

Neonode, Inc
Form DEF 14A
April 29, 2008

SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240 14a-12

Neonode Inc.

(Name of Registrant as Specified in Its Charter)

Not applicable

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

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- No fee required.
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(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:

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(1) Amount previously paid: N/A

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

(3) Filing Party: N/A

(4) Date Filed: N/A

NEONODE INC.

April 29, 2008

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Neonode Inc. (the "Company") to be held on May 30, 2008 at the offices of DavenportMajor Executive Search, located at 12770 High Bluff Drive, Suite 320, San Diego, CA 92130. The meeting will begin promptly at 9:00 a.m. local time.

The items of business to be considered at the Annual Meeting are listed in the following Notice of Annual Meeting and are more fully addressed in the proxy statement included with this letter. The item you will be asked to vote on at the Annual Meeting is the ratification of the appointment of BDO Feinstein International AB as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

The Company's Board of Directors believes that a favorable vote for the matter described in the attached Notice of Annual Meeting and Proxy Statement is in the best interest of the Company and its stockholders and recommends a vote "FOR" such matter. Accordingly, we urge you to review the accompanying material carefully and to return the enclosed proxy promptly.

Whether or not you plan to attend the Annual Meeting in person, it is important that your shares be represented and voted at the meeting. Please date, sign, and return your proxy card promptly in the enclosed envelope to ensure that your shares will be represented and voted at the Annual Meeting, even if you cannot attend. If you attend the Annual Meeting and are the stockholder of record, you may vote your shares in person even though you have previously signed and returned your proxy.

On behalf of your board of directors, thank you for your investment in, and continued support of, Neonode Inc.

Sincerely,

/s/ Mikael Hagman

Mikael Hagman

President and Chief Executive Officer

San Ramon, California

April 29, 2008

NEONODE INC.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On May 30, 2008**

To the Stockholders of Neonode Inc.:

You are cordially invited to attend the Annual Meeting of Stockholders of Neonode Inc, a Delaware corporation (the "Company"). The Annual Meeting will be held on Thursday, May 30, 2008, at the offices of DavenportMajor Executive Search located at 12770 High Bluff Drive, Suite 320, San Diego, CA 92130. The meeting will begin promptly at 9:00 a.m. local time.

- (1) To ratify the selection of BDO Feinstein International AB as our independent registered public accounting firm for the fiscal year ending December 31, 2008; and
- (2) To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is April 29, 2008. Only stockholders of record at the close of business on that date will be entitled to notice and vote at the meeting or any adjournment thereof.

By Order of the Board of Directors,

/s/ David W. Brunton
Secretary
San Ramon, California
April 29, 2008

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, WHICH DOES NOT REQUIRE ANY POSTAGE IF MAILED IN THE UNITED STATES, IN ORDER TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING. EVEN IF YOU HAVE VOTED BY PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM THAT RECORD HOLDER IN ORDER TO VOTE IN PERSON.

NEONODE INC.

PROXY STATEMENT

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HISTORY

Neonode Inc., formerly known as SBE, Inc., was incorporated in the state of Delaware on September 4, 1997.

On January 11, 2007, SBE, Inc. entered into an Agreement for the Purchase and Sale of Assets with One Stop Systems, Inc., pursuant to which SBE, Inc. sold substantially all of the assets associated with its embedded hardware business to One Stop Systems, Inc.

On August 10, 2007, Cold Winter Acquisition Corporation (Cold Winter Acquisition Sub), a Delaware corporation and wholly-owned subsidiary of SBE, Inc., consummated a merger and reorganization where Cold Winter Acquisition Sub was merged with and into Neonode Inc., a Delaware Corporation (Old Neonode), with Old Neonode continuing after the merger as the surviving corporation and a wholly-owned subsidiary of SBE, Inc. (Merger). SBE, Inc.'s name was subsequently changed to "Neonode Inc." in connection with the completion of the Merger.

Old Neonode was incorporated in the State of Delaware in 2006 and is the parent of Neonode AB, a company founded in February 2004 and incorporated in Sweden.

