

Measurement Specialties Inc
Form DEF 14A
July 29, 2013

SCHEDULE 14A

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

MEASUREMENT SPECIALTIES, INC.

(Name of Registrant as Specified in Its Charter)

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

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No fee required.

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(4) Date Filed: _____

Measurement Specialties, Inc.

1000 Lucas Way

Hampton, VA 23666

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Measurement Specialties, Inc. (the “Company,” “we,” “us” or “our”) will hold its Annual Meeting of Shareholders at the Le Meridien Dallas by The Galleria Hotel, 13402 Noel Road, in Dallas, Texas 75240 on Thursday, September 19, 2013, at 8:30 a.m. Central time. We are holding the meeting for the following purposes:

1. To elect John D. Arnold and Frank D. Guidone to the Board of Directors, whose terms are described in the proxy statement.
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2014.
3. To approve, on an advisory basis, the executive compensation of the named executive officers.
4. To approve the Company’s proposed 2013 Equity Incentive Plan.
5. To approve the Company’s proposed Performance Incentive Plan.
6. To transact such other business as may properly come before the meeting and any postponement or adjournment thereof.

Holders of record of common stock of the Company at the close of business on July 22, 2013 are entitled to vote at the meeting.

In addition to the proxy statement and proxy card, a copy of the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2013, which is not part of the proxy soliciting material, is enclosed.

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It is important that your shares be represented and voted at the meeting. You may vote your shares by completing and returning a proxy card. Most shareholders can also vote over the internet or by telephone. If Internet and telephone voting are available to you, you can find voting instructions on the enclosed proxy card. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the enclosed proxy statement. Whichever method you choose, your vote is important, so please vote as soon as possible.

By Order of the Board of Directors,

MARK THOMSON

Chief Financial Officer and Secretary

July 29, 2013

PROXY STATEMENT

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Measurement Specialties, Inc. (the “Company”, “we”, “us” or “our”) of proxies to be voted at our Annual Meeting of Shareholders, to be held on September 19, 2013 (the “Annual Meeting”), and at any meeting following postponement or adjournment of the Annual Meeting.

You are cordially invited to attend the Annual Meeting, which will begin at 8:30 a.m., Central time. The meeting will be held at Le Meridien Dallas by The Galleria Hotel, 13402 Noel Road, in Dallas, Texas 75240 on Thursday, September 19, 2013. Shareholders will be admitted beginning at 8:00 a.m., Central time.

We are first mailing this proxy statement and proxy card (including voting instructions) on or about August 2, 2013 to persons who were shareholders at the close of business on July 22, 2013, the record date for the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON SEPTEMBER 19, 2013.

This proxy statement and annual report to shareholders, which includes the Company’s Annual Report on Form 10-K for the 2013 fiscal year, are available at *www.meas-spec.com*.

Our fiscal year begins on April 1 and ends on March 31. References in this proxy statement to the year 2012 or fiscal 2012 refer to the 12-month period from April 1, 2011 through March 31, 2012. References in this proxy statement to the year 2013 or fiscal 2013 refer to the 12-month period from April 1, 2012 through March 31, 2013. References in this proxy statement to the year 2014 or fiscal 2014 refer to the 12-month period from April 1, 2013 to March 31, 2014.

Proxies and Voting Procedures

Who Can Vote?

You are entitled to vote at the Annual Meeting all shares of the Company's common stock that you held as of the close of business on July 22, 2013, the record date for the meeting. Each share of common stock is entitled to one vote with respect to each matter properly brought before the meeting.

On July 22, 2013, there were 15,726,664 shares of common stock outstanding.

In accordance with New Jersey law, a list of shareholders entitled to vote at the meeting will be available at the meeting.

Who Is the Record Holder?

You may own common stock either (1) directly in your name, in which case you are the record holder of such shares, or (2) indirectly through a broker, bank or other nominee, in which case such nominee is the record holder.

If your shares are registered directly in your name, we are sending these proxy materials directly to you. If the record holder of your shares is a nominee, you will receive proxy materials from such record holder.

How Do I Vote?

If you are the record holder:

By Internet. You can vote on the Internet. The website address for Internet voting is on your proxy card, and voting is also available 24 hours a day. If you vote by Internet, you do not need to request or return your proxy card. Your vote by Internet must be received by 11:59 p.m., Eastern Daylight time, September 18, 2013. Please be aware that if you vote over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible.

By Telephone. You can also vote your shares by telephone, by calling the toll-free telephone number on your proxy card and following the instructions. Telephone voting is also available 24 hours a day. If you vote by telephone, you do not need to request or return your proxy card. Your vote by telephone must be received by 11:59 p.m., Eastern Daylight time, September 18, 2013.

By Mail. If you choose to vote by mail, mark your proxy, date and sign it, and return it in the postage-paid envelope provided. Your vote by mail must be received by the close of voting at the Annual Meeting on September 19, 2013.

- **By Attending the Annual Meeting.** If you attend the Annual Meeting, you can vote your shares in person.

If your stock is held by brokers, banks or other nominees:

If your common stock is held by a broker, bank or other nominee, you will receive instructions from such nominee that you must follow in order to have your shares voted.

If you plan to attend the Annual Meeting and vote in person, you will need to contact the broker, bank or other nominee to obtain evidence of your ownership of common stock on July 22, 2013.

If you hold your shares through a broker, your shares may be voted even if you do not provide voting instructions to your broker, bank or other nominee. Under the rules governing the voting of shares held in street name, member brokers who do not receive instructions from beneficial owners are permitted to vote shares for which their customers do not provide voting instructions on certain “routine” matters. The Company believes that the ratification of our independent registered public accounting firm is considered a routine matter. On non-routine matters, including the election of members of the board of directors and all proposals submitted to a vote of shareholders at the annual meeting other than the ratification of our independent registered public accounting firm, shares held by your broker will not be voted absent specific instructions from you. This means your shares may go unvoted and not affect the outcome if you do not specify your vote. If a broker does not receive voting instructions from a customer on non-routine matters and accordingly does not vote on these matters, this is called a broker non-vote. Broker non-votes will be counted for the purposes of establishing a quorum to conduct business at the meeting but are not counted as votes cast.

The method by which you vote will in no way limit your right to vote at the meeting if you later decide to attend in person.

How Many Votes Are Required?

A quorum is required to transact business at the Annual Meeting. We will have a quorum and be able to conduct the business of the Annual Meeting if the holders of a majority of the shares entitled to vote are present at the meeting, either in person or by proxy.

If a quorum is present, a plurality of votes cast is required to elect Directors. Thus, a Director may be elected even if the Director receives votes of less than a majority of the shares represented at the meeting. Proxies cannot be voted for a greater number of nominees than are named in this Proxy Statement. To approve the 2013 Equity Incentive Plan, the affirmative vote of a majority of the votes cast is required. To approve the Performance Incentive Plan, the affirmative vote of a majority of the votes cast is required. To ratify the appointment of our independent registered public accounting firm, the affirmative vote of a majority of the votes cast is required. To approve, on an advisory basis, the executive compensation of the named executive officers, the affirmative vote of a majority of the votes cast is required.

In the event that there are not sufficient votes for a quorum or to approve any proposal at the Annual Meeting, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies.

How Are Votes Counted?

All shares that have been properly voted, and not revoked, will be voted at the Annual Meeting in accordance with the instructions given. If you sign and return your proxy card or submit your proxy via the Internet or by telephone, but do not specify how you wish your shares to be voted, your shares represented by that proxy will be voted as recommended by the Board of Directors: (1) “for” the nominees for Director, (2) “for” the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2014, (3) “for” approval, on an advisory basis, of the compensation of the named executive officers, (4) “for” the proposal to approve the 2013 Equity Incentive Plan, and (5) “for” the proposal to approve the Performance Incentive Plan.

Proxies marked as abstaining or, with respect to the election of directors, withheld, and any proxies returned by brokers as “non-votes” on behalf of shares held in street name because beneficial owners’ discretion has been withheld as to one or more matters to be acted upon at the Annual Meeting, will be treated as present for purposes of determining whether a quorum is present at the Annual Meeting. Broker non-votes will not be counted as votes cast for or against any of the proposals at the Annual Meeting and therefore will have no effect on the outcome of such proposals. Under applicable NASDAQ rules, marked abstentions on proposal 4 (approval of the 2013 Equity Incentive Plan) or proposal 5 (approval of the Performance Incentive Plan) are considered votes cast on the matter and therefore will have the effect of a vote against the matter. Marked abstentions on the election of directors or proposals other than proposal 2 are not considered votes cast and therefore will have no effect on such matters.

How Can I Revoke My Proxy or Change My Vote?

You can revoke your proxy at any time before it is exercised by timely delivery of a properly executed, later-dated proxy (including an Internet or telephone vote) or by voting in person at the meeting (attendance at the meeting will not itself revoke a proxy).

