

SPACEHAB INC \WA\  
Form DEF 14A  
January 06, 2009  
Table of Contents

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

**SCHEDULE 14A**

(Rule 14a-101)

**Schedule 14A Information**

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

Filed by the Registrant  X  
Filed by a Party other than the Registrant  O

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

SPACEHAB, Incorporated  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
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Table of Contents

**NOTICE OF 2008 ANNUAL MEETING OF SHAREHOLDERS**

January 7, 2009

To the Shareholders of SPACEHAB, Incorporated:

You are cordially invited to attend the Annual Meeting of Shareholders for SPACEHAB, Incorporated (the Company or SPACEHAB) to be held at the Space Center Houston located at 1601 NASA Road 1, Houston, Texas 77058 on February 10, 2009, at 9:00 a.m. (Houston time). Information about the meeting, the nominees for directors, and the proposals to be considered are presented in the Notice of Annual Meeting and the proxy statement on the following pages.

At the meeting you will be asked to consider and vote on the following matters: (i) to elect seven directors to the Company's Board of Directors; (ii) to ratify the appointment of PMB Helin Donovan, LLP as independent registered public accountants for the Company; (iii) to approve a reverse stock split of the Company's common stock in a ratio to be determined by the Board of Directors; (iv) to approve the change of the name of the Company from SPACEHAB, Incorporated to Astrotech Corporation; (v) to approve the re-incorporation of the Company in the State of Delaware; (vi) to approve any motion to adjourn the Annual Meeting to a later date, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to approve the foregoing proposals; and (vii) to transact such other business as may properly come before the meeting and any adjournment thereof.

The Board of Directors has approved these proposals and the Company urges you to vote in favor of these proposals and such other matters as may be submitted to you for a vote at the meeting.

The Board of Directors has fixed the close of business on December 15, 2008 as the record date for determining shareholders entitled to notice of, and to vote at, the Annual Meeting.

This proxy statement and accompanying proxy card are being mailed to our shareholders along with the Company's Annual Report on Form 10-K. Please refer to the Company's Form 10-K filed on September 29, 2008 and Amendment 1 filed on Form 10-K/A on December 2, 2008, which has been incorporated herein by reference, for the Company's officer and director compensation information, including the Company's compensation discussion and analysis.

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Your participation in the Company's affairs is important regardless of the number of shares you hold. To ensure your representation at the meeting, the Company urges you to mark, sign, date, and return the enclosed proxy card promptly even if you anticipate attending in person. If you attend, you will, of course, be entitled to vote in person.

Thank you for your assistance in returning your proxy card promptly.

By Order of the Board of Directors,

Brian K. Harrington  
*Senior Vice President and  
Chief Financial Officer  
Secretary and Treasurer*

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING, PLEASE MARK, SIGN, AND DATE THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO, EVEN IF YOU HAVE PREVIOUSLY SUBMITTED YOUR PROXY.**

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Table of Contents

**PROXY STATEMENT**

**GENERAL INFORMATION**

This proxy statement is furnished in connection with the solicitation by the Board of Directors of SPACEHAB, Incorporated, (the Company or SPACEHAB ) a Washington corporation, of proxies to be voted at the Annual Meeting of Shareholders on February 10, 2009 at 9:00 a.m. (Houston time), which is an Annual Meeting to be held at the Space Center Houston located at 1601 NASA Road 1, Houston, Texas 77058 (the Annual Meeting ). This proxy statement, the accompanying proxy card, and Annual Report on Form 10-K, are first being mailed to shareholders on or about January 7, 2009.

At the meeting you will be asked to consider and vote on the following matters:

- (i) To elect seven directors to the Company s Board of Directors. If the re-incorporation (Proposal 5) is approved, the new Delaware corporation will have a classified board with three classes of directors with directors elected for initial terms of one to three years;
  
- (ii) To ratify the appointment of PMB Helin Donovan, LLP as independent registered public accountants for the Company;
  
- (iii) To approve a reverse split of the Company s common stock in a ratio to be determined by the Board of Directors within twelve (12) months of the date of approval providing that such ratio shall be not greater than one share of new common stock for each five shares of old common stock.;
  
- (iv) To approve a change in the name of the Company from SPACEHAB, Incorporated to Astrotech Corporation;
  
- (v) To approve a change in the state of incorporation from Washington to Delaware by approving and adopting an Agreement and Plan of Merger providing for the merger of the Company into its wholly-owned subsidiary, Astrotech Corporation, a Delaware corporation;

(vi) To approve any motion to adjourn the Annual Meeting to a later date, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to approve the foregoing proposals; and

(vii) To transact such other business as may properly come before the meeting and any adjournment thereof.

