

DHI GROUP, INC.  
Form DEF 14A  
March 29, 2019

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

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
- DHI Group, Inc.  
(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:



March 29, 2019

Dear Fellow Stockholder,

I am pleased to invite you to our 2019 Annual Meeting of Stockholders (the “Annual Meeting”), which will be held on Wednesday, May 8, 2019, at 9:00 a.m., local time, at the Hyatt Regency Denver Tech Center, 7800 E Tufts Ave., Denver, CO 80237.

At the meeting, we will be electing one class of directors, considering the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019, considering the approval, on an advisory basis, of the compensation of our named executive officers, and transacting such other business that may properly come before the Annual Meeting. The Board of Directors recommends a vote FOR (i) the election of our director nominees, (ii) the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm, and (iii) the approval, on an advisory basis, of the compensation of our named executive officers.

You may vote your shares using the Internet or the telephone by following the instructions on the enclosed proxy card. Of course, you may also vote by returning the enclosed proxy card.

Only DHI Group, Inc. stockholders may attend the Annual Meeting. If you wish to attend the meeting in person, you will need to request an admission ticket in advance. You can request a ticket by following the instructions set forth in the proxy statement.

Thank you very much for your support of DHI Group, Inc.

Sincerely,

Art Zeile

President and Chief Executive Officer

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DHI GROUP, INC.  
1450 Broadway, 29th Floor  
New York, New York 10018  
March 29, 2019

NOTICE OF ANNUAL MEETING

DHI Group, Inc., a Delaware corporation (the “Company”), will hold its 2019 Annual Meeting of Stockholders (the “Annual Meeting”) at the Hyatt Regency Denver Tech Center, 7800 E Tufts Ave., Denver, CO 80237, on Wednesday, May 8, 2019, at 9:00 a.m., local time, to:

1. Elect three Class III directors, for a term of three years, or until their successors are duly elected and qualified;
2. Ratify the selection of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2019;
3. Hold an advisory vote on the compensation of our named executive officers as described in the proxy statement; and
4. Transact any other business that may properly come before the Annual Meeting and any adjournments or postponements thereof.

Stockholders of record of DHI Group, Inc. (NYSE: DHX) as of the close of business on March 25, 2019, are entitled to vote at the Annual Meeting and any adjournments or postponements thereof. A list of these stockholders will be available at the offices of the Company in New York, New York.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the Annual Meeting in person, you are strongly encouraged to sign and date the enclosed proxy card and return it promptly, or submit your proxy by telephone or the Internet. Any stockholder of record who is present at the Annual Meeting may vote in person instead of by proxy, thereby revoking any previous proxy.

Brian P. Campbell  
Senior Vice President, Corporate Development,  
General Counsel

Important Notice Regarding the Availability of  
Proxy Materials for the Annual Meeting of Stockholders  
to be Held on May 8, 2019

The proxy statement and Annual Report on Form 10-K are available at [www.dhigroupinc.com/investors](http://www.dhigroupinc.com/investors). The means to vote is available by Internet at [www.investorvote.com/dhx](http://www.investorvote.com/dhx) or by calling 1-800-652-VOTE (8683).

Your Vote is Important

Please vote as promptly as possible

by using the Internet or telephone or

by signing, dating and returning the enclosed proxy card.

If you plan to attend the meeting, you must request an admission ticket in advance of the meeting. Tickets will be issued to registered and beneficial owners and to one guest accompanying each registered or beneficial owner.

Please note that if you hold your shares in “street name” (through a broker or other nominee), you will need to send a written request for a ticket, along with proof of share ownership, such as a copy of the portion of your voting instruction form showing your name and address, a bank or brokerage firm account statement or a letter from the broker, trustee, bank or nominee holding your shares, confirming ownership.

Requests for admission should be addressed to the Corporate Secretary, DHI Group, Inc., 1450 Broadway, 29th Floor, New York, New York 10018 or by calling (212) 725-6550, and will be processed in the order in which they are received and must be requested no later than May 7, 2019. Please note that seating is limited and requests for tickets will be accepted on a first-come, first-served basis. On the day of the Annual Meeting, each stockholder will be required to present a valid picture identification such as a driver’s license or passport with his or her admission ticket. Seating will begin at 8:30 a.m. and the meeting will begin promptly at 9:00 a.m., local time. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the Annual Meeting.

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PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS  
To be Held on May 8, 2019

PROXY STATEMENT SUMMARY

This summary highlights information described in more detail elsewhere in this Proxy Statement. It does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are provided to help you find further information. For ease of reading, in these materials “DHI,” “we,” “us,” or the “Company” refers to DHI Group, Inc., “Board” refers to our Board of Directors, “CEO” refers to our Chief Executive Officer, and “NEOs” refers to our Named Executive Officers.

2019 Annual Meeting of Stockholders

Date: Wednesday, May 8, 2019

Time: 9:00 a.m., local time

Place: Hyatt Regency Denver Tech Center, 7800 E Tufts Ave., Denver, CO 80237

Eligibility to Vote

You may vote if you were a stockholder of record at the close of business on March 25, 2019.

How to Cast Your Vote

If you are eligible to vote, you can vote by:

Internet: [www.investorvote.com/dhx](http://www.investorvote.com/dhx)

Telephone: 1-800-652-VOTE (8683) (within USA, US territories and Canada on a touch tone phone)

The deadline for voting via the Internet or telephone is 11:59 P.M., Eastern Daylight Time, on May 7, 2019.

Mail: If you received written material, complete, sign and return your Annual Meeting Proxy Card by May 7, 2019.

You may vote your shares at the Annual Meeting. If your shares are held in the name of a broker, nominee, In you will need to send a written request for a ticket, along with proof of share ownership, such as a copy of the Person: portion of your voting instruction form showing your name and address, a bank or brokerage firm account statement or a letter from the broker, trustee, bank or nominee holding your shares, confirming ownership.

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor, Innisfree M&A Incorporated (“Innisfree”), at:

Innisfree M&A Incorporated  
501 Madison Avenue  
New York, NY 10022

Stockholders call toll-free: (888) 750-5834

Banks and brokers call collect: (212) 750-5833

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## Items for Vote (page 16)

	Board Vote Recommendation	Page Reference (for further detail)
1. Election of Directors <sup>1</sup>	FOR EACH NOMINEE	16
2. Ratification of Selection of Independent Registered Public Accounting Firm	FOR	16
3. Advisory Vote with Respect to the Compensation of our Named Executive Officers	FOR	17

On February 28, 2019, John Barter and Burton Goldfield (the "Departing Directors") informed the Board of Directors (the "Board") of the Company that they will not stand for re-election at the Annual Meeting. Their decision not to stand for re-election was not the result of any disagreement with the Company. In connection with the foregoing, the Board desired to immediately appoint two additional members to the Board and have the two new members stand for re-election at the Annual Meeting. Accordingly, on February 28, 2019, the Board increased (1) the size of the Board to ten members and appointed Scipio Maximus Carnecchia to serve on the Board as a Class I director, and David Windley to serve on the Board as a Class III director. Immediately prior to the Annual Meeting, (i) Messrs. Barter and Goldfield will resign from the Board and (ii) Mr. Carnecchia will resign as a Class I director but will be immediately reappointed as a Class III director, filling one of the vacancies resulting from the resignations of Messrs. Barter and Goldfield. As a consequence thereof, Messrs. Carnecchia, Windley and Schipper will stand for re-election as Class III directors at the Annual Meeting.

## Board Nominees (page 7)

Name of Nominee	Age	Director Since	Positions with DHI	Independent	Committee Membership		
					AC	CC	N&CG
Brian "Skip" Schipper	58	2014	Director	Yes		ü	ü
Scipio "Max" Carnecchia	56	2019	Director	Yes	ü		
David Windley	55	2019	Director	Yes		ü	

AC - Audit Committee

CC - Compensation Committee

N&amp;CG - Nominating and Corporate Governance Committee

## Alignment with Stockholders:

We have implemented compensation practices that we believe align the interests of our executive officers with our stockholders by tying a significant portion of their compensation to the Company's financial performance:

## Pay for Performance and Variable Compensation

We utilize an independent compensation consultant to help assess our compensation arrangements. The Compensation Committee engages Compensia, an independent compensation consultant with significant experience in our sector.

We generally do not provide perquisites to our NEOs beyond those provided to all employees.

We have a policy under which tax gross-up provisions were no longer included in employment agreements with new employees or added to existing employment agreements with current employees which do not already contain a tax gross-up provision.

We have a long-term equity incentive program which features a performance-based component that we believe improves the alignment of our executive compensation with Company performance.

For 2018, approximately 89% of total compensation for our CEO and 76% of total compensation for our NEOs (56% for our NEOs excluding our CEO) was variable and dependent on performance.



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We have implemented corporate governance practices that further align the interests of our executive officers with our stockholders and mitigate risk:

Corporate Governance

Seven of our eight directors that are expected to serve on the Board following the Annual Meeting are independent.

The Board meets regularly in executive session without the CEO present.

The roles of the CEO and Chairman of the Board are separate.

Only independent directors serve as Board committee members.

We hold an annual “Say-on-Pay” advisory vote to solicit the views of our stockholders regarding NEO compensation.

Under our Securities Trading Policy, our directors, officers and employees and their related parties are prohibited from purchasing Company stock on margin, entering into short sales and buying or selling puts, calls, options or other derivatives in respect of securities of the Company.

Since the beginning of 2014, we have added eight Board members with relevant industry experience.

We have equity ownership guidelines for our directors and executive officers.

We have a “claw-back” policy pursuant to which the Company may, under certain circumstances as specified in the policy, seek reimbursement of annual, performance-based cash and equity compensation made to covered officers.

In 2016, the Company adopted majority voting for uncontested director elections.

For additional information on our Executive Compensation, please see “Compensation Discussion and Analysis” starting on page 17.

2018 Executive Compensation— Pay-For-Performance (page 17)

Consistent with our pay-for-performance philosophy, the primary elements of compensation for our executives in 2018 included: base salary, annual performance-based cash bonus, and long-term equity incentives consisting of time-based restricted stock and performance-based restricted stock units (PSUs). Of these elements, base salary and benefits were fixed, with the remaining compensation elements dependent on both individual and/or corporate performance.

Note: CEO compensation above includes compensation for Art Zeile and Mike Durney during their respective employment periods in 2018; this excludes severance payment of \$335,000 made to Mr. Durney, Former President and Chief Executive Officer. Variable compensation in 2018 is higher than 2017 due to the 750,000 PSU and 1,750,000 restricted stock awards received by Art Zeile in connection with his employment agreement in 2018.

