE REPORT

January 30, 2004

To: The Board of Directors of Nordson Corporation

Our Committee has reviewed and discussed the audited financial statements of the Company for the year ended November 2, 2003 (the Audited Financial Statements ). In addition, we have discussed with Ernst & Young LLP ( E&Y ), the principal independent auditing firm for the Company, the matters required by Codification of Statements on Auditing Standards No. 61.

The Committee also has received the written disclosures and the letter from E&Y required by Independence Standards Board Standard No. 1. We have discussed with E&Y its independence from the Company, including the compatibility of non-audit services with E&Y s independence.

Based on the foregoing review and discussions and relying thereon, we have recommended to the Company s Board of Directors the inclusion of the Audited Financial Statements in the Company s Annual Report on Form 10-K for the year ended November 2, 2003.

Audit Committee

Mary G. Puma, Chairman  
William W. Colville  
William D. Ginn  
Dr. David W. Ignat  
William P. Madar  
William L. Robinson, Esq.

4-3

---

**Table of Contents**

**YOUR VOTE IS IMPORTANT.**

**PLEASE SIGN, DATE AND RETURN  
YOUR PROXY.**

---

**Table of Contents**

---

**YOUR VOTE IS IMPORTANT**

c/o National City Bank  
P.O. Box 92301  
Cleveland, OH 44197-1200

Regardless of whether you plan to attend the Annual Meeting of Shareholders, you can be sure your shares are represented at the meeting by promptly returning your proxy in the enclosed envelope.

DETACH CARD

---

**PROXY**

**NORDSON CORPORATION**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 11, 2004**

**This Proxy is Solicited by the Board of Directors**

At the Annual Meeting of Shareholders of NORDSON CORPORATION to be held on March 11, 2004, and at any adjournment, ERIC T. NORD, WILLIAM P. MADAR, DR. GLENN R. BROWN, and each of them, with full power of substitution and resubstitution, are hereby authorized to represent me and vote all my shares on the following matters:

1. Election of four Directors.

FOR all nominees listed below  
(except as marked to the contrary below).

WITHHOLD AUTHORITY  
to vote for all nominees listed below.

*Instruction: To withhold authority to vote for any individual nominee, place a line through the nominee's name listed below.*

William D. Ginn  
William L. Robinson

Stephen R. Hardis  
Benedict P. Rosen

2. Approval of Nordson's 2004 Long-Term Performance Plan.

FOR  AGAINST  ABSTAIN

3. Approval of Nordson's 2004 Management Incentive Compensation Plan.

FOR  AGAINST  ABSTAIN

4. Any other matter that may properly come before the meeting.

*(Continued and to be signed on reverse side)*

---

---

**Table of Contents**

---

DETACH CARD

---

*(Continued from other side)*

**You are encouraged to specify your choices by marking the appropriate box, but you need not mark any box if you wish to vote in accordance with the Board of Directors' recommendations. The Proxies cannot vote your shares unless you sign and return this card.** Unless otherwise specified, this Proxy will be voted FOR the election as Directors of the nominees and the proposals noted on the reverse side.

DATE: \_\_\_\_\_, 2004

\_\_\_\_\_  
Signature(s) of shareholder(s)

**NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.**

**PLEASE DATE, SIGN, AND RETURN IN THE ENCLOSED ENVELOPE NO POSTAGE NECESSARY.**

---

---

**Table of Contents**

---

**YOUR VOTE IS IMPORTANT**

c/o National City Bank  
P.O. Box 92301  
Cleveland, OH 44197-1200

Regardless of whether you plan to attend the Annual Meeting of Shareholders, you can be sure your shares are represented at the meeting by promptly returning your voting instruction card in the enclosed envelope.

DETACH CARD

---

**NORDSON CORPORATION**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 11, 2004**

**To: New York Life Trust Company, as Trustee for the Slautterback Corporation 401(k) Profit Sharing Plan (the Plan).**

Pursuant to Article XI, Section 11.18 of the Plan, the undersigned, as a Participant of the Plan, hereby directs the Trustee to vote as designated below (in person or by proxy) the undersigned's entire proportionate interest in Nordson Corporation Common Shares held by the Plan on the record date at the Annual Meeting of Shareholders of NORDSON CORPORATION to be held on March 11, 2004, and at any adjournment, on the following matters:

1. Election of four Directors.

FOR all nominees listed below  
(except as marked to the contrary below).

WITHHOLD AUTHORITY  
to vote for all nominees listed below.

*Instruction: To withhold authority to vote for any individual nominee, place a line through the nominee's name listed below.*

William D. Ginn  
William L. Robinson

Stephen R. Hardis  
Benedict P. Rosen

2. Approval of Nordson's 2004 Long-Term Performance Plan.

FOR  AGAINST  ABSTAIN

3. Approval of Nordson's 2004 Management Incentive Compensation Plan.

FOR  AGAINST  ABSTAIN

4. Any other matter that may properly come before the meeting.

**CONFIDENTIAL VOTING INSTRUCTION CARD**

*(Continued and to be signed on reverse side)*

---

---

**Table of Contents**

---

DETACH CARD

---

*(Continued from other side)*

**You are encouraged to specify your choices by marking the appropriate box.** Unless otherwise specified, your share interest will be voted by the Trustee in the same proportions as it votes shares for which it receives express instructions.

