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MAGNETEK INC
Form DEF 14A
September 29, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

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- Definitive Proxy Statement
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MAGNETEK, 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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8966 Mason Avenue
Chatsworth, California 91311

September 29, 2006

Dear Shareholder:

It is our pleasure to invite you to the 2006 annual meeting of shareholders of Magnetek, Inc., which will be held at **The Westwood on Wilshire Hotel, 10740 Wilshire Blvd, Los Angeles, California 90024 on Wednesday, October 25, 2006 at 9:00 a.m. Pacific Time.** During the meeting we will discuss the items of business described in the attached Notice of Annual Meeting of Shareholders and Proxy Statement. There will also be a report on Magnetek's business operations and an opportunity to ask questions. Representatives of Ernst & Young LLP, Magnetek's independent registered public accounting firm for fiscal year 2006, will also be present and will have the opportunity to make a statement to our shareholders and respond to questions. We expect the meeting to adjourn at about 10:00 a.m.

We hope you can personally attend the meeting and vote your shares. If you are unable to do so, it is still important that your shares be represented and we urge you to promptly sign, date and return the enclosed Proxy Card, to vote by telephone or by Internet by following the instructions on the enclosed proxy card. Your vote, regardless of the number of shares you own, is important. If you are unable to attend the meeting, we hope you will take the time to listen to it live over the Internet by accessing our website at www.magnetek.com. Copies of slides used at the meeting and the audio of the meeting and report of operations will be maintained on our website until the next annual meeting.

Sincerely,

Andrew G. Galef
Chairman of the Board of Directors

Thomas G. Boren
President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

- Time:** **Wednesday, October 25, 2006, 9:00 a.m. Pacific Time.**
- Place:** The Westwood on Wilshire Hotel
10740 Wilshire Blvd.
Los Angeles, California 90024
- Items of Business:**
- 1) Election of the members of the Board of Directors;
 - 2) Ratification of the appointment of Ernst & Young, LLP as Magnetek's independent registered public accounting firm for fiscal year 2007;
 - 3) Approval of Amendment to the Magnetek, Inc. Amended and Restated Director and Officer Compensation and Deferral Investment Plan for the Company's independent Directors and its Officers;
 - 4) Transaction of other business that may properly come before the meeting.
- Who Can Vote:** Anyone who held shares of common stock of Magnetek, Inc., at the close of business on **September 1, 2006** (the Record Date).
- Annual Report:** A copy of Magnetek's Annual Report for the fiscal year ended July 2, 2006, including the report on Form 10-K, without exhibits, is enclosed with this Notice of Annual Meeting and Proxy Statement. **The Annual Report on Form 10-K, with exhibits, which has been filed with the Securities Exchange Commission, can be accessed through direct links to the SEC filings on the Magnetek website at www.magnetek.com. Upon request, Magnetek will, without charge, send its shareholders an additional copy of the Annual Report on Form 10-K (with financial statements and related schedules) for fiscal 2006. The request must be directed to the attention of the Corporate Secretary of Magnetek, Inc., 8966 Mason Avenue, Chatsworth, California 91311.**
- Method of Voting:** Your vote is important and may be cast in any of the following ways:
- 1) Mark, sign, date and return the enclosed Proxy Card in the postage-paid envelope (no additional postage is necessary if mailed in the United States); or
 - 2) Vote in person at the annual meeting;
 - 3) Vote by telephone by following the instructions on the Proxy Card; or
 - 4) Vote via the Internet by following the instructions on the Proxy Card.
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MAGNETEK, INC.

2006 ANNUAL MEETING
PROXY STATEMENT

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PROXY STATEMENT

Magnetek Inc.'s Board of Directors solicits the enclosed proxy to give all of the Company's shareholders of record an opportunity to vote on the matters set forth in the preceding Notice of Annual Meeting of Shareholders. **The meeting will be held on Wednesday, October 25, 2006, at 9:00 a.m. Pacific Time, at The Westwood on Wilshire Hotel, 10740 Wilshire Blvd., Los Angeles, California 90024.** This Proxy Statement and the accompanying Proxy Card were first mailed to shareholders on or about October 2, 2006.

Voting Information

Who Can Vote: Voting rights are vested exclusively in holders of Magnetek, Inc. s common stock, par value \$.01, who held stock as of the close of business on September 1, 2006 (the Record Date). As of the close of business on the Record Date, there were 29,312,152 shares of common stock outstanding. Shareholders are entitled to one vote for each share of common stock held on any matter that properly comes before the shareholders at the annual meeting.