Who Will Pay the Expenses of Proxy Distribution?

The Company will pay the expenses of the preparation of the proxy materials and the solicitation of proxies. Proxies may be solicited on behalf of the Company by Directors, officers or employees of the Company, who will receive no additional compensation for soliciting, in person or by telephone, e-mail or facsimile or other electronic means. In accordance with the regulations of the Securities and Exchange Commission (the “SEC”) and NASDAQ, we will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of the Company’s common stock.

What Does it Mean if I Get More Than One Set of Proxy Materials?

If you receive more than one set of proxy materials, your shares are probably registered differently or are held in more than one account. Please vote all proxies to ensure that all your shares are voted. Also, unless you intend to have some of your shares registered differently than others, please have all of your accounts registered in the same name and address. You may do this by contacting our transfer agent, American Stock Transfer & Trust Company at (718) 921-8293.

ITEM 1 — ELECTION OF DIRECTORS

The Board of Directors is divided into three classes. One class is elected each year for a term of three years.

4

Two Directors will be elected at this Annual Meeting to serve for a three-year term expiring at our Annual Meeting in 2016. The Board of Directors has nominated John D. Arnold and Frank D. Guidone to serve for the term expiring at our Annual Meeting in 2016. You can find information about Messrs. Arnold and Guidone below.

The persons named in the proxy card will vote such proxy “for” the election of Messrs. Arnold and Guidone unless you indicate that your vote should be withheld. If elected, each of Messrs. Arnold and Guidone will continue in office until his successor has been duly elected and qualified, or until the earliest of his death, resignation, retirement or removal. Each of Messrs. Arnold and Guidone has indicated to the Company that he will serve if elected. We do not anticipate that either of Messrs. Arnold and Guidone will be unable to stand for election, but, if that happens, your proxy will be voted in favor of another person nominated by the Board of Directors.

The Board of Directors has determined that all of our current directors, including Messrs. Arnold and Guidone, are qualified to serve as directors of the Company. In addition to the specific business experience listed below, each of our directors has the tangible and intangible skills and attributes which we believe are required to be an effective Director of the Company, including experience at senior levels in areas of expertise helpful to the Company, a willingness and commitment to assume the responsibilities required of a Director of the Company and the character and integrity we expect of our Directors.

The Board of Directors recommends that you vote **FOR** the election of Messrs. Arnold and Guidone as Directors.

NOMINEES FOR A TERM EXPIRING IN 2016

John D. Arnold has been a Director since June 1995. Mr. Arnold has been in private law practice since 1988, primarily representing technology companies with relationships with Asian investors and/or manufacturers. Prior to 1988, Mr. Arnold was employed with the law firms of Wilson, Sonsini, Goodrich & Rosati in Palo Alto, California and Foley & Lardner in Milwaukee, Wisconsin. Mr. Arnold received a B.B.A. in business administration from the University of Wisconsin and a J.D. from Stanford Law School. In assessing Mr. Arnold’s qualifications to serve on the Company’s Board our Directors considered his extensive experience representing and advising companies with significant manufacturing operations in Asia and his experience in corporate finance, governance and oversight. Additionally, in his role as audit committee chairman, Mr. Arnold has brought extensive knowledge and experience in the areas of finance and accounting, which are critically important to the Company as a global and complex public company. In addition, the determination by the Company’s Board of Directors that Mr. Arnold is an Audit Committee “financial expert” lends further support to his financial acumen and qualification for serving on the Board of Directors. Age 58.

Frank D. Guidone has served as Chief Executive Officer since June 2002 and has been a Director since December 2002. Mr. Guidone has been instrumental in the restructuring and expansion of the Company, increasing market capitalization more than tenfold. Prior to his service with the Company, Mr. Guidone was a Managing Director/Principal of Corporate Revitalization Partners, a Dallas-based turnaround/crisis management consultancy firm, from 2000 to 2006, where he guided multiple companies through complex operational and balance sheet restructurings. Mr. Guidone has been a partner at Four Corners Capital Partners, a boutique private investment firm of which Mr. Guidone is a co-founder, since 1999, and where he retains interests in partnerships that acquired several private companies through leveraged buyouts. Prior to forming Four Corners, Mr. Guidone spent 13 years in management consulting with Andersen Consulting and George Group, Inc. Through his career, Mr. Guidone has worked with numerous solvent and insolvent companies, focusing on operational and financial restructurings. Mr. Guidone received a B.S. in mechanical engineering from The University of Texas at Austin. He is a member of the board of Port-A-Cool LLC, a private Texas-based company jointly owned by Four Corners and Rosewood Private Investments. In assessing Mr. Guidone's qualifications to serve on the Company's Board our Directors considered his position, history and performance as our Chief Executive Officer and his extensive experience directly managing and consulting with various manufacturing and service companies, particularly in the areas of financial and business analysis, corporate development and operational improvements through lean manufacturing. Additionally, Mr. Guidone's leadership and strategic vision has guided the Company down a path of consistent profitability, especially during the recent economic downturn, as well as prior to the recession with the turnaround and restructuring of the Company after he became CEO. Mr. Guidone was also instrumental in building the Company organically and through acquisitions into a leading global sensor company. Mr. Guidone's leadership experience gives him insight into business strategies, technology trends, acquisition strategy and financing, each of which represents key opportunities for the Company. Age 48.

DIRECTORS WITH A TERM EXPIRING IN 2015

R. Barry Uber has been a Director since October 2003. Since 2005, Mr. Uber has been a partner of Coastal Capital Consultants, L.L.C., an investment firm. Mr. Uber was President and Chief Operating Officer of American Commercial Lines Inc. (formerly American Commercial Barge Line), a provider of marine transportation and manufacturing services and solutions, from July 2001 to July 2003. From 1998 to 2000, he served as President and Chief Executive Officer of North American Van Lines. Prior to joining North American Van Lines, Mr. Uber served for 30 years at Ingersoll-Rand Co. Inc., a diversified commercial products manufacturer, where he held increasingly responsible executive positions, last serving as Corporate Vice President and President of the Construction Machinery Equipment Group. Mr. Uber received a B.B.A. in business administration from Penn State University where he was awarded an Alumni Fellow Award in 1996. In assessing Mr. Uber's qualifications to serve on the Company's Board our Directors considered his experience managing manufacturing companies, his extensive experience with mergers and acquisitions and his experience as chairman of the board of two private companies, Tread Corporation and Oneida Molded Plastics LLC. Age 68.

Satish Rishi has been a Director since September 2005. Since April 2006, Mr. Rishi has served as Senior Vice President, Finance and Chief Financial Officer of Rambus, Inc., a designer of high-speed chip interfaces. From 2001 to April 2006, he served as Executive Vice President and Chief Financial Officer of Toppan Photomasks, Inc. (formerly DuPont Photomasks, Inc.), a global provider of photomask technology. During his career, Mr. Rishi has held senior financial management positions at semiconductor and electronics manufacturers. He served as Vice President and Assistant Treasurer at Dell Inc. from 1999 until 2001, and prior to his service at Dell, spent 13 years at Intel Corp., where he held financial management positions of increasing responsibility, both in the United States and overseas. His last position at Intel was Assistant Treasurer. Mr. Rishi received a B.S. with honors in Mechanical Engineering from Delhi College of Engineering, Delhi University, and an M.B.A. with a concentration in Finance from the Walter J. Hass School of Business, University of California, Berkeley. In assessing Mr. Rishi's qualifications to serve on the Company's Board our Directors considered his extensive experience in the technology products manufacturing industry, and strategic planning experience with other technology and manufacturing companies, particularly in the areas of financial and business analysis and financial planning. In his prior and current roles, Mr. Rishi has had responsibility over all aspects of business planning, financial reporting, investor relations and information technology, which experience allows him to provide oversight over our financial reporting and planning processes. In addition, the determination by the Company's Board of Directors that Mr. Rishi is an Audit Committee "financial expert" lends further support to his financial acumen and qualification for serving on the Board of Directors. Age 53.

DIRECTORS WITH A TERM EXPIRING IN 2014

Kenneth E. Thompson has been a Director since November 2006. Since April 2011, Mr. Thompson has served as Executive Vice President, General Counsel and Corporate Secretary of Verisk Analytics, Inc., a provider of data, analytical tools and decision support services that help measure, manage and reduce risk. From October 2006 to March 2011 he served as Senior Vice President, General Counsel and Corporate Secretary of Verisk and its predecessor, Insurance Services Office, Inc. From January 1997 through September 2006, Mr. Thompson was a partner of McCarter & English, LLP, a law firm that provided legal services to the Company. Mr. Thompson received a B.A. in Political Science from the State University of New York at Stony Brook and a J.D. from Boston University School of Law. In assessing Mr. Thompson's qualifications to serve on the Company's Board our Directors considered his extensive experience representing and advising manufacturing and technology companies, as well as his expertise in corporate governance, evaluation, oversight, and public company reporting gained as General Counsel of a public company. Age 53.

