

HUTTIG BUILDING PRODUCTS INC

Form DEF 14A

March 13, 2008

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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

Huttig Building Products, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

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**555 Maryville University Dr.
Suite 400
St. Louis, Missouri 63141**

March 13, 2008

Dear Huttig Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Huttig Building Products, Inc., to be held at 3:00 p.m., local time, on Monday, April 21, 2008 at the Hyatt Regency Greenwich, 1800 East Putnam, Old Greenwich, Connecticut.

The Notice of Annual Meeting and Proxy Statement on the following pages describe the matters to be presented at the meeting. Management will report on current operations and there will be an opportunity for discussion of the Company and its activities. Our 2007 Annual Report accompanies this Proxy Statement.

It is important that your shares be represented at the meeting regardless of the size of your holdings. If you are unable to attend in person, we urge you to participate by voting your shares by proxy. You may do so by filling out and returning the enclosed proxy card, or by using the Internet address or the toll-free telephone number on the proxy card.

Sincerely,

Jon P. Vrabely
President and Chief Executive Officer

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MISCELLANEOUS

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**Huttig Building Products, Inc.
555 Maryville University Dr.
Suite 400
St. Louis, Missouri 63141**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 21, 2008**

March 13, 2008

Huttig Building Products, Inc. will hold its 2008 Annual Meeting of Stockholders on Monday, April 21, 2008 at 3:00 p.m., local time, at the Hyatt Regency Greenwich, 1800 East Putnam, Old Greenwich, Connecticut, for the following purposes:

1. To elect three directors to serve terms expiring in 2011;
2. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2008; and
3. To transact such other business as may properly come before the meeting and all adjournments and postponements thereof.

The Board of Directors has fixed February 22, 2008 as the record date for the purpose of determining stockholders entitled to notice of and to vote at the annual meeting and all adjournments thereof. A list of stockholders entitled to vote at the annual meeting will be available for ten days prior to the meeting at our executive offices at 555 Maryville University Drive, Suite 400, St. Louis, Missouri 63141.

In order to assure a quorum, it is important that stockholders who do not expect to attend the meeting in person fill in, sign, date and return the enclosed proxy card in the accompanying envelope, or use the Internet address or toll-free telephone number set forth on the enclosed proxy card to vote their shares. Any stockholder attending the meeting may vote in person even if that stockholder has previously returned a proxy.

By Order of the Board of Directors,

David L. Fleisher
Corporate Secretary

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HUTTIG BUILDING PRODUCTS, INC.
555 Maryville University Dr.
Suite 400
St. Louis, Missouri 63141

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 21, 2008

The Board of Directors of Huttig Building Products, Inc. (Huttig or the Company) is soliciting the enclosed proxy for use at the Annual Meeting of Stockholders to be held at the Hyatt Regency Greenwich, 1800 East Putnam, Old Greenwich, Connecticut, on Monday, April 21, 2008, at 3:00 p.m., local time, and at any adjournments or postponements thereof. The enclosed proxy, when properly executed and received by the Corporate Secretary prior to the meeting, and not revoked, will be voted in accordance with the directions thereon. If no directions are indicated on a proxy that is properly executed and received by the Corporate Secretary prior to the meeting, and not revoked, the proxy will be voted FOR each nominee for election as a director and FOR the proposal to ratify the selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2008. If any other matter should be presented at the Annual Meeting upon which a vote may properly be taken, the shares represented by the proxy will be voted with respect thereto in accordance with the discretion of the person or persons holding such proxy.

The first date on which this Proxy Statement and the enclosed proxy card are being sent to the Company's stockholders entitled to notice of and to vote at the Annual Meeting is on or about March 13, 2008.

How to Vote

Stockholders may vote by marking their proxy, dating and signing it and returning it to the Corporate Secretary in the enclosed envelope. As an alternative to using the written form of proxy, stockholders may also vote their proxy by using the toll-free number listed on the proxy card or by voting via the Internet. The telephone voting and Internet voting procedures are designed to authenticate votes cast by use of a Personal Identification Number. The procedures allow stockholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. Specific instructions to be followed by any stockholder of record interested in voting by telephone or the Internet are set forth on the enclosed proxy card. If your shares are held in the name of a bank or broker, follow the voting instructions on the form you receive from that firm. The availability of telephone or Internet voting will depend on that firm's voting processes.

