

FULLER H B CO
Form DEF 14A
February 29, 2012
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
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H.B. Fuller Company

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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Office: 1200 Willow Lake Boulevard
St. Paul, Minnesota 55110-5101
Mail: P.O. Box 64683
St. Paul, Minnesota 55164-0683
Phone: (651) 236-5062

Dear Shareholder:

Our 2012 Annual Meeting of Shareholders will be held on Thursday, April 12, 2012, at the H.B. Fuller Company headquarters in St. Paul, Minnesota. The meeting will begin promptly at 2:00 p.m. Please join us. Parking at our headquarters building for attendance at the meeting is complimentary.

The Notice of Annual Meeting of Shareholders and the Proxy Statement describe the business to be conducted at the meeting.

Similar to previous years, we have elected to take advantage of the notice and access rules of the Securities and Exchange Commission to furnish most of our shareholders with proxy materials over the Internet. This method of delivery allows us to provide you with the information you need, while reducing printing and delivery expenses.

Your vote on the proposals is important. Whether or not you attend the Annual Meeting of Shareholders, we encourage you to vote your shares to make certain that you are represented at the meeting. You may vote via the Internet or, if you received a printed copy of the proxy materials, by telephone or by mailing a proxy or voting instruction card.

I look forward to seeing you at the Annual Meeting.

Sincerely,

/s/ James J. Owens
James J. Owens
President and Chief Executive Officer

February 29, 2012

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Office: 1200 Willow Lake Boulevard
St. Paul, Minnesota 55110-5101
Mail: P.O. Box 64683
St. Paul, Minnesota 55164-0683
Phone: (651) 236-5062

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date and Time: Thursday, April 12, 2012, at 2:00 p.m. Central Time

Place: H.B. Fuller Company
1200 Willow Lake Boulevard
St. Paul, Minnesota

Items of Business: The election of three directors named in the attached Proxy Statement for a three-year term.

A non-binding advisory vote to approve the compensation of our named executive officers disclosed in the attached Proxy Statement.

The ratification of the appointment of KPMG LLP as H.B. Fuller's independent registered public accounting firm for the fiscal year ending December 1, 2012.

Any other business that may properly be considered at the meeting or any adjournment thereof.

Record Date: You may vote at the meeting if you were a shareholder of record at the close of business on February 15, 2012.

Voting by Proxy: It is important that your shares be represented and voted at the meeting. Whether or not you plan to attend the meeting in person, we encourage you to submit your proxy as soon as possible. For specific instructions on how to vote your shares, please refer to the instructions on the Notice of Internet Availability of Proxy Materials you received in the mail, the section entitled *Questions and Answers about the Meeting* beginning on page 1 of this Proxy Statement, or if you received printed proxy materials, the enclosed proxy or voting instruction card. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying Proxy Statement.

By Order of the Board of Directors

/s/ Timothy J. Keenan
Timothy J. Keenan
Vice President, General Counsel and Corporate Secretary

February 29, 2012

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**PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS**

APRIL 12, 2012

The Board of Directors of H.B. Fuller Company is soliciting proxies to be used at the Annual Meeting of Shareholders to be held on April 12, 2012, and at any adjournment and reconvening of the meeting. We first made this Proxy Statement and the Annual Report for the fiscal year ended December 3, 2011 available to our shareholders on or about February 29, 2012.

QUESTIONS AND ANSWERS ABOUT THE MEETING

What is the purpose of the meeting?

At our annual meeting, shareholders will act upon the matters disclosed in the Notice of Annual Meeting of Shareholders that accompanies this Proxy Statement. These include the election of three directors, a non-binding advisory vote to approve the compensation of our named executive officers as disclosed in this Proxy Statement (the Say on Pay Proposal) and ratification of the appointment of our independent registered public accounting firm.

We will also consider any other business that may properly be presented at the meeting, and management will report on H.B. Fuller's performance during the last fiscal year and respond to questions from shareholders.

How does the Board recommend that I vote?

The Board of Directors recommends a vote FOR each of the nominees for director, FOR the Say on Pay Proposal and FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 1, 2012.

Who is entitled to vote at the meeting?

If you were a shareholder of record at the close of business on February 15, 2012, you are entitled to vote at the meeting.

As of the record date, 49,815,955 shares of Common Stock were outstanding and eligible to vote.

What is the difference between a shareholder of record and a street name holder?

If your shares are registered directly in your name, you are considered the shareholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a bank or other nominee, such as the H.B. Fuller Company 401(k) & Retirement Plan (sometimes referred to as the 401(k) Plan in this Proxy Statement), you are considered the beneficial owner of those shares, and your shares are held in street name. If you are a street name holder you will receive a voting instruction card, which appears very similar to a proxy card. Please complete that card as directed in order to ensure your shares are voted at the meeting.

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What are the voting rights of the shareholders?

Holders of Common Stock are entitled to one vote per share. Therefore, a total of 49,815,955 votes are entitled to be cast at the meeting. There is no cumulative voting for the election of directors.

How many shares must be present to hold the meeting?

A quorum is necessary to hold the meeting and conduct business. The presence of shareholders who can direct the voting of at least a majority of the outstanding shares of Common Stock as of the record date is considered a quorum. A shareholder is counted as present at the meeting if the shareholder is present and votes in person at the meeting or the shareholder has properly submitted a proxy by mail, telephone or Internet.

How do I vote my shares?

If you are a shareholder of record, you may give a proxy to be voted at the meeting either:

electronically, by following the instructions provided in the Notice of Internet Availability of Proxy Materials or proxy card; or

if you received printed proxy materials, you may also vote by mail or telephone as instructed on the proxy card.

If you hold shares beneficially in street name, you may also vote by proxy over the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials or, if you received printed proxy materials, you may also vote by mail or telephone by following the instructions provided in the voting instruction card provided to you by your broker, bank, trustee or nominee.

If you hold shares in the 401(k) Plan, please refer to the voting instructions that are provided to you. The Plan trustee will vote your shares as you instruct.

The telephone and Internet voting procedures have been set up for your convenience. The procedures have been designed to authenticate your identity, to allow you to give voting instructions, and to confirm that those instructions have been recorded properly. You may also vote in person at the meeting as described in *Can I vote my shares in person at the meeting?* below.

What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials, proxy card or voting instruction card?

It means you hold shares of H.B. Fuller stock in more than one account. To ensure that all of your shares are voted, sign and return each proxy card or voting instruction card or, if you vote by telephone or via the Internet, vote once for each proxy card, voting instruction card or Notice of Internet Availability of Proxy Materials you receive.

Can I vote my shares in person at the meeting?

Yes. If you are a shareholder of record, you may vote your shares at the meeting by completing a ballot at the meeting. However, even if you currently plan to attend the meeting, we recommend that you submit your proxy ahead of time so that your vote will be counted if, for whatever reason, you later decide to not attend the meeting.

If you hold your shares in street name, you may vote your shares in person at the meeting only if you obtain a signed proxy from your broker, bank, trustee or other nominee giving you the right to vote such shares at the meeting.

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What vote is required for the proposals to be approved?

With respect to the election of directors, the three director nominees receiving the most votes for their election will be elected directors. With respect to the Say On Pay Proposal and the ratification of the appointment of KPMG LLP as our independent registered public accounting firm, the affirmative vote of a majority of the shares of Common Stock represented and entitled to vote on each proposal is required, provided that the total number of shares of Common Stock that vote on the proposal represents more than 25% of the shares outstanding on the record date.

How are votes counted?

Shareholders may either vote **FOR** or **WITHHOLD** authority to vote for each nominee for the Board of Directors. Shareholders may vote **FOR**, **AGAINST** or **ABSTAIN** on Say on Pay Proposal and on the ratification of the appointment of KPMG LLP.

If you vote **ABSTAIN** or **WITHHOLD**, your shares will be counted as present at the meeting for the purposes of determining a quorum. If you **ABSTAIN** from voting on a proposal, your abstention has the same effect as a vote against that proposal. If you **WITHHOLD** authority to vote for one or more of the nominees for director, this will have no effect on the election of any director from whom votes are withheld.

If you hold your shares in street name and do not provide voting instructions to your broker or nominee, your shares will be considered to be broker non-votes and will not be voted on any proposal on which your broker or nominee does not have discretionary authority to vote under the rules of the New York Stock Exchange. Shares that constitute broker non-votes will be present at the meeting for the purpose of determining a quorum, but are not considered entitled to vote on the proposal in question. Your broker or nominee has discretionary authority to vote your shares on the ratification of KPMG LLP as our independent registered public accounting firm even if your broker or nominee does not receive voting instructions from you. Your broker or nominee may not vote your shares on the election of directors or the Say on Pay Proposal without instructions from you.

What if I do not specify how I want my shares voted?

If you do not specify on your returned proxy card or voting instruction card (or when giving your proxy by telephone or via the Internet) how you want to vote your shares, we will vote them:

FOR all of the nominees for director;

FOR the Say on Pay Proposal;

FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year ending December 1, 2012; and

with respect to such other matters that may properly come before the meeting, in accordance with the judgment of the persons named as proxies.

Can I change my vote?

Yes. If you are a shareholder of record, you may change your vote and revoke your proxy at any time before it is voted at the meeting in any of the following ways:

by sending a written notice of revocation to our Corporate Secretary;

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by submitting another properly signed proxy card at a later date to our Corporate Secretary;

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by submitting another proxy by telephone or via the Internet at a later date; or

by voting in person at the meeting.

If you are a street name holder, please consult your broker, bank, trustee or nominee for instructions on how to change your vote.

Who pays for the cost of proxy preparation and solicitation?

We pay for the cost of proxy preparation and solicitation, including the charges and expenses of brokerage firms or other nominees for forwarding proxy materials to beneficial owners of shares held in street name. We have retained The Proxy Advisory Group, LLC to assist in the solicitation of proxies for a fee of approximately \$10,000 plus associated costs and expenses.

We are soliciting proxies primarily by mail. In addition, proxies may be solicited by telephone or facsimile, or personally by our directors, officers and regular employees. These individuals will receive no compensation (other than their regular salaries) for these services.

Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of paper copies?

In accordance with rules adopted by the Securities and Exchange Commission (the "SEC"), we may furnish proxy materials to our shareholders by providing access to these documents on the Internet instead of mailing printed copies. In general, you will not receive printed copies of the materials unless you request them or you are a participant in the H.B. Fuller Company 401(k) & Retirement Plan. Instead, we mailed you the Notice of Internet Availability of Proxy Materials (unless you have previously consented to electronic delivery or already requested to receive paper copies), which instructs you as to how you may access and review all of the proxy materials on the Internet. The Notice of Internet Availability of Proxy Materials explains how to submit your proxy over the Internet. If you would like to receive a paper copy or e-mail copy of the proxy materials, please follow the instructions provided in the Notice of Internet Availability of Proxy Materials.

Are the proxy and related materials available electronically?

Yes.

Important Notice Regarding the Availability of Proxy Materials

for the Shareholder Meeting to be held on April 12, 2012

Our Proxy Statement and 2011 Annual Report, including our Annual Report on Form 10-K, are available at www.proxyvote.com.

Will any other business be considered at the meeting?

Our Bylaws provide that a shareholder may present a proposal at the annual meeting that is not included in this Proxy Statement only if proper written notice was received by us. No shareholder has given the timely notice required by our Bylaws in order to present a proposal at the annual meeting. Our Board of Directors does not intend to present any other matters for a vote at the annual meeting. If you wish to present a proposal at the 2013 Annual Meeting, please see *How can a shareholder present a proposal at the 2013 Annual Meeting?* As of the date of this Proxy Statement, we do not know of any other business to be presented for consideration at the annual meeting. If any other business does properly come before the meeting, the persons named as proxies will vote in accordance with their best judgment as to the best interests of H.B. Fuller and its shareholders.

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How can a shareholder present a proposal at the 2013 Annual Meeting?

In order for a shareholder proposal to be considered for inclusion in our Proxy Statement for the 2013 Annual Meeting, the written proposal must be received at our principal executive offices by the close of business on November 1, 2012. The proposal must comply with SEC regulations regarding the inclusion of shareholder proposals in company-sponsored proxy materials and with the requirements set forth in our Bylaws. Please contact our Corporate Secretary for a copy of such regulations and for a description of the steps outlined in our Bylaws that must be taken to present such a proposal.

If a shareholder wishes to present a proposal at the 2013 Annual Meeting that would not be included in our Proxy Statement for such meeting, the shareholder must provide notice to us no later than January 12, 2013 and no earlier than December 13, 2012. Please contact the Corporate Secretary for a description of the steps to be taken to present such a proposal.

How can a shareholder get a copy of the Company's 2011 Annual Report on Form 10-K?

Our 2011 Annual Report, including our Annual Report on Form 10-K for the year ended December 3, 2011, accompanies this Proxy Statement. The 2011 Annual Report, including our Form 10-K is also available in the Financial section of our Investor Relations page of our website, www.hbfuller.com. If requested, we will provide you copies of any exhibits to the Form 10-K upon payment of a fee covering our reasonable expenses in furnishing the exhibits. You can request exhibits to the Form 10-K by writing to the Corporate Secretary, H.B. Fuller Company, 1200 Willow Lake Boulevard, P.O. Box 64683, St. Paul, Minnesota 55164-0683.

Who is the Corporate Secretary?

The Corporate Secretary is Timothy J. Keenan. The mailing address is the Office of the Corporate Secretary, P.O. Box 64683, St. Paul, Minnesota 55164-0683.

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The following table shows how much H.B. Fuller Common Stock each director and executive officer listed in the Summary Compensation Table in this Proxy Statement beneficially owned as of January 27, 2012. The table also shows the beneficial ownership of H.B. Fuller Common Stock of all directors and executive officers of H.B. Fuller as a group. In general, beneficial ownership includes those shares of our Common Stock which a director or executive officer has the power to vote or transfer, as well as stock options that are exercisable currently or within 60 days and stock underlying phantom stock units that may be acquired, in certain circumstances, within 60 days. The detail of beneficial ownership is set forth in the following table. In addition, the table shows all shareholders known to us to be the beneficial owners of more than 5% of H.B. Fuller Common Stock.

Unless otherwise noted, the shareholders listed in the table have sole voting and investment power with respect to the shares of Common Stock owned by them, and the shares beneficially owned by our directors and executive officers are not subject to any pledge.

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Common Stock Outstanding |
|---|---|---|
| Artisan Partners Holdings LP | 4,407,833 ⁽¹⁾ | 8.90% |
| Mairs and Power, Inc. | 3,927,453 ⁽²⁾ | 7.93% |
| BlackRock, Inc. | 3,695,136 ⁽³⁾ | 7.46% |
| The Vanguard Group, Inc. | 2,886,147 ⁽⁴⁾ | 5.83% |
| Juliana L. Chugg | 15,522 ⁽⁵⁾ | * |
| Thomas W. Handley | 10,892 ⁽⁵⁾⁽⁶⁾ | * |
| J. Michael Losh | 73,426 ⁽⁵⁾ | * |
| Lee R. Mitau | 87,355 ⁽⁵⁾ | * |
| Alfredo L. Rovira | 28,184 ⁽⁵⁾ | * |
| John C. van Roden, Jr. | 32,855 ⁽⁵⁾ | * |
| R. William Van Sant | 32,644 ⁽⁵⁾ | * |
| James J. Owens | 165,547 ⁽⁷⁾ | * |
| James R. Giertz | 145,001 ⁽⁸⁾ | * |
| Patrick J. Trippel | 25,319 ⁽⁹⁾ | * |
| Steven Kenny | 69,130 ⁽¹⁰⁾ | * |
| Barry S. Snyder | 94,633 ⁽¹¹⁾ | * |
| All directors and executive officers as a group (18 people) | 1,332,456 ⁽¹²⁾ | 2.64% |

* Indicates less than 1%.

- (1) This information is based on a Schedule 13G/A filed with the SEC on February 6, 2012 by Artisan Partners Holdings LP (Artisan Holdings) reporting beneficial ownership as of December 31, 2011. The report was also filed on behalf of Artisan Investment Corporation (Artisan Corp.), Artisan Partners Limited Partnership (Artisan Partners), Artisan Investments GP LLC (Artisan Investments), ZFIC, Inc. (ZFIC), Andrew A. Ziegler, Carlene M. Ziegler and Artisan Partners Funds, Inc. (Artisan Funds). Artisan Partners is an investment adviser registered under the Investment Advisers Act of 1940. Artisan Funds is an investment company under Section 8 of the Investment Company Act. Artisan Holdings is the sole limited partner of Artisan Partners; Artisan Investments is the general partner of Artisan Partners; Artisan Corp. is the general partner of Artisan Holdings; ZFIC is the sole stockholder of Artisan Corp.; Mr. Ziegler and Ms. Ziegler are the principal stockholders of ZFIC. The report states that the shares reported therein were acquired on behalf of discretionary clients of Artisan Partners. Persons other than Artisan Partners are entitled to receive all dividends from, and proceeds from the sale of, those shares. The holder reported

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that it has shared voting power over 4,214,933 shares, and shared dispositive power over all of the shares. The holder's address is 875 East Wisconsin Avenue, Suite 800, Milwaukee, WI 53202.

- (2) This information is based on a Schedule 13G/A filed by the holder with the SEC on February 10, 2012 reporting beneficial ownership as of December 31, 2011. Mairs and Power, Inc., an investment advisor, reported that it has sole voting power over 3,328,600 shares and sole dispositive power over all of the shares. The interest of one entity, Mairs and Power Growth Fund, Inc., an investment company registered under the Investment Company Act of 1940, in the Common Stock of H.B. Fuller Company amounted to 2,980,000 shares at December 31, 2011. The holder's address is W-1520 First National Bank Building, 332 Minnesota Street, Saint Paul, Minnesota 55101.
- (3) This information is based on a Schedule 13G/A filed with the SEC on February 13, 2012 reporting beneficial ownership as of December 30, 2011. BlackRock, Inc., a parent holding company, reported that it has sole voting power and sole dispositive power over all of the shares. The holder's address is 40 East 57th Street, New York, New York 10022.
- (4) This information is based on a Schedule 13G/A filed with the SEC on February 8, 2012 reporting beneficial ownership as of December 31, 2011. The Vanguard Group, Inc., an investment adviser, reported that it has sole voting power and shared dispositive power over 75,187 shares and sole dispositive power over 2,810,960 shares. The holder's address is 100 Vanguard Blvd., Malvern, Pennsylvania, 19355.
- (5) Includes phantom stock units credited to the accounts of directors who participate in the Directors' Deferred Compensation Plan, described under the heading *Director Compensation* that may be acquired, in certain circumstances, within 60 days. The number of units credited to each director participating in this plan that may be acquired within 60 days is as follows:

| | | | |
|-------------------|--------|------------------------|--------|
| Juliana Chugg | 14,154 | Alfredo L. Rovira | 26,245 |
| Thomas W. Handley | 9,566 | John C. van Roden, Jr. | 17,894 |
| J. Michael Losh | 64,829 | R. William Van Sant | 12,751 |
| Lee R. Mitau | 44,539 | | |

Excludes phantom stock units credited to the accounts of directors who participate in the Directors' Deferred Compensation Plan, described under the heading *Director Compensation* that are not able to be acquired within 60 days. The number of units credited to each director participating in this plan that are excluded from the table is as follows:

| | | | |
|--------------|--------|---------------------|--------|
| Lee R. Mitau | 61,327 | R. William Van Sant | 47,301 |
|--------------|--------|---------------------|--------|

None of the phantom stock units are entitled to vote at the meeting.

- (6) Includes the following shares of restricted Common Stock awarded under the 2009 Director Stock Incentive Plan, including shares acquired upon reinvestment of dividends:

| | |
|-------------------|-------|
| Thomas W. Handley | 1,326 |
|-------------------|-------|

- (7) Includes 56,393 shares of restricted Common Stock subject to forfeiture, 324 shares held in trust under the H.B. Fuller Company 401(k) & Retirement Plan, 280 shares held jointly by Mr. Owens' wife and son and over which he does not have voting control and 79,195 shares that could be issued pursuant to stock options which are currently exercisable.

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- (8) Includes 24,219 shares of restricted Common Stock subject to forfeiture, 1,112 shares held in trust under the H.B. Fuller Company 401(k) & Retirement Plan and 84,224 shares that could be issued pursuant to stock options which are currently exercisable.

- (9) Includes 25,319 shares of restricted Common Stock subject to forfeiture.

