

NORTHWEST PIPE CO
Form DEF 14A
April 17, 2013
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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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

NORTHWEST PIPE COMPANY

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(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

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April 17, 2013

Dear Fellow Shareholder:

You are cordially invited to attend the 2013 Annual Meeting of Shareholders to be held on Friday, May 31, 2013, at 9:00 a.m. (local time) at the Heathman Hotel in downtown Portland, Oregon.

The actions we expect to take at our Annual Meeting are described in detail in the attached Notice of 2013 Annual Meeting of Shareholders and Proxy Statement.

YOUR VOTE IS IMPORTANT. We encourage you to read the Proxy Statement and vote your shares as soon as possible. Shareholders may vote via the Internet, by telephone or by completing and returning a proxy card. Specific voting instructions are set forth in the Proxy Statement and proxy card.

Thank you for your support and continued interest in Northwest Pipe Company.

Sincerely,

Scott J. Montross

President and Chief Executive Officer

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5721 SE Columbia Way, Suite 200

Vancouver, Washington 98661

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders of Northwest Pipe Company:

The 2013 Annual Meeting of Shareholders (the Annual Meeting) of Northwest Pipe Company will be held on Friday, May 31, 2013, at the Heathman Hotel, 1001 SW Broadway, Portland, OR 97205, at 9:00 a.m., local time. The purposes of the Annual Meeting will be:

1. To elect four directors, three to serve for a three-year term and one to serve for a one-year term;
2. To approve an Amendment to the Company s 2007 Stock Incentive Plan to increase the number of shares authorized for issuance thereunder from 600,000 to 1,200,000;
3. To hold an advisory vote on the Company s executive compensation;
4. To ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the year ending December 31, 2013; and
5. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on April 12, 2013 as the record date for determining the shareholders entitled to notice of and to vote at the Annual Meeting and any adjournments thereof. Only shareholders of record at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

It is important that your shares be represented and voted at the meeting. Please complete, sign and return your proxy card, or use the Internet or telephone voting systems.

We are enclosing a copy of the 2012 Annual Report to Shareholders with this Notice and Proxy Statement.

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 31, 2013: This proxy statement and the Company s 2012 Annual Report to Shareholders are also available at www.nwpipe.com/proxy.

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By Order of the Board of Directors,

Scott J. Montross

President and Chief Executive Officer

Vancouver, Washington

April 17, 2013

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2013 ANNUAL MEETING OF SHAREHOLDERS OF
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NORTHWEST PIPE COMPANY

5721 SE Columbia Way, Suite 200

Vancouver, Washington 98661

(360) 397-6250

**PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 31, 2013**

INTRODUCTION

General

This Proxy Statement and the accompanying 2012 Annual Report to Shareholders are being furnished to the shareholders of Northwest Pipe Company, an Oregon corporation (the "Company"), as part of the solicitation of proxies by the Company's Board of Directors (the "Board of Directors") for use at the Company's annual meeting of shareholders (the "Annual Meeting") to be held on Friday, May 31, 2013, at the Heathman Hotel, 1001 SW Broadway, Portland, OR 97205, at 9:00 a.m., local time.

At the Annual Meeting, shareholders will be asked to vote on the following matters:

1. The election of four directors, three to serve for a three-year term and one to serve for a one-year term;
2. The approval of an Amendment to the Company's 2007 Stock Incentive Plan to increase the number of shares authorized for issuance thereunder from 600,000 to 1,200,000;
3. An advisory vote on the Company's executive compensation;
4. The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013; and
5. Such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

This Proxy Statement, together with the enclosed proxy card and the 2012 Annual Report to Shareholders, are first being mailed to shareholders of the Company on or about April 26, 2013.

The Board of Directors has fixed the close of business on April 12, 2013 as the record date for the determination of the shareholders entitled to notice of and to vote at the Annual Meeting. Accordingly, only holders of record of shares of Common Stock at the close of business on such

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date will be entitled to vote at the Annual Meeting, with each such share entitling its owner to one vote on all matters properly presented at the Annual Meeting. On the record date, there were 9,437,387 shares of Common Stock then outstanding.

If the enclosed form of proxy is properly executed and returned in time to be voted at the Annual Meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon. ***Executed but unmarked proxies will be voted in accordance with the recommendations of the Board of Directors.***

Shareholders who execute proxies retain the right to revoke them at any time prior to the exercise of the powers conferred thereby by filing a written notice of revocation with, or by delivering a duly executed proxy bearing a later date to: Corporate Secretary, Northwest Pipe Company, 5721 SE Columbia Way, Suite 200, Vancouver, Washington, 98661, or by attending the Annual Meeting and voting in person. All valid, unrevoked proxies will be voted at the Annual Meeting.

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QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Although we encourage you to read this Proxy Statement in its entirety, we include this question and answer section to provide some background information and brief answers to several questions you might have about the Annual Meeting.

Q: Why is the Company providing these materials?

A: The Company's Board of Directors is providing these proxy materials to you in connection with the Company's Annual Meeting of Shareholders, which will take place on May 31, 2013, at 9:00 a.m. at the Heathman Hotel in downtown Portland, Oregon. Shareholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

Q: What information is contained in these materials?

A: The information included in this Proxy Statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of directors and our most highly paid officers, and other required information.

Q: What proposals will be voted on at the Annual Meeting?

A: There are four proposals scheduled to be voted on at the Annual Meeting:

the election of four members of the Board of Directors (Proposal No. 1);

the approval of an Amendment to the Company's 2007 Stock Incentive Plan to increase the number of shares authorized for issuance thereunder from 600,000 to 1,200,000 (Proposal No. 2);

the advisory vote on executive compensation (Proposal No. 3); and

the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013 (Proposal No. 4).

We will also consider other business that properly comes before the Annual Meeting.

Q: How does the Board of Directors recommend that I vote?

A: The Board of Directors recommends that you vote your shares **FOR** the election of the Board's nominees for election to the Board of Directors, **FOR** the approval of the Amendment to 2007 Stock Incentive Plan, **FOR** the advisory vote on executive compensation, and **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP.

Q: What shares owned by me can be voted?

A: All shares of the Company's Common Stock owned by you as of the close of business on April 12, 2013 (the Record Date) may be voted by you. You may cast one vote per share of Common Stock that you held on the Record Date. These shares include shares that are: (i) held directly in your name as the shareholder of record, and (ii) held for you as the beneficial owner through a stockbroker, bank or other nominee.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Most of the Company's shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record

If your shares are registered directly in your name with the Company's transfer agent, Computershare, you are considered the shareholder of record of those shares and these proxy materials are being sent

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directly to you by the Company. As the shareholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the Annual Meeting. You may also vote your shares as described below under **How can I vote my shares without attending the Annual Meeting?**

Beneficial Owner

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered the shareholder of record of those shares. As the beneficial owner, you have the right to direct your broker on how to vote and are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a legal proxy from your broker or other nominee authorizing you to vote your shares at the Annual Meeting. Your broker or nominee has sent you instructions for how you can direct the broker or nominee to vote your shares.

