HUTTIG BUILDING PRODUCTS INC
Form DEF 14A
March 28, 2005
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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 ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

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

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Huttig Building Products, Inc.

(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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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555 Maryville University Dr.

Suite 240

St. Louis, Missouri 63141

March 25, 2005

Dear Huttig Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Huttig Building Products, Inc., to be held at 2:00 p.m., Eastern Daylight Time, on Monday, April 25, 2005 in the Elm Meeting Room of The Westin Stamford Hotel, One First Stamford Place, Stamford, Connecticut.

The Notice of Meeting and Proxy Statement on the following pages describe the matters to be presented at the meeting. Management will report on current operations and there will be an opportunity for discussion of the Company and its activities. Our 2004 Annual Report accompanies this Proxy Statement.

It is important that your shares be represented at the meeting regardless of the size of your holdings. If you are unable to attend in person, we urge you to participate by voting your shares by proxy. You may do so by filling out and returning the enclosed proxy card, or by using the Internet address or the toll-free telephone number on the proxy card.

Sincerely,

Michael A. Lupo

President and Chief Executive Officer

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Huttig Building Products, Inc.

555 Maryville University Dr.

Suite 240

St. Louis, Missouri 63141

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 25, 2005

March 25, 2005

To the Stockholders of Huttig Building Products, Inc.:

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of Stockholders of Huttig Building Products, Inc., will be held in the Elm Meeting Room of The Westin Stamford Hotel, One First Stamford Place, Stamford, Connecticut on Monday, April 25, 2005 at 2:00 p.m., Eastern Daylight Time, for the following purposes:

1. To elect three directors to serve for three-year terms until the Annual Meeting of Stockholders in 2008 and until their successors are duly elected and qualified;

2. To consider and act upon a proposal to approve the Huttig Building Products, Inc. 2005 Nonemployee Directors Restricted Stock Plan;

3. To consider and act upon a proposal to approve the Huttig Building Products, Inc. 2005 Executive Incentive Compensation Plan; and

4. To transact such other business as may properly come before the meeting in connection with the foregoing or otherwise.

The Board of Directors has fixed the close of business on February 28, 2005 as the record date for the purpose of determining stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. A complete list of such stockholders will be open to the examination of any stockholder during regular business hours for a period of ten days prior to the meeting at the Company s offices at 555 Maryville University Drive, Suite 240, St. Louis, Missouri 63141.

In order to assure a quorum, it is important that stockholders who do not expect to attend the meeting in person fill in, sign, date and return the enclosed proxy in the accompanying envelope, or use the Internet address or toll-free telephone number set forth on the enclosed proxy card to vote their shares. Any stockholder attending the meeting may vote in person even if that stockholder has previously returned a proxy.

By Order of the Board of Directors,

Dianne E. Muccigrosso

Assistant Secretary

IF YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, WE REQUEST THAT YOU WRITE FOR YOUR CARD OF ADMISSION TO OFFICE OF THE CORPORATE SECRETARY, 555 MARYVILLE UNIVERSITY DR., SUITE 240, ST. LOUIS, MISSOURI 63141.

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HUTTIG BUILDING PRODUCTS, INC.

555 Maryville University Dr.

Suite 240

St. Louis, Missouri 63141

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

April 25, 2005

The Board of Directors of Huttig Building Products, Inc. (the Company) is soliciting the enclosed proxy for use at the Annual Meeting of Stockholders to be held in the Elm Meeting Room of The Westin Stamford Hotel, One First Stamford Place, Stamford, Connecticut, on Monday, April 25, 2004, at 2:00 p.m., Eastern Daylight Time, and at any adjournment or postponement thereof. The enclosed proxy, when properly executed and received by the Assistant Secretary prior to the meeting, and not revoked, will be voted in accordance with the directions thereon. If no directions are indicated, the proxy will be voted FOR each nominee for election as a director, FOR the proposal to approve the Huttig Building Products, Inc. 2005 Nonemployee Directors Restricted Stock Plan (the Nonemployee Directors Plan), and FOR the proposal to approve the Huttig Building Products, Inc. 2005 Executive Incentive Compensation Plan (the Incentive Compensation Plan). If any other matter should be presented at the Annual Meeting upon which a vote may properly be taken, the shares represented by the proxy will be voted with respect thereto in accordance with the discretion of the person or persons holding such proxy. Stockholders may revoke proxies at any time prior to the voting of the proxy by providing written notice to the Company, by submitting a new proxy or by voting in person at the meeting.

Stockholders of record may vote their proxy by using the toll-free number listed on the proxy card or by voting via the Internet as alternatives to using the written form of proxy. The telephone voting and Internet voting procedures are designed to authenticate votes cast by use of a Personal Identification Number. The procedures allow stockholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. Specific instructions to be followed by any stockholder of record interested in voting by telephone or the Internet are set forth on the enclosed proxy card. If your shares are held in the name of a bank or broker, follow the voting instructions on the form you receive from that firm. The availability of telephone or Internet voting will depend on that firm s voting processes. Proxies voted by telephone or the Internet may be revoked as described above.

If you participate in the Huttig Building Products, Inc. Savings and Profit Sharing Plan, the Crane Co. Savings and Investment Plan or Crane Co. s Unidynamics Employee Savings & Investment Plan (collectively, the 401(k) Plans), you will receive one proxy for each 401(k) Plan with respect to all of your shares of Huttig stock registered in the same name. If your accounts are not registered in the same name, you will receive a separate proxy with respect to each registered name for which you have accounts. Shares of Huttig common stock held in each 401(k) Plan will be voted by The Prudential Investment Company of America, as trustee of each 401(k) Plan, as directed by Plan participants. Participants in the 401(k) Plans should indicate their voting instructions for each action to be taken under the Huttig proxy. All voting instructions from the 401(k) Plans participants will be kept confidential. If a participant fails to sign or to return the enclosed proxy/voting instruction card, the Huttig shares allocated to such participant will be voted in accordance with the pro rata vote of the participants in the applicable 401(k) Plan who did provide instructions.

The first date on which this Proxy Statement and the enclosed proxy card are being sent to the Company s stockholders entitled to notice of and to vote at the Annual Meeting is on or about March 25, 2005.

Outstanding Shares and Required Votes

As of the close of business on February 28, 2005, the record date for determining stockholders entitled to notice of and to vote at the meeting, the Company had issued and outstanding 19,655,701 shares of common stock, par value $0.01 per share. Each share of common stock is entitled to one vote on each matter to be voted

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on at the meeting. The presence in person or by proxy at the meeting of stockholders entitled to cast at least a majority of the votes that all holders of shares of common stock are entitled to cast will constitute a quorum for the transaction of business at the meeting. Abstentions may be specified as to all proposals to be brought before the meeting other than the election of directors. Under the rules of the New York Stock Exchange, Inc., brokers holding shares for customers have authority to vote on certain matters even if they have not received instructions from the beneficial owners, but do not have such authority as to certain other matters (so-called broker non-votes). The NYSE has advised the Company that member firms of the NYSE may vote without specific instructions from beneficial owners on the election of directors, but may not vote without specific instructions from beneficial owners on the approval of the Nonemployee Directors Plan and the approval of the Incentive Compensation Plan. Abstentions and broker non-votes are counted as present or represented for purposes of determining whether a quorum is present at the meeting.

Directors will be elected by a plurality of the votes cast by holders of shares of common stock present in person or represented by proxy and entitled to vote at the meeting. Votes may be cast in favor of a director nominee or withheld, and the three persons receiving the highest number of favorable votes will be elected as directors of the Company. Broker non-votes, abstentions and shares whose votes are withheld will not affect the outcome of the election of directors.

Approval of the Nonemployee Directors Plan and the Incentive Compensation Plan requires the affirmative vote of a majority of votes cast by holders of shares of common stock present in person or represented by proxy and entitled to vote at the meeting, provided that in the case of the Nonemployee Directors Plan and the Incentive Compensation Plan, the number of votes cast must constitute a majority of the votes entitled to be cast at the meeting. Abstentions will have the effect of a negative vote. Broker non-votes do not count as votes cast on a proposal and therefore will not affect the outcome of the voting at the meeting except for the vote on the Nonemployee Directors Plan and the Incentive Compensation Plan, which require that the number of votes cast on the proposal constitute a majority of the votes entitled to be cast at the meeting.