How to Revoke a Vote

Stockholders may revoke proxies at any time prior to the voting of the proxy by providing written notice to the Company, by submitting a new later-dated proxy or by voting in person at the meeting.

Special Voting Rules for Participants in Huttig's 401(k) Plans

If you participate in the Huttig Building Products, Inc. Savings and Profit Sharing Plan, the Crane Co. Savings and Investment Plan or Crane Co.'s Unidynamics Employee Savings & Investment Plan (collectively, the 401(k) Plans), you will receive one proxy with respect to all of your shares of Huttig stock registered in the same name, even if such shares are held in more than one 401(k) Plan. If your accounts are not registered in the same name, you will receive a separate proxy with respect to each registered name for which you have accounts. Shares of Huttig common stock held in each 401(k) Plan will be voted by The Prudential Investment Company of America, as trustee of each 401(k)

Plan, as directed by Plan participants. Participants in the 401(k) Plans should indicate their voting instructions for each action to be taken under the Huttig proxy. All voting instructions from the 401(k) Plans participants will be kept confidential. If a participant fails to sign or to return the enclosed proxy/voting instruction card, the Huttig shares allocated to such participant will be voted in accordance with the pro rata vote of the participants in the applicable 401(k) Plan who did provide instructions.

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Outstanding Shares and Required Votes

As of the close of business on February 22, 2008, the record date for determining stockholders entitled to vote at the annual meeting, the Company had issued and outstanding 21,389,976 shares of common stock, par value \$0.01 per share. Each share of common stock is entitled to one vote on each matter to be voted on at the meeting. The presence in person or by proxy at the meeting of stockholders entitled to cast at least a majority of the votes that all holders of shares of common stock are entitled to cast will constitute a quorum for the transaction of business at the meeting. Abstentions and broker non-votes are counted as present or represented for purposes of determining whether a quorum is present at the meeting. A broker non-vote occurs when a broker returns a proxy card but does not vote on one or more matters because the broker does not have the authority to do so. Shares represented by proxies that are marked "withhold" with respect to the election of one or more directors will be counted as present in determining whether there is a quorum.

Directors will be elected by a plurality of the votes cast by holders of shares of common stock present in person or represented by proxy and entitled to vote at the meeting. Votes may be cast in favor of a director nominee or withheld, and the three persons receiving the highest number of favorable votes will be elected as directors of the Company. Abstentions and broker non-votes will not affect the outcome of the election of directors.

A majority of shares entitled to vote and present in person or by proxy at the meeting must be voted in favor of the ratification of KPMG LLP as the Company's independent registered accounting firm for the year ending December 31, 2008 in order for that proposal to be approved. Abstentions and broker non-votes will have the practical effect of voting against these proposals.

ITEM 1 ELECTION OF DIRECTORS

The Board of Directors of the Company is currently comprised of eleven members divided into three classes with each director elected to serve for a three-year term. At the 2008 annual meeting, three directors will be elected to hold office until the 2011 annual meeting. If it is properly executed and received by the Corporate Secretary prior to the meeting, and not revoked, the enclosed proxy will be voted for the election of R. S. Evans, J. Keith Matheney and Steven A. Wise, unless a stockholder indicates that a vote should be withheld with respect to one or more of such nominees. The election of all three nominees has been proposed by the Nominating and Governance Committee and recommended by the Board of Directors. Each of the nominees has consented to being named in this Proxy Statement and has indicated his willingness to serve if elected. If any nominee shall, prior to the meeting, become unavailable for election as a director, the persons named in the accompanying form of proxy will vote for such replacement nominee, if any, as may be recommended by the Board of Directors.