Q: How can I vote my shares in person at the Annual Meeting?

A: Shares held directly in your name as the shareholder of record may be voted in person at the Annual Meeting. If you choose to do so, please bring your proxy card or proof of identification. Even if you plan to attend the Annual Meeting, the Company recommends that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the Annual Meeting. Shares held in street name may be voted in person by you only if you obtain a legal proxy from the record holder giving you the right to vote the shares.

Q: How can I vote my shares without attending the Annual Meeting?

A: To vote shares held directly in your name as the shareholder of record, without attending the meeting, please sign, date and return the enclosed proxy card, or follow the instructions for Internet or telephone voting on the enclosed proxy card. This way your shares will be represented whether or not you are able to attend the meeting.

To vote shares held in street name, without attending the meeting, please follow the instructions provided by your broker.

Q: Can I change my vote?

A: You may change your proxy instructions at any time prior to the vote at the Annual Meeting. You may accomplish this by entering a new vote by Internet, by telephone, by delivering a written notice of revocation to the Company's Corporate Secretary, by granting a new proxy card or new voting instruction card bearing a later date (which automatically revokes the earlier proxy instructions), or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically so request. If your shares are held in a stock brokerage account or by a bank or other nominee, you must obtain a legal proxy from your broker or other nominee authorizing you to vote your shares at the Annual Meeting.

Q: How are votes counted?

A: In the election of directors, you may vote **FOR** or **WITHHOLD AUTHORITY** from voting for each of the director nominees. If you vote your shares without providing specific instructions, your shares will be voted **FOR** the nominees for election to the Board of Directors. If you vote to **WITHHOLD AUTHORITY** to vote for a nominee for election as a director, the shares represented will be counted as present for the purpose of determining a quorum, but they will not be counted and will have no effect in determining whether the nominee is

elected.

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With respect to the proposals for the approval of the amendment to 2007 Stock Incentive Plan, the advisory vote on executive compensation and the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm, you may vote FOR or AGAINST or ABSTAIN. If you vote your shares without providing specific instructions, your shares will be voted in accordance with the recommendations of the Board. If you vote to ABSTAIN, the shares represented will be counted as present for the purpose of determining a quorum, but with respect to any proposal on which there was a vote to ABSTAIN they will not be counted and will have no effect in determining whether the proposal is approved.

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute broker non-votes. Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote or votes cast on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained.

Under the rules that govern brokers who have record ownership of shares that are held in street name for their clients, brokers have discretion to vote these shares on routine matters but not on non-routine matters. Thus, if you do not otherwise instruct your broker, the broker may turn in a proxy card voting your shares FOR routine matters but expressly instructing that the broker is not voting on non-routine matters. A broker non-vote occurs when a broker expressly instructs on a proxy card that the broker is not voting on a matter, whether routine or non-routine. Proposal No. 4 is considered a routine matter, so unless you have provided otherwise, your broker will have discretionary authority to vote your shares on this proposal. Proposals No. 1, 2 and 3 are considered non-routine matters, so unless you have provided instructions to your broker with respect to Proposals No. 1, 2 and 3, your broker will not have authority to vote your shares on any of those proposals and your shares will constitute broker non-votes. Broker non-votes are counted for the purpose of determining the presence or absence of a quorum but are not counted for determining the number of shares entitled to vote or votes cast for or against a proposal.

Q: What is the quorum requirement for the Annual Meeting?

A: The quorum requirement for holding the Annual Meeting and transacting business is a majority of the outstanding shares entitled to be voted. The shares may be present in person or represented by proxy at the Annual Meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum.

Q: What is the voting requirement to approve the proposals?

A: Proposal No. 1: The election of the director nominees requires the affirmative FOR vote of a plurality of the votes cast in the election. Proposal No. 2: The proposal for the approval of the amendment to 2007 Stock Incentive Plan requires the affirmative FOR vote of a majority of the votes cast on the proposal.

Proposal No. 3: The proposal for the advisory vote on executive compensation requires the affirmative FOR vote of a majority of the votes cast on the proposal.

Proposal No. 4: The proposal for the ratification of the appointment of PricewaterhouseCoopers LLP for the year ending December 31, 2013 requires the affirmative FOR vote of a majority of the votes cast on the proposal.

Q: Who are the proxyholders and what do they do?

A: The two persons named as proxyholders on the proxy card, Scott J. Montross, our President and Chief Executive Officer, and Richard A. Roman, our Executive Chairman of the Board, were designated by the Board of Directors. The proxyholders will vote all properly tendered proxies (except to the extent that authority to vote has been withheld) and where a choice has been specified by you as provided

in the proxy

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card, it will be voted in accordance with the instructions you indicate on the proxy card. If you vote your shares without providing specific instructions regarding each of the proposals, your shares will be voted on each proposal as recommended by the Board of Directors.

Q: What does it mean if I receive more than one set of proxy materials?

A: You may receive more than one set of proxy materials. For example, if you hold your shares in more than one brokerage account, you may receive a separate set of proxy materials for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one set of proxy materials. Please vote your shares for each set of proxy materials that you receive by following the instructions on the enclosed proxy card.

Q: How can I revoke my proxy?

A: You may revoke your proxy at any time before it is voted at the Annual Meeting. In order to do this, you may do any of the following:

sign and return another proxy card bearing a later date;

enter a new vote by Internet or by telephone following the instructions on the proxy card;

provide written notice of the revocation to the Company's Corporate Secretary, Northwest Pipe Company, 5721 SE Columbia Way, Suite 200, Vancouver WA 98661, prior to the vote at the Annual Meeting; or

attend the meeting and vote in person. If your shares are held in a stock brokerage account or by a bank or other nominee, you must obtain a legal proxy from your broker or other nominee authorizing you to vote your shares at the Annual Meeting.

Q: Where can I find the voting results of the Annual Meeting?

A: We will announce preliminary voting results at the Annual Meeting and publish final results in the Company's Current Report on Form 8-K filed by the Company within four business days after the Annual Meeting.

Q: What happens if additional proposals are presented at the Annual Meeting?

A: Other than the proposals described in this Proxy Statement, the Company does not expect any additional matters to be presented for a vote at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, Scott J. Montross, the Company's President and Chief Executive Officer, and Richard A. Roman, the Company's Executive Chairman of the Board, will vote your shares on any additional matters properly presented for a vote at the Annual Meeting in a manner directed by a majority of the Board of Directors.

Q: Who will count the vote?

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A: Computershare, the Company's transfer agent, has been appointed to act as the inspector of election and will tabulate the votes. In the event Computershare is unable to do so, a representative of the Company's outside legal counsel, Ater Wynne LLP, will act in this role.

Q: Is my vote confidential?

A: Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties except (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, or (3) to facilitate a successful proxy solicitation by the Board of Directors. Occasionally, shareholders provide written comments on their proxy card, which are then forwarded to the Company's management.

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Q: Who will bear the cost of soliciting proxies for the Annual Meeting?