Morton L. Topfer has been a Director since January 2002 and has been Chairman of the Board of Directors since January 2003. Mr. Topfer is Managing Director of Castletop Capital, L.P., an investment firm. He previously served at Dell, Inc., a global systems and services company, as Counselor to the Chief Executive Officer, from December 1999 to February 2002, and Vice Chairman, from June 1994 to December 1999. Mr. Topfer was a member of the Board of Directors of Dell from December 1999 to July 2004. Prior to joining Dell, Mr. Topfer served for 23 years at Motorola, Inc., where he held several executive positions, including CEO of a \$5 billion segment of the company, and last served as Corporate Executive Vice President and President of the Land Mobile Products Sector. Mr. Topfer was conferred the Darjah Johan Negeri Penang State Award in July 1996 by the Governor of Penang for contributions to the development of the electronics industry in Malaysia. Mr. Topfer also served as a director for Staktek Technologies

until December 31, 2005 and Advanced Micro Devices until July 2009. In assessing Mr. Topfer's qualifications to serve on the Company's Board our Directors considered his extensive strategic planning experience with other technology and manufacturing companies, particularly in the areas of financial and business analysis, his extensive experience with electronics manufacturing in Asia, and his experience as a board member of several other public companies, including, in addition to those listed above, Bio-Reference Laboratories, Inc., Pharmacia & Upjohn, Inc., Bally Technologies, Inc. and Autodesk, Inc, and several private companies. Mr. Topfer holds honorary doctorate degrees from Brooklyn College and Polytechnic Institute of New York. Age 76.

ITEM 2 — RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Appointment of Independent Registered Public Accounting Firm for Fiscal 2014

As part of the Audit Committee's oversight of the Company's independent registered public accountants, the Audit Committee conducted a competitive process to review the selection of the Company's independent registered public accounting firm. Based on the results of that process, the Audit Committee appointed Ernst & Young LLP as our independent registered public accounting firm for fiscal 2014.

We are not required to have the shareholders ratify the selection of Ernst & Young LLP as our independent registered public accounting firm. We are doing so because we believe it is a matter of good corporate practice. If the shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain Ernst & Young LLP but may retain such independent registered public accounting firm. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting with an opportunity to make a statement if they desire to do so and to be available to respond to appropriate questions.

The Board of Directors recommends that you vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2014.

Fees Paid to Our Independent Registered Public Accounting Firm During Fiscal 2013 and Fiscal 2012

Audit Fees. The Company was billed the aggregate of \$972,069 for fiscal year 2013 and \$895,054 for fiscal year 2012 for professional services rendered by Ernst & Young LLP for its audit of our financial statements for such year, review of the financial statements included in our Forms 10-Q during such fiscal year, Sarbanes-Oxley related audits of internal control over financial reporting and its audit of our employee benefit plan.

Audit-Related Fees. In fiscal 2013 and 2012, the Company did not pay any fees for audit-related services rendered by Ernst & Young LLP.

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Tax Fees. The Company was billed the aggregate amount of \$196,137 for fiscal 2013 and \$171,495 for fiscal 2012 for tax consulting services rendered by Ernst & Young LLP.

All Other Fees. In fiscal 2013 and fiscal 2012, the Company did not pay Ernst & Young LLP any other fees.

Pre-Approval of Audit and Permissible Non-Audit Services

The Audit Committee pre-approves all audit and permissible non-audit services provided by our independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by our independent registered public accounting firm. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may pre-approve particular services on a case-by-case basis. For each proposed service, the independent registered public accounting firm is required to provide detailed back-up documentation at the time of approval. The Audit Committee may, when applicable, form and delegate authority to subcommittees consisting of one or more members who are independent directors of the Board of Directors, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals are required to be presented to the full Audit Committee at its next scheduled meeting. All audit and permissible non-audit services provided to the Company by our independent registered public accounting firm for fiscal 2013 and fiscal 2012, respectively, were pre-approved by the Audit Committee.

GOVERNANCE OF THE COMPANY

Pursuant to New Jersey law and the Company's by-laws, the Company's business, property and affairs are managed by or under the direction of the Board of Directors. Members of the Board of Directors are kept informed of the Company's business through discussions with the Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board of Directors and its committees. We currently have six members on our Board of Directors. The Board of Directors has determined that five of its members, John D. Arnold, R. Barry Uber, Satish Rishi, Morton L. Topfer and Kenneth E. Thompson, are "independent," as defined in the NASDAQ listing standards.

The Board of Directors meets on a regularly scheduled basis during the year to review significant developments affecting the Company and to act on matters requiring Board approval, and may hold special meetings between scheduled meetings when appropriate. During fiscal 2013, the Board of Directors held three meetings, with an additional meeting in early April 2013. Each incumbent Director attended more than 75% of the total number of meetings of the Board of Directors and the Board committees of which he was a member during the period he served as a Director in fiscal 2013. The Company does not have a policy requiring all Directors to attend annual meetings of shareholders. All of the Directors then serving attended the Company's 2012 Annual Meeting other than Satish Rishi.

Board of Directors Leadership Structure

We separate the roles of CEO and Chairman of the Board of Directors in recognition of the differences between the two roles. The CEO is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company, while the Chairman of the Board of Directors provides guidance to the CEO and sets the agenda for Board of Directors meetings and presides over meetings of the full Board of Directors. Our CEO serves on our Board of Directors, which we believe helps the CEO serve as a bridge between management and the Board of Directors, ensuring that both groups act with a common purpose. We believe that the CEO's presence on the Board of Directors enhances his ability to provide insight and direction on important strategic initiatives to both management and the independent directors and, at the same time, ensures that the appropriate level of independent oversight is applied to all decisions by the Board of Directors.

The Role of the Board of Directors in Risk Oversight

The Board of Directors oversees the Company's risk management process directly and through its committees. The role of the Board of Directors in our risk oversight process includes receiving regular reports from members of senior management on areas of material risk, including operational, financial, legal and regulatory, and strategic and reputational risks. The Board of Directors (or the appropriate committee) receives these reports from senior management to enable it to understand our risk identification, risk management and risk mitigation strategies. When a committee receives such a report, the chairman of the relevant committee reports on the discussion to the full Board of Directors at the next meeting of the Board of Directors. This enables the Board of Directors and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. As part of its charter, the Audit Committee oversees risks related to financial controls and related compliance risks, as well as discusses our policies with respect to risk assessment and risk management.

Committees of the Board of Directors

The Board of Directors has established various committees to assist it with the performance of its responsibilities. These committees and their current members are discussed below.

Audit Committee

During fiscal year 2013, the Audit Committee consisted of John D. Arnold (Chairman), Satish Rishi and Kenneth E. Thompson. All of the Audit Committee members are "independent," as independence for audit committee members is

defined in the NASDAQ listing standards, and under the heightened independence standards for audit committee members under Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Board of Directors has determined that all Audit Committee members have the financial sophistication and experience required by NASDAQ listing standards. The Board of Directors has also determined that Satish Rishi and John Arnold qualify as “audit committee financial experts,” as defined in Item 407(d)(5) of SEC Regulation S-K. For additional information regarding the experience and background of Mr. Rishi and Mr. Arnold, see “Item 1 – Election of Directors” above.

During fiscal 2013, the Audit Committee met six times. The functions of the Audit Committee are described in its report, which is included in this proxy statement. The Board of Directors has adopted a written charter setting forth the functions of the Audit Committee. This charter is available to shareholders in the “Investor Relations” section on our website, www.meas-spec.com.

Compensation Committee

During fiscal 2013, the Compensation Committee consisted of R. Barry Uber (Chairman), Morton L. Topfer and Kenneth E. Thompson. In June 2013, Kenneth E. Thompson was appointed Chairman of the Compensation Committee. All of the Compensation Committee Members are “independent,” as independence for Compensation Committee members is defined in the NASDAQ listing standards.

The functions of the Compensation Committee are to (1) develop and maintain compensation policy and strategy that creates a direct relationship between pay levels and corporate performance and returns to shareholders, (2) recommend to our Board of Directors for approval, compensation and benefit plans for executive officers, (3) review and approve annually corporate and personal goals and objectives to serve as the basis for the Chief Executive Officer’s compensation, evaluate the Chief Executive Officer’s performance in light of the goals and, based on such evaluation, determine, or recommend to the Board of Directors for determination, the annual total compensation for our other executive officers, (4) approve the grants of stock options and other equity-based incentives to the extent provided under our compensation plans, and (5) review and recommend to our Board of Directors compensation for non-employee directors.