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- (10) Includes 57,083 shares that could be issued pursuant to stock options which are currently exercisable. Excludes 24,154 restricted stock units which are subject to forfeiture and which are not entitled to vote at the meeting.

- (11) Includes 6,744 shares of restricted Common Stock subject to forfeiture, 409 shares held in trust under the H.B. Fuller Company 401(k) & Retirement Plan and 70,212 shares that could be issued pursuant to stock options which are currently exercisable.

- (12) Includes 160,991 shares of restricted Common Stock subject to forfeiture, 17,686 shares held in trust under the H.B. Fuller Company 401(k) & Retirement Plan, 690,082 shares that could be issued pursuant to stock options which are currently exercisable and 190,660 phantom stock units credited to directors and executive officers individual H.B. Fuller Common Stock accounts under the Directors Deferred Compensation Plan and the Key Employee Deferred Compensation Plan that may be acquired, in certain circumstances, within 60 days. Excludes 119,389 phantom stock units credited to the individual accounts under the Directors Deferred Compensation Plan and the Key Employee Deferred Compensation Plan that may not be acquired within 60 days. Excludes 49,486 restricted stock units which are subject to forfeiture. Neither the restricted stock units nor any of the phantom stock units in the Directors Deferred Compensation Plan or the Key Employee Deferred Compensation Plan are entitled to vote at the meeting.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act) requires the Company s directors and executive officers to file initial reports of ownership and reports of changes in ownership of H.B. Fuller s securities with the SEC. These reports are available for review on our website (www.hbfuller.com) in the Financial section of the Investor Relations page. Directors and executive officers are required to furnish us with copies of these reports. Based solely on a review of these reports and written representations from the directors and executive officers, we believe that all directors and executive officers complied with all Section 16(a) filing requirements for fiscal year 2011 except that, due to an administrative error, Thomas W. Handley, J. Michael Losh, Lee R. Mitau and R. William Van Sant were each late in filing one Form 4 reporting Board of Director meeting fees which were deferred into phantom stock units.

PROPOSAL 1 ELECTION OF DIRECTORS

Proposal

The Board of Directors is currently composed of eight directors and divided into three classes. Each year one class of directors stands for election for a three-year term. The term of office for Class I directors, consisting of Juliana L. Chugg, Thomas W. Handley and Alfredo L. Rovira, will expire at the annual meeting.

At the annual meeting, three persons are to be elected as Class I directors to hold a three-year term of office from the date of their election until the 2015 annual meeting and until their successors are duly elected and qualified. The three nominees for election as Class I directors are Juliana L. Chugg, Thomas W. Handley and Alfredo L. Rovira, all of whom are currently directors. Each of the nominees has agreed to serve as a director if elected. Following the annual meeting, the Board will be comprised of eight directors. Pursuant to our Company s Bylaws, no more than 15 persons may serve on the Board. For information on how a shareholder may suggest a person to be a nominee to the Board, see *How can a shareholder suggest a candidate for election to the Board?*

Unless earlier terminated due to retirement or resignation, the term of office for Class II directors, consisting of John C. van Roden, Jr. and James J. Owens, will expire at the annual meeting in 2013,

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and the term of office for Class III directors, consisting of J. Michael Losh, Lee R. Mitau and R. William Van Sant, will expire at the annual meeting in 2014. All of the directors except Mr. Handley and Mr. Owens, who were appointed during fiscal 2010, were elected to the Board of Directors by the shareholders.

If, for any reason, any nominee becomes unable to serve before the election, we will vote your shares for a substitute nominee selected by the Board of Directors. Alternatively, the Board of Directors, at its option, may reduce the number of directors constituting Class I directors.

The Board of Directors recommends a vote FOR election of each of the nominees.

Who are the nominees?

The nominees provided the following information about themselves as of January 31, 2012.

Class I (Term Ending in 2012)

| | |
|-------------------------|---|
| Juliana L. Chugg | |
| Age: | 44 |
| Director Since: | 2007 |
| Principal Occupation: | Senior Vice President, President Meals Division, General Mills, Inc., a manufacturer and marketer of consumer food products, located in Minneapolis, Minnesota. |
| Business Experience: | Ms. Chugg has been with General Mills, Inc. since September 1996. Prior to her appointment as Senior Vice President and President, Meals Division in 2010, she served as Senior Vice President, President of Pillsbury USA from June 2006 to November 2010 and as Vice President and President Baking Division from August 2004 to June 2006. Prior to that appointment she served in Australia as the Managing Director of General Mills from June 1999 to August 2004. Prior to that appointment she served as the Marketing Director. Ms. Chugg brings to our Board valuable expertise in the areas of developing, marketing and branding innovative products, and also in human resources development. In addition, she has a global perspective having operated significant businesses for General Mills in both Australia and the United States. Ms. Chugg is also a current director and member of the Audit and Nominating and Governance Committees at VF Corporation, a leading apparel products company. |
| Other Directorships: | Ms. Chugg is a director of VF Corporation. |

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Thomas W. Handley

| | |
|-----------------------|---|
| Age: | 57 |
| Director Since: | 2010 |
| Principal Occupation: | Senior Executive Vice President (Corporate), Vice President, Global Food & Beverage and Asia Pacific Latin America Sectors, Ecolab Inc., an \$11 billion global company, the global leader in water, hygiene and energy technologies and services that provide and protect clean water, safe food, abundant energy and health environments, located in St. Paul, Minnesota. |
| Business Experience: | <p>Mr. Handley has been with Ecolab Inc. since August 2003. Prior to his appointment as Vice President of Ecolab's Global Food & Beverage (since September 2009) and Asia Pacific and Latin America Sectors (since January 2011), Mr. Handley served as President, Industrial and Services North America Sector from December 2007 to August 2009 and as Executive Vice President, Industrial Sector from April 2006 to November 2007. Prior to that he served as Executive Vice President of the Specialty and Services Sector from January 2004 to March 2006 and as Ecolab's Senior Vice President of Strategic Planning from August to December of 2003. Before joining Ecolab, Mr. Handley held various management positions with The Procter & Gamble Company (P&G) from 1981 to 2003, including Vice President and General Manager for P&G's paper products businesses in Japan and Korea as well as a Vice President for Feminine Care Strategic Planning and Global Marketing. Mr. Handley also held general management assignments in Asia and Mexico for P&G. Mr. Handley brings a valuable operating perspective to our Board due to his broad experience in a variety of markets and businesses both domestically and internationally while at P&G and Ecolab. He also has experience with increasing Ecolab's presence in new markets, something which is critical to H.B. Fuller's growth strategy. In addition, Mr. Handley has governance experience in a variety of settings, both from a management perspective at Ecolab and as a board member of several non-profit organizations and foundations.</p> |

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Alfredo L. Rovira

| | |
|-----------------------|---|
| Age: | 66 |
| Director Since: | 2003 |
| Principal Occupation: | Managing partner of the law firm of Brons & Salas, Abogados and Co-Chair of the Corporate Law Department of that firm, located in Buenos Aires, Argentina. |
| Business Experience: | Mr. Rovira has been associated with Brons & Salas since 1970, has served as managing partner since April 1992, and has served, first as Chairman since 1984 and later as Co-Chair of the Corporate Law Department, since April 1992. Mr. Rovira has extensive experience as a recognized legal expert in the areas of corporate, securities and merger and acquisition law. He also has extensive experience as an arbitrator involving both domestic and multinational companies. Mr. Rovira also is a Professor of Business Law at the University of Buenos Aires School of Law. Mr. Rovira brings a global perspective to our Board and his experience is especially valuable as it relates to our Latin America businesses, for which he served as outside legal counsel in Argentina for several years prior to his joining the Board. During his tenure on our Board and in combination with his years of service as the Company's Argentina legal counsel, Mr. Rovira has developed an in-depth knowledge of our Company and its businesses. |

How can a shareholder suggest a candidate for election to the Board?

The Corporate Governance and Nominating Committee of the Board nominates all candidates for election to the Board. Generally, current directors or third party search firms engaged by the Corporate Governance and Nominating Committee identify candidates for consideration by the Committee. No third party search firm was engaged during fiscal 2011. The Corporate Governance and Nominating Committee will review all nominees to the Board of Directors, including an assessment of a nominee's judgment, experience, independence and such other factors as the Corporate Governance and Nominating Committee concludes are pertinent in light of the Board's needs. The Board of Directors believes that its membership should reflect a diversity of experience, skills, geography, gender and ethnicity. The Board of Directors considers each of these factors when evaluating director nominees and evaluates the makeup of the Board of Directors with regard to these factors on an ongoing basis as it searches for and asks director nominees to join the Board. The Corporate Governance and Nominating Committee will select qualified nominees and review its recommendations with the Board, which will decide whether to invite any nominee to join or stand for re-election to the Board. The Committee will consider candidates recommended by any shareholder using the same criteria set forth above. Recommendations may be sent to the Corporate Governance and Nominating Committee in care of the Corporate Secretary of H.B. Fuller. No shareholder recommended any candidate during fiscal year 2011.

Who are the remaining directors?

The directors not standing for election at the meeting and whose service will continue until the end of their respective terms also provided the following information about themselves as of January 31, 2012.

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Class II (Term Ending in 2013)

John C. van Roden, Jr.

| | |
|-----------------------|--|
| Age: | 62 |
| Director Since: | 2003 |
| Principal Occupation: | Presiding Director, Airgas, Inc., the largest U.S. distributor of industrial, medical and specialty gases, and hardgoods, such as welding equipment and supplies. |
| Business Experience: | Mr. van Roden served as Chairman of the Board of Airgas, Inc. from September 2010 through August 2011. Prior to this appointment, Mr. van Roden was a private investor. In February 2005, Mr. van Roden was appointed Executive Vice President and Chief Financial Officer of Glatfelter, Inc., a global supplier of specialty papers and engineered products, and served in that capacity until January 2007, at which time he became a consultant. Mr. van Roden brings a broad range of management and finance experience to our Board. During the course of his career, Mr. van Roden has held leadership roles in the finance area for a number of public companies, including as the Chief Financial Officer of Glatfelter, Inc., Conectiv (energy) and Lukens, Inc. (specialty steel manufacturer). This expertise along with his extensive experience serving on the boards of several other public companies, including Chairman of the Board of Airgas, Inc., provides additional depth to our Board's leadership and governance capabilities. During his nine years of service on our Board, Mr. van Roden has developed extensive knowledge of our Company and its businesses. |
| Other Directorships: | Mr. van Roden is Presiding Director of Airgas, Inc., and a director of Penn Virginia GP Holdings, L.P. and Horsehead Corporation. |

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James J. Owens

| | |
|-----------------------|---|
| Age: | 47 |
| Director Since: | 2010 |
| Principal Occupation: | President and Chief Executive Officer, H.B. Fuller Company. |
| Business Experience: | Mr. Owens was appointed President and Chief Executive Officer of H.B. Fuller Company in November 2010. Prior to that appointment, he served as Senior Vice President, Americas from January to November 2010 and as Senior Vice President, North America from August 2008 to January 2010. Prior to joining H.B. Fuller Company, Owens served as Senior Vice President to Henkel Corporation, a global manufacturer of home care products, cosmetics, toiletries and adhesives products, from April to August 2008 and served as Corporate Vice President and General Manager, National Adhesives from December 2004 to April 2008. Mr. Owens spent 22 years with National Starch's adhesives business, a division of ICI (Imperial Chemical Industries Limited), in a variety of management positions, including vice president and general manager of the, Europe/Middle East and Africa; corporate vice president and general manager of the North American adhesives business; business director for the pressure sensitive and laminating adhesives businesses; marketing manager; and technical services manager. As President and Chief Executive Officer of H.B. Fuller Company and through his career-long experience in the adhesives industry, Mr. Owens brings to the Board discussions and deliberations deep knowledge of the industry and he is the voice of management on the Board. He also brings unique experience gained as a result of his service on the Board of Directors for the Adhesives and Sealants Council for the past eight years, most recently as Chairman. |

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Class III (Term Ending in 2014)

J. Michael Losh

| | |
|-----------------------|--|
| Age: | 65 |
| Director Since: | 2001 |
| Principal Occupation: | Private Investor |
| Business Experience: | Mr. Losh was the interim Chief Financial Officer of Cardinal Health, Inc., a provider of products and services for the health care market, located in Dublin, Ohio, from July 2004 to May 2005. He was the Chairman of Metaldyne Corporation (now a wholly-owned subsidiary of Asahi Tec Corporation), a global designer and supplier of high quality, metal-formed components, assemblies and modules for the transportation industry headquartered in Plymouth, Michigan, from 2000 to 2002. Prior to that position, Mr. Losh was employed by General Motors Corporation from 1964 to 2000. Mr. Losh brings a wealth of global operating, financial and accounting experience through his 36-year career at General Motors, where he held a variety of roles in the United States, Brazil and Mexico, including Chief Financial Officer from 1994 to 2000. Mr. Losh meets all of the criteria to act as our audit committee financial expert. He also contributes extensive audit committee and corporate governance expertise, gained through his service on several other public company boards. During his 11 years of service on our Board, Mr. Losh has developed an in-depth knowledge of our Company and its businesses. He has been Chair or Co-Chair of the Audit Committee since 2003. |
| Other Directorships: | The Board of Directors has determined that Mr. Losh is an audit committee financial expert as that term is defined under the rules of the SEC. Prologis, Inc. (Prologis and AMB Property Corporation merged in June, 2011), AON Corporation, CareFusion Corporation, MASCO Corporation, and TRW Automotive Holdings Corporation. |

In addition to H.B. Fuller's Audit Committee, Mr. Losh serves on the audit committees of Prologis, Inc., AON Corporation, CareFusion Corporation, MASCO Corporation and TRW Automotive Holdings Corporation. The Board of Directors of H.B. Fuller has determined that such simultaneous service does not impair Mr. Losh's ability to effectively serve on our Audit Committee. This determination reflects Mr. Losh's experience and understanding of financial statements, accounting principles and controls and audit committee functions gained throughout his professional career, and his availability to devote time and attention to his service on each committee.

Table of Contents**Lee R. Mitau**

| | |
|-----------------------|--|
| Age: | 63 |
| Director Since: | 1996, Chairman of the Board since December 2006. |
| Principal Occupation: | Executive Vice President and General Counsel, U.S. Bancorp, a bank holding company headquartered in Minneapolis, Minnesota. |
| Business Experience: | Mr. Mitau has been Executive Vice President and General Counsel of U.S. Bancorp since 1995. Mr. Mitau serves as Chairman of the Board, Chair of our Corporate Governance and Nominating Committee and as a member of our Compensation Committee and has extensive public company legal and governance expertise. He is widely recognized as an expert in the area of corporate governance and is a highly regarded and sought after speaker in this discipline. He has gained expertise in the areas of corporate governance, corporate finance and mergers and acquisitions through his career as a practicing attorney with a global law firm, where he headed the firm's corporate and securities practice, and as the Executive Vice President, General Counsel and Secretary of U.S. Bancorp. In addition, since 1990, Mr. Mitau has served on the board of Graco Inc., where he is currently Chairman of the Board. During his sixteen years of service on our Board, Mr. Mitau has developed an in-depth knowledge of our Company and its businesses. Mr. Mitau's unique combination of experiences makes him particularly well-qualified to serve as our Chairman. |
| Other Directorships: | Mr. Mitau is Chairman of the Board of Graco Inc. |

R. William Van Sant

| | |
|-----------------------|--|
| Age: | 73 |
| Director Since: | 2001, Vice-Chairman of the Board since 2011. |
| Principal Occupation: | Operating Partner, Stone Arch Capital, LLC, a private equity fund based in Minneapolis, Minnesota. |
| Business Experience: | Mr. Van Sant joined Stone Arch Capital, LLC as an Operating Partner in January 2008. He served as President and Chief Executive Officer of Paladin (a Dover Company), a manufacturer of heavy-duty construction products headquartered in Cedar Rapids, Iowa, from August 2006 to December 2007 and he served as Chairman at Paladin from July 2005 to August 2006. In addition, he previously served as Chairman and Chief Executive Officer of Paladin from October 2003 to July 2005. Mr. Van Sant was an Operating Partner of Norwest Equity Partners, a leveraged buyout capital firm headquartered in Minneapolis, Minnesota, from 2001 to August 2006. Mr. Van Sant also served in a variety of roles in his nearly 30-year career at John Deere Company. Mr. Van Sant brings to our Board his expertise in management, finance and manufacturing operations, experience he has acquired over many years as a director, chairman or CEO with a variety of manufacturing companies, including Graco Inc. (where he chairs the Compensation Committee), Paladin, Nortax Inc., Lukens, Inc., Blount Inc. and Cessna Aircraft Company. Mr. Van Sant also brings a wealth of merger and acquisition and governance experience to our Board. Mr. Van Sant was appointed Vice Chairman of our Board of Directors in July, 2011. In addition, Mr. Van Sant has gained a detailed understanding of our Company and its businesses through his service on our Board during the past 11 years. |
| Other Directorships: | Mr. Van Sant is a director of Graco Inc. |

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CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board, upon recommendation of the Corporate Governance and Nominating Committee, has adopted Corporate Governance Guidelines, which summarize many of the corporate governance principles that the Board follows in governing H.B. Fuller. The guidelines are available for review on our website (www.hbfuller.com), in the *Governance* section of the Investor Relations page.

Code of Business Conduct

We have a Code of Business Conduct applicable to all of our directors and employees, including our principal executive officer, principal financial officer and principal accounting officer. A copy of this Code of Business Conduct is available for review on our website (www.hbfuller.com), in the *Governance* section of the Investor Relations page.

Communications with Directors

Any shareholder or other interested party may contact the Board, independent directors as a group, any committee or an individual director, by mailing a letter addressed to the Board, independent directors, committee or individual director in care of the Corporate Secretary. The Corporate Secretary reviews all communications, and after ascertaining whether such communications are appropriate to the duties and responsibilities of the Board, will forward such correspondence to the directors for their information and consideration. The Board has requested that the Corporate Secretary not forward the following types of communications to the Board: general solicitations for business or products, job applications or resumes, and any material that does not relate to the responsibilities of the Board.

Director Independence

Pursuant to our Corporate Governance Guidelines and the listing standards of the New York Stock Exchange (NYSE), the Board has determined that all current Board members, other than Mr. Owens, are independent. No director is considered independent unless the Board affirmatively determines that such director has no material relationship with H.B. Fuller. In assessing the materiality of any person's relationship with H.B. Fuller, the Board considers all relevant facts and circumstances, including not only direct relationships between H.B. Fuller and each director but also any relationships between H.B. Fuller and any entity with which a director is affiliated.

The Board of Directors reviewed certain transactions between H.B. Fuller and our directors and entities with which they are affiliated and determined that they were made or established in the ordinary course of business and that the directors had no direct or indirect material interest in the transactions. Mr. Mitau and Ms. Chugg recused themselves from this review and determination as it related to the entities with which they are affiliated. The Board considered lending, trustee and credit card services between the Company and U.S. Bank, the holding company of which Lee R. Mitau is the Executive Vice President and General Counsel. The Board also considered customer-supplier transactions between the Company and General Mills, Inc. of which Juliana Chugg is a Senior Vice President. After consideration of these relationships, the Board of Directors determined that the directors had no direct or indirect material interest in the transactions. In addition, the dollar amounts involved in the transactions with U.S. Bank and General Mills, Inc. fall below the thresholds set by the NYSE for director independence.

Meetings of the Board and Board Committees

Directors are expected to attend the Annual Meeting of Shareholders and all meetings (including teleconference meetings) of the Board and each committee on which they serve. During the 2011 fiscal

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year, the Board held eight scheduled meetings. The directors attended greater than 75% of the meetings of the Board and Board committees on which the directors served during the 2011 fiscal year. In addition, all of the directors attended our Annual Meeting of Shareholders held on April 14, 2011.

What are the roles of the Board's committees?

The Board of Directors is responsible for the overall affairs of H.B. Fuller. The Board conducts its business through meetings of the Board and three standing committees: Audit; Compensation; and Corporate Governance and Nominating. The Board has adopted a written charter for each committee. The charters for each of these committees are available for review on our website (www.hbfuller.com) in the *Governance* section of the Investor Relations page. Information regarding the three standing committees is set forth below. When necessary, the Board may also establish ad hoc committees to address specific issues.