DATE: \_\_\_\_\_, 2004

\_\_\_\_\_  
Signature(s) of shareholder(s)

**NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.**

**PLEASE DATE, SIGN, AND RETURN IN THE ENCLOSED ENVELOPE NO POSTAGE NECESSARY.**

---

---

**Table of Contents**

---

**YOUR VOTE IS IMPORTANT**

c/o National City Bank  
P.O. Box 92301  
Cleveland, OH 44197-1200

Regardless of whether you plan to attend the Annual Meeting of Shareholders, you can be sure your shares are represented at the meeting by promptly returning your voting instruction card in the enclosed envelope.

DETACH CARD

---

**NORDSON CORPORATION**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 11, 2004**

**To: New York Life Trust Company, as Trustee for the Nordson Employees Savings Trust Plan (the Plan ).**

Pursuant to Article XIII, Section 13.18 of the Plan, the undersigned, as a Participant of the Plan, hereby directs the Trustee to vote as designated below (in person or by proxy) the undersigned's entire proportionate interest in Nordson Corporation Common Shares held by the Plan on the record date at the Annual Meeting of Shareholders of NORDSON CORPORATION to be held on March 11, 2004, and at any adjournment, on the following matters:

1. Election of four Directors.

FOR all nominees listed below  
(except as marked to the contrary below).

WITHHOLD AUTHORITY  
to vote for all nominees listed below.

*Instruction: To withhold authority to vote for any individual nominee, place a line through the nominee's name listed below.*

William D. Ginn  
William L. Robinson

Stephen R. Hardis  
Benedict P. Rosen

2. Approval of Nordson's 2004 Long-Term Performance Plan.

FOR  AGAINST  ABSTAIN

3. Approval of Nordson's 2004 Management Incentive Compensation Plan.

FOR  AGAINST  ABSTAIN

4. Any other matter that may properly come before the meeting.

**CONFIDENTIAL VOTING INSTRUCTION CARD**

*(Continued and to be signed on reverse side)*

---

---

**Table of Contents**

---

DETACH CARD

---

*(Continued from other side)*

**You are encouraged to specify your choices by marking the appropriate box.** Unless otherwise specified, your share interest will be voted by the Trustee in the same proportions as it votes shares for which it receives express instructions.

DATE: \_\_\_\_\_, 2004

\_\_\_\_\_  
Signature(s) of shareholder(s)

**NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.**

**PLEASE DATE, SIGN, AND RETURN IN THE ENCLOSED ENVELOPE NO POSTAGE NECESSARY.**

---

---



**Table of Contents**

---

**YOUR VOTE IS IMPORTANT**

c/o National City Bank  
P.O. Box 92301  
Cleveland, OH 44197-1200

Regardless of whether you plan to attend the Annual Meeting of Shareholders, you can be sure your shares are represented at the meeting by promptly returning your voting instruction card in the enclosed envelope.

DETACH CARD

---

**NORDSON CORPORATION**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 11, 2004**

**To: New York Life Trust Company, as Trustee for the Nordson Hourly-Rated Employees Savings Trust Plan (the Plan).**

Pursuant to Article XIII, Section 13.18 of the Plan, the undersigned, as a Participant of the Plan, hereby directs the Trustee to vote as designated below (in person or by proxy) the undersigned's entire proportionate interest in Nordson Corporation Common Shares held by the Plan on the record date at the Annual Meeting of Shareholders of NORDSON CORPORATION to be held on March 11, 2004, and at any adjournment, on the following matters:

1. Election of four Directors.

FOR all nominees listed below  
(*except as marked to the contrary below*).

WITHHOLD AUTHORITY  
*to vote for all nominees listed below.*

*Instruction: To withhold authority to vote for any individual nominee, place a line through the nominee's name listed below.*

William D. Ginn  
William L. Robinson

Stephen R. Hardis  
Benedict P. Rosen

2. Approval of Nordson's 2004 Long-Term Performance Plan.

FOR  AGAINST  ABSTAIN

3. Approval of Nordson's 2004 Management Incentive Compensation Plan.

FOR  AGAINST  ABSTAIN

4. Any other matter that may properly come before the meeting.

**CONFIDENTIAL VOTING INSTRUCTION CARD**

*(Continued and to be signed on reverse side)*

---

---

**Table of Contents**

---

DETACH CARD

---

*(Continued from other side)*

**You are encouraged to specify your choices by marking the appropriate box.** Unless otherwise specified, your share interest will be voted by the Trustee in the same proportions as it votes shares for which it receives express instructions.

DATE: \_\_\_\_\_, 2004

\_\_\_\_\_  
Signature(s) of shareholder(s)

**NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.**

**PLEASE DATE, SIGN, AND RETURN IN THE ENCLOSED ENVELOPE NO POSTAGE NECESSARY.**

---