Ways to Vote: Shareholders may vote in person at the annual meeting, by proxy, by telephone or via the Internet. To vote by proxy, simply mark the enclosed Proxy Card, date and sign it and return it in the postage-paid envelope provided. Doing so authorizes the individuals named as proxy holders on the Proxy Card to vote your shares according to your instructions. Proxy Cards that are signed and returned without voting instructions will be voted by the proxy holders in favor of each proposal. The proxy holders will vote at their discretion on other matters that properly come before the shareholders at the annual meeting. You may also vote via telephone or the Internet by simply following the instructions on the enclosed Proxy Card.

Revocation of Proxy. At any time before the meeting, you may revoke your proxy by (a) signing another Proxy Card with a later date and returning it prior to the meeting, (b) attending the meeting in person to cast your vote, or (c) casting your vote via telephone or the Internet on a date later than the date on your Proxy Card.

Quorum and Counting of Votes. To establish a quorum necessary to conduct business at the annual meeting, a majority of the outstanding shares of common stock must be represented. Votes may be cast in favor of the proposals, may be withheld, or you may abstain from voting on a particular item, except with respect to the election of Directors. Votes withheld from the election of any Director will be excluded entirely from the vote and will have no effect on the election. Directors are elected by a plurality of the votes cast and shares may not be voted cumulatively for the election of Directors. Abstentions will be counted as present for purposes of establishing a quorum with respect to the item on which the abstention is noted and will have the effect of a negative vote.

Broker non-votes occur when shares are held in street form through a broker or similar market intermediary rather than in the shareholder s own name. The broker or other intermediary is authorized to vote the shares on routine matters, such as the election of Directors, but may not vote on non-routine matters without the beneficial shareholder s express authorization. Broker non-votes are counted for purposes of determining the presence of a quorum for the election of Directors, but under Delaware law

are not counted for purposes of determining the votes cast on any non-routine proposal.

Proposals. The following proposals will be submitted by the Company for a vote of the shareholders at this year's annual meeting.

Proposal 1: Election of Directors. Each current member of the Board of Directors is recommended for re-election to the Board and has agreed to stand for re-election. If elected, they will each serve a one-year term until the next annual meeting or until a successor is elected and qualified in the event that their services as a Director terminate prior to the next meeting of shareholders for some unforeseen reason. If unforeseen circumstances make it necessary for the Board of Directors to substitute another person in place of any of the below nominees, the proxy holders will vote shares cast in favor of that nominee for the substitute. Detailed information about each of the below-named nominees is provided in the section titled "Board of Directors" on pages 4-6 of this Proxy Statement:

Andrew G. Galef

Thomas G. Boren

Dewain K. Cross

Yon Yoon Jordan

Paul J. Kofmehl

Mitchell I. Quain

Robert E. Wycoff

The Board of Directors unanimously recommends a vote FOR each of the nominees.

Proposal 2: Ratification of the Appointment of Independent Registered Public Accounting Firm. The Audit Committee of the Board of Directors has appointed Ernst & Young LLP to serve as Magnetek's independent registered public accounting firm for fiscal 2007. The Board has ratified the appointment. This proposal is submitted to the shareholders to verify their approval of this selection. If the appointment of Ernst & Young is not ratified by the shareholders, the Audit Committee will reconsider its selection but reserves the right to uphold the appointment.

The Board of Directors unanimously recommends a vote FOR approval and ratification of the appointment of Ernst & Young LLP to serve as the Company's independent registered public accounting firm for fiscal 2007.

Proposal 3: Approval of the Second Amendment to the Magnetek, Inc. Amended and Restated Director and Officer Compensation and Deferral Investment Plan. On July 26, 2006, the Board unanimously adopted an amendment and restatement of the Magnetek, Inc. Amended and Restated Director and Officer Compensation and Deferral Plan (the "Plan"). The Plan, as amended and restated, among other things includes language applicable to nonqualified deferred compensation plans that is required by the American Jobs Creation Act of 2004, extends the opportunity to certain key executives of the Company to elect to defer voluntarily all or a portion of their compensation and/or bonus, and also increases the aggregate number of shares available for issuance under the Plan from 250,000 to 1,100,000 shares of the Company's common stock. A more detailed summary of the Plan, is set forth on pages 7 through 11 of this Proxy Statement. The summary is qualified in its entirety by the full text of the Plan, a copy of which, as it is proposed to be amended and restated, is attached as Appendix A to this Proxy Statement. Approval of this proposal will require the affirmative vote of the holders of a majority of the Company's shares voted at the annual meeting either in person or by proxy.