During fiscal 2013, the Compensation Committee met three times. The Board of Directors has adopted a written charter setting forth the functions of the Compensation Committee. This charter is available to shareholders in the “Investor Relations” section on our website, www.meas-spec.com.

Nominating Committee

During fiscal year 2013, the Nominating Committee consisted of R. Barry Uber (Chairman), Morton L. Topfer and Satish Rishi. All of the Nominating Committee members are “independent,” as independence for nominating committee members is defined in the NASDAQ listing standards. The Nominating Committee was formed to evaluate and recommend to the Board of Directors the persons to be nominated for election as Directors at any meeting of shareholders, and the persons to be elected by the Board of Directors to fill any vacancy on the Board of Directors.

During fiscal 2013, the Nominating Committee met one time. The Board of Directors has adopted a written charter setting forth the functions of the Nominating Committee. This charter is available to shareholders in the “Investor Relations” section on our website, www.meas-spec.com.

The Nominating Committee carefully considers all Director candidates recommended by our shareholders that are timely submitted in accordance with the procedures for making such recommendations set forth herein, and the Nominating Committee does not and will not evaluate such candidate recommendations any differently from the way it evaluates other candidates. In its evaluation of each proposed candidate, the Nominating Committee considers many factors including, without limitation, the individual's experience, character, diversity, demonstrations of judgment and ability, and financial and other special expertise. The Nominating Committee is also authorized to obtain the assistance of an independent third party to complete the process of finding, evaluating and selecting suitable candidates for director. Any shareholder who wishes to recommend an individual as a nominee for election to the Board of Directors should submit such recommendation in writing to the attention of Mark Thomson (who will forward the recommendation to the Nominating Committee) through e-mail (mark.thomson@meas-spec.com) or by mail to the Company (1000 Lucas Way, Hampton, VA 23666, Attn: Chairman of Nominating Committee), together with information regarding the experience, education and general background of the individual and a statement as to why the shareholder believes such individual to be an appropriate candidate for Director of the Company.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

The Company encourages shareholder communications with the Board of Directors but does not have a formal process. All such communications should be sent to Frank D. Guidone through the Company's website (www.meas-spec.com/investor/bod-message) or by mail to the Company (1000 Lucas Way, Hampton, VA 23666). Mr. Guidone will circulate communications to the other members of the Board of Directors. If the communication is directed to a particular Director, Mr. Guidone will forward the communication to that Director. The Company does not screen shareholder communications, other than for security purposes.

Compensation of Directors

For fiscal 2013, each of our non-employee directors received an annual cash retainer payable in equal quarterly installments. Effective in July 2012, the annual cash retainer was increased from \$35,000 to \$40,000. In addition, for fiscal 2013 service each of our non-employee directors received an annual grant on April 2, 2012 of options to purchase 6,500 shares of our common stock at an exercise price of \$34.24 per share. The options were granted under the Company's 2010 Equity Incentive Plan (as amended, the "2010 Equity Incentive Plan") and vested on April 2, 2013. Directors who are our employees do not receive additional compensation for serving on our Board of Directors or on committees of the Board of Directors. Mr. Guidone, as President and Chief Executive Officer, is the only member of the Board of Directors who is also an employee. For fiscal 2013, directors who are not employees or full-time consultants of the Company each received compensation as follows:

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$) ⁽¹⁾	Total (\$)
John D. Arnold	38,750	84,606 ⁽²⁾	123,356
Satish Rishi	38,750	84,606 ⁽³⁾	123,356
Kenneth E. Thompson	38,750	84,606 ⁽⁴⁾	123,356
Morton L. Topfer	38,750	84,606 ⁽⁵⁾	123,356
R. Barry Uber	38,750	84,606 ⁽⁶⁾	123,356

Reflects the aggregate grant date fair value of the 6,500 stock options granted to each non-employee director on April 2, 2012 for fiscal 2013 calculated in accordance with FASB ASC Topic 718. For a more detailed discussion (1) on the assumptions used to calculate the fair value of our options, refer to Notes 2 and 12 of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2013.

- (2) At March 31, 2013, Mr. Arnold held options to purchase 21,500 shares of our common stock.
- (3) At March 31, 2013, Mr. Rishi held options to purchase 26,500 shares of our common stock.
- (4) At March 31, 2013, Mr. Thompson held options to purchase 26,500 shares of our common stock.
- (5) At March 31, 2013, Mr. Topfer held options to purchase 16,500 shares of our common stock.
- (6) At March 31, 2013, Mr. Uber held options to purchase 26,500 shares of our common stock.

It is the responsibility of the Compensation Committee to review and recommend to the Board of Directors the appropriate structure and amount of Board of Directors compensation. The Board of Directors makes the final determination with respect to Board of Directors compensation. The Compensation Committee will consider whether directors' independence may be jeopardized if director compensation exceeds customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with

which the director is affiliated. Under its charter, the Compensation Committee has the authority to retain third-party consultants, including compensation consultants. For fiscal 2013, the Compensation Committee did not engage a compensation consultant in connection with its recommendation of director compensation. For fiscal year 2014, each of our non-employee directors will receive an annual cash retainer of \$40,000 payable in equal quarterly installments in arrears and an annual grant of options to purchase 6,500 shares of our common stock.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2013, the Compensation Committee consisted of R. Barry Uber (Chairman), Morton L. Topfer and Kenneth E. Thompson. None of the members has ever been an officer or employee of the Company or any of its subsidiaries, and none of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

CODE OF ETHICS

The Company has adopted a Code of Ethics in accordance with SEC regulations, applicable to the Company's Chief Executive Officer, senior financial officers and the Board of Directors. The Code of Ethics is available to shareholders in the "Investor Relations" section on our website, www.meas-spec.com.

RELATED PERSON TRANSACTIONS

The Company has adopted a policy regarding the review and approval of related person transactions. In the event that the Company proposes to enter into a related person transaction, the transaction must be reported to the Audit Committee. As provided in its charter, the Audit Committee is required to review and approve each related person transaction and any disclosures that are required by Item 404 of Regulation S-K. The Audit Committee reviews each related person transaction on a case by case basis.

For purposes of this policy, a "related person transaction" has the same meaning as in Item 404 of Regulation S-K: a transaction, arrangement or relationship (or any series of related transactions, arrangements or relationships) in which the Company is, was or will be a participant and the amount involved exceeds \$120,000 and in which any "related person" has, had or will have a direct or indirect material interest.

For purposes of this policy, a "related person" has the same meaning as in Item 404 of Regulation S-K: any person who was a director, a nominee for director or an executive officer of the Company during the Company's preceding fiscal year (or an immediate family member of such a director, nominee for director or executive officer of the Company) or a beneficial owner of more than five percent of our outstanding common stock (or an immediate family member of such owner).

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is appointed by the Board of Directors to assist the Board of Directors in monitoring:

- the integrity of the financial statements of the Company,
- the independent registered public accounting firm's qualifications and independence,
- the performance of the Company's independent registered public accounting firm, and
- the compliance by the Company with legal and regulatory requirements.

The Audit Committee meets with management periodically to consider the adequacy of the Company's internal control over financial reporting and the objectivity of its financial reporting. The Audit Committee discusses these matters with the Company's independent registered public accounting firm and with appropriate Company financial personnel.

The Audit Committee regularly meets privately with the independent registered public accounting firm, which has unrestricted access to the Audit Committee.

The Audit Committee selects, evaluates and, where appropriate, replaces the independent registered public accounting firm, and reviews periodically their performance, fees and independence from management.

Each of the Directors who serves on the Audit Committee is "independent" for purposes of the NASDAQ listing standards, including the heightened independence standards for audit committees under the Exchange Act.

The Board of Directors has adopted a written charter setting out the audit related functions the Audit Committee is to perform and reviews the charter on a periodic basis to assure that the functions and duties of the Audit Committee will continue to conform to applicable SEC and stock exchange regulations as they may be amended or modified in the future.

Management has primary responsibility for the Company's financial statements and the overall reporting process, including the Company's system of internal control over financial reporting. The independent registered public accounting firm audits the annual financial statements prepared by management, expresses an opinion as to whether those financial statements fairly present the financial position, results of operations and cash flows of the company in conformity with accounting principles generally accepted in the United States, expresses an opinion on the Company's internal control over financial reporting and discusses with the Audit Committee any issues they believe should be raised with the Audit Committee. The Audit Committee monitors these processes, relying without independent verification on the information provided to the Audit Committee and on the representations made by management and the Company's independent registered public accounting firm.

This year, the Audit Committee reviewed the Company's audited financial statements as of and for the fiscal years ended March 31, 2013 and 2012, respectively, met with management, Ernst & Young LLP, the Company's independent registered public accounting firm for fiscal year 2013, 2012 and 2011, to discuss those financial statements and for each of the fiscal years in the three-year period ended March 31, 2013. Management has represented to the Audit Committee that the financial statements were prepared in accordance with accounting principles generally accepted in the United States.