Note: 2018 excludes severance of \$130,831, converted at US\$1.34 for each £1, paid to Mr. Benson, Former Managing Director, Europe & Asia. 2017 excludes severance payment of \$455,000 made to Mr. Goli, Former President of Brightmatter Group.

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After review of the applicable performance metrics, our Compensation Committee determined that our NEO participants in our Senior Bonus Plan were entitled to receive 127% of their target bonus based on revenue and EBITDA performance in the Senior Bonus Plan. The Compensation Committee also determined that our NEOs were entitled to receive time-based restricted stock and PSUs. See Compensation Discussion & Analysis—Elements of Executive Compensation and Grants of Plan-Based Awards for Fiscal Year 2018.

**Compensation Policies**

In connection with our ongoing review of corporate governance and compensation practices and policies, and taking into consideration best practices, our desire to mitigate risk for our stockholders and feedback received from our stockholders, as described more fully below under Compensation Discussion & Analysis—Compensation and Corporate Governance Philosophy, our corporate governance practices include:

**Equity Incentive Compensation.** Our long-term equity incentives program consists of a combination of performance-based restricted stock units (“PSUs”) and restricted stock. For 2015, 2016 and 2017 our PSU program linked targeted compensation to relative stock performance versus the Russell 2000 Index. In 2018, we updated our PSU program to link targeted compensation to the achievement of Company bookings targets. We believe the combination of PSUs and restricted stock will further align the interests of our executive officers with our stockholders, as well as increase executive retention and motivation.

**Equity Ownership Guidelines.** To further align the interests of our executives and directors with those of our stockholders, our Board has adopted equity ownership guidelines for our executive officers and directors. These guidelines require these executive officers and directors to achieve target ownership levels under the terms of the guidelines, within the later of five years from March 3, 2015 or the commencement by that person of a position set forth below:

Position	Multiple of Base Salary (as of December 31 of immediately preceding calendar year) or Retainer
Chief Executive Officer	3.0x base salary
Other Executive Officers	1.0x base salary
Members of our Board	3.0x retainer

**Senior Bonus Plan.** Our Senior Bonus Plan, available for NEOs and other senior executives designated by the Compensation Committee, is funded 50% according to the percentage of revenue target achieved, and 50% according to the percentage of EBITDA target achieved, which we believe aligns funding with our pay-for-performance philosophy.

**“Claw-back” Policy.** Our Board has adopted a “claw-back” policy. Under, and subject to, our “claw-back” policy, the Company may generally seek reimbursement of annual, performance-based cash bonuses made to covered executives, including our NEOs, which were based on achieving certain financial results, if the covered officer intentionally and knowingly engaged in fraud or misconduct that caused the need for a substantial and material restatement of our financial results for the applicable period if a lower cash incentive payment would have been made to the covered officer based upon those restated financial results. More specifically, compensation subject to the “claw-back” policy is any cash incentive payments made within the three-year period preceding the accounting restatement.

**Other Corporate Governance Developments**

**Adoption of Majority Voting in Uncontested Director Elections.** Consistent with our commitment to strong corporate governance, and after consideration of market practice and input from our stockholders, in 2016, our Board amended and restated our by-laws, to provide that, in the case of uncontested director elections, a director must be elected by a majority of the votes cast with respect to the election of such director. For purposes of this standard, a “majority of the votes cast” means that the number of shares voted “FOR” a director must exceed the number of shares voted “AGAINST” that director and abstentions and broker non-votes are not counted as “votes cast.” In the case of contested elections (where, if as of a date that is 14 days in advance of the date the Company files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission, the number of nominees exceeds the number of directors to be elected), the required voting standard to be elected as a director continues to be by plurality vote.

If an incumbent director fails to receive the required majority vote for reelection, the director shall offer to tender his or her resignation to the Board. The Board may consider any factors they deem relevant (including, but not limited to, recommendations the Board may request from a designated committee) in deciding whether to accept or reject a director's resignation or whether other action should be taken. Any director tendering such resignation will not be permitted to participate in the deliberations

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regarding whether to accept or reject such resignation. Within 90 days from the date the election results are certified, the Company will be required to publicly disclose the Board's decision and the rationale behind such decision.

**INFORMATION CONCERNING SOLICITATION AND VOTING**

This proxy statement is furnished to the stockholders of record of DHI Group, Inc., a Delaware corporation, in connection with the solicitation by the Company's Board of Directors of proxies for the 2019 Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held at the Hyatt Regency Denver Tech Center, 7800 E Tufts Ave., Denver, CO 80237 on Wednesday, May 8, 2019, at 9:00 a.m., local time, and at any adjournments or postponements thereof, for the purpose of considering and acting upon the matters set forth in the accompanying Notice of Annual Meeting of Stockholders. In this proxy statement, we refer to DHI Group, Inc. as the "Company," "we" or "us."

This proxy statement and accompanying proxy and voting instructions are first being mailed on or about March 29, 2019 to holders of the Company's Common Stock, par value \$0.01 (the "Common Stock"), entitled to vote at the Annual Meeting. The presence in person or by proxy of the holders of a majority of the total number of shares of Common Stock outstanding and entitled to vote at the Annual Meeting shall constitute a quorum for the transaction of any business at the Annual Meeting. Each owner of record of the Common Stock on the record date is entitled to one vote for each share. At the close of business on March 25, 2019, the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting, there were 54,874,614 shares of the Common Stock issued and outstanding, including 5,235,828 shares of unvested restricted Common Stock. The shares of Common Stock are publicly traded on the New York Stock Exchange (the "NYSE") under the symbol "DHX."

At the Annual Meeting, director nominees up for election in Proposal 1 will each be elected by a majority of the votes cast in person or by proxy. The ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm (Proposal 2) and the advisory approval of executive compensation (Proposal 3) will require the affirmative vote of a majority in voting power of shares of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting.

Broker non-votes and abstentions are included in determining whether a quorum is present. Broker non-votes and abstentions are not deemed to be "votes cast" with respect to the election of directors. Broker non-votes and abstentions will have no legal effect on Proposals 1, and an abstention, but not a broker non-vote, will have the same legal effect as a vote "AGAINST" Proposals 2 and 3.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power on that item and has not received instructions from the beneficial owner. Under NYSE rules, a proposal to approve the appointment of our independent registered public accounting firm is considered a discretionary item, which means that brokerage firms may vote in their discretion on this matter on behalf of clients who have not furnished voting instructions.

All shares entitled to vote and represented by properly executed proxies received prior to the Annual Meeting, and not revoked, will be voted as instructed on those proxies. If no instructions are indicated, the shares will be voted as recommended by the Board. If any other matters are properly presented at the Annual Meeting for consideration, the persons named in the enclosed form of proxy will have discretion to vote on those matters in accordance with their own judgment to the same extent as the person signing the proxy would be entitled to vote.

Stockholders will have the option to submit their proxies or voting instructions electronically through the Internet, by telephone or by using a traditional proxy card. Stockholders should check their proxy card or voting instructions forwarded by their broker, bank or other holder of record to see which options are available. The deadline for voting via the Internet or by telephone is 11:59 P.M., Eastern Daylight Time, on May 7, 2019. Stockholders submitting proxies or voting instructions via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies that would be borne by the stockholder.

Any stockholder of record may revoke a proxy at any time before it is voted by filing with the Corporate Secretary, at or before the taking of the vote at the Annual Meeting, a written notice of revocation or duly executed proxy, in either case dated later than the prior proxy relating to the same shares, or by attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not by itself revoke a proxy).

Any written notice of revocation or subsequent proxy should be delivered to DHI Group, Inc., 1450 Broadway, 29th Floor, New York, NY 10018 Attention: Corporate Secretary, or hand delivered to the Corporate Secretary, before the taking of the vote at the Annual Meeting. To revoke a proxy previously submitted via the Internet or by telephone, a stockholder may simply submit a new proxy (including by means of the Internet or by telephone) at a later date before the taking of the vote at the Annual Meeting, in which case, the later submitted proxy will be recorded and the earlier proxy will be revoked.

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We have retained Innisfree to perform proxy solicitation services for us, involving conducting a bank/broker search, distributing proxy solicitation materials to stockholders, providing information to stockholders from the materials, and soliciting proxies by mail, courier, telephone, facsimile and e-mail. In connection with its retention, Innisfree has agreed to provide consulting and analytic services upon request. We will pay a fee not to exceed \$15,000 to Innisfree, plus out-of-pocket expenses for these services.

If you have any questions or require any assistance with voting your shares, please contact Innisfree at:

Innisfree M&A Incorporated  
501 Madison Avenue  
New York, NY 10022

Stockholders call toll-free: (888) 750-5834  
Banks and brokers call collect: (212) 750-5833  
DIRECTORS AND CORPORATE GOVERNANCE  
Board Structure

Composition of our Board of Directors

The following directors have joined our Board since the beginning of 2014:

Name	Title	Company	Director Since
Brian "Skip" Schipper	Chief People Officer	Yext	February 2014
Carol Carpenter	Vice President of Product Marketing	Google Cloud	May 2014
Burton M. Goldfield	President and Chief Executive Officer	TriNet	December 2014 <sup>(1)</sup>
Jim Friedlich	Executive Director and CEO	The Lenfest Institute for Journalism	January 2015
Jennifer Deason	Executive Vice President, Global Strategy and Corporate Development	Sotheby's	July 2016
Art Zeile	President & CEO	DHI Group, Inc.	April 2018
Scipio "Max" Carnecchia	Chief Executive Officer and Board Member	Mitek Systems	February 2019
David Windley	Chief Executive Officer	IQTalent Partners	February 2019

(1) Mr. Goldfield will not stand for re-election at the Annual Meeting and will resign from our Board immediately prior to the Annual Meeting

On February 1, 2016, Mr. Barter became Chairman of the Board. Mr. Barter will not stand for re-election at the Annual Meeting and will resign from our Board immediately prior to the Annual Meeting. Effective as of immediately prior to the Annual Meeting, Mr. Schipper will assume the role of Chairman.

The Board met thirteen times during fiscal 2018. Each director attended at least 75% of all of the meetings of the Board and committees on which he or she served. Under the Company's Corporate Governance Guidelines, each director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending annual and special meetings of the stockholders of the Company and meetings of the Board and committees of which he or she is a member. Seven of the Company's directors attended the Company's 2018 Annual Meeting of Stockholders.

Our by-laws provide that our Board will consist of no less than five and no more than 20 persons. The exact number of members on our Board of Directors will be determined from time to time by resolution of a majority of our full Board.