The Board of Directors unanimously recommends a vote FOR approval of the adoption of the Amended and Restated Director Compensation and Deferral Investment Plan.

Shareholder Proposals. No proposals were timely submitted for inclusion in the Proxy Statement for this annual meeting or for consideration at this meeting. No untimely proposals were submitted as of the date of this Proxy Statement. Any proposals received prior to the meeting will be voted by the proxy holders in the manner deemed appropriate by the Board of Directors.

Other Matters. Magnetek does not know of any business other than that described in the Notice of Annual Meeting and this Proxy

Statement that will be presented for consideration or action by the shareholders at this annual meeting; however, any business that properly comes before the annual meeting will be voted by the proxy holders in the manner deemed appropriate by the Board.

Submission of Shareholder Proposals for 2007 Annual Meeting. Magnetek anticipates that next year's annual meeting of shareholders will take place on **October 31, 2007**. Any shareholder satisfying the Securities Exchange Commission's requirements and wishing to submit a proposal to be included in the Proxy Statement for the 2007 annual meeting should submit the proposal in writing to the General Counsel of Magnetek, Inc at:

Magnetek, Inc.

Attn: General Counsel

8966 Mason Avenue

Chatsworth, California 91311.

The proposal must be received on or before **June 1, 2007**, to be considered timely submitted for inclusion in the Proxy Statement for the 2007 annual meeting. Magnetek's proxy holders reserve discretion to vote in the manner deemed appropriate by the Board of Directors with respect to timely filed proposals, provided that (1) Magnetek includes in its Proxy Statement for the 2007 annual meeting advice on the nature of the proposal and how Magnetek intends to exercise its voting discretion, and (2) the proponent of such proposal does not issue a separate proxy statement in respect of that proposal. Proposals that are not timely submitted for inclusion in the Proxy Statement for the 2007 annual meeting pursuant to the above paragraph, must be submitted in writing to the General Counsel at the address in the above paragraph on or before **August 17, 2007** to be timely for consideration at the meeting.

Costs of Solicitation. Magnetek will pay the cost of preparing, printing and mailing materials in connection with this solicitation of proxies. Magnetek has retained D.F. King & Co, Inc. to solicit proxies at a cost of approximately **\$8,000**, plus reasonable out-of-pocket expense. In addition to solicitation of proxies by use of the mail, D.F. King & Co., Inc. may, without additional compensation, solicit proxies personally, by telephone or by other appropriate means. Magnetek will request banks, brokerage firms and other custodians, nominees or fiduciaries holding shares of Magnetek's common stock for others to send proxy materials to, and to obtain proxies from, their principals, and Magnetek will reimburse them for reasonable expenses incurred in doing so upon request.

PROPOSAL NO. 1

ELECTION OF BOARD OF DIRECTORS

Our Board of Directors has nominated the seven Director candidates named below for re-election to the Board. Personal information on each of our Director candidates is provided below. All of our nominees currently serve as directors. None of our Directors are employed by Magnetek, other than Thomas Boren, the Company's Chief Executive Officer. Each Director is elected for a one-year term, holding office until the next annual shareholders' meeting of the Company or until a successor is elected and qualified in the event that his or her services as a Director terminate prior to the next annual shareholders' meeting for some unforeseen reason. All of our nominee Directors have agreed to stand for re-election.

Andrew Galef has served as Chairman of the Board since 1984. He served as Chief Executive Officer of Magnetek from September 1993 until June 1996 and from May 1999 until May 2005. Mr. Galef has been President of The Spectrum Group, Inc., a private investment and management firm, since its incorporation in California in 1978 and has served as Chairman and Chief Executive Officer of the Spectrum Group since 1987. Prior to the formation of the Spectrum Group, Mr. Galef provided professional management services to companies with operating and financial problems.