The Audit Committee received from Ernst & Young LLP the written disclosure and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence. The Audit Committee also discussed with Ernst & Young LLP any matters required to be discussed by Statement on Auditing Standards No. 61 as amended (AICPA, *Professional Standards*, Vol 1. AU 380) as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2013.

The Audit Committee approved a request for proposal for the audit of the fiscal year ending March 31, 2014, and during the Audit Committee meeting held on June 18, 2013, the Audit Committee approved the selection of Ernst & Young LLP as the Company's independent registered public accounting firm.

John D. Arnold (Chairman)

Satish Rishi

Kenneth E. Thompson

ITEM 3 — ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that we provide our shareholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission.

As described in detail under the heading “Compensation Discussion and Analysis,” the Company’s goal with respect to executive compensation is to provide a comprehensive package that is sufficient to attract, motivate and retain executives of outstanding ability, performance and potential. The Compensation Committee seeks to establish and maintain an appropriate relationship between executive compensation and the creation of shareholder value. The Compensation Committee believes that the most effective compensation program is one that provides competitive base pay, rewards the achievement of established annual and long-term goals and objectives, and provides incentives for retention. The Compensation Committee seeks a compensation program that is internally consistent and believes that pay differences among jobs should be commensurate with differences in the levels of responsibility between the Chief Executive Officer and the other named executive officers.

We urge you to read the “Compensation Discussion and Analysis” section, the Summary Compensation Table and the related compensation tables and narrative in this proxy statement for additional details on our executive compensation, including our compensation philosophy and objectives and the fiscal 2013 compensation of our named executive officers.

The vote on this resolution is not intended to address any specific element of compensation; rather the vote relates to the compensation of our named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission.

Accordingly, we are asking you to vote on the adoption of the following resolution:

BE IT RESOLVED by the shareholders of Measurement Specialties, Inc., that the shareholders approve, on an advisory basis, the compensation of the Company’s named executive officers as set forth in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables and narrative as disclosed in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission.

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As an advisory vote, this proposal is non-binding. Although the vote is non-binding, the Board of Directors and the Compensation Committee value the opinions of our shareholders, and will consider the outcome of the vote when making future compensation decisions for our named executive officers. The Board of Directors recommends that you vote **FOR** approval of the executive compensation of our named executive officers, as disclosed in this proxy statement.

ITEM 4 —PROPOSAL TO APPROVE THE 2013 EQUITY INCENTIVE PLAN

Introduction

The Board of Directors recommends that our shareholders approve the Measurement Specialties, Inc. 2013 Equity Incentive Plan (the “2013 Equity Plan” or “plan”), which was adopted by the Board of Directors on July 12, 2013, subject to the approval of our shareholders at the 2013 Annual Meeting. The 2013 Equity Plan will not become effective and no awards will be granted under the plan unless it is approved by our shareholders.

The material features of the 2013 Equity Plan are described below. If approved, the 2013 Equity Plan will make 750,000 shares of common stock of the Company available for issuance to our employees, non-employee directors and other eligible participants under compensatory arrangements and incentives. The Company currently provides stock-based compensation opportunities to our employees, non-employee directors and other eligible participants through the Measurement Specialties, Inc. 2010 Equity Incentive Plan (as amended, the “2010 Equity Incentive Plan”). As of July 22, 2013, approximately 342,129 shares of common stock remain available for grant under the 2010 Equity Incentive Plan. If shareholders approve the 2013 Equity Plan, no future grants will be made under the 2010 Equity Incentive Plan.

Purpose of the 2013 Equity Plan

The 2013 Equity Plan is designed to:

- attract, retain, motivate and provide additional incentives to our non-employee directors, officers, employees, consultants and advisors, whose contributions are essential to the growth and success of the Company;
- enable eligible service providers to participate in the long-term growth of the Company through stock ownership;
- motivate key personnel by means of growth-related incentives to achieve long-range goals; and
- further the alignment of interests of plan participants with those of the shareholders of the Company through opportunities for increased stock or stock-based ownership in the Company.

Toward these objectives, the administrator of the 2013 Equity Plan may grant stock options, restricted stock awards and restricted stock units to eligible individuals on the terms and subject to the conditions set forth in the 2013 Equity Plan.

Why We Support the Proposal

The 2013 Equity Plan is key to our attracting and retaining top talent. Attracting and retaining top talent in this very competitive industry is one of our fundamental strategic imperatives. Approval of the 2013 Equity Plan will enable us to structure competitive compensation packages designed to facilitate our ability to recruit and reward the personnel necessary to carry out our business operations and strategic goals.

The 2013 Equity Plan will be used to align the long-term interests of our employees and non-employee directors with those of our shareholders. We consider it important to maintain a strong association between compensation of our employees and our shareholders' long-term interests. Awards under the 2013 Equity Plan are intended to provide our employees significant incentive to protect and enhance shareholder value. Likewise, as described above in this proxy statement under "Compensation of Directors," we provide an annual stock-based incentive to our non-employee directors as a component of their compensation for services on our Board of Directors. We believe that there is an insufficient number of shares remaining available for new grants under our 2010 Equity Incentive Plan to sustain these important stock-based incentives.

Governance-related Provisions. As discussed below, the 2013 Equity Plan includes terms that reflect our strong commitment to governance measures and plan design features considered important by key institutional shareholders and proxy advisory firms.

For these reasons, we are asking you to approve the 2013 Equity Plan and thereby enable us to implement our long-term equity compensation program.

Key Features Designed to Protect Shareholders' Interests

The 2013 Equity Plan's design reflects our commitment to strong corporate governance and the desire to preserve shareholder value as demonstrated by the following 2013 Equity Plan features:

Independent Administrator. Our Compensation Committee of the Board of Directors, which is comprised solely of independent, non-employee directors, is the plan administrator. The Compensation Committee may delegate administrative powers to officers and employees, but all determinations regarding awards to our executive officers and non-employee directors must be made by the Compensation Committee or our Board of Directors.

No Evergreen Feature. The 2013 Equity Plan does not contain an "evergreen" provision that automatically increases the number of shares authorized for issuance under the Plan.

Limited Share Recycling. The 2013 Equity Plan does not allow for aggressive share recycling. This means that any shares surrendered to us as payment of the exercise price of an award or used to pay taxes associated with an award will not be made available under the 2013 Equity Plan for future awards. Limiting such share recycling ensures that our shareholders are asked to approve the available shares under the 2013 Equity Plan more often.

Repricing Prohibited. The 2013 Equity Plan requires that shareholder approval be obtained for any repricing, exchange or buyout of underwater awards.

No Discount Awards; Maximum Term Specified. Stock options must have an exercise price no less than the fair market value of our common stock on the date the award is granted and a term no longer than ten years.

Per-Participant Limits on Awards. The 2013 Equity Plan limits the size of awards that may be granted during any one fiscal year to any one participant.

Performance-Based Awards. The 2013 Equity Plan permits the grant of performance-based stock awards that vest or are earned only upon the attainment of specified performance goals. The 2013 Equity Plan includes the provisions necessary to enable us to grant qualified performance-based awards which are intended to be exempt from the \$1,000,000 limit on deductions for compensation paid to certain of our executive officers.

No Dividends on Performance-Based Awards unless and until Performance Goals are Met. The 2013 Equity Plan prohibits the payment of dividends or dividend equivalents on performance-based awards unless and until the applicable performance goals for such award have been met.

No Liberal Definition of Change in Control. The 2013 Equity Plan's definition of a change-in-control transaction provides that any award benefits triggered by such a transaction are contingent upon the actual consummation of the transaction, not merely its approval by our Board of Directors or shareholders.

No Transfers for Value. Participants are not permitted to transfer awards for value under the 2013 Equity Plan.

Overview of the 2013 Equity Plan

The following summary describes the material terms of the 2013 Equity Plan. While we believe that the description covers the material terms of the 2013 Equity Plan, this summary may not contain all of the information that is important to you. You should carefully read the full text of the 2013 Equity Plan, which is attached to this proxy statement as Exhibit A, for a more complete understanding of the 2013 Equity Plan. The discussion below is qualified in its entirety by reference to Exhibit A.

The 2013 Equity Plan permits the grant of (1) incentive stock options ("ISOs"), (2) nonqualified stock options ("NQOs" and, together with ISOs, "Options"), (3) restricted stock units ("RSUs") and (4) restricted stock awards ("RSAs" and, collectively with the Options and RSUs, "Awards"), as more fully described below. All Awards granted under the Plan are governed by separate written agreements ("Agreements") between the participants and us.

