

CHASE CORP  
Form DEF 14A  
December 23, 2010

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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

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
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**Chase Corporation**

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(Name of Registrant as Specified In Its Charter)

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    - (3) Filing Party:
    - (4) Date Filed:
-

**CHASE CORPORATION**  
**26 Summer Street**  
**Bridgewater, MA 02324**  
**Telephone (508) 279-1789**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the annual meeting of shareholders of Chase Corporation will be held at 9:30 a.m. on Wednesday, January 19, 2011 at Chase Corporation's Global Operations Center, 295 University Avenue, Westwood, Massachusetts 02090 for the following purposes:

- (1) To elect eight members of the Board of Directors of the corporation, each to serve until the 2012 annual meeting of shareholders or until his or her successor is duly elected and qualified;
- (2) To ratify the appointment of PricewaterhouseCoopers LLP as the corporation's independent registered public accounting firm for the fiscal year ending August 31, 2011; and
- (3) To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Only shareholders of record on the books of Chase Corporation at the close of business on November 30, 2010 are entitled to notice of and to vote at the meeting.

The Board of Directors hopes that all shareholders who can conveniently do so will personally attend the meeting.

By order of the Board of Directors,

GEORGE M. HUGHES  
*Corporate Secretary*

December 21, 2010

**SHAREHOLDERS ARE REQUESTED TO SIGN AND DATE THE ACCOMPANYING  
PROXY CARD AND PROMPTLY RETURN IT IN THE ENCLOSED ENVELOPE**

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**CHASE CORPORATION**  
**26 Summer Street**  
**Bridgewater, MA 02324**  
**Telephone (508) 279-1789**

**PROXY STATEMENT**  
**December 21, 2010**

The enclosed proxy is solicited by and on behalf of the Board of Directors of Chase Corporation (the "Company") for the annual meeting of the Company's shareholders to be held on January 19, 2011 at 9:30 a.m., and at any adjournment thereof (the "Meeting"). The cost of solicitation will be borne by the Company. In addition to solicitation by mail, directors, officers and regular employees of the Company may solicit proxies personally or by telephone.

The authority granted by a duly executed proxy may be revoked at any time before it is exercised by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date or by voting in person at the Meeting. Shareholders who attend the Meeting in person will not be deemed thereby to have revoked their proxies unless they affirmatively indicate at the meeting their intention to vote their shares in person. Unless a proxy is revoked, the shares represented thereby will be voted as directed. If no specifications are made, then proxies will be voted "for" the election of the directors nominated by the Board of Directors, "for" the ratification of the appointment of the Company's independent registered public accounting firm, and in accordance with the judgment of the proxy holders as to any other matter that may be properly brought before the Meeting or any adjournment or postponement thereof.

On November 30, 2010, there were 8,946,701 outstanding shares of the Company's Common Stock, \$0.10 par value per share (the "Common Stock"), which is the only class of voting stock outstanding. Shareholders of record at the close of business on November 30, 2010 are entitled to vote at the Meeting. With respect to all matters that will come before the Meeting, each shareholder may cast one vote for each share of Common Stock registered in his or her name on the record date.

A majority in interest of the Company's Common Stock outstanding and entitled to vote represented at the Meeting in person or by proxy will constitute a quorum for the transaction of business at the Meeting. Directions to withhold authority, abstentions, and broker non-votes will be counted for purposes of determining the existence of a quorum at the Meeting. A "broker non-vote" occurs when a registered broker holding a customer's shares in the name of the broker has not received voting instructions on a matter from the customer and is barred by applicable rules from exercising discretionary authority to vote on the matter and so indicates on the proxy.

The approximate date on which this proxy statement and form of proxy will be first sent or given to shareholders is December 21, 2010. The Company's annual report for the fiscal year ended August 31, 2010 will be sent to shareholders on the same date.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on January 19, 2011:**

The Notice of Annual Meeting of Shareholders, this proxy statement, and the Company's annual report to shareholders are available at <https://materials.proxyvote.com/16150R>.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding ownership of the Company's Common Stock as of November 30, 2010 by (i) all persons known to the Company to be beneficial owners of more than 5% of the Company's outstanding Common Stock, (ii) each of our directors or nominees for director, (iii) each of the executive officers named in our summary compensation table, and (iv) all of our directors and officers as a group.