Our Board is divided into three classes, with each class serving a three-year term and one class being elected at each year's annual meeting of stockholders. As of the date of the Annual Meeting, (i) Mses. Carpenter and Deason will be serving as Class I directors with a term expiring at the 2020 Annual Meeting, (ii) Messrs. Zeile and Friedlich and Ms. Sheikholeslami will be serving as Class II directors with a term expiring at the 2021 Annual Meeting and (iii) Messrs. Carnecchia, Windley and Schipper will be serving as Class III directors and stand for re-election at the Annual Meeting. As of the date of this proxy statement, Messrs. Barter and Goldfield serve as Class III directors but will not stand for re-election at the Annual Meeting and will resign from our Board immediately prior to the Annual Meeting. Set forth below is information relating to the Company's directors as of the date of this proxy statement, including the Class III Directors who are nominated for election at the Annual Meeting.

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Name	Age	Director Since	Position	Standing for Election	Committee Membership ACCCN&CG
Art Zeile	55	2018	President and Chief Executive Officer, Director		
John W. Barter <sup>(1)</sup>	72	2007	Director, Chairman		X
Golnar Sheikholeslami	51	2012	Director		X
Brian "Skip" Schipper <sup>(2)</sup>	58	2014	Director, Chairman	X	X X
Carol Carpenter	51	2014	Director		X X
Burton M. Goldfield <sup>(1)</sup>	63	2014	Director		X
Jim Friedlich	62	2015	Director		X
Jennifer Deason	43	2016	Director		X
Scipio "Max" Carnecchia <sup>(3)</sup>	56	2019	Director	X	X
David Windley <sup>(3)</sup>	55	2019	Director	X	X

AC - Audit Committee

CC - Compensation Committee

N&amp;CG - Nominating and Corporate Governance Committee

On February 28, 2019, John Barter and Burton Goldfield informed the Board that they will not stand for re-election (1) at the Annual Meeting. Their decision not to stand for re-election was not the result of any disagreement with the Company. Messrs. Barter and Goldfield will resign from our Board immediately prior to the Annual Meeting.

(2) Mr. Schipper will assume the role of Chairman immediately prior to the Annual Meeting

As previously disclosed, Messrs. Carnecchia and Windley were appointed to the Board on February 28, 2019. Mr. Carnecchia was appointed as a Class I director solely to satisfy the requirements of the Company's Amended and Restated Certificate of Incorporation that the three Classes be a nearly equal in number as possible. Immediately

(3) prior to the Annual Meeting and substantially concurrently with the resignations of Messrs. Barter and Goldfield, Mr. Carnecchia will resign as a Class I director, but will be immediately reappointed as a Class II director and will stand for re-election at the Annual Meeting, along with Messrs. Shipper and Windley.

## Nominees for Election as Directors - Term Expiring in 2022

Brian "Skip" Schipper has been a director since February 2014. Since May 2016, Mr. Schipper has served as the Chief People Officer for Yext, Inc. From January 2014 to March 2016, Mr. Schipper led Human Resources at Twitter. Prior to joining Twitter, Mr. Schipper was the Chief Human Resources Officer at Groupon from June 2011 to January 2014, where he oversaw the HR and administrative organization globally and was integral in building the infrastructure to support its global expansion efforts. Mr. Schipper was the Chief Human Resources Officer at Cisco Systems from October 2006 to June 2011. He has held executive level human resources and administrative roles at Microsoft, DoubleClick, Pepsico, Compaq and Harris Corporation. Mr. Schipper holds an MBA from Michigan State University and a B.A. from Hope College. Mr. Schipper's extensive industry experience and his human resources expertise is a great combination to help our Board guide our strategy.

Scipio "Max" Carnecchia has been a director since February 2019. Mr. Carnecchia has served as the Chief Executive Officer and as a director of Mitek Systems, Inc. since November 2018. From October 2017 until July 2018, Mr. Carnecchia served as the Chief Executive Officer and board member of Illuminate Education, Inc., the market-leading Software as a Services education platform. Prior to Illuminate, Mr. Carnecchia was the President and Chief Executive Officer of Accelrys, Inc. and has also served on the Accelrys Board from 2009 until its acquisition in 2014. After the acquisition, Mr. Carnecchia continued to service as Chief Executive Officer of that business, which was renamed BIOVIA. Mr. Carnecchia previously served as President of Interwoven, Inc., a content management software company, which was acquired by Autonomy Corporation plc in January 2009. Prior to joining Interwoven, Mr. Carnecchia served as Vice President of Global Sales of Xoriant Corporation, a software product development



company, from April 2000 to January 2001 and as Vice President of Sales and Services of SmartDB Corporation, a provider of data integration toolkits for systems integrators and IT organizations, from September 1996 to February 2000. Mr. Carnecchia has demonstrated significant leadership skills in his CEO roles at Accelrys , BIOVIA and Illuminate Education, Inc. and as Vice President of Xoriant and SmartDB and brings more than two decades of high technology experience to his position on the Board. During the past five (5) years, Mr. Carnecchia has served as a member of the boards of directors of: Guidance Software, Inc.; Agilysys, Inc.; and Accelrys, Inc. Mr. Carnecchia holds a Bachelor of Engineering in Electrical Engineering from The Stevens Institute of Technology. Mr. Carnecchia's wealth of experience in the operational, sales, and technology industries, as well as his background as an operating executive and board member of publicly held companies, provide helpful and unique expertise to the Company. David Windley has been a director since February 2019. Mr. Windley has served as the President for IQTalent Partners, a professional services firm focused on talent acquisition, since September 2014. Prior to IQTalent Partners, Mr. Windley served

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as Executive Vice President, Chief Human Resources Officer, for Fusion-io, Inc., a computer hardware and software systems company, from October 2013 to August 2014. From December 2006 to September 2012, Mr. Windley served as Executive Vice President, Chief Human Resources Officer, for Yahoo! Inc. Prior to Yahoo!, Mr. Windley served as General Manager, Human Resources, for Microsoft Corporation from December 2003 to December 2006 and as Vice President Human Resources, Business Units, for Intuit Inc. from December 2001 to December 2003. Mr. Windley held various positions with Silicon Graphics, Inc. from 1991 to 2001, culminating in Vice President, Human Resources. Mr. Windley also serves on the board of directors at Tennant Company, as the chair of the compensation committee, and serves as a board chair for the Society of Human Resources Management (SHRM), the largest membership organization for human resources professionals. Mr. Windley holds a master's of business administration degree from San Francisco State University and a bachelor's of science degree from San Diego State University. Mr. Windley's extensive human resources experience in a variety of industries provides him with intimate knowledge of the Company's business, which will help our Board guide our strategy.

## Class I Directors - Term Expiring in 2020

Jennifer Deason has been a director since July 2016. From 2016 to 2018, Ms. Deason served as Executive Vice President, Head of Corporate Development and Strategy with Sotheby's. She served as Chief Financial Officer at the Weather Channel from 2014 to 2016, where she worked to reposition the organization from a more traditional TV media company towards a data-focused, mobile-first advertising platform, prior to the sale of the digital and B2B businesses to IBM. She was with Bain Capital from 2008 to 2014, where she served as an Executive Vice President and partnered with CEOs and other senior level executives to improve company performance and drive transformations through strategic initiatives and performance management. While at Bain, Ms. Deason served in several interim operating roles such as President, Chief Marketing Officer and Chief Financial Officer and was a board member of several portfolio companies. Ms. Deason holds an MBA from Stanford University and a B.A. from Yale University, and is closely involved in both schools. She is also on the Board of Trustees at the Massachusetts Museum of Contemporary Art. Ms. Deason's significant experience in financial and other operating roles, as well as her experience in the private equity field, provide helpful perspective to our Board. The Board has also considered Ms. Deason's prior financial experience, including her work as a Chief Financial Officer, which was instrumental in her being selected to serve as Chairperson of the Audit Committee.

Carol Carpenter has been a director since May 2014. Ms. Carpenter serves as the Vice President of Product Marketing for Google Cloud, leading the strategic and operational go-to-market for its business-oriented product. From 2015 to 2016, Ms. Carpenter served as the Chief Executive Officer of ElasticBox Inc., which develops and offers solutions that enable organizations to deploy and manage agile applications for any cloud infrastructure. From 2013 to 2014, she led all marketing initiatives at ClearSlide, a high-growth business-to-business sales platform, and from 2006 to 2012, Ms. Carpenter was General Manager of the Consumer and Small Business Units for Trend Micro, a global security company. A technology industry veteran, Ms. Carpenter has held previous marketing leadership roles at both startups and public companies, including Keynote Systems, Enviz, Tumbleweed and Apple. Ms. Carpenter earned a bachelor's degree at Stanford University and her Masters Degree from the Harvard Business School. Ms. Carpenter serves as a mentor for the HBS Women in Technology group, as a board member of Monte Jade, and also advises a few startups in both the consumer and business-to-business segments. Ms. Carpenter's significant marketing experience in technology businesses provides helpful and unique expertise to our Board.

## Class II Directors - Term Expiring in 2021

Art Zeile was appointed as the President and Chief Executive Officer of the Company effective as of April 10, 2018. Mr. Zeile was also appointed as a Class II director of the Company. In 2008, Mr. Zeile co-founded HOSTING, a cloud computing services company, and served as its Chief Executive Officer from 2008 until 2016. At HOSTING, Mr. Zeile formulated a strategy for a rollup of cloud services companies in the U.S. and focused on managing security and compliance for mission critical web applications. Prior to HOSTING, Mr. Zeile served as CEO of QTC Management Inc. ("QTC"), a healthcare technology company, from 2006 to 2007. Prior to joining QTC, Mr. Zeile co-founded Inflow Inc., a public data center company, and served as its CEO from 1997 until 2005. Mr. Zeile also previously served in the United States Air Force from 1988 until 1993. Mr. Zeile has served on the board of directors of National Bank Holding Corporation, a NYSE listed company, since 2016 and also serves on the board of directors of Choozle and the

advisory board of the University of Delaware Cyber-Security Initiative. Mr. Zeile previously served on the board of directors of Systems Maintenance Services from 2008 until 2016. Mr. Zeile earned a bachelor's degree in Astronautical Engineering from the U.S. Air Force Academy and a master's degree in public policy from Harvard University. Mr. Zeile was appointed to serve on the Board of Directors because his day to day leadership as our President and Chief Executive Officer provides him with intimate knowledge of the Company's business, business strategy and its industry.

Golnar Sheikholeslami has been a director since September 2012. Since May 2014, Ms. Sheikholeslami has served as the Chief Executive Officer and President of Chicago Public Media. Ms. Sheikholeslami was the Executive Vice President and Chief Product Officer of Everyday Health, Inc., a new media health company, from July 2010 through March 2013. Prior to joining Everyday Health, she worked for The Washington Post from 2002 to 2010 where Ms. Sheikholeslami held several positions of

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increasing authority culminating as Vice President and General Manager of digital operations. In that role, she was responsible for the overall strategic direction, product development, innovation, technology and day-to-day operations for the company's digital properties. Previously, Ms. Sheikholeslami led Condé Nast's Style.com as Senior Vice President and Managing Director from 2000 to 2002, after joining the company in 1997. Ms. Sheikholeslami holds an MBA from the Darden School of Business at the University of Virginia and a B.S. from Georgetown University. Ms. Sheikholeslami also serves on the board of directors of National Public Radio, Inc. Ms. Sheikholeslami's significant experience in advertising supported businesses, online content businesses and leading digital businesses provides helpful and unique expertise to the Company.

