

STANDARD REGISTER CO

Form DEF 14A

March 16, 2007

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

**SCHEDULE 14A**

(RULE 14a-101)

**SCHEDULE 14A INFORMATION**

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

Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by**

**Rule 14a-6(e)(2))**  Definitive Proxy Statement  Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

The Standard Register Company

\_\_\_\_\_  
(Name of Registrant as Specified In Its Charter)

\_\_\_\_\_  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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**P.O. Box 11671 Dayton, OH 45401**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
OF THE STANDARD REGISTER COMPANY**

To All Shareholders:

The annual meeting of shareholders of The Standard Register Company, an Ohio corporation, will be held at our corporate headquarters located at 600 Albany Street, Dayton, Ohio 45408, on Thursday, April 26, 2007, at 11:00 a.m. Eastern Daylight Savings Time, for the following purposes:

- (1) To set the number of directors at seven and to elect a board of directors;
- (2) To amend the Code of Regulations to authorize direct registration of shares;
- (3) To transact such other business as may properly come before the annual meeting.

The board of directors has fixed the close of business on February 26, 2007, as the record date for determining the shareholders of Standard Register entitled to vote at the annual meeting.

A copy of Standard Register's annual report for its fiscal year ended December 31, 2006, is enclosed. Although it is not a part of the official proxy soliciting material, we want each shareholder to have a copy of the annual report. If you have not received a copy of the annual report, please call us at 937.221.1506.

Kathryn A. Lamme  
*Senior Vice President, General Counsel  
& Secretary*

Dayton, Ohio  
March 16, 2007

**WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE ANNUAL MEETING, YOUR VOTE IS IMPORTANT TO US. PLEASE VOTE YOUR SHARES AS DESCRIBED ON YOUR PROXY CARD.**

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**THE STANDARD REGISTER COMPANY**

**PROXY STATEMENT**

**FOR**

**ANNUAL MEETING**

**OF**

**SHAREHOLDERS**

**PRINCIPAL EXECUTIVE OFFICES:**

**600 Albany Street  
Dayton, Ohio 45408  
(937) 221-1000**

*Mailing Date: March 16, 2007*

We are mailing this proxy statement along with the notice of annual meeting of shareholders of The Standard Register Company, to all holders of our stock as of February 26, 2007, which is the record date for the annual meeting. We had outstanding, on the record date, 24,269,761 shares of common stock (each share having one vote) and 4,725,000 shares of class A stock (each share having five votes). Shareholders as of the close of business on the record date are entitled to receive notice of and to vote at the annual meeting. The annual meeting will be held at our corporate headquarters, 600 Albany Street, Dayton, Ohio 45408, on Thursday, April 26, 2007, at 11:00 a.m. The proxies are solicited on behalf of our board of directors.

At the annual meeting, the shareholders will: (1) set the number of directors at seven and elect a board of directors; (2) consider amending the Code of Regulations to authorize direct registration of shares; and (3) transact such other business as may properly come before the annual meeting.

**VOTING YOUR SHARES**

Standard Register offers electronic delivery of proxy materials and voting over the Internet to most shareholders. The enclosed proxy card describes how you may vote electronically and register to receive future shareholder communications electronically. You may also vote by completing the proxy card and mailing it in the envelope provided.

All shareholder votes, properly cast in person or by proxy, and not revoked, will be counted in voting on the proposals at the annual meeting or any adjournment of the annual meeting. Your proxy will be voted in accordance with your instructions. If you do not specify how you wish your shares to be voted, they will be voted as recommended by the board of directors. Your proxy includes the authority to vote shares cumulatively for the election of directors. Cumulative voting is explained in the section dealing with Proposal 1. Your proxy also includes the authority for the

persons serving as proxies to use their best judgment to vote on any other matters that may be properly presented at the annual meeting, including, among other things, a motion to adjourn the meeting to a future time.

You may revoke your proxy at any time before its exercise, in two ways: (1) by timely delivery to us of a later-dated proxy, or (2) by notifying us of your revocation of proxy either in writing or in person at the annual meeting. Your presence at the meeting will not, by itself, serve to revoke your proxy.

