

Summer Infant, Inc.  
Form DEF 14A  
July 06, 2015

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

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

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**Summer Infant, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:

Edgar Filing: Summer Infant, Inc. - Form DEF 14A

- (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

**SUMMER INFANT, INC.**

**1275 Park East Drive**

**Woonsocket, Rhode Island 02895**

**NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS**

Notice is hereby given that the 2015 Annual Meeting of Stockholders of Summer Infant, Inc. will be held at 10:00 a.m. (local time) on Tuesday, August 4, 2015, at the Courtyard Marriott, located at 32 Exchange Terrace at Memorial Boulevard, Providence, Rhode Island 02903 to consider and act upon the following matters:

1. To elect seven director nominees to serve on the Board of Directors for a one-year term expiring at the 2016 annual meeting of stockholders, and until their respective successors are duly elected and qualified;
2. To approve and adopt an amendment to our 2012 Incentive Compensation Plan to increase the number of shares available for issuance thereunder from 1,100,000 to 1,700,000 shares;
3. To approve, on an advisory basis, the 2014 compensation of our named executive officers;
4. To ratify the selection of McGladrey LLP, an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending January 2, 2016; and
5. To transact such other business as may properly come before the meeting or any adjournments or postponements of thereof.

Only stockholders of record at the close of business on June 15, 2015 are entitled to notice of and to vote at the meeting.

All stockholders are cordially invited to attend the meeting and vote in person. To assure your representation at the meeting, however, you are urged to vote by proxy as soon as possible by mail by following the instructions on the proxy card or, if applicable, via the Internet. You may vote in person at the meeting even if you have previously returned a proxy.

Edgar Filing: Summer Infant, Inc. - Form DEF 14A

By Order of the Board of Directors,

Dan Almagor  
*Chairman of the Board*

Woonsocket, Rhode Island  
July 6, 2015

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON AUGUST 4, 2015.** The proxy materials relating to the 2015 Annual Meeting of Stockholders, including this proxy statement, the Notice of Meeting, our Annual Report on Form 10-K for the fiscal year ended January 3, 2015, as amended and proxy card, are available at no cost in the Investor Relations section of our website at [www.summerinfant.com](http://www.summerinfant.com). You may also request copies of the proxy materials from our company as described in the enclosed proxy statement.

---

**SUMMER INFANT, INC.**

**1275 Park East Drive**

**Woonsocket, RI 02895**

**PROXY STATEMENT**

**2015 ANNUAL MEETING OF STOCKHOLDERS**

This proxy statement is being furnished to you in connection with the solicitation by the Board of Directors of Summer Infant, Inc., a Delaware corporation ( we or the company ) of proxies in the accompanying form to be used at the 2015 Annual Meeting of Stockholders to be held at 10:00 a.m. (local time) on Tuesday, August 4, 2015, and at any adjournments or postponements thereof (the Annual Meeting ). Our Board has fixed June 15, 2015 as the record date for determining those stockholders entitled to receive notice of, and to vote at, the Annual Meeting. Only stockholders of record at the close of business on June 15, 2015 will be entitled to vote at the Annual Meeting. We intend to first mail or give this proxy statement and the accompanying proxy card to all stockholders entitled to vote on or about July 6, 2015.

**Questions and Answers about the Voting at the Annual Meeting and Related Matters**

**What am I voting on?**

At the Annual Meeting, you will be asked to vote on the following four proposals. Our Board recommendation for each proposal is set forth below.

<b>Proposal</b>		<b>Board Recommendation</b>
1.	To elect seven director nominees to serve on the Board of Directors for a one-year term expiring at the 2016 annual meeting of stockholders, and until their respective successors are duly elected and qualified.	FOR each Director Nominee
2.	To consider and vote upon a proposal to adopt an amendment to our 2012 Incentive Compensation Plan to increase the shares available for issuance thereunder from 1,100,000 to 1,700,000 shares.	FOR
3.	To approve, on an advisory basis, of the 2014 compensation of our named executive officers.	FOR
4.	To ratify the selection of McGladrey LLP, an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending January 2, 2016.	FOR

If other matters properly come before the Annual Meeting, the proxy holders will have the authority to vote on those matters on your behalf at their discretion. As of the date of this proxy statement, we are not aware of any matters that will come before the Annual Meeting other than those disclosed in this proxy statement.

**Who can vote?**

Only stockholders of record at the close of business on June 15, 2015 may vote at the Annual Meeting. As of the close of business on June 15, 2015, there were 18,193,965 shares of common stock issued and outstanding, all of which are entitled to vote at the Annual Meeting. Each share of common stock entitles the holder of that share to one vote on each matter properly brought before the Annual Meeting.

**What constitutes a quorum?**

The representation in person or by proxy of at least a majority of the shares of common stock entitled to vote at the Annual Meeting is necessary to establish a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present for the transaction of business at the Annual Meeting. If we do not have a quorum, we will be forced to reconvene the Annual Meeting at a later date.

**What is the difference between a stockholder of record and a beneficial owner?**

If your shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are considered the stockholder of record with respect to those shares.

If your shares are held by a brokerage firm, bank, trustee or other nominee, you are considered the beneficial owner of shares held in street name. This proxy statement and Annual Report have been forwarded to you by your nominee who is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your nominee how to vote your shares by using the voting instruction form included in the mailing.

**How do I vote my shares?**

*Stockholder of Record*

If your shares are registered directly in your name, you may vote:

- *By mail.* Complete and mail the enclosed proxy card in the enclosed postage prepaid envelope. Your proxy will be voted in accordance with your instructions. If you sign the proxy card but do not specify how you want your shares voted, they will be voted as recommended by our Board. Your proxy card must be mailed by the date shown on the proxy card to be counted.
- *Via the Internet.* You may vote via the Internet by going to <http://www.cstproxyvote.com> and following the on-screen instructions. Please have your proxy card available when you access the webpage. Your vote must be received by 7:00 p.m., Eastern Daylight Time, on August 3, 2015 to be counted.
- *In Person at the Annual Meeting.* If you attend the Annual Meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the Annual Meeting.

*Beneficial Owner of Shares Held in Street Name*

If you hold shares in street name, the organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. The stockholder of record will provide you with instructions on how to vote your shares. Internet and telephone voting will be

offered to stockholders owning shares through most banks and brokers. Additionally, if you would like to vote in person at the Annual Meeting, contact the broker or other nominee who holds your shares to obtain a broker's proxy card, and bring it with you to the Annual Meeting. You will not be able to vote at the Annual Meeting unless you have a proxy card from your broker.

**What is the vote required for a proposal to pass?**

- **Proposal No. 1 Election of directors:** The affirmative vote of a plurality of the shares of our common stock represented in person or by proxy at the Annual Meeting and entitled to vote is necessary for the election of directors. With regard to this proposal, shares which are entitled to vote but abstain from voting on a matter will be excluded from the vote and will have no effect on its outcome.

- **Proposal No. 2 - Approval and Adoption of Amendment to our 2012 Incentive Compensation Plan:** The affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required for approval.

- **Proposal No. 3 Say on Pay:** Because this proposal asks for a non-binding, advisory vote, there is no required vote that would constitute approval. We value the opinions expressed by our stockholders in this advisory vote, and our Compensation Committee, which is responsible for overseeing and administering our executive compensation programs, will consider the outcome of the vote when designing our compensation programs and making future compensation decisions for our named executive officers. The affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required for approval.



- **Proposal No. 4 Ratification of the selection of our independent auditors:** The affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required for approval.

With regard to Proposals No. 2, 3, and 4, shares which are entitled to vote at the Annual Meeting but abstain from voting on a matter will have the effect of a vote cast against such proposals.

**What if I am a beneficial owner and I do not give the nominee voting instructions?**

Brokerage firms have the authority to vote shares for which their customers do not provide voting instructions on certain routine matters. A broker non-vote occurs when a nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary voting authority for that item and has not received instructions from the owner of the shares. Broker non-votes are included in the calculation of the number of votes considered to be present at the Annual Meeting for purposes of determining the presence of a quorum but are not counted as shares present and entitled to be voted with respect to a matter on which the nominee has expressly not voted. Other than the Proposal No. 4 to approve the ratification of the appointment of McGladrey LLP as our independent registered public accounting firm, none of the proposals described in this proxy statement relate to routine matters. *As a result, a broker will not be able to vote your shares with respect to Proposals No. 1, 2 and 3 absent your voting instructions.*

**What does it mean if I receive more than one proxy card?**

If you receive more than one proxy card, it means that you hold shares of our common stock in more than one account. To ensure that all your shares are voted, sign and return each proxy card. Alternatively, if you vote via the Internet, you will need to vote once for each proxy card you receive.

**Can I change my vote or revoke my proxy?**

You may change your vote or revoke your proxy at any time prior to the vote at the Annual Meeting by the following means:

- You can send a written notice revoking your earlier-dated proxy, addressed to our Secretary at our principal office at 1275 Park East Drive, Woonsocket, Rhode Island 02895.
- If you signed and returned a proxy card by mail and want to change your vote, you can complete, sign, date and deliver a new proxy card, dated a later date than the first proxy card.