Jim Friedlich has been a director since January 2015. Since September 2016, Mr. Friedlich has served as the Chief Executive Officer and Executive Director of The Lenfest Institute of Journalism. Mr. Friedlich co-founded Empirical Media Advisors in 2011 and served as its Chief Executive Officer since 2014. In 2001, he co-founded the private equity firm of ZelnickMedia and was a general partner there until 2011, specializing in equity-backed turnarounds and restructuring media companies. Earlier in his career, Mr. Friedlich served as VP of Business Development - Digital Publishing and Vice President of International Sales, Marketing and Business Development at Dow Jones & Company/The Wall Street Journal. Mr. Friedlich attended Dartmouth College, earned an MBA from the Stanford University School of Business and a B.A. from Wesleyan University. Mr. Friedlich brings insight to our Board based on his experience in the private equity field and his focus on media.

### Director Independence

We have determined that Ms. Sheikholeslami, Carpenter and Deason and Messrs. Barter, Schipper, Goldfield, Friedlich, Carnecchia and Windley are independent as such term is defined by the applicable rules and regulations of the NYSE for purposes of serving on our Board. Additionally, each of these directors meets the categorical standards for independence established by our Board, as set forth in our Corporate Governance Guidelines, which are posted on our website.

### Board Leadership Structure

Mr. Zeile became President and Chief Executive Officer and a director of the Company on April 10, 2018, Mr. Barter became Chairman of the Board on February 1, 2016 and Mr. Schipper will become Chairman of the Board immediately prior to the Annual Meeting. The Board has determined that having an independent director serve as Chairman is in the best interest of the Company's stockholders at this time. This structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing Board priorities and procedures. Further, this structure permits the Chief Executive Officer to focus on strategic matters and the management of the Company's day-to-day operations.

We have independent Board members who bring experience, oversight and expertise from outside the Company and our industry. The Board meets as necessary in executive sessions of the non-management directors.

### Corporate Governance

#### Required Certifications

The Company has filed with the Securities and Exchange Commission (the "Commission"), as exhibits to its Annual Report on Form 10-K, the certifications required by its Chief Executive Officer and Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002. The Company has also timely submitted to the NYSE the Section 303A Annual CEO Certification for 2018, and such certification was submitted without any qualifications.

#### Committees of the Board

Our Board has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. The following is a brief description of these committees.

#### Audit Committee

The current members of the Audit Committee are:

Jennifer Deason (Chairperson)

Golnar Sheikholeslami

Burton M. Goldfield

Scipio (Max) Carnecchia

The Audit Committee met five times during fiscal 2018. Mr. Carnecchia joined the Audit Committee on February 28, 2019 and Mr. Goldfield will resign from our Board immediately prior to the Annual Meeting. Our Audit Committee assists the Board

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in monitoring the audit of our financial statements, our independent registered public accounting firm's qualifications and independence, the performance of our audit function and independent registered public accounting firm, our oversight of Company risk, and our compliance with legal and regulatory requirements. The Audit Committee has direct responsibility for the appointment, compensation, retention (including termination) and oversight of our independent registered public accounting firm, and our independent registered public accounting firm reports directly to the Audit Committee. The Audit Committee also reviews and approves related-party transactions as required by the rules of the NYSE. The authority and responsibility of the Audit Committee is further set forth in its charter, which is available under the Investors section of our website and in print to any stockholder who requests a copy from the Corporate Secretary.

Ms. Deason and Mr. Carnecchia each qualify as an "audit committee financial expert" under the rules of the Commission implementing Section 407 of the Sarbanes-Oxley Act of 2002. Mses. Deason and Sheikholeslami and Messrs. Goldfield and Carnecchia meet the independence and the experience requirements of the NYSE and the federal securities laws.

### Audit Committee Report

The charter of the Audit Committee, which is available under the Investors section of our website, specifies that the purpose of the Audit Committee is to assist the Board in its oversight of:

the accounting and financial reporting processes of the Company, including the integrity of the financial statements and other financial information provided by the Company to its stockholders, the public, any stock exchange and others;

the Company's compliance with legal and regulatory requirements;

the Company's independent registered public accounting firm's qualifications and independence;

the audit of the Company's financial statements; and

the performance of the Company's internal audit function and independent registered public accounting firm, and such other matters as shall be mandated under applicable laws, rules and regulations as well as listing standards of the NYSE.

In carrying out these responsibilities, the Audit Committee, among other things:

monitors preparation of quarterly and annual financial reports by the Company's management;

supervises the relationship between the Company and its independent registered public accounting firm, including having direct responsibility for their appointment, compensation and retention; reviewing the scope of their audit services; approving audit and non-audit services; and confirming the independence of the independent registered public accounting firm; and

oversees management's implementation and maintenance of effective systems of internal and disclosure controls, including review of the Company's policies relating to legal and regulatory compliance, ethics and conflicts of interest and review of the Company's internal auditing program.

The Audit Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. The Audit Committee's meetings include, whenever appropriate, executive sessions in which the Audit Committee meets separately with the Company's independent registered public accounting firm, the Company's internal auditor, the Company's Chief Financial Officer and the Company's General Counsel.

The Audit Committee periodically reviews the performance of the Company's independent registered public accounting firm to determine if the current firm should be retained.

Management is responsible for the Company's financial reporting process, including the Company's internal control over financial reporting, and for the preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles. Deloitte & Touche LLP, as the Company's independent registered public accounting firm, is responsible for auditing those financial statements and expressing its opinion as to the fairness of the financial statement presentation in accordance with generally accepted accounting principles. The Audit Committee's responsibility is to oversee and review this process. The Audit Committee is not, however, professionally engaged in the practice of accounting or auditing and does not provide any expert or other special assurance as to such financial statements concerning compliance with laws, regulations or generally accepted accounting principles or as to

auditor independence. The Audit Committee relies, without independent verification, on the information provided to the Audit Committee and on the representations made by management and the independent registered public accounting firm.

As part of its oversight of the preparation of the Company's financial statements, the Audit Committee reviews and discusses with both management and the Company's independent registered public accounting firm all annual and quarterly financial statements prior to their issuance. During fiscal 2018, management advised the Audit Committee that each set of financial statements reviewed had been prepared in accordance with generally accepted accounting principles, and reviewed significant accounting

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and disclosure issues with the Audit Committee. These reviews included discussion with the independent registered public accounting firm of matters required to be discussed by Auditing Standards No. 1301 (formerly Auditing Standard No. 16) - Communications with Audit Committees. The Committee also discussed with Deloitte & Touche LLP matters relating to its independence, including a review of audit and non-audit fees and the written disclosures and letter from Deloitte & Touche LLP to the Audit Committee required by applicable requirements of the Public Company Accounting Oversight Board.

In addition, the Audit Committee reviewed key initiatives and programs aimed at maintaining the effectiveness of the Company's internal and disclosure control structure. As part of this process, the Audit Committee continued to monitor the scope and adequacy of the Company's internal auditing program, reviewing internal audit department staffing levels and steps taken to maintain the effectiveness of internal procedures and controls.

Taking all of these reviews and discussions into account, the undersigned Audit Committee members recommended to the Board that the Board approve the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, for filing with the Commission.

The members of the Audit Committee submitting this report include:

Jennifer Deason (Chairperson)

Golnar Sheikholeslami

Burton M. Goldfield

Nominating and Corporate Governance Committee

The current members of the Nominating and Corporate Governance Committee are:

John W. Barter (Chairman)

Carol Carpenter

Brian (Skip) Schipper

The Nominating and Corporate Governance Committee met five times in 2018. Mr. Barter, who chaired the committee in 2018, will resign from our Board immediately prior to the Annual Meeting. The Nominating and Corporate Governance Committee selects, or recommends that the Board select, candidates for election to our Board, develops and recommends to the Board corporate governance guidelines that are applicable to us and oversees director and management evaluations. The Nominating and Corporate Governance Committee is charged with setting the agenda for each Board meeting. The Nominating and Corporate Governance Committee also is responsible for working with the CEO to coordinate succession planning for key management positions at the Company, including the CEO position. The authority and responsibility of the Nominating and Corporate Governance Committee is further set forth in its charter, which is available under the Investors section of our website and in print to any stockholder who requests a copy from the Corporate Secretary.

With respect to director nominees, the Nominating and Corporate Governance Committee (i) identifies individuals qualified to become members of the Board (consistent with criteria approved by the Board), (ii) reviews the qualifications of any such person submitted to be considered as a member of the Board by any stockholder or otherwise, (iii) conducts background checks of individuals the Nominating and Corporate Governance Committee intends to recommend to the Board as director nominees, and (iv) selects, or recommends that the Board select, the director nominees for the next annual meeting of stockholders or to fill in vacancies on the Board. The Nominating and Corporate Governance Committee considers stockholder recommendations of qualified nominees when such recommendations are submitted in accordance with the procedures described in the Company's by-laws. In identifying and reviewing qualifications of candidates for membership on the Board, the Nominating and Corporate Governance Committee evaluates all factors which it deems appropriate, including the requirements of the Company's Corporate Governance Guidelines and the other criteria approved by the Board.

Pursuant to the Company's Corporate Governance Guidelines, the Nominating and Corporate Governance Committee will seek members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. The assessment of candidates for the Board includes an individual's independence, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board. The Nominating and Corporate Governance Committee assesses the effectiveness of its diversity policy set forth in the Corporate Governance Guidelines annually in connection with the nomination of directors for election at the



annual meeting of stockholders.

In 2014, we amended our Corporate Governance Guidelines to provide that no person will be nominated by the Board to serve as a director after he or she has passed his or her 72nd birthday, unless the Nominating and Corporate Governance Committee has recommended to the Board, and the Board has voted, on an annual basis, to waive, or continue to waive, the retirement age of such person as a director as a result of the Committee's and the Board's affirmative determination that he or she provides an important and distinctive value in his or her role as a director. The composition of the current Board reflects diversity in business and professional experience, skills, gender, and age.

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The Nominating and Corporate Governance Committee undertook a process beginning in 2013 to identify and retain new Board members who would enhance the composition of the Board. As a result of this process, Mr. Schipper joined the Board in February 2014, Ms. Carpenter joined the Board in May 2014, Mr. Goldfield joined the Board in December 2014, Mr. Friedlich joined the Board in January 2015, Ms. Deason joined the Board in July 2016 and Messrs. Carnecchia and Windley joined the Board in February 2019.