Audit Committee

| | |
|-------------------------|-------------------|
| J. Michael Losh (Chair) | Juliana L. Chugg |
| Thomas W. Handley | Alfredo L. Rovira |

Number of Meetings in fiscal year 2011: Sixteen

Functions: The Audit Committee appoints the independent registered public accounting firm to audit our consolidated financial statements, oversees the audit and the independence and performance of our independent registered public accounting firm, determines and pre-approves the type and scope of all audit, audit-related and non-audit services provided by our independent registered public accounting firm, oversees our internal audit function, reviews the performance of our retirement plans and reviews the annual audited consolidated financial statements, accounting principles and practices and the adequacy of internal controls. In addition, the Audit Committee reviews the Company's risk management policies and procedures to assess their adequacy and appropriateness in the context of the Company's business and operating environment. This Committee also monitors compliance with our Code of Business Conduct and our Policy and Procedures Regarding Transactions with Related Persons.

All of the members of the Audit Committee are considered independent as that term is defined by our Corporate Governance Guidelines, the listing standards of the NYSE and the applicable rules and regulations of the SEC. The Board of Directors has also determined that Mr. J. Michael Losh satisfies the requirements of an audit committee financial expert as such term is defined under the rules and regulations of the SEC. The Audit Committee Report for fiscal year 2011 is included in this Proxy Statement.

Compensation Committee

| | |
|-----------------------------|------------------|
| R. William Van Sant (Chair) | Juliana L. Chugg |
| Thomas W. Handley | Lee R. Mitau |

Number of Meetings in fiscal year 2011: Six

Functions: The Compensation Committee establishes overall compensation programs and practices for executives and reviews and approves compensation, including salary, incentive programs, stock-

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based awards, retirement plans, perquisites and other supplemental benefits, employment agreements, severance agreements, change in control provisions and other executive compensation items for our executive officers. The Compensation Committee monitors the competitiveness, fairness and equity of our retirement plans and administers our stock-based compensation plans and individual awards.

The Compensation Committee annually reviews and approves compensation for our non-employee directors including retainers, fees, stock-based awards, and other compensation and expense items.

The Compensation Committee may delegate its authority to the Chair of the Compensation Committee to accelerate vesting of outstanding awards. The Committee intends this delegation of authority to be for situations of retirement or termination, and where it is impractical to obtain participation by all Committee members.

The Compensation Committee may use outside compensation consultants to provide compensation advice, competitive survey data and other reference market information related to trends and competitive practices in executive compensation. Beginning in April 2010, the Compensation Committee hired Buck Consultants, LLC, a wholly owned subsidiary of Xerox Corporation, to provide ongoing advice and information regarding design and implementation of the Company's executive compensation programs as requested by the Compensation Committee.

The Compensation Committee retained Buck Consultants to be its independent compensation consultant due to their independence and industry experience. Buck Consultants advises the Committee on director and executive compensation, but does no other work for the Company. The Company continues to use Towers Watson for actuarial, benefits, medical plan and employee engagement survey consulting services. During fiscal 2011, we purchased broad-based market compensation survey information from Towers Watson and Hewitt Associates. See discussion in the *Compensation Discussion and Analysis* section of this Proxy Statement.

The Compensation Committee believes that Buck Consultants provided candid, direct and objective advice to the Compensation Committee. To ensure independence:

The Compensation Committee directly hired and has the authority to terminate Buck Consultants

Buck Consultants is engaged by and reports directly to the Compensation Committee and its chairman

Buck Consultants has direct access to all members of the Compensation Committee during and between meetings

No Buck Consultants employee works for the Company

Buck Consultants does not provide any other services, other than compensation consulting services, to the Company

The Compensation Committee has approved direct interaction between Buck Consultants and management, however, these interactions are generally limited to discussions on behalf of the Compensation Committee and information that is presented to the Compensation Committee for approval

A representative of Buck Consultants may attend Compensation Committee meetings from time to time to serve as a resource for the Compensation Committee. In order to encourage independent review and discussion of executive compensation matters, the Compensation Committee and the committee

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chair may request meetings with the independent compensation consultant in executive session without management present.

During fiscal 2011, the Compensation Committee asked Buck Consultants to conduct a review and analysis of non-employee director compensation. Buck Consultants presented information regarding director compensation to the Compensation Committee, provided a market data report on director compensation and presented its findings and recommendations for discussion. Buck Consultants provided these services and reported directly to the Compensation Committee Chair.

All of the members of the Compensation Committee are considered independent as that term is defined by our Corporate Governance Guidelines and the listing standards of the NYSE. The Compensation Committee Report for fiscal year 2011 is included in this Proxy Statement.

Corporate Governance and Nominating Committee

| | |
|--|------------------------|
| Lee R. Mitau (Chair) | J. Michael Losh |
| Alfredo Rovira | John C. van Roden, Jr. |
| R. William Van Sant | |
| <u>Number of Meetings in fiscal year 2011:</u> Five | |

Functions: The Corporate Governance and Nominating Committee reviews matters of corporate governance, including our organizational structure and succession planning. This Committee evaluates and recommends new director nominees and evaluates each current director prior to nominating such person for re-election. The Corporate Governance and Nominating Committee reviews a director’s continued service if a director’s occupation changes during his or her term. This Committee also evaluates the performance of the Chairman of the Board, the President and Chief Executive Officer, and the directors, and makes recommendations to the Board regarding any shareholder proposals.

The Corporate Governance and Nominating Committee considers shareholder recommendations for potential director nominees. See *How can a shareholder suggest a candidate for election to the Board?*

All of the members of the Corporate Governance and Nominating Committee are considered independent as that term is defined by our Corporate Governance Guidelines and the listing standards of the NYSE.

Board’s Role in Oversight of Risk

In General

The Board believes that effective enterprise risk management must be an integral part of Board and Committee deliberations and activities throughout the year. As part of the enterprise risk management, the Board engages in the following activities throughout the fiscal year:

The full Board of Directors reviews annually the Company’s enterprise risk management process and a comprehensive assessment of key financial, operational and strategy risks identified by management, as well as mitigating practices.

The full Board of Directors discusses risks related to the Company’s annual financial plan and budget each fiscal year and risks related to the Company’s strategy at meetings where the strategy is presented and reviewed.

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The Board of Directors also encourages management to promote a corporate culture that integrates risk management into the Company's strategy and day-to-day business operations in a way that is consistent with the Company's targeted risk profile.

Each committee conducts its own risk assessment and management activities throughout the year (some of which are highlighted in the section on board committees above), and reports its conclusions to the Board.

Through these processes, the Board oversees a system to identify, assess and address material risks to the Company on a timely basis. In fiscal year 2011 management conducted a comprehensive review of our enterprise risk management activities. As a result of this review additional resources were committed to the program and focus was put on the highest risk areas. In addition, the Board's leadership structure, as described below in the section titled "Board Leadership Structure" supports its role in risk oversight.

Risk Assessment of Compensation Programs

In fiscal 2010, management conducted a risk assessment of the Company's policies and programs relating to the compensation of employees, including those that apply to our executive officers. The format of this review was discussed with and approved by the Compensation Committee. This risk assessment included categorizing the Company's compensation programs across all of our regions by type of program and potential risks in such programs, focusing on risk mitigation factors in the programs and the processes surrounding the payouts of incentive compensation in particular. A cross functional team reviewed the findings of the assessment with several members of executive management and with the Compensation Committee's independent compensation consultant, Buck Consultants. The review was then presented to the Compensation Committee. Some of the risk mitigation factors by type of plan were as follows (noting that base salary does not encourage risk-taking because it is a fixed amount):

Short-term incentive plan: Our short-term incentive program was designed in order to promote an appropriate balance between risk-taking and rewards for achieving results. We include caps on our short-term incentive program that prevent undue risk taking for short-term gains. In addition, our short-term incentive program uses a balance of four to five metrics addressing a combination of growth, profitability and sustainable return. We include earnings per share as one of these measures to align our executive officer incentives with our shareholders' interests. Finally, our short-term incentive program metrics are aligned with our long-term strategic objectives.

Long-term incentive plan: Our long-term incentive program has an important role in managing risk in our compensation programs. When our executive officers receive stock options, restricted stock and/or restricted stock units, and when they are expected to comply with stock ownership guidelines (see discussion under the section titled "Stock Ownership Guidelines" below), they are incented to make decisions with a view toward the long-term interests of shareholders versus making decisions that would affect only short-term gain.

In fiscal 2011, management conducted a risk assessment of the Company's policies and programs relating to the compensation of employees, including those that apply to our executive officers with a focus on those programs that had changed from the prior fiscal year review. The format of this review was similar to that conducted in the prior fiscal year.

Management discussed the findings of the risk assessment with the Compensation Committee. Based on the assessment, the Company believes that its compensation policies and practices create an appropriate balance between our base salary compensation, short-term incentive compensation

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and long-term incentive compensation, thereby reducing the possibility of imprudent risk-taking, and that its compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Board Leadership Structure

Our Corporate Governance Guidelines provide that the Board of Directors has no policy with respect to the separation of the offices of Chairman and Chief Executive Officer. Separation of these offices is an issue that is to be addressed as part of the Company's succession planning. When the Chairman and Chief Executive Officer are separate offices, the Chairman will serve as the Presiding Director. However, when the Chief Executive Officer also holds the position of Chairman, a Presiding Director will be appointed by the Board to further the achievement of a strong, independent Board with an appropriate balance between the Board and the Chief Executive Officer. In such cases, the Chair of the Corporate Governance and Nominating Committee shall serve as the Presiding Director.

Mr. Mitau has served as our independent Chairman of the Board since December 2006 and in this capacity has acted as the Presiding Director at Board of Director meetings and during executive sessions of the non-management directors. Our Board has separated the roles of Chairman of the Board and CEO since 2006 because our current CEO and our previous CEO both had limited public company chief executive officer experience at the time of each of their elections to the Board. Mr. Mitau serves as the Chairman of the Board of Graco Inc. and has significant public company experience. The CEO, in consultation with the Chairman, establishes the agenda for each Board meeting. At the beginning of each fiscal year the Chairman also publishes a schedule of topics to be discussed. During fiscal 2011, the Board also elected Mr. Van Sant as Vice-Chairman of the Board. In this role he provides special assistance, oversight and guidance to the Chairman of the Board in performing the duties of the Chairman and he provides counsel to the CEO.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During fiscal year 2007, the Board of Directors adopted a written policy and procedures for the review, approval or ratification of transactions with executive officers, directors and nominees for director and their immediate family members. In general, the policy provides that certain transactions with these related persons and their immediate family members and certain transactions with any person who is a security holder known to us to be the beneficial owner of more than five percent of any class of our stock, are subject to the review, approval and/or ratification of the disinterested members of the Audit Committee. If ratification of a transaction is not forthcoming, management must make all reasonable efforts to cancel or annul that transaction. If a transaction with a related party is entered into without the pre-approval of the Audit Committee, it shall not be deemed to violate these policies and procedures, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into or brought to the Company's attention. All executive officers and directors of H.B. Fuller are informed in writing on an annual basis of these policies and procedures. The Audit Committee may use any process and review any information that it determines is reasonable in order to determine if a transaction is fair and reasonable and on terms no less favorable to H.B. Fuller than could be obtained in a comparable arm's length transaction with a third party unrelated to H.B. Fuller.

In addition, on an annual basis, each of our directors and executive officers completes a questionnaire and discloses information regarding entities with which they and their immediate family members are affiliated. Any person nominated for election as a director must complete a questionnaire no later than the date he or she becomes a member of the Board of Directors. Any person who becomes an executive officer must complete a questionnaire as soon as reasonably practicable thereafter.

Our Audit Committee annually reviews all transactions and relationships disclosed in the director and officer questionnaires and approves or ratifies, as applicable, any transactions with related persons. The Board of Directors makes a formal determination regarding each director's independence.

During fiscal year 2011, we had transactions, arrangements and relationships with entities with which some of our related persons, specifically certain of our directors, are affiliated. However, in accordance with the procedures in the Company's policy, the Audit Committee determined that those related persons had no direct or indirect material interest in those transactions, arrangements and relationships.

Table of Contents**DIRECTOR COMPENSATION**

The form and amount of compensation for each director is determined and reviewed at least annually by the Compensation Committee. Such compensation reflects the practices of boards of similar public companies and is comprised of cash and H.B. Fuller Common Stock (or its equivalents). Similar to our executive compensation policy, the practice of generally aligning to the market median/50th percentile also applies to our director compensation.

2011 Review of Director Compensation

The Compensation Committee uses Buck Consultants, LLC, a wholly owned subsidiary of Xerox Corporation, to provide ongoing advice and information regarding design and implementation of the Company's executive and director compensation programs as requested by the Compensation Committee. See further discussion regarding the Compensation Committee's independent consultant under the heading "Compensation Committee" in the Corporate Governance section in this Proxy Statement. At the July 2011 meeting, the Compensation Committee reviewed a market analysis conducted by Buck Consultants relating to overall director compensation competitiveness, including annual board retainers, board meeting fees, committee meeting fees, committee chair retainers and annual stock-based awards. The market analysis included our peer group (see section titled "Peer Group Data" in this Proxy Statement) and a subset of our peer group with revenues under \$3 billion. After a review of the market comparison data, the Compensation Committee determined to increase the annual Board retainer fee from \$35,000 to \$40,000 in order to align to the market median/50th percentile for total compensation for the non-executive directors.

Cash Fees

The following fees are paid to our non-employee directors:

| | |
|--|--------------------------|
| Annual Board retainer | \$ 40,000 ⁽¹⁾ |
| Annual retainer for non-executive Chairman of the Board | \$ 70,000 |
| Annual retainer for non-executive Vice-Chairman of the Board | \$ 30,000 |
| Annual retainer for Audit Committee Chair | \$ 10,000 |
| Annual retainer for Compensation Committee Chair and Corporate Governance and Nominating Committee Chair | \$ 7,500 |
| Daily attendance fee for each Board meeting | \$ 1,000 |
| Attendance fee for each Committee meeting, either in person or via telephone | \$ 1,000 |
| Attendance fee for each Committee ad-hoc telephone meeting | \$ 500 |

(1) During the July 2011 meeting, the Compensation Committee increased the annual Board retainer from \$35,000 to \$40,000 effective for the fourth quarter of our fiscal year. The annual Board retainer for the first three quarters of fiscal 2011 was \$35,000.

Mr. Owens, our President and Chief Executive Officer, does not receive separate compensation for serving as a director or for attendance at any meeting.

Travel Reimbursement

We also reimburse each director for any out-of-pocket expenses related to attendance at any meeting or arising from other H.B. Fuller business. If a non-employee director must travel to and from a meeting held in the United States on a day other than the day in which he/she receives any board or meeting fees, the director will be reimbursed \$500 per day. For meetings held outside the United States and in the western hemisphere, non-employee directors are reimbursed \$500 for travel each

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way. For meetings held outside the United States and in the eastern hemisphere, non-employee directors are reimbursed \$1,000 for travel each way. The purpose of these payments is to reimburse non-employee directors fairly and equitably for significant travel time spent to and from H.B. Fuller Board of Directors meetings and/or committee meetings.

Equity Awards

In addition to the retainer, meeting and attendance fees described above, the Board believes it is important that each director have an economic stake in our Common Stock. As a result, the Compensation Committee typically makes an annual grant of shares of restricted Common Stock or an award of Common Stock units to each non-employee director. On July 7, 2011, the Compensation Committee made a discretionary award of 2,778.88 H.B. Fuller Common Stock units to each currently serving non-employee director under the H.B. Fuller Company Directors' Deferred Compensation Plan (DDCP). This plan is described below. For this award, the Committee approved an award value of \$70,000 per director (based on a review of market data) which was divided by the fair market value of our Common Stock on the date of grant to determine the number of units awarded.

In addition, each non-employee director typically receives a one-time grant of restricted H.B. Fuller Common Stock (or its equivalent) upon his or her initial election to the Board. These Common Stock (or its equivalent) awards are granted under our 2009 Director Stock Incentive Plan, which is described below. These shares vest three or four years from the date of grant subject to continued service during that period.

Directors' Deferred Compensation Plan

Under this plan, directors may elect to defer all or a percentage of their retainer, attendance and meeting fees. Deferred amounts are credited with gains and losses based on the performance of certain mutual funds or H.B. Fuller Common Stock as elected by the director prior to deferring any fees. Directors who elect their retainer, attendance or meeting fees to be deferred into H.B. Fuller Common Stock units as an investment are credited with phantom stock units that will be paid out in shares of Common Stock. Phantom stock units are credited with dividend equivalents equal to the amount of dividends, if any, paid on an equal number of shares of H.B. Fuller Common Stock. The dividend equivalents are converted into additional phantom stock units based on the fair market value of H.B. Fuller Common Stock on the dividend payment date. If a participant elects to defer retainer, attendance or meeting fees into the H.B. Fuller Common Stock account in this plan, we make a 10% matching contribution of additional phantom stock units to the amount invested in H.B. Fuller Common Stock by the director. The phantom stock units credited to the directors' accounts do not have voting rights. In addition, the Compensation Committee may make discretionary contributions to a participant's Common Stock account under this plan. As described above, during fiscal year 2011, the Committee exercised this discretion and awarded each non-employee director 2,778.88 H.B. Fuller Common Stock units under this plan.

Any amounts deferred under this plan are paid in shares of Common Stock or cash (depending on the election made by the director) at the earliest to occur of:

The later of the date of the director's retirement (that is, the date of resignation or removal from the Board or the end of the director's elected term) or such other date as elected and specified by the director, which is subject to approval by the Compensation Committee and is made only at the time of the director's initial elections and is irrevocable;

disability;

death;

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the date of a change in control of H.B. Fuller; or

the date of termination of the plan.

2009 Director Stock Incentive Plan

Under this plan, we may issue to non-employee directors restricted stock, restricted stock units, options, stock appreciation rights, performance awards or other stock-based awards. In addition, shares of H.B. Fuller Common Stock are issued under this plan to satisfy any requirements under the DDCP. The Compensation Committee determines the type, amount and other terms and conditions of any awards under this plan.

Physical Examinations

Non-employee directors are reimbursed for an annual physical examination and related expenses. In fiscal year 2011, only J. Michael Losh received reimbursement for a physical examination.

Matching Gifts to Education Program

Under this program, we match a non-employee director's contributions (up to \$1,000) to eligible educational institutions. These amounts are shown in the All Other Compensation column of the Director Compensation Table in this Proxy Statement.

Director Compensation Table Fiscal Year 2011

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards (\$) ⁽¹⁾ | All Other Compensation (\$) ⁽²⁾ | Total (\$) |
|------------------------------------|--|-------------------------------------|--|---------------|
| Juliana L. Chugg | 67,750 | 70,000 | 96 | 137,846 |
| Thomas W. Handley ⁽³⁾ | 70,250 | 70,000 | 6,586 | 146,836 |
| J. Michael Losh ⁽⁴⁾ | 80,250 | 70,000 | 10,077 | 160,327 |
| Lee R. Mitau ⁽⁵⁾ | 138,750 | 70,000 | 19,789 | 228,539 |
| Alfredo L. Rovira | 72,250 | 70,000 | - | 142,250 |
| John C. van Roden, Jr. | 62,250 | 70,000 | 1,000 | 133,250 |
| William R. Van Sant ⁽⁶⁾ | 98,750 | 70,000 | 10,875 | 179,625 |

(1) The amounts in this column are calculated based on the fair market value of our Common Stock on the date the award was made in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718). Each non-employee director received an award of 2,778.88 Common Stock units on July 7, 2011 with a grant date fair value of \$70,000.

The aggregate number of shares of restricted H.B. Fuller Common Stock and deferred stock units held by each non-employee director as of December 3, 2011 were as follows:

| Name | Shares of Restricted Stock (#) | Deferred Common stock Units (#) |
|------------------------|--------------------------------------|--|
| Juliana L. Chugg | 0 | 14,154 |
| Thomas W. Handley | 1,326 | 9,304 |
| J. Michael Losh | 0 | 69,390 |
| Lee R. Mitau | 0 | 105,652 |
| Alfredo Rovira | 0 | 26,245 |
| John C. van Roden, Jr. | 0 | 17,894 |
| R. William Van Sant | 0 | 59,838 |

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No non-employee director held any stock options as of December 3, 2011.