After the Merger with Cold Winter Acquisition Sub, Old Neonode changed its name to Cold Winter, Inc. (Cold Winter). The stockholders of SBE, Inc. approved the transaction in a special meeting of stockholders held on August 10, 2007. Following the closing of the Merger, the business and operations of Cold Winter prior to the Merger became the primary business and operations of the newly-combined company. The newly-combined company's headquarters is located in Stockholm, Sweden.

Unless the context otherwise requires, all references herein to "Neonode," "we," "our," "us," and similar words in this proxy statement refer to Old Neonode prior to the Merger, and Neonode Inc. (formally known as SBE, Inc.) and its wholly-owned subsidiaries after the Merger.

WHERE YOU CAN FIND MORE INFORMATION

We are a reporting company and file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, proxy statements or other information that we file at the SEC's public reference room at 100 F Street N.E., Room 1580, Washington, D.C., 20549. You can also request copies of these documents by writing to the SEC and paying a fee for the copying costs. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the public reference room. Our public filings with the SEC are also available on the web site maintained by the SEC at <http://www.sec.gov>.

NEONODE INC.
4000 Executive Parkway, Suite 200
San Ramon, California 94583

**PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
To Be Held On May 30, 2008**

The Annual Meeting of Stockholders of Neonode Inc. will be held on May 30, 2008, at the offices of DavenportMajor Executive Search, located at 12770 High Bluff Drive, Suite 320, San Diego, CA 92130, beginning promptly at 9:00 a.m., local time. The enclosed proxy is solicited by our board of directors. It is anticipated that this proxy statement and the accompanying proxy card will be first mailed to holders of our common stock on or about May 6, 2008.

QUESTIONS AND ANSWERS ABOUT THE PROPOSALS

Why am I receiving this proxy statement and proxy card?

You are receiving a proxy statement and proxy card because you own shares of our common stock. This proxy statement describes the issues on which we would like you, as a stockholder, to vote. It also gives you information on these issues so that you can make an informed decision.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on April 29, 2008 will be entitled to vote at the Annual Meeting. On this record date, there were 25,918,162 shares of our common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on April 29, 2008 your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on April 29, 2008 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What is being voted on?

You are being asked to vote on the following proposal:

Proposal 1—To ratify the selection of BDO Feinstein International AB as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

How do I vote?

For Proposal 1 you may vote "For" or "Against" or abstain from voting. The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy using the enclosed proxy card. To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy. If you would like to vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the proxy card to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you own as of April 29, 2008.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will count Proposal 1, "For" and "Against" votes, abstentions and broker non-votes. Abstentions will be counted towards the vote total for Proposal 1, and will have the same effect as "Against" or "Withhold" votes. Broker non-votes have no effect and will not be counted towards the vote total for any proposal.

If your shares are held by your broker as your nominee ("street name"), in order to vote your shares you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. If you do not give instructions to your broker, your shares may be voted by your broker for routine matters, including Proposals 1 in this proxy statement.

How many votes are needed to approve each proposal?

- To be approved, Proposal No. 1 to ratify BDO Feinstein International AB as independent auditors of the Company for the fiscal year ending December 31, 2008 must receive a "For" vote from the majority of shares present either in person or by proxy and entitled to vote.

If you "Abstain" from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect.

What is the quorum requirement?

A quorum is necessary to hold a valid meeting. A quorum will be present if a majority of the outstanding shares of common stock are represented in person or by proxy at the Annual Meeting. On the record date, there were 25,918,162 shares of Neonode common stock outstanding and entitled to vote. Thus, at least 12,959,082 shares must be represented in person or by proxy at the Annual Meeting in order to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, a majority of the votes present at the Annual Meeting may adjourn the Annual Meeting to another date.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will voted as the Board of Director recommends.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

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

If you receive more than one proxy card, it means that your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy card with a later date;
- You may send a written notice that you are revoking your proxy to our Secretary at 4000 Executive Parkway, Suite 200, San Ramon, California 94583; or
- You may attend the Annual Meeting and vote in person. However, simply attending the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

Does the board of directors recommend approval of the proposals at the Annual Meeting?