Andrew G. Galef (73),

Chairman

Thomas Boren has served on the Board since 1997 and has served as the Company's Chief Executive Officer since May 2005. Mr. Boren has held executive positions in the energy products and services sector since 1980, most recently as Executive Vice President of PG&E Corporation, and as President and Chief Executive Officer of PG&E's National Energy Group from August 1999 until December 2002. Prior to joining PG&E Corporation, Mr. Boren was an Executive Vice President with Southern Company and served as President and CEO of Southern Energy Inc., Southern Company's worldwide power plant, energy trading, and energy services business.

Thomas G. Boren (57),
Chief Executive Officer

Dewain Cross has served on the Board since 1994 and has served as Chairman of the Audit Committee since January 1995. He also serves on the Nominating and Governance Committee and the Compensation Committee. Mr. Cross served in various financial capacities with Cooper Industries, Inc., a diversified, worldwide manufacturer of electrical tools and products, from 1966 until his retirement in 1995, including as Senior Vice President of Finance from 1980 until 1995, Vice President, Finance from 1972 to 1980 and as Director of Accounting and Taxation and Assistant Controller and Treasurer prior to that. Mr. Cross is currently a director of Circor International, Inc., a fluid control valve manufacturer.

Dewain K. Cross (68),
Chairman, Audit Committee; Member,
Nominating and Governance and
Compensation Committees

Yon Yoon Jorden (51)
Member, Audit, Compensation and
Nominating and Governance Committees

Yon Jorden has served on the Board since July 2004. She serves on the Audit, the Compensation and the Nominating and Governance Committees. Since 1984 Ms. Jorden has held senior management positions in the health care services, technology and manufacturing industries, mostly as Chief Financial Officer or Controller of major NASDAQ or Fortune 500 companies. From 2002 to 2004, Ms. Jorden was Executive Vice President and Chief Financial Officer of Advance PCS. Prior to that, she served as Executive Vice President and Chief Financial Officer of Informix from 2000 to 2001, and held the same position with Oxford Health Plans, Inc., from 1998 to 2000. From 1990 to 1996, Ms. Jorden was a Senior Vice President and Chief Financial Officer of Wellpoint, Inc. From 1979 until 1984, Ms. Jorden was a Senior Auditor with Arthur Andersen & Company. Ms. Jorden serves on the Board and is a member of the Audit/Ethics Committee for the Dallas Symphony and was an Advisory Board member of the University of Texas at Dallas, Institute of Excellence in Corporate Governance

Paul J. Kofmehl (78)
Presiding Director for Executive Sessions
of Independent Directors; Member,
Compensation and Nominating and
Governance Committees

Paul Kofmehl has served on the Board since 1990. He serves as the Presiding Director for executive sessions of the independent Directors and is a member of the Nominating and Governance and the Compensation Committees. Mr. Kofmehl co-founded Franklin Health Group in 1991, where he continued to work until Franklin's merger with Corning, Inc. in 1995. From 1955 until his retirement in 1988, Mr. Kofmehl held various positions with International Business Machines Corp., most recently serving as Vice President and Group Executive, Americas Group, and as a member of the IBM Corporate Management Board. During his career at IBM, Mr. Kofmehl had executive responsibilities for various international sectors, including Europe, Canada, Latin America, the Middle East and Africa.

Mitchell I. Quain (54),
Chairman, Compensation Committee;
Member Audit and Nominating and
Governance Committees

Mitchell I. Quain has served on the Board since 2000. He serves as the Chairman of the Compensation Committee and is a member of the Audit and the Nominating and Governance Committees. Mr. Quain is a Senior Director of ACI Capital, a private equity firm. From 2001 to 2003, he served as Vice Chairman of Investment Banking at ABN AMRO, a global full service wholesale and retail bank. Prior to that, he served as the Global Head of Industrial Manufacturing and of its banking business by ABN AMRO in 2001. From early 1997 until its acquisition by ING Barings later that year, Mr. Quain was an Executive Vice President and a member of the Board of Directors and of the Management Committee of Furman Selz, an international financial services and investment banking firm. Prior to joining Furman Selz, Mr. Quain was a partner with Wertheim & Company, Inc., an investor relations and communications company. Mr. Quain serves on the boards of Hardinge, Inc., a machine tool manufacturer, Strategic Distribution Inc., a provider of on-site supply chain management services, and Titan International, Inc., a manufacturer of civilian and military tires and wheels.