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**PROPOSALS**

**PROPOSAL 1: Election of Directors**

The board of directors currently has seven members, and the board recommends maintaining that number of directors.

In early December 2006, our long-time Chairman of the Board, Paul H. Granzow, died. Mr. Granzow served as Chairman for over twenty years, providing wise and steady leadership. The entire Standard Register family was saddened by his passing.

As a result of Mr. Granzow's death, the board is currently comprised of seven directors. All current directors are nominated by the board of directors to be elected as directors and to serve until either the next annual election or until their successors are elected and qualified.

The board of directors does not expect that any of the nominees will be unavailable for election. However, if any of them is unavailable, the persons voting your proxy will use their best judgment to vote for substitute nominees.

Cumulative voting is permitted by the laws of Ohio in voting for the election of directors. In the event a shareholder wishes to vote his or her shares cumulatively, the shareholder must give notice in writing to the President, a Vice President or Secretary of Standard Register not less than 48 hours before the time scheduled for the annual meeting. Once any shareholder has given notice of intent to vote cumulatively, then all shareholders present at the annual meeting and the persons voting the proxies shall have full discretion and authority to cumulate the voting power they possess. This means they can give one candidate as many votes as the number of directors to be elected multiplied by the number of votes which the shareholder or proxy is entitled to cast, or to distribute such votes on the same principle among two or more candidates, as they determine in their judgment.

Nominees receiving the highest number of votes cast for the positions to be filled will be elected. Abstentions and shares not voted by brokers and other entities holding shares on behalf of beneficial owners will not be counted and will have no effect on the outcome of the election.

**The board of directors recommends that you vote FOR setting the number of directors at seven and FOR each of the following named nominees to serve as directors of Standard Register:**

**Nominees**

All nominees recommended by the board of directors for election were previously elected as directors by the shareholders. Information concerning each nominee follows:

<b>Name</b>	<b>Age</b>	<b>Served As Director Since</b>
<b>Roy W. Begley, Jr.*</b>	<b>51</b>	<b>1994</b>
Since August 2006, Mr. Begley has been Senior Vice President, Investment Officer at Key Private Bank group of KeyCorp. Between March 2003 and August 2006, Mr. Begley was Senior Vice President and Investment Officer with McDonald Financial Group, formerly known as Victory Capital Management, Inc., a wholly owned subsidiary of KeyCorp. From July 1999 to March 2003, he served as Vice President and Investment Officer with McDonald Financial Group. Until December 7, 2006, he served as Chairman of the Corporate Governance and Nominating		



Committee and a member of the Compensation Committee of the board of directors. On December 7, 2006, Mr. Begley was elected Chairman of the Compensation Committee. He remains a member of the Corporate Governance and Nominating Committee, but as of December 7, 2006, is no longer Chairman.

**F. David Clarke, III**

**50**

**1992**

Mr. Clarke has been Chairman of the board of directors of Clarke-Hook Corporation since December 1990. Effective December 2, 2006, Mr. Clarke was elected as Chairman of Standard Register's board of directors. Mr. Clarke was Chairman of the Compensation Committee for all its meetings in 2006, and remains a member following the election of Mr. Begley as Chairman of the Compensation Committee in December 2006. Mr. Clarke is also a member of the Audit and Executive Committees of the board of directors.