- (2) These amounts represent the following: for Ms. Chugg, dividends paid on unvested restricted stock; for Mr. Handley, dividends paid on unvested restricted stock and a 10% company match pursuant to the DDCP, in the amount of \$6,198; for Mr. Losh, a 10% company match pursuant to the DDCP, in the amount of \$8,025, a director physical of \$1,052 and a matching gift by H.B. Fuller to a qualified educational institution of \$1,000; for Mr. Mitau, dividends paid on unvested restricted stock, a 10% company match pursuant to the DDCP in the amount of \$13,875 and a matching gift by H.B. Fuller to a qualified educational institution of \$1,000; for Mr. van Roden, a matching gift by H.B. Fuller to a qualified educational institution of \$1,000; and for Mr. Van Sant, a 10% company match pursuant to the DDCP in the amount of \$9,875 and a matching gift by H.B. Fuller to a qualified educational institution of \$1,000.
- (3) Mr. Handley elected to receive 100% of his annual retainer and meeting fees in Common Stock units in lieu of cash during the 2011 calendar year (he elected to receive 100% of his annual retainer and meeting fees in cash for the 2010 calendar year). That election resulted in the conversion of \$65,250 into 2,834 Common Stock units. This amount does not include any dividend equivalents or match paid by the Company.
- (4) Mr. Losh elected to receive 100% of his annual retainer and meeting fees in Common Stock units in lieu of cash. That election resulted in the conversion of \$80,250 into 3,770 Common Stock units. This amount does not include any dividend equivalents or match paid by the Company.
- (5) Mr. Mitau elected to receive 100% of his annual retainer and meeting fees in Common Stock units in lieu of cash. That election resulted in the conversion of \$138,750 into 6,689 Common Stock units. This amount does not include any dividend equivalents or match paid by the Company.
- (6) Mr. Van Sant elected to receive 100% of his annual retainer and meeting fees in Common Stock units in lieu of cash. That election resulted in the conversion of \$98,750 into 4,712 Common Stock units. This amount does not include any dividend equivalents or match paid by the Company.

Stock Ownership Guidelines

We have and maintain goals for stock ownership by all non-employee directors. Our goal for director stock ownership is five times the annual board retainer within five years of becoming a director. A review of director stock ownership was conducted using June 30, 2011 stock values. At the time of this review, all directors had met or exceeded this goal except for Mr. Handley, who became a director in July 2010.

| Director | % of Target as of June 30, 2011 | Years as a Director as of June 30, 2011 |
|---------------------|--|--|
| Juliana L. Chugg | 175% | 4 |
| Thomas W. Handley | 85% | 1 |
| J. Michael Losh | 735% | 10 |
| Lee R. Mitau | 596% | 14 |
| Alfredo L. Rovira | 349% | 8 |
| John van Roden | 397% | 8 |
| R. William Van Sant | 488% | 10 |

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

This Compensation Discussion and Analysis describes the material elements of compensation awarded to each of our executive officers listed in the Summary Compensation Table in this Proxy Statement (the "named executive officers"). This discussion and analysis focuses on the information contained in the tables and accompanying footnotes and narrative for fiscal year 2011 which follow this Compensation Discussion and Analysis. We discuss compensation actions taken during fiscal years 2010 and 2012 to the extent they enhance the understanding of our executive compensation program for fiscal year 2011.

Fiscal 2011 Business Conditions and Results. In our Annual Report on Form 10-K for fiscal year 2010, the Company indicated four immediate priorities: to execute our strategy more quickly, to manage our margins, to maximize the return on the Company's investment in people and capabilities, and to focus on innovation. We believe our focus on these priorities contributed to a second consecutive year of strong organic growth, a positive trend in gross margin progression throughout the year and the leveraging of our investments to drive down selling, general and administrative expense as a percent of net revenue. We are making steady progress towards the Company's long-term financial goals. Although the global economic conditions showed little or no improvement in fiscal year 2011, our net revenue increased 14.9 percent over fiscal year 2010. The increase in net revenue was primarily driven by the 11.4 percent organic sales growth compared to 2010. Our diluted earnings per share for fiscal year 2011 increased to \$1.79 per share from \$1.43 per share in 2010. In fiscal 2011 we increased the dividend we pay to shareholders by 7 percent. Please also see Management's Discussion and Analysis of Financial Conditions and Results of Operations section in our Annual Report on Form 10-K for more information on our fiscal year 2011 financial performance.

Fiscal 2011 Compensation Actions. Our financial results for fiscal 2011 directly affected the compensation paid to the named executive officers for fiscal 2011. The short-term incentive plan is a key way we link Company performance to compensation for our named executive officers. In setting the financial metrics for our short-term incentive program for fiscal year 2011, our Compensation Committee reviewed company performance expectations and budgeted targets. The annual short-term incentive award targets were set based on predetermined ranges for the achievement of the established performance measures, including EPS, organic revenue, operating income and net working capital. The targets that were set were considered to be challenging, but achievable. For 2011, our CEO received a short-term incentive payout at 103% of target and short-term incentive payouts ranged from 73% to 107% of target for our other named executive officers. See section below titled "Analysis of Fiscal 2011 Short-Term Incentive Awards" for a description of the targets and actual results.

In addition, long-term incentive awards granted in January 2011 were granted at target for all named executive officers (except for Mr. Trippel who was hired in April 2011) in recognition of continued progress on our long-term financial goals and strategic objectives.

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Changes to Our Executive Compensation Program. In general, the economic environment of the last three years has not changed our approach to our executive compensation program. We continue to use base salary, a short-term cash incentive program and a long-term incentive program with equity grants to attract and motivate our executive officers to achieve results that are in the long-term best interest of our shareholders. We generally align to the market median for the three main elements of compensation and we review these elements each year. In January 2011, the Compensation Committee reviewed the weighting of financial metrics in the short-term incentive plan. The Compensation Committee approved revisions to the short-term incentive metrics for fiscal year 2011 for the CEO, regional operating and business unit positions, which place more emphasis on achievement of increases in operating income. The weighting of the organic revenue metric was decreased to offset the increased emphasis on profitability as measured by operating income. Finally, in September 2011, the Compensation Committee determined that if after five years in the position, a named executive officer has not met his/her stock ownership goal, the named executive officer must retain 100% of all after-tax profit shares from any exercise, vesting or payout of equity awards until the stock ownership guideline is met.

Philosophy

The philosophy of our executive compensation program is to provide a competitive compensation package that rewards executive officers for sustained financial and operating performance that creates long-term value for our shareholders. We have designed and implemented our compensation programs for our executive officers to meet three principal goals:

Attract and retain qualified executive officers;

Motivate these individuals to achieve short-term and long-term corporate goals that enhance shareholder value, without undue risk-taking; and

Support H.B. Fuller's core beliefs and culture by promoting equity among executive officer positions, while considering external competitiveness and differences in job responsibilities.

To meet these goals, H.B. Fuller has the following guidelines:

Pay compensation that is competitive with the practices of companies in a broad number of industries, as well as in the chemical industry, with revenues comparable to our revenues;

Pay for performance by setting challenging performance goals for our executive officers and providing a short-term incentive plan that is based upon achievement of these goals; and

Provide long-term incentives in the form of stock options, restricted stock and/or restricted stock units that are designed to increase long-term shareholder value by aligning the interests of our executive officers with those of our shareholders.

These guidelines are considered by the Compensation Committee when the various elements of the executive compensation program are being assessed. We strive to keep each individual element of compensation at or near the market median/50th percentile, therefore keeping our total target compensation at approximately the market median/50th percentile.

Competitive Market

We use several surveys and data points when we review executive compensation as described further below.

General Survey Data. We define our market as a broad range of companies across various industries in the \$1-3 billion revenue category. We chose this revenue category because revenue from our prior fiscal year was in this range and revenue from fiscal 2011 was expected to be in this range.

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The Compensation Committee uses published survey data from the following sources for our executive compensation analysis:

Hewitt Associates (\$1 2.49 billion revenue category for corporate positions)

Towers Watson (\$1 3 billion revenue category for corporate positions)

H.B. Fuller participates in both of these surveys. The Hewitt Associates survey includes 357 companies and is titled Total Compensation Measurement™ (TCM™) Executive Total Compensation by Industry United States 2010 ; the Towers Watson survey includes 809 companies and is titled U.S. CDB General Industry Executive Database 2010 Descriptive Statistics Report.

For Mr. Kenny in our EIMEA region, the Compensation Committee reviews his total compensation relative to the market approximately every other year. Last year, we utilized additional data from Towers Watson that did not come from the survey referenced above for Mr. Kenny's position. We determined it to be market competitive and will review his total compensation relative to the market again in fiscal 2012.

Peer Group Data. Our peer group consists of the following companies:

| | | |
|----------------------------|---|-----------------------------|
| Albemarle Corp. | Ferro Corp. | Polyone Corp. |
| Arch Chemicals Inc. | FMC Corp. | RPM International Inc. |
| Ashland Inc. | Georgia Gulf Corp. | A. Schulman, Inc. |
| Avery Dennison Corporation | Hexcel Corp. | Sensient Technologies Corp. |
| Cabot Corp. | International Flavors & Fragrances Inc. | Sigma-Aldrich Corp. |
| Celanese Corp. | The Lubrizol Corp. | Solutia Inc. |
| Cytec Industries Inc. | Nalco Holding Co.* | Valspar Corp. |
| Eastman Chemical Co. | Olin Corp. | |
| Ecolab Inc.* | OM Group, Inc. | |

These companies represent global, publicly-traded chemical and allied products companies in the 2800 Standard Industrial Classification Code with revenues between \$1.2 billion to 9 billion. No changes were made to the composition of the peer group during fiscal 2011.

*Ecolab Inc. and Nalco Holding Company merged effective on December 1, 2011.

Use of Market Data in Fiscal 2011

When analyzing compensation paid to named executive officers, the Compensation Committee uses specific data that matches revenue and job responsibilities from the published surveys. For fiscal 2011, the above-referenced survey data used by the Compensation Committee to review total compensation (base salary, short-term incentive compensation and long-term incentive compensation) for our executive officers showed that our total compensation was generally in line with the market data matched according to revenue and job responsibilities.

In addition, for the named executive officers in our 2011 Proxy Statement, management and the Compensation Committee used the peer group data, in conjunction with the general survey, as a reference point for compensation design considerations. This data was derived from proxy statement data available from an Equilar database. Buck Consultants provided regressed values for our peer group pay level data for the named executive officers in our 2010 Proxy Statement (excluding the CEO, whose compensation is discussed separately under the Section titled *Analysis of Fiscal 2011 Base Salaries* below) to provide a general perspective of compensation for a company of our size.

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However, the primary data sources for pay level information for all of our executive officers are the survey sources listed in the section titled *General Survey Data* .

The Compensation Committee uses survey data and peer group data because these sources of data are considered reliable market information. When we refer to market data in the rest of this Compensation Discussion and Analysis, unless otherwise noted, we are referring to the *General Survey Data* and the *Peer Group Data* discussed above.

Compensation Process

The Compensation Committee reviews and approves all elements of compensation for our Chief Executive Officer, (CEO), taking into account the Board of Directors' review and assessment of the performance of the CEO as well as competitive market data and information from our human resources personnel and its independent compensation consultant. The Compensation Committee also reviews and approves all elements of compensation for our other executive officers, taking into account the recommendations of the CEO, as well as competitive market data and information from our human resources personnel and from the Compensation Committee's independent compensation consultant.

In determining the particular elements of compensation that will be used to implement our overall compensation policies, the Compensation Committee takes into consideration factors related to H.B. Fuller's performance, such as H.B. Fuller's earnings and revenue growth, and business-unit-specific operational and financial performance. Other considerations include H.B. Fuller's business objectives, its corporate responsibilities (including equity among executive officer positions and affordability), competitive practices and trends, and regulatory requirements. In deciding on the type and amount of compensation for each executive officer, the Compensation Committee focuses on both the current pay and the opportunity for future compensation, and combines the compensation elements for each executive officer in a manner that optimizes the executive officer's contribution to H.B. Fuller.

The Compensation Committee on occasion meets with the CEO and/or certain other executive officers to obtain recommendations with respect to our compensation program, practices and packages for executive officers and directors. The Compensation Committee considers, but is not bound to and does not always accept, management's recommendations with respect to executive compensation. The CEO typically attends the Compensation Committee's meetings, except when his compensation package is discussed. In addition, the Compensation Committee also holds executive sessions not attended by any members of management.

The Role of Shareholder Say-on-Pay Votes. The Company provides its shareholders with the opportunity to cast an annual advisory vote on executive compensation (a *say-on-pay proposal*). At the Company's annual meeting of shareholders held in April 2011, a substantial majority of the votes cast on the say-on-pay proposal were voted in favor of the proposal. The Compensation Committee believes that this is an overall endorsement by the shareholders of support of the Company's approach to executive compensation, and did not change its approach materially in fiscal year 2011. The Compensation Committee will continue to take into account the outcome of the Company's say-on-pay votes when making future compensation decisions for the named executive officers.

Compensation Consultant

The Compensation Committee uses Buck Consultants, LLC, a wholly owned subsidiary of Xerox Corporation, to provide ongoing advice and information regarding design and implementation of the Company's executive compensation programs as requested by the Compensation Committee. See further discussion regarding the Compensation Committee's independent consultant under the heading *Compensation Committee* in the Corporate Governance Section in this Proxy Statement. In this

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Proxy Statement, we discuss the use of compensation consultants when the Compensation Committee utilized its independent consultant for a specific project. In addition, from time to time, management receives information from the compensation consultant in preparation for Compensation Committee meetings.

Key Elements of the Executive Compensation Program

The key elements of the executive compensation program are:

| Element of Compensation | Type of Compensation | Purpose | How Impacted by Performance |
|--------------------------------|--|---|---|
| Base Salary | Cash | Attract and retain high caliber executive talent with competitive fixed compensation | Not performance based |
| Short-term incentive | Cash | Aligns executive performance with achievement of company strategic goals and objectives and provides financial reward for meeting or exceeding specific metrics | Payouts dependent on achievement of predetermined financial performance goals, which are aligned with long-term targets |
| Long-term incentive | Stock Options | Attract, retain and reward high caliber executive talent; ownership of common stock encourages long-term strategic decision making that is aligned with shareholder interests | Increase in H.B. Fuller Common Stock price increases value of options |
| | Restricted Stock and Restricted Stock Units | Retention of executive talent and reward for performance | Increase in H.B. Fuller Common Stock price increases value of restricted stock and restricted stock unit awards. CEO annual grant contains a performance goal which must be achieved before restricted stock may vest. |
| Other benefits | Includes supplemental retirement and deferred compensation plans, severance, change-in-control and other perquisites | Attract and retain high caliber executive talent | Not performance-based |

Additional information regarding base salary, short-term incentive compensation and long-term incentive compensation follows.

Base Salary. Each executive officer's job is positioned in a salary grade based upon market data and an analysis of the job responsibilities of positions. Salary ranges are established to generally reflect competitiveness at the market median/50th percentile. Within these salary ranges, base salaries are set to reflect the complexity and importance of a position and the experience each executive officer brings to the position, as well as the market rate paid for such positions. In January, the Compensation Committee reviews and considers the annual performance of the named executive officers and determines whether and to what extent a merit salary increase is warranted. The effective date of annual merit increases is February 1st.

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Short-Term Incentive Compensation. Short-term incentive awards are set for each executive officer so that the expected payout at target performance levels would result in short-term incentive compensation equal to competitive market levels of such compensation based on market data. The target percentage opportunities are established to generally reflect competitiveness at the market median/50th percentile. Payments under the short-term incentive program can range from no payment to a payment higher than the target, based upon Company, regional operating and business unit results.

The annual short-term incentive plan is designed to achieve several goals, including emphasizing the Company's commitment to competitive compensation practices, driving a high performance culture and assuring accountability. The short-term incentive plan program places emphasis on achievement of financial metrics and focuses attention on business results. It also reinforces the importance of measurable and aligned goals and objectives.

Each year, the Compensation Committee establishes the annual cash incentive target opportunities as a percentage of base salary. Under the short-term incentive plan, the Compensation Committee may also consider extraordinary circumstances that may positively or negatively impact the achievement of the total Company performance objectives. The Compensation Committee, in its discretion, has the right at any time to enhance, diminish or terminate all or any portion of any compensation plan or program, on a collective or individual basis for the named executive officers.

Predetermined financial performance measures and goals are set by the Compensation Committee each year. These financial measures and goals are based on company performance expectations and budget targets. The annual cash incentive awards are calculated based on predetermined ranges for the achievement of the established performance measures. The plan is designed so that the maximum is earned when the results exceed the Company's goals by a predetermined amount.

Long-Term Incentive Compensation. H.B. Fuller has reviewed its long-term incentive program relative to its stated objectives: attract, retain and motivate executives, as well as to align them with shareholder interests. We have concluded that our current arrangement continues to meet these needs. Our long-term incentive program ties a significant portion of our executive officers' annual total compensation to shareholder value creation, as measured by stock price performance. The combination of performance-based stock options and service-based restricted stock provides an appropriate balance between performance-based rewards and retention. We will continue to evaluate this program on an ongoing basis to ensure that these objectives continue to be met and may make future changes as needed to maintain the effectiveness of our equity program. We currently award stock options, restricted stock and restricted stock units under the Amended and Restated H.B. Fuller Company Year 2000 Stock Incentive Plan as follows:

Stock Options. The standard service-based nonqualified stock options typically vest in three equal installments on each anniversary date of the grant which enhances retention. Vested stock options provide a benefit to an executive officer only if the market value of the stock increases over the term of the option and if the executive officer remains employed at H.B. Fuller. Stock options are granted for a 10 year term. Stock options are granted at their fair market value on the date of grant.

Restricted Stock and Restricted Stock Units. Standard service-based restricted stock and restricted stock unit grants typically vest in three equal annual installments from the grant date which enhances retention. Restricted stock and restricted stock unit awards provide a benefit to an employee only if the employee remains employed until the award vests. Dividends are accrued on both restricted stock and restricted stock units during the period prior to vesting and are paid in the

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form of additional shares once vesting has occurred. Only restricted stock has voting rights during the period prior to vesting. In addition, if the market value of the stock increases over the grant date price of the award, the employee further benefits from that appreciation in value. For our CEO, recent annual restricted stock grants include a performance goal which must be achieved or the restricted stock will not vest.

The value of an individual's target award is established to generally reflect competitiveness at the market median/50th percentile for the applicable position and grade level. The CEO recommends to the Compensation Committee the number of stock options, restricted stock and/or restricted stock units to be granted to each executive officer. In order to emphasize a pay for performance philosophy, the Compensation Committee retains full authority to accept, modify or reject these recommendations to increase or decrease the value of the award. The Compensation Committee also reviews total Company performance and the CEO's individual performance to determine the award for the CEO. The number of options is determined based on a Black-Scholes valuation and a 30-day stock price average is applied. To determine the number of restricted stock/restricted stock units to be awarded, a 30-day stock price average is applied.

The Compensation Committee reviews long-term incentives for our CEO and the other executive officers in January. This grant date aligns with the annual individual performance review process and allows the grants to occur during the open trading period for H.B. Fuller stock as provided under Company policy. The grants of stock options are made with an exercise price determined as of the close of trading on the applicable grant day. We do not allow backdating of options, nor do we have a program, plan or practice to time stock option grants to executive officers in coordination with the release of material non-public information.

Fiscal 2011 Base Salaries

In General. The amount of annualized base salary and year-over-year increase for each of the named executive officers in fiscal year 2011 is set forth in the following table.

| | Base Salary as of 12/1/2010 (\$) | Base Salary as of 2/1/2011 (\$) | Annualized Percent Increase from 12/1/2010 to 2/1/2011 (%) |
|-----------------------------------|-------------------------------------|------------------------------------|--|
| James J. Owens | 560,000 | 560,000 | n/a ⁽¹⁾ |
| James R. Giertz | 449,873 | 472,367 | 5% |
| Patrick J. Trippel ⁽²⁾ | n/a | n/a | n/a |
| Steven Kenny ⁽³⁾ | 365,583 | 371,981 | 1.75% |
| Barry S. Snyder | 298,700 | 303,181 | 1.5% |

- (1) Mr. Owens became President and Chief Executive Officer on November 19, 2010 and he received a base salary increase of 25.6% from \$445,949 to \$560,000 on that date. Mr. Owens did not receive a merit increase effective as of February 1, 2011 due to his recent increase as a result of his promotion to President and Chief Executive Officer. Mr. Owens received a salary increase to \$700,000 effective July 1, 2011 (a 25% increase). His base salary for the remainder of the fiscal 2011 was \$700,000.
- (2) Mr. Trippel was not an employee of the Company on February 1, 2011. His base salary effective April 25, 2011 was \$400,000.
- (3) Non U.S.-based compensation paid to Mr. Kenny is denominated in British Pound Sterling and has been converted to U.S. dollars at the same exchange rate used for financial reporting purposes. Mr. Kenny's base salary as of December 1, 2010 differs from the base salary reported for fiscal year 2010 reported in last year's proxy statement due to different exchange rates used for financial reporting purposes in the fiscal 2010 and fiscal 2011 years.