Dorsey R. Gardner and Philippe J. Gastone have resigned from the Board of Directors, effective immediately prior to the 2008 annual meeting. Messrs. Gardner and Gastone will not be replaced on the Board and the size of the Board has been reduced to nine members from eleven. Messrs. Gardner and Gastone are both members of the Board class whose terms expire in 2009. In order that the Board classes be equal in number, Donald L. Glass resigned from the Board class whose terms expire in 2010 and was re-appointed to the Board class whose terms expire in 2009, effective immediately prior to the 2008 annual meeting. As a result, there are three directors with terms expiring in 2008, three continuing directors with terms expiring in 2009 and three continuing directors with terms expiring in 2010.

The Board unanimously recommends a vote FOR the election of Messrs. Evans, Matheney and Wise as directors for terms expiring in 2011.

Please review the following information regarding Messrs. Evans, Matheney and Wise and the other directors continuing in office.

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Director Nominees for Election at the 2008 Annual Meeting

R. S. EVANS

Age 63. Director since 1972. Chairman of the Board of Directors of the Company. Chairman of Crane Co. (diversified manufacturer of engineered industrial products) since 1984. Chief Executive Officer of Crane Co. from 1984 through April 2001. Other directorships: Crane Co., HBD Industries, Inc.

J. KEITH MATHENEY

Age 59. Director since May 2004. Managing member of Matheney and Matheney, CPAs PLLC (accounting and tax consulting) since June 2004. Executive Vice President of Louisiana Pacific Corporation (manufacturer of forest products) from April 2002 to September 2003 and Vice President from February 1997 to April 2002. Other directorships: Pope & Talbot, Inc.

STEVEN A. WISE

Age 47. Director since April 2005. Pacific Regional President for CEMEX S.A.B. de C.V. s (cement and building materials producer) U.S. operations since 2007. Executive Vice President, Ready-Mix and Aggregates for CEMEX s U.S. operations from 2003 to 2007. Vice President and General Manager of Texas Ready-Mix and Aggregates for CEMEX s U.S. operations from 1998 to 2003.

Continuing Directors:

Directors Whose Terms Expire in 2009

MICHAEL A. LUPO

Age 75. Director since December 2002. Executive business consultant since January 2007. Strategic Advisor to the Company from January 2007 through December 2007. President and Chief Executive Officer of the Company from April 2003 through December 2006. Chairman and Chief Executive Officer of MEDX, Inc. (supplier of cameras, parts and service used in nuclear medicine) from February 1999 to March 2003.

DELBERT H. TANNER

Age 56. Director since January 2001. Chief Executive Officer of Anderson Group, Inc. (manufacturer of welding equipment and industrial fans) from June 2005 to June 2007. President and Chief Executive Officer of RMC Industries Corporation (ready-mix concrete and building materials producer) from June 2002 to May 2005. President and Chief Executive Officer of RMC Industries Corporation (ready-mix concrete and building materials producer) from June 2002 to May 2005. Chief Operating Officer and Executive Vice President from February 2002 to June 2002, and Senior Vice President from July 1998 to February 2002 of RMC Industries Corporation.

DONALD L. GLASS

Age 59. Director since September 2004. Retired. President and Chief Executive Officer of The Timber Company (timber producer) from December 1997 to October 2001. Executive Vice President of Georgia-Pacific Corporation (building products manufacturer) from January 1996 to October 2001.

Directors Whose Terms Expire in 2010

E. THAYER BIGELOW

Age 66. Director since October 1999. Managing Director of Bigelow Media, LLC (investment in media and entertainment companies) since September 2000. Other directorships: Crane Co., Lord Abbett & Co. Mutual Funds (42 funds).

RICHARD S. FORTÉ

Age 63. Director since October 1999. Retired. Chairman of Forté Cashmere Company LLC (importer and manufacturer) from January 2002 to March 2004. President of Dawson Forté Cashmere Company (importer) from January 1997 to December 2001. Other directorships: Crane Co.

JON P. VRABELY

Age 42. Director since January 2007. President and Chief Executive Officer of the Company since January 2007. Vice President, Chief Operating Officer from November 2005 through December 2006. Vice President of Operations from December 2004 to November 2005. Vice President, Product Management from September 2003 to

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December 2004. Vice President of the Company's Builder Resource operations from October 2002 until those operations were divested in February 2005.