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<b>Name</b>	<b>Age</b>	<b>Served As Director Since</b>
<b>Sherrill W. Hudson</b> Mr. Hudson has been Chairman and Chief Executive Officer of TECO Energy, Inc., an integrated energy provider, since July 2004. He retired from Deloitte & Touche, LLP, in August 2002, after 37 years of service. The last 19 years with Deloitte were spent in Miami, Florida, as Managing Partner for South Florida, which included oversight responsibility for Deloitte's Florida and Puerto Rico offices for most of that time. Mr. Hudson is a director of TECO Energy, Inc., Publix Super Markets, Inc., and A. Duda & Sons, Inc. He is Chairman of the Audit Committee and a member of the Compensation Committee of the board of directors. In December 2006, Mr. Hudson was elected to the Executive Committee of the board of directors.	<b>63</b>	<b>2002</b>
<b>Dennis L. Rediker</b> Mr. Rediker has been President and Chief Executive Officer of Standard Register since June 2000. Mr. Rediker has served as a director of Martin Marietta Materials, Inc., since September 2003, and currently serves on their Finance and Ethics, Health and Safety Committees. Mr. Rediker is a member of Standard Register's Executive Committee.	<b>63</b>	<b>1995</b>
<b>Ann Scavullo</b> Ms. Scavullo has been a principal in Churchill Investor Services since January 1999. She is a member of the Audit, Compensation and Corporate Governance and Nominating Committees of the board of directors.	<b>60</b>	<b>1996</b>
<b>John J. Schiff, Jr.</b> Mr. Schiff has been Chairman and Chief Executive Officer of The Cincinnati Insurance Company and Cincinnati Financial Corporation since 1999. From 1999 to February 2006, he served as Chairman, President and Chief Executive Officer of The Cincinnati Insurance Company as well as Chairman and Chief Operating Officer of The Cincinnati Insurance Company and Cincinnati Financial Corporation from 1998 to 1999. He is a director of Fifth Third Bancorp, The Fifth Third Bank, Cincinnati Bengals, Inc., and John J. and Thomas R. Schiff & Co., Inc., an insurance agency. He is a member of the Audit Committee of the board of directors.	<b>63</b>	<b>1982</b>
<b>John Q. Sherman, II*</b> Mr. Sherman has been a manufacturer's representative for A. Rifkin Company, Wilkes-Barre, Pennsylvania, since 1985. A. Rifkin Company is a manufacturer of specialty security packaging. In December 2006, Mr. Sherman was elected Chairman of the Corporate Governance and Nominating Committee, on which he had served as a member. He is also a member of the Compensation Committee, and is the Presiding Director of meetings of non-management directors.	<b>53</b>	<b>1994</b>

\* Roy W. Begley, Jr., and John Q. Sherman, II, are first cousins.

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This table gives information regarding all of the persons known by us to own, in their name or beneficially, 5% or more of the outstanding class A stock and common stock of Standard Register as of December 31, 2006.

<b>Name and Address of Beneficial Owners</b>	<b>Class</b>	<b>Number of Shares</b>	<b>Percent of Class</b>	<b>Percent of Combined Voting Power</b>
<b>Roy W. Begley, Jr., Nicholas C. Hollenkamp, and James L. Sherman, Trustees<sup>(1)</sup></b> 600 Albany Street Dayton, Ohio 45408	Class A	2,516,856	53.27	38.43
	Common	5,810,508	23.97	
<b>Mary C. Nushawg<sup>(2)</sup></b> 600 Albany Street Dayton, Ohio 45408	Class A	419,476	8.88	6.43
	Common	981,341	4.05	
<b>James L. Sherman<sup>(2)</sup></b> 600 Albany Street Dayton, Ohio 45408	Class A	419,476	8.88	6.75
	Common	1,048,140	4.32	
<b>Patricia L. Begley<sup>(2)</sup></b> 600 Albany Street Dayton, Ohio 45408	Class A	419,476	8.88	6.40
	Common	968,418	3.99	
<b>The Fifth Third Bank<sup>(3)</sup>, Trustee</b> Cincinnati, Ohio 45202	Class A	1,081,392	22.89	16.72
	Common	2,595,312	10.71	
<b>The Fifth Third Bank<sup>(4)</sup>, Trustee</b> Cincinnati, Ohio 45202	Class A	1,071,624	22.68	16.57
	Common	2,571,912	10.61	
<b>The Fifth Third Bank<sup>(5)</sup></b> Cincinnati, Ohio 45202	Common	435,773	1.80	.91