Robert E. Wycoff has served on the Board of Directors since 1996. He serves as Chairman of the Nominating and Governance Committee and as a member of the Compensation Committee. Mr. Wycoff was the President and Chief Operating Officer of Atlantic Richfield Company (ARCO) from January 1986 until his retirement in June 1993. He also served on the Boards of ARCO, ARCO Alaska, Inc., and the ARCO Foundation, Inc. In addition, he served as Chairman of the Board and as a director of Lyondell Petrochemical Company. Following his retirement in 1993, Mr. Wycoff became President Emeritus of ARCO.

Robert E. Wycoff (76)
Chairman, Nominating and Governance
Committee; Member, Compensation
Committee

The Board of Directors unanimously Recommends that Stockholders Vote FOR the election of the director nominees named above.

PROPOSAL NO. 2

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP to serve as Magnetek's independent registered public accounting firm for fiscal 2007. The Board has ratified the appointment. This proposal is submitted to the shareholders to verify their approval of this selection. If the appointment of Ernst & Young is not ratified by the shareholders, the Audit Committee will reconsider its selection but reserves the right to uphold the appointment.

A representative of Ernst & Young LLP is expected to attend the annual meeting and will be available to answer stockholders' questions or have the opportunity to make a statement if he or she wishes to do so.

Fees Paid to Ernst & Young LLP

The following table shows the aggregate fees billed to Magnetek for fiscal years 2006 and 2005 by Ernst & Young LLP, the Company's independent registered public accounting firm. All of the fees were approved by the Audit Committee in accordance with the pre-approval policy below.

Services Performed	2006	2005
Audit Fees(1)	\$ 1,281,700	\$ 988,700
Audit Related Fees(2)	77,400	40,700
Tax Fees(3)	24,500	42,400
All Other Fees	0	0
	\$ 1,383,600	\$ 1,071,800

Notes:

- (1) Includes fees billed for professional services rendered for the audits of the Company's consolidated financial statements and internal control over financial reporting and review of the interim consolidated financial statements included in quarterly reports and services in connection with statutory and regulatory filings or engagements.
- (2) Includes fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under Audit Fees. These services include employee benefit plan audits and consultations concerning financial accounting and reporting.
- (3) Includes fees billed for tax compliance and tax advice.

Independence of Registered Public Accounting Firm

The Audit Committee reviews annually a formal written statement from the independent registered public accounting firm disclosing all relationships between it and the Company, consistent with Independence Standards Board Standard No. 1. In addition, the Committee reviews and discusses whether non-audit services approved pursuant to the pre-approval procedure outlined below are compatible with maintaining independence. The Audit Committee determined that the performance of services described above other than audit services is compatible with maintaining the independence of Ernst & Young.

Pre-Approval Policy

The Audit Committee has adopted a formal pre-approval policy for all services provided by the Company's independent registered public accounting firm. The policy is reviewed annually by the Committee and modified, if appropriate, in accordance with, among other things, SEC rules and regulations. The policy combines the two approaches established by the SEC for pre-approving audit and non-audit services: (1) providing for pre-approval without consideration of specific generally approved services, and (2) requiring explicit consideration and pre-approval of all other services to be provided by the independent registered public accounting firm and of any services exceeding pre-approved budgets. For both categories of services, the Audit Committee considers whether the proposed services are consistent with the SEC's rules on auditor independence. The Audit Committee reviews and pre-approves annually the list of services subject to pre-approval and all requests or applications for such services are submitted to the Company's Controller along with a detailed description of the services to be rendered. The Controller verifies whether a service is included within or excluded from the detailed description of services pre-approved by the Audit Committee and the Audit Committee is then timely informed of any such services rendered by the independent registered public accounting firm. Requests or applications to provide services that require specific approval of the Audit Committee are jointly submitted to the Committee by the independent registered public accounting firm and the Company's Chief Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

The Audit Committee has designated Magnetek's internal auditor to monitor the performance of all services provided by the independent registered public accounting firm and to determine whether such services are in compliance with this policy. The Company's internal auditor will report to the Audit Committee on a periodic basis on the results of the monitoring. Both the internal auditor and management will immediately report to the Chairman of the Audit Committee any breach of this policy that comes to their attention. The Audit Committee will also review the internal auditor's annual internal audit plan to determine that the plan provides for the monitoring of the independent registered public accounting firm's services.

The Audit Committee expects all of the work of the independent registered public accounting firm for fiscal year 2007 to be approved in accordance with the above policies and procedures.