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Analysis of Fiscal 2011 Base Salaries. Mr. Owens promotion to President and CEO was effective November 19, 2010. At that time, he received an increase in salary from \$445,949 to \$560,000. This increase was based on review, analysis and discussion with our independent compensation consultant, Buck Consultants, in December 2010. This review included the following market data: Mercer 2009 Global Premium Executive Remuneration Suite (All Industries \$1 2.5 billion); Hewitt 2010 Executive Compensation Database (All Industries \$1 2.5 billion); and, Watson Wyatt 2009/2010 Survey Report on Top Management Compensation (All Industries \$1 2.5 Billion and Chemical \$1 2.5 billion). The Compensation Committee also reviewed market data relating to our peer group, both the entire peer group and a subset of the peer group with revenues up to \$3 billion. The salary increase effective November 19, 2010 was based on the Compensation Committee's plan to increase Mr. Owens salary in a phased approach with salary increases in several steps over time.

For fiscal 2011, Mr. Owens received no merit increase on February 1, 2011 due to his recent promotion and related salary increase. Consistent with the philosophy of phased in increases over time, effective July 1, 2011, the Compensation Committee gave Mr. Owens a 25% increase in base salary to \$700,000. This placed Mr. Owens' salary in the first quartile of his salary range for CEOs reflecting his newness in this role. His base salary for the remainder of the fiscal 2011 was \$700,000.

Mr. Giertz's fiscal 2011 base salary was in the fourth quartile of the salary range for CFOs based on market data. His salary has historically been higher than the midpoint in this salary range to reflect Mr. Giertz's extensive experience in both finance (as a CFO) and in operations with prior employers, where he held key leadership positions in several companies. For fiscal 2011, Mr. Giertz received a merit increase of 5%. Mr. Trippel's base salary was in the second quartile of the salary range for his grade level. Mr. Trippel was hired on April 25, 2011 and therefore he did not receive a merit increase for fiscal 2011. Mr. Kenny's fiscal 2011 base salary was slightly above the second quartile of the salary range based on market data. Mr. Kenny received a merit increase of 1.75%. Mr. Snyder's fiscal 2011 base salary was in the second quartile of his salary range for Chief Technology Officers based on market data. For fiscal 2011, Mr. Snyder received a 1.5% merit increase.

For fiscal 2011, all merit increases for the named executive officers (except for the CEO who did not receive a merit increase for fiscal 2011) fell within the Company's general merit increase guidelines for our general employee population.

Fiscal 2011 Short-Term Incentive Compensation

In General. For fiscal 2011, based on market data, the annual cash incentive target opportunity for our executive officers ranged from 40% to 100% of base salary at a target level of performance. Potential payouts ranged from 0% to 200% of the target award based on attainment of operating unit and/or Company predetermined financial goals. The threshold level for the annual cash incentive was set at 80% of each financial target goal, except the Organic Revenue metric had a threshold amount of 85%. At these levels, the annual cash incentive would pay out at 50% of the target incentive. Higher payouts are possible if performance is above threshold levels.

In January 2011, the Compensation Committee reviewed the weighting of financial metrics in the short-term incentive plan. The Compensation Committee approved revisions to the short-term incentive metrics for fiscal year 2011 for the CEO, Regional Operating and Business Unit positions, which place more emphasis on achievement of increases in Operating Income. The weighting of the Organic Revenue metric was decreased to offset the increased emphasis on profitability as measured by Operating Income. This change in emphasis affects the calculation of the regional composite performance measures as well.

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All performance measures for the named executive officers, and the percentage of the incentive based on these measures as established by the Compensation Committee, are set forth in the table below:

| Performance Measure | CEO | CFO and Corporate Positions ⁽¹⁾ | Regional Operating Unit ⁽²⁾ | Business Unit ⁽³⁾ |
|---|-----|--|--|------------------------------|
| EPS ⁽⁴⁾ | 30% | 30% | 30% | 15% |
| Company Organic Revenue ⁽⁵⁾ | 25% | | | |
| Company Operating Income ⁽⁶⁾ | 35% | | | |
| Company Net Working Capital ⁽⁷⁾ | 10% | | | |
| Region or Business Organic Revenue | | | 25% | 35% |
| Region or Business Operating Income | | | 35% | 40% |
| Region or Business Net Working Capital | | | 10% | 10% |
| North America Composite | | 25% | | |
| Europe, India, Middle East & Africa Composite | | 20% | | |
| Asia Pacific Composite | | 12.5% | | |
| Latin America Composite | | 12.5% | | |

(1) Includes Mr. Giertz and Mr. Snyder.

(2) Includes Mr. Kenny.

(3) Includes Mr. Trippel.

(4) Earnings Per Share (EPS) is defined as net income divided by common stock shares outstanding (diluted).

(5) Organic Revenue is defined as Revenue, excluding the effects of changes due to foreign currency exchange rates and acquisitions/divestitures.

(6) Operating Income (OI) is defined as gross profit less selling, general and administrative expenses. For administrative purposes, OI is used as a proxy for Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

(7) Net Working Capital as a percentage of annualized trade revenue (NWC) is used as a proxy for Return on Gross Investment (ROGI) and is defined as: (a) (Trade Receivables, net + (plus) Inventories (minus) Trade Payables) divided by (b) the (Quarterly Net Revenue X (times) 4). This percentage is calculated at the end of each quarter and then the average of the four quarters is the short-term incentive plan metric performance for the year.

Analysis of Fiscal 2011 Short-Term Incentive Awards. The financial performance measures approved by the Compensation Committee in January 2011 were selected because management believed they were the most representative measurements of our financial results and were key financial measures that linked to our long-term strategic plan. This year, NWC was used as a proxy for ROGI (similar to last fiscal year) because employees at all levels have more impact on NWC than ROGI. In addition, persons who are eligible for short-term incentives are able to better relate to NWC. For example, employees at a plant are able to have an effect on inventory levels (which affect NWC), so they can more directly see how their actions impact NWC versus ROGI.

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For fiscal 2011, the financial performance measures and both the target and the actual performance were as set forth below (amounts for EIMEA Region are in Euros or U.S. Dollars as noted). Amounts shown in the table below may differ from reported results due to adjustments which are allowed under the short-term incentive plan as set forth in footnotes 1 and 2 below.

Performance Measure

(\$ amounts in thousands as noted,

| except EPS) | CEO | CFO and Corporate Positions | EIMEA Regional Operating Unit | Business Unit |
|---|--------------|--------------------------------------|--|------------------|
| EPS | | | | |
| Target | \$ 1.80 | \$ 1.80 | \$ 1.80 | \$ 1.80 |
| Actual ⁽¹⁾ | \$ 1.92 | \$ 1.92 | \$ 1.92 | \$ 1.93 |
| Company Organic Revenue | | | | |
| Target | \$ 1,485,739 | | | |
| Actual ⁽¹⁾ | \$ 1,510,512 | | | |
| Company Operating Income | | | | |
| Target | \$ 135,190 | | | |
| Actual ⁽¹⁾ | \$ 125,371 | | | |
| Company NWC | | | | |
| Target | 16.1% | | | |
| Actual ⁽²⁾ | 17.3% | | | |
| Region or Business Organic Revenue | | | | |
| Target | | | \$ 430,535 ⁽⁴⁾ | \$ 241,067 |
| Actual ⁽³⁾ | | | \$ 439,815 ⁽⁴⁾ | \$ 249,252 |
| Region or Business Operating Income | | | | |
| Target | | | \$ 25,600 ⁽⁴⁾ | \$ 12,558 |
| Actual ⁽³⁾ | | | \$ 24,521 ⁽⁴⁾ | \$ 9,915 |
| Region or Business NWC | | | | |
| Target | | | 18.1% | 21.5% |
| Actual ⁽²⁾ | | | 19.3% | 23.5% |
| North America Composite | | * *(5) | | |
| Europe, India, Middle East & Africa Composite | | * *(5) | | |
| Asia Pacific Composite | | * *(5) | | |
| Latin America Composite | | * *(5) | | |

- (1) Actual results differ from reported results due to adjustments or exclusions which are allowed under our short-term incentive plan, including (a) individual legal settlements (payments or receipts) with a value (net of insurance) of \$3 million or greater will not be included in metric calculations, (b) unbudgeted reorganization or restructuring related items which cannot be offset by related benefits in the fiscal year will not be included in metric calculations, (c) unbudgeted acquisitions and divestitures are excluded from all actual and target metric calculations, as applicable, and (d) any unbudgeted asset write-downs in excess of \$2 million will not be included in metric calculations. Since Mr. Trippel was not an executive officer until near the end of the fiscal year, his actual EPS result included certain adjustments which do not apply to the other executive officers.
- (2) Net Working Capital is defined for short-term incentive plan purposes as (trade receivables, net of allowance for doubtful accounts plus inventory minus trade payables) divided by annualized net revenue.
- (3) The amounts listed for Actual Region or Business Organic Revenue and Actual Region or Business Operating Income are subject to the same adjustments or exclusions noted in Footnote 1 above.

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- (4) The amounts in U.S. Dollars have been converted from Euros at the same exchange rate used for financial reporting purposes as follows (amounts in thousands): (a) Region Organic Revenue Target: 329,876, (b) Region Organic Revenue Actual: 336,987, (c) Region Operating Income Target: 19,614, and (d) Region Operating Income Actual: 18,305. The Company does not calculate these target and actual numbers in U.S. Dollars in determining whether the metric has been met. Local currency is used for these calculations.
- (5) The composite metrics are a weighted composite of the region's organic revenue, operating income and NWC targets. The actual payouts for the composite metrics for each of the regions for Mr. Giertz were as follows: North America: 12.2% of base salary; Europe, India, Middle East & Africa: 10.9% of base salary; Asia Pacific: 8.4% of base salary; and Latin America: 7.6% of base salary. The actual payout for the composite metrics for each of the regions for Mr. Snyder was as follows: North America: 10.5% of base salary; Europe, Middle East & Africa: 9.3% of base salary; Asia Pacific: 7.2% of base salary; and Latin America: 6.5% of base salary.

The short-term incentive target and actual payment as a percent of base salary for fiscal 2011 for each of our named executive officers is set forth in the table below:

| Named Executive Officer | Target Payment as a % of Base Salary | Actual Payment as a % of Base Salary* |
|-------------------------|---|--|
| James J. Owens | 100% | 102.6% |
| James R. Giertz | 56% | 59.6% |
| Patrick J. Trippel | 56% | 41.0% |
| Steven Kenny | 40% | 41.8% |
| Barry S. Snyder | 48% | 51.1% |

* The actual payment that was made is found in the Non-Equity Incentive Plan Compensation column of the *Summary Compensation Table* in this Proxy Statement.

The short-term incentive award payment opportunity at each level of performance for our named executive officers for fiscal 2011 is shown in the *Grants of Plan-Based Awards During Fiscal Year 2011* table in this Proxy Statement. The specific performance goals for the target level are considered to be challenging but achievable.

Actions for Fiscal 2012. For fiscal 2012, the Compensation Committee made some changes to our short-term incentive plan. The Net Working Capital metric was eliminated for all eligible employees in order to reduce the number of metrics and therefore simplify the plan. In addition, the threshold level for the Organic Revenue metric was increased from 85% of target to 90% of target to provide a more challenging level of performance. The superior level of performance for the Organic Revenue metric was increased from 110% to 115%. Again, this was done to increase the level of performance needed to attain a maximum payout. Finally, the composite metrics for corporate named executive officers were eliminated and replaced with overall H.B. Fuller Company Organic Revenue and Operating Income metrics – the same metrics we use to determine short-term incentive opportunity for our CEO. This change also increases the transparency and understanding of the plan.

Fiscal 2011 Long-Term Incentive Compensation

In General. The fiscal 2011 long-term incentive plan design called for grants with a mix of 50% nonqualified stock options and 50% restricted stock/restricted stock units based on the grant value. The target values for each named executive officer's long-term incentive award are set forth in the

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table below (the differences in target award values are due to the named executive officers being in different job grades at the time of the award). It is the general practice of the Compensation Committee to make awards to executive officers in a range of 80% to 120% of the target value below. In July 2011, the Compensation Committee decided to increase the target value of the long-term incentive from 150% to 200% of base salary for the CEO position only. This increase was made based on a desire to phase in CEO related compensation increases after the CEO compensation review conducted in December 2010.

| | Target Value of Long-Term Incentive for FY 2011 (\$) |
|--------------------|---|
| James J. Owens | 1,120,000 ⁽¹⁾ |
| James R. Giertz | 500,000 |
| Patrick J. Trippel | 500,000 |
| Steven Kenny | 500,000 |
| Barry S. Snyder | 275,000 |

- (1) Mr. Owens' actual long-term incentive for fiscal 2011 consisted of two grants, one made in January 2011 (with a target value of \$840,000) and the other made on July 7, 2011 (with a target value of \$280,000) at approximately the same time as he received an increase in base salary. See Grants of Plan-Based Awards During Fiscal 2011 table for a summary of fiscal year 2011 equity grants.

Analysis of Fiscal 2011 Long-Term Incentive Awards.

The January 2011 grant of restricted stock to Mr. Owens contains a requirement that the restricted stock will vest in three equal installments on January 20, 2012, January 20, 2013 and January 20, 2014 only if (1) one or more of the performance measures in the CEO's short-term incentive program are met at the threshold level (except for the net working capital metric) for fiscal 2011 as determined by the Compensation Committee and (2) Mr. Owens continues to be employed by the Company on the respective vesting date. Both of these requirements were met as of January 20, 2011. Therefore, all three installments have vested or will vest according to the vesting schedule as long as Mr. Owens remains employed by the Company. As part of Mr. Owens' salary increase effective July 1, 2011, he also received a pro-rated long-term incentive award equal to 200% of the salary increase (equals an expected value of \$280,000). This grant was made on July 7, 2011 and was not subject to the performance measure discussed above due to the mid-year timing of the grant.

During fiscal year 2011, all long-term incentive awards to named executive officers fell within 80% to 120% of the target value above. Fiscal year 2011 long-term incentive awards of stock options, restricted stock and restricted stock units are set forth in the *Grants of Plan-Based Awards During Fiscal Year 2011* table in this Proxy Statement.

Other Executive Benefits and Perquisites

In General. In order to attract and retain high caliber executive talent, we provide executive officers market competitive perquisite and other benefit programs. We also provide some of these benefits to assist our executive officers so that they may efficiently use their time on H.B. Fuller business. Our U.S.-based named executive officers participate in the same health and welfare programs as all other U.S.-based H.B. Fuller employees.

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We provide the following perquisites and benefits to our executive officers who are based in the United States or who are U.S. expatriates:

| Perquisites and Benefits | Description |
|---|---|
| Defined Benefit Pension Plan | Qualified defined benefit pension plan. Eligible employees hired prior to January 1, 2007 are eligible for qualified defined benefit pension plan. The qualified defined benefit pension plan was amended effective June 1, 2011 and although it will continue to operate, eligible participants no longer earn benefits for future service and salary in the same way they had previously. Pension benefits were locked-in as of May 31, 2011 using service and salary as of that date. For each month of continuous service after May 31, 2011, participants will receive a .25% increase to the amount of their locked-in normal retirement benefit. |
| Defined Contribution Restoration Plan | <p>Defined contribution restoration plan, non-qualified retirement plan:</p> <ul style="list-style-type: none"> Ø 3% non-elective (retirement) contribution restoration for compensation in excess of IRS limits for executives hired after 12/31/2006 and for all other executives beginning 6/1/2011⁽¹⁾; Ø Defined contribution supplemental executive retirement plan credit equal to 7% of eligible earnings; and Ø 4% 401(k) match restoration for compensation match in excess of IRS limits. |
| Key Employee Deferred Compensation Plan | Allows deferral of a portion of annual base salary and/or any annual incentive payment. If an executive defers a portion of his or her salary or incentive payment into the Company stock account, the Company credits units of Common Stock and matches 10% of the amount credited with units of Common Stock. None of the named executive officers participated in this plan during fiscal year 2011. |
| Auto Allowance | Monthly allowance. |
| Financial Counseling | Up to \$7,500 annually in financial planning and tax preparation. |
| Executive Health Exams | Annual health exam expenses, including related travel. |

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| | |
|----------------------------|--|
| Excess Liability Insurance | Group personal excess liability insurance policy provides individual coverage up to \$5,000,000. The Company pays the policy premium and the premium is included in the named executive officer's income and is grossed up to pay the tax withholding. |
| Relocation Expense | Assistance with relocation, sale and purchase of home, temporary living assistance, and movement of property, including a tax gross up for certain assistance that is taxable. |

(1) The 3% non-elective (retirement contribution) benefit is available through the H.B. Fuller Company 401(k) & Retirement Plan to eligible employees who were hired after December 31, 2006 and for all other U.S. employees beginning June 1, 2011. Of the perquisites and benefits set forth above, only the financial counseling, executive health exam and the excess liability insurance are extended to Mr. Kenny, who is not based in the United States and is not an expatriate. Other benefits provided to Mr. Kenny include:

| Perquisites and Benefits | Description |
|---------------------------------|---|
| Retirement Plan | For Mr. Kenny, who is based in England, our stakeholder pension plan is a defined contribution scheme. Eligibility for the stakeholder pension plan is immediate upon hire. The contribution consists of a 4% non-elective credit and a matching credit on a 1 to 1 basis for the first 4% of employee contributions. Benefit payout is based on the employee decision. The employee may choose between an annuity of the retirement saving or a partial lump sum and annuity pay-out at retirement at age of 55 or later. Employees who leave the company before retirement age can choose to leave their account where it is or to transfer the value of their account to another personal or stakeholder scheme. |
| Auto Allowance | Monthly allowance. |

Analysis of Fiscal 2011 Executive Benefits and Perquisites. We provide perquisites to our executive officers to generally reflect competitiveness at the market median/50th percentile. The Company provides supplemental executive retirement benefits under the defined contribution restoration plan for executive officers to complement the benefits provided through H.B. Fuller's broad-based retirement plans.

In conjunction with the annual review of executive officer total compensation, the Compensation Committee reviews executive officer benefits and perquisites for market prevalence. In fiscal 2011, the Compensation Committee reviewed market data on the prevalence of the following benefits and perquisites: the Key Employee Deferred Compensation Plan, auto allowance, executive health exam program, financial counseling, SERP (other than restoration plan) and DC Restoration Plan. The

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survey data used to review the market prevalence of all of these benefits was provided by the 2010 Hewitt Total Compensation Measurement Executive Compensation Policies and Programs survey (473 participating companies).

This survey data did not cover the prevalence of personal excess liability insurance coverage or relocation programs. There were no changes made as a result of the Compensation Committee's review of the perquisite and other benefit programs because of the market prevalence of these programs. All perquisites paid to our named executive officers are disclosed in the *Summary Compensation Table* under the Other Compensation column and the footnotes thereto.

Severance, Change-in-Control and other Employment-Related Agreements

In General. H.B. Fuller does not have employment agreements with any of the named executive officers that provide for a specified term of employment. The Company does have an employment agreement with Mr. Kenny as discussed below. The Company also has change-in-control agreements discussed under the heading *Change-in-Control Agreements*, executive severance agreements discussed under the heading *Severance*, and agreements regarding certain payments to Mr. Owens, Mr. Trippel and Mr. Snyder discussed under the heading *Other* below.

Severance. The executive severance agreements provide for payment of the following severance benefits if the eligible executive officer's employment is terminated involuntarily by the Company without cause (as defined in the agreement) or voluntarily by the executive officer for good reason (as defined in the agreement):

Severance pay equal to one times (two times for the CEO) base salary plus target bonus, payable over the 12 months (24 months for the CEO) following termination;

Continued group medical and dental insurance over 12 months (18 months for the CEO); and

Outplacement services with a value of up to \$20,000.