ELECTION OF DIRECTORS

The Board of Directors of the Company currently consists of nine members divided into three classes with three-year terms of office ending in three different years. Alan S. J. Durant is retiring as a member of the Board of Directors effective April 25, 2005. The Rugby Group Ltd. (Rugby Group) has designated Steven A. Wise to fill the vacancy created by Mr. Durant s retirement. At the 2005 Annual Meeting, three directors are to be elected to hold office until the 2008 Annual Meeting and until their successors are elected and qualified. The enclosed proxy will be voted for election of the three director nominees of the 2008 class named in the following table, unless a stockholder indicates that a vote should be withheld with respect to one or more of such nominees. The election of all three nominees has been proposed by the Nominating and Governance Committee and recommended by the Board of Directors. Each of the nominees has consented to being named in this Proxy Statement and has indicated his willingness to serve if elected. If any nominee shall, prior to the meeting, become unavailable for election as a director, the persons named in the accompanying form of proxy will vote for such nominee, if any, as may be recommended by the Board of Directors.

The age, position with the Company, period of service as a director of the Company, business experience during the past five years and directorships in other public companies of each of the nominees for election and of each of those directors whose terms will continue are set forth below:

Nominees For Director To Be Elected For Terms To Expire in 2008

R. S. EVANS

Age 61; Director since 1972. Chairman of the Board of Directors of the Company. Chairman of Crane Co. (diversified manufacturer of engineered industrial products) since 1984, Chief Executive Officer of Crane Co. from 1984 through April 2001. Other directorships: Crane Co., HBD Industries, Inc.

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J. KEITH MATHENEY

Age 56; Director since May 2004. Retired. Executive Vice President of Louisiana Pacific Corporation (manufacturer of forest products) from April 2002 to September 2003 and Vice President from February 1997 to April 2002. Managing member of Matheney and Matheney, CPAs PLLC (accounting and tax consulting) June 2004. Other directorships: Schuck and Son Construction.

STEVEN A. WISE

Age 44; Executive Vice President of Cemex (concrete production) since 2003. Vice President and General Manager of Texas Ready-Mix and Aggregates from 1998 to 2003.

Directors Whose Terms Expire in 2007

E. THAYER BIGELOW, JR.

Age 63; Director since October 1999. Managing Director of Bigelow Media, LLC (investment in media and entertainment companies) since September 2000. Senior Advisor, Time Warner Inc. (media and entertainment) from October 1998 to September 2000. Other directorships: Adelphia Communications Corp., Crane Co., Lord Abbett & Co. Mutual Funds (42 funds).

RICHARD S. FORTÉ

Age 60; Director since October 1999. Retired. Chairman of Forté Cashmere Company LLC (importer and manufacturer) from January 2002 to March 2004. President of Dawson Forté Cashmere Company (importer) from January 1997 to December 2001. Other directorships: Crane Co.

DONALD L. GLASS

Age 56; Director since September 2004. Retired. President and Chief Executive Officer of The Timber Company (timber producer) from December 1997 to October 2001. Executive Vice President of Georgia-Pacific Corporation (building products manufacturer) from January 1996 to October 2001.

Directors Whose Terms Expire in 2006

DORSEY R. GARDNER

Age 62; Director since October 1999. President of Kelso Management Company, Inc. (investment management) from July 1980 to present, and General Partner of Hollybank Investments, L.P. and Thistle Investments, L.P. (private investment funds) for more than the past five years. Other directorships: Crane Co.

MICHAEL A. LUPO

Age 72; Director since December 2002 and President and Chief Executive Officer since April 2003. Chairman and Chief Executive Officer of MEDX, Inc. (supplier of cameras, parts and service used in nuclear medicine) from February 1999 to March 2003.

DELBERT H. TANNER

Age 53; Director since January 2001. President and Chief Executive Officer of RMC Industries Corporation since June 2002. Chief Operating Officer and Executive Vice President from February 2002 to June 2002, and Senior Vice President from July 1998 to February 2002 of RMC Industries Corporation. Other directorships: RMC Industries Corporation.

Pursuant to a Registration Rights Agreement entered into by the Company and Rugby Group, dated as of December 16, 1999 and as amended as of August 20, 2001, so long as the common stock owned by Rugby Group and received in the December 1999 sale of its U.S. building products business to the Company constitutes at least 30%, 20% and 10% of the outstanding common stock, Rugby Group is entitled to designate for nomination by the Board of Directors three, two or one director(s), respectively. If shares of common stock beneficially owned by Rugby Group and its affiliates in the aggregate at any time would constitute less than 30% of the Company s outstanding stock solely as a result of Rugby Group s sale of shares to the Company in August 2001, Rugby Group will continue to have the right to nominate three directors so long as the common stock received in the

December 1999 transaction and held by Rugby Group and its affiliates in the aggregate constitutes at least Rugby Group s new ownership percentage after giving effect to the Company s repurchase of these shares, as this percentage may increase from time to time as a result of the Company s repurchase of common stock. So long as the Huttig common stock owned by Rugby Group and received in the Exchange constitutes 10% or more of the Company s outstanding common stock, Rugby Group is required to be present at all meetings of the Company s stockholders and to vote its shares of common stock in favor of the Board s nominees for election to the Board of Directors. The Crane Fund, one of the Company s principal stockholders, also agreed with Rugby Group that, so long as the common stock owned by Rugby Group and received in the Exchange constitutes 10% or more of the Company s outstanding common stock, the Crane Fund would be present at all meetings of the Company s stockholders and vote its shares of common stock for the nominees designated by Rugby Group as provided in the Registration Rights Agreement.

Based on information as of February 28, 2005, Rugby Group beneficially owned 29.3% of the Company s common stock. RMC Group, p.l.c., a public limited company organized under the laws of England and Wales, owns 100% of the outstanding capital stock of Rugby Group. CEMEX UK Limited owns 100% of the outstanding capital stock of RMC. Messrs. Glass and Tanner are Rugby Group s current designees to the Board of Directors and Mr. Wise is Rugby Group s designated nominee for election as a director for a term expiring in 2008. See Certain Relationships and Related Transactions on page 24 of this Proxy Statement.

Board Independence

The Board of Directors has affirmatively determined that each of the Company s directors and nominees for director other than Mr. Lupo, who serves as President and Chief Executive Officer of the Company, has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company, and is independent within the meaning of the Company s director independence standards, which reflect exactly the NYSE s director independence standards as currently in effect. In reaching its determination, the Board considered the status of Messrs. Glass, Durant and Tanner as designees of Rugby Group, the Company s principal stockholder, none of whom are officers or directors of Rugby Group or RMC Group, p.l.c., which owns 100% of the outstanding capital stock of Rugby Group. The Board also determined, that, if elected, Mr. Wise would be independent under the applicable rules. The Board also considered the NYSE s view that ownership of even a significant amount of stock, by itself, does not bar an independence finding, and concluded that such directors status as designees of Rugby Group was not a relationship that caused such directors not to exercise independent judgment in carrying out their responsibilities.

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Board Structure and Committee Composition

As of the date of this Proxy Statement, the Board of Directors has nine directors and the following four standing committees: (1) Executive, (2) Audit, (3) Management Organization and Compensation, and (4) Nominating and Governance. The Executive Committee meets when a quorum of the full Board of Directors cannot be readily obtained. Each of the other committees operates under a written charter adopted by the Board of Directors. All of the committee charters are available on the Company s website at *www.huttig.com/corporate_governance.asp.* Copies are also available in print upon request to the Company addressed to the Office of the Corporate Secretary at 555 Maryville University Dr., Suite 240, St. Louis, MO 63141.

The memberships of Board committees during 2004 were, and as of the mailing date of this Proxy Statement are, as follows:

Executive Committee	Audit Committee	Management Organization and Compensation Committee	Nominating and Governance Committee
R. S. Evans (Chairman) A. S. J. Durant D. H. Tanner M. A. Lupo	D. R. Gardner (Chairman) E. T. Bigelow, Jr. R. S. Forté J. Keith Matheney (since May 2004)	E. T. Bigelow, Jr. (Chairman) A. S. J. Durant D. R. Gardner Donald L. Glass (since September 2004) D. H. Tanner	R. S. Evans (Chairman) E. T. Bigelow, Jr. A. S. J. Durant R. S. Forté Donald L. Glass (since September 2004)

During 2004, the Board of Directors held eight meetings (one of which was held by telephone conference), the Audit Committee held seven meetings (two of which were held by telephone conference to review quarterly financial information), the Management Organization and Compensation held five meetings, and the Nominating and Governance Committees held four meetings. Two of the Board meetings included executive sessions from which management was excused. R. S. Evans, Chairman of the Board, presided at those executive sessions. In addition, a special joint meeting of the Audit Committee and Board of Directors was held by telephone conference on March 8, 2004. With the exception of Mr. Durant, each director attended over 75% of the total number of meetings of the Board of Directors and the committees on which he served that were held during his period of service.

It is the Company s policy that each director shall attend the Annual Meeting of Stockholders. With the exception of Mr. Durant, all of our directors who held office at the time of the 2004 Annual Meeting attended the 2004 Annual Meeting.