Pursuant to a Registration Rights Agreement entered into by the Company and The Rugby Group Limited in 1999, so long as the Company common stock owned by Rugby and received in the 1999 sale of Rugby's U.S. building products business to the Company constitutes at least 30%, 20% and 10% of the Company's outstanding common stock, Rugby is entitled to designate for nomination by the Board of Directors three, two or one director(s), respectively. If shares of common stock beneficially owned by Rugby and its affiliates in the aggregate at any time would constitute less than 30% of the Company's outstanding stock solely as a result of Rugby's sale of shares to the Company in August 2001, Rugby will continue to have the right to nominate three directors so long as the common stock received in the December 1999 transaction and held by Rugby and its affiliates in the aggregate constitutes at least Rugby's new ownership percentage after giving effect to the Company's repurchase of these shares, as this percentage may increase from time to time as a result of the Company's repurchase of common stock. So long as the Company common stock owned by Rugby and received in the 1999 transaction constitutes 10% or more of the Company's outstanding common stock, Rugby is required to be present at all meetings of the Company's stockholders and to vote its shares in favor of the Board's nominees for election to the Board of Directors. The Crane Fund, one of the Company's principal stockholders at the time, also agreed with Rugby that, so long as the Company common stock owned by Rugby and received in the 1999 transaction constitutes 10% or more of the Company's outstanding common stock, the Crane Fund would be present at all meetings of the Company's stockholders and vote its shares of common stock for the nominees designated by Rugby as provided in the Registration Rights Agreement.

Based on information as of February 15, 2008, Rugby beneficially owns 26.9% of the Company's common stock. Rugby is an indirect subsidiary of CEMEX S.A.B. de C.V. Messrs. Gastone, Glass and Wise are Rugby's current designees on the Board of Directors. Mr. Gastone has resigned from the Board of Directors, effective immediately prior to the 2008 annual meeting, and will not be replaced. Mr. Wise's term expires in 2008 and he is nominated for election as a director for a term expiring in 2011. See "Certain Relationships and Related Transactions" in this Proxy Statement.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

Board of Directors

During 2007, the Board of Directors was comprised of eleven directors. Dorsey R. Gardner and Philippe J. Gastone have resigned from the Board of Directors, effective immediately prior to the 2008 annual meeting. Messrs. Gardner and Gastone will not be replaced on the Board and the size of the Board has been reduced to nine members from eleven.

During 2007, the Board of Directors held seven meetings and all directors attended at least 75% of the Board meetings and meetings of the committees on which they served, except for Mr. Wise, who attended five Board meetings. The Company's directors are encouraged to attend the Annual Meeting of Stockholders. All of our directors attended the 2007 Annual Meeting, except for Mr. Wise, who was unable to attend.

Director Independence

The Board of Directors has affirmatively determined that each of the non-employee directors Messrs. Bigelow, Evans, Forté, Gardner, Gastone, Glass, Matheney, Tanner and Wise is independent in accordance with the standards established by the New York Stock Exchange and that none of such directors has a material relationship with the Company. In reaching its determination, the Board considered the status of Messrs. Gastone, Glass and Wise as designees of The Rugby Group Limited, the Company's principal stockholder. The Board considered the NYSE's view

that ownership of even a significant amount of stock, by itself, does not bar an independence finding. The Board determined that because none of Messrs. Gastone, Glass or Wise is an executive officer or director of CEMEX S.A.B. de C.V., which indirectly owns 100% of the outstanding capital stock of Rugby, and, therefore, none has a beneficial interest in the Company shares owned by Rugby, each such director's status as a designee of Rugby Group is not a relationship that precludes him from exercising independent judgment in carrying out his

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responsibilities. Mr. Vrabely does not meet the independence standards because he is an employee of the Company. Mr. Lupo does not meet the independence standards because he was an employee of the Company through December 31, 2007.