(1) John Q. Sherman, deceased, a founder of Standard Register, set up a trust in his will for the benefit of his family. The trustees of that trust at year-end 2006 were Roy W. Begley, Jr., Nicholas C. Hollenkamp, and James L. Sherman. The trust holds voting securities, including the shares of class A and common stock of Standard Register listed in this table, in separate, equal trusts for John Q. Sherman's three surviving children, and for the heirs of his deceased children. Each child or heir is a life beneficiary of his or her respective trust. The trustees share voting and investment power for the securities in the trusts. The will of John Q. Sherman requires the trustees to give each beneficiary who is a child of John Q. Sherman, upon his or her request, a proxy allowing the beneficiary to vote the shares held in his or her respective trust.

(2) Each of these individuals is a child of John Q. Sherman, deceased. None of them owns in his or her own name more than 5% of the outstanding voting securities of Standard Register; however, each has the right, upon his

or her request, to vote the shares of Standard Register stock held in his or her respective trust created under the will of John Q. Sherman, deceased.

- (3) William C. Sherman, deceased, also a founder of Standard Register, set up a trust in his will which provides for the payment of net income for life to Helen Margaret Hook Clarke, his niece. The trustee, The Fifth Third Bank, has the sole voting and investment power for the voting securities in this trust.
- (4) William C. Sherman, during his lifetime, created a trust agreement dated December 29, 1939, which provides for the payment of net income for life to Helen Margaret Hook Clarke and the children of John Q. Sherman. The Fifth Third Bank has the sole voting and investment power for the voting securities in this trust.
- (5) Represents ownership of company common stock by Fifth Third Bank and its affiliates other than the shares in trusts established by William C. Sherman.

**Table of Contents****Security Ownership of Directors and Executive Officers**

Each director and executive officer listed in the Summary Compensation Table and all directors and executive officers as a group own, in their own name or beneficially, class A stock and common stock of Standard Register on December 31, 2006, as follows:

<b>Beneficial Owners</b>	<b>Class</b>	<b>Number of Shares</b>	<b>Percent of Class</b>	<b>Percent of Combined Voting Power</b>
<b>Roy W. Begley, Jr.</b> <sup>(1)(2)(5)</sup> Director	Common	8,328	.034	.017
<b>Craig J. Brown</b> <sup>(2)(3)</sup> Sr. Vice President, Treasurer & Chief Financial Officer	Common	271,817	1.121	.568
<b>F. David Clarke, III</b> <sup>(2)(4)</sup> Chairman of the Board	Common Class A	15,889 5,096	.067 .108	.086
<b>Thomas M. Furey</b> <sup>(2)</sup> Vice President, Chief Supply Chain Officer, and General Manager, Document & Label Solutions	Common	19,369	.080	.040
<b>Sherrill W. Hudson</b> <sup>(2)(7)</sup> Director	Common	6,000	.025	.013
<b>Kathryn A. Lamme</b> <sup>(2)</sup> Sr. Vice President, General Counsel & Secretary	Common	108,819	.449	.227
<b>Joseph P. Morgan, Jr.</b> <sup>(2)</sup> Vice President, Chief Technology Officer & General Manager, On Demand Solutions	Common	79,156	.327	.165
<b>Dennis L. Rediker</b> <sup>(2)(6)</sup> Director, President & Chief Executive Officer	Common	304,453	1.256	.636
<b>Ann Scavullo</b> <sup>(2)</sup> Director	Common	8,480	.035	.018
<b>John J. Schiff, Jr.</b> <sup>(2)</sup> Director	Common	67,700	.279	.141
<b>John Q. Sherman, II</b> <sup>(2)</sup> Director	Common	17,777	.062	.032
All current executive officers and directors as a group (12 persons) <sup>(2)</sup>	Common Class A	974,029 5,096	4.018 .108	2.035 .053

(1)

Margaret Begley, the wife of Roy W. Begley, Jr., owns 140 shares of common stock, as to which Mr. Begley disclaims beneficial ownership. Mrs. Begley is also the trustee of 600 shares of common stock for the benefit of their children, Lauren A. Begley and Kathleen A. Begley, as to which Mr. Begley disclaims beneficial ownership.