Except as indicated above with respect to the CEO, the same form of agreement was provided to all named executive officers except for Mr. Kenny. The severance agreement with Mr. Kenny provides for a reduction in any severance pay due to him for any severance pay required by local law. Mr. Owens' agreement was amended effective December 2, 2010 to provide for the enhanced CEO benefits.

Change-in-Control Agreements. All named executive officers have entered into change-in-control agreements with H.B. Fuller. The agreements are a critical and effective tool to attract and retain executives especially during times of uncertainty. These agreements provide for payments under certain circumstances following a change-in-control of the Company. The Compensation Committee believes that one of the purposes of providing change-in-control agreements is to provide financial security to the executive officer in the event the executive officer's employment is terminated in connection with a change-in-control. The agreement is intended to ensure the executive officer remains focused on activities related to a change-in-control that could be in the best interest of the Company and its shareholders, and that the executive officer is not distracted by compensation implications as a result of a change-in-control. The Compensation Committee also believes that change-in-control agreements assist in the retention of executive officers at a time when their departure might be detrimental to the Company and shareholders.

The change-in-control agreements contain a *double trigger* for receipt of change-in-control payments. This means that there must be a change in control of the Company and a termination of employment (or a material change to employment) for the provisions to apply and benefits to be paid. The Compensation Committee believes that a *double trigger* is more appropriate than a *single*

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trigger because it prevents the unnecessary payment of benefits to an executive officer in the event that the change in control does not result in the executive officer's termination of employment or a material change in the terms of the executive officer's employment (such as demotion, pay cut or relocation).

Our change-in-control arrangements have been structured to ensure that executives receive the full intended benefits of these arrangements in the event that a transaction should take place, particularly when their short tenure creates an imbalance between intended benefit and potential tax liability. Our approach has been to provide our executives with arrangements that include a modified tax gross-up. These arrangements eliminate de minimis or inefficient gross up payments, only providing tax gross up in cases of significant imbalance. The Compensation Committee reviews all change-in-control packages on a regular basis to ensure their continued effectiveness.

An explanation of any payments to be made under the change-in-control agreements is found under the heading *Involuntary (Not for Cause) Termination or Good Reason Termination after a Change-in-Control* in the section of this Proxy Statement titled *Potential Payments Made Upon Termination or Change-In-Control*.

Other. The Company has an agreement with Mr. Owens regarding the payment of a relocation bonus. This bonus was offered to Mr. Owens to encourage him to join the Company and to compensate him for the loss of benefits and compensation he would have received from his prior long-term employer. Under the original agreement, Mr. Owens was eligible to receive \$500,000 if he relocated to Minnesota within 24 months of the date he was hired. The agreement was amended to provide that Mr. Owens was eligible to receive \$250,000 of the \$500,000 bonus if he remained employed by the Company until August 1, 2010 and the remaining \$250,000 if he relocates to Minnesota by August 1, 2012.

In order to recruit Mr. Trippel, the Company has an agreement with Mr. Trippel regarding the payment of a bonus and a related stock award with an expected value of \$500,000. The bonus was offered to Mr. Trippel to encourage him to join the Company and was structured in two installments of \$125,000 each, payable 1) within 30 days of his hire date and 2) on or about the first anniversary of his hire date, provided he remains employed by the Company. A stock award with an expected value of \$250,000 also was granted during fiscal 2011 consisting of 50% stock options and 50% restricted stock.

The Company does have an employment agreement with Mr. Kenny because employment agreements are customary in England where Mr. Kenny is based. The agreement with Mr. Kenny sets forth his salary, job functions, benefits, ownership of intellectual property, and termination, non-competition and confidentiality provisions. The agreement does not provide for any minimum term of employment. See the section titled *Potential Payments made upon Termination or Change-in-Control* later in this Proxy Statement for contractual payments that the Company may owe Mr. Kenny under his employment agreement.

The Company also had an agreement with Mr. Snyder regarding the payment of a bonus. This bonus was offered to Mr. Snyder to encourage him to join the Company and in recognition of the loss of stock he would incur in leaving his prior employer. It was structured, in part, as a retention bonus over a period of three years after his hire in lieu of paying a large hiring bonus at the time of hire with no retention criteria specified. Mr. Snyder was eligible to receive \$320,000 in four equal payments of \$80,000 each. The first payment of \$80,000 was paid to Mr. Snyder within 30 days of his hire date. The other installments were paid on or about the applicable anniversaries of his hire date. No other payments are due to Mr. Snyder.

Table of Contents**Stock Ownership**

We believe that ownership of H.B. Fuller Common Stock by executive officers encourages long-term, strategic decision making that helps to reduce undue short-term risk-taking and is aligned with the best interests of H.B. Fuller's constituents. Goals for recommended levels of executive stock ownership were established in 2003 and are reviewed annually. An executive officer's stock ownership goal (which includes directly held H.B. Fuller stock, H.B. Fuller stock held in the H.B. Fuller Company 401(k) & Retirement Plan, restricted stock, restricted stock units and stock units held in the Key Employee Deferred Compensation Plan) ranges in dollar amount from one to five times the executive officer's annual salary, depending on job grade.

The guideline for the CEO is ownership of at least five times his base salary in H.B. Fuller Common Stock and the guideline for other named executive officers is ownership of at least two to three times their base salaries, depending on job grade. The guideline provides that an executive should strive to reach the applicable stock ownership goal within five years of appointment to their position. The guideline for Mr. Giertz, Mr. Trippel and Mr. Kenny is ownership of at least three times their base salary in H.B. Fuller Common Stock. The guideline for Mr. Snyder is ownership of at least two times his base salary in H.B. Fuller Common Stock. The Compensation Committee reviews the stock holdings of our named executive officers annually. This year's review was based on job grades and stock values in effect as of June 30, 2011. At that point in time, none of the named executive officers had been in his present position for more than five years and one of the named executive officers had met his stock ownership goal. In September 2011, the Compensation Committee determined that if after five years in the position, a named executive officer has not met his/her stock ownership goal, the named executive officer must retain 100% of all after-tax profit shares from any exercise, vesting or payout of equity awards until the stock ownership guideline is met unless a hardship exception is granted. All of the named executive officers are continuing to make progress on meeting their stock ownership goals.

| Named Executive Officer | 2011 % of Target as of June 30, 2011 | Years at Grade/Target as of June 30, 2011* |
|--------------------------------|---|---|
| James J. Owens | 44% | <1 |
| James R. Giertz | 86% | 3 |
| Patrick J. Trippel | 27% | <1 |
| Steven Kenny | 54% | 2 |
| Barry S. Snyder | 113% | 3 |

Tax Considerations

Under Section 162(m) of the U.S. Internal Revenue Code, we must meet specified requirements related to our performance and must obtain shareholder approval of certain compensation arrangements in order for us to fully deduct compensation in excess of \$1,000,000 paid to a named executive officer other than the CFO. The Annual and Long-Term Incentive Plan (ALTIP) was approved by shareholders in 2008 and includes specific performance criteria established by the Compensation Committee; therefore, annual incentive awards granted under the ALTIP are deemed to meet the requirements of Section 162(m). The Committee believes that compensation paid pursuant to the ALTIP will be deductible.

The shareholders approved the Amended and Restated H.B. Fuller Company Year 2000 Stock Incentive Plan at the 2006 Annual Meeting of Shareholders and the ALTIP at the 2008 Annual Meeting of Shareholders. Cash incentive awards, stock options and other performance-based compensation under these plans are made compliant with the requirements of Section 162(m) and, as such, may be excluded from the \$1,000,000 cap under Section 162(m) as well. Additionally, cash compensation voluntarily deferred by our executive officers under our Key Employee Deferred Compensation Plan is

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not subject to the Section 162(m) cap until the year paid. Compensation paid in fiscal 2011 subject to the Section 162(m) cap did not exceed \$1,000,000 for anyone who was an executive officer as of the fiscal 2011 year end.

The Compensation Committee intends to continue its practice of paying competitive compensation consistent with our philosophy to attract, retain and motivate executive officers to manage our business in the best interests of H.B. Fuller and our shareholders. The Compensation Committee, therefore, may choose to provide non-deductible compensation to our executive officers if it deems such compensation to be in the best interests of H.B. Fuller and our shareholders.

Various programs, including our benefit plans that provide for deferrals of compensation are subject to Section 409A of the Internal Revenue Code. We have reviewed such plans for compliance with Section 409A and believe that they are in compliance.

Total Compensation for Named Executive Officers

We believe that the policies and programs described in the Compensation Discussion and Analysis maintain an appropriate balance between motivating achievement of short-term goals and strategically leading H.B. Fuller in a direction to provide long-term success and therefore serve the interests of H.B. Fuller and its shareholders.

Compensation Committee Report

The Compensation Committee of the Board of Directors has reviewed and discussed with H.B. Fuller management the Compensation Discussion and Analysis. Based on this review and discussion with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Annual Report on Form 10-K for the year ended December 3, 2011.

Compensation Committee of the Board of Directors of H.B. Fuller Company

R. William Van Sant, Chair

Juliana L. Chugg

Thomas W. Handley

Lee R. Mitau

John C. van Roden, Jr.

Table of Contents**SUMMARY COMPENSATION TABLE**

The following table shows the cash and non-cash compensation for the last three fiscal years awarded to or earned by individuals who served as Chief Executive Officer and Chief Financial Officer during fiscal year 2011 and each of the other three most highly compensated executive officers who were serving as executive officers at the end of fiscal year 2011.

| Name and Principal Position | Year | Salary (\$) ⁽¹⁾⁽²⁾ | Bonus (\$) ⁽¹⁾⁽²⁾ | Stock Awards (\$) ⁽³⁾ | Option Awards (\$) ⁽⁴⁾ | Non-Equity Incentive | | Total (\$) |
|--|------|----------------------------------|---------------------------------|--|---|--|--|---------------|
| | | | | | | Plan Compensation (\$) ⁽¹⁾⁽⁵⁾ | All Other Compensation (\$) ⁽⁶⁾ | |
| James J. Owens | 2011 | 641,747 | | 608,317 | 604,861 | 634,510 | 301,859 | 2,791,294 |
| President and Chief Executive Officer | 2010 | 441,401 | 250,000 | 283,907 | 282,305 | 277,937 | 247,970 ⁽⁷⁾ | 1,783,520 |
| | 2009 | 419,130 | | 155,282 | 231,976 | 387,911 | 212,470 ⁽⁷⁾ | 1,406,769 |
| James R. Giertz | 2011 | 486,123 | | 264,612 | 265,385 | 279,488 | 136,355 | 1,431,963 |
| Sr. Vice President, Chief Financial Officer | 2010 | 445,753 | | 271,565 | 270,029 | 280,919 | 146,479 | 1,414,745 |
| | 2009 | 428,095 | | 155,282 | 231,976 | 304,242 | 95,955 | 1,215,550 |
| Patrick J. Trippel ⁽⁸⁾ | 2011 | 246,154 | 125,000 | 313,669 | 308,032 | 98,887 | 41,925 | 1,133,667 |
| Sr. Vice President, Construction Materials | | | | | | | | |
| Steven Kenny ⁽⁹⁾ | 2011 | 371,981 | | 264,612 | 265,384 | 155,087 | 60,528 | 1,117,592 |
| Sr. Vice President, Europe India, Middle East & Africa | 2010 | 379,002 | | 246,861 | 495,655 | 196,830 | 59,903 | 1,378,251 |
| Barry S. Snyder ⁽¹⁰⁾ | 2011 | 313,963 | 80,000 | 145,534 | 145,957 | 154,607 | 95,544 | 935,605 |
| Former Vice President, Chief Technology Officer | 2010 | 297,027 | 80,000 | 135,783 | 135,014 | 160,371 | 94,783 | 902,978 |
| | 2009 | 290,000 | 80,000 | 91,338 | 136,456 | 176,510 | 251,261 | 1,025,565 |

- (1) Includes cash compensation deferred at the election of the executive under the H.B. Fuller Company 401(k) & Retirement Plan and the Key Employee Deferred Compensation Plan. For Mr. Kenny only, includes cash compensation deferred at his election into the H.B. Fuller Stakeholder Pension Plan.
- (2) We award bonuses under our short-term incentive plan based on our achievement of certain performance targets as discussed in the *Compensation Discussion and Analysis* section of this Proxy Statement. Accordingly, bonus amounts under the short-term incentive plans are shown in the Non-Equity Incentive Plan Compensation column of this table. The amounts shown in this column for Mr. Owens and Mr. Snyder represent retention bonuses received, and the amount shown for Mr. Trippel represents a hiring bonus. More information regarding these retention and hiring bonuses is provided in the *Compensation Discussion and Analysis* section of this Proxy Statement.
- (3) The amounts in this column represent the grant date fair value of time-based and performance-based restricted stock awards made in fiscal 2011 and 2010 and time-based restricted stock awards made in fiscal 2009 calculated in accordance with FASB ASC Topic 718 based on the closing price of our Common Stock on the date of grant. In addition, the January 2011 grant for Mr. Owens also represents the grant date fair value of the January 2011 performance-based restricted stock award which either pays out at target in the event a performance metric is achieved or the award will not vest if a performance metric is not achieved.
- (4) The amounts in this column represent the grant date fair values of stock option awards. In accordance with FASB ASC Topic 718, the grant date fair value of these awards have been determined using the Black-Scholes method and based on the assumptions set forth in Note 3 to the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 3, 2011, except that the assumption related to forfeitures is not included in the calculations for these purposes.
- (5) As described in the *Compensation Discussion and Analysis* section of this Proxy Statement, the amounts in this column represent cash bonuses paid out under our short-term incentive plan.

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- (6) The table below shows the components of this column for fiscal 2011, which include Company matching contributions to H.B. Fuller's defined contribution plans, dividends on restricted stock and perquisites paid by the Company for the benefit of the executive officer. The amounts represent the amount paid by, or the incremental cost to, the Company.

Table of Contents**All Other Compensation Fiscal Year 2011**

| Name | Defined Contribution Plan Company Match & Contributions (\$) | Defined Contribution Restoration Plan Contributions (\$) | Dividends on Unvested Restricted Stock (\$) | Perquisites (see table below) (\$) | Total (\$) |
|--------------------|--|--|---|------------------------------------|------------|
| James J. Owens | 17,150 | 109,283 | 13,442 | 161,984 | 301,859 |
| James R. Giertz | 17,150 | 87,935 | 9,964 | 21,306 | 136,355 |
| Patrick J. Trippel | 7,350 | | 3,314 | 31,261 | 41,925 |
| Steven Kenny | 29,246 | | 6,348 | 24,934 | 60,528 |
| Barry S. Snyder | 17,150 | 47,673 | 8,223 | 22,498 | 95,544 |

Perquisites - Fiscal Year 2011

| Name | Auto Allowance (\$) | Personal Excess Liability Insurance (\$) ^(a) | Health Exam (\$) | Financial Counseling (\$) | Housing and Commuting Expenses and Related Tax Gross-Ups (\$) ^(b) | Spousal Airfare (\$) ^(c) | Gifts (\$) ^(d) | Total Perquisites (\$) |
|--------------------|---------------------|---|------------------|---------------------------|--|-------------------------------------|---------------------------|------------------------|
| James J. Owens | 18,692 | 1,499 | | 2,500 | 138,049 | 1,244 | | 161,984 |
| James R. Giertz | 14,954 | 1,499 | 2,353 | 2,500 | | | | 21,306 |
| Patrick J. Trippel | 8,862 | 1,568 | 13,252 | 7,500 | | | 79 | 31,261 |
| Steven Kenny | 16,846 | 835 | | 7,253 | | | | 24,934 |
| Barry S. Snyder | 14,954 | 1,499 | 3,441 | 2,500 | | | 104 | 22,498 |

- (a) Includes premiums paid on a tax-protected basis on personal excess liability insurance of \$835 and a related tax gross-up of \$664 (\$733 for Mr. Trippel). Executives hired after approximately mid-year are not assessed a premium for that year. The amount for Mr. Kenny does not include a related tax gross-up.
- (b) Includes a housing expense of \$11,476 (with a related tax gross-up of \$8,552) and commuting expenses of \$65,738 (with a related tax gross-up of \$52,283).
- (c) Amount for spousal airfare was paid in accordance with company policy requiring a valid business purpose for payment of spouse travel expenses. This amount is treated as income to the employee and is not grossed up for tax purposes.
- (d) Amounts for gifts include: (i) for Mr. Trippel, a \$50 gift (including a \$29 related tax gross up) and, (ii) for My Snyder, \$70 for a gift (including a \$34 related tax gross up).
- (7) The amounts for All Other Compensation for fiscal years 2010 and 2009 have been restated from last year's Proxy Statement due to the inadvertent omission of some housing expense and related tax gross up for Mr. Owens. The amount for fiscal year 2010 should have been \$19,634 (housing expense of \$11,250 and a related gross up of \$8,384) instead of \$12,533 and the amount for fiscal year 2009 should have been \$20,763 (housing expense of \$11,565 and a related tax gross up of \$9,198) instead of \$20,682.
- (8) Mr. Trippel was not a named executive officer in fiscal 2009 or fiscal 2010. Therefore, the compensation information is only provided for fiscal 2011 in accordance with SEC rules.

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(9) Mr. Kenny was not a named executive officer in fiscal 2009. Therefore, the compensation information is only provided for fiscal 2010 and fiscal 2011 in accordance with SEC rules.

(10) Mr. Snyder left the Company effective January 31, 2012.

Table of Contents**Grants of Plan-Based Awards During Fiscal 2011**

The following table summarizes the grants of plan-based awards in fiscal year 2011 for each of the named executive officers in the Summary Compensation Table.

| Name and Award Type | Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾ | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | All Other Stock Awards: Number of Shares of Stock or Units ⁽²⁾ | All Other Awards: Number of Securities or Options ⁽³⁾ | Exercise or Base Price of Awards ⁽⁴⁾ | Grant Date Fair Value of Stock and Option Awards ⁽⁴⁾ |
|---------------------------|------------|--|-------------|--------------|---|-----------------------|-------------|---|--|---|---|
| | | Threshold (\$) | Target (\$) | Maximum (\$) | Threshold (#) | Target (#) | Maximum (#) | | | | |
| James J. Owens | | | | | | | | | | | |
| Short-Term Incentive | | 309,167 | 618,333 | 1,236,667 | | | | | | | |
| LTI Award | 1/20/2011 | | | | | 19,961 ⁽⁵⁾ | | | | | 444,531 |
| LTI Award | 1/20/2011 | | | | | | | 48,331 | 22.27 | | 445,853 |
| LTI Award | 7/7/2011 | | | | | | | 6,502 | | | 163,785 |
| LTI Award | 7/7/2011 | | | | | | | 15,748 | 25.19 | | 159,008 |
| James R. Giertz | | | | | | | | | | | |
| Short-Term Incentive | | 131,213 | 262,426 | 524,852 | | | | | | | |
| LTI Award | 1/10/2011 | | | | | | | 11,882 | | | 264,612 |
| LTI Award | 1/20/2011 | | | | | | | 28,768 | 22.27 | | 265,385 |
| Patrick J. Trippel | | | | | | | | | | | |
| Short-Term Incentive | | 67,573 | 135,147 | 270,293 | | | | | | | |
| LTI Award | 4/26/2011 | | | | | | | 14,678 | | | 313,669 |
| LTI Award | 4/26/2011 | | | | | | | 35,549 | 21.37 | | 308,032 |
| Steven Kenny | | | | | | | | | | | |
| Short-Term Incentive | | 74,183 | 148,366 | 296,732 | | | | | | | |
| LTI Award | 1/20/2011 | | | | | | | 11,882 | | | 264,612 |
| LTI Award | 1/20/2011 | | | | | | | 28,768 | 22.27 | | 265,385 |
| Barry S. Snyder | | | | | | | | | | | |
| Short-Term Incentive | | 72,584 | 145,168 | 290,337 | | | | | | | |
| LTI Award | 1/20/2011 | | | | | | | 6,535 | | | 145,534 |
| LTI Award | 1/20/2011 | | | | | | | 15,822 | 22.27 | | 145,958 |

(1) The amounts shown in these columns represent the bonus opportunity under our short-term incentive plan for fiscal 2011 performance discussed under Fiscal 2011 Short-Term Incentive Compensation in this Proxy Statement. The actual amount paid out in January 2012 under the short-term incentive plan is set forth in the Summary Compensation Table.