**Record Date and Voting Securities**

The Board of Directors has fixed the close of business on December 15, 2008 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. As of the record date, there were 16,942,718 shares of SPACEHAB's common stock, no par value per share, outstanding. Holders of common stock are entitled to notice of the Annual Meeting and to one vote per share of common stock owned as of the record date at the Annual Meeting. No shareholder shall be allowed to cumulate votes.

**Proxies**

The Board of Directors is soliciting a proxy in the form accompanying this proxy statement for use at the Annual Meeting and will not vote the proxy at any other meeting. Mr. Mark E. Adams and Mr. Thomas B. Pickens, III, or each acting individually, are the persons named as proxies on the proxy card accompanying this proxy statement, and are who the Board of Directors have selected to serve in such capacity. Mr. Adams is a member of the Board of Directors and Mr. Pickens is Chairman of the Board of Directors and Chief Executive Officer.

**Revocation of Proxies**

Each shareholder giving a proxy has the power to revoke it at any time before the shares represented by that proxy are voted. Revocation of a proxy is effective when the Secretary of the Company receives either (i) an instrument revoking the proxy or (ii) a duly executed proxy bearing a later date. Additionally, a shareholder may change or revoke a previously executed proxy by voting in person at the Annual Meeting.

Table of Contents

**Voting of Proxies**

Because many SPACEHAB shareholders are unable to attend the Annual Meeting, the Board of Directors solicits proxies to give each shareholder an opportunity to vote on all matters scheduled to come before the meeting as set forth in this proxy statement. Shareholders are urged to read carefully the material in this proxy statement, specify their choice on each matter by marking the appropriate boxes on the enclosed proxy card, and sign, date, and return the card in the enclosed stamped envelope.

Each proxy that is (a) properly executed, (b) timely received by the Company before or at the Annual Meeting, and (c) not properly revoked by the shareholder pursuant to the instructions above, will be voted in accordance with the directions specified on the proxy and otherwise in accordance with the judgment of the persons designated therein as proxies. If no choice is specified and the proxy is properly signed and returned, the shares will be voted by the persons named as proxies in accordance with the recommendations of the Board of Directors contained in this proxy statement.

**Dissenters' Rights of Appraisal**

Under Washington corporate law, the Company's shareholders are not entitled to appraisal rights with respect to the proposals being voted on at the Annual Meeting, and we will not independently provide the Company's shareholders with any such rights.

**Quorum; Method of Tabulation**

The holders of at least a majority of all issued and outstanding shares of common stock entitled to vote at the Annual Meeting, whether present in person or represented by proxy, will constitute a quorum. The election of the seven directors to be elected by the holders of common stock requires the vote of a plurality of the shares of common stock represented at the meeting. The vote of the majority of the outstanding shares of common stock, present (in person or by proxy) and entitled to vote at the meeting voting together, is required to ratify the appointment of PMB Helin Donovan, LLP as independent registered public accountants for the Company. The affirmative vote of a majority of the outstanding shares of common stock, entitled to be cast, is required to approve the proposed Agreement and Plan of Merger and the proposed amendments to the Company's Amended and Restated Articles of Incorporation related to the name change and the reverse stock split set forth in Proposals 3, 4 and 5.

One or more inspectors of election appointed for the meeting will tabulate the votes cast in person or by proxy at the Annual Meeting, and will determine whether or not a quorum is present. The inspectors of election will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but as unvoted for purposes of determining the approval of any matter submitted to the shareholders for a vote. Therefore, abstentions will be the equivalent of a no vote for Proposals 2, 3, 4 and 5 and will have no effect on determinations of plurality for Proposal 1 except to the extent that they affect the total votes received by a particular candidate.