- (2) Includes the following options to purchase Standard Register common stock exercisable before April 27, 2007: Roy W. Begley, Jr.-4,000 shares; Craig J. Brown-209,815 shares; F. David Clarke, III-4,000 shares; Thomas M. Furey-6,500 shares; Sherrill W. Hudson-4,000 shares; Kathryn A. Lamme-58,120 shares; Joseph P. Morgan, Jr.-52,772 shares; Dennis L. Rediker-97,435 shares; Ann Scavullo-4,000 shares; John Q. Sherman, II-4,000 shares; John J. Schiff, Jr.-4,000 shares; and all executive officers and directors as a group-480,740 shares.
- (3) Rebecca H. Appenzeller, the wife of Craig J. Brown, owns 10,500 shares of Standard Register common stock. Mr. Brown disclaims beneficial ownership of these shares. Todd J. Brown, a child of Craig J. Brown, owns 50 shares of Standard Register common stock. Craig J. Brown also disclaims beneficial ownership of these shares.
- (4) F. David Clarke, III, and his wife, Loretta M. Clarke, own as joint tenants 6,776 shares of Standard Register common stock, which is accounted for in the total noted.
- (5) Roy W. Begley, Jr. (along with Nicholas C. Hollenkamp and James L. Sherman) was appointed as a trustee under the Will of John Q. Sherman on December 20, 2006. The trustees have the power to vote shares held in the separate trusts in the event that the beneficiaries of the trusts eligible to vote the shares in their trust do not desire to exercise that right. The John Q. Sherman Trusts own 2,516,856 shares of class A stock and 5,810,508 shares of common stock which in the aggregate represents 38.43% of the outstanding votes of the company. The trustees share the investment power with respect to class A and common stock held by the trusts. The beneficiaries of the trusts do not have the investment power with respect to the securities in these trusts.

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- (6) Sharon A. Rediker, the wife of Dennis L. Rediker, owns 581 shares of common stock, as to which Mr. Rediker disclaims beneficial ownership. Mrs. Rediker is also the custodian of 780 shares of common stock for the benefit of her grandchildren, as to which Mr. Rediker disclaims beneficial ownership.
- (7) These shares are held jointly with Mr. Hudson's wife, Mary Ann Hudson.

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

Section 16(a) of the Securities Exchange Act of 1934 requires directors, executive officers and holders of 10% or more of our common stock to report certain transactions in the common stock to the Securities and Exchange Commission. Based on our records, we believe all Securities and Exchange Commission filings with respect to directors, executive officers and holders of 10% or more of our common stock have been made in a timely manner with the exception of one filing for our Corporate Controller. This filing with respect to an award of restricted stock in December 2006, was filed late due to inadvertence in the Corporate Secretary's office.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Guidelines**

The board has adopted Corporate Governance Guidelines to provide principles for the company's governance processes. These Guidelines address, among other topics, director selection and qualifications, director responsibilities, and board and committee structure. The Corporate Governance Guidelines are reviewed periodically and updated as deemed appropriate.

### **Code of Ethics**

The board has adopted a Code of Ethics and emphasized that directors, and all company employees, including principal executive officers and senior financial officers, are subject to the letter and spirit of the Code. The Code of Ethics covers such topics as conflicts of interest, confidentiality, compliance with legal requirements, and other business ethics subjects. It has been distributed to all employees and is made available on the company's Web site, [www.standardregister.com](http://www.standardregister.com) by clicking on the "About SR" section. Printed copies of the Code of Ethics are available by contacting the Corporate Secretary's office, The Standard Register Company, 600 Albany Street, Dayton, Ohio 45408.