(2) The restricted stock awards are granted under the Amended and Restated H.B. Fuller Company Year 2000 Stock Incentive Plan. The restricted stock grants vest in three annual installments beginning on the first anniversary date of the grant. Under the Amended and Restated H.B. Fuller Company Year 2000 Stock Incentive Plan, dividends on restricted stock are accrued by H.B. Fuller at the same rate as payable to all H.B. Fuller shareholders and are paid if and when the restricted stock vests. The restricted stock becomes immediately vested in the event of death, disability and change-in-control. The value of accrued dividends is included in the Summary Compensation Table in the All Other Compensation column.

(3) These options are granted under the Amended and Restated H.B. Fuller Company Year 2000 Stock Incentive Plan and become exercisable at the rate of one-third each year beginning on the first anniversary of the grant date, and expire 10 years from the grant date. These options become immediately exercisable upon retirement (age 55 and 10 years of service), death, disability or change-in-control.

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- (4) The fair value of the restricted stock awards is calculated by multiplying the number of shares of restricted stock by the closing price of our Common Stock on the date of grant. The Black-Scholes option pricing method was used to estimate the grant date fair value of the options in this column. The assumptions used to develop the grant date valuations for the options are as follows: options granted on January 20, 2011, were: risk-free rate of return of 1.9363%, dividend rate of 1.29%, volatility rate of 52.3%, quarterly reinvestment of dividends and an average term of 4.75 years, options granted on April 26, 2011, were: risk-free rate of return of 1.9788%, dividend rate of 1.38%, volatility rate of 51.433%, quarterly reinvestment of dividends and an average term of 4.75 years, options granted on July 7, 2011 were: risk-free rate of return of 1.6263%, dividend rate of 1.1711%, volatility rate of 50.446%, quarterly reinvestment of dividends and an average term of 4.75 years. No adjustments have been made for non-transferability or risk of forfeiture. The real value of the stock options

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in this table will depend on the actual performance of our common stock during the applicable period and the fair market value of our common stock on the date the options are exercised.

- (5) The restricted stock award for Mr. Owens was granted under the Amended and Restated H.B. Fuller Company Year 2000 Stock Incentive Plan. The restricted stock grant will vest in three annual installments on January 20, 2012, January 20, 2013 and January 20, 2014 only if (a) one or more of the performance measures in the CEO's short-term incentive program measures had been met at the threshold level (except for the net working capital metric) for fiscal 2011 as determined by the Compensation Committee and (b) Mr. Owens continues to be employed by the Company on the respective vesting date. Under the Amended and Restated H.B. Fuller Company Year 2000 Stock Incentive Plan, dividends on restricted stock are accrued by H.B. Fuller at the same rate as payable to all H.B. Fuller shareholders and are paid if and when the restricted stock vests. The restricted stock becomes immediately vested in the event of death, disability and change-in-control. The value of accrued dividends is included in the Summary Compensation Table in the All Other Compensation column. The mid-year grant given on July 7, 2011 does not contain the performance measures described above.

Table of Contents**Outstanding Equity Awards at Fiscal 2011 Year-End**

The following table summarizes the outstanding equity awards as of December 3, 2011 for each of the named executive officers in the Summary Compensation Table.

| Name | Grant Date | Option Awards | | | | Stock Awards | |
|--------------------|------------|--|--|----------------------------|------------------------|--|---|
| | | Number of Securities Underlying Unexercised Options (#) Exercisable ⁽¹⁾ | Number of Securities Underlying Unexercised Options (#) Unexercisable ⁽¹⁾ | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) ⁽²⁾ | Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽³⁾ |
| James J. Owens | 10/02/2008 | 5,538 | 1,847 | 19.03 | 10/02/2018 | | |
| | 12/04/2008 | 23,831 | 23,832 | 14.15 | 12/04/2018 | | |
| | 12/03/2009 | 21,961 | 11,314 | 20.57 | 12/03/2019 | | |
| | 1/20/2011 | -0- | 48,331 | 22.27 | 1/20/2021 | | |
| | 7/07/2011 | -0- | 15,748 | 25.19 | 7/07/2021 | | |
| | 12/04/2008 | | | | | 11,444 | 256,002 |
| | 12/03/2009 | | | | | 4,819 | 107,801 |
| | 1/20/2011 | | | | | 20,229 | 452,523 |
| | 7/07/2011 | | | | | 6,546 | 146,434 |
| James R. Giertz | 04/02/2008 | 17,978 | 5,993 | 20.93 | 04/02/2018 | | |
| | 12/04/2008 | 23,831 | 23,832 | 14.15 | 12/04/2018 | | |
| | 12/03/2009 | 21,006 | 10,822 | 20.57 | 12/03/2019 | | |
| | 1/20/2011 | -0- | 28,768 | 22.27 | 1/20/2021 | | |
| | 12/04/2008 | | | | | 11,444 | 256,002 |
| | 12/03/2009 | | | | | 4,608 | 103,081 |
| | 1/20/2011 | | | | | 12,041 | 269,357 |
| Patrick J. Trippel | 4/26/2011 | -0- | 35,549 | 21.37 | 4/26/2021 | | |
| | 4/26/2011 | | | | | 14,829 | 331,725 |
| Steven Kenny | 10/01/2009 | 20,854 | 20,854 | 19.85 | 10/01/2019 | | |
| | 12/03/2009 | 19,097 | 9,838 | 20.57 | 12/03/2019 | | |
| | 10/01/2010 | 10,083 | 20,474 | 20.20 | 10/01/2020 | | |
| | 1/20/2011 | -0- | 28,768 | 22.27 | 1/20/2021 | | |
| | 10/01/2009 | | | | | 1,404 | 31,407 |
| | 12/03/2009 | | | | | 4,190 | 93,730 |
| | 01/20/2011 | | | | | 12,041 | 269,357 |
| Barry S. Snyder | 12/04/2008 | 14,018 | 14,019 | 14.15 | 12/04/2018 | | |
| | 12/03/2009 | 10,503 | 5,411 | 20.57 | 12/03/2019 | | |
| | 1/21/2011 | -0- | 15,822 | 22.27 | 1/20/2021 | | |
| | 12/04/2008 | | | | | 6,731 | 150,572 |
| | 12/03/2009 | | | | | 2,306 | 51,585 |
| | 1/20/2011 | | | | | 6,623 | 148,157 |

(1) Stock options granted prior to December 3, 2009 vest in four equal annual installments beginning on the first anniversary of the grant date. Stock options granted on or after December 3, 2009 vest in three equal annual installments beginning on the first anniversary of the grant date. Options become immediately exercisable upon retirement (age 55 and 10 years of service), death, disability or change-in-control.

- (2) Time-based restricted shares and units granted December 1, 2005 through December 4, 2008 vest entirely on the third anniversary of the grant date. Restricted shares and units granted after December 4, 2008 vest in three equal annual installments beginning on the first anniversary of the grant date. The restricted shares and units become immediately vested in the event of death, disability and change-in-control.
- (3) The market value is based on the closing price at December 2, 2011 (the last business day of the fiscal year) of \$22.37.

Table of Contents**Option Exercises and Stock Vested Fiscal Year 2011**

The following table summarizes the number of options exercised and shares of restricted stock vested during fiscal year 2011 for each of the named executive officers in the Summary Compensation Table.

| Name | Option Awards | | Stock Awards | |
|--------------------|---|---------------------------------|--|---|
| | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) ⁽¹⁾ |
| James J. Owens | -0- | -0- | 10,958 | 234,451 |
| James R. Giertz | -0- | -0- | 14,715 | 321,918 |
| Patrick J. Trippel | -0- | -0- | -0- | -0- |
| Steven Kenny | -0- | -0- | 8,094 | 178,416 |
| Barry S. Snyder | -0- | -0- | 14,151 | 324,524 |

- (1) The value realized on the vesting of stock awards is the closing market price of a share of H.B. Fuller Common Stock on the date of vesting multiplied by the number of vested shares. H.B. Fuller withheld shares of the H.B. Fuller Common Stock from the amounts shown having a value equal to the applicable tax withholding requirement.

Pension Benefits Fiscal Year 2011

None of the named executive officers in this Proxy Statement are eligible to participate in the H.B. Fuller Legacy Pension Plan. Therefore, this table and accompanying narrative have been omitted.

Nonqualified Deferred Compensation Fiscal Year 2011

The following table summarizes information with respect to the participation of the named executive officers in our nonqualified deferred compensation plans. Mr. Kenny is not eligible to participate in our nonqualified deferred compensation plans.

| Name | Plan Name | Executive Contributions in Last FY (\$) ⁽¹⁾ | Registrant Contributions in Last FY (\$) ⁽²⁾ | Aggregate Earnings in Last FY (\$) ⁽³⁾ | Aggregate Withdrawals/Distributions (\$) | Aggregate Balance at Last FYE (\$) ⁽⁴⁾ |
|--------------------|---|--|---|---|--|---|
| James J. Owens | Key Employee Deferred Compensation Plan | -0- | -0- | -0- | -0- | -0- |
| | Defined Contribution Restoration Plan | -0- | 109,283 | 4,869 | -0- | 270,625 |
| James R. Giertz | Key Employee Deferred Compensation Plan | -0- | -0- | -0- | -0- | -0- |
| | Defined Contribution Restoration Plan | -0- | 87,935 | 5,397 | -0- | 264,681 |
| Patrick J. Trippel | Key Employee Deferred Compensation Plan | -0- | -0- | -0- | -0- | -0- |
| | Defined Contribution Restoration Plan | -0- | -0- | -0- | -0- | -0- |
| Barry S. Snyder | Key Employee Deferred Compensation Plan | -0- | -0- | -0- | -0- | -0- |
| | Defined Contribution Restoration Plan | -0- | 47,673 | 2,410 | -0- | 127,501 |

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- (1) None of the named executive officers made contributions to the Key Employee Deferred Compensation Plan or the Defined Contribution Restoration Plan during fiscal year 2011.

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- (2) The Company did not make any contributions to the Key Employee Deferred Compensation Plan relating to the named executive officers during fiscal year 2011. The Company contributions under the Defined Contribution Restoration Plan are also included in the All Other Compensation column of the Summary Compensation Table.
- (3) Because none of these earnings are considered above market earnings, they are not disclosed in the Summary Compensation Table.
- (4) Of the totals in this column, the table below sets forth amounts that were previously reported as compensation to the relevant named executive officers in our Summary Compensation Table for previous years for the Key Employee Deferred Compensation Plan and for the Defined Contribution Restoration Plan.

| Name | Plan Name | Amount previously reported as compensation to the named executive officer in our Summary Compensation Table for previous years (\$) |
|--------------------|---|---|
| James J. Owens | Key Employee Deferred Compensation Plan | -0- |
| | Defined Contribution Restoration Plan | 225,671 |
| James R. Giertz | Key Employee Deferred Compensation Plan | -0- |
| | Defined Contribution Restoration Plan | 210,210 |
| Patrick J. Trippel | Key Employee Deferred Compensation Plan | -0- |
| | Defined Contribution Restoration Plan | -0- |
| Barry S. Snyder | Key Employee Deferred Compensation Plan | -0- |
| | Defined Contribution Restoration Plan | 100,141 |

Key Employee Deferred Compensation Plan. The Key Employee Deferred Compensation Plan is a nonqualified deferred compensation plan that allows deferral of salary or short-term incentive awards on a pre-tax basis. Executive officers may defer up to 80% of their base salary or up to 100% of their short-term incentive award. The plan is unfunded and does not protect the executive from insolvency of the Company.

Amounts deferred under the Key Employee Deferred Compensation Plan are credited with earnings and investment gains and losses by assuming that deferred amounts were invested in one or more hypothetical investment options selected by the executive. Executive officers are allowed to change their investment elections at any time. The one year rates of return for such investments for fiscal 2011 are as follows: PIMCO VIT Total Return AC, 1.14%; PIMCO VIT Real Return AC, 8.56%; Fidelity VIP Equity-Income SC, 7.29%; T. Rowe Price Equity Income II, 4.78%; Dreyfus Stock Index IS, 7.12%; Fidelity VIP Contrafund SC, 4.35%; Oppenheimer Capital Appreciation VA Non-SS, 5.33%; Janus AS Forty SS, -.81%; Goldman VIT MidCap Value, 1.28%; Fidelity VIP MidCap SC, -5.4%; T. Rowe Price MidCap Growth II, 5.2%; Royce Micro-Cap IC, -3.06%; Lincoln VIPT Baron Growth Opportunities SC, 13.08%; Van Kampen UIF US Real Estate CI I, -4.44%; Oppenheimer Global Securities VA Non-SS, -.60%; Dreyfus VIF International Value IS, -9.2%; Janus AS Overseas SS, -25.27%; and H.B. Fuller Company stock, 6.17%. Participants who invest in the Company stock fund are eligible to receive a 10% match in Company stock. The value of the matching contributions received, if any, is disclosed in the Summary Compensation Table in this Proxy Statement. During

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fiscal year 2011, no named executive officers made contributions to this plan. In addition, the Compensation Committee may make discretionary contributions to a participant's Company stock account under this plan. For fiscal year 2011, no discretionary contributions were made to any of the named executive officers listed in the Summary Compensation Table. Balances in the plan reflect amounts that have accumulated over time and directly relate to participants' length of participation in the plan, individual investment choices and individual decisions regarding the level of savings over time.

Executive officers are always 100% vested in their Key Employee Deferred Compensation Plan account and are entitled to receive a distribution from their account under the following circumstances: separation from service, death, disability, age 65, date elected or unforeseeable emergency that results in severe financial hardship that is consistent with the meaning of that term under section 409A of the IRS Code. Distributions are made in either a lump sum or, if previously elected by the executive officer, up to 11 annual installments. Distributions from the Company stock account will be in the form of stock and all other amounts will be distributed in cash.

Defined Contribution Restoration Plan (DC Restoration Plan). The DC Restoration Plan is a non-qualified unfunded retirement plan that is intended to provide for retirement benefits above amounts available under H.B. Fuller's tax-qualified retirement plans. Participants in this plan receive annual credits in a bookkeeping account that is hypothetical in nature. Following are the three component accounts in the plan:

4% restoration plan match credit on H.B. Fuller Company 401(k) & Retirement Plan employer match to restore the company matching contribution that is restricted by IRS contribution limits, providing for a benefit of 4% of eligible compensation minus matching contributions under the H.B. Fuller Company 401(k) & Retirement Plan.

3% restoration non-elective credit provides a contribution of 3% of eligible pay in excess of the IRS annual limit originally for participants who were hired after December 31, 2006. As of June 1, 2011 all eligible U.S. employees and expatriates are eligible for this credit.

7% supplemental executive retirement plan credit on all eligible earnings. Mr. Owens, Mr. Giertz and Mr. Snyder are participants in this plan due to their hire dates.

Contributions made on behalf of named executive officers under the DC Restoration Plan are disclosed in the *Summary Compensation Table* in this Proxy Statement.

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Potential Payments Upon Termination or Change-in-Control

In General.

The Company has certain arrangements, policies and practices covering the named executive officers in this Proxy Statement that require it to provide compensation in the event of certain types of terminations, including certain terminations due to a change-in-control of the Company.

The information set forth below describes amounts that the Company would pay or provide to a named executive officer or his or her beneficiaries in each of the following situations: voluntary termination, involuntary for cause termination, involuntary not for cause termination or good reason termination, involuntary (not for cause) or good reason termination after a change-in control, death, disability, early retirement and retirement. The estimated amounts payable are calculated as if the termination occurred on the last business day of the fiscal year, December 2, 2011, using the closing stock price from the last business day of the fiscal year.

We have not included payments or benefits that are fully disclosed in the Nonqualified Deferred Compensation Table of this Proxy Statement, unless such payment is enhanced or its vesting or other provisions are accelerated. We have also not included information or payments related to contracts, agreements, plans or arrangements to the extent that they do not discriminate in scope, term or operation in favor of the named executive officers and that are available generally to all salaried employees. We are calling these benefits "general benefits" and they include:

Accrued Vacation Pay

H.B. Fuller Company 401(k) & Retirement Plan (or similar applicable plan)

Health and Welfare Benefits

Life Insurance Proceeds

Voluntary Termination and Involuntary For Cause Termination

In the event of a voluntary termination or an involuntary for cause termination as of the last business day of the fiscal year, the Company is not obligated to provide any enhanced benefits or accelerate vesting of any existing benefits of a named executive officer. Should Mr. Kenny terminate his employment with the Company, he is required to give six month's notice of such termination.

Involuntary Not For Cause Termination or Good Reason Termination

In the event of an involuntary not for cause termination or a good reason termination as of the last business day of the fiscal year, a named executive officer's compensation would be affected as follows:

We have a severance arrangement with each of the named executive officers. If the named executive officer's employment with the Company is involuntarily terminated at the initiative of the Company for any reason other than cause or disability or at the initiative of the executive for good reason and such termination does not occur during the protected period of a change-in-control, then the executive officer is entitled to receive certain severance benefits. Good reason means a material reduction of the executive officer's base salary, material diminution in the executive officer's authority and duties, or a required change of the executive officer's principal work location of 50 miles or more. Protected period means the 24-month period immediately following each and every change-in-control. In order to receive severance, the executive officer must sign a release of claims in favor of the Company and be in compliance with the terms of the executive severance agreement, including that

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the executive officer must agree not to compete with the Company or solicit customers or employees of the Company for two years after termination of employment. The severance benefit consists of the following:

A severance payment equal to one times (two times for the CEO) base salary plus target bonus, payable over the 12 months (24 months for the CEO) following termination. Any amount over the lesser of \$460,000 or two times the executives annualized compensation based upon the annual rate of pay for services to the Company for the calendar year prior to the calendar year in which the date of termination occurs shall be paid out in a lump sum at the earliest of the executive's death or six months after the date of termination.

The executive is entitled to medical and dental insurance over 12 months (18 months for the CEO).

Outplacement services with a value up to \$20,000.

For Mr. Kenny, any benefits he receives pursuant to local law are offset against the severance benefits set forth above.

Involuntary (Not for Cause) Termination or Good Reason Termination after a Change-in-Control

We have entered into a change-in-control agreement with each of the named executive officers. The initial three-year term of these agreements automatically extends for an additional year on each subsequent anniversary of the agreement, unless our Board of Directors gives notice of non-renewal prior to an anniversary date. A protected period of 24 months follows each and every change-in-control of H.B. Fuller under the terms of these agreements. If during this protected period, the executive officer separates from service for any reason other than cause or disability, or the executive officer terminates his or her employment for good reason (including demotion, pay cut or certain relocations), the executive officer is entitled to receive a lump sum payment from us. The payment consists of the following:

The executive will receive a target short-term incentive plan payment prorated to the date of the termination without application of any denial provisions based on unsatisfactory personal performance or any other reason.

A severance payment equal to three times the sum of: (a) the executive's highest base salary, on an annualized basis, established by us during the period commencing three months prior to the occurrence of the change-in-control and ending on the date of the executive's termination of employment; plus (b) the executive's target annual incentive in effect immediately prior to the change-in-control.

A payment for outplacement services of up to \$25,000.

In addition, the executive is entitled to medical and dental benefits for a three-year period following the termination of employment. In the event severance payments are made to the named executive officers due to a change-in-control and in the event that they are subject to an excise tax imposed by Section 280G of the Internal Revenue Code and do not exceed 330% of the executive's base amount, we will adjust the payments and benefits. Under these circumstances, the payments and benefits will be adjusted so that the amount of the payments equals 299% of the base amount, which is the maximum amount that can be paid without imposition of an excise tax. In the event that the payments and benefits are subject to an excise tax and exceed 330% of the executive's base amount, we have agreed to reimburse the executive for the amount of the excise tax and for any taxes imposed upon the reimbursement. The effects of the Internal Revenue Code are unpredictable and executive officers may have very different

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and unexpected effects based on their own particular compensation history. Therefore, these payments are intended to place an executive officer in the same position that they would have been in had they received the payments for reasons other than a change-in-control. The payments are not meant to pay regular income tax payments for an executive officer. In these situations, the Company will make payments to the executive officer to reimburse them for the excise tax, in addition to any other amounts to cover the tax imposed on the reimbursement. This is typically called a "gross-up".

We have other compensatory arrangements with our named executive officers that will be affected by a change-in-control. The DC Restoration Plan provides that if within two years after a change-in-control, we terminate a participant's employment without cause or the participant terminates his or her employment for good reason (as defined in this plan), then zero to three years (depending on the participant's position and pay grade) shall be added to both the participant's age and years of credited service for purposes of determining benefits under the plan.