Administration

The Board of Directors or, if the Board of Directors delegates its authority to the Compensation Committee, the Compensation Committee will administer the 2013 Equity Plan. The Compensation Committee will have at least two members who are non-employee directors and outside directors under applicable rules and regulations of the SEC and the Internal Revenue Service. The Board of Directors or the Compensation Committee will have broad authority with respect to the 2013 Equity Plan, including the power to:

· select the persons who will be eligible for Awards;

determine the amount and type of Awards to be granted to participants;

determine the terms and conditions of Awards to be granted to participants (not inconsistent with the provisions of the 2013 Equity Plan), including, without limitation, the applicable exercise price per share, the expiration date, the restriction period, and such other terms and conditions as may be deemed appropriate by the Board of Directors or the Compensation Committee;

determine and interpret the terms of Agreements;

determine whether the Options will be treated as ISOs or NQOs;

adopt procedures for carrying out the 2013 Equity Plan and to change such procedures from time to time as it deems advisable; and

establish performance goals, if applicable, that must be met as a condition to the payment of certain Awards.

The Board of Directors may also delegate its authority to administer the 2013 Equity Plan to our Chief Executive Officer, subject to limitations specified in the 2013 Equity Plan, applicable legal requirements and the rights and authority specified in the delegation of authority.

Share Authorization; Individual Limitations

Subject to certain adjustments, the maximum number of shares of common stock that may be issued under the 2013 Equity Plan in connection with Awards is 750,000 shares. We anticipate that the number of shares reserved for issuance under the 2013 Equity Plan will sustain our equity compensation program for approximately three years, based on our historical grant practices, future headcount and hiring projections and absent unusual circumstances or acquisitions.

There are also maximum annual limitations applicable to Awards as follows: (a) the maximum aggregate number of shares of our common stock subject to Options that may be granted in any one fiscal year to any one participant is 150,000; and (b) the maximum aggregate number of shares of our common stock subject to RSUs and RSAs that may be granted in any one fiscal year to any one participant is the fair market value (determined on the date of grant) of 75,000 shares of common stock. These per-person limits are double for new hires during the fiscal year in which such individual first commences service with the Company.

In the event that the Board of Directors or the Compensation Committee determines that any stock dividend, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reclassification, reorganization, merger, consolidation, stock split, spin-off, combination, exchange of shares, warrants or rights offering to purchase our stock at a price substantially below fair market value, or other similar transaction affects our stock such that an adjustment is required to preserve the benefits or potential benefits intended under the Plan, the Board of Directors or Compensation Committee will adjust equitably (1) the number of shares of stock that may be awarded, (2) the number and kind of shares subject to outstanding Awards held by participants, (3) the exercise price of Awards, (4) the annual Award limits, (5) the amount and/or type of payment to be received under Awards, and (6) all other numerical limitations relating to Awards. The Board of Directors or the Compensation Committee may also provide for a cash payment for any outstanding Awards, provided that the number of shares subject to any Award must always be a whole number. Shares of our common stock subject to Awards that expire unexercised or are otherwise forfeited shall again be available for Awards under the 2013 Equity Plan.

Participation

Persons eligible to participate in the 2013 Equity Plan include any person who is our employee, consultant, advisor or member of the Board of Directors. The participants in the 2013 Equity Plan are selected by the Board of Directors or Compensation Committee, in its sole discretion. As of July 22, 2013, there were approximately 3,510 employees and 5 non-employee directors eligible to participate in the 2013 Equity Plan.

Types of Awards under the 2013 Equity Plan

Under the 2013 Equity Plan, we may grant ISOs, NQOs, RSUs and RSAs. The following is a brief description of each type of Award.

Stock Options. A stock option entitles the holder to purchase from us a stated number of shares of our common stock. The 2013 Equity Plan permits the grant of both ISOs and NQOs. An ISO may only be granted to our employees or to an employee of one of our subsidiaries (provided applicable law so permits). The Board of Directors or Compensation Committee will specify the number of shares of common stock subject to each Option and the exercise price for such Option. The exercise price may not be less than the closing price of a share of our common stock on the date the Option is granted. If we grant ISOs to any employee who is a shareholder owning more than 10% of our common stock, the exercise price must not be less than 110% of the fair market value of our common stock on the date the Option is granted. Generally, all or part of the exercise price may be paid (1) in cash, (2) by tendering shares of common stock, (3) by cashless broker-assisted exercise, (4) net exercise, (5) by any combination of such methods or (6) any other method accepted by the Board of Directors or Compensation Committee.

All Options will be exercisable in accordance with the terms of the applicable Agreement. The maximum period in which an Option may be exercised will be determined by the Board of Directors or Compensation Committee on the date of grant but may not exceed 10 years. However, if we grant ISOs to any employee who is a shareholder owning more than 10% of our common stock, then the maximum period in which the Option may be exercised is five years. In the case of ISOs, the aggregate fair market value (determined as of the date of grant) of our common stock with respect to which such ISOs become exercisable for the first time during any calendar year under any of our plans or the plans of any affiliated companies cannot exceed \$100,000. ISOs granted in excess of this limitation will be treated as NQOs, with respect only to such excess.

Unless otherwise determined by the Board of Directors or the Compensation Committee at the time of grant, the following provisions will apply upon a participant's termination of employment or service with the Company. If a participant's employment with us (or any of our subsidiaries) terminates due to death or disability, the participant's unexercised Options may be exercised, to the extent they were exercisable on the termination date, for a period of 12 months from the termination date or until the expiration of the Option term, if shorter. If the participant's employment with us (or one of our subsidiaries) is terminated for cause (as defined in the 2013 Equity Plan), all unexercised Options (whether vested or unvested) will terminate and be forfeited on the termination date. If the participant's employment terminates for any other reason other than death, disability, or termination for cause, any vested but unexercised Options may be exercised by the participant, to the extent exercisable at the time of termination, for a period of 90 days from the termination date or until the expiration of the Option term, whichever period is shorter. Unless otherwise provided by the Compensation Committee, any Options that are not exercisable at the time of termination of employment will terminate and be forfeited on the termination date.

As of July 22, 2013, the fair market value of a share of our common stock, determined by the last reported sale price per share of the common stock on such date as quoted on The NASDAQ Global Market, was \$49.87.

Restricted Stock Units. RSUs are granted in reference to a specified number of shares of our common stock and entitle the holder to receive shares of common stock or cash (as determined by the Board of Directors or Compensation Committee) after vesting due to (1) the participant's continued service over a period of time, (2) the achievement of certain performance goals established by the Board of Directors or Compensation Committee, or (3) any combination of these conditions as specified in the applicable Agreement. A participant will not have any rights as a shareholder with respect to any shares of common stock underlying a restricted stock unit until such time as the shares of common stock have been issued. The Board of Directors or Compensation Committee may grant to the participant the right to receive dividend equivalents on RSUs, on a current, reinvested and/or restricted basis, subject to such terms as the Board of Directors or Compensation Committee may determine, but if vesting of the RSUs is conditioned on performance goals being achieved, then the dividend equivalents will not be paid on a current basis and instead they will be accrued and made subject to forfeiture at least until the performance goals have been achieved.

Restricted Stock Awards. RSAs are shares of our common stock that are granted subject to such vesting, restrictions on transferability and other restrictions, if any, and/or risk of forfeiture as the Board of Directors or Compensation Committee may impose at the date of grant. The lapse of this restriction period and the related risk of forfeiture may occur due to (1) the participant's continued service over a period of time, (2) the achievement of certain performance goals established by the Board of Directors or Compensation Committee, or (3) any combination of these conditions as specified in the applicable Agreement. During the restriction period, the participant may not sell or transfer the shares but otherwise will have all of the rights of a shareholder of our common stock including, without limitation, the right to vote the shares. In addition, the participant will have the right to receive dividends that may be paid during the restriction period but if lapse of the restriction period for the RSUs is conditioned on performance goals being achieved, then the dividend will not be paid on a current basis and instead they will be accrued and made subject to forfeiture at least until the performance goals have been achieved. If the specified conditions for lapse of the restriction period are not attained, the participant forfeits the shares and any accrued but unpaid dividends with respect to such shares. The Board of Directors or the Compensation Committee is also authorized to grant shares of our common stock that are not subject to a restriction period.