The Nominating and Corporate Governance Committee and the Company's former President and Chief Executive Officer, Michael Durney, initiated a CEO transition plan beginning in 2017 and commenced a search process for a new Chief Executive Officer. Effective as of April 10, 2018, Art Zeile was appointed as the President and Chief Executive Officer of the Company and was appointed as a Class II director. Upon such appointment, Michael Durney ceased to be the President and Chief Executive Officer of the Company. Mr. Durney resigned from the Board on April 9, 2018.

### Compensation Committee

The current members of the Compensation Committee are:

Brian (Skip) Schipper (Chairman)

Jim Friedlich

Carol Carpenter

David Windley

The Compensation Committee met seven times in 2018. The Compensation Committee reviews and recommends policies relating to compensation and benefits of our directors and employees and is responsible for approving the compensation of our Chief Executive Officer and other executive officers. Our Compensation Committee also administers the issuance of awards under our equity incentive plans. The authority and responsibility of the Compensation Committee is further set forth in its charter, which is available under the Investors section of our website and in print to any stockholder who requests a copy from the Corporate Secretary. For further information on the Compensation Committee's engagement of a compensation consultant and the role of our executive officers in determining or recommending the amount or form of executive and director compensation, please see the "Compensation Discussion & Analysis—Benchmarking" and "Compensation Discussion & Analysis—Management's Role in the Compensation-Setting Process" sections below.

### Compensation Risks

The Compensation Committee has reviewed the Company's compensation policies and practices for all employees, including our executive officers, as they relate to risk management practices and risk-taking incentives and has determined that there are no risks arising from these policies and practices that are reasonably likely to have a material adverse effect on the Company. The Compensation Committee considers that our compensation programs incorporate several features which promote the creation of long-term value and reduce the likelihood of excessive risk-taking by our employees. These features include: (i) a balanced mix of cash and equity, annual and longer-term incentives, and types of performance metrics, (ii) the ability of the Compensation Committee to exercise negative discretion over all incentive program payouts, (iii) performance targets for incentive compensation that include both objective Company performance targets (such as revenue and EBITDA targets) and individual performance goals, (iv) time-based vesting of equity awards that encourages long-term retention, (v) a bonus plan for the majority of non-executive employees that is capped at an amount equal to a small percentage of each employee's annual base salary, and (vi) internal controls on commissions paid to employees in the sales division.

It is also our policy that the Compensation Committee will, to the extent permitted by governing law, have the sole and absolute authority to make retroactive adjustments to any cash or equity based incentive compensation paid to executive officers and certain other officers where the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a restatement. Where applicable, we will seek to recover any amount determined to have been inappropriately received by the individual executive.

### Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee have ever served as an officer or employee of the Company. During 2018, none of the members of the Compensation Committee had any relationship with the Company requiring

disclosure under Item 404 of Regulation S-K. None of our executive officers served as a member of the board or compensation committee, or similar committee, of any other company whose executive officer(s) served as a member of our Board or our Compensation Committee.

**Corporate Governance Guidelines and Code of Conduct and Ethics**

The Board has adopted Corporate Governance Guidelines, which set forth a flexible framework within which the Board, assisted by its committees, directs the affairs of the Company. The Corporate Governance Guidelines address, among other things, the composition and functions of the Board, director independence, stock ownership by directors and compensation of directors, management succession and review, Board committees and selection of new directors. A copy of the Company's Corporate

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Governance Guidelines is available under the Investors section of our website and in print to any stockholder who requests a copy from the Corporate Secretary.

The Company has also adopted a Code of Conduct and Ethics, which is applicable to all directors, officers and employees of the Company, including the principal executive officer, the principal financial officer and the principal accounting officer. A copy of the Company's Code of Conduct and Ethics is available under the Investors section of our website and in print to any stockholder who requests a copy from the Corporate Secretary. If the Company amends or waives the Code of Conduct and Ethics with respect to the directors, Chief Executive Officer, Chief Financial Officer or principal accounting officer, it will post the amendment or waiver at the same location on its website.

### Risk Management

The Board has an active role in overseeing the Company's risk management. The Board regularly reviews information presented by management regarding the Company's business and operational risks, including relating to security, privacy, credit and liquidity. The Board committees also play an active role in managing the Company's risk. The Audit Committee reviews and discusses with management the Company's major financial risk exposures and the steps management has taken to monitor, control and manage such exposures. The Audit Committee reviews and discusses at least annually the Company's code of ethics and procedures in place to enforce the code of ethics and, if there were any amendment or waiver requests relating to the Company's code of ethics for the chief executive officer or senior financial officers, would review and make a determination on such requests. In addition, the Audit Committee reviews related party transactions and potential conflicts of interest related thereto. The Compensation Committee reviews the Company's overall compensation program and its effectiveness at linking executive pay to performance and aligning the interests of our executives and our stockholders. The Nominating and Corporate Governance Committee manages risks associated with director independence. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

### CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The Company has adopted a written Related Person Transaction Policy (the "Policy"), which sets forth our policy with respect to the review, approval, ratification and disclosure of all related person transactions by our Audit Committee. In accordance with the Policy, our Audit Committee has overall responsibility for the implementation and compliance with this Policy.

For the purposes of the Policy, a "related person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we were, are or will be a participant and in which any related person (as defined in the policy) had, has or will have a direct or indirect material interest. A "related person transaction" does not include any employment relationship or transaction involving an executive officer and any related compensation resulting solely from that employment relationship which has been reviewed and approved by our Board of Directors or Compensation Committee.

Our Policy requires that notice of a proposed related person transaction be provided to our legal department prior to entering into such transaction. If our legal department determines that such transaction is a related person transaction, the proposed transaction will be submitted to our Audit Committee for consideration at its next meeting. Under the Policy, our Audit Committee may only approve those related person transactions that are in, or not inconsistent with, our best interests. In the event we become aware of a related person transaction that has not been previously reviewed, approved or ratified under our Policy and that is ongoing or is completed, the transaction will be submitted to the Audit Committee so that it may determine whether to ratify, rescind or terminate the related person transaction. Our Policy also provides that the Audit Committee review certain previously approved or ratified related person transactions that are ongoing to determine whether the related person transaction remains in our best interests and the best interests of our stockholders. Additionally, we will also make periodic inquiries of directors and executive officers with respect to any potential related person transaction of which they may be a party or of which they may be aware.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The table below sets forth, as of March 25, 2019, information with respect to the beneficial ownership of our Common Stock by:

• each of our directors and each of the executive officers named in the Summary Compensation Table under “Executive Compensation”;

• each person or group who is known to be the beneficial owner of more than 5% of any class or series of our capital stock; and

• all of our directors and executive officers as a group.

The amounts and percentages of Common Stock beneficially owned are reported on the basis of the regulations of the Commission governing the determination of beneficial ownership of securities. Under these rules, a person is deemed to be a

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beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities.

Name and Address of Beneficial Owners	Shares of Common Stock Beneficially Owned					Percentage of Class
	Outright Ownership	Common Stock underlying vested and exercisable options or becoming vested and exercisable within 60 days	Unvested Restricted Shares	Total Number of Shares		
<b>5% Stockholders</b>						
UBS Group AG <sup>(1)</sup>	5,089,504	n.a.	n.a.	5,089,504	9.3	%
TCS Capital Management LLC <sup>(2)</sup>	5,002,547	n.a.	n.a.	5,002,547	9.1	%
Nantahala Capital Management, LLC <sup>(3)</sup>	4,809,253	n.a.	n.a.	4,809,253	8.8	%
Dimensional Fund Advisors LP <sup>(4)</sup>	3,486,145	n.a.	n.a.	3,486,145	6.4	%
Archon Capital Management LLC <sup>(5)</sup>	3,194,175	n.a.	n.a.	3,194,175	5.8	%
Sterling Capital Management LLC <sup>(6)</sup>	3,071,239	n.a.	n.a.	3,071,239	5.6	%
<b>Directors and Named Executive Officers</b>						
Art Zeile <sup>(7)(9)</sup>	—	—	1,750,000	1,750,000	3.2	%
Michael P. Durney <sup>(8)</sup>	834,489	—	—	834,489	1.5	%
Luc Grégoire <sup>(9)(10)</sup>	74,330	—	356,338	430,668	*	
Klavs Miller <sup>(11)</sup>	174,924	30,000	—	204,924	*	
Brian Campbell <sup>(9)(12)</sup>	124,312	60,000	166,250	350,562	*	
Ian Shepherd <sup>(9)(13)</sup>	36,907	—	221,875	258,782	*	
John Benson <sup>(14)</sup>	285,321	15,000	—	300,321	*	
John W. Barter <sup>(9)</sup>	117,800	—	71,000	188,800	*	
Brian (Skip) Schipper <sup>(9)</sup>	70,200	—	71,000	141,200	*	
Golnar Sheikholeslami <sup>(9)</sup>	67,700	—	71,000	138,700	*	
Carol Carpenter <sup>(9)</sup>	35,966	—	71,000	106,966	*	
Burton M. Goldfield <sup>(9)</sup>	59,700	—	71,000	130,700	*	
Jennifer Deason <sup>(9)</sup>	41,200	—	71,000	112,200	*	
Jim Friedlich <sup>(9)</sup>	59,200	—	71,000	130,200	*	
Scipio "Max" Carnecchia <sup>(9)</sup>	25,000	—	5,270	30,270	*	
David Windley <sup>(9)</sup>	—	—	5,270	5,270	*	
All current directors and executive officers as a group (17 persons)	798,893	90,000	3,530,178	4,419,071	8.1	%
*Less than 1%						

(1) Based solely on a Schedule 13G filed with the SEC on February 15, 2019. UBS Group AG ("UBS") on behalf of itself and its wholly owned subsidiaries: UBS AG London Branch, UBS Securities, and UBS Financial Services

Inc. is the beneficial owner of 5,089,504 shares of the Common Stock. UBS reported that it has shared voting and dispositive power with respect to all of the shares reported therein. The Company believes that certain of the shares reported in the 13G filed by UBS are the same shares reported by TCS Capital Management, LLC described below. The business address for UBS is Bahnhofstrasse 45 PO Box CH-8098 Switzerland.

(2) Based solely on a Schedule 13D filed with the SEC on February 4, 2019. TCS on behalf of TCS Capital Advisors, LLC, TCS Capital Management, LLC and Eric Semler (collectively, "TCS") is the beneficial owner of 5,002,547 shares of the Common Stock. The business address for TCS is 142 West 57th Street, 11th Floor, New York, NY 10019.