Name	Nature and Amount of Beneficial Ownership			Percentage of Outstanding Shares
	Number of Shares Owned(a)	Shares Subject to Options(b)	Total Shares Beneficially Owned(c)	
Edward L. Chase Revocable Trust(d) 39 Nichols Road Cohasset, MA 02025	1,057,512		1,057,512	11.82%
FMR LLC(e) 82 Devonshire Street Boston, MA 02109	853,155		853,155	9.54%
Royce & Associates, LLC(f) 1414 Avenue of the Americas New York, NY 10019	773,974		773,974	8.65%
Peter R. Chase(g) 26 Summer Street Bridgewater, MA 02324	1,230,576	18,750	1,249,326	13.93%
Adam P. Chase(h)	152,811	12,500	165,311	1.85%
Kenneth L. Dumas(i)	54,834	6,250	61,084	*
Terry M. Jones(j)	132,435		132,435	1.48%
Gregory A. Pelagio(k)	2,934		2,934	*
Mary Claire Chase	1,843		1,843	*
J. Brooks Fenno	10,698		10,698	*
Lewis P. Gack	16,574	2,500	19,074	*
George M. Hughes	3,124		3,124	*
Ronald Levy	19,477		19,477	*
Thomas Wroe, Jr.	4,048		4,048	*
All executive officers and directors as a group (9 persons)	1,493,985	40,000	1,533,985	17.07%

\*  
Less than one percent

(a)  
Excludes shares that may be acquired through stock option exercises.



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- (b) Pursuant to Rule 13d-3(d) (1) of the Exchange Act, includes shares that may be acquired through stock option exercises within the 60-day period following November 30, 2010. Excludes shares underlying stock options that have not vested and will not vest within such 60-day period.
- (c) The beneficial owners of these shares have sole voting power and sole investment power over such shares, except as otherwise indicated. These amounts exclude restricted stock units granted to members of management because the holders are not entitled to voting rights or investment control until the restrictions lapse, which in each case is not within 60 days of November 30, 2010.
- (d) These shares are deemed to be beneficially owned by the Edward L. Chase Revocable Trust. The trustees have voting and investment power with respect to the shares. Ownership information is based upon the Form 4 filed by the trust on November 9, 2010. The trustees of the trust are Andrew Chase, Claire Chase, Sarah Chase, E. Stephen Chase, and Janet Gibson, each of whom has a business address c/o Edward L. Chase Revocable Trust, 39 Nichols Road, Cohasset, MA 02025. Under a voting agreement with the Company, the trust has agreed to vote its shares for the persons nominated to the Board of Directors by the Company's Nominating and Corporate Governance Committee until our annual meeting of shareholders in 2013 or, if earlier, such time as the trust ceases to own 10% of our common stock. Under the terms of the voting agreement, Mary Claire Chase has been nominated for election as a director of the Company at the Meeting.
- (e) These shares are deemed to be beneficially owned by FMR LLC (formerly FMR Corp.), Edward C. Johnson, Fidelity Management & Research Company, and Fidelity Low Priced Stock Fund, a registered investment company, each of which has sole investment power over the shares. Fidelity Low Priced Stock Fund has sole voting power over the shares. This information is based upon the Schedule 13G/A filed on February 16, 2010 by FMR LLC.
- (f) These shares are deemed to be beneficially owned by Royce & Associates, LLC which has sole voting and investment power over the shares. This information is based upon the Schedule 13G/A filed on January 22, 2010 by Royce & Associates, LLC.
- (g) Of the total shares beneficially owned 135,069 represent shares of restricted stock, subject to forfeiture under time-based vesting provisions, with respect to which the executive has the right to vote and receive dividends. Of this amount 20,621 shares of restricted stock are further subject to forfeiture under performance vesting provisions.
- (h) Of the total shares beneficially owned 51,659 represent shares of restricted stock, subject to forfeiture under time-based vesting provisions, with respect to which the executive has the right to vote and receive dividends. Of this amount 7,945 shares of restricted stock are further subject to forfeiture under performance vesting provisions.
- (i) Of the total shares beneficially owned 27,759 represent shares of restricted stock, subject to forfeiture under time-based vesting provisions, with respect to which the executive has the right to vote and receive dividends. Of this amount 4,269 shares of restricted stock are further subject to forfeiture under performance vesting provisions.
- (j) Effective August 27, 2010, Mr. Jones is no longer working for the Company.
- (k) Effective December 31, 2009, Mr. Pelagio retired and is no longer working for the Company.

### **Certain Transactions**

The Trustees of the Edward L. Chase Revocable Trust (the "Trust") have the power to vote the 1,057,512 shares of the Company's Common Stock held of record by the Trust on November 30, 2010 at the Meeting. Under a voting agreement with the Company, the Trust has agreed to vote its shares for the persons nominated to the Board of Directors by the Company's Nominating and Corporate Governance Committee until our annual meeting of shareholders in 2013 or, if earlier, such time as the Trust ceases to own 10% of our common stock. Under the terms of the voting agreement, Mary Claire Chase has been nominated for election as a director of the Company at the Meeting.