Many of the Company's shares of common stock are held in street name, meaning that a depository, broker-dealer or other financial institution holds the shares in its name, but such shares are beneficially owned by another person. Generally, a street name holder must receive direction from the beneficial owner of the shares to vote on issues other than routine shareholder matters such as the election of directors or ratification of auditors. If a broker indicates on a proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered present and entitled to vote at the Annual Meeting for such matter. Accordingly, broker non-votes will have no effect on determinations of plurality for Proposal 1 except to the extent that they affect the total votes received by a particular candidate, will have the practical effect of reducing the number of affirmative votes required to achieve a majority vote for Proposal 2 by reducing the total number of shares from which a majority is calculated, and will be the equivalent of a no vote for the matters being voted upon in Proposals 3, 4 and 5.

**Effect of Shareholder Approval of the Reverse Split, the Name Change and the Re-Incorporation**

The Agreement and Plan of Merger may be terminated, deferred or abandoned by action of the Board of Directors of the Company at any time prior to the effective time of the merger, whether before or after the shareholders of the Company approve this proposal to effect the re-incorporation, if the Board of Directors of the Company determines for any reason, in its sole judgment and discretion, that the consummation of the re-incorporation would be inadvisable or not in the best interests of the Company and its shareholders. If one or more of the proposals to amend the articles of incorporation are not approved, the Board of Directors may determine that it is in the best interests of the Company and its shareholders not to give effect to any of the proposals. If the Agreement and Plan



Table of Contents

of Merger is not approved, the Company will remain incorporated as a Washington corporation. If none of the proposals to amend the articles of incorporation are approved, the Company will not execute or file amended articles of incorporation. The Board of Directors may determine that it is in the best interests of the Company and its shareholders not to give effect to the reverse split, even if it is approved by the shareholders.

**Form 10-K**

Shareholders may obtain, without charge, a copy of the Company's 2008 Annual Report on Form 10-K for the fiscal year ended June 30, 2008 as filed with the Securities and Exchange Commission (SEC) on September 29, 2008 and amended on December 2, 2008. For copies, please contact Investor Relations at the address of the Company's principal executive office: SPACEHAB, Incorporated, 907 Gemini Street, Houston, Texas 77058. The Form 10-K is also available to the public through the SEC's website at [www.sec.gov](http://www.sec.gov) and through the Company's website at [www.spacehab.com](http://www.spacehab.com). Please refer to the Company's Form 10-K filed on September 29, 2008 and Amendment 1 filed on Form 10-K/A on December 2, 2008, which has been incorporated herein by reference, for the Company's officer and director compensation information, including the Company's compensation discussion and analysis.

**Governance of the Company**

**Corporate Governance Policy.** The Company's business affairs are managed under the direction of our Board of Directors in accordance with the Washington Business Corporation Act and the Amended and Restated Articles of Incorporation and Bylaws of the Company. The role of the Board of Directors is to effectively govern the affairs of the Company for the benefit of the Company's shareholders and other constituencies. The Board strives to ensure the success and continuity of the Company and its mission through the election and appointment of qualified management, which regularly keeps Board members informed regarding the Company's business and regarding its industry. The Board is also responsible for ensuring that SPACEHAB, Incorporated's activities are conducted in a responsible and ethical manner. The Board is committed to the maintenance of sound corporate governance principles.

The Company operates under corporate governance principles and practices that are reflected in a set of written Corporate Governance Policies which are available on the Company's website at [www.spacehab.com](http://www.spacehab.com), Investor Info. These include the following:

- Code of Ethics and Business Conduct
- Code of Ethics for Senior Financial Officers

- Shareholder Communications with Directors Policy
- Complaint and Reporting Procedures for Accounting and Auditing Matters
- Audit Committee Charter
- Compensation Committee Charter
- Corporate Governance and Nominating Committee Charter

**Code of Ethics and Business Conduct**

The Company's Code of Ethics and Business Conduct applies to all directors, officers, and employees of SPACEHAB. The key principles of this code include acting legally and ethically, speaking up, getting advice, and dealing fairly with the Company's shareholders. The Code of Ethics and Business Conduct is available on the Company's website at [www.spacehab.com](http://www.spacehab.com) and is available to the Company's shareholders upon request. The Code of Ethics and Business Conduct meets the requirements for a Code of Conduct under NASDAQ rules.