Performance Goals

Awards under the 2013 Equity Plan may be conditioned upon the achievement of certain performance goals established by the Board of Directors or Compensation Committee. The 2013 Equity Plan contains the elements necessary to enable such Awards granted to covered employees, within the meaning of Section 162(m) of the Internal Revenue Code (the "Code"), to qualify for the performance-based exemption to the \$1,000,000 deduction limit under Section 162(m) of the Code, if desired, to ensure maximum deductibility by us. Performance goals may be linked to a variety of factors, including the participant's completion of a specified period of employment or service with us or an affiliated company. Additionally, a performance goal may be an objective goal that must be met by the end of the restriction period specified by the Board of Directors or Compensation Committee based upon one or more of the following criteria as applied to the Company, a subsidiary, an individual, or a designated business segment, business unit, division, business line or other subcategory of the Company, a subsidiary or their respective businesses:

Ø *Earnings or Profitability Metrics:* any derivative of revenue; earnings/loss (gross, pre-tax, operating, net, or adjusted); earnings/loss before interest and taxes ("EBIT"); earnings/loss before interest, taxes, depreciation and amortization ("EBITDA"); Adjusted EBITDA (as defined in the 2013 Equity Plan); profit margins; operating margins; EBITDA margin as a percentage of sales; expense levels or ratios;

Ø *Return Metrics:* any derivative of return on investment, assets, equity or capital (total or invested);

Ø *Cash Flow Metrics:* any derivative of operating cash flow; cash flow sufficient to achieve financial ratios or a specified cash balance; free cash flow; cash flow return on capital; net cash provided by operating activities; cash flow per share; working capital;

Ø *Liquidity Metrics:* any derivative of debt leverage (including debt to capital, net debt-to-capital, debt-to-EBITDA or other liquidity ratios); debt reduction;

Ø *Stock Price and Equity Metrics:* any derivative of return on shareholders' equity; total shareholder return; stock price; stock price appreciation; market capitalization; earnings/loss per share (basic or diluted) (before or after taxes); and/or

Ø *Strategic Metrics:* expense reduction or containment; product revenue growth; market share; economic value-added models or equivalent metrics; research and development achievements; patent filings or approvals; manufacturing achievements (including obtaining particular yields from manufacturing runs and other measurable objectives related to process development activities).

The Board of Directors or Compensation Committee will have discretion to determine the specific targets with respect to each of these categories of performance goals. The performance goals relating to such criteria may be expressed as absolute measures or measures relative to stated references, including, without limitation, the achievements of one or more other businesses or indices, and may or may not be measures determined in accordance with United States generally accepted accounting principles (GAAP). However, if any performance goals are based on criteria that refer to items that are typically calculated in accordance with GAAP, at the time such performance goals are established for a performance period for any Award that is intended to be a Section 162(m) exempt award, the Compensation Committee must specify whether the performance goals are to be calculated in accordance with GAAP or on a non-GAAP basis. Also, to the extent the performance goals for any Award that is intended to be a Section 162(m) exempt award are to be determined on a non-GAAP basis, the Compensation Committee will set forth in writing, at the time that the performance goals are established, the precise manner in which such performance goals will be calculated.

The Board of Directors or Compensation Committee will determine the manner of calculating the specified performance goals for a performance period. For any Award that is intended to be a Section 162(m) exempt award, the Compensation Committee may provide in the original terms of the Award that any determination of performance shall include or exclude the impact of the occurrence of one or more of the following items or events during the performance period: (i) asset write-downs; (ii) gain or loss on the sale of businesses or significant assets; (iii) the effect of changes in tax laws, accounting principles or policies, or other laws or provisions affecting reported results; (iv) reorganization or restructuring programs, including discontinued operations; (v) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 (or any successor pronouncement thereto) and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year or period; (vi) the effect of acquisitions, mergers, joint ventures or divestitures; (vii) plant start-up costs; (viii) costs associated with plant or other facility shutdowns; (ix) stock compensation expenses; (x) costs associated with executive succession (including severance); (xi) the effect of foreign exchange rates; and (xii) significant litigation or claim judgments or settlements.

Before paying an Award or permitting the lapse of any restriction period on an Award that is intended to be a Section 162(m) exempt award, the Compensation Committee will certify in writing whether and the extent to which the applicable performance goal has been satisfied. Performance goals for Awards to officers who are subject to the requirements and limitations of Section 162(m) of the Code or which are otherwise intended to be Section 162(m) exempt awards, must be established not later than ninety (90) days after the beginning of the applicable performance period (or at such other date as may be required or permitted for "performance-based" compensation under Section 162(m) of the Code), and shall otherwise meet the requirements of Section 162(m) of the Code, including the requirement that the outcome of the performance goal be substantially uncertain at the time established.

Transferability of Awards

Generally, Awards granted under the 2013 Equity Plan shall be nontransferable except by will or by the laws of descent and distribution.

Rights as a Shareholder

No participant shall have any rights as a shareholder with respect to shares covered by Options or RSUs unless and until such Awards are settled in shares of our common stock. No Option shall be exercisable, no shares of our common stock shall be issued, no certificates for shares of our common stock shall be delivered and no payment shall be made under the 2013 Equity Plan, except in compliance with all applicable laws.

Amendment and Termination

Our Board of Directors may amend, suspend or terminate the 2013 Equity Plan at any time provided that a termination shall not affect outstanding Awards under the 2013 Equity Plan.

Shareholder approval will be needed for an amendment to the 2013 Equity Plan to the extent required by law or by the rules of any stock exchange on which our common stock is traded or if the amendment would:

- increase the benefits accruing to participants under the 2013 Equity Incentive Plan,
- increase the aggregate number of shares of common stock that may be issued under the 2013 Equity Incentive Plan,
- modify the requirements as to eligibility for participation in the 2013 Equity Incentive Plan;
- eliminate or modify the prohibition on repricing or exchanging underwater Options, or
- lengthen the maximum term or lower the minimum exercise price permitted for Options.

The Board of Directors or Compensation Committee may also amend any outstanding Award without consent of the participant to comply with legal requirements (including requirements under Sections 409A and 162(m) of the Code), or to make adjustments to an Award in recognition of unusual or nonrecurring events affecting our financial status or in order to prevent dilution or enlargement of the intended benefits. The Board of Directors or Compensation Committee may also amend, modify or terminate any outstanding Award without the participant's consent if the action would not materially and adversely affect the participant. Other amendments may be made to outstanding Awards with the consent of the participant. However, except in connection with a corporate transaction involving the Company (including without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding Awards may not be amended to reduce the exercise price of outstanding Options or cancel outstanding Options in exchange for cash, other Awards or Options with an exercise price that is less than the exercise price of the original Option without shareholder approval.

Change in Control

In the event of a change in control (as defined in the 2013 Equity Plan) of the Company, the Board of Directors or Compensation Committee may, on a participant-by-participant basis, and Award-by-Award basis, or on a broader plan basis, take such action as the Board of Directors or Compensation Committee determines in its sole discretion, which may include one or more of the following: (1) accelerate the vesting of outstanding Awards, (2) fully vest and/or accelerate the restriction period for any Awards, (3) terminate or cancel any outstanding Awards in exchange for payments of cash, securities or other property or a combination thereof and/or provide limited opportunities to exercise Awards prior to the effectiveness of such termination or cancellation, (4) require that Awards be assumed by the successor entity or that Awards for shares or other interests in the successor entity with equivalent value be substituted for such Awards, or (5) take such other action as the Board of Directors or Compensation Committee deems reasonable under the circumstances to retain the original intent of the Award. Implementation of these actions, however, must be conditioned upon consummation of the change in control.

Outstanding Awards that have not otherwise been exercised or cashed out will terminate upon the effective time of a change in control transaction if the surviving or successor entity or a parent entity of the acquirer does not agree to assume and continue the Awards or issue substitute awards on substantially the same terms.

Federal Income Tax Consequences of Options and Other Awards

The following discussion is intended only as a general summary of the material U.S. federal income tax consequences of Awards which may be granted under the 2013 Equity Plan, based upon the provisions of the Code as of the date of this proxy statement, for the purposes of shareholders considering how to vote on this proposal. It is not intended as tax guidance to participants in the 2013 Equity Plan. This summary does not take into account certain circumstances that may change the income tax treatment of Awards for individual participants, and it does not describe the state income tax consequences of any Award or the taxation of Awards in jurisdictions outside of the United States.

ISOs: ISOs under the 2013 Equity Plan are intended to meet the requirements of Section 422 of the Code. No tax consequences result from the grant of the ISO. If an ISO holder acquires stock upon exercise, the ISO holder will not recognize income for ordinary income tax purposes (although the difference between the Option exercise price and the fair market value of the stock subject to the Option may result in alternative minimum tax liability to the Option holder) and we will not be allowed a deduction as a result of such exercise, provided that the following conditions are met: (a) at all times during the period beginning with the date of the granting of the Option and ending on the day three months before the date of such exercise, the Option holder is our employee or an employee of one of our subsidiaries; and (b) the Option holder makes no disposition of the stock within two years from the date of the Option grant nor within one year after the transfer of the stock to the option holder. The three-month period extends to one year in the event of disability and is waived in the event of death of the employee. If the Option holder sells the stock after complying with these conditions, any gain realized over the price paid for the stock ordinarily will be treated as

capital gain, and any loss will be treated as capital loss, in the year of the sale.