(3) Based solely on a Schedule 13G filed with the SEC on February 14, 2019. Nantahala on behalf of Nantahala Capital Management, LLC, Wilmot B. Harkey and Daniel Mack (collectively, "Nantahala") is the beneficial owner of 4,809,253 shares of the Common Stock. The business address for Nantahala is 19 Old Kings Highway S, Suite 200, Darien, CT 06820.

(4) Based solely on a Schedule 13G filed with the SEC on February 8, 2019. Dimensional Fund Advisors LP ("Dimensional") is the beneficial owner of 3,486,145 shares of the Common Stock. The business address for Dimensional is Building One, 6300 Bee Cave Rode, Austin, TX 78746. Dimensional serves as investment manager or sub-adviser to certain other commingled funds, group trust and separate accounts ("Funds"). All securities reported in this schedule are owned by the Funds. Dimensional disclaims beneficial ownership of such securities.

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Based solely on a Schedule 13G filed with the SEC on February 14, 2019. Archon on behalf of Archon Capital (5) Management LLC and Constantinou Christofilis (collectively, “Archon”) is the beneficial owner of 3,194,175 shares of the Common Stock. The business address for Archon is 1100 19th Avenue E, Seattle, WA 98112.

Based solely on a Schedule 13G filed with the SEC on January 10, 2019. Sterling Capital Management LLC (6) (“Sterling”), an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 3,071,239 shares of the Common Stock. The business address for Sterling is 4350 Congress Street, Suite 1000, Charlotte, NC 28209.

(7) The total amount excludes shares underlying 750,000 unvested PSUs granted on 12/17/2019.

(8) The total amount excludes shares underlying 120,000 unvested PSUs granted on 2/27/2017.

(9) Such person’s business address is c/o DHI Group, Inc., 1450 Broadway, 29th Floor, New York, NY 10018.

(10) The total amount excludes shares underlying 200,000 unvested PSUs. Unvested PSUs of 40,000 were granted on 2/27/2017 and 160,000 on 2/15/2019.

(11) The total amount excludes shares underlying 20,000 unvested PSUs granted on 2/27/2017.

(12) The total amount excludes shares underlying 92,500 unvested PSUs. Unvested PSUs of 17,500 were granted on 2/27/2017 and 75,000 on 2/15/2019.

(13) The total amount excludes shares underlying 100,000 unvested PSUs granted on 2/15/2019.

(14) The total amount excludes shares underlying 15,000 unvested PSUs granted on 2/27/2017.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information required by this item as of December 31, 2018 regarding compensation plans under which the Company’s equity securities are authorized for issuance:

	(a)	(b)	(c)
	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Price of Outstanding Options, Warrants and Rights (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Plan Category			
Equity compensation plans approved by security holders	327,000	\$ 8.35	4,471,823
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	327,000	\$ 8.35	4,471,823

Section 16(a) Beneficial Ownership Reporting Compliance

Based upon a review of filings with the Commission and written representations that no other reports were required, we believe that all of our directors, executive officers and beneficial owners of more than 10% of our Common Stock complied during fiscal year 2018 with the reporting requirements of Section 16(a) of the Exchange Act, with the exception of the following individuals, who, due to administrative error, filed later than the time prescribed by the SEC:

- Christian Dwyer - Form 3 and one Form 4 related to one transaction;



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- Ian Shepherd - one Form 4 related to two transactions;
- Brian Campbell - one Form 4 related to one transaction and one Form 4 related to four transactions;
- Michelle Marian - one Form 4 related to one transaction;
- John Benson - one Form 4 related to four transactions;
- Luc Gregoire - one Form 4 related to four transactions;
- Klavs Miller - one Form 4 related to four transactions; and
- Pamela Bilash - one Form 4 related to four transactions.

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ITEMS TO BE VOTED ON

Proposal 1: Election of Directors

The current term of office of the Company's Class III Directors expires at the 2019 Annual Meeting. The Board proposes that the following nominees, each of whom are currently serving as directors, be elected for a new term of three years or until their successors are duly elected and qualified. Each of the nominees has consented to serve if elected. If any of them becomes unavailable to serve as a director before the Annual Meeting, the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board. See "Directors and Corporate Governance—Board Structure—Composition of our Board of Directors," for a full biography of each nominee.

Brian "Skip" Schipper

Scipio "Max" Carneccchia

David Windley

Directors are elected by a majority of the votes cast with respect to a director nominee. For more information regarding voting in director elections, see the sections of the proxy statement entitled "Proxy Statement Summary" and "Information Concerning Solicitation and Voting."

**THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE PERSONS NOMINATED BY THE BOARD.**

Proposal 2: Ratification of Selection of Independent Registered Public Accounting Firm

The Audit Committee has selected Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2019. Services provided to the Company and its subsidiaries by Deloitte & Touche LLP in fiscal 2018 are described below under "Principal Accounting Fees and Services."

Deloitte & Touche LLP, an independent registered public accounting firm, has served as the Company's auditors since the Company's incorporation in 2005. Representatives of Deloitte & Touche LLP will be present at the Annual Meeting and will be given the opportunity to make a statement if they desire to do so and to respond to appropriate questions from stockholders.

Stockholder approval is not required for the selection of Deloitte & Touche LLP since the Audit Committee has the responsibility for the selection of auditors. However, the selection is being submitted for approval at the Annual Meeting. In the event the stockholders do not ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm for fiscal 2019, the selection will be reconsidered by the Audit Committee and the Board. Even if the selection of Deloitte & Touche LLP is ratified by our stockholders, the Audit Committee, in its discretion, may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

The affirmative vote of a majority in voting power of shares of Common Stock present in person or represented by proxy and entitled to vote is needed to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm.

**THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2019.**

Policy for Approval of Audit and Permitted Non-Audit Services

The Audit Committee has adopted a policy governing the pre-approval by the Audit Committee of all services, audit and non-audit, to be provided to the Company by its independent registered public accounting firm. Under the policy, the Audit Committee has the sole authority to review in advance and grant pre-approvals of (i) all auditing services to be provided by the Company's independent registered public accounting firm and (ii) all non-audit services to be provided by such firm. The Audit Committee also has the authority to approve all fees and other terms of engagement and the ability to set a cap on fees for the requisite period. The Audit Committee may delegate its authority to pre-approve services to a designated member of the Audit Committee, so long as the decisions made by such member are ratified by the Audit Committee at a subsequent meeting. Under the policy, the Audit Committee has generally

pre-approved the provision by the Company's independent registered public accounting firm of specific audit, audit related, tax and other non-audit services, subject to the fee limits established from time to time by the Audit Committee, as being consistent with auditor independence.

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## Principal Accounting Fees and Services

The firm of Deloitte & Touche LLP and the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, the “Deloitte Entities”) conducted the 2018 and 2017 audits of the Company’s financial statements. Fees billed by the Deloitte Entities to the Company for services provided during the 2018 and 2017 fiscal years were as follows:

	Fiscal 2018	Fiscal 2017
Audit fees <sup>(1)</sup>	\$550,000	\$591,500
Audit-related fees	—	—
Tax fees	—	—
All Other fees	—	—
Total fees for services provided	\$550,000	\$591,500

Audit fees are fees billed by the Deloitte Entities for professional services for the audit of the Company’s annual financial statements and the audit of internal control over financial reporting. Audit fees also include fees billed for (1) professional services for the review of financial statements included in the Company’s quarterly reports on Form 10-Q and for services that are normally provided by the Deloitte Entities in connection with statutory and regulatory filings or engagements.

## Proposal 3: Advisory Vote with Respect to the Compensation of our Named Executive Officers

We are committed to strong corporate governance. As part of this commitment, we provide our stockholders with the opportunity to cast an annual “Say-on-Pay” advisory vote on our named executive officer (“NEO”) compensation. In compliance with Section 14A of the Exchange Act (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”)) and the related rules of the SEC, we are submitting to our stockholders for approval a non-binding resolution to ratify NEO compensation, as described in the Compensation Discussion and Analysis and the tabular disclosure regarding NEO compensation (together with the accompanying narrative disclosure) in this Proxy Statement.

We believe that both we and our stockholders benefit from responsive corporate governance policies and constructive and consistent dialogue. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. This proposal gives our stockholders the opportunity to endorse or not endorse our executive pay program and policies through the following resolution:

“RESOLVED, that the stockholders approve, on an advisory basis, the Company’s named executive officer compensation, as described in the Compensation Discussion and Analysis and the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in the Proxy Statement for this meeting.”

In considering your vote, you are encouraged to read “Executive Compensation,” the accompanying compensation tables, and the related narrative disclosure. Because your vote is advisory, it will not be binding on the Board. However, the Board and the Compensation Committee expect to take into account the outcome of the vote when considering future executive compensation decisions to the extent they can determine the cause or causes of any significant negative voting results.

**THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE “FOR” THIS PROPOSAL.**

## Other Matters

As of the mailing date of this proxy statement, the Board is not aware of any matters other than those referred to in the accompanying Notice of Annual Meeting of Stockholders that may properly be presented at the Annual Meeting. However, if any other matter is properly presented at the Annual Meeting, the proxy holders will vote as

recommended by the Board or, if no recommendation is given, in their own discretion.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes the material elements of our executive compensation programs and policies and discusses the principles and objectives of our decisions with respect to 2018 compensation for our named executive

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officers (“NEOs”).

In fiscal 2018, our NEOs were:

Name	Title
Art Zeile <sup>(1)</sup>	President & Chief Executive Officer
Michael P. Durney <sup>(2)</sup>	Former President & Chief Executive Officer
Luc Grégoire	Chief Financial Officer
Brian Campbell	Senior Vice President, Corporate Development, General Counsel & Corporate Secretary
Ian Shepherd <sup>(3)</sup>	Chief Revenue Officer
Klavs Miller <sup>(4)</sup>	Former Chief Technology Officer
John Benson <sup>(5)</sup>	Former Managing Director, Europe & Asia

(1) Mr. Zeile became President and Chief Executive Officer effective April 10, 2018.

(2) Mr. Durney served as our President and Chief Executive Officer until April 10, 2018.

(3) Mr. Shepherd joined the Company on September 18, 2017.

(4) Mr. Miller served as Chief Technology Officer through February 22, 2019.

(5) Mr. Benson served as Managing Director, Europe & Asia through June 30, 2018, and was employed by the Company through December 31, 2018.

**NOTE REGARDING THE USE OF NON-GAAP FINANCIAL MEASURES**

This Compensation Discussion and Analysis contains the use of adjusted revenues and adjusted earnings before interest, taxes, depreciation, amortization, non-cash stock-based compensation expense and other non-recurring income or expense (“Adjusted EBITDA”). These financial measures are not prepared in accordance with, nor are they an alternative for, generally accepted accounting principles in the United States (“U.S. GAAP”) and may be different from similarly titled non-GAAP measures reported by other companies. The Company believes that its presentation of non-GAAP measures provides useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. The Company has provided the required reconciliations to the most comparable U.S. GAAP measures and other required information regarding these measures on pages 46-49 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 7, 2019.