Audit Committee

The Audit Committee is the Board s principal agent in fulfilling legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company. Each of the members of the Committee qualifies as independent under the provisions of Section 10A of the Securities Exchange Act of 1934 and the rules of the SEC promulgated thereunder, as well as the NYSE s independence rules relating to audit committees, and meets the financial literacy and expertise requirements of the NYSE. Although no one member of the Audit Committee appears to meet all of the requirements of an audit committee financial expert as defined in regulations of the SEC under the Sarbanes-Oxley Act of 2002, the Board of Directors believes that the members of the Audit Committee collectively possess the required attributes concerning the understanding of generally accepted accounting principles and financial statements, the application of such principles in connection with accounting for estimates, accruals and reserves, the understanding of internal controls and procedures for financial reporting and the understanding of audit committee functions.

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In discharging its oversight responsibility as to the audit process, the Audit Committee obtained from the independent auditors a formal written statement confirming the absence of any relationships between the auditors and the Company that might bear on the auditors independence consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. The Audit Committee discussed with the independent auditors any activities that may impact their objectivity and independence, including fees for non-audit services, and satisfied itself as to the auditors independence. The committee also received a report on the quality control procedures of the independent auditors as well as the most recent peer review conducted under guidelines of the American Institute of Certified Public Accountants. The Audit Committee also discussed with management, the internal auditors and the independent auditors the quality and adequacy of the Company s internal controls and the internal audit function s organization, responsibilities, budget and staffing, and results of the internal audit examinations. The committee reviewed with the independent auditors and the internal auditors their audit plan and audit scope and the independent auditors examination of the financial statements. The Audit Committee has the authority to select, evaluate and, where appropriate, replace the independent auditors or to nominate the independent auditors to be proposed for stockholder approval. The Audit Committee also is responsible for reviewing compliance with the Company s Code of Business Conduct and Ethics policy, and for administering and enforcing the Company s accounting and auditing complaint procedures adopted in accordance with Section 301 of the Sarbanes-Oxley Act of 2002. The Board of Directors has adopted the Audit Committee Charter attached to this Proxy Statement as Appendix A. A more detailed description of the functions of the Audit Committee can be found therein.

The report of the Audit Committee is included on page 9 of this Proxy Statement.

Management Organization and Compensation Committee

The Management Organization and Compensation Committee s duties include coordinating the annual evaluation of the Chief Executive Officer, recommending to the Board of Directors all actions regarding compensation of the Chief Executive Officer, review of the compensation of other officers and key employees, review of director compensation, administration of the Huttig Building Products, Inc. EVA Incentive Compensation Plan, the Huttig Building Products, Inc. 1999 Stock Incentive Plan, the Huttig Building Products, Inc. 2001 Stock Incentive Plan, the Nonemployee Directors Plan and the Incentive Compensation Plan, review and approval of significant changes or additions to the compensation policies and practices of the Company, and review of management development and succession planning policies. Each of the members of the Management Organization and Compensation Committee meets the independence requirements of the NYSE s corporate governance listing standards.

The report of the Management Organization and Compensation Committee on executive compensation is included in this Proxy Statement beginning on page 16.

Nominating and Governance Committee

The Nominating and Governance Committee s duties include developing criteria for selection of and identifying potential candidates for service as directors of the Company, administering policies regarding tenure of service and retirement for members of the Board of Directors, and responsibility and oversight of corporate governance matters, including evaluation of the Board of Directors and its committees. Each of the members of the Nominating and Governance Committee meets the independence requirements of the NYSE s corporate governance listing standards.

Director Qualifications and Nominating Procedures

The Company s Corporate Governance Guidelines provide that the Board should generally have from seven to ten directors, a substantial majority of whom must qualify as independent directors under the listing standards of the NYSE. Criteria for Board membership take into account skills, expertise, integrity, diversity and other

qualities that are expected to enhance the Board s ability to manage and direct the business and affairs of the Company. In general, nominees for director should have an understanding of the workings of large business organizations such as the Company and senior level executive experience, as well as the ability to make independent, analytical judgments, the ability to be an effective communicator, and the ability and willingness to devote the time and effort to be an effective and contributing member of the Board. A director who serves as the Company s Chief Executive Officer should not serve on more than two public company boards in addition to the Board, and other directors should not sit on more than four public company boards in addition to the Board. The members of the Audit Committee should not serve on more than two other audit committees of public companies.

The Nominating and Governance Committee will, from time to time, seek to identify potential candidates for director nominees to sustain and enhance the composition of the Board with the appropriate balance of knowledge, experience, skills, expertise and diversity. In this process, the committee will consider potential candidates proposed by other members of the Board, by management or by stockholders, and the committee has the sole authority to retain a search firm to assist in this process, at the expense of the Company. In considering candidates submitted by stockholders, the Nominating and Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. To have a candidate considered by the committee, a stockholder must submit the recommendation in writing and must supply the following information:

- The name, age and business address of the proposed candidate;
- The proposed candidate s resume or a listing of his or her qualifications to be a director of the Company;
- A description of what would make such person a good addition to the Board;
- A description of any relationships that could affect such person s qualifying as an independent director, including identifying all other public company board and committee memberships;
- A confirmation of such person s willingness to serve as a director if selected by the Nominating and Governance Committee and nominated by the Board;
- The name of the stockholder submitting the name of the proposed candidate, together with information as to the number of shares owned and the length of time of ownership; and
- Any information about the proposed candidate that would, under the federal proxy rules, be required to be included in the Company s Proxy Statement if such person were a nominee, including, without limitation, the number of shares of Company common stock beneficially owned by such candidate.

Once the Nominating and Governance Committee has identified a potential candidate, the committee, as an initial matter, may collect and review publicly available information regarding the person to assess whether the person should be considered further. Thereafter, if the committee determines that the candidate has potential, a more in-depth consideration would be undertaken. Generally, if the person expresses a willingness to be considered and to serve on the Board and the Committee believes that the candidate has the potential to be a good candidate, the committee would seek to gather information from or about the candidate, review the person s accomplishments and qualifications, including in light of any other candidates that the committee might be considering, and, as appropriate, conduct one or more interviews with the candidate. In certain instances, committee members may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate s accomplishments. The Nominating and Governance Committee s evaluation process does not vary based on whether or not a candidate is recommended by a stockholder, although, as stated above, the Board may take into consideration the number of shares held by the recommending stockholder and the length of time that such

shares have been held.

In addition to the Nominating and Governance Committee s process for considering candidates for director nominees described above, the Company s By-Laws also permit stockholders to nominate any person for election

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as a director at an annual stockholders meeting. A stockholder who intends to nominate such a person must notify the Secretary of the Company in writing not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding Annual Meeting. If an Annual Meeting is called for a date that is not within 30 days before or after the anniversary date of the immediately preceding Annual Meeting, a stockholder s notice must be received by the Company not later than the close of business on the 10th day following the day on which notice of the date of the Annual Meeting was mailed or public disclosure of the date of the Annual Meeting was made, whichever first occurs. In addition to the information that must be supplied for candidates submitted for consideration by the Nominating and Governance Committee as described above, the notice must also set forth, as to the stockholder providing such notice, the following information:

The name and record address of such stockholder;

The number of shares of common stock beneficially owned by such stockholder;

A description of any arrangement between such stockholder and each of his or her nominees and any other persons, including their names, pursuant to which the nominations are made by such stockholder;

A representation that such stockholder intends to appear in person or by proxy at the Annual Meeting to nominate his or her nominees; and

Any other information required to be disclosed in solicitations for proxies for elections of directors under the federal securities laws.

Any stockholder nominations for next year s Annual Meeting, together with the information described above, must be sent to the Office of the Corporate Secretary at 555 Maryville University Dr., Suite 240, St. Louis, Missouri 63141. In order to allow for timely consideration and inclusion in the Company s Proxy Statement and form of proxy for the 2006 Annual Meeting of Stockholders the Corporate Secretary must receive such information no later than November 25, 2005. See Miscellaneous Next Annual Meeting; Stockholder Proposals on page 38 of this Proxy Statement.

Stockholder Communications with Directors

The Board has established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may contact any member (or all members) of the Board, any Board committee or any Chairman of any such committee by mail or electronically. To communicate with the Board of Directors, any individual director or any group or committee of directors, correspondence should be addressed to the Board of Directors or any such individual director or group or committee of directors by either name or title. All such correspondence should be sent to the Company c/o Dianne E. Muccigrosso at 555 Maryville University Dr., Suite 240, St. Louis, Missouri 63141. To communicate with any of our directors electronically, stockholders should use the following e-mail address: corporatesecretary@huttig.com.