Consistent with the requirements of the NYSE Amex, the Audit Committee of the Board of Directors of the Company reviews and oversees any transactions with a "related person" within the scope of the SEC's rules on disclosure of such transactions. From time to time, the Board of Directors has formed a special independent committee of the Board comprised of independent and non-interested directors to review and oversee proposals relating to specific transactions with related persons on an ad hoc basis. The Company does not have a written policy relating to such review. Other than as described above, and other than the compensation and severance arrangements with the Company's named executive officers and the director compensation arrangements described in "Executive Officer and Director Compensation," the Company is not a participant in any transaction since the beginning of its last completed fiscal year, or any presently proposed transaction, involving more than \$120,000 in which any shareholder holding more than 5% of the Company's Common Stock, any of its executive officers or directors or their immediate family members, or any other "related person" (as such term is defined in the rules of the Securities and Exchange Commission) has or will have a direct or indirect material interest.

### **Compensation Committee Interlocks and Insider Participation**

The current members of the committee are Messrs. Levy (Chairman), Wroe and Gack. None of the Company's executive officers serves as a member of the board of directors or compensation committee of any other company that has one or more executive officers serving as a member of the Company's Board of Directors or Compensation and Management Development Committee.



**PROPOSAL 1  
ELECTION OF DIRECTORS**

Eight directors are to be elected at the Meeting. The Board of Directors recommends that the eight nominees named below be elected as directors. The directors elected at the Meeting will hold office until the next annual meeting and until their successors are elected and qualified. When a proxy in the accompanying form is properly executed and returned, unless marked to the contrary, all shares represented by such proxy will be voted for the election of the persons named below. If any nominee should become unable or unwilling to serve as director, then the persons voting the accompanying proxy may in their discretion vote for a substitute. The Board of Directors is not presently aware of any reason that would prevent any nominee from serving as a director if elected.

**Vote Required**

As long as a quorum is present, the nominees for director shall be elected by a plurality of the votes cast at the Meeting by the holders of shares entitled to vote at the Meeting. Votes may be cast in favor of the election of the nominees for director or withheld; votes that are withheld and broker non-votes will have no effect on the outcome of the election of directors.

**Nominees**

The following table contains certain information about the nominees for director, as of the record date, including their business experience, qualifications, and other directorships. In addition to the qualifications and other attributes presented below, the Company also believes that each of the nominees has demonstrated the personal and professional integrity, good business judgment, adherence to high ethical standards, and commitment to service to the Company that are required of all directors. All of the directors' present terms expire in 2011.

Name	Age	Business Experience During Past Five Years, Other Directorships and Qualifications	Has Been a Director Since
Adam P. Chase	38	President of the Company since January 2008, Chief Operating Officer of the Company since February 2007, Vice President Operations from February 2006 through February 2007, and Vice President Chase Coating & Laminating Division March 2003 through February 2007.	2010
		Adam Chase has over eleven years experience at Chase Corporation in various capacities including finance and operations as well as four years as an executive officer of the Company. His background in the day-to-day management of sales and operations as well as his present-day perspective gives him insight into the critical components that will help grow the Company.	
Peter R. Chase	62	Chairman of the Board of the Company since February 2007. Chief Executive Officer of the Company since September 1993. He is also a director of Bridgewater Savings Bank and AIM Mutual Insurance Company.	1993

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Name	Age	Business Experience During Past Five Years, Other Directorships and Qualifications	Has Been a Director Since
		Peter Chase has almost two decades experience as an executive officer of the Company, and more than 35 years in various positions since starting with Chase Corporation. He has extensive knowledge of both the day-to-day operations of the Company and its strategic vision. The Board believes that it is important to have the insight of the Chief Executive Officer of the Company reflected in its strategic thinking.	
Mary Claire Chase	55	President of Chase Partners, LTD., an executive search firm specializing in financial services and management consulting, since August 2000.	2005
		Mary Claire Chase has an extensive background in human resources. Her experience with evaluating executive talent gives her insight into organizational structure which is critical to executing strategic plans. Mary Claire Chase has been nominated for election as a director of the Company pursuant to a Voting Agreement dated December 26, 2002, as amended December 10, 2003, between the Company and the Edward L. Chase Revocable Trust.	
J. Brooks Fenno	76	Founder and former President of Salesmark, a sales and marketing management consulting firm. Former director and current Board of Advisors for Bixby International Corporation and Acorn Manufacturing Company.	2006
		The Board believes that Mr. Fenno's extensive experience in marketing and new product development, and his active involvement in mergers and acquisitions with other firms, will contribute to Chase's successful growth strategy.	
Lewis P. Gack	66	Managing Partner of LPG Consulting, an accounting and business consulting partnership. Previously Treasurer and Chief Financial Officer of the United Group Operating Companies, Inc., a wholesale liquor distributor, from 1998 to October 2007.	2002
		Mr. Gack offers financial, accounting and legal experience as well executive experience to the Board. He has a background in public accounting in addition to operations and management expertise including a focus on inventory management and distribution.	
George M. Hughes	71	Founder and Principal of the law firm, Hughes & Associates since May 1996.	1984