**Code of Ethics for Senior Financial Officers**

The Company's Code of Ethics for Senior Financial Officers applies to the Company's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and other designated senior financial professionals. The key principles of this Code include acting legally and ethically, promoting honest business conduct, and providing timely and meaningful financial disclosures to the Company's shareholders. The Code of Ethics for Senior Financial Professionals is available on the Company's website at [www.spacehab.com](http://www.spacehab.com) and is available to the Company's shareholders upon request. The Code of Ethics for Senior Financial Professionals meets the requirements of a Code of Ethics under SEC rules.

Table of Contents

**Shareholder Communications with Directors Policy**

The Company's Shareholder Communications with Directors Policy provides a medium for shareholders to communicate with the Board of Directors. Under this policy, shareholders may communicate with the Board of Directors or specific Board members by sending a letter to SPACEHAB, Incorporated, Shareholder Communications with the Board of Directors, Attn: Secretary, 907 Gemini Street, Houston, Texas 77058. Such communications should specify the intended recipient or recipients. All such communications, other than unsolicited commercial solicitations, will be forwarded to the appropriate director, or directors, for review.

**Complaint and Reporting Procedures for Accounting and Auditing Matters**

The Company's Complaint and Reporting Procedures for Accounting and Auditing Matters provide for the (i) receipt, retention, and treatment of complaints, reports, and concerns regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission of complaints, reports, and concerns by employees regarding questionable accounting or auditing matters, in each case relating to SPACEHAB. Complaints may be made through a toll-free independent Integrity Helpline telephone number and a dedicated e-mail address. Complaints received are logged by the Company's senior Ethics and Compliance Office executive, communicated to the Company's Compliance Committee and to the Company's Audit Committee, and investigated, under the direction of the Company's Audit Committee, by the Company's Ethics and Compliance Office. In accordance with Section 806 of the Sarbanes-Oxley Act of 2002, these procedures prohibit the Company from taking adverse action against any person submitting a good faith complaint, report, or concern.

The Board of Directors had determined that Myron J. Goins met the qualification guidelines as an audit committee financial expert as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC. Since Mr. Goins' resignation effective October 16, 2007, until the appointment of Mr. John A. Oliva to the Committee on January 23, 2008, the Audit Committee consisted of two independent directors. We have also determined that Mr. Mark E. Adams, Mr. Oliva, and Mr. R. Scott Nieboer all qualify as financial experts.

**Committees of the Board of Directors.** During fiscal year 2008, the Board of Directors had three standing committees: an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. The Audit Committee and the Compensation Committee each currently consist of three persons and the Corporate Governance and Nominating Committee currently consists of two persons, and each member of the Audit, Compensation and Corporate Governance and Nominating Committees are required at the minimum to meet the independence requirements of the Nasdaq Capital Market's Marketplace Rules.

Each of the Board committees has adopted a charter that governs its authority, responsibilities and operation. The Company periodically reviews, both internally and with the Board, the provisions of the Sarbanes-Oxley Act of 2002, and the rules of the SEC and NASDAQ regarding corporate governance policies, processes and listing standards. In conformity with the requirement of such rules and listing standards, we have adopted a written Audit Committee Charter, a Compensation Committee Charter, and a Corporate Governance and Nominating Committee Charter. The Audit Committee Charter, as well as the charters of the Compensation Committee, and the Corporate Governance and Nominating Committee may all be found on the Company's website at [www.spacehab.com](http://www.spacehab.com) under Investor Info or by writing to SPACEHAB, Incorporated, 907 Gemini Street, Houston, Texas 77058, Attention Investor Relations and requesting copies.

**Director Independence and Financial Experts. Each of the three committee charters also require that each member of each committee meet: (1) all applicable criteria defining independence that may be prescribed from time to time under Nasdaq Marketplace Rule 4200(a)(15), Rule 10A-(3) under the Securities Exchange Act of 1934, and other related rules and listing standards, (2) the criteria for a non-employee director within the meaning of Rule 16b-3 promulgated by the SEC under the Securities Exchange Act of 1934, and (3) the criteria for an outside director within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code.**