**Executive Summary of Our 2018 Executive Compensation Program**

Our executive compensation program is administered by our Compensation Committee, which consists of three independent directors. The Compensation Committee is advised by an independent compensation consultant, as described more fully below. Our primary objectives with respect to executive compensation are to:

- mitigate risk and align the interests of our executive officers with the creation of value for our stockholders;
- provide competitive compensation to attract, retain, motivate and reward highly-qualified executive officers;
- create a pay-for-performance culture such that a significant portion of each executive officer’s compensation is contingent on individual and Company performance; and
- ensure a reasonable overall cost of our executive compensation program.

The three primary elements of our 2018 executive compensation program are: (1) base salary, (2) annual performance-based cash bonus and (3) long-term equity incentives.

With respect to equity compensation, in 2018 our President & Chief Executive Officer received grants of both PSUs and restricted stock while other NEOs received restricted stock grants. The 2018 equity grant of restricted stock only for our NEOs was a one-time occurrence for retention purposes. Our intention in future years is to provide a combination of PSUs and restricted stock to NEOs, a combination we believe will further align the interests of our executive officers with our stockholders, as well as increase executive retention and motivation.

**Business Summary**

In 2018, we made significant changes to the Company, contributing to improving trends to the financials of the business and a streamlined focus on delivering tools to recruit technology professionals. We divested non-tech

businesses and closed the under-performing Dice Europe business and satellite offices to allocate resources behind priority initiatives. A few key priority initiatives

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accomplished in 2018 include:

we executed on the tech-focused strategy by completing the divestiture process of the remaining non-tech businesses (BioSpace, Hcareers and Rigzone), allowing for greater resource allocation and focus on the Company's tech-focused strategy;

we stabilized ongoing tech-focused business financials, including progressively reducing our rate of decline each quarter and achieving flat year over year revenue in the fourth quarter of 2018, following several quarters of negative growth;

we intensified our cadence of innovation and launched new products, services and insights, creating meaningful employment connections;

we hired key executive roles, including a new Chief Executive Officer, Chief Product Officer and Chief Marketing Officer, supplementing and strengthening the leadership of the Company; and

we built dedicated sales channels focused on customer segmentation and unified under a single global sales organization; and

We refinanced the revolving credit facility, further optimizing and extending the Company's capital structure following the completion of the divestiture process.

The following table illustrates the Company's performance during the year ended December 31, 2018 in terms of Adjusted Revenues and Adjusted EBITDA relative to performance during the same period of 2017. Adjusted revenues in 2018 decreased 3.9% year over year, reflecting a \$6.1 million or 3.9% decline in Tech-focused segment revenue. Adjusted EBITDA in 2018 decreased 13.4% year over year.

	2018	2017	Change %
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(\$ in thousands)

Adjusted Revenues	\$ 152,258	\$ 158,465	(3.9 )%
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Adjusted EBITDA	\$ 32,032	\$ 36,973	(13.4)%
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#### Compensation and Corporate Governance Philosophy

Our compensation philosophy and practices are integral to our objective of being an employer of choice, with competitive pay and benefits. We operate with a pay-for-performance philosophy. Because senior executives have the ability to directly influence our overall performance, a majority of their target compensation is variable at-risk pay tied to financial performance, corporate objectives and both absolute and relative stock price performance in the form of annual cash and long-term equity incentive awards.

We aim to establish compensation plans that align the performance of our executive officers with our business plan and strategic objectives and promote the interests of stockholders by focusing management on achieving strong short-term (annual) performance in a manner that supports and ensures our long-term success and profitability. Finally, it is a key objective to ensure that compensation provided to executive officers remains reasonable and responsible, yet competitive, relative to the compensation paid to similarity situated executives at comparable companies. It is essential that our overall compensation levels be sufficiently competitive to attract talented leaders and motivate those leaders to achieve superior results. At the same time, our executive compensation programs are intended to be consistent with our focus on controlling costs.

**Long-Term Equity Incentive Program.** Our long-term equity incentives program consists of a combination of PSUs and restricted stock. In 2018, we granted a mix of PSUs and restricted stock to our President & Chief Executive Officer, while other NEOs were granted restricted stock. Going forward, we believe PSUs will improve our long-term equity incentive compensation program because they:

link targeted compensation to the achievement of Company bookings targets for the grant in 2018;

typically have a better retentive impact than stock options; and

provide a direct link to stockholder value creation/preservation.

**Equity Ownership Guidelines.** Our Board has adopted equity ownership guidelines applicable to our CEO, our other NEOs, and the members of our Board. These guidelines require these officers and directors to achieve target ownership levels under the terms of the guidelines, within the later of five years from March 3, 2015 or the commencement by that person of a position set forth below:





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Position	Multiple of Base Salary (as of December 31 of immediately preceding year) or Retainer
Chief Executive Officer	3.0x base salary
Other Executive Officers	1.0x base salary
Members of our Board	3.0x retainer

Senior Bonus Plan. Our senior bonus plan available for NEOs and other senior executives designed by the Compensation Committee is funded 50% according to the percentage of the revenue target achieved, and 50% according to the percentage of EBITDA target achieved, which we believe appropriately aligns funding with our pay-for-performance philosophy.

“Claw-back” Policy. Our Board has adopted a “claw-back” policy. Under and subject to the “claw-back” policy, the Company may seek reimbursement of annual, performance-based cash bonuses made to covered executives, including our NEOs, that were based on achieving certain financial results if the covered executive intentionally and knowingly engaged in fraud or misconduct that caused the need for a substantial and material restatement of our financial results for the applicable period if a lower cash incentive payment would have been made to the covered officer based upon the restated financial results. Specifically, compensation subject to the “claw-back” policy is any cash incentive payment made within the three-year period preceding the accounting restatement.

At our 2018 annual meeting, our compensation program for our named executive officers was approved by the holders of approximately 95% of the outstanding shares entitled to vote at the meeting. The Compensation Committee believes that the results of this “say-on-pay” vote supports its view that the changes that it announced last year to the executive compensation program were appropriate, and the Compensation Committee determined not to make any further changes to its design.

Advancing Our Compensation Philosophy through Corporate Governance

We have adopted corporate governance practices and policies including those described in “Compensation and Corporate Governance Philosophy,” that our Board believes help to advance our compensation goals, including: What We Do

We maintain a completely independent Compensation Committee with an ongoing review process of our compensation philosophy and practices.

We adhere to a pay-for-performance philosophy and compensation model. A substantial part of our executive compensation is contingent on, and variable with, achievement of objective corporate and individual performance goals and other objective measures of success.

We split the Chairman and CEO roles. Our Chairman of the Board is an independent director and not an employee. We retain an independent compensation advisor reporting to the Compensation Committee. Since 2014, we have engaged Compensia as our independent compensation consultant as an advisor to provide market research and analysis, advice and guidance on executive compensation.

We consider stockholder advisory votes and views. Our Compensation Committee considers the voting results of our advisory vote on executive compensation at each annual meeting and also separately seeks to engage our stockholders on corporate governance matters.

We annually assess our compensation program and have determined that the risks associated with our compensation policies and practices are not reasonably likely to result in a material adverse effect on the Company and our subsidiaries taken as a whole.

What We Don’t Do

We have adopted a policy under which tax gross-up provisions will no longer be included in employment agreements with new employees or added to existing employment agreements with current employees which do not already contain a tax gross-up provision.

Generally, we do not provide special benefits to our NEOs such as medical and other types of insurance. However, our NEOs, along with other company executives, are entitled to participate in a Supplemental Disability Plan, and certain separation and change of control-related benefits.

We do not make loans to executive officers of the Company.

We do not allow our directors, officers or employees or their related parties to purchase the stock of the Company on margin, enter into short sales or buy or sell derivatives in respect of securities of the Company.

We do not pay cash dividends on unearned and unvested equity awards held by NEOs.  
We do not guarantee minimums on bonuses to NEOs.

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Key 2018 Compensation Decisions

During 2018, along with conducting its normal oversight responsibilities, the Compensation Committee again reviewed the Company's compensation practices in light of the Company's performance and stock market valuation. Using the peer group information and recommendations from its compensation consultant, Compensia (as described in more detail below), the Compensation Committee reviewed and confirmed, its policies governing compensation, including plans for base salaries, annual performance-based cash bonuses and long-term equity incentives.

Consistent with our pay-for-performance philosophy, the Company's compensation program emphasizes variable pay over fixed pay and seeks to balance short- and long-term incentives. The majority of CEO compensation consists of variable pay, including cash awarded under our Senior Bonus Plan and equity incentives.

Fixed pay, primarily consisting of base salary, made up 11% of our CEO's total target compensation in 2018, while variable pay, consisting of equity incentives and an annual performance-based cash bonus, made up 89% of our CEO's total target compensation. Variable pay also reflects a significant component of total target compensation for our other NEOs. The chart below shows the percentages of variable target compensation versus fixed target compensation for our CEO and our other NEOs in 2017 and 2018:

<p>Note: CEO compensation above includes compensation for Art Zeile and Mike Durney during their respective employment periods in 2018; this excludes severance payment of \$335,000 made to Mr. Durney, Former President and Chief Executive Officer. Variable compensation in 2018 is higher than 2017 due to the 750,000 PSU and 1,750,000 restricted stock awards received by Art Zeile in connection with his employment agreement in 2018.</p>	<p>Note: 2018 excludes severance of \$130,831, converted at US\$1.34 for each £1, paid to Mr. Benson, Former Managing Director, Europe &amp; Asia. 2017 excludes severance payment of \$455,000 made to Mr. Goli, Former President of Brightmatter Group.</p>
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We balance short- and long-term incentives by providing our NEOs with a mix of base salary and annual cash bonus opportunities, which are short-term in nature, and equity incentives, which are long-term in nature. The grant date value of an equity award may not be indicative of its value when it is credited to an NEO upon achievement of future performance metrics, when it is actually released to such NEO or when it may be sold by such NEO.

The Compensation Committee reviewed the parameters for annual long-term equity incentives and approved annual restricted stock grants effective February 15, 2018, and April 10, 2018, as well as a PSU grant effective December 17, 2018. The Compensation Committee reviewed 2018 performance Company-wide and for individual members of senior management and awarded bonuses as more fully described below.