A: The Company will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by the Company's directors, officers, and employees, who will not receive any additional compensation for such solicitation activities. The Company may also engage a proxy solicitation firm or other professional advisors to assist in the solicitation of proxies and provide related advice and support. In addition, the Company may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation material to such beneficial owners.

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CORPORATE GOVERNANCE

Our Board of Directors and management have committed themselves to establishing a strong corporate governance environment and to adopting best practices as they most meet the needs and goals of the Company. As part of that commitment, we have adopted Corporate Governance Principles, which cover such topics as qualifications and independence of Board members, the selection, orientation, and continuing education of Board members, as well as other topics designed to promote effective governance by the Board of Directors. We have also adopted a Code of Business Conduct and Ethics, which applies to all employees, officers and directors of the Company and sets forth guidance to help in recognizing and dealing with ethical issues, to provide mechanisms for reporting unethical conduct, and to promote a culture of honesty and accountability. Copies of our Corporate Governance Principles and Code of Business Conduct and Ethics are available on the Company's website at www.nwpipe.com under the heading "Corporate Governance", or by writing to Northwest Pipe Company, attn. Corporate Secretary, 5721 SE Columbia Way, Suite 200, Vancouver, WA 98661.

We also adopted a Policy for Reporting Financial Irregularities ("Whistleblower Policy"), which is intended to create a workplace environment that encourages the highest standards of ethical, moral, and legal business conduct. The Whistleblower Policy establishes procedures for any person to confidentially and anonymously report violations by us or any of our personnel of our Code of Ethics or any laws, rules or regulations without fear of retaliation. The Whistleblower Policy also contains procedures for submission of complaints involving our accounting practices and internal accounting controls.

As part of its ongoing review of corporate governance matters, the following enhancements were put in place during the last twelve months:

Added a director resignation policy to our Corporate Governance Principles

Added an anti-hedging/pledging policy to our Stock Ownership Policy

Modified the Audit Committee Charter to increase the number to two of Committee members that meet the SEC definition of a financial expert

Added supplemental Lead Director duties to our Corporate Governance Principles

Added two members to the Board of Directors

Director Elections

While directors are elected by a plurality of votes cast, in February 2013, the Board of Directors amended the Corporate Governance Principles to include a director resignation policy, requiring a director who receives more votes withheld than in favor of election in an uncontested election to tender his or her resignation to the Board. The Nominating and Governance Committee shall recommend to the Board the action to be taken with respect to such offer of resignation, and the Board shall act promptly with respect to each such letter of resignation and publicly disclose its decision and rationale.

Director Independence

The Board of Directors has determined that James E. Declusin, Harry L. Demorest, Michael C. Franson, Wayne B. Kingsley and Keith R. Larson are independent. The Board has established director independence guidelines as part of the Corporate Governance Principles to assist in determining director independence in accordance with the standards of the Nasdaq Stock Market. The director independence guidelines provide that none of the following will be an independent director :

(A) a director who is, or at any time during the past three years was, employed by the Company;

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(B) a director who accepted or who has a family member who accepted any compensation from the Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:

(i) compensation for board or board committee service;

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(ii) compensation paid to a family member who is an employee (other than an executive officer) of the Company; or

(iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation;

provided, however, that in addition to the requirements contained in this paragraph (B), Audit Committee members are also subject to additional, more stringent requirements under NASDAQ Rule 5606(c)(2).

(C) a director who is a family member of an individual who is, or at any time during the past three years was, employed by the Company as an executive officer;

(D) a director who is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:

(i) payments arising solely from investments in the Company's securities; or

(ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of the Company who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company serve on the compensation committee of such other entity; or

(F) a director who is, or has a family member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

Board Leadership Structure and Risk Oversight

The Company's Corporate Governance Principles provide that the independent members of the Board of Directors will select a lead director from among the independent directors if the positions of Executive Chairman of the Board and Chief Executive Officer are held by the same person or if the Executive Chairman of the Board is not an independent director. The responsibilities of the Executive Chairman of the Board include the following: set Board meeting agendas in collaboration with the CEO; preside at Board meetings and the annual shareholders meeting; assign tasks to the appropriate committees; and ensure that information flows openly between management and the Board. The responsibilities of the lead director include the following: coordinate the activities of the independent directors; make recommendations to the CEO in setting Board meeting agendas on matters concerning the independent directors; prepare the agenda for executive sessions of the independent directors, chair those sessions and be primarily responsible for communications between the independent directors and the CEO. Richard A. Roman, the Executive Chairman of our Board of Directors, is not independent within the meaning of the applicable rules of the Nasdaq Stock Market. Accordingly, in December 2010, the remaining directors appointed James E. Declusin as the Board's Lead Director.

The Board of Directors oversees management's Company-wide risk management activities. Management's risk management activities include assessing and taking actions necessary to manage risks incurred in connection with the long-term strategic direction of the Company and the operation of our business. The Board of Directors uses its committees to assist in its risk oversight function. The Compensation Committee is responsible for oversight of risk associated with our compensation plans. The Nominating and Governance Committee is responsible for oversight of board processes and corporate governance-related risk. The Audit Committee is responsible for oversight of our financial reporting process, financial internal controls and compliance activities, the qualification, independence and performance of our independent auditors, and compliance with applicable legal and regulatory compliance requirements. The Board of Directors maintains overall responsibility for oversight of the work of its various committees by having regular reports from the chairman of each Committee

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with respect to the work performed by his respective Committee. In addition, discussions about the Company's strategic plan, financial results, capital structure, merger and acquisition related activity and other business discussed with the Board generally includes discussion of the risks associated with the matters under consideration.

Board of Directors Meetings

The Board of Directors met five times during 2012. Each director attended more than 75 percent of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by all committees of the Board on which he served. Members of the Board of Directors are also encouraged to attend the Company's annual meeting of shareholders each year. All of the members of the Board of Directors attended the Company's 2012 Annual Meeting of Shareholders.

Board of Directors Committees

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. Each of the Committees consists of independent directors and each of the Committees has adopted a written charter which is available on the Company's website at www.nwpipe.com under the heading "Corporate Governance", or by writing to Northwest Pipe Company, attn. Corporate Secretary, 5721 SE Columbia Way, Suite 200, Vancouver, WA 98661.

The table below lists the current membership of each Committee.

	Audit Committee	Compensation Committee	Nominating and Governance Committee
Name:			
James E. Declusin		X	
Harry L. Demorest	X		
Michael C. Franson	X	X	X*
Wayne B. Kingsley	X*		X
Keith R. Larson	X	X*	

* Committee Chairman

Audit Committee. The Audit Committee of the Board of Directors is responsible for the oversight and monitoring of: the integrity of the Company's financial reporting process, financial internal control systems, accounting and legal compliance and the integrity of our financial reporting; the qualifications, independence and performance of our independent auditors; our compliance with applicable legal and regulatory requirements; and the maintenance of an open and private, if necessary, communication among the independent auditors, management, legal counsel and the Board. The Audit Committee met 17 times in 2012. Each member of the Audit Committee is independent as defined by applicable U.S. Securities and Exchange Commission (SEC) and Nasdaq Stock Market rules. The Board of Directors has determined that Mr. Franson and Mr. Larson qualify as an audit committee financial expert as defined by the rules of the SEC.