The Board of Directors has also affirmatively determined that:

each member of the Audit Committee qualifies as independent under the provisions of Section 10A of the Securities Exchange Act of 1934 and the rules of the SEC promulgated thereunder, as well as the NYSE's independence rules relating to audit committees;

each member of the Management Organization and Compensation Committee meets the independence requirements of the NYSE's corporate governance listing standards; and

each member of the Nominating and Governance Committee meets the independence requirements of the NYSE's corporate governance listing standards.

Corporate Governance

The Company has adopted Corporate Governance Guidelines. The Company has also adopted a Code of Business Conduct and Ethics applicable to all directors, officers and employees. The Corporate Governance Guidelines and the Code of Business Conduct and Ethics are available on the Company's website at www.huttig.com. Copies are also available in print at no charge upon request to the Company addressed to the Office of the Corporate Secretary at 555 Maryville University Dr., Suite 400, St. Louis, MO 63141. The Company intends to post on its website any amendments to, or waivers from, its Code of Business Conduct and Ethics within two days of such amendment or waiver.

In accordance with our Corporate Governance Guidelines, non-management directors regularly hold executive sessions without management present. During 2007, two of the Board meetings included executive sessions from which management was excused. Mr. R. S. Evans, Chairman of the Board, presided at those executive sessions.

Board Committees

The Board of Directors has four standing committees: (1) Executive, (2) Audit, (3) Management Organization and Compensation, and (4) Nominating and Governance. The Executive Committee meets when a quorum of the full Board of Directors cannot be readily obtained. Each of the other committees operates under a written charter adopted by the Board of Directors. All of the committee charters are available on the Company's website at www.huttig.com. Copies are also available in print upon request to the Company addressed to the Office of the Corporate Secretary at 555 Maryville University Dr., Suite 400, St. Louis, MO 63141. During 2007, the Management Organization and Compensation Committee amended its charter and the complete text of the amended Management Organization and Compensation Committee charter is included as Appendix A to this Proxy Statement.

The memberships of Board committees as of the date of this Proxy Statement are as follows:

Executive Committee	Audit Committee	Management Organization and Compensation Committee	Nominating and Governance Committee
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Jon P. Vrabely (Chairman)

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	J. Keith Matheney (Chairman)	E. Thayer Bigelow (Chairman)	R. S. Evans (Chairman)
R. S. Evans	E. Thayer Bigelow	Dorsey R. Gardner*	E. Thayer Bigelow
Michael A. Lupo	Richard S. Forté	Donald L. Glass	Richard S. Forté
Delbert H. Tanner	Dorsey R. Gardner*	Delbert H. Tanner	Donald L. Glass

* Mr. Gardner has resigned from the Board and from the Audit Committee and the Management Organization and Compensation Committee, effective immediately prior to the 2008 annual meeting.

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Audit Committee

The Audit Committee assists the Board in fulfilling the Board's oversight responsibility with respect to the integrity of the Company's financial statements, the qualification and independence of the Company's independent auditors, the performance of the Company's internal audit function and its internal auditors and the Company's compliance with legal and regulatory requirements. The Audit Committee has the authority to select, evaluate and, where appropriate, replace the independent auditors. The Audit Committee meets periodically with representatives from the Company's internal auditors and independent auditors separate from management. The Audit Committee also is responsible for reviewing compliance with the Company's Code of Business Conduct and Ethics policy, and for administering and enforcing the Company's accounting and auditing compliance procedures adopted in accordance with Section 301 of the Sarbanes-Oxley Act of 2002.

In discharging its oversight responsibility as to the audit process, the Audit Committee obtained from the independent auditors a formal written statement confirming the absence of any relationships between the auditors and the Company that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. The Audit Committee discussed with the independent auditors any activities that may impact their objectivity and independence, including fees for non-audit services, and satisfied itself as to the auditors' independence. The Audit Committee also received a report on the quality control procedures of the independent auditors as well as the most recent peer review conducted under guidelines of the American Institute of Certified Public Accountants. The Audit Committee also discussed with management, the internal auditors and the independent auditors the quality and adequacy of the Company's internal controls and the internal audit function's organization, responsibilities, budget and staffing, and results of the internal audit examinations. The Audit Committee reviewed with the independent auditors and the internal auditors their audit plan and audit scope and the independent auditors' examination of the financial statements.