- If you submitted your proxy via the Internet, you may change your vote or revoke your proxy with a later Internet proxy.
  
- You can attend the Annual Meeting and vote in person. Your attendance at the Annual Meeting will not, however, by itself revoke your proxy. ***Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions or vote via the Internet so that your vote will be counted if you later decide not to attend the Annual Meeting.***

If you hold your shares in street name and have instructed your broker, bank or other nominee to vote your shares for you, you must follow directions received from your broker, bank or other nominee to change those instructions.

**Who will pay the costs of soliciting proxies and how are proxies solicited?**

Proxies in the form enclosed are solicited by our Board. Solicitation of proxies will be made initially by mail. Proxies may also be solicited personally, by telephone, e-mail or by facsimile transmission by our directors, officers and other employees. We may also engage a paid proxy solicitor to assist in the solicitation. Copies of solicitation materials will be furnished to brokerage houses, nominees, fiduciaries and custodians to forward to beneficial owners of our common stock held in their names. We will bear all costs and expenses incurred in connection with this solicitation, including the cost of printing and mailing these proxy materials and the expenses, charges and fees of brokers, custodians, nominees and other fiduciaries who, at the request of our management, mail material to, or otherwise communicate with, the beneficial owners of our common stock held of record by those brokers, custodians, nominees or other fiduciaries.

## **Annual Report and Other Matters**

Our Annual Report on Form 10-K for the fiscal year ended January 3, 2015, as amended, which was made available to stockholders with or preceding this proxy statement, contains financial and other information about our company, but is not incorporated into this proxy statement and is not to be considered a part of these proxy soliciting materials or subject to Regulations 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act ).

Through our website, [www.summerinfant.com](http://www.summerinfant.com), we make available free of charge all of our SEC filings, including our proxy statements, our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K, as well as Forms 3, Form 4, and Form 5 of our directors, officers, and principal stockholders, together with amendments to these reports filed or furnished pursuant to Sections 13(a), 15(d), or 16 of the Exchange Act. We will also provide upon written request, without charge to each stockholder of record as of the record date, a copy of our Annual Report on Form 10-K for the fiscal year ended January 3, 2015, as amended, as filed with the SEC. Any exhibits listed in the Annual Report on Form 10-K, as amended, also will be furnished, upon request, at the actual expense we incur in furnishing such exhibits. Any such requests should be directed to our Secretary at our executive offices at 1275 Park East Drive, Woonsocket, Rhode Island 02895, telephone: (401) 671-6550.

## **Attending the Annual Meeting**

Only stockholders and our invited guests are permitted to attend the Annual Meeting. To gain admittance, you must bring a form of personal identification to the meeting, where your name will be verified against our stockholder list. If a nominee holds your shares and you plan to attend the Annual Meeting, you should bring a brokerage statement showing your ownership of the shares as of the record date or a letter from the nominee confirming such ownership, and a form of personal identification. If you wish to vote your shares that are held by a nominee at the meeting, you must obtain a proxy from your nominee and bring such proxy to the meeting.

## **Householding of Materials**

Some banks, brokers, and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of these proxy materials may have been sent to multiple stockholders in each household. We will promptly deliver a separate copy of these proxy materials to any stockholder upon written or verbal request to us at our principal office at 1275 Park East Drive, Woonsocket, Rhode Island 02895, telephone: (401) 671-6550. Any stockholder who wants to receive separate copies of proxy materials in the future, or any stockholder who is receiving multiple copies and would like to receive only one copy per household, should contact that stockholder's bank, broker, or other nominee record holder, or that stockholder may contact us at the address and phone number set forth above.

## **Stockholder Proposals for 2016 Annual Meeting**

*Stockholder proposals for inclusion in our proxy statement:* If a stockholder wishes to present a proposal to be included in our proxy statement and form of proxy for our 2016 annual meeting of stockholders, the proponent and the proposal must

comply with the proxy proposal submission rules of the SEC and namely, Rule 14a-8 promulgated under the Exchange Act. One of the requirements is that the proposal must be received by our Secretary at our corporate offices in Woonsocket, Rhode Island, no later than the close of business on March 8, 2016. Such proposal must also comply with the applicable requirements as to form and substance established by the SEC if those proposals are to be included in the proxy statement and form of proxy. If the date of next year's annual meeting is changed by more than 30 days from the anniversary date of the Annual Meeting, then the deadline is a reasonable time before we begin to print and mail proxy materials.

*Other stockholder proposals:* Our amended and restated bylaws establish an advance notice procedure with regard to other stockholder proposals, including nominations for the election of directors and business proposals to be brought before an annual meeting of stockholders by any stockholder, other than matters included in our proxy materials in accordance with Rule 14a-8 under the Exchange Act. For any nominations or any other business to be properly brought before an annual meeting of stockholders, the stockholder must give timely notice. Such notice will be considered timely if we receive notice of such proposed director nomination or the proposal of other business at our corporate offices in Woonsocket, Rhode Island, not earlier than the close of business on the 90th day and not later than the close of business on the 60th day prior to the date of the 2016 annual meeting of stockholders; provided, however, that in the event that less than seventy days' notice or prior public disclosure of the date of the

annual meeting is given or made to stockholders, notice by the stockholder, to be timely, must be received no later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made, whichever first occurs.

**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

Our Board has currently set the number of directors at nine and we currently have eight directors and one vacancy. Historically, under our certificate of incorporation, our Board was divided into three classes as nearly equal in number as possible, with each class of directors elected to serve three-year staggered terms. At our 2013 annual meeting of stockholders, our stockholders approved a phased-in declassification of our Board. Beginning with last year's annual meeting and in each following year, directors whose term expires at the meeting will be elected for a one-year term. Therefore, our Board will be fully declassified beginning with our 2016 annual meeting.

At the Annual Meeting, the term of our current Class B directors, Marty Fogelman and Richard Wenz, expires. The term of our current Class C director expires at the 2016 annual meeting of stockholders.

Our Board, based on the recommendation of its Nominating/Governance Committee, has nominated Marty Fogelman, Robin Marino, Alan Mustacchi, Derial H. Sanders, Robert Stebenne, Richard E. Wenz and Stephen J. Zelkowitz, each to serve for a one-year term ending at our 2016 annual meeting of stockholders and until their successors are duly elected and qualified.

Each nominee has consented to be named in this proxy statement and to serve if elected. If, prior to the meeting, any nominee should become unavailable to serve, the shares of our common stock represented by a properly executed and returned proxy will be voted for such other person as shall be designated by our Board, unless the Board determines to reduce the number of directors in accordance with our amended and restated bylaws.

The names, ages, and terms of office for our current directors and director nominees are set forth below. Information regarding their ownership of shares of our common stock as of June 15, 2015 may be found at [Security Ownership of Certain Beneficial Owners and Management](#).

<b>Name</b>	<b>Age</b>	<b>Position Held</b>	<b>Term Expires</b>
Dan Almagor	61	Chairman of the Board	2016
Marty Fogelman	71	Director	2015
Jason P. Macari	53	Director	08/01/2015 *
Robin Marino	60	Director Nominee	N/A
Alan Mustacchi	54	Director	2015
Derial H. Sanders	72	Director	2015
Robert Stebenne	62	President, Chief Executive Officer and Chief Operating Officer; Director	2015
Richard E. Wenz	65	Director	2015
Stephen J. Zelkowitz	42	Director	2015

\* Pursuant to his separation agreement, Mr. Macari will resign from the Board effective August 1, 2015.

Below are biographies for each of the director nominees and continuing directors and certain information regarding the individual and the experiences, qualifications, attributes skills and qualifications that caused our Board to determine that such individual should be serving as a director of our company.

*Director Nominees*

*Mr. Fogelman*, a director since March 2007, is an independent consultant and private investor in the juvenile products industry. He was instrumental in the conception and development of the Babies R Us retail chain and served as senior vice president of both Toys R Us and Babies R Us, where he was employed from 1986 to May 2003. From May 2003 until March 2007, Mr. Fogelman was President of Baby Trend, Inc., a manufacturer of infant products. Mr. Fogelman brings to our Board his extensive experience in our industry, including his experience in creating strategic growth at Toys R Us and Babies R Us, and his knowledge of our company and business operations.

*Ms. Marino*, a director nominee, is currently a brand consultant. From June 2011 until November 2014, Ms. Marino served as Group President, Accessories and Home, of LFUSA/Global Brands Group, a branded apparel, footwear, fashion accessories and related lifestyle product company, where she oversaw five divisions. Prior to joining LFUSA/Global Brands Group, Ms. Marino was CEO & President, Merchandising, at Martha Stewart Living Omnimedia, which she originally joined in 2005 as President, Merchandising. Ms. Marino was also President and COO of Kate Spade (1999-2005), and prior to that, she served in a variety of management positions for fashion and retail companies such as Burberry Limited, Wathne LTD and Federated Department Stores, Inc. Ms. Marino brings to our Board over 35 years of sales and merchandising experience in consumer products.

*Mr. Mustacchi*, a director since May 2015, is currently Executive Vice President, Capital Markets of GreenSky Trade Credit, LLC, a technology-focused consumer finance platform, which he joined in November 2014. Prior to joining GreenSky, Mr. Mustacchi was Managing Director and Head of Consumer Products & Specialty Retail Investment Banking of Dresner Partners, a middle market investment bank specializing in merger & acquisition advisory, institutional private placements of debt and equity, financial restructuring and corporate turnaround, valuation and strategic consulting, from 2013 until 2014. From 2005 until 2013, Mr. Mustacchi was at Navigant Capital Advisors, LLC, where the last position he held was Managing Director, Investment Banking. He was also Managing Director, Merchant Banking Group, at BNP Paribas, where he spent 10 years, and Vice President of The Bank of New York in its commercial finance group. Early in his career, Mr. Mustacchi spent six years as a Certified Public Accountant. He holds an M.B.A. in Finance and International Business, and a B.S. in Accounting and Economics and from New York University's Stern School of Business. Mr. Mustacchi brings to our Board significant capital markets experience and financial acumen.

*Mr. Sanders*, a director since November 2009, is currently President of Precept Marketing Group Inc., a company which he founded in 2001. Prior to June 2001, Mr. Sanders was a long-time employee of Graco Children's Products, Inc., where he most recently held the position of President and Chief Operating Officer. He was instrumental in the growth of Graco via strategic domestic sales initiatives, international expansion, and the addition of several key new product categories. Mr. Sanders also saw the company through several acquisitions, the last of which was by Rubbermaid, in 1996, and then Newell Rubbermaid in 1998. Mr. Sanders received a B.S. in marketing and commerce from Rider University. Mr. Sanders brings to our Board his extensive experience in our industry, including his depth of senior management and leadership experience at Graco, as well as his status as an independent director.

*Mr. Stebenne*, a director since March 2007, is our President, Chief Executive Officer and Chief Operating Officer. Mr. Stebenne brings to our Board his extensive experience in our industry, including his experience at Hasbro and his operational experience. Additional biographical information about Mr. Stebenne is included below under Current Executive Officers.

*Mr. Wenz*, a director since March 2007, is a consultant and private investor. During 2002 and 2003, Mr. Wenz served as Chief Executive Officer of Jenny Craig International. From 2000 to 2003, Mr. Wenz was an operating partner/affiliate of DB Capital Partners, LLC, the private equity arm of Deutsche Bank A.G., and served on the boards of directors of a number of portfolio companies, including NewRoads, Inc., Nations Rent and Jenny Craig International. From 1997 to 2000, Mr. Wenz was President and Chief Operating Officer of Safety 1st, Inc., a manufacturer of infant and juvenile

products. During 1995 and 1996, Mr. Wenz was the partner in charge of the Chicago office of The Lucas Group, a business strategy consulting firm. Prior to 1995, Mr. Wenz held senior executive positions including Executive Vice President of Wilson Sporting Goods Co., Chief Financial Officer of Electrolux Corporation and The Regina Company, and President of the Professional Golf Corporation. Mr. Wenz began his career in 1971 with Arthur Young & Company (predecessor of Ernst & Young) and left the firm as a partner in 1983. Mr. Wenz is a certified public accountant. Since June 2010, Mr. Wenz has served as a director of Armstrong World Industries, a publicly traded international manufacturer of flooring and ceiling products. He also serves as a director of Pet Supplies Plus, a pet retail chain, and is chairman of its audit committee and a member of its compensation committee. Mr. Wenz previously served as a director of Coach America, Inc., Radica Games (HK), Inc., Hunter Fan Company, Strategic Partners, Inc., Easton-Bell Sports Inc. (now BRG Sports, Inc.) and The First Years. Mr. Wenz brings to our Board substantial leadership and financial experience, his experience as a certified public accountant, as well as previous experience in the juvenile products industry at The First Years and Safety 1st, and past service on other public company boards of directors.



*Mr. Zelkowitz* has been a director since 2014. Since 1999, he has served as an equity research analyst and trader at Wynnefield Capital, Inc., an investment firm specializing in small, publicly-traded companies. Mr. Zelkowitz brings to our Board his knowledge of our company and industry and his experience in the capital markets.

***Continuing Directors***

*Mr. Almagor*, a director since November 2009 and Chairman of our Board since January 2013, is a consultant and private investor. From 1999 to 2005, Mr. Almagor was the Chairman and Chief Executive Officer of ACG International, a \$3 billion private equity fund and affiliate of Bank One, where he was involved in formulating deal terms for investments and in the sourcing of high quality investment opportunities. From 1996 to 1998, he was the Chairman and Chief Executive Officer for ID B.V. From 1993 to 1996, he was the President and Chief Executive Officer for Kushi Foods, a position he accepted after being Managing Partner and Director for American Consulting from 1989 to 1993. At American Consulting, he was responsible for business strategy and served as advisor to Fortune 1000 boards. From 2004 through 2012, Mr. Almagor served on the Board of Directors of JAKKS Pacific, Inc., a publicly traded multi-line, multi-brand toy company. Mr. Almagor has also authored, *Business Visions, A Practical Guide for Strategic Decisions and Shareholder Value Creation*. Mr. Almagor received a B.S. in mechanical and industrial engineering from SUNY. As our executive Chairman, he acts as an advisor to our Chief Executive Officer and a liaison between our Board and management.

**Vote Required**

The affirmative vote of a plurality of the shares of our common stock represented in person or by proxy at the Annual Meeting and entitled to vote is necessary for the election of Ms. Marino and Messrs. Fogelman, Mustacchi, Sanders, Stebenne, Wenz and Zelkowitz. Unless otherwise instructed, proxy holders will vote the proxies received by them for the nominees named above. If you are a beneficial holder and do not provide specific voting instructions to your broker, the organization that holds your shares will not be authorized to vote on the election of directors. Accordingly, we encourage you to vote promptly, even if you plan to attend the meeting.

**Recommendation**

Our Board recommends that stockholders vote FOR the election of Ms. Marino and Messrs. Fogelman, Mustacchi, Sanders, Stebenne, Wenz and Zelkowitz to the Board.

## CORPORATE GOVERNANCE

### **Board Leadership Structure and Board's Role in Risk Oversight**

#### *Board Leadership Structure*

As a general policy, the Board believes the positions of Chairman of the Board and Chief Executive Officer should be held by separate persons as an aid in the Board of Directors' oversight of management. The Board of Directors may, however, determine at any time that, in light of new or special circumstances, it is in the best interests of our company for the roles of the Chairman of the Board and Chief Executive Officer to be combined. If the individual elected to serve as Chairman of the Board is our Chief Executive Officer, or if the Chairman of the Board is not independent as determined by the Board, then the independent directors will elect a Lead Independent Director. The Lead Independent Director's responsibilities include presiding over meetings of the independent directors held in executive session, consulting with the Chairman and the Chief Executive Officer on board and committee meeting agendas and acting as a liaison between management, the Chairman and the independent directors. Mr. Almagor was first elected Chairman of the Board of Directors in January 2013. Due to recent changes in management, the Board appointed Mr. Almagor as executive Chairman in May 2015 and appointed Richard Wenz to serve as Lead Independent Director.

#### *Board's Role in Oversight of Risk*

Our Board is responsible for overseeing our company's risk management. The Board regularly reviews information regarding our company's credit, liquidity and operations, as well as the risks associated with each. The Audit Committee discusses with our independent auditor the major financial risk exposures and the steps management has taken to monitor and mitigate such exposures.

### **Board of Directors Meetings, Committees of the Board and Director Independence**

#### *Attendance of Directors*

In 2014, our Board met six times. All directors attended more than 75% of the meetings. All directors attended in excess of 75% of the meetings of the committees of our Board on which they served. Our directors are encouraged, but not required, to attend annual meetings. All of our directors attended our 2014 annual meeting of stockholders, and all of our directors are expected to attend this meeting.

#### *Committees of the Boards of Directors*

## Edgar Filing: Summer Infant, Inc. - Form DEF 14A

Our Board has designated the following standing committees: an Audit Committee, a Compensation Committee and a Nominating/Governance Committee. The composition and objectives of each of the standing committees are described below. From time to time as needed, our Board may designate ad hoc or special committees to address specifically delegated matters.

### *Audit Committee*

The Audit Committee held four meetings in 2014. As described in the committee's charter, a copy of which is available on our website at [www.summerinfant.com](http://www.summerinfant.com), the primary function of the committee is to appoint, retain, set compensation of, and supervise our independent auditors, review the results and scope of the audit and other accounting-related services, and review our accounting practices and systems of internal accounting and disclosure controls.

The committee, established in accordance with section 3(a)(58)(A) of the Exchange Act, currently consists of three members: Alan Mustacchi, Derial Sanders and Richard E. Wenz, Chairman. Each member of the committee is an independent director under applicable SEC and Nasdaq Stock Market rules. The members of the committee are required to have extensive business and financial experience, and to have a good understanding of financial statements, including our balance sheet, income statement, cash flow statement and our quarterly reports on Form 10-Q and our annual report on Form 10-K and related financial statements and disclosures. Our Board has determined that each of Mr. Mustacchi and Mr. Wenz qualifies as an audit committee financial expert within the meaning of SEC rules. At the next regularly scheduled Board meeting to be held following the Annual Meeting, the Nominating/Governance Committee will recommend to the Board for its consideration and approval changes in the membership of the Audit Committee, such that (i) Mr. Mustacchi will become Chairman of the committee and (ii) Ms. Marino, if elected to the Board, will join the committee, replacing Mr. Sanders.

The committee meets with our external auditors and principal financial personnel to review quarterly financial results and the results of the annual audit (in both regular and executive sessions). The committee reviews and approves annual external auditor engagement plans, scopes and fees, and verifies the rotation of the lead or coordinating audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit. The committee approves all fees and terms related to the annual independent audit as well as all permissible non-audit engagements of the external auditors. The committee pre-approves all audit and permissible non-audit services to be performed by the external auditors.

#### *Compensation Committee*

The Compensation Committee met nine times in 2014. The committee currently consists of three members: Derial H. Sanders, Stephen J. Zolkowicz and Richard E. Wenz, Chairman. Each member of the committee is an independent director under the rules of the Nasdaq Stock Market. At the next regularly scheduled Board meeting to be held following the Annual Meeting, the Nominating/Governance Committee will recommend to the Board for its consideration and approval changes in the membership of the Compensation Committee, such that Mr. Fogelman will be appointed to and become Chairman of the committee, replacing Mr. Wenz.

As described in the committee's charter, which is available on our website at [www.summerinfant.com](http://www.summerinfant.com), the committee has the overall responsibility, on behalf of our Board, for approving and evaluating all compensation plans, programs and policies as they affect our Chief Executive Officer and our other executive officers, and for matters involving the compensation of our directors. The committee will meet as often as necessary to carry out its responsibilities, and may invite to its meetings any director, company management, or such other persons as it deems necessary to carry out such responsibilities. The committee will review and approve, at least annually, the annual base salaries and annual incentive opportunities of our Chief Executive Officer and our other executive officers. The committee also acts as administrator of our compensation programs as they affect all of our employees.

*Use of Outside Advisors.* All compensation decisions are made with consideration of the committee's guiding principles to provide competitive compensation for the purpose of attracting and retaining talented executives and employees and of motivating our employees to achieve improved company performance, which ultimately benefits our stockholders. The committee has the sole authority to retain and terminate any advisors, including independent counsel, compensation consultants and other advisors to assist as needed, and has sole authority to approve the advisors' fees, which will be paid by the company, and the other terms and conditions of their engagement. The committee considers input and recommendations from our Chief Executive Officer, whom shall not be present during any committee deliberations with respect to his or her compensation, and outside compensation consultants in connection with its review of our company's compensation programs and its annual review of the performance of the other executive officers. From time to time, the committee has engaged the services of an independent compensation consultant, Pearl Meyer & Partners, LLC, or PM&P. As further described below under *Role of Compensation Consultant* in the *Executive Compensation* section of this proxy statement, PM&P has assisted the committee from time to time with executive compensation matters. The committee retains PM&P directly, although in carrying out assignments PM&P also interacts with management when necessary and appropriate to obtain compensation and performance data. In addition, PM&P may, in its discretion, seek input and feedback from management regarding its consulting work product prior to presentation to the committee in order to confirm alignment with our business strategy, identify data questions and other similar issues, if any. As required under SEC rules, the committee reviews the services of its compensation consultants to evaluate whether any conflicts of interest are raised, taking into consideration certain factors, including whether the consultant provides any other services to our company, the amount of fees our company pays to the consultant, whether there are any business or personal relationship with an executive officer of our company or with any committee member, and whether the consultant owns any stock of our company. The committee

determined, based on its evaluation, that the work of PM&P has not created any conflict of interest. On an annual basis, the committee will continue to monitor the independence of its compensation consultants.

The committee takes into consideration the recommendations of its compensation consultant and our Chief Executive Officer, but retains absolute discretion as to whether to adopt such recommendations in whole or in part, as it deems appropriate. For additional information on the processes followed by the committee and the objectives, methodologies and components of compensation considered by the committee in connection with executive compensation and overall compensation for employees, see the Executive Compensation section of this proxy statement.

*Nominating/Governance Committee*

The Nominating/Governance Committee met four times in 2014. As described in the committee's charter, which is available on our website at [www.summerinfant.com](http://www.summerinfant.com), the committee is responsible for (i) overseeing and reviewing the size, functioning, composition and needs of the Board and its committees, including recruitment of qualified board members and recommending nominees to the Board for election as directors, (ii) developing and recommending corporate governance guidelines and monitoring those guidelines, and (iii) overseeing the management continuity planning process. The committee currently consists of three members: Marty Fogelman, Derial H. Sanders and Richard E. Wenz, Chairman. Each member of the committee is an independent director under the rules of the Nasdaq Stock Market.

*Process for Identifying and Evaluating Potential Director Nominees.* The committee will consider persons identified by its members, management, stockholders, investment bankers and others for nomination to the Board. The committee follows the process described in this proxy statement and its charter when determining nominees to our Board.

The committee will identify, evaluate and recommend candidates to become members of our Board with the goal of creating a Board that, as a whole, consists of individuals with various and relevant career experience, industry knowledge and experience, financial expertise (including whether a candidate satisfies the criteria for being an audit committee financial expert, as defined by the SEC), and community ties. The committee will also consider minimum individual qualifications of candidates, including strength of character, mature judgment, familiarity with our company's business and industry, independence of thought, an ability to work collegially and whether the candidate is independent within the meaning of SEC and Nasdaq Stock Market rules. Candidates, whether identified by the committee or proposed by stockholders, will be reviewed in the context of the current composition of our Board, our operating requirements and the long-term interests of our stockholders. Although the committee does not have a formal diversity policy concerning membership of the Board, the committee does consider diversity in its broadest sense when evaluating candidates, including persons diverse in gender, ethnicity, experience, and background.

*Process for Stockholder Nominations.* Nominations to our Board may be submitted to the committee by our stockholders in accordance with the process described in our amended and restated bylaws. Stockholders who wish to recommend a candidate for election to our Board should send their letters to us at 1275 Park East Drive, Woonsocket, Rhode Island 02895, Attention: Secretary. These letters will be promptly forwarded to the members of the Nominating/Governance Committee.

All stockholder recommendations for director candidates must be submitted to us not less than 60 calendar days or more than 90 calendar days prior to the annual meeting at which the nominee is requested to be proposed. Stockholders must follow certain procedures to recommend or propose candidates for election as directors described in our amended and restated bylaws and summarized below.

The notice must contain certain information about the stockholder making the recommendation or proposal of a candidate for election to the Board, as described in our amended and restated bylaws, including (i) the name and address of the stockholder and its affiliates making the recommendation and (ii) the number of shares of our common stock directly or indirectly beneficially owned by the stockholder, including any rights to acquire shares of our common stock. The recommendation must contain the following information about the candidate being proposed for election to the Board as described in our amended and restated bylaws, including (i) the name and address of the candidate, (ii) the number of shares of our common stock directly or indirectly beneficially owned by the candidate, including any rights to acquire shares of our common stock and (iii) the information that would be required to be disclosed in a proxy statement in connection with the solicitation of proxies for election of directors in a contested election under Section 14 of the Exchange Act. The candidate must also submit a written representation and agreement to us that he or she is not party to any agreement with another person (other than our company) that, if elected, would obligate the

Edgar Filing: Summer Infant, Inc. - Form DEF 14A

candidate to act or vote on a certain issue or that provides for compensation or other reimbursement for service on the Board, and that if elected, the candidate would be in compliance with all of our applicable company guidelines and policies.

*Independence of Directors*

In determining the independence of directors, our Board analyzes each director's relationship with our company and our subsidiaries to determine whether our directors are independent under the applicable rules of the Nasdaq Stock Market and the SEC. Our Board has determined that Messrs. Fogelman, Mustacchi, Sanders, Wenz and Zelkowitz and our director nominee, Ms. Marino, are independent within the meaning of the independence rules of the Nasdaq Stock Market and the SEC.

**Other Governance Matters**

*Executive Sessions*

All directors who are not employees of our company or our subsidiaries meet in executive session from time to time, and met at least four times in 2014.

*Code of Ethics*

We have adopted a Code of Ethics that applies to all our directors, officers and employees, which can be found on our website at [www.summerinfant.com](http://www.summerinfant.com). Amendments to our Code of Ethics and any grant of a waiver from a provision of our Code of Ethics requiring disclosure under applicable SEC or Nasdaq Stock Market rules will be disclosed on our website.

*Corporate Governance Guidelines*

Our Board adopted Corporate Governance Guidelines, which can be found on our website at [www.summerinfant.com](http://www.summerinfant.com). These guidelines include, without limitation, guidelines relating to director qualifications and responsibilities, board committees, director access to officers and employees, director and officer compensation, management succession and stockholder communication with the board.

*Insider Trading Policy*

Under our Code of Ethics, directors, officers, and employees who have access to confidential information relating to our company are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of the company's business. To use non-public information for personal financial benefit or to tip others who might make an investment decision on the basis of this information is not only unethical and against company policy but is also illegal. We also maintain an insider trading policy, applicable to all directors, officers and employees and other designated service providers. The policy provides that these persons may not (i) buy, sell or engage in other transactions in our securities while aware of material non-public information about our company; (ii) buy or sell securities of other companies



## Edgar Filing: Summer Infant, Inc. - Form DEF 14A

while aware of material non-public information about those companies that they become aware of as a result of business dealings with our company, or (iii) disclose material non-public information to any unauthorized persons outside of our company. In addition, officers and directors are prohibited from purchasing or selling options on our common stock or engaging in short sales of our common stock. Officers and directors are discouraged from engaging in hedging or monetizing transactions (such as prepaid variable forwards, collars, equity swaps or similar derivative securities that are linked to our common stock), and must obtain prior approval to engage in such transactions. The policy also requires officers, directors and certain other identified employees to obtain pre-clearance for any trading, and subjects these persons to a defined trading blackout period.

### *Stock Ownership Guidelines for Non-Employee Directors and Chief Executive Officer*

Our Board has adopted ownership guidelines to align the interests of its independent, non-employee directors and our Chief Executive Officer with the interests of our stockholders. These guidelines encourage our non-employee directors and our Chief Executive Officer to maintain a significant ownership stake over their tenure. It is expected that each non-employee director and the Chief Executive Officer shall attain the applicable share ownership level within five years of his or her initial election or appointment, or for non-employee directors that were members of the Board at the time the policy was adopted, within five years of adoption of the policy. As of the date of this proxy statement, our Chief Executive Officer and our non-employee directors have made progress towards meeting the ownership guidelines.

As a guideline, a non-employee director shall own shares of our common stock equal in value to at least three times the amount of his or her applicable annual retainer fee. As a guideline, our Chief Executive Officer shall own shares of our common stock equal in value to at least six times the amount of his or her annual base salary.

In calculating compliance with the guidelines, each non-employee director and the Chief Executive Officer shall be credited for each share of common stock beneficially owned by him or her, including shares held in benefit plans, each share of vested and non-vested restricted stock, and each restricted stock unit. The Compensation Committee will review from time to time the ownership guidelines and recommend any changes for approval by our Board as appropriate.

*Communications with Directors*

Stockholders may send communications to our Board, the Chairman, any individual director or group of directors, or any board committee by using the contact information provided on our website. Stockholders also may send communications by letter addressed to our Secretary, Attn: Board of Directors, Summer Infant, Inc., 1275 Park East Drive, Woonsocket, Rhode Island 02895. Communications may also be received and reviewed by our Chairman or members of senior management. Stockholder concerns about our accounting, internal controls, auditing matters or business practices will be reported to the Audit Committee. All other concerns will be reported to the appropriate committee(s) of our Board.

**Director Compensation**

For fiscal 2014, the following non-employee director compensation program was in place:

- an annual retainer fee of \$75,000 for the Chairman of the Board and \$45,000 for each other director;
- for any meetings beyond four regularly scheduled board meetings per year, each director will receive a fee of \$1,000 for each board meeting attended in person;
- the chairpersons of the Audit Committee, Compensation Committee and Nominating/Governance Committee will receive an additional annual fee of \$15,000, \$10,000, and \$8,000, respectively;
- each director serving as a member of the Audit Committee, Compensation Committee and Nominating/Governance Committee (other than the chairperson of each such committee) will receive annual fee of \$5,000; and
- each director (other than the Chairman of the Board) will receive an annual equity award, in the form of shares of our common stock, on the date of our annual meeting of stockholders, equal to the lesser of (i) 7,500 shares or (ii) the number of shares to be calculated by dividing \$30,000 by the fair market value of our common stock on such date.

## Edgar Filing: Summer Infant, Inc. - Form DEF 14A

In addition to the above, the Chairman of the Board currently receives an additional, supplemental monthly cash retainer of \$10,000 per month subject to review every six months by the Compensation Committee, and an annual equity grant of 15,000 shares. In 2014, the Board also approved payment of a one-time additional cash fee of \$40,000 and granted an option to purchase 100,000 shares of our common stock to Mr. Almagor, our current Chairman of the Board, in recognition of the time and effort exhibited by Mr. Almagor in his role as non-executive Chairman in 2013.

We also generally reimburse non-employee directors for travel expenses incurred in connection with their duties as directors. In addition, our Board may from time to time also provide for cash compensation, as recommended by the Compensation Committee, payable to members of special or ad hoc committees of the Board.

We do not pay any directors who are also executive officers any additional compensation for service as directors.

**Director Compensation in 2014**

The following table shows non-employee director compensation in 2014. Each of Ms. Bramson and Mr. Macari served as our Chief Executive Officer for a portion of 2014, and as such, did not receive additional compensation for their services as a director. The information in the following table reflects the compensation to each of Ms. Bramson and Mr. Macari in their capacity as a director during 2014. For information on compensation received for their services as Chief Executive Officer, please see Summary Compensation Table below.

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)(3)	Option Awards \$(3)(4)	All Other Compensation (\$)	Total (\$)
Dan Almagor	238,000	55,800	110,000		403,800
Max Batzer (5)	46,338	62,931			109,269
Carol E. Bramson (6)	18,000				18,000
Marty Fogelman	50,000	27,900		40,000(7)	117,900
Jason P. Macari		27,900			27,900
Derial H. Sanders	50,000	27,900			77,900
Robert Stebenne	160,500	27,900			188,400
Richard Wenz	78,750	27,900			106,650
Stephen J. Zelkowitz	5,996	29,998			35,994

(1) Represents fees earned or paid in cash in 2014, including annual retainer fees, committee fees and fees for special Board projects.

(2) In August 2014, each non-employee director (other than the Chairman) received 7,500 shares of our common stock and the Chairman received 15,000 shares of our common stock. In connection with his appointment to our Board, Mr. Zelkowitz received an initial restricted stock grant of 8,064 shares in August 2014, which vests over four years in equal annual installments, beginning on the first anniversary of the date of grant.

(3) The amounts reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 7 to our audited consolidated financial statements for the fiscal year ended January 3, 2015, included in our Annual Report on Form 10-K for the fiscal year ended January 3, 2015, originally filed with the Securities and Exchange Commission on March 4, 2015.

(4) As of January 3, 2015, the number of fully-vested options outstanding for each director was as follows: Mr. Almagor, 123,333; Mr. Fogelman, 40,000; Mr. Sanders, 40,000; Mr. Stebenne, 40,000; and Mr. Wenz, 40,000.

(5) Mr. Batzer resigned from the Board in August 2014.

(6) Ms. Bramson resigned from the Board effective July 1, 2015.

(7) Represents consulting fees paid to Mr. Fogelman. The consulting agreement between our company and Mr. Fogelman expired in March 2015.

**PROPOSAL NO. 2**

**AMENDMENT TO 2012 INCENTIVE COMPENSATION PLAN**

At the Annual Meeting, we are asking our stockholders to approve an amendment to our 2012 Incentive Compensation Plan (the 2012 Plan ) to increase the number of shares available for issuance thereunder from 1,100,000 to 1,700,000 shares.

Our Board recommends this action to enable us to continue to attract, motivate, retain and reward high-quality executives and other employees, officers, directors and consultants by enabling such persons to acquire or increase a proprietary interest in our company. Our Board believes that equity awards promote growth and provide a meaningful incentive to personnel of successful companies by aligning the interests of such persons with our stockholders.

Our stockholders are being asked to approve an amendment (the Amendments ) to our 2012 Plan to increase by 600,000 shares the number of shares available for issuance under this Plan, such that, if approved, the total number of shares available for issuance will be 1,700,000 shares.

In June 2015, the Compensation Committee Recommended, and our Board approved, this amendment, subject to approval of our stockholders. If our stockholders do not approve the amendment to the 2012 Plan, the 2012 Plan will remain in effect with its current terms and conditions and the number of shares reserved for issuance will not increase.

**Background**

As of March 31, 2015, there was a total of 2,240,239 stock options and unvested restricted stock awards outstanding under all of our equity compensation plans, and only 310,619 shares remain available for awards under all of our equity compensation plans. In recent months, we have undergone a transition in senior management and, in connection with these changes, we made new hire and other incentive grants that would not otherwise be expected under our equity compensation programs.

We are committed to effectively managing our equity compensation programs while minimizing stockholder dilution. For this reason, when administering our equity compensation programs, the Compensation Committee considers our burn rate and our overhang when evaluating the impact of the program on our stockholders. For this purpose, burn rate is the number of shares of our common stock subject to stock awards granted in a fiscal year divided by the weighted average number of shares of our common stock outstanding (basic) during our fiscal year. For fiscal year 2014, our three-year average burn rate was 3.58%. We intend to continue to limit burn rate and overhang at a level consistent with historic usage.

The proposed amendment will allow us to continue and maintain our current annual equity grant practices through fiscal year 2015. If we do not receive stockholder approval of the amendment, it will diminish the viability of our equity compensation programs, and we may not be able to use equity awards to attract key talent or reward and retain our key employees. Our ability to grant meaningful equity awards is important to our future success, therefore, our Board recommends that our stockholders approve the amendments.

**Summary of the 2012 Incentive Compensation Plan, as Proposed to be Amended**

The following is a summary of the principal features of the 2012 Plan, as proposed to be amended by the amendments. This summary is qualified in its entirety by reference to the complete text of the 2012 Plan, and stockholders are urged to read the actual text of the 2012 Plan in its entirety which is set forth as Annex A to this proxy statement. The amendments will be effective upon stockholder approval at the meeting.

*Eligibility*

The persons eligible to receive awards under the 2012 Plan are the officers, directors, employees, consultants and other persons who provide services to our company or any related entity. The foregoing notwithstanding, only employees of our company, or any parent corporation or subsidiary corporation of our

company (as those terms are defined in Sections 424(e) and (f) of the Internal Revenue Code, respectively), are eligible for purposes of receiving any incentive stock options, also known as ISOs. An employee on leave of absence may be considered as still in the employ of our company or a related entity for purposes of eligibility for participation in the 2012 Plan.

#### *Administration*

The 2012 Plan is to be administered by the compensation committee of our Board or other committee designated by our Board to administer the 2012 Plan and which consists of not less than three independent directors (the Committee), except to the extent the Board elects to administer the 2012 Plan. Subject to the terms of the 2012 Plan, the Committee is authorized to select eligible persons to receive awards, determine the type, number and other terms and conditions of, and all other matters relating to, awards, prescribe award agreements (which need not be identical for each participant), and the rules and regulations for the administration of the 2012 Plan, construe and interpret the 2012 Plan and award agreements, correct defects, supply omissions or reconcile inconsistencies therein, and make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the 2012 Plan. The Committee may also, in its sole discretion and subject to certain limitations, delegate its authority to grant awards under the 2012 Plan to a specific person or group of persons.

#### *Shares Available for Awards*

Under the 2012 Plan, the total number of shares of our common stock reserved and available for delivery under the 2012 Plan at any time during the term of the 2012 Plan shall be 1,700,000, subject to adjustment as provided for in the 2012 Plan. Shares of our common stock under awards that are forfeited, expire or otherwise terminate without issuance of such shares will again be available for delivery with respect to awards under the 2012 Plan. However, shares of our common stock will not again be available for delivery with respect to awards under the 2012 Plan if (i) such shares were tendered or withheld (either actually or by attestation) upon exercise or settlement of an award or (ii) such shares were tendered or withheld (either actually or by attestation) to pay tax withholding requirements. In addition, shares of our common stock subject to a stock appreciation right, or SAR, shall be counted against the pool of available shares as granted (not settled) with respect to awards under the 2012 Plan. Any shares of our common stock repurchased by our company in the open market using proceeds from option exercises shall not be available for awards under the 2012 Plan. Awards issued in substitution for awards previously granted by a company acquired by our company or a related entity, or with which our company or a related entity combines, do not reduce the limit on grants of awards under the 2012 Plan.

#### *Annual Per-Person Limitations*

The 2012 Plan imposes individual limitations on the amount of certain awards, in part to comply with Section 162(m) of the Internal Revenue Code. Under these limitations, during any 12-month period, no participant may be granted (i) stock options or stock appreciation rights with respect to more than 750,000 shares of common stock, or (ii) shares of restricted stock, restricted stock units, performance shares and other stock based-awards with respect to more than 750,000 shares of common stock, in each case, subject to adjustment in certain circumstances. The maximum amount that may be paid out as performance awards in cash or other property (excluding shares of our common stock) in any 12-month performance period is \$3,000,000.

#### *Section 162(m) of the Internal Revenue Code*



## Edgar Filing: Summer Infant, Inc. - Form DEF 14A

The 2012 Plan is designed to allow our company to grant awards that satisfy the requirements for the performance-based compensation exclusion from the deduction limitations under Section 162(m) of the Internal Revenue Code. Our Board believes that it is in our interest and the interests of our stockholders to maintain an equity and cash compensation plan under which compensation awards made to our named executive officers can qualify for deductibility for federal income tax purposes. Accordingly, the 2012 Plan has been structured in a manner such that awards under it can satisfy the requirements for the performance-based compensation exclusion from the deduction limitations under Section 162(m) although we cannot guarantee that awards under the 2012 Plan will actually qualify as performance-based compensation under Section 162(m). Future changes in Section 162(m) or the regulations thereunder may adversely affect our ability to ensure that awards under the 2012 Plan will qualify as performance-based compensation that are fully deductible by us under Section 162(m). In order for awards to

satisfy the requirements for the performance-based compensation exclusion from the deduction limitations under Section 162(m), the 2012 Plan specifies performance measures and other material terms that must be approved by our stockholders, which are described below under Performance Awards. Approval of the 2012 Plan by the required vote of our stockholders is intended to constitute such approval.

*Types of Awards Authorized under the 2012 Plan*

*Stock Options and Stock Appreciation Rights.* The Committee is authorized to grant stock options, including both ISOs, which can result in potentially favorable tax treatment to the participant, and non-qualified stock options, and stock appreciation rights entitling the participant to receive the amount by which the fair market value of a share of common stock on the date of exercise exceeds the grant price of the stock appreciation right. The exercise price per share subject to an option and the grant price of a stock appreciation right are determined by the Committee. The exercise price per share of stock options shall be no less than 100% of the fair market value of a share of common stock on the date such stock option is granted. An option granted to a person who owns or is deemed to own stock representing 10% or more of the voting power of all classes of stock of our company or any parent company (sometimes referred to as a 10% owner) will not qualify as an ISO unless the exercise price for the option is not less than 110% of the fair market value of a share of common stock on the date such ISO is granted.

For purposes of the 2012 Plan, the term fair market value means the fair market value of common stock, awards or other property as determined by the Committee or under procedures established by the Committee. Unless otherwise determined by the Committee, the fair market value of common stock as of any given date is the closing sales price per share of common stock as reported on the principal stock exchange or market on which common stock is traded on the date as of which such value is being determined or, if there is no sale on that date, then on the last previous day on which a sale was reported. The maximum term of each option or stock appreciation right, the times at which each option or stock appreciation right will be exercisable, and provisions requiring forfeiture of unexercised options or stock appreciation rights at or following termination of employment generally are fixed by the Committee, except that no option or stock appreciation right may have a term exceeding ten years, and no ISO granted to a 10% stockholder (as described above) may have a term exceeding five years (to the extent required by the Internal Revenue Code at the time of grant). Methods of exercise and settlement and other terms of options and stock appreciation rights are determined by the Committee. The Committee, thus, may permit the exercise price of options awarded under the 2012 Plan to be paid in cash, shares, other awards or other property (including loans to participants).

*Restricted Stock and Restricted Stock Units.* The Committee is authorized to grant restricted stock and restricted stock units. Restricted stock is a grant of shares of common stock which may not be sold or disposed of, and which is subject to such risks of forfeiture and other restrictions as the Committee may impose. A participant granted restricted stock generally has all of the rights of a stockholder of our company, unless otherwise determined by the Committee. An award of restricted stock units confers upon a participant the right to receive shares of common stock or cash equal to the fair market value of the specified number of shares of common stock covered by the restricted stock units at the end of a specified deferral period, subject to such risks of forfeiture and other restrictions as the Committee may impose. These awards may be subject to the satisfaction of performance-based criteria and qualify as performance awards for purposes of Section 162(m) of the Internal Revenue Code, as discussed below under Performance Awards. Prior to settlement, an award of restricted stock units carries no voting or dividend rights or other rights associated with share ownership, although dividend equivalents may be granted, as discussed below.

## Edgar Filing: Summer Infant, Inc. - Form DEF 14A

The Committee is also authorized to grant dividend equivalents conferring on participants the right to receive, currently or on a deferred basis, cash, shares of common stock, other awards or other property equal in value to dividends paid on a specific number of shares of common stock or other periodic payments in connection with a restricted stock unit award. Dividend equivalents may be paid currently or on a deferred basis and, if deferred, may be deemed to have been reinvested in additional shares of common stock, awards or otherwise as specified by the Committee. If dividend equivalent rights are granted in connection with a restricted stock unit award that is subject to performance-based vesting, such dividend equivalent shall only be paid based on the actual number of shares earned as determined at the end of the applicable performance period.

*Bonus Stock, Non-Employee Director Awards and Awards in Lieu of Obligations.* The Committee is authorized to grant shares of common stock as a bonus free of restrictions, or to grant shares of common stock or other awards in lieu of company obligations to pay cash or deliver other property under the 2012 Plan or other plans or compensatory arrangements, subject to such terms as the Committee may specify. The Committee may, in its sole discretion, determine to provide for the grant of unrestricted shares of common stock to non-employee directors in recognition of their services to our Board in addition to any other compensation paid to our non-employee directors.

*Performance Awards.* The Committee is authorized to grant performance awards to participants on terms and conditions established by the Committee, which awards may consist of shares of our common stock, cash, restricted stock awards, or restricted stock units. The performance criteria to be achieved during any performance period and the length of the performance period is determined by the Committee upon the grant of the performance award. Performance awards may be valued by reference to a designated number of shares of common stock (in which case they are referred to as performance shares) or by reference to a designated amount of property including cash (in which case they are referred to as performance units). Performance awards may be settled by delivery of cash, shares of common stock or other property, or any combination thereof, as determined by the Committee. Performance awards granted to persons whom the Committee expects will, for the year in which a deduction arises, be covered employees (as defined below) will, if and to the extent intended by the Committee, be subject to provisions that should qualify such awards as performance-based compensation not subject to the limitation on tax deductibility by our company under Section 162(m) of the Internal Revenue Code. For purposes of Section 162(m), the term covered employee means a company's chief executive officer and each other person whose compensation is required to be disclosed in the company's filings with the SEC by reason of that person being among the three highest compensated officers of the company (other than the company's chief executive officer or principal financial officer) as of the end of a taxable year. If and to the extent required under Section 162(m), any power or authority relating to a performance award intended to qualify under Section 162(m) is to be exercised by the Committee and not the Board.

*Performance Criteria.* If and to the extent that the Committee determines that these provisions of the 2012 Plan are to be applicable to any award, one or more of the following business criteria for our company, on a consolidated basis, or for related entities, or for business or geographical units of our company or a related entity (except with respect to the total shareholder return and earnings per share criteria), are to be used by the Committee in establishing performance goals for awards under the 2012 Plan: (1) earnings per share; (2) revenues or margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital, or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income or income from operations; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of our company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total shareholder return; (13) debt reduction or refinancing; (14) market share; (15) entry into new markets, either geographically or by business unit; (16) customer retention and satisfaction; (17) strategic plan development and implementation, including turnaround plans; (18) management of product distribution by type or customer; or (19) the fair market value of a share of common stock. Any of the above goals may be determined on an absolute or relative basis (e.g. growth in earnings per share) or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, a group of companies that are comparable to our company. The Committee may exclude the impact of an event or

occurrence which the Committee determines should appropriately be excluded, including without limitation (i) restructurings, discontinued operations, extraordinary items (as defined pursuant to generally accepted accounting principles), and other unusual or non-recurring charges; (ii) an event either not directly related to the operations of our company or not within the reasonable control of management; (iii) a change in accounting standards required by generally accepted accounting principles; or (iv) such other exclusions or adjustments as the Committee specifies at the time the award is granted.

The Committee may, in its discretion, determine that the amount payable as a performance award will be reduced from the amount of any potential award.

*Other Stock-Based Awards.* The Committee is authorized to grant awards that are denominated or payable in, valued by reference to, or otherwise based on or related to shares of our common stock. The Committee determines the terms and conditions of such awards.

*Other Terms of Awards*

Awards may be settled in the form of cash, shares of common stock, other awards or other property, in the discretion of the Committee. The Committee may require or permit participants to defer the settlement of all or part of an award in accordance with such terms and conditions as the Committee may establish, including payment or crediting of interest or dividend equivalents on deferred amounts, and the crediting of earnings, gains and losses based on deemed investment of deferred amounts in specified investment vehicles. The Committee is authorized to place cash, shares of common stock or other property in trusts or make other arrangements to provide for payment of its obligations under the 2012 Plan. The Committee may condition any payment relating to an award on the withholding of taxes and may provide that a portion of any shares of common stock or other property to be distributed will be withheld (or previously acquired shares of common stock or other property be surrendered by the participant) to satisfy withholding and other tax obligations. Awards granted under the 2012 Plan generally may not be pledged or otherwise encumbered and are not transferable except by will or by the laws of descent and distribution, or to a designated beneficiary upon the participant's death, except that the Committee may, in its discretion, permit transfers, subject to any terms and conditions the Committee may impose thereon.

Awards under the 2012 Plan are generally granted without a requirement that the participant pay consideration in the form of cash or property for the grant (as distinguished from the exercise), except to the extent required by law. The Committee may, however, grant awards in exchange for other awards under the 2012 Plan, awards under other company plans, or other rights to receive payment from our company, and may grant awards in addition to or in combination with such other awards or rights.

The 2012 Plan prohibits repricing of equity awards, whether by amending an existing award or exchanging a new award at a lower price without prior stockholder approval.

*Effect of a Change in Control*

The Committee may, in its discretion, accelerate the exercisability, the lapsing of restrictions or the expiration of deferral or vesting periods of any award, and such accelerated exercisability, lapse, expiration and if so provided in the award agreement or otherwise determined by the Committee, vesting shall occur automatically upon the consummation of a change in control of our company, as defined in the 2012 Plan. However, unless otherwise determined by the Committee, acceleration of or lapsing of vesting in connection with an award shall not occur if either (1) our company is the surviving entity in the change in control transaction or (2) the successor company in the change in control transaction assumes or substitutes for the award. With respect to any award subject to the achievement of performance-based goals, the Committee may, in its discretion, determine that all or a portion of the applicable performance goals have been met based upon the actual achievement of such goals as of the date of the consummation of the change in control.

*Adjustments*

## Edgar Filing: Summer Infant, Inc. - Form DEF 14A

The Committee is authorized to adjust outstanding awards (including adjustments to exercise prices of options and other affected terms of Awards) in the event that a dividend or other distribution (whether in cash, shares of common stock or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange or other similar corporate transaction or event affects our common stock so that an adjustment is appropriate. These adjustments include changing the number and type of shares to be issued under the 2012 Plan, changing the per-person limitations on awards and the grant, purchase or exercise price of an award, and changing the restriction on the total amount of awards that may be granted. The Committee is also authorized to adjust performance conditions and other terms of awards in response to these kinds of events or in response to changes in applicable laws, regulations or accounting principles.

*Amendment and Termination*

The Board may amend, alter, suspend, discontinue or terminate the 2012 Plan or the Committee's authority to grant awards without further stockholder approval, except that stockholder approval must be obtained for any amendment or alteration if such approval is required by law or regulation or under the rules of any stock exchange or quotation system on which shares of common stock are then listed or quoted. Thus, stockholder approval may not necessarily be required for every amendment to the 2012 Plan which might increase the cost of the 2012 Plan or alter the eligibility of persons to receive awards. Stockholder approval will not be deemed to be required under laws or regulations, such as those relating to ISOs, that condition favorable treatment of participants on such approval, although the Board may, in its discretion, seek stockholder approval in any circumstance in which it deems such approval advisable. Unless earlier terminated by the Board, the 2012 Plan will terminate at the earliest of (a) such time as no shares of common stock remain available for issuance under the 2012 Plan or (b) the tenth anniversary of the effective date of the 2012 Plan. Awards outstanding upon expiration of the 2012 Plan shall remain in effect until they have been exercised or terminated, or have expired.

*Federal Income Tax Consequences of Awards*

The 2012 Plan is not qualified under the provisions of section 401(a) of the Internal Revenue Code and is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974.

*Nonqualified Stock Options.* An optionee generally is not taxable upon the grant of a nonqualified stock option granted under the 2012 Plan. On exercise of a nonqualified stock option granted under the 2012 Plan, an optionee will recognize ordinary income equal to the excess, if any, of the fair market value on the date of exercise of the shares of stock acquired on exercise of the option over the exercise price. If the optionee is an employee of our company or a related entity, that income will be subject to the withholding of Federal income tax. The optionee's tax basis in those shares will be equal to their fair market value on the date of exercise of the option, and his or her holding period for those shares will begin on that date.

If an optionee pays for shares of stock on exercise of an option by delivering shares of our common stock, the optionee will not recognize gain or loss on the shares delivered, even if their fair market value at the time of exercise differs from the optionee's tax basis in them. The optionee, however, otherwise will be taxed on the exercise of the option in the manner described above as if he or she had paid the exercise price in cash. If a separate identifiable stock certificate or other indicia of ownership is issued for that number of shares equal to the number of shares delivered on exercise of the option, the optionee's tax basis in the shares represented by that certificate or other indicia of ownership will be equal to his or her tax basis in the shares delivered, and his or her holding period for those shares will include his or her holding period for the shares delivered. The optionee's tax basis and holding period for the additional shares received on exercise of the option will be the same as if the optionee had exercised the option solely in exchange for cash.

We will be entitled to a deduction for Federal income tax purposes equal to the amount of ordinary income taxable to the optionee, provided that amount constitutes an ordinary and necessary business expense for our company and is reasonable in amount, and either the employee includes that amount in income or we timely satisfy our reporting requirements with respect to that amount.



*Incentive Stock Options.* The 2012 Plan provides for the grant of stock options that qualify as incentive stock options as defined in section 422 of the Internal Revenue Code, which we refer to as ISOs. Generally, an optionee is not subject to tax upon the grant or exercise of an ISO. In addition, if the optionee holds a share received on exercise of an ISO for at least two years from the date the option was granted and at least one year from the date the option was exercised, which we refer to as the required holding period, the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the holder's tax basis in that share will be long-term capital gain or loss.

If, an optionee disposes of a share acquired on exercise of an ISO before the end of the required holding period, which we refer to as a disqualifying disposition, the optionee generally will recognize ordinary income in the year of the disqualifying disposition equal to the excess, if any, of the fair market value of the share on the date the ISO was exercised over the exercise price. If, however, the disqualifying disposition is a sale or exchange on which

a loss, if realized, would be recognized for Federal income tax purposes, and if the sales proceeds are less than the fair market value of the share on the date of exercise of the option, the amount of ordinary income recognized by the optionee will not exceed the gain, if any, realized on the sale. If the amount realized on a disqualifying disposition exceeds the fair market value of the share on the date of exercise of the option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year.

An optionee who exercises an ISO by delivering shares of stock acquired previously pursuant to the exercise of an ISO before the expiration of the required holding period for those shares is treated as making a disqualifying disposition of those shares. This rule prevents pyramiding or the exercise of an ISO (that is, exercising an ISO for one share and using that share, and others so acquired, to exercise successive ISOs) without the imposition of current income tax.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share of stock acquired on exercise of an ISO exceeds the exercise price of that option generally will be an adjustment included in the optionee's alternative minimum taxable income for the year in which the option is exercised. If, however, there is a disqualifying disposition of the share in the year in which the option is exercised, there will be no adjustment with respect to that share. If there is a disqualifying disposition in a later year, no income with respect to the disqualifying disposition is included in the optionee's alternative minimum taxable income for that year. In computing alternative minimum taxable income, the tax basis of a share acquired on exercise of an ISO is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the option is exercised.

We are not allowed an income tax deduction with respect to the grant or exercise of an incentive stock option or the disposition of a share acquired on exercise of an incentive stock option after the required holding period. However, if there is a disqualifying disposition of a share, we are allowed a deduction in an amount equal to the ordinary income includible in income by the optionee, provided that amount constitutes an ordinary and necessary business expense for our company and is reasonable in amount, and either the employee includes that amount in income or we timely satisfy our reporting requirements with respect to that amount.

*Stock Awards.* Generally, the recipient of a stock award will recognize ordinary compensation income at the time the stock is received equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. If, however, the stock is non-vested when it is received under the 2012 Plan (for example, if the employee is required to work for a period of time in order to have the right to sell the stock), the recipient generally will not recognize income until the stock becomes vested, at which time the recipient will recognize ordinary compensation income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. A recipient may, however, file an election with the Internal Revenue Service, within 30 days of his or her receipt of the stock award, to recognize ordinary compensation income, as of the date the recipient receives the stock award, equal to the excess, if any, of the fair market value of the stock on the date the stock award is granted over any amount paid by the recipient in exchange for the stock.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired as stock awards will be the amount paid for such shares plus any ordinary income recognized either when the stock is received or when the stock becomes vested. Upon the disposition of any stock received as a stock award under the 2012 Plan, the difference between the sale price and the recipient's basis in the shares will be treated as a capital gain or loss and generally will be characterized as long-term capital gain or loss if the shares have been held for more than one year from the date as of which he or she would be required to recognize any compensation income.

## Edgar Filing: Summer Infant, Inc. - Form DEF 14A

We will be entitled to a deduction for Federal income tax purposes equal to the amount of ordinary income taxable to the recipient, provided that amount constitutes an ordinary and necessary business expense for our company and is reasonable in amount, and either the recipient includes that amount in income or we timely satisfy our reporting requirements with respect to that amount.

*Stock Appreciation Rights.* We may grant stock appreciation rights, or SARs, under the 2012 Plan. Generally, the recipient of a SAR will not recognize any taxable income at the time the SAR is granted. With

respect to SARs, if the recipient receives the appreciation inherent in the SARs in cash, the cash will be taxable as ordinary compensation income to the recipient at the time that the cash is received. If the recipient receives the appreciation inherent in the SARs in shares of stock, the recipient will recognize ordinary compensation income equal to the excess of the fair market value of the stock on the day it is received over any amounts paid by the recipient for the stock. With respect to SAR granted with an option, if the recipient elects to surrender the underlying option in exchange for cash or shares of stock equal to the appreciation inherent in the underlying option, the tax consequences to the recipient will be the same as discussed above. If the recipient elects to exercise the underlying option, the holder will be taxed at the time of exercise as if he or she had exercised a nonqualified stock option (discussed above), i.e., the recipient will recognize ordinary income for Federal tax purposes measured by the excess of the then fair market value of the shares of stock over the exercise price.

In general, there will be no Federal income tax deduction allowed to our company upon the grant or termination of SARs. Upon the exercise of a SAR, however, we will be entitled to a deduction for Federal income tax purposes equal to the amount of ordinary income that the employee is required to recognize as a result of the exercise, provided that the deduction is not otherwise disallowed under the Internal Revenue Code.

*Dividend Equivalents.* Generally, the recipient of a dividend equivalent award in connection with a restricted stock unit award will recognize ordinary compensation income at the time the dividend equivalent award is received equal to the fair market value of the amount received. We generally will be entitled to a deduction for Federal income tax purposes equal to the amount of ordinary income that the employee is required to recognize as a result of the dividend equivalent award, provided that the deduction is not otherwise disallowed under the Internal Revenue Code.

#### *Importance of Consulting Tax Adviser*

The information set forth above is a summary only and does not purport to be complete. In addition, the information is based upon current Federal income tax rules and therefore is subject to change when those rules change. Moreover, because the tax consequences to any recipient may depend on his or her particular situation, each recipient should consult his or her tax adviser as to the Federal, state, local and other tax consequences of the grant or exercise of an award or the disposition of stock acquired as a result of an award.

#### **New Plan Benefits**

Benefits obtained by our employees under our 2012 Plan will be made on a discretionary basis. Accordingly, it is not possible to determine the benefits that will be received by our executive officers and our other employees under the 2012 Plan in the remainder of fiscal year 2015.

#### **Vote Required**

The affirmative vote of a majority of shares present in person or represented by proxy at the meeting and entitled to vote at the meeting is required to approve the amendment to our 2012 Plan.

**Recommendation**

Our Board recommends a vote FOR the approval of the amendment to our 2012 Incentive Compensation Plan.

**PROPOSAL NO. 3**

**ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (known as the Dodd-Frank Act), provides that a public company's proxy statement in connection with the company's annual meeting of stockholders must, at least once every three years, allow stockholders to cast an advisory, nonbinding vote regarding the compensation of our named executive officers as disclosed in accordance with the SEC's rules.

As discussed under "Executive Compensation" below, our compensation programs are designed to attract, motivate and retain highly qualified executives and seek to foster a performance-oriented culture, where individual performance is aligned with organizational objectives. For example, our annual performance bonus programs are designed to reward individuals for performance based primarily on our financial results and their achievement of personal and corporate goals that contribute to our long-term goal of building stockholder value. Grants of equity-based awards are intended to provide additional incentive to work to enhance long-term total return to stockholders and to align the interests of our executives with those of our stockholders. For additional information on our executive compensation programs, including specific information about compensation paid by us in 2014, please read the information set forth in the "Executive Compensation" section below, including the tables and narrative descriptions.

At the Annual Meeting, we will ask our stockholders to approve our named executive officer compensation for 2014 as described in this proxy statement. This proposal, referred to as a "Say-on-Pay Proposal," provides our stockholders with the opportunity to express their views on our named executive officers' compensation. Accordingly, we will present the following advisory Say-on-Pay Proposal at the meeting for stockholder approval:

RESOLVED, that, the compensation paid to our company's named executive officers in 2014, as disclosed in this proxy statement for the company's 2015 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation tables and related narrative disclosure, is hereby approved.

This say-on-pay vote is advisory, and therefore not binding on our company, the Compensation Committee or our Board. However, the Compensation Committee intends to review the results of the advisory vote and will be cognizant of the feedback received from the voting results as it completes its annual review and engages in the compensation planning process.

**Vote Required**

The affirmative vote of the majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required for approval. Unless otherwise instructed, proxy holders will vote the proxies received by them FOR this proposal. If you are a beneficial holder and do not provide specific voting instructions to your broker, the organization that holds your shares will not be authorized to vote on this proposal and will have the effect of a vote AGAINST this proposal. Accordingly, we encourage you to vote promptly, even if you plan to attend the meeting.

**Recommendation**

Our Board recommends that stockholders vote FOR the approval, on an advisory basis, of the 2014 compensation of our named executive officers as described in this proxy statement.