Yes. After careful consideration, our board of directors recommends that our stockholders vote FOR the proposal.

What is the deadline for submitting Stockholder proposals for the 2009 Annual Meeting?

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by October 1, 2008, to the Secretary of Neonode Inc., 4000 Executive Parkway, Suite 200, San Ramon, California 94583. If you wish to submit a proposal that is not to be included in next year's proxy materials or nominate a director, you must do so by not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting of stockholders (no earlier than January 1, 2009 and no later than January 31, 2009, as currently scheduled); provided, however, that in the event that the date of the annual meeting of stockholders is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting of stockholders, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting of stockholders or the 10th day following the day on which public announcement of the date of such meeting is first made. Stockholders wishing to submit any such proposal are also advised to review Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Company's Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

Who can help answer my questions about the proposals?

If you have additional questions about these proposals, you should contact David Brunton, our Secretary and Chief Financial Officer, at (925) 355-7700.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results may be announced at the Annual Meeting. Final voting results will be published in our Quarterly Report on Form 10-Q for the three months ended June 30, 2008.

BOARD OF DIRECTORS

The Board of Directors is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class shall serve for the remainder of the full term of that class, and until the director's successor is elected and qualified. This includes vacancies created by an increase in the number of directors.

The Board currently has four members. There is one director whose term of office expired in 2008. That director resigned effective March 31, 2008 and there Board is currently evaluating suitable candidates for his replacement. The Board anticipates appointing a replacement candidate prior to the end of June 2008. With the exception of John Reardon, all of the directors became directors of the Company on August 10, 2007.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The one nominee receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominee named below.

The following is a brief biography of each director whose term will continue after the annual meeting.

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2010 ANNUAL MEETING

John Reardon - Mr. Reardon, age 48, has served as a director of SBE, Inc. since February 2004 and of Old Neonode since February 2007. Mr. Reardon is the chairman of the Audit Committee and member of the Compensation and Nominating and Governance Committees of the Company. Mr. Reardon has served as President and member of the board of directors of The RTC Group, a technical publishing company since 1990. In 1994, Mr. Reardon founded a Dutch corporation, AEE, to expand the activities of The RTC Group into Europe. Mr. Reardon also serves on the board of directors of One Stop Systems, Inc., a computing systems and manufacturing company.

Mikael Hagman - Mr. Hagman, age 40, joined Old Neonode as Chief Executive Officer in March 2007. For the Eight years prior to joining Neonode, Mr. Hagman served as Chief Executive Officer of Sony Corp. subsidiary operations in Sweden and Finland. During his eight years with Sony, Mr. Hagman held a number of positions and served on the board of Sony Nordic AS. While at Sony Mr. Hagman was nominated for several Pan European committees and participated in forums that developed Sony's commercial strategies. Prior to Sony, Mr. Hagman worked for United Biscuits Ltd. in various leading sales and marketing roles. He currently serves on the board of directors of AIK Fotboll AB, a publicly traded company listed on Nordic Growth Markets (KLM). AIK Fotboll AB is one of Sweden's leading soccer clubs. Mr. Hagman has served on the board of many industry associations, including Consumer Electronics Association, Elektronik Branchen, and SRL.

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2009 ANNUAL MEETING

Per Bystedt - Mr. Bystedt, age 42, served as the interim Chief Executive Officer of Old Neonode from October 2005 through July 2006. Since 1997, Mr. Bystedt has been the Chief Executive Officer of Spray AB, an internet investment company. From 1991 through 1997, Mr. Bystedt was the Chief Executive Officer of various television production and network companies including Trash Television, ZTV AB, TV3 Broadcasting Group Ltd and MTG AB. From 1998 through the present, Mr. Bystedt has served as a member of the board of directors of Axel Johnson AB. From 2000 to the present, he has been a member of the board of directors of Eniro AB and, from 2005 to the present, has been a member of the board of directors of Servera AB. From 2004 to the present, Mr. Bystedt has been the chairman of the board of directors of AIK Fotboll AB. From 1997 through 2005 he served as a member of the board of directors of Ahlens AB, and from 1998 through 2000 he was the chairman of the board of directors of Razorfish, Inc.