Audit Committee Report. Management is responsible for preparing the Company's financial statements. The independent registered public accounting firm is responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards and issuing a report thereon, and for performing an independent audit of the effectiveness of the Company's internal controls over financial reporting. The Audit Committee's responsibility is to monitor and oversee these processes. The Audit Committee serves a board-level oversight role in which it provides advice, counsel and direction to management and the independent accountants on the basis of the information it receives, discussions with the independent accountants and the experience of the Audit Committee's members in business, financial and accounting matters.

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In this context, the Audit Committee has reviewed and discussed the audited financial statements with management and the independent accountants. The Audit Committee also has discussed with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Company's independent accountants also provided to the Audit Committee the written disclosures and letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and the Audit Committee discussed with the independent accountants that firm's independence.

Based on the above discussions and review with management and the independent accountants, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the U.S. Securities and Exchange Commission.

Respectfully submitted by the Audit Committee of the Board of Directors.

AUDIT COMMITTEE

Wayne B. Kingsley, Chairman

Michael C. Franson

Keith R. Larson

Compensation Committee. The Compensation Committee of the Board of Directors is responsible for the oversight and determination of executive compensation by: reviewing and approving salaries and other compensation of the Company's executive officers; administering the Company's equity incentive and compensation plans, including reviewing and approving stock option and other equity incentive and compensation awards to executive officers; and reviewing, recommending and taking action upon any other compensation practices or policies of the Company as the Board may request or the Committee may determine to be appropriate. The Committee has sole authority to retain and terminate a compensation consultant to assist in the evaluation of executive compensation. The Compensation Committee met six times in 2012.

Nominating and Governance Committee; Nominations by Shareholders. The Nominating and Governance Committee of the Board of Directors recommends to the Board of Directors corporate governance principles for the Company, identifies qualified candidates for membership on the Board of Directors, proposes nominees for election as directors and recommends to the Board the level and form of compensation and benefits for directors. Each of the members of the Nominating and Governance Committee is independent as defined by applicable Nasdaq Stock Market rules. The Nominating and Governance Committee met three times in 2012.

In identifying qualified candidates for the Board of Directors, the Nominating and Governance Committee will consider recommendations by shareholders. Shareholder recommendations as to candidates for election to the Board of Directors may be submitted to Northwest Pipe Company, Attn: Corporate Secretary, 5721 SE Columbia Way, Suite 200, Vancouver, Washington, 98661. The Nominating and Governance Committee will evaluate potential nominees, including candidates recommended by shareholders, by reviewing qualifications, considering references, and reviewing and considering such other information as the members of the Nominating and Governance Committee deem relevant. The Company's Corporate Governance Principles specify that the criteria used by the Nominating and Governance Committee in the selection, review and evaluation of possible candidates for vacancies on the Board should include factors relating to whether the candidate would meet the definition of independent as well as skills, occupation and experience in the context of the needs of the Board. All candidates for election to the Board of Directors must be individuals of character, integrity and honesty. The Company does not have a formal policy with respect to the consideration of diversity in identifying director

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candidates; however, the Board does consider diversity in reviewing director nominee candidates. The Nominating and Governance Committee has not employed any third parties to help identify or screen prospective directors in the past, but may do so at their discretion.

The Company's Bylaws permit shareholders to make nominations for the election of directors, if such nominations are made pursuant to timely notice in writing to the Company's Secretary. To be timely, notice must be delivered to, or mailed to and received at, the principal executive offices of the Company not less than 60 days nor more than 90 days prior to the date of the meeting, provided that at least 60 days notice or prior public disclosure of the date of the meeting is given or made to shareholders. If less than 60 days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be received by the Company not later than the close of business on the tenth day following the date on which such notice of the date of the meeting was mailed or such public disclosure was made. A shareholder's notice of nomination must also set forth certain information specified in the Company's Bylaws concerning each person the shareholder proposes to nominate for election and the nominating shareholder.

Communications with Directors

Any shareholder who wants to communicate with members of the Board of Directors, individually or as a group, may do so by writing to the intended member or members of the Board of Directors, c/o Executive Chairman of the Board, Northwest Pipe Company, 5721 SE Columbia Way, Suite 200, Vancouver WA 98661. Communications should be sent by overnight or certified mail, return receipt requested. All communications will be submitted to the Board of Directors in a timely manner.

Table of Contents**ELECTION OF DIRECTORS****(Proposal No. 1)**

At the Annual Meeting, three directors will be elected for three-year terms, and one director will be elected for a one-year term. Unless otherwise specified on the proxy, it is the intention of the persons named in the proxy to vote the shares represented by each properly executed proxy for the election of the nominees named below. The Board of Directors believes that the nominees will stand for election and will serve if elected as directors. However, if any of the persons nominated by the Board of Directors fail to stand for election or is unable to accept election, the proxies will be voted for the election of such other person as the Board of Directors may recommend.

The Company's Articles of Incorporation provide that the Board of Directors shall be composed of not less than six and not more than nine directors. The Company's directors are divided into three classes. The term of office of only one class of directors expires each year, and their successors are generally elected for terms of three years, and until their successors are elected and qualified. There is no cumulative voting for election of directors.

Information as to Nominees and Continuing Directors

The following table sets forth the names of and certain information about the Board of Directors' nominees for election as a director and those directors who will continue to serve after the Annual Meeting.

	Age	Director Since	Expiration of Current Term	Expiration of Term for Which Nominated
Nominees:				
Harry L. Demorest	71	2013	2013	2016
James E. Declusin	70	2010	2013	2016
Michael C. Franson	58	2007	2013	2016
Scott J. Montross	48	2013	2013	2014
Continuing Directors:				
William R. Tagmyer	75	1986	2014	
Wayne B. Kingsley	70	1987	2014	
Keith R. Larson	55	2007	2015	
Richard A. Roman	61	2003	2015	
Nominees for Director				

Harry L. Demorest has been a director of the Company since February 2013. Mr. Demorest served as CEO of Columbia Forest Products from 1996 until 2007, as President from 1994 until 1996, and as Executive Vice President from 1992 until 1994. Prior to Columbia Forest Products, Mr. Demorest was the Office Managing Partner for Arthur Anderson and Co., an independent public accounting firm, from 1981 to 1991 in Portland, Oregon. Mr. Demorest is a current board member at Columbia Forest Products, serving on its compensation and audit committees, and a former board member and audit committee chairman of Oregon Steel Mills, Inc. Mr. Demorest has also served on the boards of several civic and charitable organizations. Currently, he is a member of our Audit Committee. Mr. Demorest brings to the Board his extensive financial and managerial experience.