The Board of Directors unanimously recommends a vote FOR approval and ratification of the appointment of Ernst & Young LLP to serve as the Company's independent registered public accounting firm for fiscal 2007.

PROPOSAL NO. 3

APPROVAL OF THE MAGNETEK, INC. AMENDED AND RESTATED DIRECTOR AND OFFICER COMPENSATION AND DEFERRAL INVESTMENT PLAN

On July 26, 2006, the Board of Directors unanimously adopted a second amendment and restatement of the Magnetek, Inc. Amended and Restated Director and Officer Compensation and Deferral Investment Plan (the Plan), subject to approval by Magnetek's stockholders at the 2006 annual meeting.

The Plan was originally adopted by the Board of Directors and approved by Magnetek's stockholders on October 21, 1997.

The Plan, as amended and restated, includes language applicable to nonqualified deferred compensation plans that is required by the American Jobs Creation Act of 2004 and extends an opportunity to participate in the Plan to certain key executives of Magnetek (in addition to the members of the Board of Directors who are not employees or officers of Magnetek) by allowing them to elect to defer voluntarily all or a portion of their base compensation and/or bonus. The amendment and restatement of the Plan is also intended to represent Magnetek's good faith compliance with Section 409A of the Internal Revenue Code. In addition, the amendment and restatement of the Plan increases the aggregate number of shares available for issuance under the Plan from 250,000 to 1,100,000 shares of Magnetek's common stock.

The Plan, as amended and restated, is intended (i) to provide Directors who are not employees or officers of Magnetek an opportunity to defer voluntarily a portion of their annual retainer fees and meeting fees and receive those deferred fees in the form of Magnetek common stock, subject to the terms of the Plan, (ii) to provide certain key executives of Magnetek with the opportunity to defer voluntarily a portion of their base compensation and/or bonus and receive such deferred compensation in the form of Magnetek common stock, subject to the terms of the Plan, and (iii) to encourage ownership of common stock by Directors and key executives through participation in the Plan and thereby align their interests more closely with the interests of Magnetek's stockholders. By adopting the Plan, Magnetek seeks to enhance its ability to attract and retain Directors and key executives of outstanding competence.

Summary of the Plan

The material features and provisions of the Plan are summarized below. This summary does not purport to be a complete description of all the provisions of the Plan. The summary is qualified in its entirety by the full text of the Plan, a copy of which, as it is proposed to be amended and restated, is attached as Appendix A to this Proxy Statement and incorporated herein by reference. Please refer to Appendix A for more detailed information.

General

The Plan is administered by the Compensation Committee of the Board of Directors. Subject to the provisions of the Plan, the plan administrator has the power to make all determinations and take all actions that the administrator deems necessary or desirable for administration of the Plan. Under the Plan, participating Directors may defer all or part of their retainer fees for any year and all or part of their meeting fees for each Board meeting during any year as long as the Plan is in effect. The amount of retainer fees and meeting fees to be deferred are to be expressed as a percentage of the value of the fees otherwise payable (in cash or Magnetek common stock) for the participant's service as a Director.

The Plan, as amended and restated, would also allow a participant who is a key executive to elect to defer up to 100% of his or her base salary and/or bonus compensation otherwise payable in any year. Participation in the Plan by key executives is determined by resolution of the Compensation Committee annually or at such other time selected by the Compensation Committee.

Participation

Those members of the Board of Directors who are not employees or officers of Magnetek are eligible to participate in the Plan. In addition, under the Plan as amended and restated, those key executives who have been designated as eligible to participate in the Plan by the Compensation Committee with respect to any year beginning after December 31, 2005 will be eligible to participate in the Plan. Unless the Compensation Committee determines otherwise, Magnetek's chief executive officer is eligible to

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participate in the Plan with respect to any year beginning after December 31, 2005. All of Magnetek's non-employee directors (currently, six persons) are currently eligible to participate in the Plan. In addition, Magnetek's chief executive officer and five of Magnetek's other key executives have been designated by the Compensation Committee as eligible to participate in the Plan (for a total of six key executives).

In the event a participant no longer meets the requirements for participation in the Plan, such Director or key executive will become an inactive participant, retaining all the rights described in the Plan, except the right to make any further deferrals or, if applicable, receive payment of Directors' fees in Magnetek common stock, until such time