If the Option holder fails to comply with the employment requirement, the tax consequences will be substantially the same as for an NQO, discussed below. If the Option holder fails to comply with the holding period requirements, the Option holder will recognize ordinary income in an amount equal to the lesser of (i) the excess of the fair market value of the stock on the date of the exercise of the Option over the exercise price or (ii) the excess of the amount realized upon such disposition over the adjusted tax basis of the stock. Any additional gain ordinarily will be recognized by the Option holder as capital gain, either long-term or short-term, depending on the holding period of the shares. If the Option holder is treated as having received ordinary income because of his or her failure to comply with either condition above, we will be allowed an equivalent deduction in the same year.

NQOs: No tax consequences result from the grant of the Option. An Option holder who exercises an NQO with cash generally will realize compensation taxable as ordinary income in an amount equal to the difference between the exercise price and the fair market value of the shares on the date of exercise, and we will be entitled to a deduction in the same amount in the fiscal year in which the exercise occurred. When the holder disposes of the shares, he or she will recognize capital gain or loss, either long-term or short-term, depending on the holding period of the shares.

RSAs and RSUs. Any cash and the fair market value of any shares of common stock received by a participant under an RSA or RSU Award are generally includible in the participant's ordinary income. In the case of RSAs, this amount is includible in the participant's income when the Awards vest, unless the participant has filed an election with the Internal Revenue Service to include the fair market value of the restricted shares in income as of the date the Award was granted. In the case of RSUs, generally the value of any cash and the fair market value of any shares of common stock received by a participant are includible in income when the Awards are paid. Any dividends or dividend equivalents paid on unvested RSA and RSU Awards are also ordinary income for participants.

Disallowance of Deductions: The Code disallows deductions by publicly held corporations with respect to compensation in excess of \$1,000,000 paid to the company's Chief Executive Officer and its three other most highly compensated officers (other than its Chief Financial Officer). However, compensation payable solely on account of attainment of one or more performance targets is not subject to this deduction limitation if certain statutory requirements are satisfied. Under this exception, the deduction limitation does not apply with respect to compensation otherwise deductible on account of Options granted at fair market value under a plan that limits the number of shares that may be issued to any individual and which is approved by the Company's shareholders. We intend for compensation arising from grants of Options under the 2013 Equity Plan to be deductible by the Company as performance-based compensation not subject to the \$1,000,000 limitation on deductibility, but do not make any assurance that this will be the case. We may also choose to grant performance-based RSA and RSU Awards under the 2013 Equity Plan that satisfy the requirements for deductibility of compensation. We reserve the right, however, to grant awards under the 2013 Equity Plan that do not result in qualified performance-based compensation and, as such, may not entitle us to a tax deduction.

New Plan Benefits

The Awards that may be granted under the 2013 Equity Plan to any participant or group of participants are indeterminable at the date of this proxy statement because participation and the types of Awards that may be granted under the 2013 Equity Plan are subject to the discretion of the Board of Directors or the Compensation Committee. No Awards will be granted under the 2013 Equity Plan before the Annual Meeting.

Vote Required

If a quorum is present at the meeting, the proposal to approve the 2013 Equity Plan must be approved by the affirmative vote of a majority of the votes cast at the Annual Meeting.

The Board of Directors recommends a vote **FOR** the proposal to approve the Company's 2013 Equity Incentive Plan.

Equity Compensation Plan Information

The following table presents information as of March 31, 2013 with respect to compensation plans under which shares of our common stock are authorized for issuance. The table does not include securities that may be issuable under the 2013 Equity Plan, which is being submitted to shareholders for approval at the Annual Meeting and has not been implemented.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted Average Exercise Price of Outstanding Options and Rights (1)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (2)
Equity Compensation Plans Approved by Shareholders	2,260,115	\$ 20.55	798,061
Employee Stock Purchase Plan	3,048	\$ 32.40	186,528
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Equity Compensation Plans Not Approved by
Shareholders (3)

Total	2,263,163	\$ 20.57	984,589
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- (1) There are no outstanding warrants or rights.
- (2) Amounts exclude any securities to be issued upon exercise of outstanding options.
- (3) We do not have any equity compensation plans that have not been approved by shareholders.

ITEM 5 —PROPOSAL TO APPROVE THE PERFORMANCE INCENTIVE PLAN

Introduction

The Board of Directors recommends that our shareholders approve the Measurement Specialties, Inc. Performance Incentive Plan (the “Performance Incentive Plan” or “plan”), adopted by the Board of Directors on July 12, 2013, subject to the approval of our shareholders at the 2013 Annual Meeting. The Performance Incentive Plan will not become effective unless it is approved by our shareholders.

Section 162(m) of the Internal Revenue Code (the “Code”) generally limits the federal income tax deduction for compensation paid to each of the chief executive officer and the three most highly compensated executive officers (other than the chief executive officer and the chief financial officer) of a publicly held corporation to \$1 million per fiscal year, with an exception for “qualified performance-based compensation.” In the past, the level of compensation paid to our executive officers who are subject to Section 162(m) generally has been below the level at which compensation not qualifying as “qualified performance-based compensation” would limit the available federal tax deduction. However, this may not be the case in the future, and our Board of Directors has determined that it would be in the Company’s best interests to preserve the flexibility to award annual cash incentive awards for fiscal 2015 and future years that are eligible for the qualified performance-based compensation exception under Section 162(m) of the Code.

One of the requirements of the qualified performance-based compensation exception under Section 162(m) is that the material terms of the performance goals under which compensation may be paid be disclosed to and approved by the Company’s shareholders. Accordingly, we are asking shareholders to approve the Performance Incentive Plan.

If our shareholders approve the Performance Incentive Plan, then annual cash incentive awards for fiscal 2015 and future years awarded to our chief executive officer and our next three most highly compensated executive officers (other than our chief financial officer) may be structured to comply with the qualified performance-based compensation exception under Section 162(m) of the Code, subject to compliance with the terms of the Performance Incentive Plan. If our shareholders do not approve the Performance Incentive Plan, our Board of Directors would take that into account in making future awards, but would need to continue compensating our executives on a competitive basis. Accordingly, in such an event, annual cash incentive awards payable to our chief executive officer and our next three most highly compensated executive officers (other than our chief financial officer) may not be fully tax deductible to the Company.

Overview of the Performance Incentive Plan

The following summary describes the material terms of the Performance Incentive Plan. While we believe that the description covers the material terms of the Performance Incentive Plan, this summary may not contain all of the information that is important to you. You should carefully read the full text of the Performance Incentive Plan, which is attached to this proxy statement as Exhibit B, for a more complete understanding of the Performance Incentive Plan. The discussion herein is qualified in its entirety by reference to Exhibit B.

Types of Awards

The terms of the Performance Incentive Plan provide for incentive awards based on performance periods that are not longer than one year but which may be shorter periods. Awards under the Performance Incentive Plan will be settled in cash. Awards under the Performance Incentive Plan may be, but need not be, structured to comply with the qualified performance-based compensation exception under Section 162(m) of the Code.

Annual Per-Person Limitations

The maximum aggregate amount that a participant may earn in respect of an award or awards under the Performance Incentive Plan granted in respect of any single fiscal year of the Company that is intended to comply with the performance-based compensation exception under Section 162(m) is \$5,000,000.

Eligibility

Participants in the Performance Incentive Plan will be selected by the Compensation Committee from among the employees and executive officers of the Company and its subsidiaries who are believed to have the capability of making a substantial contribution to the success of the Company. In making this selection and in determining the terms of and amount of awards, the Compensation Committee may consider any factors it deems relevant, including, without limitation, the individuals' functions, responsibilities, value of services to the Company and past and potential contributions to the Company's profitability and growth. Only eligible individuals who are designated by the Compensation Committee to participate in the Performance Incentive Plan with respect to a particular performance period may participate in the plan for that performance period. An individual who is designated as a participant for a given performance period is not guaranteed or assured of being selected for participation in any subsequent performance period. We expect that approximately 3,505 employees and executive officers will be eligible to participate in the Performance Incentive Plan in any particular year.

Administration

Subject to the provisions of the Performance Incentive Plan and applicable law, the Compensation Committee will have the power to: (i) designate participants to receive conditional rights to receive awards under the Performance Incentive Plan; (ii) determine the terms and conditions of any award; (iii) determine whether, to what extent, and under what circumstances awards may be forfeited or suspended; (iv) interpret, administer, reconcile any inconsistency, correct any defect and/or supply any omission in the Performance Incentive Plan or any instrument or

agreement relating to, or award granted under, the Performance Incentive Plan; (v) establish, amend, suspend, or waive any rules for the administration, interpretation and application of the Performance Incentive Plan; (vi) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Performance Incentive Plan by employees who are foreign nationals or employed outside of the United States; and (vii) make any other determination and take any other action that the Compensation Committee deems necessary or desirable for the administration of the Performance Incentive Plan.