The Board of Directors has determined that each member of the Audit Committee meets the financial literacy and expertise requirements of the NYSE and that J. Keith Matheney meets the requirements of an audit committee financial expert as defined in regulations of the SEC under the Sarbanes-Oxley Act of 2002. During 2007, the Audit Committee held ten meetings.

The report of the Audit Committee is included under Report of the Audit Committee in this Proxy Statement.

Management Organization and Compensation Committee

The Management Organization and Compensation Committee oversees the Company's compensation plans and practices, including its executive compensation plans and director compensation plans, reviews and evaluates the performance of the Chief Executive Officer, reviews with the Chief Executive Officer his evaluation of the performance of other members of senior management, administers the Company's stock option, restricted stock and other stock-based compensation plans and programs, reviews management development and succession planning policies and produces the annual report on executive compensation for inclusion in the Company's annual proxy statement. During 2007, the Management Organization and Compensation Committee held four meetings.

The report of the Management Organization and Compensation Committee on executive compensation is included under Report on Executive Compensation by the Management Organization and Compensation Committee of the Company in this Proxy Statement.

Nominating and Governance Committee

The Nominating and Governance Committee's duties include assisting the Board by identifying individuals qualified to become members of the Board, recommending to the Board the director nominees for election at the next Annual Meeting of Stockholders, advising the Board with respect to Board composition and procedures, advising the Board with respect to corporate governance principals and overseeing the evaluation of the Board. During 2007, the Nominating and Governance Committee held three meetings.

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Director Qualifications and Nominating Procedures

The Company's Corporate Governance Guidelines provide that the Board should generally have from seven to eleven directors, a substantial majority of whom must qualify as independent directors under the listing standards of the NYSE. The Corporate Governance Guidelines provide that a director who serves as the Company's Chief Executive Officer should not serve on more than two public company boards in addition to the Board, other directors should not serve on more than four public company boards in addition to the Board and members of the Audit Committee should not serve on more than two other public company audit committees.

The Nominating and Governance Committee seeks to identify and recruit the best available director candidates to sustain and enhance the composition of the Board with the appropriate balance of knowledge, experience, skills, expertise and diversity. Characteristics required for service on the Company's Board include integrity, an understanding of the workings of large business organizations such as the Company, senior level executive experience, the ability to make independent, analytical judgments, the ability to be an effective communicator, and the ability and willingness to devote the time and effort to be an effective and contributing member of the Board. To assist it in identifying potential director candidates, the Nominating and Governance Committee has the authority to retain a search firm, at the Company's expense. The Nominating and Governance Committee will consider potential director candidates proposed by other members of the Board, by management or by stockholders.

To have a candidate considered by the Nominating and Governance Committee, a stockholder must submit the recommendation in writing to the Company addressed to the Office of the Corporate Secretary at 555 Maryville University Dr., Suite 400, St. Louis, MO 63141 and must supply the following information:

The candidate's name, age and business and residence address;

The candidate's detailed resume;

A description of any arrangements or understandings between the stockholder and the candidate;

A signed confirmation of the candidate's willingness to serve on the Board; and

The stockholder's name, number of Company shares owned and the length of time of ownership.

Stockholders may submit potential director candidates at any time pursuant to these procedures. The Nominating and Governance Committee will consider such candidates in connection with annual elections of directors or the filling of any director vacancies. Any stockholder nominations for the 2009 Annual Meeting, together with the information described above, must be submitted in accordance with the procedures described under "Miscellaneous - Next Annual Meeting; Stockholder Proposals" in this Proxy Statement.

Stockholder Communications with Directors

The Board has established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may contact any member (or all members) of the Board, any Board committee or any Chairman of any such committee by mail or electronically. To communicate with the Board of Directors, any individual director or any group or committee of directors, correspondence should be addressed to the Board of Directors or any such individual director or group or committee of directors by either name or title. All such correspondence should be sent to the Company c/o Corporate Secretary at 555 Maryville University Dr., Suite 400, St. Louis, Missouri 63141. To communicate with any of our directors electronically, stockholders should use the following e-mail address: corporatesecretary@huttig.com.