James E. Declusin has been a director of the Company since August 2010. Mr. Declusin served as President and CEO of Evraz Inc. NA until February 2010 and as President and CEO of Oregon Steel Mills, Inc. from August 2003 until Oregon Steel Mills was acquired by Evraz Group SA in January 2007. He served as a director of Oregon Steel Mills and, subsequently, Evraz Inc. NA from 2000 until 2010. Mr. Declusin spent

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16 years with California Steel Industries, most recently serving as Senior Executive Vice President and Chief Operating Officer, retiring in October 2000. Prior to that time, he spent 17 years in various management positions in the commercial area of Kaiser Steel Corporation. Currently, he is the Board's Lead Director and a member of the Compensation Committee. Mr. Declusin brings to the Board over 40 years of experience in the steel industry, including, most recently, as president and chief executive officer of a large publicly-held steel manufacturing company.

Michael C. Franson has been a director of the Company since January 2007. Mr. Franson is a founder and is President of St. Charles Capital LLC, an investment banking firm formed in 2005. St. Charles Capital provides expertise in mergers and acquisitions, raising private capital and financial advisory services for middle-market companies across the United States. Prior to founding St. Charles Capital, Mr. Franson was a Managing Director at The Wallach Company, which was subsequently sold to KeyCorp, the parent of KeyBanc Capital Markets. Prior to joining The Wallach Company, Mr. Franson was a partner at Boettcher and Company, a regional investment-banking firm located in Denver. Mr. Franson began his career as an equity analyst at Pacific Mutual Insurance Company, located in Newport Beach, California. Mr. Franson had previously served as a member of our Board of Directors from 2001 until 2005. Currently, he is the Chairman of the Nominating and Governance Committee and a member of our Compensation Committee and our Audit Committee. Mr. Franson brings to the Board his background and expertise in investment banking, including substantial experience in financial analysis and financial advisory services, merger and acquisition transactions and a wide variety of capital raising and financing transactions.

Scott J. Montross has been a director of the Company since January 2013. Mr. Montross has served as our President and CEO since January 2013, and as our Chief Operating Officer from May 2011 until December 2012. Previously he served as Executive Vice President, Flat Products Group of Evraz, Inc. NA from March 2010 through April 2011. Mr. Montross served as Vice President, General Manager, Evraz Oregon Steel from February 2007 through February 2010. Prior to his General Manager role, Mr. Montross served as Vice President of Sales at Oregon Steel Mills, Inc. from June 2003 through February 2007. Mr. Montross brings to the Board his extensive experience in the steel industry.

Continuing Directors

Wayne B. Kingsley has been a director of the Company since 1987. Mr. Kingsley is Chairman of the Board of Directors of American Waterways, Inc., a privately held passenger vessel excursion company. From 1985 to 2002, Mr. Kingsley served as Chairman of the Board of Directors of InterVen Partners, Inc., a venture capital management company, and served as General Partner of the venture capital funds managed by InterVen Partners, Inc. Mr. Kingsley also serves on the Board of Directors of one not-for-profit entity. Currently, he is the Chairman of the Audit Committee and a member of our Nominating and Governance Committee. Mr. Kingsley brings to the Board over 20 years of experience as a member of the Board of Directors and investor in the Company, as well as his background as a manager and investor of venture capital funds and more recent experience as chairman of a privately held passenger vessel excursion company.

Keith R. Larson has been a director of the Company since May 2007. Mr. Larson is a Vice President of Intel Corporation and Managing Director of Intel Capital, Intel Corporation's venture investment group. Mr. Larson was appointed Vice President in 2006 and has served as a Managing Director of Intel Capital since 2004, managing a team of investment professionals focused on identifying, making, and managing strategic investments in the manufacturing and Intel Labs sectors. Mr. Larson has previously managed Latin America, Taiwan and Korea regions for Intel Capital, and for approximately three months in 2004, Mr. Larson managed the Western Europe and Israel investment team of Intel Capital. From 1999 to 2003, Mr. Larson was a Sector Director managing teams of investment professionals investing in communications, networking, and data storage sectors. Mr. Larson also currently serves on the board of regents of a university and one state government council, which oversees approximately \$80 billion in investments of various Oregon State agencies and funds

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such as the Oregon Public Employees Retirement Fund. Currently, he is the Chairman of our Compensation Committee and a member of the Audit Committee. Mr. Larson brings to the Board his experience as a senior executive in corporate development in a large multinational public company.

Richard A. Roman has been a director of the Company since 2003. Effective January 1, 2013, Mr. Roman became the Executive Chairman of the Board of Directors. Mr. Roman has also served as our CEO from March 2010 until December 2012, and as President from October 2010 until December 2012. In connection with his appointment as CEO, Mr. Roman resigned his former positions as Lead Director and as a member of the Board's Audit and Compensation Committees. He was a member of our Audit and Compensation Committees since 2003 and 2005, respectively, and the Board's Lead Director since November 2008. Previously, Mr. Roman was the President of Columbia Ventures Corporation, a private investment company which historically has focused principally on the international metals and telecommunications industries. Prior to joining Columbia Ventures Corporation in 1992, Mr. Roman was a partner at Coopers & Lybrand, an independent public accounting firm. Mr. Roman also serves on the Board of Directors of one privately held manufacturing company and one privately held communications company. Mr. Roman brings to the Company his knowledge and experience as a partner at a large national independent public accounting firm as well as his more recent management experience as an executive officer of a private investment company.

William R. Tagmyer served as Chairman of the Board of Directors from 1986 until December 2012. From 1986 to January 1998, Mr. Tagmyer also served as our President and from 1986 to January 2001 as CEO. He worked for L. B. Foster Company, another steel pipe manufacturer, from 1975 to 1986. Prior to 1975, Mr. Tagmyer was employed by U.S. Steel Corporation and FMC Corporation in the areas of sales, marketing, product management and contract administration. Mr. Tagmyer brings to the Board over 50 years of experience in steel and steel-related industries and twenty-five years of experience in leadership positions with the Company.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF ITS NOMINEES FOR DIRECTOR. PROXIES SOLICITED BY THE BOARD WILL BE VOTED FOR THE ELECTION OF THE BOARD'S NOMINEES UNLESS A VOTE WITHHOLDING AUTHORITY IS SPECIFICALLY INDICATED.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy and Objectives. The Board of Directors and executive management at the Company believe that the performance and contribution of our executive officers are critical to our overall success. To attract, retain, and motivate the executives to accomplish our business strategy, the Compensation Committee establishes executive compensation policies and oversees executive compensation practices at the Company.

The Compensation Committee believes that the most effective executive compensation program is one that is designed to reward the achievement of our specific annual and long-term goals, and which aligns executives' interests with those of the shareholders by rewarding performance that exceeds established goals, with the ultimate objective of improving shareholder value.

The Compensation Committee also evaluates compensation programs to ensure that we maintain our ability to attract, retain and motivate superior employees in key positions and that compensation provided to key employees remains competitive. The Compensation Committee believes our executive compensation packages should include both cash and share-based compensation that reward performance as measured against established goals and market performance.