In addition, in the event of a change-in-control, all shares of restricted stock, all restricted stock units and any unvested stock options outstanding under our stock incentive plans immediately vest in full.

Payments upon Death or Disability

In the event of a death or disability as of the last business day of the fiscal year, a named executive officer's compensation would be affected as follows:

Stock options, restricted stock and restricted stock units would vest at death and at disability.

Benefits under the Defined Contribution Restoration Plan would vest at death or disability.

In the event of Mr. Kenny's death as of the last business day of the fiscal year, his beneficiaries would be eligible to receive four times his annual base salary. In the event of a disability during which Mr. Kenny would not be able to work at all, as of the last business day of the fiscal year, Mr. Kenny would be eligible to receive 75% of his base salary after a 13 week waiting period up to a maximum payment of British Pound Sterling 193,304 per year (\$301,519) on December 2, 2011. During the 13 week waiting period, the Company pays his normal base salary, allowances and fringe benefits.

Early and Normal Retirement

As of the last business day of the fiscal year, no named executive officer was eligible for early or normal retirement.

Executive Benefit and Payments Upon Termination Fiscal Year 2011

The following table shows potential estimated payments to the named executive officers in this Proxy Statement upon (1) involuntary (not for cause) or good reason termination, (2) involuntary (not for cause) or good reason termination after a change-in-control, and (3) death or disability. The table assumes that the termination was effective on the last business day of the fiscal year and contains estimates of amounts that would be paid to the named executive officers upon termination in addition to the base salary and short-term incentive earned by the executives during the fiscal year and any applicable pension amounts payable to the executive officers discussed under the section titled *Pension Benefits* in this Proxy Statement. Actual amounts payable to any named executive officer would only be determined after an actual event of termination. For Mr. Snyder, who left the Company effective January 31, 2012, amounts are provided only in the column titled "Involuntary Not For Cause or Good Reason".

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| Name | Type of Payment | Involuntary Not For Cause or Good Reason (\$) | Payments upon Involuntary (Not for Cause) or Good Reason Termination after a Change-in-Control (\$) | Death or Disability (\$) |
|-----------------------------|-----------------|--|--|--------------------------------|
| James. J. Owens | | | | |
| Short-Term Incentive Plan | | | 618,333 | 247,032 |
| Stock Options | | | 247,032 | 1,067,299 |
| Restricted Stock | | | 1,067,299 | |
| Health and Welfare Benefits | | 19,951 | 39,902 | |
| Cash Severance | | 1,318,333 | 4,200,000 | |
| Outplacement Services | | 20,000 | 25,000 | |
| DC Restoration Plan | | | | |
| Excise Tax Gross-Up | | | 1,833,769 | |
| Total | | 1,358,284 | 8,031,335 | 1,314,331 |
| James R. Giertz | | | | |
| Short-Term Incentive Plan | | | 262,426 | |
| Stock Options | | | 245,791 | 245,791 |
| Restricted Stock | | | 728,469 | 728,469 |
| Health and Welfare Benefits | | 13,301 | 39,902 | |
| Cash Severance | | 734,793 | 2,210,678 | |
| Outplacement Services | | 20,000 | 25,000 | |
| DC Restoration Plan | | | | |
| Excise Tax Gross-Up | | | 1,003,562 | |
| Total | | 768,094 | 4,515,828 | 974,260 |
| Patrick J. Trippel | | | | |
| Short-Term Incentive Plan | | | 135,147 | |
| Stock Options | | | 35,549 | 35,549 |
| Restricted Stock | | | 331,724 | 331,724 |
| Health and Welfare Benefits | | 13,301 | 39,902 | |
| Cash Severance | | 535,147 | 1,872,000 | |
| Outplacement Services | | 20,000 | 25,000 | |
| DC Restoration Plan | | | | |
| Excise Tax Gross-Up | | | 904,342 | |
| Total | | 568,448 | 3,343,664 | 367,273 |
| Steven Kenny | | | | |
| Short-Term Incentive Plan | | | 148,366 | |
| Stock Options | | | 140,058 | 140,058 |
| Restricted Stock | | | 485,423 | 485,423 |
| Health and Welfare Benefits | | 1,698 | 5,094 | |
| Cash Severance | | 520,347 | 1,562,321 | |
| Outplacement Services | | 20,000 | 25,000 | |
| DC Restoration Plan | | | | |
| Excise Tax Gross-Up | | | | |
| Total | | 542,045 | 2,366,262 | 625,481 |
| Barry S. Snyder | | | | |
| Short-Term Incentive Plan | | | | |
| Stock Options | | | | |
| Restricted Stock | | | | |
| Health and Welfare Benefits | | 13,301 | | |
| Cash Severance | | 448,349 | | |
| Outplacement Services | | 20,000 | | |
| DC Restoration Plan | | | | |
| Excise Tax Gross-Up | | | | |
| Total | | 481,650 | | |

PROPOSAL 2 NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Exchange Act, the Company is providing shareholders with an advisory (non-binding) vote on the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis, the tabular disclosure regarding such compensation

and the accompanying narrative disclosure contained in this Proxy Statement.

The Company is asking shareholders to indicate their support for the compensation of our named executive officers described in this Proxy Statement. The Company has designed its executive compensation program to attract, motivate, reward and retain the executive talent required to achieve our corporate growth objectives and increase shareholder value. We believe that our compensation

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policies and procedures are centered on a pay-for-performance philosophy and are strongly aligned with the long-term interests of our shareholders. See Executive Compensation Compensation Discussion and Analysis.

In deciding how to vote on this proposal, the Board urges you to consider the following factors, many of which are more fully discussed in the Executive Compensation Compensation Discussion and Analysis of this Proxy Statement:

The Compensation Committee has designed our executive compensation program to be competitive with the compensation offered by those peers with whom we compete for management talent.

The Compensation Committee believes that there is a need to reasonably and fairly compensate and retain a senior management team that is relatively new to the Company and many of whom who have left other executive positions to join H.B. Fuller to help attain its strategic goals.

The Compensation Committee believes the Company's executive compensation programs have been effective at incenting the achievement of short-term financial performance metrics and long-term decision making that is in the best interests of our shareholders. During fiscal year 2011, the Company achieved the following financial results:

- Ø Net revenue increased 14.9 percent from fiscal year 2010 primarily driven by 11.4 percent organic sales growth;
- Ø Our total year organic sales growth increased 11.4 percent for fiscal year 2011 compared to fiscal year 2010. Both our product pricing and sales volume increased in fiscal year 2011 as compared to fiscal year 2010, however the increase in raw material costs contributed to a decrease in gross profit margin compared to fiscal year 2010;
- Ø In 2011 our diluted earnings per share increased to \$1.79 per share from \$1.43 per share in fiscal year 2010 and \$1.70 per share in fiscal year 2009. The most significant factors affecting fiscal year 2011 results were the 14.9 percent increase in net revenue and the continuing increase in raw material costs; and
- Ø For the 42nd consecutive year in a row, we implemented an increase in the amount of our dividend that we pay to shareholders (7 percent increase in fiscal 2011).

Accordingly, the Company is asking shareholders to vote FOR the following resolution at the annual meeting:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the H.B. Fuller Company named executive officers, as disclosed in the Compensation Discussion and Analysis, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure, set forth in this Proxy Statement.

This advisory vote on executive compensation is not binding on the Company's Board of Directors. However, the Board of Directors will take into account the result of the vote when determining future executive compensation arrangements. The Company currently conducts annual advisory votes on executive compensation, and the Company expects to conduct the next advisory vote at our 2013 annual meeting of shareholders.

The Board of Directors recommends a vote FOR adoption of the resolution approving the compensation of the Company's named executive officers, as described in the Compensation Discussion and Analysis section and the related tabular and narrative disclosure set forth in this Proxy Statement.

Table of Contents**AUDIT COMMITTEE REPORT**

Pursuant to its charter, the Audit Committee of the Board of Directors is responsible for the appointment, compensation and oversight of the work of our independent registered public accounting firm. In the exercise of that authority, we, the members of the Audit Committee, determined to engage KPMG LLP to serve as H.B. Fuller's independent registered public accounting firm for the year ending December 1, 2012.

Management is responsible for the financial reporting process, accounting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable law and regulation. Management represented to us that H.B. Fuller's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

KPMG LLP, as H.B. Fuller's independent registered public accounting firm for fiscal year 2011, was responsible for performing an independent audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing a report.

We have reviewed and discussed the audited consolidated financial statements with management and KPMG LLP. We have also discussed with KPMG LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees), as amended (AICPA, Professional Standards, Vol 1. AU Section 380), and they have discussed with us their independence and provided to us the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence.

Based upon our review and discussions referred to above, we recommended to the Board of Directors that the audited consolidated financial statements be included in H.B. Fuller's Annual Report on Form 10-K for the fiscal year ended December 3, 2011 filed with the SEC.

Audit Committee of the Board of Directors of H.B. Fuller Company

J. Michael Losh (Chair)

Juliana L. Chugg

Thomas W. Handley

Alfredo L. Rovira

FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The following table presents fees for professional services provided by KPMG LLP for the audit, audit-related, tax and all other services rendered to us and our affiliates for the 2011 and 2010 fiscal years.

| | 2011 | 2010 |
|--------------------|--------------|--------------|
| Audit Fees | \$ 2,320,000 | \$ 2,187,000 |
| Audit-Related Fees | \$ 92,000 | \$ 180,000 |
| Tax Fees | \$ 196,000 | \$ 0 |
| All Other Fees | \$ 0 | \$ 0 |

Audit Fees: Includes fees and expenses billed and to be billed for (i) the audit of the consolidated financial statements included in our annual report on Form 10-K (ii) the audit of the effectiveness of our internal control over financial reporting, (iii) reviews of the interim consolidated financial information included in our quarterly reports on Form 10-Q, (iv) statutory audits of certain international subsidiaries,

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(v) consultations concerning financial accounting and reporting and (vi) reviews of documents filed with the SEC and consents.

Audit-Related Fees: Includes fees and expenses for due diligence services pertaining to potential business acquisitions and costs for assistance in evaluating the completeness, accuracy and consistency of the Company's XBRL-tagged data in the financial statements.

Tax Fees: Includes fees and expenses for U.S. federal, state and international tax planning and tax compliance services.

The Audit Committee has in place procedures to pre-approve all audit, audit-related, tax and other permissible services provided to us by our independent registered public accounting firm. We have a policy of avoiding the engagement of our independent registered public accounting firm except for audit, audit-related and tax compliance services. The Audit Committee has delegated to one or more of its members pre-approval authority with respect to permitted services, and receives a regular report from management on all such services provided to us by our independent registered public accounting firm. All of the services provided by our independent registered public accounting firm in fiscal 2011 and 2010 were pre-approved by the Audit Committee under its pre-approval procedures.

PROPOSAL 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed KPMG LLP, as our independent registered public accounting firm for the fiscal year ending December 1, 2012. KPMG LLP has acted as our independent registered public accounting firm since our 2004 fiscal year. While we are not required to do so, H.B. Fuller is submitting the appointment of KPMG LLP to serve as our independent registered public accounting firm for the fiscal year ending December 1, 2012 for ratification in order to ascertain the views of our shareholders on this appointment. If the shareholders do not ratify the Audit Committee's appointment of KPMG LLP as our independent registered public accounting firm, the Audit Committee intends to reconsider that appointment. However, because of the difficulty and expense of making any change so long after the beginning of the current fiscal year, it is likely that the appointment would stand for fiscal year December 1, 2012 unless there were compelling reasons for making an immediate change.

Representatives of KPMG LLP will be present at the meeting and will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions from shareholders.

The Board of Directors recommends a vote FOR

ratification of the appointment of KPMG LLP.

HOUSEHOLDING OF PROXY MATERIALS

The SEC rules allow a single copy of the proxy statement and annual report to be delivered to multiple shareholders sharing the same address and last name, or who we reasonably believe are members of the same family, and who consent to receive a single copy of these materials in a manner provided by these rules. This practice is referred to as "householding" and can result in significant savings of paper and mailing costs. Although we do not household for our registered shareholders, some brokers household H.B. Fuller Company proxy statements and annual reports, delivering a single copy of each to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker that they will be householding materials to your address, householding will continue until you are notified otherwise.

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or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate copy of our proxy statement or annual report, or if you are receiving multiple copies of either document and wish to receive only one, please notify your broker. The Company will deliver promptly upon written or oral request a separate copy of our proxy statement and/or our annual report to a shareholder at a shared address to which a single copy of either document was delivered. For copies of either or both documents, shareholders should write to Corporate Secretary, H.B. Fuller Company, or call (651) 236-5825.

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DIRECTIONS TO H.B. FULLER COMPANY

1200 Willow Lake Boulevard

St. Paul, Minnesota

651-236-5900

Directions:

From the North: Take I-35E south to County Road E. Take the County E exit (Exit 115) and turn left onto County Road E. Take County Road E east to Labore Road (second stoplight) and turn right. Follow Labore Road to Willow Lake Blvd and turn left. Turn right into H.B. Fuller's corporate headquarters entrance at 1200 Willow Lake Blvd and continue to stop sign. Turn left at stop sign and proceed to parking lot.

From the South: Take I-35E north to County Road E (approx. 10 miles from downtown St. Paul). Take the County E exit (Exit 115) and turn right on County Road E. Take County Road E east to Labore Road (second stoplight) and turn right. Follow Labore Road to Willow Lake Blvd and turn left. Turn right into H.B. Fuller's corporate headquarters entrance at 1200 Willow Lake Blvd and continue to stop sign. Turn left at stop sign and proceed to parking lot.

From the West: Take I-494 or I-94 east to I-35E north. Follow I-35E north to County Road E. Take the County E exit (Exit 115) and turn right on County Road E. Take County Road E east to Labore Road (second stoplight) and turn right. Follow Labore Road to Willow Lake Blvd and turn left. Turn right into H.B. Fuller's corporate headquarters entrance at 1200 Willow Lake Blvd and continue to stop sign. Turn left at stop sign and proceed to parking lot.

From the East: Take I-694 west to I-35E north. Follow I-35E north to County Road E. Take the County E exit (Exit 115) and turn right on County Road E. Take County Road E east to Labore Road (second stoplight) and turn right. Follow Labore Road to Willow Lake Blvd and turn left. Turn right into H.B. Fuller's corporate headquarters entrance at 1200 Willow Lake Blvd and continue to stop sign. Turn left at stop sign and proceed to parking lot.

PARKING: Parking is available in the parking lot of the H.B. Fuller Company headquarters.

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***** Exercise Your *Right* to Vote *****

**Important Notice Regarding the Availability of Proxy Materials for the
Shareholder Meeting to Be Held on April 12, 2012**

H. B. FULLER COMPANY

Meeting Information

Meeting Type: Annual Meeting

For holders as of: February 15, 2012

Date: April 12, 2012 **Time:** 2:00 PM CDT

Location: H.B. Fuller Company Headquarters
1200 Willow Lake Boulevard
Saint Paul, Minnesota 55110

You are receiving this communication because you hold shares in the above named company.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at www.proxyvote.com or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

See the reverse side of this notice to obtain proxy materials and voting instructions.

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Before You Vote

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

1. Annual Report
2. Notice & Proxy Statement

How to View Online:

Have the information that is printed in the box marked by the arrow (located on the following page) and visit: www.proxyvote.com.

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

- 1) *BY INTERNET*: www.proxyvote.com
- 2) *BY TELEPHONE*: 1-800-579-1639
- 3) *BY E-MAIL**: sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 05, 2012 to facilitate timely delivery.

How To Vote

Please Choose One of the Following Voting Methods

Vote In Person: Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

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Vote By Internet: To vote now by Internet, go to www.proxyvote.com. Have the information that is printed in the box marked by the arrow available and follow the instructions.

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

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Voting items

The Board of Directors recommends you vote FOR the following:

1. Election of Directors

Nominees

- 01 Juliana L. Chugg 02 Thomas W. Handley 03 Alfredo L. Rovira

The Board of Directors recommends you vote FOR proposals 2 and 3.

2. A non-binding advisory vote to approve the compensation of our named executive officers disclosed in the attached proxy statement.
3. The ratification of the appointment of KPMG LLP as H. B. Fuller's independent registered public accounting firm for the fiscal year ending December 1, 2012.

NOTE: The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder(s). If no direction is made, this proxy will be voted FOR items 1, 2 and 3. If any other matters properly come before the meeting, the persons named in the proxy statement will vote in their discretion.

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Annual Report, Notice & Proxy Statement is/are available at www.proxyvote.com.

H. B. FULLER COMPANY

Annual Meeting of Shareholders

April 12, 2012

This proxy is solicited by the Board of Directors

For Registered Shareholders: The undersigned, revoking all prior proxies, appoints James J. Owens, James. R. Giertz and Timothy J. Keenan, or any one or more of them, as proxies, with full power of substitution, to represent the undersigned and to vote, as indicated on the reverse side and otherwise in their discretion upon such other matters as may properly come before the meeting, all shares of the common stock of H.B. Fuller Company which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Company to be held at the H.B. Fuller Company headquarters, 1200 Willow Lake Boulevard, Saint Paul, Minnesota on Thursday, April 12, 2012 at 2:00 p.m., local time, and at any adjournment thereof. The undersigned hereby acknowledges receipt of the Proxy Statement for the Annual Meeting.

For Participants in the 401(k) Plan: This voting instruction form is sent to you on behalf of JPMorgan Chase Bank, N.A. as Trustee of the H.B. Fuller Company 401(k) & Retirement Plan (the Plan). Please complete this form on the reverse side, sign your name exactly as it appears on the reverse side, and return it in the enclosed envelope. Your instruction must be received no later than 11:59 p.m. Central Time on Monday, April 9, 2012, to be counted.

As a participant in the Plan, the undersigned hereby directs JPMorgan Chase Bank, as Trustee, to vote all shares of common stock of H.B. Fuller Company represented by the undersigned's proportionate interest in the Plan at the Annual Meeting of Shareholders to be held on Thursday, April 12, 2012 at 2:00 p.m., local time, and at any adjournment thereof, upon the matters set forth on the reverse side and upon

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such other matters as may properly come before the meeting. Only the Trustee can vote these shares. You cannot vote these shares in person at the Annual Meeting.

Continued and to be signed on reverse side

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VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: x

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY

| | | | | | | | | | | |
|--|---|-----------------------|---------------------|-----------------------|----------------|----------------|---------------------|-----------------------|----------------|--|
| The Board of Directors recommends you vote FOR the following: | <table border="0"> <tr> <td style="padding-right: 5px;">For All</td> <td style="padding-right: 5px;">Withhold All</td> <td style="padding-right: 5px;">For All Except</td> <td style="padding-right: 5px;">For All</td> </tr> <tr> <td style="padding-right: 5px;">For All</td> <td style="padding-right: 5px;">Withhold All</td> <td style="padding-right: 5px;">For All Except</td> <td style="padding-right: 5px;">For All</td> </tr> </table> | For All | Withhold All | For All Except | For All | For All | Withhold All | For All Except | For All | To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below. |
| For All | Withhold All | For All Except | For All | | | | | | | |
| For All | Withhold All | For All Except | For All | | | | | | | |

- | | | |
|---|----------------------|----------------------|
| 1. Election of Directors Nominees | " " " | |
| 01 Juliana L. Chugg | 02 Thomas W. Handley | 03 Alfredo L. Rovira |

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The Board of Directors recommends you vote FOR proposals 2 and 3.

For Against Abstain

2. A non-binding advisory vote to approve the compensation of our named executive officers disclosed in the attached proxy statement.

..

3. The ratification of the appointment of KPMG LLP as H.B. Fuller's independent registered public accounting firm for the fiscal year ending December 1, 2012.

..

NOTE: The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder(s). If no direction is made, this proxy will be voted FOR items 1, 2 and 3. If any other matters properly come before the meeting, the persons named in the proxy statement will vote in their discretion.

Please sign your name exactly as it appears hereon. When signing as attorney, executor, administrator, trustee or guardian, please add your title as such. When signing as joint tenants, all parties in the joint tenancy must sign. If a signer is a corporation please sign in full corporate name by duly authorized officer.

| | | | | |
|------------------------------------|-------|--------------------------|------|---|
| Signature [PLEASE SIGN WITHIN BOX] | JOB # | Signature (Joint Owners) | Date | SHARES CUSIP # SEQUENCE # |
|------------------------------------|-------|--------------------------|------|---|