The office of the Corporate Secretary will open all communications received as set forth in the preceding paragraph for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the Board or any group or committee of directors, the Corporate Secretary s office will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope or email is addressed.

Compensation of Directors

Directors who are also employees of the Company receive no compensation for serving on the Board. During 2004, the standard retainer payable to each non-employee director, other than Mr. Evans, was $20,000 per year. Mr. Evans received an annual fee of $100,000 for his services as Chairman. Non-employee directors also receive $2,000 for each board meeting attended.

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The chairman of the Audit Committee receives a $10,000 annual fee and the chairmen of the Management Organization and Compensation Committee and the Nominating and Governance Committee receive a $3,000 annual fee. Non-chair members of the Audit Committee also receive a $1,500 annual fee. Non-employee members of the Executive Committee receive an annual retainer of $2,000. Members of committees receive $2,000 for each committee meeting attended.

The Company reimburses its directors for reasonable expenses incurred in attending board and committee meetings.

Each of Messrs. Durant and Tanner have agreed with Rugby Group to transfer to Rugby Group all compensation payable to them for services as a non-employee director of the Company.

Report of the Audit Committee

The Audit Committee has reviewed and discussed with management the financial statements for fiscal year 2004 audited by KPMG LLP, the Company s independent registered public accounting firm. The Audit Committee has discussed with KPMG LLP various matters related to the financial statements, including those matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU 380.) The Audit Committee has also received the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees), and has discussed with KPMG LLP its independence. Management is responsible for the preparation, presentation and integrity of the Company s financial statements, the Company s internal controls and financial reporting process and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The Company s independent auditors are responsible for performing an independent audit of the Company s financial statements and expressing an opinion as to their conformity with generally accepted accounting principles. Based upon such review and discussions, 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 fiscal year ended December 31, 2004 for filing with the Securities and Exchange Commission.

Other than Mr. Matheney, who is a practicing certified public accountant, the members of the Audit Committee are not professionally engaged in the practice of auditing or accounting. The members of the Audit Committee are not, and do not represent themselves to be performing the functions of auditors or accountants. Members of the Audit Committee may rely without independent verification on the information provided to them and on representations made by management and the independent auditors. Accordingly, the Audit Committee s oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee s considerations and discussions referred to above do not assure that the audit of the Company s financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles, or that the Company s auditors are in fact independent.

This report is not to be deemed soliciting material or deemed to be filed with the Securities and Exchange Commission or subject to Regulation 14A of the Securities Exchange Act of 1934, except to the extent that the Company specifically requests that this report be treated as soliciting material or specifically incorporates it by reference into a document filed with the Securities and Exchange Commission.

Submitted by:

The Audit Committee of the

Board of Directors of Huttig Building Products, Inc.

D. R. Gardner Chairman

E. T. Bigelow, Jr.

R. S. Forté

J. K. Matheney

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Executive Officers

Huttig s executive officers as of March 25, 2005 and their respective ages and positions are set forth below:

Name	Age	Position
Michael A. Lupo	72	President and Chief Executive Officer
Carl A. Liliequist	51	Executive Vice President
Richard A. Baltz	38	Vice President, Internal Audit
Hank J. Krey	58	Vice President and Chief Information Officer
Thomas S. McHugh	40	Vice President, Finance, Chief Financial Officer and Treasurer
Darlene K. Schroeder	47	Vice President, Human Resources
Paul F. Tamburelli	54	Vice President, Safety and Risk Management Division
Jon P. Vrabely	40	Vice President, Operations

Set forth below are the positions held with the company and the principal occupations and employment during the past five years of Huttig s executive officers.

Michael A. Lupo was appointed to the Board of Directors in December 2002 and named President and Chief Executive Officer in April 2003. Mr. Lupo served as interim President and Chief Executive Officer from March 2003 to April 2003. Mr. Lupo retired from his position as Executive Vice President and Chief Financial Officer of ABTco Ltd., a manufacturer and distributor of specialty building products in September 1997. Since then, Mr. Lupo has served as an executive consultant, including senior management roles, for companies in a variety of industries, including building products manufacturing and distribution, diagnostic imaging, laser technology and electrical contracting, including as the Chairman and Chief Executive Officer of MEDX, Inc., a supplier of cameras, parts and service used in nuclear medicine, from February 1999 to March 2003.

Carl A. Liliequist was promoted to Executive Vice President in May 2004. Mr. Liliequist had previously served as Vice President, Sales and Operations since March 2003. From October 2001 to March 2003, Mr. Liliequist served as a Regional Sales Manager of the Company. From 1998 to September 2001, he was a Regional Vice President of the Company.

Richard A. Baltz was named Vice President, Internal Audit in April 2004. Mr. Baltz has served as Director, Internal Audit since July 2003. Before joining Huttig, from May 2001 to July 2003, Mr. Baltz was employed as Director, Management Assurance Services with KPMG, LLP, where he performed outsourced internal audit and risk assessment services. Mr. Baltz also served as Director, Risk Control with Enron Energy Services from July 2000 to April 2001.

Hank J. Krey was named Vice President and Chief Information Officer in August 2003. From January 2001 to June 2003, Mr. Krey was Vice President of Information Systems for Aurora Foods, Inc., a food manufacturer based in St. Louis. From April 1994 to January 2001, Mr. Krey was the Vice President and Director of Information Systems for Ralcorp Holdings, Inc., a St. Louis based food manufacturer and leading producer of private label products.

Thomas S. McHugh was named Vice President, Finance and Chief Financial Officer in January 2002. Mr. McHugh served as Corporate Controller from May 2000, when he joined the Company, to January 2002, and as Treasurer since April 2001. From 1993 until joining the Company, Mr. McHugh worked at XTRA Corporation, an international lessor of transportation equipment, most recently as Corporate Controller.

Darlene K. Schroeder was named Vice President, Human Resources in February 2005. Since July 2004, she has held the position of Human Resources Director. Ms. Schroeder joined the Company in May 2003 as Director

of Training and Employee Development. Before joining the Company, Ms. Schroeder held management positions with BearingPoint, Inc., JD Edwards, and ABT Building Products.

Paul F. Tamburelli was named Vice President, Safety and Risk Management in July 2004. Mr. Tamburelli brought to the Company over 20 years of experience in the safety and risk management fields with a focus on loss control. Prior to joining the Company, Mr. Tamburelli served as Corporate Director, Risk Management for XTRA Corporation. Mr. Tamburelli serves on the boards of several industry associations, including the Executive Committees of the National Safety Council and the Transportation Division of the American Society of Safety Engineers.

Jon P. Vrabely was promoted to Vice President, Operations in December 2004. Before that Mr. Vrabely served as Vice President, Product Management beginning in September 2003. Mr. Vrabely has also served as the Company s Vice President, Builder Resource, since October 2002. From January 2001 to October 2002, Mr. Vrabely served as Director and Senior General Manager of Builder Resource. From July 1999 to December 2000, the Company employed Mr. Vrabely as General Manager of its Auburn, Washington facility. Prior to joining Huttig in July 1999, Mr. Vrabely held several management positions with WESCO Distribution, an international distributor of electrical supplies and apparatus.

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BENEFICIAL OWNERSHIP OF COMMON STOCK

BY DIRECTORS AND MANAGEMENT

The following table sets forth the number of shares of common stock beneficially owned, directly or indirectly, by the Company s directors and nominees for director, the executive officers named in the Summary Compensation Table and all of the Company s directors and executive officers as a group, as of February 28, 2005. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to the Company s securities. Except as indicated in footnotes to this table, the Company believes that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them.

	Unrestricted Shares Owned(1)	Shares in Company 401(k) Plan	Shares of Restricted Stock Owned(2)	Shares Underlying Exercisable Options(3)	Total Shares Beneficially Owned(4)	Percent of Shares Outstanding
Non-Employee Directors:						
R. S. Evans	457,518(5)			100,000	557,518	2.8%
E. Thayer Bigelow, Jr.	8,593(6)			20,000	28,593	*
Alan S. J. Durant	3,000				3,000	*
Richard S. Forté	8,902			20,000	28,902	*
Dorsey R. Gardner	4,987			20,000	24,987	*
Donald L. Glass						
Delbert H. Tanner						
J. Keith Matheney						
Steven A. Wise (Nominee)						
Named Executive Officers:						
Michael A. Lupo	2,000	2,593		450,000	454,593(7)	2.3%
Carl A. Liliequist	10,646	7,924		130,900	149,470(8)	*
Nick H. Varsam(9)	5,333	4,436	1,667	69,000	80,436(10)	*
Thomas S. McHugh	12,700	5,364	5,000	73,500	96,564	*
Jon Vrabely	16,666	5,613	8,334	5,000	35,613(11)	*
Directors and executive officers as a group (16 persons)	530,345	25,930	15,001	888,400	1,459,676	7.1%

* Represents holdings of less than 1%.