### **Director Independence**

The board, assisted by the Corporate Governance and Nominating Committee, annually assesses the independence status of all directors for purposes of board and committee memberships. Using the "Independence Criteria" adopted by the board in conformity with New York Stock Exchange Listing Standards, as amended, the board adopted findings with respect to the independence of each director. Directors Roy W. Begley, Jr., F. David Clarke, III, Sherrill W. Hudson, Ann Scavullo, John J Schiff, Jr., and John W. Sherman, II, were determined to be independent. CEO Dennis L. Rediker was considered not independent since he is an employee of the company. The late Chairman, Paul H. Granzow, who died in December 2006, was also deemed not independent by virtue of the fact he was an employee of the company. All members of the Audit, Compensation, and Corporate Governance and Nominating Committees are independent directors.

The Committee and board also considered commercial ordinary-course transactions with respect to several directors as it assessed independence status, and concluded these transactions did not impair director independence. Specifically, the company uses the insurance broker services of Cincinnati Financial. Director John J. Schiff, Jr., is Chairman of the

Board of Cincinnati Financial. The amount paid by the company to Cincinnati Financial in 2006 was considerably under the thresholds set in the Independence Criteria with respect to both companies. Additionally, the company sells products and services in the ordinary course of business to KeyBank, and KeyBank is the lead bank in the company's credit facility. Director Roy W. Begley, Jr., is a Senior Vice President of Key Private Bank group of KeyBank. However, these transactions do not approach the thresholds described in the Independence Criteria for either KeyBank or the company with respect to 2006 revenues or expenditures. The transactions between the company and Director John Q. Sherman, II, disclosed below in the section Certain Transactions, were deemed not to impair his independence as the dollar amounts were considerably under the threshold set forth in the Independence Criteria.

The Independence Criteria used by the Corporate Governance and Nominating Committee and full board is available on the company's Web site, [www.standardregister.com](http://www.standardregister.com), by clicking About SR, and following the link to Independence Criteria.



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### **Related Party Transaction Policy**

The company is required to report certain related party transactions between the company and certain related parties, including directors, executive officers, nominees for the board, beneficial owners of 5% or more of any class of the company's voting securities, and any of the foregoing person's immediate family members. The board, assisted by the Corporate Governance and Nominating Committee, has adopted a written policy which establishes an approval process for related party transactions. The policy prohibits all related party transactions unless the company's Audit Committee determines in advance of the company entering into any such related party transaction that the transaction is conducted on terms that are fair to the company. In order for the Audit Committee to approve a related party transaction, the Audit Committee must be satisfied that it has been fully informed as to the direct and indirect interests, relationships and conflicts or potential conflicts present in the proposed transaction. The Audit Committee must determine that, being fully apprised of the proposed transaction, it believes that the transaction is fair to the company and, if necessary, the company has developed an appropriate plan to manage any conflicts or potential conflicts of interest. In the event an Audit Committee member or his or her immediate family member is a related person with respect to a transaction presented to the Audit Committee, such Audit Committee member will not participate in the determination whether to approve the transaction.

In the event that the company enters into a related party transaction that has not received approval by the Audit Committee, or a transaction that was not originally a related party transaction becomes a related party transaction, the Audit Committee must review such transaction promptly, and may ratify such transaction, provided that, in such case, unless there is otherwise a compelling business or legal reason for the company to continue with the transaction, the Audit Committee may only ratify the transaction if it determines that (i) the transaction is fair to the company, and (ii) any failure to comply with the policy was not due to fraud or deceit. The General Counsel of the company is responsible for ensuring that the Policy is distributed to all officers, directors, nominees for the board, and beneficial owners of 5% or more of any class of the company's voting securities. Such officers, directors, nominees for the board, and beneficial owners are responsible for informing their immediate family members of the Policy. The General Counsel is also responsible for requiring that any proposed transaction be presented to the Audit Committee for consideration before the company enters into any such transactions.