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Name	Age	Business Experience During Past Five Years, Other Directorships and Qualifications	Has Been a Director Since
		Mr. Hughes has been a director of the Company for 27 years. The Board believes that his legal background, together with his extensive knowledge of the Company's operations and history, offer a valuable contribution to the Board, particularly on matters relating to corporate governance, board oversight, and strategic acquisitions.	
Ronald Levy	72	Consultant at Navigant Consulting, Inc., from April 2002 through April 2006. Previously, Consultant with Arthur D. Little, Inc. from June 1969 to April 2002 and Vice President from 1987 to April 2002.	1994
		Mr. Levy has extensive experience as a strategic consultant to the international building products, wire and cable and construction industries. Mr. Levy offers a perspective drawn from decades of experience and exposure to a wide variety of other businesses and industries.	
Thomas Wroe, Jr.	60	Chairman of the Board and Chief Executive Officer of Sensata Technologies, formerly the Sensors & Controls business of Texas Instruments, since 2000.	2008
		Mr. Wroe's strong executive experience, including as chief executive of a large public company, provides a well rounded global perspective. He has experience in the oversight of complex operations and engineering, acquisitions and integration, manufacturing and customer relations, and offers additional business development expertise to the Board.	

Adam P. Chase, President and Chief Operating Officer of the Company, is the son of Peter R. Chase, grandson of Edward L. Chase (deceased) and nephew of Mary Claire Chase.

Peter R. Chase, Chairman and Chief Executive Officer of the Company, is the father of Adam P. Chase, the son of Edward L. Chase (deceased) and the brother of Mary Claire Chase.

Mary Claire Chase is the daughter of Edward L. Chase (deceased), and the sister of Peter R. Chase.

### Corporate Governance

The Company has long believed that good corporate governance and high corporate ethics are important to ensure that the Company is managed for the long-term benefit of its shareholders.

The Company's Board of Directors held five meetings during the fiscal year ended August 31, 2010. Each director attended at least 75% of the aggregate of all meetings of the Board of Directors and all meetings held by committees of the Board on which he or she served. The Company does not have a formal policy with respect to director attendance at annual shareholders meetings; however it does

encourage all directors to attend. Seven out of eight directors attended last year's annual shareholders meeting held in January 2010.

The Company has adopted the Chase Corporation Financial Code of Ethics, which is applicable to the Chief Executive Officer, President, Chief Financial Officer and Corporate Controller and other employees with important roles in the financial reporting process. The Chase Corporation Financial Code of Ethics is available on the Chase Corporation web site [www.chasecorp.com](http://www.chasecorp.com). It is the Company's intent to disclose any amendment to the Chase Corporation Financial Code of Ethics, as it applies to such officers, and to disclose any waiver, including an implicit waiver, from the provisions of that code of ethics as they relate to such officers, on its web site.

Shareholders may contact an individual director, the Board as a group, or a specified Board committee or group, including the non-employee directors as a group, by writing to: Chase Corporation, 26 Summer Street, Bridgewater, Massachusetts 02324, Attn: Board of Directors.

The Board undertakes a review of director independence annually. As a result of its most recent review, the Board has determined that the following directors are independent, as defined in the listing standards of the NYSE Amex: J. Brooks Fenno, Lewis P. Gack, George M. Hughes, Ronald Levy and Thomas Wroe, Jr. In making this decision, the Board considered all relationships between the Company and the directors, including Mr. Hughes' role as (and compensation related to) outside general counsel to the Company. The Board determined each such relationship, and the aggregate of such relationships, to be immaterial to the applicable director's ability to exercise independent judgment.

#### **Board Leadership Structure**

The Company currently combines the offices of Chairman and Chief Executive Officer. The Board believes that it is in the best interests of the Company's shareholders to combine these offices because it puts the Company's senior-most executive officer in a position to guide the Board in setting its policies, priorities and strategies, while ensuring that key business issues and risks are brought to the Board or Audit Committee's attention. The Chairman and Chief Executive Officer has a long history with the Company, and the Board believes that its current leadership structure makes the best use of his extensive knowledge of the Company and its industry, and enables clear communication between management and the Board.

While the independent directors meet regularly in executive session, the Board currently has elected not to have a designated lead independent director to chair meetings at which only independent directors are present. The Board's view is that given the relatively small size of the Board, the appointment of a lead independent director is not necessary at this time. The standing committees of the Board have one or more overlapping members, and the Board feels that communication among committees is relatively efficient in light of this cross-fertilization of membership. The Board believes that it is appropriate to choose the director to lead a particular discussion on a case by case basis, depending on the matter to be discussed, and that the existing structure fosters collaboration among independent directors.

#### **Board's Role in Risk Oversight**

The Board is responsible for monitoring the risks that affect the Company, including operational, legal, regulatory, strategic and financial risks. As part of the regular Board meetings, management presents the Board with updates regarding key facets of the Company's operations. The Board is

responsible for assessing risks based on its working knowledge of the Company and the risks inherent in the Company's business. As discussed below, the Audit Committee monitors the Company's financial and audit-related risks. The Compensation and Management Development Committee monitors any risks that may arise from the Company's compensation policies and practices.

### **Committees of the Board of Directors**

The Board has the following standing committees: (a) Audit, (b) Compensation and Management Development, and (c) Nominating and Governance. All members of the committees serve at the pleasure of the Board of Directors. The functions and current membership of each committee are as follows:

***Audit Committee.*** The Audit Committee recommends to the Board of Directors the engagement of the Company's registered public accounting firm, reviews the scope and extent of their audit of the Company's financial statements, reviews the annual financial statements with the registered public accounting firm and with management, and makes recommendations to the Board of Directors regarding the Company's policies and procedures as to internal accounting and financial controls. The members of the Audit Committee are Lewis P. Gack, Chairman, J. Brooks Fenno and Thomas Wroe, Jr. Each member of the committee is independent, as independence for audit committee members is defined in the listing standards of the NYSE Amex and the applicable regulations of the Securities and Exchange Commission. The Board has determined that Lewis P. Gack is an audit committee financial expert as defined in the Securities and Exchange Commission regulations. The Audit Committee held five meetings during the fiscal year ended August 31, 2010. The Audit Committee operates under a written charter that is available through the Company's website at [www.chasecorp.com](http://www.chasecorp.com).

***Compensation and Management Development Committee.*** The Compensation and Management Development Committee advises the Board of Directors on matters of management, organization, and succession, recommends persons for appointments to key employee positions, and makes the final decisions regarding compensation for directors, officers and key employees. The committee administers the Company's equity incentive plans, except for plans for directors who are not employees of the Company. The role of our Chief Executive Officer in reporting his evaluations of our other executive officers and making recommendations as to their compensation, as well as the committee's use of compensation consultants from time to time in benchmarking base salaries and providing other industry data, are described in more detail in the Compensation Discussion and Analysis presented elsewhere in this proxy statement. The members of the committee are Ronald Levy, Chairman, Lewis P. Gack and Thomas Wroe, Jr. Each member of the committee is independent, as independence for compensation committee members is defined under the listing standards of the NYSE Amex. The committee held six meetings during the fiscal year ended August 31, 2010. The Compensation and Management Development Committee operates under a written charter that is available through the Company's website at [www.chasecorp.com](http://www.chasecorp.com).

***Nominating and Governance Committee.*** The Nominating and Governance Committee recommends persons for election as directors of the Company, and makes recommendations to the Board of Directors regarding the structure and membership of the various committees of the Board of Directors, including the Nominating and Governance Committee itself. The members of the Nominating and Governance Committee are J. Brooks Fenno, Chairman, George M. Hughes, and Ronald Levy. Each member of the committee is independent, as independence for nominating committee members is defined in the listing standards of the NYSE Amex. The Nominating and Governance Committee held one

meeting during the fiscal year ended August 31, 2010. The Nominating and Governance Committee operates under a written charter that is available through the Company's website at [www.chasecorp.com](http://www.chasecorp.com).

#### **Director Nomination Process**

The Nominating and Governance Committee identifies individuals believed to be qualified to become Board members and recommends individuals to fill vacancies. In nominating candidates, the Committee takes into consideration such factors as it deems appropriate, including judgment, experience, skills and personal character, as well as the needs of the Company. The Nominating and Governance Committee will consider nominees recommended by shareholders if such recommendations are made in writing to the committee. The Nominating and Governance Committee does not plan to change the manner in which the committee evaluates nominees for election as a director based on whether the nominee has been recommended by a stockholder or otherwise.

Mary Claire Chase has been nominated for election as a director of the Company pursuant to a Voting Agreement dated December 26, 2002, as amended December 10, 2003, between the Company and the Edward L. Chase Revocable Trust.

The Company's Bylaws provide that the Nominating and Governance Committee shall recommend for the election to the Board (i) a lineal descendant or spouse of Edward L. Chase (so long as the spouse of Edward L. Chase, his issue, a trust for the benefit of his spouse and/or his issue, or his estate owns 10% or more of the outstanding voting stock of the Company) and (ii) the Chief Executive Officer of the Company.

The Company's Bylaws also provide that the Nominating and Governance Committee shall recommend to the Board of Directors any individual or individuals for election to the Board of Directors if, after such election, a majority of the Board of Directors shall consist of "non-affiliated directors." "Non-affiliated directors" are directors (i) who are not lineal descendants of Edward L. Chase (whether by blood or adoption); (ii) who are not the spouse of Edward L. Chase or of any of his lineal descendants; (iii) who are not at the time of determination, and shall not have been at any time within three years preceding such time, officers or employees of the Company (or its predecessor) or any of its subsidiaries, affiliates or divisions; (iv) who are not at the time of determination the beneficial owners of more than 10% of the issued and outstanding shares of any class of the Company's stock; and (v) who are not officers, employees, directors or partners of any person who at the time of determination is a holder of more than 10% of the issued and outstanding shares of any class of the Company's stock.

The Nominating and Governance Committee does not have a formal policy relating to diversity among directors. In considering new nominees and whether to re-nominate existing members of the Board, the committee examines each person's specific skills and attributes in the context of the skill sets represented on the Board as a whole, and seeks to achieve a Board with strengths in its collective knowledge and a broad diversity of perspectives, skills and business and professional experience. Among other items, the committee looks for a range of experience in strategic planning, sales, finance, executive leadership, legal and similar attributes.

At least a majority of the directors on the Board must be independent directors as defined in the rules of the NYSE Amex.

**Audit Committee Report**

The Audit Committee of the Board of Directors is appointed by the Board of Directors. The members of the Audit Committee meet the independence requirements of the NYSE Amex. The Audit Committee, in accordance with its written charter, oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements for the fiscal year ended August 31, 2010 with management including a discussion of the quality, not just the acceptability, of the Company's accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee has discussed with PricewaterhouseCoopers LLP, the Company's Independent Registered Public Accounting Firm, the matters required to be discussed by Statement of Auditing Standards No. 61, *Communication with Audit Committees*, as amended, as adopted by PCAOB, which provides that certain matters related to the conduct of the audit of the Company's financial statements are to be communicated to the Audit Committee. The Audit Committee has also received the written disclosures and letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding PricewaterhouseCoopers LLP's communications with the audit committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence from the Company.

The Audit Committee discussed with PricewaterhouseCoopers LLP the overall scope and plans for its audit. The Audit Committee met with PricewaterhouseCoopers LLP, with and without management present, to discuss the results of its examination, its evaluation of the Company's internal controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board approved) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended August 31, 2010 for filing with the Securities and Exchange Commission. The Audit Committee has selected PricewaterhouseCoopers LLP to serve as the Company's Independent Registered Public Accounting Firm for fiscal year 2011.

By the Chase Corporation Audit  
Committee

Lewis P. Gack, (Chairman)  
J. Brooks Fenno  
Thomas Wroe, Jr.

**EXECUTIVE OFFICER AND DIRECTOR COMPENSATION**  
**Compensation Discussion and Analysis**

**Introduction**

This Compensation Discussion and Analysis is intended to provide a context for the disclosures contained in this proxy statement with respect to the compensation paid to our chief executive officer, Peter R. Chase, our chief financial officer, Kenneth L. Dumas, and our chief operating officer, Adam P. Chase. This Compensation Discussion and Analysis also presents information relating to our former Vice President Corporate Development, Terry M. Jones, and our former Vice President Engineering, Gregory A. Pelagio, in accordance with applicable rules of the Securities and Exchange Commission. Together, these officers are referred to as the "named executive officers," and their compensation is detailed in the tables that follow this Compensation Discussion and Analysis. Specifically, this Compensation Discussion and Analysis will explain the objectives and material elements of the compensation of the named executive officers during the fiscal year ended August 31, 2010.

The Compensation and Management Development Committee of our Board of Directors has the responsibility of developing and overseeing a comprehensive compensation philosophy, with strategies and principles that have the support of the Board of Directors and management, and that ensure the fair and consistent administration of our compensation program. The Compensation and Management Development Committee makes recommendations to the full Board for approval relating to the total compensation to be paid to the named executive officers, including salary, performance bonus, equity awards, long-term awards, benefits and perquisites.

In this analysis, we refer to the Compensation and Management Development Committee as "the committee" or "the compensation committee." The committee operates under a written charter which is available on our corporate web site, [www.chasecorp.com](http://www.chasecorp.com), under "Corporate Governance."

**Philosophy and Objectives of Our Compensation Program**

The primary objectives of the compensation committee are to ensure that our executive compensation and benefits programs:

retain executive talent by offering compensation that is commensurate with pay at other companies of a similar size in the same or similar industries in the region, as adjusted for individual factors, and considering the complexity of the Company's business;

safeguard our interests and the interests of our stockholders;

are effective in driving executive performance by having pay at risk, so actual pay is tied to company-wide goal achievements and superior performance is rewarded;

foster teamwork on the part of management;

are cost-efficient and fair to employees, management and stockholders; and

are well-communicated to and understood by program participants.

Our compensation committee believes that the most effective compensation program is one that will provide incentives that are directly linked to the achievement of company strategies and are easily measured, company-wide performance targets, while providing a reasonable level of security to the named executive officers through competitive base salaries and retirement benefits. To this end, our executive compensation reflects a balance of cash and non-cash compensation, and a mix of currently



paid compensation and long-term incentives. The compensation committee does not set a rigid target for these mixes, and the mix will necessarily vary from year to year based upon our underlying financial performance. Our incentive plans combine financial targets to reward performance with time-based vesting to assist retention.

### **Committee Purposes and Responsibilities**

One of the primary purposes of the compensation committee is to determine the total target compensation levels for the senior executive officers of the company and to establish and annually review the programs that will determine the actual rewards against those targets.

The committee is charged with ensuring that the target compensation levels and the allocation of short term and long term components are sufficient to attract, motivate and retain seasoned professional managers, while at the same time ensuring that the pay is reasonable and fair to our stockholders in light of the company's financial performance and when compared to executive officers of similar position and responsibility at other businesses.

The committee is also responsible for reviewing the annual compensation for service on our Board of Directors or for service as a member or chair of any of the various committees of our Board of Directors, and, if appropriate, for recommending to the Board for approval any changes to those programs.

The committee has the authority to retain and terminate any legal counsel or any compensation or other consultant to be used to assist in the evaluation of director or executive compensation and has sole authority to approve the consultant's fees or other retention terms.

It also reviews and administers our equity compensation plans, and reviews any existing or proposed employment agreement, change in control or severance agreement, or any special or supplemental benefits not offered as part of a broad-based plan that are made available to our named executive officers. Where appropriate, it recommends adoption, amendment, or termination of such programs or agreements to the full Board of Directors.

### **Role of Executive Officers in Compensation Decisions**

Our compensation committee makes all determinations affecting the compensation for our named executive officers, including our Chief Executive Officer, and recommends those determinations to the full Board of Directors for approval. Our Chief Executive Officer attends meetings of the committee as a non-voting advisory member, except that he is not present for any discussion of his own compensation. The compensation committee receives and carefully considers our Chief Executive Officer's evaluations of all named executive officers other than himself, as well as his recommendations with respect to all components of compensation of the other named executive officers. In reviewing and considering the evaluations and recommendations of the Chief Executive Officer, the committee takes into account the familial relationship between the Chief Executive Officer and Adam Chase, the President and Chief Operating Officer, and satisfies itself that the recommendations are based solely on merit and performance. The committee expressly reserves the right to exercise its discretion in modifying any adjustments or awards recommended by our Chief Executive Officer, although historically the committee has given significant weight to the recommendations of our Chief Executive Officer with respect to the other named executive officers.

### Use of Compensation Consultants and Benchmarking Data

A description of the extent to which we benchmark our base salary levels against other companies is described below under "Base Salary." The committee has taken advice from expert compensation consultants engaged both by the committee and by management to set up the position values and salary ranges for executive officers and continues to adjust these annually in order for the Company to be competitive with respect to executive compensation. Consultants used by the committee and management in the past have included among others James F. Reda & Associates, LLC ("Reda") and Thomas Warren Associates. The compensation consultants have used similar benchmarking data in recommending the performance based components of the executive compensation package. In 2010, as noted in more detail below, the committee engaged Reda to perform a competitive review of overall executive pay levels in comparison to market levels and to recommend appropriate changes to our long term incentive plans. After considering their recommendations, the committee adopted certain changes to the performance metrics used in our cash and equity incentive plans and the thresholds and pro ration curves used under those plans. Reda was engaged directly by the committee. It advised solely on executive compensation and offered no other services which might cause a conflict of interest.

### Principal Elements of our 2010 Compensation Program

There were four principal elements of compensation for our named executive officers during fiscal 2010. These were:

base salary;

a cash bonus component based on the performance of our business against corporate objectives under our annual cash incentive plan;

equity awards based on the performance of our business against different corporate objectives; and

a stock option grant for certain of our named executive officers.

The financial measurement metrics and targets used in the annual cash incentive plan and the annual equity award plan are subject to annual review by the committee which reserves the right to set different objectives on either the cash incentive plan or equity award program as it feels appropriate in light of the annual and long term objectives of the Company. As discussed in more detail below, in fiscal 2009 and prior years each of these incentive plans used the same performance measurement to determine actual payouts to the named executive officers, but in 2010 the committee adopted differing financial performance targets for the two programs. The cash incentive plan and the equity awards program also differ in the dollar value of the target awards and in their vesting provisions, since payments under the cash incentive plan are made after the end of each fiscal year, and the equity awards vest only after two years from the end of the fiscal year. The total compensation package thus provides a mix of (1) current cash payments in the form of salary, independent of year-to-year financial performance; (2) annual cash payments determined by reference to the Company's actual results of operations for the year compared to a target; (3) equity awards in amounts determined by reference to the Company's financial results, with time-based vesting in order to foster our retention objectives; and (4) equity opportunities for certain management members through a stock option component that incorporates time-based vesting provisions but is not specifically tied to company financial performance. In addition, we maintain a pension plan and other retirement benefits for our executives.

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The following discussion seeks to explain why the compensation committee has chosen to pay each compensation element, how it determines the amount of each element, and how the element and the committee's decisions regarding that element in fiscal 2010 fit into the Company's overall compensation objectives and affect decisions regarding other elements.

The cash incentive plan for 2010 sets compensation levels with respect to earnings before interest, taxes, depreciation and amortization ("EBITDA") for the fiscal year in question, as adjusted at the discretion of the committee. The equity award program sets compensation levels with respect to our earnings per share ("EPS") for the fiscal year in question, as adjusted at the discretion of the committee. As a result, a substantial proportion of our named executive officers' total compensation is tied to our earnings in each fiscal year. The committee determined for 2010 that EBITDA is the most appropriate tool for measuring the underlying performance of the company and its management team for the annual incentive plan while EPS is used for the equity plan as it is a more common and consistent measure for longer term incentive programs and aligns with how shareholders are rewarded. In addition, the committee has chosen to emphasize company-wide achievement of financial objectives in this manner, as opposed to emphasizing more subjective individual performance criteria or measurements based upon business units or other operating data, because it believes it is important to use a metric that is easily measured and understood from the beginning of the year, that fosters teamwork among the management team, and that most directly aligns the interest of the named executive officers with those of all shareholders. The committee does retain discretion to adjust or supplement the cash incentive awards paid, either upward or downward, but these individual adjustments based on qualitative or subjective factors have historically had a relatively small impact on total compensation compared to the objective components.

*Base Salary.* We pay a base salary to each of our named executive officers. The objective is to provide base compensation to the executive that is competitive with base compensation that the executive could earn in a similar position at other companies and which will provide a reasonable level of security for the executive without regard to year-to-year fluctuations in our financial condition. A range of base salary levels for key positions in the Company was established most recently in 2010 upon the recommendation of a compensation consultant, Reda, which was engaged by the committee to provide analysis and input on executive pay and incentive plan design for the top three executive officers. The ranges for these key positions were established taking into account benchmarking data provided by the compensation consultant which included a survey of the following 20 companies:

Optical Cable Corporation	Nortech Systems, Inc.
SatCon Technology Corporation	SigmaTron International, Inc.
Omega Flex, Inc.	Eastern Company
Spire Corporation	Zoltek Companies, Inc.
BTU International, Inc.	Sterling Chemicals, Inc.
Transcat Inc.	NL Industries, Inc.
Magnetek, Inc.	Material Sciences Corporation
Met-Pro Corporation	KMG Chemicals, Inc.
CORE Molding Technologies	American Pacific Corporation
SurModics, Inc.	Balchem Corporation

The companies surveyed had median revenues in fiscal 2008 and 2009 of approximately \$121 million (putting