In 2011, the Compensation Committee engaged an independent compensation consultant, Mercer LLC, to conduct a review of our executive compensation program, and to advise the Compensation Committee on the levels of base salary as well as on the design of the Company's performance-based cash incentive program and long-term equity incentive program. To that end, Mercer developed a competitive peer group and performed benchmarking analysis of the levels and mix of compensation. The Compensation Committee used the results from this peer group and benchmarking analysis as reference data in making judgments regarding executive compensation without the implementation of a formal policy. The following peer companies were included in the analysis:

Valmont Industries, Inc.	Mueller Water Products Inc
Aegion Corp	Circor Intl Inc
Lufkin Industries Inc	Foster (LB) Co
Lindsay Corp	Ampco-Pittsburgh Corp
MFRI Inc	Flow Intl Corp
Synalloy Corp	

Process for Setting Executive Compensation. The Compensation Committee annually reviews and approves compensation levels and pay mix for our executives.

The Compensation Committee generally does not utilize specific benchmark levels. Rather, the Compensation Committee considers broad, market based survey data, such as that provided by Mercer, *salary.com* and *WorldatWork.org*, when assessing the competitiveness of compensation levels and pay mix for the CEO, CFO and other executives.

The Compensation Committee evaluates and considers the Company's annual performance within the context of its long-term strategic plan, identifying areas in which expectations were exceeded, achieved or fell below stated goals. The structure of all incentive compensation plans is reviewed periodically to assure their linkage to the current objectives, strategies and performance goals.

The Compensation Committee evaluates and considers a variety of growth and profitability measures relative to historical performance and internal plans for awarding performance-based cash incentive compensation.

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The Compensation Committee evaluates and considers Total Shareholder Return, defined as the total increase in share price plus dividends, relative to peer performance and other performance criteria for awarding long-term equity incentive awards.

The Compensation Committee exercises business judgment in determining the appropriate level and mix of executive compensation; cash compensation is used to provide a base salary, and to incentivize and reward our executives based on their contributions to the Company, and equity compensation is used to tie the interests of the executives to the interests of our shareholders. There is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation, which enables the Compensation Committee the flexibility to adjust allocations dynamically as business conditions warrant.

The Compensation Committee uses qualitative individual performance objectives as a factor in making its decisions. The Compensation Committee and the CEO annually review the performance of each executive officer (other than the CEO whose performance is reviewed by the Compensation Committee). Based on these reviews, the Compensation Committee makes compensation decisions, including salary adjustments and annual bonus awards, for the executive officers.

The Compensation Committee reviews the total compensation of each executive officer each year. In 2012, Mercer LLC was engaged to conduct a review of the compensation package for the new CEO, Scott J. Montross, whose promotion was effective January 1, 2013.

Elements of Compensation. For the year ended December 31, 2012, the principal components of compensation for executive officers were:

base salary;

performance-based cash incentive compensation;

discretionary incentive compensation;

long-term equity incentive awards (restricted stock units and performance share awards);

retirement benefits; and

perquisites and other personal benefits.

Base Salary. We provide executive officers and other employees with a base salary to compensate them for services rendered during the fiscal year. Base salaries are determined for each executive based on his or her experience, position and responsibilities, and takes in to consideration market data and conditions. In addition, we consider the individual performance of each executive, and conduct internal reviews of each executive's compensation to ensure equity among executive officers. Salary levels are typically reviewed annually as part of our performance review process as well as upon a promotion or other change in job responsibility. Merit based increases to salaries are based on the Compensation Committee's assessment of the individual executive's performance in conjunction with recommendations provided by the CEO.

Base salary is reflected in the Salary column in the Summary of Cash and Certain Other Compensation table on page 20.

Performance-Based Cash Incentive Compensation. We provide executive officers and other employees with incentive compensation to retain, incentivize and reward them for high performance and achievement of corporate goals. The incentive compensation program provides for an award of cash incentive compensation to executive officers and others as a reward for our growth and profitability, and places a significant percentage of each executive officer's compensation at risk. Awards are based on our achievement of certain financial performance measures

each year.

The performance measure for our Named Executive Officers for 2012 was Adjusted Income before Income Taxes, for which the Compensation Committee established a target level of \$32 million. Adjusted Income before

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Income Taxes is calculated by adjusting our income before income taxes as reported in our audited financial statements for certain events that occur during the year, such as the acquisitions of businesses, the sales of significant capital assets, or other extraordinary or unusual developments. For 2012, there were no adjustments to Adjusted Income before Income Taxes.

The Compensation Committee also established a payout range for the awards for each executive officer based on the level of achievement of the performance measure. For Messrs. Roman and Montross, the target payout for 2012 was seventy percent of 2012 annual base salary upon achievement of one hundred percent of the performance target, with the payout range extending from \$0 at or below fifty percent of target performance to one hundred and forty percent of 2012 base salary at or above one hundred and fifty percent of target performance. For Messrs. Mahoney and Stokes and Ms. Gantt, the target payout for 2012 was fifty percent of 2012 annual base salary upon achievement of one hundred percent of performance target, with the payout range extending from \$0 at or below fifty percent of target performance to one hundred percent of 2012 annual base salary at or above one hundred and fifty percent of target performance. Payouts for performance within the range will be interpolated on a straight line basis. The final amount of these awards is subject to adjustment at the discretion of the Compensation Committee. Even if the performance measures are met, the Compensation Committee retains the right to adjust the actual amounts of the award to each individual. Such adjustments may be based on individual performance, as well as external factors affecting us or the occurrence of unusual or infrequent events; in 2012, Mr. Roman's, Mr. Montross's and Mr. Stokes's awards were reduced by 5%, 10% and 15%, respectively, for adjustments based on individual performance. The following table reflects, for each of the Named Executive Officers, the applicable performance target, actual performance and amount of award:

Name	2012 Performance Target (million \$)	2012 Actual Performance (million \$)	2012 Target Award (\$)	2012 Actual Award (\$)
Richard Roman	\$ 32.0	\$ 21.8	\$ 371,000	\$ 135,756
Robin A. Gantt	32.0	21.8	132,500	51,036
Robert L. Mahoney	32.0	21.8	149,000	57,392
Scott Montross	32.0	21.8	280,000	97,065
Gary A. Stokes	32.0	21.8	149,000	48,796

Performance-based cash incentive compensation is reflected in the Non-Equity Incentive Plan Compensation column in the Summary of Cash and Certain Other Compensation table on page 20.

Discretionary Incentive Compensation. We provide, from time to time, additional discretionary incentive compensation in recognition of an executive officer's or other employee's success in attaining results that delivered value to the Company, but were not captured in the performance-based cash incentive compensation, or for other reasons as determined appropriate by the Compensation Committee. In 2012, Ms. Gantt received discretionary incentive compensation of \$25,000.

Discretionary incentive compensation is reflected in the Bonus column in the Summary of Cash and Certain Other Compensation table on page 20.

Long-Term Equity Incentive Awards. In 2008, we began providing long-term equity incentive awards to executive officers and certain designated key employees. The long-term equity incentive awards are designed to ensure that our executive officers and key employees have a continuing stake in our long-term success. In addition, the awards emphasize pay-for-performance. Terms and conditions of the awards are determined on an annual basis by the Compensation Committee. The amount of the equity award in 2012 was determined based on a percentage of the recipient's base salary; the equity award at target was eighty-five percent for the Named Executive Officers, other than the CEO and COO, whose awards were approximately forty seven percent and one hundred five percent, respectively. Under the grant, twenty five percent of the award was in the form of restricted stock units (RSUs), and seventy five percent of the award was in the form of performance share awards (PSAs).

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RSUs are service based and entitle the holder to receive Common Stock at the end of the vesting period (one-third of the 2012 awards vested in six months, one-third vest in eighteen months, and one-third vest in thirty months), subject to continued employment. RSUs are designed to attract and retain executive officers and others by providing them with the benefits associated with the increase in the value of the Common Stock during the vesting period, while incentivizing them to remain with us long-term.

PSAs are service-based awards with a market-based vesting condition. PSAs serve several purposes. They have value to the holder only if the goals are achieved during their performance measurement period and they serve as a retention tool because certain of the performance measurement periods extend to December 31, 2014. Additionally, the holders benefit further if they are successful in increasing the value of our Common Stock. The 2012 PSAs were granted with a market-based vesting condition that entitle the holder to receive between zero and two hundred percent of the target award, based on our Total Shareholder Return compared to our peer group. Thirty three percent of the market-based PSAs vest in January 2014, following the 2012 – 2013 measurement period, and sixty seven percent of the market-based PSAs vest in January 2015, following the 2012 – 2014 measurement period. The following scale shows the adjustment to the number of PSAs that may be awarded following each of the two measurement periods:

Total Shareholder Return	Payout as a Percentage of Target Award
vs. Peer Group	
85 th percentile or higher	200%
50 th percentile	100%
25 th percentile	25%
Less than 25 th percentile	0%

Payouts for performance between the rankings will be interpolated on a straight line basis.

Long-term equity incentive awards are reflected in the *Stock Awards* or *Options Awards* columns in the Summary of Cash and Certain Other Compensation table on page 20, as appropriate.

Retirement Benefits. In order to provide competitive total compensation, we offer our executive officers and certain designated key employees a nonqualified retirement savings plan (the *Deferred Compensation Plan*), which provides executive officers and others with the opportunity to defer salary and bonus compensation for a period of years or until termination of employment. Executive officers who defer salary or bonus under the *Deferred Compensation Plan* are credited with market-based returns. We may make a discretionary matching contribution based on deferrals made by each participant. In addition, we will make a contribution based on a target benefit projected for each participant. The target benefit projected is 1% of base salary in the year before attaining normal retirement age per year of employment (up to 35 years) with us. For 2012, Company contributions to the *Deferred Compensation Plan* accounted for between zero and five percent of the total compensation for each of the Named Executive Officers.

We also offer a qualified 401(k) defined contribution plan. The ability of executive officers to participate fully in this plan is limited under IRS and ERISA requirements. The 401(k) plan encourages employees to save for retirement by investing on a regular basis through payroll deductions.

Retirement benefits are reflected in the *All Other Compensation* column in the Summary of Cash and Certain Other Compensation table on page 20.

Perquisites and Other Personal Benefits. We provide executive officers with perquisites and other personal benefits that we and the Compensation Committee believe are reasonable and consistent with our overall compensation program to better enable us to attract, retain and motivate employees for key positions. We are selective in our use of perquisites, utilizing perquisites that are commonly provided, the value of which is generally modest. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to executive officers. The primary perquisites are car allowances and life insurance premiums.

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Perquisites and other personal benefits are reflected in the All Other Compensation column in the Summary of Cash and Certain Other Compensation table on page 20.

Executive Compensation and Risk. Although a substantial portion of the compensation paid to our executive officers is performance-based, we believe our executive compensation programs do not encourage excessive and unnecessary risk-taking by our executive officers because these programs are designed to encourage our executive officers to remain focused on both the short-term and long-term operational and financial goals of the Company. We achieve this balance through a combination of elements in our overall compensation plans, including: elements that reward different aspects of short-term and long-term performance; incentive compensation that rewards performance on a variety of different measures; awards that are paid based on results averaged out over several years; and awards paid in cash and awards paid in shares of the Company's stock, to encourage better alignment with the interests of shareholders.

Clawback Provisions. Our performance-based cash incentive compensation program contains a provision that allows the Company to recapture amounts paid to the Named Executive Officers under certain circumstances. If the Company's financial statements are the subject of a restatement due to misconduct, to the extent permitted by governing law, in all appropriate cases, the Company will seek reimbursement of excess incentive cash compensation paid under the program for the relevant years. For purposes of this provision, excess incentive cash compensation means the positive difference, if any, between (i) the award paid to the Named Executive Officer and (ii) the award that would have been made to the Named Executive Officer, not including the effect of any discretionary reductions made by the Committee, had the target award been calculated based on the Company's financial statements as restated.

Stock Ownership and Anti-Hedging/Pledging Policy. The Nominating and Governance Committee of the Board of Directors has adopted a stock ownership policy because it believes it is in the best interests of the Company and its shareholders to align the financial interests of our executive officers and directors with those of the Company's shareholders. Under the policy, most recently revised in February 2013, the directors are expected to accumulate and own shares having a market value equal to three times their annual cash retainer; the CEO is expected to accumulate and own shares having a market value equal to three times his base salary; and each of the other Named Executive Officers is expected to accumulate and own shares having a market value equal to two times his or her base salary. Each executive officer or director has five years to accumulate the expected ownership level beginning from the later of September 2011 or their date of hire or promotion. In addition, executive officers and directors are expressly prohibited from engaging in hedging transactions related to the Company's stock, including trading in publicly-traded options, puts, calls, or other derivative instruments related to the Company's stock, and from pledging the Company's stock as collateral for a loan.

Table of Contents**Summary of Cash and Certain Other Compensation**

The following table reflects compensation earned by our CEO, our CFO, and each of the three other most highly compensated executive officers, for the years ended December 31, 2012, 2011 and 2010 (the Named Executive Officers).