### **Certain Transactions**

John Q. Sherman, a director of the company, has represented A. Rifkin Company as an independent manufacturer's representative since 1985. A. Rifkin Company supplies certain security bag products to the banking industry. One of the customers to which Mr. Sherman represented A. Rifkin Company since 1985 was The Fifth Third Bank (Fifth Third). Fifth Third's trust department holds shares in the company as disclosed in the Voting Securities and Principal Holders table. Fifth Third was a customer of A. Rifkin Company for many years prior to 1985, as well. In 2005, A. Rifkin Company's revenue from Fifth Third was approximately \$177,000, on which Mr. Sherman received a sales commission. In 2004, Mr. Sherman also began to directly sell certain transfer cases to Fifth Third, under a written agreement that runs through August 2007. In 2005, these direct sales resulted in approximately \$32,600 of gross revenue to Mr. Sherman.

In October 2005, the company contracted with Fifth Third to provide a broad range of services to Fifth Third, including purchasing, inventory management, fulfillment, distribution and other services in addition to its traditional role of supplying printed materials. As part of this expanded relationship, the company assumed responsibility for sourcing and purchasing for Fifth Third the products provided by both A. Rifkin Company and Mr. Sherman. In late 2005, therefore, the company began to purchase these items from A. Rifkin Company and Mr. Sherman for resale to Fifth Third.

The revenue received by Mr. Sherman in connection with these transactions in 2006 was \$164,277. During 2006, Mr. Sherman sold the company \$55,302 worth of products on behalf of A. Rifkin.

The company sells Fifth Third printed products, banking documents, and services, in the ordinary course of business and on terms and conditions similar to those offered other company customers.

In 2006, the Audit Committee and board reviewed the transactions between the company and Director John Q. Sherman, II, and concluded the transactions do not impair Mr. Sherman's independence.

#### **Board Meetings and Director Attendance at Annual Meeting of Shareholders**

In 2006, the board met seven times. All current directors attended at least 75% of the board meetings, and the meetings of committees on which each director served.

Directors all stand for election or reelection at each annual meeting of shareholders. Directors make every effort to attend the annual meetings, and, in fact, all directors have been in attendance at the last three annual meetings of

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shareholders. While the board does not have a formal policy in this regard, its clear practice is for all directors to be present at the annual meeting of shareholders.

### **Board and Committee Structure**

The board has three standing committees: Corporate Governance and Nominating, Compensation, and Audit. In addition, in 2006, as in other years as deemed desirable, the Board authorized formation of an Executive Committee.

#### **Corporate Governance and Nominating Committee**

The Corporate Governance and Nominating Committee met four times in 2006. All members of the Committee attended all Committee meetings held in 2006. The Committee was chaired by Roy W. Begley, Jr., during all its meetings in 2006. Other Committee members are Ann Scavullo and John Q. Sherman, II. All members of the Committee are independent.

The board has adopted a Charter for this Committee. It is reviewed annually and updated as appropriate. It is available on the company's Web site, [www.standardregister.com](http://www.standardregister.com), at About SR.

The Corporate Governance and Nominating Committee assists the board in defining board roles and developing processes to optimize board functioning. It also studies and recommends adoption by the board of directors of corporate governance processes intended to comply with applicable legal, regulatory and listing standard requirements. In addition, the Committee oversees the company's succession planning process and director nomination process. The Committee provides leadership to the board of directors and other committees in performing annual self-assessments. These self-assessments give the board and Committees insight into how they are performing their roles in the corporate governance process. The Corporate Governance and Nominating Committee conducted an assessment of its own performance as part of this process.

#### **Director Nominating Process**

The Corporate Governance and Nominating Committee, and the board, in performing their director-nomination function, identify director candidates from a range of sources. Primary among these sources are recommendations from current directors and major shareholders. The Committee and board have not engaged a third party to assist in the director nomination process, and have paid no fees in that regard.

Director candidates are evaluated by reference to criteria such as integrity, candor, judgment, skills and experience with respect to the industry in which the company operates, leadership, strategic understanding, and independence. These factors are considered in the context of the current composition of the board. A candidate is evaluated against these criteria regardless of the source of the recommendation. There are no minimum requirements as such, although integrity and judgment are considered absolute requirements. Rather, the board examines all capabilities, skills and experience in evaluating director candidates.