The office of the Corporate Secretary will open all communications received as set forth in the preceding paragraph for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive or irrelevant material will be forwarded promptly to the addressee. To the extent that the communication involves a request for information, such as an inquiry about Huttig or stock-related matters, the Corporate Secretary's office may handle the inquiry directly. In the case of communications to the Board or any group or committee of directors, the Corporate Secretary's office will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope or email is addressed.

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Shown below is information concerning the compensation for service as a director for each member of our Board of Directors for the year ended December 31, 2007.

Name	Fees Earned or Paid in Cash(1)	Stock Awards	Option Awards	Changes in Pension Value and		All Other	Total
				Non-Equity Incentive Plan Comp.	Non-qual. Deferred Comp. Earnings		
R. S. Evans	\$ 100,000	\$ 10,003(2)					\$ 110,003
E. Thayer Bigelow	\$ 79,500	\$ 15,006(2)					\$ 94,506
Richard S. Forté	\$ 64,500	\$ 15,006(2)					\$ 79,506
Dorsey R. Gardner	\$ 67,168	\$ 15,006(2)					\$ 82,174
Philippe J. Gastone(6)	\$ 37,000	\$ 15,006(2)					\$ 52,006
Donald L. Glass	\$ 53,000	\$ 15,006(2)					\$ 68,006
Michael A. Lupo(3)		\$ 357,957(4)				\$ 199,084(5)	\$ 557,041
J. Keith Matheney	\$ 68,332	\$ 15,006(2)					\$ 83,338
Delbert H. Tanner	\$ 51,000	\$ 15,006(2)					\$ 66,006
Jon P. Vrabely(7)							
Steven A. Wise(6)	\$ 35,000	\$ 15,006(2)					\$ 50,006

- (1) During 2007, the Chairman of the Board of Directors, Mr. R.S. Evans, received a cash retainer fee of \$100,000. Mr. Evans receives no other cash compensation for his service on the Board and its Committees. During 2007, non-employee directors, other than Mr. Evans, received the following cash compensation: \$25,000 annual Board retainer; \$10,000 annual retainer for chairman of the Audit Committee; \$1,500 annual retainer for other Audit Committee members; \$3,000 annual retainer for chairman of the Management Organization and Compensation Committee; \$2,000 annual retainer for Executive Committee members; and \$2,000 for each Board meeting and Committee meeting attended.

In December 2007, the Board, upon recommendation of the Management Organization and Compensation Committee approved a 10% reduction in the cash compensation paid to non-employee directors, effective January 1, 2008.

- (2) Amounts represent the amount recognized for financial statement reporting purposes for 2007 in accordance with the provisions of Statement of Financial Accounting Standards No. 123R Share Based Payments (FAS 123R) for restricted stock units (RSUs) for shares of Company common stock. For a discussion of the assumptions made in the valuation of stock awards, see Footnote 9 of the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2007. Each non-employee director is awarded, on the date of the Annual Meeting of Stockholders, an annual grant of RSUs having a value of approximately \$15,000 on the date of grant. The RSUs vest in full on the date of the next

Annual Meeting of Stockholders or upon a change of control of the Company. The shares of stock represented by vested RSUs are delivered to the director upon cessation of his service on the Board. Each non-employee director received a grant of 2,205 RSUs on April 23, 2007, which vest on April 21, 2008, the date of the 2008 Annual Meeting of Stockholders with a grant date fair value computed in accordance with FAS 123R of \$15,005. The aggregate number of RSUs held by each non-employee director at December 31, 2007 is as follows: Mr. Evans 2,205; each of Messrs. Bigelow, Forté, Gardner, Gastone, Glass, Matheney, Tanner and Wise 5,643.

- (3) Mr. Lupo was employed by the Company in the position of Strategic Advisor during 2007 pursuant to a written employment agreement. Directors who are also employees of the Company receive no additional compensation for serving on the Board. As Strategic Advisor, Mr. Lupo received an annual salary of \$180,000, use of a Company-provided automobile, reimbursement for supplemental health insurance premiums and was allowed to participate in the Company's health, welfare and retirement plans on the same terms as other employees.