Susan Major - Ms. Major, age 55, is the co-founder and since 2002 has been the Managing Partner of DavenportMajor Executive Search. Ms. Major is Chairman of the Compensation Committee and a member of the Audit and Nominating and Governance Committees. Her expertise working in the technology industry spans more than 18 years with global high growth companies coupled with 10 additional years of search experience, including C-level executive placements for public and emerging, pre-IPO corporations. Ms. Major specializes in the wireless, telecom, software and semiconductor sectors and serves Fortune 500 clients such as Motorola and Qualcomm. While at Motorola, Ms. Major introduced numerous technology products, including two-way radios, cellular handsets and a first generation PDA. While at Ameritech, Ms. Major led the marketing efforts that expanded their paging and wireless data services. In addition, Ms. Major has been awarded two patents in wireless messaging.

BOARD OF DIRECTORS, COMMITTEES AND CORPORATE GOVERNANCE

The current members of the Board of Directors are as follows:

NAME	AGE	POSITION
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Mikael Hagman	40	Director and Chief Executive Officer
John Reardon	48	Director
Per Bystedt	42	Director
Susan Major	55	Director

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Independence of the Board of Directors

As required under the NASDAQ Stock Market (“NASDAQ”) listing standards, a majority of the members of a listed company’s board of directors must qualify as “independent,” as affirmatively determined by the board of directors. The Board consults with the Company’s counsel to ensure that the Board’s determinations are consistent with all relevant securities laws and regulations regarding the definition of “independent,” including those set forth in the applicable listing standards of NASDAQ.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent registered public accounting firm, the Board affirmatively has determined that all of the Company’s directors, other than Mikael Hagman, are independent directors within the meaning of the applicable NASDAQ listing standards.

Prior to the Merger the following individuals served as directors during the previous fiscal year: Magnus Goertz, Ronald Ritchie, Marion Stuckey, John D’Errico and Kenneth G. Yamamoto. The Board affirmatively determined that all of these past directors, other than Magnus Goertz and Kenneth G. Yamamoto were independent directors within the meaning of the applicable NASDAQ listing standards.

Meetings of the Board of Directors

After the merger, the Board met six times during the Company’s 2007 fiscal year. Each then-serving director attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he served, held during the period for which he was a director or committee member, respectively. In addition, as required under NASDAQ listing standards, the Company’s independent directors met in regularly scheduled executive sessions at which only independent directors are present.

All of the board members attended last year’s annual meeting.

Board Committees

The Board has three committees: an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. John Reardon and Susan Major constitute the members of each committee. During the Company’s 2007 fiscal year (which ended on December 31, 2007), the Audit Committee met five times, the Compensation Committee met three times and the Nominating and Governance Committee met one time. All then-serving directors attended at least 75% of the meetings of each committee. With the exception of John Reardon, none of the current directors were members of any of the committees prior to August 10, 2008.

Below is a description of each committee of the Board. Each of the committees has authority to engage legal counsel or other experts or consultants, as it deems appropriate to carry out its responsibilities. The Board has determined that each member of each committee meets the applicable rules and regulations regarding “independence” and that each member is free of any relationship that would interfere with his or her individual exercise of independent judgment with regard to the Company.

Audit Committee.

John Reardon is Chairman of the Audit Committee. The Audit Committee of the Board, which was established in accordance with Section 3(a)(58)(A) of the Exchange Act, oversees the Company’s corporate accounting and financial reporting process. For this purpose, the Audit Committee performs several functions, including the following:

- evaluates the performance of and assesses the qualifications of the independent registered public accounting firm;

- determines and approves the engagement of the independent registered public accounting firm;
- determines whether to retain or terminate the existing independent registered public accounting firm or to appoint and engage a new independent registered public accounting firm;

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