(1) Includes previously restricted shares, the restrictions on which have lapsed.

(2) Includes shares issued under the Company s stock plans that have not vested as of February 28, 2005. These shares are subject to forfeiture if the employee s service with the Company is terminated prior to vesting.

(3) Includes shares underlying options granted by the Board of Directors to certain non-employee directors and shares underlying options granted to employees under the Company s 1999 Stock Incentive Plan and Amended and Restated 2001 Stock Incentive Plan, which options are exercisable within 60 days of February 28, 2005, in accordance with Rule 13d-3 under the Securities Exchange Act of 1934.

(4) Attached to each share of common stock is a preferred share purchase right to acquire one one-hundredth of a share of the Company s Series A Junior Participating Preferred Stock, par value $.01 per share, which preferred share purchase rights are not currently exercisable.

(5) Does not include 107 shares owned by Mr. Evans spouse, the beneficial ownership of which is expressly disclaimed by Mr. Evans.

(6) Does not include 99 shares owned by Mr. Bigelow s spouse, the beneficial ownership of which is expressly disclaimed by Mr. Bigelow.

(7) Excludes 2833.11 phantom shares invested in the Huttig Stock Fund under the Company s Deferred Compensation Plan, calculated as of February 28, 2005.

(8) Excludes 15.60 phantom shares invested in the Huttig Stock Fund under the Company s Deferred Compensation Plan, calculated as of February 28, 2005.

(9) On February 4, 2005, Mr. Varsam resigned his employment as the Company s Vice President General Counsel and Secretary and entered into a separation agreement with the Company. See Employment Contracts and Severance and Change of Control Arrangements Management Changes and Terms of Separation on page 20 of this Proxy Statement.

(10) Excludes 99.95 phantom shares invested in the Huttig Stock Fund under the Company s Deferred Compensation Plan, calculated as of February 28, 2005.
(11) Excludes 55.65 phantom shares invested in the Huttig Stock Fund under the Company s Deferred Compensation Plan, calculated as of February 28, 2005.

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PRINCIPAL STOCKHOLDERS OF THE COMPANY

The following table sets forth the ownership of common stock by each person known by the Company to beneficially own more than 5% of the common stock based on the number of shares of common stock outstanding as of February 28, 2005. Except as indicated in footnotes to this table, the Company believes that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
RMC Group p.l.c. RMC House Coldharbour Lane Thorpe, Egham, Surrey TW20 8TD United Kingdom	5,755,940(2)	29.3%
The Crane Fund(3) 100 First Stamford Place Stamford, CT 06902	1,728,537	8.8%
Paradigm Capital Management, Inc. Nine Elk Street Albany, NY 12207	1,716,200(4)	8.7%
Wellington Management Company, LLP 75 State Street Boston, MA 02109	1,278,600(5)	6.5%

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(1) Attached to each share of common stock is a preferred share purchase right to acquire one one-hundredth of a share of the Company s Series A Junior Participating Preferred Stock, par value $.01 per share, which preferred share purchase rights are not currently exercisable.

(2) According to a Statement on Schedule 13D/A filed by RMC Group on August 23, 2001, as of that date RMC Group owned 100% of the outstanding shares of Rugby Group, which is the direct beneficial owner of these shares.

(3) The Crane Fund is a charitable trust managed by trustees appointed by the board of directors of Crane Co. The incumbent trustees are: G. A. Dickoff, A. I. duPont, E.M. Kopczick and M. L. Raithel, all of whom are executive officers of Crane. Pursuant to the trust instrument, the shares held by the trust shall be voted by the trustees as directed by the Board of Directors of Crane, the distribution of the income of the trust for its charitable purposes is subject to the control of the Board of Directors of Crane and the shares may be sold by the trustees only upon the direction of the Board of Directors of Crane. Messrs. Evans, Bigelow, Forté and Gardner are directors of Crane. None of the directors or the trustees has any direct

beneficial interest in, and all disclaim beneficial ownership of shares held by The Crane Fund.

(4) This information is based solely on a Statement on Schedule 13G filed by Paradigm Capital Management, Inc. on February 14, 2005.

(5) This information is based solely on a Statement on Schedule 13G filed by Wellington Management Company, LLC on February 14, 2005.

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EXECUTIVE COMPENSATION

Summary Compensation Table

Shown below is information concerning the annual and long-term compensation for services rendered in all capacities to the Company and its subsidiaries for the years ended December 31, 2004, 2003 and 2002 for Michael A. Lupo, the Company s Chief Executive Officer since March 2003, and the other four most highly compensated individuals who served as executive officers of the Company at December 31, 2004 (collectively, the named executive officers).

	Annual Compensation				Long Term Compensation			
Name and Principal Position	Year	Salary($)	Bonus ($)(1)	Other Annual Compensation($)	Restricted Stock Award($)(2)	Securities Underlying Options/ SARS(#)	LTIP Payouts($)	All Other Compensation($)(3)
Michael A. Lupo	2004	500,000	625,677			100,000		31,757
President and	2003	427,500(4)	449,376			400,000		23,695
Chief Executive Officer	2002							
Carl A. Liliequist	2004	228,125	361,534			25,000		6,636
Executive Vice President	2003	190,356	265,014			100,000		7,316
	2002	157,500						6,000
Nick H. Varsam	2004	206,250	208,559			10,000		6,594
Vice President	2003	191,250	155,891		13,500			6,209
General Counsel(5)	2002	170,000				34,000		6,176
Thomas S. McHugh	2004	206,250	208,559			10,000		6,437
Vice President Finance,	2003	189,792	155,891		40,500			6,002
Chief Financial Officer	2002	164,042				40,000		5,802
Jon P. Vrabely	2004	187,500	238,559			10,000		6,558
Vice President	2003	175,000	155,891		67,500			2,299
Operations	2002	135,000	5,000					4,303

(1) Represents amounts earned by the named executive officers under the Company s EVA Incentive Compensation Plan, except as otherwise noted. See the section captioned Short and Medium-Term Executive Compensation in the Report on Executive Compensation by the Management Organization and Compensation Committee of the Company beginning on page 16. Amounts reported include the annual cash payout, if any, after allocation of the EVA award earned for that year and, for 2002 only, for executives who elected to receive 50% of their EVA award in the form of restricted shares, the value of shares awarded for that year, based on the closing sales price per share of the Company s common stock on the New York Stock Exchange on the date the shares were awarded. After giving effect to such cash payouts and allocations of positive EVA awards for 2004, the named executive officers have credited to their cash accounts under the EVA plan the following dollar amounts, which are subject to decrease in future years: Mr. Liliequist, $263,917; Mr. McHugh $145,590; and Mr. Vrabely $163,475.

(2) Reflects the value of shares of restricted stock granted to such individuals under the Company s 1999 Stock Incentive Plan and Amended and Restated 2001 Stock Incentive Plan, based on the closing sales price per share of the Company s common stock on the New York Stock Exchange on the date of grant.

(3) Amounts include Huttig s matching contribution for eligible employees under Huttig s 401(k) plan and Deferred Compensation Plan, and premiums for life insurance.

(4) Includes $112,500 in compensation at a rate of $75,000 per month received while serving as interim President and Chief Executive Officer of the Company from March 2003 through April 2003.

(5) On February 4, 2005, Mr. Varsam resigned his employment as the Company s Vice President General Counsel and Secretary and entered into a separation agreement with the Company. See Employment Contracts and Severance and Change of Control Arrangements Management Changes and Terms of Separation on page 20 of this Proxy Statement.

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Option Grants In Last Fiscal Year

Shown below is information on each grant to the named executive officers of options to purchase shares of common stock pursuant to the Amended and Restated 2001 Stock Incentive Plan during the year ended December 31, 2004.

Name	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price $/Share(1)	Expiration Date	Grant Date Present Value($)(2)
Michael A. Lupo	100,000	23.1%	$ 7.23	4/27/2014	$ 344,240
Carl A. Liliequist	25,000	5.8%	$ 7.23	4/27/2014	$ 86,060
Nick H. Varsam	10,000	2.3%	$ 7.23	4/27/2014	$ 34,424
Thomas S. McHugh	10,000	2.3%	$ 7.23	4/27/2014	$ 34,424
Jon P. Vrabely	10,000	2.3%	$ 7.23	4/27/2014	$ 34,424

(1) Exercise price represents the average of the high and low sales prices of the Company s common stock on the New York Stock Exchange Composite Transactions Tape the respective date of grant (April 27, 2004 for Messrs. Lupo, Liliequist, Varsam, McHugh and Vrabely). With the exception of Mr. Lupo, options vest 50% on the first anniversary of the date of grant, 25% on the second anniversary and the remaining 25% on the third anniversary. See Compensation for the Chief Executive Officer on page 18 of this Proxy Statement.

(2) The amounts shown were calculated using a Black-Scholes option pricing model and do not reflect the actual value of the option awards at any time. The estimated values assume a risk-free rate of return of 3.4% based upon the five-year Treasury Bill rate, a standard deviation of stock return of 52%, a dividend payout ratio of 0% and an option duration of 5 years. The standard deviation of stock return represents a statistical measure intended to reflect the anticipated fluctuation of price movements over the life of the option. The actual value, if any, that an executive may realize will depend upon the excess of the stock price over the exercise price on the date the option is exercised, and so the value realized by an executive may be more or less than the value estimated by the Black-Scholes model.

Aggregated Option Exercises In Last Fiscal Year and Fiscal Year-End Option Values

The information set forth in the following table relates to options to purchase common stock that were exercised by the named executive officers in 2004 and the value of unexercised options held as of December 31, 2004.

			Number of Securities Underlying Unexercised Options at Fiscal Year-End(#)		Value of Unexercised In-the-Money Options at Fiscal Year-End($)(1)	
Name	Shares Acquired on Exercise(#)	Value Realized($)	Exercisable	Unexercisable	Exercisable	Unexercisable

Michael A. Lupo	200,000	300,000	$ 1,630,000	$ 1,952,000
Carl A. Liliequist	118,400	75,000	$ 793,374	$ 454,000
Nick H. Varsam	55,500	18,500	$ 284,663	$ 71,088
Thomas S. McHugh	58,500	20,000	$ 310,485	$ 77,950
Jon P. Vrabely		10,000	$	$ 32,200

(1) Based on a share price of $10.45, which was the closing sales price per share of the Company s common stock on the New York Stock Exchange on December 31, 2004.

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Report on Executive Compensation by the Management Organization and Compensation Committee of the Company

The Management Organization and Compensation Committee (the Committee) of the Board of Directors of the Company believes that the Company s compensation program is designed to attract and retain talented executives whose interests are aligned with the Company s stockholders and who are motivated to contribute to the Company s long-term financial success. The Company provides its executives with competitive base pay as well as the opportunity to earn significant compensation if the Company s financial performance significantly exceeds prior year results. The Committee periodically reviews independent compensation surveys as guidelines to determine competitive pay practices. Independent compensation consultants have also summarized the survey data. The surveys typically compare the compensation practices of U.S.-based public companies of similar size to the Company, some of which are also in the Company s industry. The determination of the Company s peer group was based on comparable revenues, market capitalizations, matched job positions and compensation data. These companies include those in the Company s peer group set forth in the Stock Performance Graph included as part of the Company s Proxy Statement for the 2005 Annual Meeting. In reviewing the survey data, the Committee focused on total cash (salary plus target bonus) and total direct (salary plus target bonus plus expected value of long-term incentives) compensation.

The Committee continues to maintain a three-pronged approach to executive officer and key employee compensation: competitive base salaries; short and medium-term cash and equity incentive compensation linked to measurable changes in stockholder value; and long-term incentive compensation utilizing awards of stock options and restricted stock, the ultimate value of which is linked to increases in stockholder returns, primarily through increases in the price of the Company s common stock. Each of these components represents a portion of each executive officer s total compensation package. The appropriate mix of compensation for each individual, however, may differ based on the nature and level of the individual s responsibilities. For example, for individuals who have primarily business unit or sales related responsibilities, incentive, or at-risk, compensation may represent a greater portion of their total compensation commensurate with their ability to influence directly key performance measures, such as sales and operating profit.

Base Salaries

At the beginning of each year, the Committee reviews the base salaries of each executive officer and assesses salary levels based on the individual s responsibilities and competitive salary data. The Chief Executive Officer typically presents his recommendations as to salary adjustments for the executive officers and his other direct reports to the Committee at that time. One of the named executive officers received a salary increase in May 2004 to reflect his promotion. Four other named executive officers received competitive market increases of 11.4%, 6.9%, 5.7%, 5.0% and 5.0%, respectively, during 2004. Based on the Committee s review of executive salaries of the named executive officers and the current Chief Executive Officer, base salaries in 2004 for the named executive officers, excluding the promotion-based increase, increased an average of 4.3% over 2003. All of the base salaries of the Company s executive officers are at levels that, in the view of the Committee, are appropriate for executives of a public corporation of the Company s size and industry category.

Short and Medium-Term Incentive Compensation

The Company s short and medium-term incentive compensation program continues to be based on the principle of economic value added (EVA) over a three-year rolling horizon. EVA[1] is defined as the difference between the return on total capital invested in the business (measured as net operating profit after tax, divided by total capital employed) and the cost of capital, multiplied by total capital employed. The Committee believes that, compared to other common performance measures such as return on capital, return on equity, growth in earnings per share and growth in cash flow, EVA has the highest correlation with the Company s overall

[1]EVA is a registered trademark of Stern, Stewart & Co.

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financial performance and the creation of long-term stockholder value. In January of each year, the Committee also reassesses both the strengths and weaknesses of EVA-based compensation as part of its consideration of all executive compensation and performance measures for the coming year.

All of the Company s executive officers and certain other key employees participate in the Company s EVA Incentive Compensation Plan, which the Committee administers. The EVA plan, as amended, provides for positive and negative awards and increases or decreases in EVA generated during the year, both absolutely and as compared to the prior year. The key elements of the EVA formula are the Company s cost of capital, cash tax rate, return on capital, amount of capital employed, net operating profit after taxes and the prior year s EVA. Thus, the EVA formula requires the executive to focus on improvement in the Company s balance sheet as well as its income statement. At the beginning of each year, the Committee approves a weighted average cost of capital for use in the EVA formula.

The Company s EVA is calculated based on year-end results and, together with the increase or decrease in EVA compared to the prior year, is used to determine the total potential award pool available for the named executive officers, including the Chief Executive Officer, and certain other key employees. The size of an executive officer s potential EVA award is based on a percentage of the total pool assigned to each officer at the beginning of the year, which percentages the Committee reviews annually based upon recommendations of the Chief Executive Officer. Awards under the EVA plan are generally uncapped to provide maximum incentive to create value; however, an executive s award in any given year may be negative when EVA generated during that year is less than that of the prior year. There is a $2 million limit on the annual award of any participant who is subject to Section 162(m) of the Internal Revenue Code.

In October 2004, the Committee reviewed EVA bonus projections for 2004 through 2007 and decided to engage an outside compensation consultant to review the competitiveness of the Company s overall compensation plan.

The Committee believes that the EVA plan, as amended, provides its executive officers and key employees with tangible and significant short and medium-term performance incentives. The bank account concept, with the deferred payout at risk, continues to give the plan a longer term perspective than annual cash bonus programs and provides participants with ownership incentives as their accounts build or decline. Although the plan is formula driven, the Committee retains discretion to review and adjust its impact on individuals for reasonableness and to insure that participants continue to be properly incentivized.

In February 2005, the Committee determined and approved EVA awards for 2004 totaling $2,085,590 for the named executive officers and certain other key employees. In determining the total EVA bonus pool available for such persons, the Committee took into consideration a number of events that occurred, including the business decisions made prior to Mr. Lupo becoming the Chief Executive Officer and the associated impact of those events on the Company s 2003 results.

Long-Term Incentive Compensation

The Committee believes that executive officers approach their responsibilities more like owners of the Company as their holdings of and potential to own the Company s common stock increase. All of the Company s executive officers have been granted and are eligible to receive stock options or restricted stock awards under the Company s 1999 Stock Incentive Plan and Amended and Restated 2001 Stock Incentive Plan. As of February 2005, 237,005 shares remained available for future grants under both plans. As of February 2005, directors and executive officers as a group beneficially owned 5.8% of the Company s outstanding common stock. This excludes options to purchase 486,000 shares of common stock held by the former Chief Executive Officer, which were vested at the date of termination of his employment and are exercisable until June 29, 2005, in accordance with his resignation agreement.

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In April 2004, the Committee determined the equity-based awards for its executive officers and certain other key employees, other than the Chief Executive Officer, based on recommendations by the Chief Executive Officer. The Committee recommended to the Board of Directors, and the Board approved, awards of stock options totaling 332,500 shares to the named executive officers, other than the Chief Executive Officer, and certain other key employees of the Company.

Compensation for the Chief Executive Officer

In April 2003, the Company entered into, an employment agreement dated May 1, 2003, with Mr. Lupo. Pursuant to this agreement, Mr. Lupo agreed to continue to serve as the Company s President and Chief Executive Officer for a term of two years at an annual base salary of $500,000, which the Board may adjust from to time, reimbursement of local living expenses of no more than $50,000 per year and the use of a Company-provided automobile. The Board-approved terms of Mr. Lupo s compensation also included severance benefits in the event of a change of control of the Company, although the Company did not enter into a formal change of control agreement with Mr. Lupo at that time. On April 27, 2004, the Committee recommended to the Board of Directors, and the Board approved, an award of stock options totaling 100,000 shares to the Chief Executive Officer. Those options vest 50% on the first anniversary of the date of grant and 50% on the second anniversary. On March 1, 2005, the Board approved an extension of Mr. Lupo s employment agreement through December 31, 2006. On March 1, 2005, Mr. Lupo also entered into a Change of Control Agreement with the Company. See Employment Contracts and Severance and Change of Control Arrangements Management Changes and Terms of Separation on page 20 of this Proxy Statement.

Notwithstanding the terms of the EVA plan, Mr. Lupo is entitled under his agreement to receive a distribution of the entire balance of his EVA plan account each year and a pro rata allocation to his EVA plan account for all partial EVA plan years during the term of his agreement. None of his bonus awards under the EVA plan may be forfeited except if the Company terminates his employment for cause. In determining Mr. Lupo s bonus award under the EVA plan for 2004, the Committee considered the same factors as noted for all EVA plan participants. Notwithstanding his right to receive a full distribution of his EVA plan account; Mr. Lupo agreed to defer 50% of his 2004 EVA award consistent with the terms of the plan.

Section 162(m) of the Internal Revenue Code

In 1993, Congress adopted the Omnibus Budget Revenue Reconciliation Act of 1993, certain provisions of which (Section 162(m) of the Internal Revenue Code) for tax years beginning after December 31, 1993 limit to $1 million per employee the deductibility of compensation paid to the executive officers required to be listed in the Company s proxy statement unless the compensation meets certain specific requirements. As a matter of policy, the Committee intends to develop and administer compensation programs that will maintain deductibility under Section 162(m) for all executive compensation, except in the limited circumstance when the materiality of the deduction is in the judgment of the Committee significantly outweighed by the incentive value of the compensation.

Submitted by:

The Management Organization and Compensation Committee

of the Board of Directors of Huttig Building Products, Inc.

E. T. Bigelow, Jr. Chairman

D. R. Gardner

D. L. Glass

D. H. Tanner

Retirement Benefits

The Company does not sponsor a defined benefit pension plan for salaried employees.

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Employment Contracts and Severance and Change of Control Arrangements

Employment Contracts with Executive Officers

Michael A. Lupo, a director of the Company since December 2002, was appointed interim President and Chief Executive Officer of the Company in March 2003 and, as such, received compensation of $75,000 per month plus reasonable expenses. In April 2003, the Board of Directors approved the terms of, and the Company entered into, an employment agreement dated May 1, 2003, with Mr. Lupo. Pursuant to this agreement, Mr. Lupo agreed to continue to serve as the Company s President and Chief Executive Officer for a term of two years at an annual base salary of $500,000, which the Board may adjust from to time, reimbursement of local living expenses of no more than $50,000 per year and the use of a Company-provided automobile. Mr. Lupo also received options to purchase 400,000 shares of common stock at an exercise price of $2.30 per share, which was the average of the high and low sales prices of the common stock on the New York Stock Exchange on April 28, 2003, the date of grant. Under Mr. Lupo s employment agreement, in the event that Mr. Lupo is terminated without cause, following a change in control or in the event of certain bankruptcy proceedings**,** within ten days of such a termination, the Company must pay to Mr. Lupo a fixed amount equal to one hundred percent of the base salary due him for the balance of the employment agreement and will be responsible for the unexpired portion of any executive automobile or other leases entered into by the Company or Mr. Lupo in connection with his employment agreement. In January 2004, the Board approved the extension of the term of Mr. Lupo s employment agreement to December 31, 2005. On March 1, 2005, the Board approved a second extension of Mr. Lupo s employment agreement through December 31, 2006.

Notwithstanding the terms of the EVA plan, Mr. Lupo is entitled under his agreement to receive a distribution of the entire balance of his EVA plan account each year and a pro rata allocation to his EVA plan account for all partial EVA plan years during the term of his agreement. None of his bonus awards under the EVA plan may be forfeited except if the Company terminates his employment for cause.

Carl A. Liliequist, the Company s Executive Vice President, has an employment agreement with the Company that provides for his continued employment unless and until the agreement is terminated (i) by the Company giving to Mr. Liliequist not less than 12 months prior written notice, (ii) by Mr. Liliequist giving to the Company not less than one month s prior written notice, (iii) without notice on Mr. Liliequist 65th birthday, (iv) by the Company or Mr. Liliequist upon one month s prior written notice to the other upon Mr. Liliequist permanent disability or (v) by the Company without notice if Mr. Liliequist (A) commits fraudulent or dishonest acts, gross negligence, or disloyalty in connection with his employment, or is convicted of a criminal act involving dishonesty (whether or not such conviction is related to his employment), (B) violates the agreement and does not cure the violation within 30 days after the receipt of written notice by the Company or (C) dies. The Company has the right to treat a notice of termination given by Mr. Liliequist pursuant to clause (ii), above, as effective at any time after the giving of such notice. The agreement specifies Mr. Liliequist applicable annual base salary and provides that he is entitled to participate in the Company s EVA Plan in accordance with the terms of that plan. The agreement also provides for the use of a Company automobile or the payment of an allowance intended to reimburse Mr. Liliequist for the expenses of his personal automobile. The agreement provides generally for the reimbursement of expenses and the participation in the Company s customary benefits plans. If notice of termination of the agreement is given pursuant to clause (i) or (ii), above, the Company will continue to pay Mr. Liliequist his salary and provide all fringe benefits from the date such notice is provided up through the effective date of the termination. However, in the event that the agreement is terminated as described under clause (i), above, if Mr. Liliequist breaches the agreement during the period when such severance benefits are being paid, the Company will immediately upon such breach cease to be obligated to provide such severance benefits. If the Company exercises its right to treat a notice under clause (ii), above, as immediately effective, Mr. Liliequist will be entitled to no severance payments or benefits. Mr. Liliequist is obligated to use his best efforts during any applicable severance period to find other employment and severance payments will be offset by any compensation he receives from such other employment or could have received with reasonable efforts. The agreement (i) prohibits Mr. Liliequist from engaging in other business activities during his employment

without the prior written consent of the Company, (ii) requires him to maintain in confidence all confidential information concerning the Company and (iii) contains customary non-solicitation, no-hire and non-compete provisions that continue for one year after his employment is terminated.

Management Changes and Terms of Separation

On February 4, 2005, Nick H. Varsam resigned his employment as the Company s Vice President General Counsel and Secretary. On that date, the Company entered into a separation agreement with Mr. Varsam entitling him to receive (i) his base salary for one year commencing on the date of the agreement, (ii), the current and deferred portions of his bonus earned through December 31, 2004, and (iii) continued participation through February 4, 2006 (or such earlier date as he obtains other employment) in the Company s health, life and disability insurance plans, subject to certain restrictions. In addition, Mr. Varsam will be entitled to exercise his vested stock options for a period of one year from his date of separation. In addition, shares of restricted stock and stock options were vested by action of the Board of Directors. The Agreement contains a release of liability by Mr. Varsam in respect of the Company.

Change of Control Arrangements

The Company has an agreement with each of Michael A. Lupo, President and CEO; Carl A. Liliequist, Executive Vice President; Richard A. Baltz, Vice President, Internal Audit; Thomas S. McHugh, Vice President, Finance and Chief Financial Officer; Hank J. Krey, Vice President and Chief Information Officer; and Jon P. Vrabely, Vice President, Operations with obligations of the Company that arise in the event of a change of control. The Company has agreed to enter into change of control agreements with Paul F. Tamburelli and Darlene K. Schroeder that are similar to the agreements that the Company has with the above-mentioned persons. Each agreement is for a three-year period, but is automatically renewed annually for a new three-year period unless the Company gives notice that the period will not be extended.

Each of these change of control agreements provides for the applicable employee s employment by the Company and continuation of the employee s then current base salary, incentive compensation and benefits for three years (and longer, if the agreement is extended) following a change of control of the Company. Under each agreement, a change of control generally includes:

(i) The acquisition, other than from the Company, of beneficial ownership of 50% (20% in the case of Mr. Liliequist s agreement) or more of the then outstanding shares of the Company s common stock of the Company, but excluding acquisitions by

(a) The Company or any of its subsidiaries;
(b) The Rugby Group Ltd. or any of its direct transferees;
(c) Any employee benefit plan (or related trust) of the Company or its subsidiaries; or
(d) Any corporation with respect to which, following such acquisition, more than 50% of the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by substantially the same individuals and entities who were the beneficial owners, respectively, of the common stock and voting securities of the Company immediately prior to such acquisition in substantially the same proportion as their ownership immediately prior to such acquisition; or

(ii) Individuals who constitute the incumbent board (including those on the board at the date of the agreement and those whose election or nomination was approved by at least a majority of the then incumbent board) cease for any reason to constitute at least

a majority of the board, but excluding from any incumbent board any such individual whose initial assumption of office is in connection with an actual or threatened election contest; or

(iii) Approval by the stockholders of the Company of a reorganization, merger or consolidation with respect to which substantially the same persons who were the respective beneficial owners of the

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common stock and voting securities of the Company immediately prior to such reorganization, merger or consolidation do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such transaction, or a complete liquidation or dissolution of the Company or of the sale or other disposition of all or substantially all of the assets of the Company.

Under each agreement, after a change of control, if the employee s employment is terminated by the Company without cause or by him with Good Reason (as defined in the agreement), the employee is immediately entitled to a proportionate amount of the greater of the previous year s bonus or the average bonus paid in the previous three years, two times the sum of his annual salary and the average of the last three years bonuses, and all accrued deferred compensation and vacation pay. Employee benefits, medical coverage and other welfare benefits also continue until the end of the three-year period. Good Reason under the agreement is defined as:

(i) Any failure by the Company to comply with any of the compensation and benefits obligations under the agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is promptly remedied by the Company;

(ii) Any purported termination by the Company of the employee s employment otherwise than as expressly permitted by the agreement; or

(iii) Any failure by the Company to require a successor to assume the Company s obligations under the agreement.

If the Company s tax counsel determines that any economic benefit or payment or distribution by the Company to the employee pursuant to the agreement is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, the Company will reduce the aggregate payments due to the employee under the agreement and any other agreement, plan or program of the Company to an amount that is one dollar less than the maximum amount allowable without becoming subject to the excise tax.

The named executive officers and other key employees of the Company own shares of restricted stock or options to purchase the Company s common stock granted under the Company s 1999 Stock Incentive Plan and Amended and Restated 2001 Stock Incentive Plan. Under the terms of these plans and the agreements evidencing these grants, in the event of a Change of Control of the Company, the restrictions on the employee s restricted stock will lapse. Similarly, if an employee s employment is terminated following a Change of Control of the Company, all of the employee s stock options will become immediately fully exercisable and may be exercised for a period of 90 days following termination. The term Change of Control is defined in the Plan. It is a complicated definition and cannot be described completely here, but it generally occurs if (i) the Company s stock has been acquired as the result of a tender or exchange offer by an unrelated party, (ii) at least 20% of the outstanding stock of the Company has been acquired by a person or company that is not related to the Company, (iii) the Company has merged into another company and the Company s stockholders do not continue to own more than 50% of the common stock of the company that survives the merger, (iv) the Company is liquidated or dissolved, (v) substantially all of the Company s assets are sold to a person or company that is not related to the Company, or (vi) a majority of the Company s Board of Directors changes without approval by the incumbent Board. Under the terms of these plans, the Management Organization and Compensation Committee also has the authority to accelerate the vesting of options granted.

Indemnification Agreements

The Company has entered into indemnification agreements with the non-employee directors of the Company. These agreements require the Company to indemnify the officers or directors to the full extent

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permitted by law against any and all expenses (including advances thereof), judgments, fines, penalties and amounts paid in settlement incurred in connection with any claim against such person arising out of the fact that he was a director, officer, employee, trustee, agent or fiduciary of the Company or was serving as such for another entity at the Company s request, and to maintain directors and officers liability insurance coverage or to the full extent permitted by law to indemnify such person for the lack of insurance coverage.

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Stock Performance Graph

The graph below compares cumulative total stockholder returns for the Company for the preceding three fiscal years with the S&P 500 Stock Index and that of a peer group made up of other building material and industrial products distributors.[1] The graph assumes the investment of $100 at the commencement of the measurement period with dividends reinvested. The historical information set forth below is not necessarily indicative of future stock performance.

Comparison of Four-Year Cumulative Total Return

Among Huttig Building Products, the S&P 500 Stock Index

And the Company s Peer Group Index

	Huttig Building Products	S&P 500	Peer Group Index
12/99	100.00	100.00	100.00
12/00	97.06	92.91	90.33
12/01	143.53	80.79	135.85
12/02	67.06	61.92	139.30
12/03	70.59	78.25	219.31
12/04	245.88	85.29	241.20

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of the forms furnished to the Company or written representations of certain persons, each director, officer and beneficial owner of 10% of the outstanding shares of the Company timely filed all required reports under Section 16(a) of the Securities Exchange Act of 1934 for fiscal 2004.

Mr. Lupo filed a late Form 4 to report the acquisition of phantom shares of Huttig stock under the Company s Deferred Compensation Plan.

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[1] The peer group includes the following companies: Hughes Supply Inc., Q.E.P. Co., Watsco Inc., Building Materials Holding Corporation.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On December 6, 1999, the Company and Crane Co. entered into a Distribution Agreement (the Distribution Agreement) that provided for the actions required to effect the Distribution and the allocation of assets and liabilities between the Company and Crane. On December 16, 1999, in connection with the consummation of the Distribution, the Company and Crane entered into an agreement (the Tax Allocation Agreement) relating to the allocation of liabilities and obligations with respect to taxes and an agreement (the Employee Matters Agreement) relating to the allocation of liabilities and obligations with respect to employee benefit plans and compensation arrangements. Messrs. Evans, Bigelow, Forté and Gardner serve as directors of the Company and also as directors of Crane.

The Distribution Agreement provides generally that after the Distribution, all assets and liabilities of the Company and its business will be vested solely in the Company, and that Crane will have no interest in those assets and will have no obligations with respect to those liabilities. The Distribution Agreement requires the Company to indemnify Crane for certain losses suffered by Crane, including, without limitation, losses that relate to the Company s business (whether those losses relate to the period prior to or after Distribution) or arise as the result of the Company s breach of any agreement or covenant made to Crane in the Distribution Agreement, the Tax Allocation Agreement or the Employee Matters Agreement. Crane is similarly obligated to indemnify the Company for certain losses suffered by the Company, including, without limitation, losses that relate to the businesses of Crane (whether those losses relate to the period prior to or after the Distribution) or arise as the result of Crane s breach of any agreement or covenant made to the Company in the Distribution Agreement, the Tax Allocation Agreement or the Employee Matters Agreement.

Under the Tax Allocation Agreement, the Company is responsible for any taxes imposed on Crane that would not have been payable but for the breach by the Company of any representation, warranty or obligation under the Tax Allocation Agreement, the tax ruling request or the Distribution Agreement. These representations, warranties and obligations relate to the Company s continuing satisfaction of certain statutory and judicial requirements necessary for the Distribution to be tax-free to the Company, Crane and its stockholders. In particular, the Company has represented generally that (1) during the two-year period following the Distribution, the Company will not enter into any transaction or make any change in its equity structure that may cause the Distribution to be treated as part of a plan pursuant to which one or more persons acquire Company stock representing a 50% or greater equity interest in the Company, (2) it will not repurchase outstanding Company common stock after the Distribution representing 20% or more of the outstanding Company common stock, and (3) following the Distribution, it will continue the active conduct of its businesses. The Company has also agreed with Crane that it will not take any of the actions described in (1) or (2) above prior to December 16, 2001 without Crane s prior written consent.

At the closing of the Company s purchase of the U.S. residential building products business of The Rugby Group Ltd. (Rugby) in December 1999, the Company entered into a Registration Rights Agreement with Rugby. Pursuant to this agreement, the Company granted Rugby rights to cause the Company to register for sale the shares of common stock issued to Rugby in exchange for the stock of Rugby USA, Inc., the parent of Rugby Building Products, Inc. Pursuant to the Registration Rights Agreement, so long as the shares of common stock owned by Rugby and received in the December 1999 transaction constitute at least 30%, 20%, or 10%, respectively, of the Company s outstanding common stock, Rugby has the right to designate for nomination by the Board of Directors of the Company three, two and one director(s), respectively. So long as the Huttig common stock owned by Rugby and received in the Exchange constitutes 10% or more of the Company s outstanding common stock, Rugby is required to be present at all meetings of the Company s stockholders and to vote its shares of common stock in favor of the Board s nominees for election to the Board of Directors. On the date of the Exchange Agreement between the Company and Rugby, the Crane Fund, one of the Company s principal stockholders, agreed with Rugby that, so long as the common stock owned