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- (4) Represents the amount recognized for financial statement reporting purposes for 2007 in accordance with the provisions of Statement of Financial Accounting Standards No. 123R – Share Based Payments (FAS 123R) for 74,915 shares of restricted stock granted to Mr. Lupo in 2006, 50% of which vested on December 31, 2006 and 50% of which vested on December 31, 2007. For a discussion of the assumptions made in the valuation of stock awards, see Footnote 9 of the Notes to the Consolidated Financial Statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2007.
- (5) Includes Mr. Lupo’s annual salary of \$180,000 as Strategic Advisor to the Company. No other items included in this column, other than the perquisites and personal benefits quantified in the following sentence meet the footnote quantification threshold established by SEC regulations. Also includes the following perquisites and personal benefits, which are valued on the basis of aggregate incremental cost to the Company: personal use of a company car of \$10,191 and personal use of a cell phone. In addition to the amounts reported in this column, in 2007 Mr. Lupo was paid \$175,753 in deferred bonuses, including interest, under the Company’s EVA Incentive Compensation Plan which were earned during his tenure as the Company’s President and Chief Executive Officer.
- (6) Mr. Gastone and Mr. Wise have agreed with Rugby Group to transfer to Rugby Group all cash compensation payable to them for their services as directors of the Company.
- (7) See the Summary Compensation Table in this Proxy Statement for compensation disclosure related to Mr. Vrabely, the Company’s President and Chief Executive Officer. Directors who are also employees of the Company receive no additional compensation for serving on the Board.

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REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed with management the financial statements for fiscal year 2007 audited by KPMG LLP, the Company's independent registered public accounting firm. The Audit Committee has discussed with KPMG LLP various matters related to the financial statements, including those matters required to be discussed by SAS 114 (Codification of Statements on Auditing Standards, AU 380). The Audit Committee has also received the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees), and has discussed with KPMG LLP its independence. Management is responsible for the preparation, presentation and integrity of the Company's financial statements, the Company's internal controls and financial reporting process and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The Company's independent auditors are responsible for performing an independent audit of the Company's financial statements and expressing an opinion as to their conformity with generally accepted accounting principles. Based upon such review and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 filed with the Securities and Exchange Commission.

Other than Mr. Matheney, who is a practicing certified public accountant, the members of the Audit Committee are not professionally engaged in the practice of auditing or accounting. The members of the Audit Committee are not, and do not represent themselves to be performing the functions of auditors or accountants. Members of the Audit Committee may rely without independent verification on the information provided to them and on representations made by management and the independent auditors. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles, or that the Company's auditors are in fact independent.

This report is not to be deemed soliciting material or deemed to be filed with the Securities and Exchange Commission or subject to Regulation 14A of the Securities Exchange Act of 1934, except to the extent that the Company specifically requests that this report be treated as soliciting material or specifically incorporates it by reference into a document filed with the Securities and Exchange Commission.

Submitted by:

The Audit Committee of the Board of Directors of Huttig Building Products, Inc.

J. Keith Matheney Chairman
E. Thayer Bigelow
Richard S. Forté
Dorsey R. Gardner

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**REPORT ON EXECUTIVE COMPENSATION BY THE MANAGEMENT ORGANIZATION AND
COMPENSATION COMMITTEE OF THE COMPANY**

The Management Organization and Compensation Committee (the Committee) has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis section of this Proxy Statement. Based upon this review and its discussions, the Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis section of this Proxy Statement be included in the Company's Proxy Statement on Schedule 14A for the Company's 2008 Annual Meeting of Stockholders filed with the SEC.

Submitted by:

The Management Organization and Compensation Committee of the Board of Directors of Huttig Building Products, Inc.

E. Thayer Bigelow Chairman
Dorsey R. Gardner
Donald L. Glass
Delbert H. Tanner

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EXECUTIVE OFFICERS

Huttig's executive officers as of March 13, 2008 and their respective ages and positions are set forth below: