

HIGHWOODS PROPERTIES INC

Form 4

August 12, 2008

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
FRITSCH EDWARD J

(Last) (First) (Middle)

**C/O HIGHWOODS PROPERTIES,
INC., 3100 SMOKETREE COURT,
SUITE 600**

(Street)

RALEIGH, NC 27604

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading
Symbol

**HIGHWOODS PROPERTIES INC
[HIW]**

3. Date of Earliest Transaction
(Month/Day/Year)

08/11/2008

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify below)
President & CEO

6. Individual or Joint/Group Filing(Check
Applicable Line)
☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	08/11/2008	08/11/2008	M	21,549 A	\$ 21.01	320,428	D
Common Stock	08/11/2008	08/11/2008	S	21,549 D	\$ 37	298,879	D
Common Stock					70	I	by Children

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of
information contained in this form are not**

SEC 1474
(9-02)

required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option (right to buy)	\$ 21.01	08/11/2008	08/11/2008	M	21,549	<u>(1)</u> 02/28/2013	Common Stock	21,549

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FRITSCH EDWARD J C/O HIGHWOODS PROPERTIES, INC. 3100 SMOKETREE COURT, SUITE 600 RALEIGH, NC 27604	X		President & CEO	

Signatures

/s/Will B. Howard for Edward J. Fritsch

08/12/2008

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Option vests ratably on the first through fourth anniversaries of grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. -29- Compensation Philosophy. Our executive compensation program is designed to provide competitive levels of remuneration and assist us in attracting and retaining qualified executives. The compensation committee is committed to the objectives of linking executive compensation to corporate performance and providing incentives which align the interests of our executives with the interests of our stockholders. This philosophy underlies executive compensation policies designed to integrate rewards with the attainment of annual and long-term performance goals, reward significant corporate performance and recognize individual initiatives and

achievements. It is performance which most significantly influences an individual executive's compensation level. As a result, actual compensation levels in any particular year may be above or below those of our competitors, depending upon our performance. The executive compensation program is comprised of salary, annual cash incentives and long-term, stock-based incentives. The following is a discussion of each of the elements of the executive compensation program along with a description of the decisions and actions taken by the compensation committee with regard to fiscal 2003 compensation: Base Salary. We establish salary ranges for each of our executive positions based on appropriate external comparisons, internal responsibilities and relationships to other corporate positions. Existing base salaries and annual escalations for the named executives were established based on the foregoing factors and in negotiation with each of the executives in connection with their employment by us. Annual Incentive. We may pay annual cash bonuses in any year to reward significant corporate accomplishments and individual initiatives which contributed to the attainment of targeted goals relating to product sales, product margins, return on capital employed, earnings per share and stockholder return. If the compensation committee determines that corporate results are such that a bonus program is warranted, then each executive's accomplishments are assessed as to their impact on corporate results. The chief executive officer consults with compensation committee members to review corporate results, the individual executive's contributions and his recommendations as to annual incentive payments. Long-Term Incentives. The 2002 Plan, 1994 Plan and 1993 Plan were approved by stockholders for the purpose of promoting the interests of our stockholders by: (1) attracting and retaining executives and other key employees of outstanding ability; (2) strengthening our capability to develop, maintain and direct a competent management team; (3) motivating executives and other key employees, by means of performance-related incentives, to achieve longer-range performance goals; (4) providing incentive compensation opportunities which are competitive with those of other comparably situated corporations; and (5) enabling such employees to participate in our long-term growth and financial success. Chief Executive Officer Compensation. The compensation committee is responsible for determining the appropriate compensation for our chief executive officer based on a variety of criteria, including our performance and the chief executive officer's performance, the compensation of the chief executive officers of comparable companies and other market factors. In fiscal 2003, the compensation committee worked with -30- Mr. Simon in the preparation of his employment agreement described above, then recommended the adoption of the employment agreement to our board of directors, which adopted it unanimously. Compensation Committee: Beth L. Bronner, Chairperson Andrew R. Heyer James S. Gold Roger Meltzer -31- PERFORMANCE GRAPH The following graph compares the performance of our common stock to the S&P 500 Index and to the Standard & Poor's Food Group Index for the period from June 30, 1998 through June 30, 2003. The comparison assumes \$100 invested on June 30, 1998. Hain S&P 500 S&P Food Group ---- 6/30/98 100.0 100.0 100.0 6/30/99 79.7 121.1 88.6 6/30/00 141.8 128.3 75.3 6/30/01 85.0 108.0 86.3 6/30/02 71.5 87.3 96.4 6/30/03 61.7 85.9 92.7 CERTAIN RELATIONSHIPS On September 27, 1999, we announced an agreement with H.J. Heinz Company to form a strategic alliance for the global production and marketing of natural and organic foods and soy-based beverages. In connection with the alliance, we issued 2,837,343 investment shares of our common stock to Boulder, Inc. (formerly known as Earth's Best), a wholly owned subsidiary of Heinz, for an aggregate purchase price of \$82,383,843. In addition, in a separate transaction, we announced on September 27, 1999 that we had purchased the Earth's Best trademarks. In consideration for the trademarks, we paid \$4,620,000 in cash and issued 670,234 shares of our common stock to Boulder, valued at \$17,380,000. These shares were subsequently transferred to HJH One, L.L.C., an affiliate of Heinz. In connection with the issuance of these shares, Hain and Boulder (currently HJH One, L.L.C.) entered into an investor's agreement that provides for the appointment to our board of directors of one member nominated by HJH One, L.L.C., currently Mr. Jimenez, and one member jointly nominated by HJH One, L.L.C. and Hain, currently Mr. Harrison. Mr. Jimenez is President and Chief Executive Officer of Heinz Europe, a division of Heinz. Mr. Harrison is President and Chief Executive Officer of Heinz North America, a division of Heinz. In accordance with the provisions of the investor's agreement relating to HJH One, L.L.C.'s right to maintain its ownership percentage following certain issuances by us of our common stock, on June 19, 2000, we issued an additional 2,582,774 shares of common stock to HJH One, L.L.C. at an aggregate purchase price of \$79,743,147 in connection with the Merger. Under the investor's agreement described above, HJH One, L.L.C. has agreed to vote its shares in favor of nominees for directors listed in Proposal No. 1. In fiscal 2003, we paid to H.J. Heinz Company approximately \$1,531,450 in purchases, royalties and profit sharing fees, and they paid us approximately \$600,000 in royalties. Mr. Gold, who is nominated for re-election as a director, is a managing director of Lazard Freres & Co LLC, which provides financial advisory and other investment banking services to us

from time to time. Mr. Meltzer, who is nominated for re-election as a director, is a partner at the -32- law firm Cahill Gordon & Reindel LLP. Cahill Gordon & Reindel LLP provides legal services to us from time to time. In addition, Mr. Simon's wife serves as our director of international sales, and Mr. Simon's brother-in-law serves as our Vice President-Purchasing and Procurement, and each are paid at competitive rates with employees serving other companies in comparable positions. Section 16(a) Beneficial Ownership Reporting Compliance Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file initial reports of beneficial ownership and changes in such with the SEC. Such officers, directors and stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such forms furnished to us and written representations from our executive officers and directors, all persons subject to the reporting requirements of Section 16(a) filed the required reports on a timely basis, except for one late filing on behalf of each of our directors relating to our annual stock option grant. OTHER MATTERS Management does not know of any other matters that will come before the meeting, but should any other matters requiring a vote of stockholders arise, including any question as to an adjournment of the meeting, the persons named on the enclosed proxy will vote thereon according to their best judgment in our interests. STOCKHOLDER PROPOSALS We will not consider including a stockholder's proposal for action at our 2004 annual meeting of stockholders in the proxy material to be mailed to our stockholders in connection with such meeting unless such proposal is received at our principal office no later than July 16, 2004. HOUSEHOLDING We have adopted a procedure approved by the Securities and Exchange Commission called "householding." Under this procedure, multiple stockholders who share the same last name and address will receive only one copy of the annual proxy materials, unless they notify us that they wish to continue receiving multiple copies. We have undertaken householding to reduce our printing costs and postage fees. If you wish to opt-out of householding and receive multiple copies of the proxy materials at the same address, you may do so at any time prior to thirty days before the mailing of proxy materials, which typically are mailed in October of each year, by notifying us in writing at: 58 South Service Road, Melville, New York 11747, Attention: Corporate Secretary. You also may request additional copies of the proxy materials by notifying us in writing at the same address. -33- If you share an address with another stockholder and currently are receiving multiple copies of the proxy materials, you may request householding by notifying us at the above-referenced address. By order of the board of directors, Ira J. Lamel Corporate Secretary Dated: November 10, 2003 Your vote is important. Stockholders who do not expect to be present at the Annual Meeting of Stockholders and who wish to have their stock voted are requested to sign and date the enclosed proxy and return it in the enclosed envelope. No postage is required if mailed in the United States. -34- Annex A The Hain Celestial Group, Inc. Audit Committee Charter Organization The Board of Directors of The Hain Celestial Group, Inc. (the "Company") shall designate annually, based upon the recommendation of the Nominating and Governance Committee, an Audit Committee comprised of three or more Directors, who may be removed by the Board of Directors in its discretion. Each member of the Audit Committee shall be, as determined and disclosed by the Board of Directors, (1) "independent" as determined in accordance with the rules and regulations of the Nasdaq Stock Market, Inc. ("Nasdaq"), and, if determined applicable by the Board of Directors, the New York Stock Exchange (the "NYSE") and (2) sufficiently financially literate to enable him or her to discharge the responsibilities of an Audit Committee member. Additionally, at least one member of the Audit Committee shall have accounting or related financial management expertise and qualify as an "audit committee financial expert," as defined in applicable rules and regulations of the Securities and Exchange Commission (the "SEC"). Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies. The members of the Audit Committee shall comply with and satisfy the rules and regulations of the SEC, applicable securities laws, the rules and regulations of the Nasdaq and NYSE, if applicable, and all other applicable laws, rules, and regulations. The Audit Committee shall report regularly to the Board of Directors. A Chairman of the Audit Committee shall be elected annually by the Board of Directors based upon the recommendation of the Nominating and Governance Committee. Purpose The primary purpose of the Audit Committee is to assist the Board of Directors' oversight of (1) the integrity of the Company's financial statements, (2) the independent auditor's qualifications, independence, and performance, (3) the performance of the Company's internal controls and procedures, and (4) the Company's compliance with legal and regulatory requirements. The Audit Committee shall also function as the Company's qualified legal compliance committee ("QLCC"), as defined under applicable SEC rules and regulations. The Audit Committee shall prepare an Audit Committee report, as required by the rules and regulations of the SEC, to be included in the Company's annual

proxy statement. While the Audit Committee recognizes the importance of its role, it is not the responsibility of the Audit Committee to plan or conduct audits, to determine that the Company's financial statements are in all material respects complete, accurate, and prepared in accordance with generally accepted accounting principles ("GAAP"), or to certify the Company's financial statements. These are the responsibilities of management and the independent auditor. It is also not the responsibility of the Audit Committee to guarantee the independent auditor's report. The Audit Committee shall assist the Board of Directors in overseeing management's fulfillment of its responsibilities in the financial reporting process of the Company. The Audit Committee also shall be directly responsible for the oversight of the independent auditor's fulfillment of its responsibilities in the financial reporting process of the Company.

Meetings The Audit Committee shall meet at least four times each year, or more frequently as it deems necessary or appropriate to carry out its responsibilities and may, in its sole discretion, form and delegate authority to subcommittees (comprised only of Audit Committee members) in furtherance of such responsibilities. Meetings of the Audit Committee shall be called by the Chairman of the Audit Committee, the Chairman of the Board of Directors, or the Chief Executive Officer of the Company. All such meetings shall be held pursuant to the By-Laws of the Company with regard to notice and waiver thereof, and written minutes of each such meeting shall be duly filed in the Company's records. In order to foster open communications, the Audit Committee shall meet periodically with senior management, the person responsible for the Company's internal controls and procedures, and the independent auditor in separate private sessions to discuss any matters that the Audit Committee or any such persons believe appropriate and may also ask members of management or others to attend Audit Committee meetings and provide pertinent information as necessary.

Relationship With Independent Auditors The Audit Committee shall have the sole authority to appoint, retain, and terminate the Company's independent auditor, which shall report directly to the Audit Committee. The Audit Committee shall be directly responsible for the evaluation, compensation (including as to fees and terms), and oversight of the work of the Company's independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. All related fees and costs of the independent auditor, as determined by the Audit Committee, shall be paid promptly by the Company in accordance with its normal business practices. All auditing services and permitted non-audit services performed for the Company by the independent auditor shall be pre-approved by the Audit Committee subject to applicable laws, rules, and regulations. The Audit Committee may form and delegate to a subcommittee the authority to grant pre-approvals with respect to auditing services and permitted non-auditing services, provided that any such grant of pre-approval shall be reported to the full Audit Committee at its next meeting.

Powers and Responsibilities

A. Oversight of the Company's Financial Statements and Disclosure Practices The Audit Committee shall:

- 1) Discuss with management and the independent auditor the Company's annual audited financial statements, including the Company's disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of -2- Operations," and recommend to the Board of Directors whether such audited financial statements should be included in the Company's annual report on Form 10-K.
- 2) Discuss with management and the independent auditor the Company's quarterly financial statements, including the Company's disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- 3) Review the Company's disclosure controls and procedures, internal controls and procedures for financial reporting, and the certifications required to be made by any officer of the Company in each of the Company's quarterly reports on Form 10-Q and the Company's annual report on Form 10-K (the "Periodic Reports").
- 4) Prepare the annual report referred to under "Purpose" above.
- 5) Review all reports from the independent auditor pursuant to applicable laws, rules and regulations concerning:
 - a) all critical accounting policies and practices to be used;
 - b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- 6) Discuss with the independent auditor certain matters related to the conduct of the audit pursuant to Statement of Auditing Standards No. 61, as amended, including any:
 - a) problems or difficulties encountered by the independent auditor in the course of the audit work;
 - b) restrictions on the scope of the independent auditor's activities or access to information;
 - c) significant disagreements with management;
 - d) communications between the independent auditing team and such team's national office with respect to auditing or accounting issues presented by the engagement;
- 3- e) accounting adjustments noted or proposed by the independent auditor, but not adopted by the Company; and
- f) management or

internal control letter issued or proposed to be issued by the independent auditor and the Company's response to that letter. 7) Discuss generally with management the types of information to be disclosed and presentations to be made in connection with the Company's (a) issuance of earnings press releases (including the Company's use of "pro forma" or "adjusted" non-GAAP financial information) and (b) disclosure of financial information, earnings releases, and earnings guidance to analysts and rating agencies. The Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance. 8) Discuss the Company's policies and guidelines which govern the Company's risk assessment and risk management efforts as well as discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures. 9) Review and discuss with management and the independent auditor, as it deems necessary or appropriate: a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, major issues as to the adequacy of the Company's internal controls, and any special audit steps adopted in light of material control deficiencies; b) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the Company's financial statements; and c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements. 10) Review disclosures made to the Audit Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Periodic Reports about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls -4- B. Oversight of the Company's Independent Auditor The Audit Committee shall: 1) Obtain and review a report from the independent auditor on at least an annual basis describing: a) the internal quality-control procedures of such independent auditor; b) any material issues raised by the independent auditor's most recent internal quality-control review or peer review and any steps taken to deal with such issues; c) any material issues raised by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the independent auditor and any steps taken to address such issues; and d) all relationships between the independent auditor and the Company. 2) Evaluate the qualifications, performance, and independence of the independent auditor and report such conclusions to the Board of Directors, taking into account: a) the foregoing report; b) discussion with the independent auditor regarding any disclosed relationship with or services provided to the Company that may impact the objectivity and independence of the independent auditor; c) the services provided by the independent auditor; and d) the opinions of management and the Company's internal auditors. 3) Evaluate the lead (or coordinating) audit partner having primary responsibility for the audit, taking into account the opinions of management and the Company's internal auditors. 4) Ensure the required rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the independent audit, and consider whether it is appropriate or necessary, in order to assure continuing independence, to rotate the Company's independent auditor on a regular basis. 5) Take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditor. -5- 6) Recommend policies to the Board of Directors with respect to the employment of current and former employees of the independent auditor who were engaged on the Company's account. 7) Review and discuss with management and the independent auditor the proposed plan and overall scope of the Company's annual audit. C. Oversight of the Company's Compliance with Legal and Regulatory Requirements The Audit Committee shall: 1) Obtain assurance from the independent auditor that the Company is in compliance with the provisions of Section 10A of the Securities Exchange Act of 1934, as amended. 2) Review with management and the independent auditor the Company's Code of Business Conduct and Ethics (the "Code of Conduct"), which prohibits unethical or illegal activities by the Company's directors, officers and employees, as well as review the actions taken to monitor compliance with the Code of Conduct. 3) To the extent authorized by the Board of Directors, approve any proposed waivers for directors or executive officers and review any material waivers for non-executive officers or employees granted under the "Amendment, Modification and Waiver" section of the Company's Code of Conduct. 4) Review with management, the independent auditor, and the Company's counsel any legal, regulatory, and environmental matters that may have a material impact on the Company's financial statements or accounting policies. 5) Establish procedures for the (a) receipt, retention, and treatment of complaints received by the Company regarding the Company's accounting, internal accounting controls or auditing matters and (b) confidential, anonymous submission by Company employees of

concerns regarding questionable accounting or auditing matters. 6) Review and approve all related-party transactions. 7) Review and assess on an annual basis the compliance with all applicable laws, rules, and regulations, including those of the SEC, Nasdaq, and NYSE, specifically applicable to the composition and responsibilities of the Audit Committee. Qualified Legal Compliance Committee The Audit Committee, in its capacity as a QLCC, shall establish written procedures for the privileged and confidential receipt, retention, and consideration of reports to the QLCC by -6- the Company's internal legal officer or any other attorney representing the Company of evidence of a material violation of the securities laws, breaches of fiduciary duties, or similar violations. Additional Powers and Responsibilities The Audit Committee shall have the authority to engage and obtain advice and assistance from independent or outside legal counsel, accountants, and other advisors as it determines is necessary or appropriate to carry out its duties. All related fees and costs of such advisors, as determined by the Audit Committee, shall be paid promptly by the Company in accordance with its normal business practices. The Audit Committee shall, on an annual basis, review and reassess the adequacy of this Charter and conduct an evaluation of the Audit Committee's own performance during such past year. The Audit Committee shall perform such other activities as the Audit Committee or the Board of Directors may from time to time deem necessary or appropriate. Effectiveness This Audit Committee charter amends and restates the Company's existing Audit Committee charter and becomes effective as of the date of the Company's 2003 meeting of stockholders. -7- THE HAIN CELESTIAL GROUP, INC. This Proxy is solicited on Behalf of the Board of Directors of The Hain Celestial Group, Inc. (the "Company"). The undersigned hereby appoints Irwin D. Simon and Ira J. Lamel, or any of them, proxies, each with full power of substitution, to vote the shares of the undersigned at the Annual Meeting of Stockholders of the Company on Thursday, December 4, 2003, and any adjournments thereof, upon all matters as may properly come before the meeting. Without otherwise limiting the foregoing general authorization, the proxies are instructed to vote as indicated herein. If no instruction is given the shares will be voted "FOR" items 1, 2, 3 and 4 below, each of said items being more fully described in accompanying the Notice of Annual Meeting and Proxy Statement, receipt of which are hereby acknowledged. The Board of Directors Recommends You Vote "FOR" items 1, 2, 3 and 4 below 1. Election of Directors FOR all nominees listed below // WITHHOLD AUTHORITY // (except as marked to the contrary to vote for all nominees below) listed below (Instructions: to withhold authority to vote for an individual nominee, strike a line through the nominee's name listed below.) Irwin D. Simon, Beth L. Bronner, Jack Futterman, Daniel R. Glickman, James S. Gold, Marina Hahn, Neil Harrison, Andrew R. Heyer, Joseph Jimenez, Roger Meltzer, Larry S. Zilavy 2. To approve the amendment to the 2002 Long Term Incentive and Stock Plan to increase the number of shares issuable over the term of the plan by 1,500,000 shares to 3,100,000 shares in the aggregate. For // Against // Abstain // 3. To approve the amendment to the 2000 Directors Stock Option Plan to increase the number of shares issuable over the term of the plan by 200,000 shares to 950,000 shares in the aggregate. For // Against // Abstain // 4. To ratify the appointment of Ernst & Young LLP, to act as independent auditors of the Company for the fiscal year ending June 30, 2003. For // Against // Abstain // In their discretion, the proxies named above are authorized to vote upon such other business as may properly come before the meeting. Please Complete All Information Below

Signature: _____

Signature: _____ Dated: _____

2003 Please sign exactly as names appear hereon, indicating official position or representa- tive capacity, if any. If shares are held jointly, both owners should sign. -2-