Our Board of Directors also annually makes an affirmative determination that all such independence standards have been and continue to be met by the independent directors and members of each of the three committees, that each director qualifying as independent is neither an officer or an employee of SPACEHAB or any of its subsidiaries nor an individual that has any relationship with SPACEHAB or any of its subsidiaries, or with management (either directly or as a partner, shareholder or officer of an entity that has such a relationship) which, in the Board's opinion, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In addition, a director is presumptively considered not independent if:

Table of Contents

- The director, at any time within the past three years, was employed by SPACEHAB or any of its subsidiaries;
- The director or a family member received payments from SPACEHAB or any of its subsidiaries in excess of \$120,000 during any period of twelve consecutive months within the preceding three years (other than for Board or Committee service, form investments in the Company's securities);
- The director is, or has a family member who is a partner in, an executive officer or controlling shareholder of any entity to which SPACEHAB made to or received from payments for property or services in the current or in any of the prior three years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more (other than, with other minor exceptions, payments arising solely from investments in the Company's securities);
- The director is a family member of a person who is, or at any time during the three prior years was employed as an executive officer by SPACEHAB or any of its subsidiaries;
- The director is, or has a family member who is employed as an executive officer of another entity where at any time within the prior three years any of SPACEHAB's officers served on the compensation committee of the other entity; or
- The director is, or has a family member who is a current partner of SPACEHAB, Incorporation's independent auditing firm, or was a partner or employee of that firm who worked on the Company's audit at any time during the prior three years.

The Board of Directors has determined each of the following directors and director nominees to be an independent director as such term is defined by Rule 4200(a)(15) of the NASDAQ Marketplace Rules: Mark E. Adams; R. Scott Nieboer; John A. Oliva; William F. Readdy; and Sha-Chelle Manning. The Board of Directors has also determined that each member of the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee during the past fiscal year and the proposed nominees for the upcoming fiscal year meets the independence requirements applicable to those Committees prescribed by NASDAQ and SEC rules.

The Board of Directors held three regularly scheduled and one special meeting since the 2007 Annual Meeting of Shareholders and all directors attended at least 75% of the meetings of the Board of Directors and of the various committees on which they served during such period. SPACEHAB's independent directors meet at regularly scheduled quarterly and occasional special executive sessions, each of which was chaired by Mr. Williamson, without management and held one special meeting since the 2007 Annual Meeting of Shareholders. The members of each committee and the chair of each committee are appointed annually by the Board of Directors.

*The Corporate Governance and Nominating Committee*

The Corporate Governance and Nominating Committee was created by the Board of Directors on February 17, 2004. The Corporate Governance and Nominating Committee's charter was adopted by the Committee and approved by the Board on May 13, 2004. The charter is available in the Investor Info section of the Company's website at [www.spacehab.com](http://www.spacehab.com). The primary purpose of the Corporate Governance and Nominating Committee is to provide oversight on the broad range of issues surrounding the composition and operation of the Board of Directors, including identifying individuals qualified to become Board members and recommending to the Board director nominees for the next Annual Meeting of Shareholders. In lieu of a recommendation of director nominees by the Corporate Governance and Nominating Committee, such recommendation may be made by a majority of the independent directors. Directors who are members of the Corporate Governance and Nominating Committee are independent directors that meet the requirements of NASDAQ and SEC rules. As of the end of fiscal year 2008, the Corporate Governance and Nominating Committee consisted of Mr. Mark E. Adams (Chairman) and Mr. Barry A. Williamson. General (Ret.) Lance W. Lord was a member of the Corporate Governance and Nominating Committee until his appointment as Chief Executive Officer of Astrotech Space Operations, Inc., a subsidiary, in May 2008. During fiscal year 2008, the Corporate Governance and Nominating Committee met once.

**Director Nomination Process**

SPACEHAB's director nominees are approved by the Board after considering the recommendation of the Corporate Governance and Nominating Committee, or such recommendation may be made by a majority of the independent directors. Mr. Barry A. Williamson, a current director and a member of the Corporate Governance and Nominating

Table of Contents

Committee, has notified the Board of his intention to not seek nomination for re-election to the Board of Directors at the fiscal year 2008 Annual Meeting of Shareholders. The independent directors of the Company, with the exception of Mr. Williamson, recommended director nominees for the 2008 Annual Meeting of Shareholders.

A Board of seven directors will be elected at the Annual Meeting. The Company's Articles of Incorporation provide that, with respect to any vacancies or newly created directorships, the Board will nominate such individuals as may be specified by a majority vote of the then sitting directors.

Regarding nominations for directors, the Corporate Governance and Nominating Committee identifies nominees in various ways. The Corporate Governance and Nominating Committee considers the current directors that have expressed interest in, and that continue to satisfy, the criteria for serving on the Board as established by the Corporate Governance and Nominating Committee. Other nominees may be proposed by current directors, members of management, or by shareholders. From time to time, the Corporate Governance and Nominating Committee may engage a professional firm to identify and evaluate potential director nominees, but has not paid any of such fees to date. The Corporate Governance and Nominating Committee considers the Board at a strategic level looking for industry and professional experience that complements the Company's goals and direction. The Corporate Governance and Nominating Committee has established certain criteria it considers as guidelines in considering nominations for the Board of Directors. The criteria include:

- the candidate's independence;
- the candidate's depth of business experience;
- the candidate's availability to serve;
- the candidate's integrity and personal and professional ethics;
- the balance of the business experience on the Board as a whole; and
- the need for specific expertise on the Board.

The criteria are not exhaustive and the Corporate Governance and Nominating Committee and the Board of Directors may consider other qualifications and attributes which they believe are appropriate in evaluating the ability of an individual to serve as a member of the Board of Directors. The Corporate Governance and Nominating Committee's goal is to assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. In order to ensure that the Board consists of members with a variety of perspectives and skills, the Corporate Governance and Nominating Committee has not set any minimum qualifications and also considers candidates with appropriate non-business backgrounds. Other than ensuring that at least one member of the Board is a financial expert and a majority of the Board members meet all applicable independence requirements, the Corporate Governance and Nominating Committee does not have any specific skills that it believes are necessary for any individual director to possess. Instead, the Corporate Governance and Nominating Committee evaluates potential nominees based on the contribution such nominee's background and skills could have upon the overall functioning of the Board.

Six of the director nominees set forth in this Proxy Statement and the accompanying proxy card are current directors standing for re-election. Mr. Barry A. Williamson has notified the Board of Directors of his intention to not seek re-election. The Board of Directors has nominated

Ms. Sha-Chelle Manning for election by the shareholders at the 2008 Annual Meeting.

For purposes of the 2009 Annual Meeting, the committee will consider any nominations received by the Secretary from a shareholder of record on or before September 9, 2009 (the 120th calendar day before the one-year anniversary date of the release of these proxy materials to shareholders). Any such nomination must be accompanied in writing by all information relating to such person that is required under the federal securities laws, including such person's written consent to be named in the Proxy Statement as a nominee and to serving as a director, if elected, and to a background check. The nominating shareholder must also submit their name and address, as well as that of the beneficial owner if applicable, and the class and number of shares of SPACEHAB common stock that are owned beneficially and of record by such shareholder and such beneficial owner. Finally, the nominating shareholder must discuss the nominee's qualifications to serve as a director.

**Director Attendance at Annual Shareholders Meeting**

Board members are expected to attend the Annual Shareholders Meeting. All of the members of the Board of Directors, then in office, except Barry A. Williamson, which totaled six of the seven members, attended last year's Annual Meeting of Shareholders held on March 27, 2008.



Table of Contents

*The Audit Committee*

The Audit Committee is composed solely of independent directors that meet the requirements of NASDAQ and SEC rules and operates under a written charter adopted by the Audit Committee and approved by the Board of Directors on May 13, 2004. The charter is available on the Company's website which is [www.spacehab.com](http://www.spacehab.com). The Audit Committee is responsible for appointing and compensating a firm of independent registered public accountants to audit the Company's financial statements, as well as oversight of the performance and review of the scope of the audit performed by the Company's independent registered public accountants. The Audit Committee also reviews audit plans and procedures, changes in accounting policies, and the use of the independent registered public accountants for non-audit services. As of the end of fiscal year 2008, the Audit Committee consisted of Mr. Oliva (Chairman), Mr. Adams, and Mr. Nieboer. During fiscal year 2008, the Audit Committee met four times. The Board of Directors has determined that John A. Oliva met the qualification guidelines as an audit committee financial expert as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC.

**Audit Committee Pre-Approval Policy and Procedures**

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of PMB Helin Donovan, LLP, the Company's independent registered public accountants. The Audit Committee has established a policy requiring its pre-approval of all audit and permissible non-audit services to be provided by independent registered public accountants in order to assure that the provision of such services does not impair the auditors' independence. The policy, as amended, provides for the general pre-approval of specific types of services and gives detailed guidance to management as to the specific audit, audit-related, and tax services that are eligible for general pre-approval. The policy requires specific pre-approval of the annual audit engagement, most statutory or subsidiary audits, and all permissible non-audit services for which no general pre-approval exists. For both audit and non-audit pre-approvals, the Audit Committee will consider whether such services are consistent with applicable law and SEC rules and regulations concerning auditor independence.

The policy delegates to the Chairman the authority to grant certain specific pre-approvals; provided, however, that the Chairman is required to report the granting of any pre-approvals to the Audit Committee at its next regularly scheduled meeting. The policy prohibits the Audit Committee from delegating to management the Committee's responsibility to pre-approve services performed by the independent registered public accountants.

Requests for pre-approval of services must be detailed as to the particular services proposed to be provided and are to be submitted by the CFO. In addition, each such request generally must include a detailed description of the type and scope of services, proposed staffing, a budget of the proposed fees for such services, and a general timetable for the performance of such services.

The report of the Audit Committee is set forth in the Proxy Statement beginning at page 17.

*The Compensation Committee*

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The Compensation Committee is composed solely of independent directors that meet the requirements of NASDAQ and SEC rules and operates under a written charter adopted by the Compensation Committee and approved by the Board of Directors on May 13, 2004, and amended on May 12, 2005. The charter is available on the Company's website which is [www.spacehab.com](http://www.spacehab.com). The Compensation Committee is responsible for determining the compensation and benefits of the Chief Executive Officer and all executive officers of the Company and establishing general policies relating to compensation and benefits of employees of the Company. The Compensation Committee also administers the Company's 2008 Stock Incentive Plan, the 1994 Stock Incentive Plan, the 1995 Directors' Stock Option Plan, and the Employee Stock Purchase Plan in accordance with the terms and conditions set forth in those plans. As of the end of fiscal year 2008, the Compensation Committee consisted of Mr. Adams (Chairman), Mr. Readdy, and Mr. Oliva. During fiscal year 2008, the Compensation Committee met four times.

The report of the Compensation Committee is set forth in the Form 10-K.

**Compensation Committee Interlocks and Insider Participation.** None of the Company's current or former officers or employees or any current or former officers or employees of the Company's subsidiaries served as a member of the Compensation Committee during fiscal year 2008. Moreover, during fiscal year 2008, (a) no executive officers served on the compensation committee of another entity, any of whose executive officers served on the Compensation Committee, and (b) no executive officers served as a director of another entity, any of whose executive officers served on the Compensation Committee.

Table of Contents

**Compensation Consultant**

In February 2007, the Compensation Committee engaged Strategic Compensation Research Associates ( SCRA ) as a compensation consultant to assist the Compensation Committee with its review and development of its compensation strategy and practices and with administration of the Company s compensation programs. Specifically, SCRA performed market analyses of executive compensation practices from which it presented data to the Compensation Committee as to the form and amount of compensation for the Company s Board of Directors, Chief Executive Officer and other named executive officers. SCRA is independent of the Company, reports directly to the Compensation Committee, and has no other business relationship with the Company other than assisting the Compensation Committee with its executive compensation practices.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s directors and executive officers and persons who beneficially own more than 10% of the Company s common stock to file reports of ownership and changes in ownership with the SEC. Such directors, executive officers, and greater than 10% shareholders are required by SEC regulation to furnish to the Company copies of all Section 16(a) forms they file. Due dates for the reports are specified by those laws, and the Company is required to disclose in this document any failure in the past fiscal year to file by the required dates. Based solely on written representations of the Company s directors and executive officers and on copies of the reports that they have filed with the SEC, the Company s belief is that all of SPACEHAB s directors and executive officers complied with all filing requirements applicable to them with respect to transactions in the Company s equity securities during fiscal year 2008.

Table of Contents

**PROPOSAL 1 ELECTION OF DIRECTORS**

A Board of seven directors will be elected at the Annual Meeting. All directors shall hold office until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified. The Company's articles of incorporation authorize the Board of Directors from time to time to determine the number of its members. Vacancies in unexpired terms and any additional director positions created by Board action may be filled by action of the existing Board of Directors at that time, and any director who is appointed in this fashion will serve until the next Annual Meeting of Shareholders and until a successor is duly elected and qualified. If the Re-incorporation is approved, the new Delaware Corporation will have a classified board with three classes of directors. Initially, Class I directors will hold office for a term expiring at the Annual Meeting of Shareholders to be held in fiscal year 2010, Class II directors will hold office for a term expiring at the Annual Meeting of Shareholders to be held in fiscal year 2011, and Class III directors will hold office for a term expiring at the Annual Meeting of Shareholders to be held in fiscal year 2012. On the expiration of their initial terms, each class will serve for a three year term and will be reelected on a rotating basis. If elected at this Annual Meeting, the Class I directors will consist of Sha-Chelle Manning, William F. Readdy, and John A. Oliva, the Class II directors will consist of R. Scott Nieboer and Lance W. Lord, and the Class III directors will consist of Thomas B. Pickens, III and Mark E. Adams.

Information regarding the nominees for whom the enclosed proxy is intended to be voted is set forth on the following pages. It is contemplated that all nominees will be available for election, but if one or more is not, the proxy will be voted in accordance with the best judgment of the proxy holder for such person or persons as may be designated by the Board of Directors unless the shareholder has directed otherwise. On March 27, 2008, the shareholders of the Company met and elected Thomas B. Pickens III, Barry A. Williamson, Mark E. Adams, Lance W. Lord, R. Scott Nieboer, John A. Oliva, and William F. Readdy to the Board of Directors to serve until the 2008 Annual Meeting of Shareholders.

Upon the recommendation of the Corporate Governance and Nominating Committee and the independent directors, the Board of Directors has nominated Thomas B. Pickens III, Mark E. Adams, Lance W. Lord, R. Scott Nieboer, John A. Oliva, William F. Readdy, and Sha-Chelle Manning to the Board of Directors to serve as directors until the 2009 Annual Meeting of Shareholders.

Five of the seven director nominees (indicated by asterisk in the following Table of Information About Directors, Nominees and Executive Officers ) are independent directors as defined by Rule 4200(a)(15) of the NASDAQ Marketplace Rules.

Not less than annually, the Board of Directors undertakes the review and approval of all related-party transactions. Related-party transactions include transactions valued at greater than \$120,000 between the Company and any of the Company's executive officers, directors, nominees for director, holders of greater than 5% of SPACEHAB's shares and any of such parties' immediate family members. The purpose of this review is to ensure that such transactions, if any, were approved in accordance with our Code of Ethics and for the purpose of determining whether any of such transactions impacted the independence of such directors. There were no such transactions in fiscal year 2008. The Board has affirmatively determined that none of the independent directors is an officer or employee of the Company or any of SPACEHAB's subsidiaries and none of such persons have any relationships which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Ownership of a significant amount of our stock, by itself, does not constitute a material relationship.

Information about the number of shares of common stock beneficially owned by each director appears later in this proxy statement under the heading Security Ownership of Directors, Executive Officers and Principal Shareholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THE FOLLOWING NOMINEES:**

Thomas B. Pickens III

Mark E. Adams

Lance W. Lord

R. Scott Nieboer

John A. Oliva

William F. Readdy

Sha-Chelle Manning

Table of Contents

**INFORMATION ABOUT DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS**

The following information, including the name, age, five-year business experience and year each person became a director or executive officer, is furnished with respect to each director, including the seven nominees for election as a director, the Chief Executive Officer and the four next highest paid executive officers (the Named Executive Officers ) of the Company.

<b>Directors and Nominees</b>	<b>Principal Occupation</b>	<b>Age as of October 31, 2008</b>	<b>Director Since</b>
<b>Current Directors</b>			
<b>Nominated for Re-election</b>			
Mark E. Adams*	Founder, President and CEO, Advocate MD Financial Group, Inc.	47	2007
General (Ret.) Lance W. Lord	Chief Executive Officer of Astrotech Space Operations, Inc. and CEO, Lance Lord and Associates, LLC	62	