Name and Principal Position	Year	Salary ⁽¹⁾	Bonus ⁽²⁾	Stock Awards ⁽³⁾	Option Awards ⁽⁴⁾	Non-Equity Incentive Plan Compensation	All Other Compensation	Total (\$)
Richard A. Roman	2012	\$ 530,000	\$	\$ 310,504	\$	\$ 135,756	\$ 59,742 ⁽⁵⁾	\$ 1,036,002
Director, Chief Executive Officer and President	2011	530,000	125,000 ⁽⁶⁾	1,381,267		513,726		2,549,993
	2010	343,000	177,500 ⁽⁶⁾		368,460			888,960
Robin A. Gantt ⁽⁷⁾	2012	265,000	25,000 ⁽⁸⁾	279,759		51,036	32,548 ⁽⁹⁾	653,343
Vice President, Chief Financial Officer	2011	221,900		202,292		153,616	15,180 ⁽⁹⁾	592,988
	2010	65,400	15,000 ⁽⁸⁾					80,400
Robert L. Mahoney	2012	298,000		314,603		57,392	52,354 ⁽¹⁰⁾	722,349
Senior Vice President	2011	264,600		267,938		101,476	44,972 ⁽¹⁰⁾	678,986
	2010	248,000					40,414 ⁽¹⁰⁾	288,414
Scott J. Montross ⁽¹¹⁾	2012	400,000		521,645		97,065	16,110 ⁽¹²⁾	1,034,820
Executive Vice President and Chief Operating Officer	2011	244,100		449,542		236,607	9,623 ⁽¹²⁾	939,872
Gary A. Stokes	2012	298,000		314,689		48,796	57,173 ⁽¹³⁾	718,658
Senior Vice President	2011	295,600		268,008		250,096	55,019 ⁽¹³⁾	868,723
	2010	288,000					54,479 ⁽¹³⁾	342,479

(1) Includes amounts earned in each of the respective years, even if deferred.

(2) Annual bonus represents amount earned for the year. Actual payments may be made over subsequent years.

(3) The amounts included in this column represent the aggregate grant date fair value of RSUs and PSAs granted during the years reported in accordance with FASB ASC Topic 718. The assumptions used to calculate the grant date fair value for the stock awards are in Note 11 to the Consolidated Financial Statements included in Part II Item 8, Financial Statements and Supplementary Data of our 2012 Annual Report on Form 10-K. These amounts do not correspond to the actual value that will be recognized by the named executives.

(4) The amounts included in this column represent the aggregate grant date fair value of stock options granted in accordance with FASB ASC Topic 718. The stock options awarded in 2010 were in connection with Mr. Roman's appointment as CEO. There were no other stock option awards to Named Executive Officers in 2012, 2011, or 2010.

(5) Amount includes \$47,304 contributed by us to Mr. Roman's nonqualified retirement savings plan, and amounts paid by us for contributions to Mr. Roman's qualified 401(k) defined contribution plan and life insurance premiums.

(6) Amounts are discretionary cash bonuses awarded to Mr. Roman by the Compensation Committee for his efforts and individual performance in 2011 and 2010.

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- (7) Ms. Gantt was named Vice President and Chief Financial Officer in January 2011.

- (8) Amounts are discretionary cash bonuses awarded to Ms. Gantt by the Compensation Committee for her efforts and individual performance in 2012 and 2010.

- (9) Amount includes contributions by us to Ms. Gantt's nonqualified retirement savings plan, qualified 401(k) defined contribution plan, life insurance premiums and annual automobile allowance.

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- (10) Amount includes \$25,737, \$20,894 and \$16,673 in 2012, 2011 and 2010, respectively, contributed by us to Mr. Mahoney's nonqualified retirement savings plan, and amounts paid by us for contributions to Mr. Mahoney's qualified 401(k) defined contribution plan, life insurance premiums and annual automobile allowance.
- (11) Mr. Montross was named Executive Vice President and Chief Operating Officer in May 2011.
- (12) Amounts paid by us for Mr. Montross's life insurance premiums and annual automobile allowance.
- (13) Amount includes \$30,406, \$32,220 and \$31,746 in 2012, 2011 and 2010, respectively, contributed by us to Mr. Stokes' nonqualified retirement savings plan, and amounts paid by us for contributions to Mr. Stokes' qualified 401(k) defined contribution plan, annual automobile allowance, life insurance premiums and spousal travel expenses.

Grants of Plan-Based Awards

The following table reflects grants of long-term equity incentive awards granted to each of the eligible Named Executive Officers for the year ended December 31, 2012.

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock Awards ⁽³⁾
		Threshold (#)	Target (#)	Maximum (#)	
Richard A. Roman	06/14/2012 ⁽¹⁾		2,671	2,671	\$ 62,501
	06/14/2012 ⁽²⁾		8,013	16,026	248,003
Robin A. Gantt	06/14/2012 ⁽¹⁾		2,406	2,406	74,112
	06/14/2012 ⁽²⁾		7,220	14,440	205,647
Robert L. Mahoney	06/14/2012 ⁽¹⁾		2,706	2,706	63,320
	06/14/2012 ⁽²⁾		8,119	16,238	251,284
Scott J. Montross	06/14/2012 ⁽¹⁾		4,487	4,487	104,996
	06/14/2012 ⁽²⁾		13,462	26,924	416,649
Gary A. Stokes	06/14/2012 ⁽¹⁾		2,707	2,707	63,344
	06/14/2012 ⁽²⁾		8,121	16,242	251,345

- (1) Awards represent the RSUs granted under the long-term equity incentive plan. The methodology applied in determining these awards and how they are earned is discussed under "Long-Term Equity Incentive Awards" above.
- (2) Awards represent the PSAs granted under the long-term equity incentive plan. The methodology applied in determining these awards and how they are earned is discussed under "Long-Term Equity Incentive Awards" above.
- (3) The amount included in this column represents the aggregate grant date fair value of awards granted in accordance with FASB ASC Topic 718. The assumptions used to calculate the grant date fair value for the stock awards are in Note 11 to the Consolidated Financial Statements included in Part II - Item 8, Financial Statements and Supplementary Data of our 2012 Report on Form 10-K.

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The following table sets forth, for each of the Named Executive Officers, the equity awards made to each such Named Executive Officer that were outstanding at December 31, 2012.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Richard A. Roman	Exercisable	Unexercisable				
	7,000 ⁽¹⁾		\$ 10.310	5/13/2013		
	2,000 ⁽²⁾		14.000	5/11/2014		
	2,000 ⁽³⁾		22.070	5/10/2015		
	2,000 ⁽⁴⁾		28.310	5/9/2016		
	2,000 ⁽⁵⁾		34.770	5/30/2017		
	24,000 ⁽⁶⁾		24.150	3/29/2020		
					12,046 ⁽⁷⁾	\$ 287,418
					16,061 ⁽⁸⁾	383,215
					8,030 ⁽⁹⁾	191,596
					2,671 ⁽¹⁰⁾	63,730
					2,671 ⁽¹¹⁾	63,730
					5,342 ⁽¹²⁾	127,460
Robin A. Gantt					2,556 ⁽⁷⁾	60,986
					3,409 ⁽⁸⁾	81,339
					1,705 ⁽⁹⁾	40,681
					2,406 ⁽¹⁰⁾	57,407
					2,407 ⁽¹¹⁾	57,431
				4,813 ⁽¹²⁾	114,838	
Robert L. Mahoney					3,386 ⁽⁷⁾	80,790
					4,515 ⁽⁸⁾	107,728
					2,258 ⁽⁹⁾	53,876
					2,706 ⁽¹⁰⁾	64,565
					2,706 ⁽¹¹⁾	64,565
				5,413 ⁽¹²⁾	129,154	
Scott J. Montross					5,681 ⁽⁷⁾	135,549
					7,576 ⁽⁸⁾	