The policy of the Committee and board is to consider recommendations for director candidates from any interested party, especially shareholders. Shareholders and other interested persons who wish to recommend a director candidate should submit the recommendation in writing addressed to The Standard Register Company Corporate Governance and Nominating Committee, in care of the Corporate Secretary, The Standard Register Company, 600 Albany Street, Dayton, Ohio 45408. The communication should state the name of the candidate, his or her qualifications, and contact information for the shareholder or interested party, and the candidate. Such candidates will be evaluated using the same criteria as candidates proposed from other sources. There have been no material changes to the process by which shareholders and interested parties may recommend nominees to the board.

All nominees recommended by the board for election at the 2007 Annual Meeting of Shareholders are standing for re-election.

### **Audit Committee**

The board has established a separately-designated standing Audit Committee for purposes of overseeing the accounting and financial reporting processes of the company, and audits of its financial statements.

The Audit Committee met seven times in 2006. All members of the Committee attended at least 75% of the meetings held in 2006. Sherrill W. Hudson is Chair of the Audit Committee. The other members of the Committee are F. David Clarke, II, Ann Scavullo, and John J. Schiff, Jr. The board has determined that all members of the Committee are independent directors, and meet the financial literacy requirements of the New York Stock Exchange.

The board adopted an Audit Committee Charter in April 2000. It is reviewed annually, and updated as appropriate. It is available on the company's Web site, [www.standardregister.com](http://www.standardregister.com), at About SR.

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The Audit Committee is responsible for monitoring and assuring the integrity of Standard Register's financial reporting process. It accomplishes this function by assessing the internal accounting and auditing practices of the company, and the independent auditor's fulfillment of its role in the financial reporting process. The Committee has sole authority for appointing and assessing the independent auditors, and setting their fees. Additionally, the Committee administers compliance with the company's Code of Ethics. To that end, the Committee has established procedures for the receipt, retention and investigation of complaints regarding accounting, internal accounting controls or auditing matters. Any interested person may contact the Audit Committee directly through the company's external Web site by clicking on About SR, as more fully described in the later section Contact Information. Company employees may contact the Audit Committee, anonymously if they wish, through a toll-free telephone number linked to a third party who will record complaints related to accounting and auditing matters and forward such complaints directly to the Audit Committee.

The board has determined that independent director Sherrill W. Hudson satisfies the Audit Committee financial expert qualifications contained in regulations issued pursuant to the Sarbanes-Oxley Act of 2002. Specifically, the board has concluded that Mr. Hudson's 37-year career with Deloitte & Touche, a firm of certified public accountants, qualifies him as an Audit Committee financial expert. Mr. Hudson's experience with respect to audits of financial statements of publicly held companies, internal controls, application of generally accepted accounting principles, and audit committee functions, and his independence as a board member, meet the criteria for Audit Committee financial expert.

## **Compensation Committee**

The Compensation Committee met eight times in 2006. All members attended at least 75% of Committee meetings held in 2006. F. David Clarke, II, chaired the Committee for all its meetings in 2006. Other members are Roy W. Begley, Jr., Sherrill W. Hudson, Ann Scavullo and John Q. Sherman, II. All members of the Committee are independent directors.

The board has adopted a Charter for the Compensation Committee. It is reviewed annually, and updated as appropriate. It is available on the company's Web site, [www.standardregister.com](http://www.standardregister.com), at About SR.

The Compensation Committee has sole responsibility for determining compensation for the Chief Executive Officer, and it recommends compensation for other executive officers to the board for approval. The Committee administers the equity and other compensation plans described in the executive compensation disclosures included in this proxy statement. It is responsible for reviewing and recommending to the board the annual retainer and other fees and grants for directors in connection with service on the board and Committees.

The Compensation Committee is authorized to establish and review the compensation strategy of the company in order to align organizational strategies, goals, and performance with appropriate compensation rewards to executive officers and directors. It accomplishes this by evaluating components of total compensation and assessing performance against goals, market competitive data and other appropriate factors. The Committee also has authority to make grants of stock awards to