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For 2018, the Compensation Committee made the following key compensation-related decisions for the Company's NEOs:

Name	Title	2018 Base Salary Increase from 2017	2018 Bonus Plan Funded	Individual Performance Bonus Adjustment	2018 Executive Bonus as a Percentage of Target Bonus	2018 Restricted Stock Awards (#)	2018 PSU Awards (#)
Art Zeile <sup>(1)</sup>	President & Chief Executive Officer	n.a.	127%	100%	127%	1,750,000	750,000
Michael P. Durney <sup>(2)</sup>	Former President and Chief Executive Officer	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Luc Grégoire	Chief Financial Officer Senior Vice President, Corporate	6%	127%	100%	127%	250,000	—
Brian Campbell	Development and General Counsel & Corporate Secretary	10%	127%	100%	127%	125,000	—
Ian Shepherd <sup>(3)</sup>	Chief Revenue Officer	—%	127%	100%	127%	75,000	—
Klavs Miller <sup>(4)</sup>	Former Chief Technology Officer	5%	127%	100%	127%	125,000	—
John Benson <sup>(5)</sup>	Former Managing Director, Europe & Asia	3%	n.a.	n.a.	n.a.	75,000	—

(1) Mr. Zeile became President and Chief Executive Officer effective April 10, 2018. Mr. Zeile received a pro-rata bonus for 2018 in the amount of \$510,362.

Mr. Durney served as our President and Chief Executive Officer until April 10, 2018. In connection with Mr. (2) Durney's separation agreement, Mr. Durney received a pro-rata bonus based on target (not actual performance) for 2018 in the amount of \$171,667.

(3) Mr. Shepherd joined the Company on September 18, 2017.

(4) Mr. Miller served as Chief Technology Officer through February 22, 2019.

Mr. Benson served as Managing Director, Europe & Asia through June 30, 2018. In connection with Mr. Benson's (5) separation agreement, Mr. Benson received a bonus award based on target (not actual performance) of \$86,430, converted at US\$1.34 for each £1.

The Compensation Committee approved the increases in base salaries as reflected above based on recommendations from the President and Chief Executive Officer, in connection with market data provide by Compensia, our independent compensation advisor. The base salary increases were made in accordance with our pay-for-performance philosophy. Messrs. Grégoire, Miller and Benson increases were based on performance and market conditions. Mr. Campbell's increase in base salary reflects both his performance and his increase in responsibility as result of his promotion to Senior Vice President, Corporate Development and General Counsel & Corporate Secretary.

#### The Process of Setting Executive Compensation

The Compensation Committee reviews our executive compensation program throughout the year to:

- evaluate the performance of our NEOs;
- determine annual, performance-based cash bonuses for our NEOs for the prior fiscal year;
- establish the individual and corporate performance objectives for each NEO for the current fiscal year;
- set base salaries for our NEOs for the next fiscal year;
- determine the portion of total compensation that will be contingent, performance-based pay; and
- consider and approve any grants of equity incentive compensation.

Our Compensation Committee also reviews the appropriateness of the financial measures used in incentive plans and the degree of difficulty in achieving specific performance targets. Our Compensation Committee engages in an active dialogue with our CEO concerning strategic objectives and performance targets.

Individual performance for all NEOs other than the CEO is assessed by our CEO who then makes recommendations to the Compensation Committee. Irrespective of those recommendations, the Compensation Committee retains full discretion to approve or modify any of the NEO recommendations made by our CEO. The Compensation Committee alone assesses the individual performance of our CEO.

Our Compensation Committee establishes, together with the performance objectives, targeted annual cash compensation

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levels (and maximum achievable compensation) for each NEO by determining each NEO's base salary and amount of cash bonus compensation contingent upon achievement of performance targets. In preparing the target amounts, the size of one individual element of compensation does, in some respects, affect the Compensation Committee's determination of what the targeted amount of other components of compensation should be. For example, each executive's base pay is used as a basis for calculating a target contribution percentage for purposes of establishing the bonus plan. As a general proposition, the Compensation Committee attempts to determine the overall best mix of fixed and variable compensation. In making this determination, the Compensation Committee is guided by the compensation philosophy described above. The Compensation Committee also considers historical compensation levels, the relative compensation levels among our senior executive officers, the competitive pay practices at our peer companies (as described in more detail below) and the competitive pay practices at other companies using third-party compensation studies and surveys performed by independent organizations. We use these third-party compensation studies as a basis for comparing and setting individual elements of, as well as total, executive compensation for the NEOs because they provide compensation information for companies in our industry and also provide comprehensive compensation information not obtainable from public sources. The Compensation Committee also considers industry conditions, corporate performance versus a peer group of companies and the overall effectiveness of our compensation program in achieving desired performance levels. See "Our Peer Companies."

We believe that internal pay equity is an important factor to be considered in establishing compensation for our NEOs. The Compensation Committee has not established a policy regarding the ratio of total compensation of the CEO to that of the other officers, but it does review compensation levels to ensure that appropriate pay equity exists, which is determined in the Compensation Committee's discretion based on our Compensation Committee members' experience with, and knowledge of, other companies' practices and the relative performance and criticality of our executives. The Compensation Committee intends to continue to review internal compensation equity and may adopt a formal policy in the future if we deem such a policy to be appropriate.

It is a key objective to ensure that compensation provided to NEOs remains reasonable and responsible yet competitive relative to the compensation paid to similarly situated executives at comparable companies. It is essential that our overall compensation levels be sufficiently competitive to attract talented leaders and motivate those leaders to achieve superior results. At the same time, our executive compensation programs are intended to be consistent with our focus on controlling costs.

In addition to rewarding corporate and individual performance, our compensation program is designed to reward the level of responsibility of, and the position undertaken by, each NEO. Total compensation should generally increase with position and responsibility. As a result, total compensation is higher for individuals with greater responsibility and ability to influence our achievement of targeted results and strategic initiatives. Additionally, as position and responsibility increase, a greater portion of the executive officer's total compensation is performance-based pay contingent on the achievement of performance-based objectives. In the same way, equity-based compensation is higher for persons with higher levels of responsibility, making a significant portion of their total compensation dependent on long-term stock appreciation.

#### Benchmarking

The Compensation Committee does not believe that it is appropriate to establish compensation levels primarily based on benchmarking. While we recognize that our compensation practices must be competitive in the marketplace, such marketplace information is one of the many factors that we consider in assessing the reasonableness of compensation. When the Compensation Committee determines whether an NEO should receive an increase in salary, the Compensation Committee sometimes reviews independent compensation studies in order to compare the compensation received by comparable executives in similar-sized companies to ensure that the compensation we award is competitive in the marketplace, as detailed in the section "The Process of Setting Executive Compensation" above. Our compensation consultant conducted a comprehensive review of our compensation programs for executive officers in 2018 to assist in establishing the 2018 executive compensation program. The purpose of these reviews was to assess the design and competitive positioning of our compensation programs and to make recommendations for change, if appropriate, to be implemented as part of our compensation program going forward. For 2018, the Compensation Committee took into account the compensation consultant's analysis to evaluate and determine the

compensation for our NEOs.

**Management's Role in the Compensation-Setting Process**

Our CEO plays a significant role in the compensation-setting process. Our CEO evaluates the performance of the other NEOs, recommends business performance targets and objectives for the other NEOs and recommends base salary, bonus levels and stock awards for other executive officers. All recommendations of our CEO are subject to Compensation Committee approval. The Compensation Committee discusses the recommendations with our CEO and then makes its decisions in its sole discretion. Similarly, our CEO's compensation, performance targets and objectives are discussed among the members of the Compensation Committee, and the Compensation Committee sets our CEO's compensation.

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Our CEO helps the Compensation Committee set its agenda for meetings and participates in committee meetings at the Compensation Committee's request. Other NEOs also prepare information for each Compensation Committee meeting.

## Elements of Executive Compensation

The three primary elements of our executive compensation programs are: (1) base salary, (2) annual performance-based cash bonus and (3) long-term equity incentives:

Compensation Element	What the Element Rewards	Purpose and Key Features
Base Salary	Qualifications, experience and industry knowledge, quality and effectiveness of leadership, scope of responsibilities, individual goals and objectives and past performance.	Provides competitive level of fixed compensation, with actual salaries determined based on the facts and circumstances of each NEO and competitive market practices.
Annual Performance-Based Cash Bonuses	Achievement of specified performance objectives with a time horizon of one year or less (for 2018, focused on revenue and EBITDA) and individual performance.	Motivate participants to achieve (i) corporate financial performance objectives during the year, and (ii) individual management objectives reviewed and approved by the Compensation Committee.  Performance levels are generally established to incentivize our management to achieve or exceed performance objectives.  Annual awards of restricted stock and PSUs that vest over a period of time and provide an at-risk, variable pay opportunity. Because the ultimate value of these equity awards is directly related to the price of the Company's Common Stock, and the awards are only saleable over an extended period of time subject to vesting, they serve to focus management on the creation and maintenance of long-term stockholder value.
Long-Term Equity Incentives	Achievement of objectives designed to enhance long-term stockholder interests and attract, retain, motivate and reward employees over extended periods.  Vesting requirements promote retention of highly-valued members of management, including our NEOs.	Long-term equity incentives under our executive compensation plans help align management performance with the interests of our stockholders. Our 2018 program focuses on a mix of PSUs and restricted stock for our President & Chief Executive Officer, while other NEOs received grants of restricted stock.

## Base Salary

Base salary provides executives with a base level of regular income. In determining an NEO's base salary, we consider the executive's qualifications, experience and industry knowledge, the quality and effectiveness of their leadership at the Company, the scope of their responsibilities and future potential, the goals and objectives established for the executive, the executive's past performance, the base salary paid to officers in comparable positions at companies who are reflected in independent studies, internal pay equity and other factors as deemed appropriate. In addition, we consider the other components of executive compensation and the mix of performance pay to total compensation. The Compensation Committee does not apply any specific weighting to these factors.

Annually, the Compensation Committee reviews each executive's past salary and performance, and general economic conditions in our industry, and decides whether or not to adjust the salary. Adjustments, if any, are implemented effective as of January. Subject to the limitations found in each executive's employment agreement, the Compensation Committee can increase or decrease an executive's base salary at its discretion. For 2018, the Compensation

Committee determined to adjust base salaries as shown below. For 2018, the Compensation Committee approved a change in the annual base salary of the following named executive officers: Mr. Grégoire from \$340,000 to \$360,000; Mr. Benson from \$269,610 (reflecting £209,000 converted at US\$1.29 for each £1) to approximately \$288,100 (reflecting £215,000 converted as US\$1.34 for each £1); and Mr. Miller from \$295,000 to \$310,000.

In June 2018, Mr. Campbell was promoted from Vice President, Corporate Development, General Counsel & Corporate Secretary to Senior Vice President, Corporate Development, General Counsel & Corporate Secretary. Mr. Campbell's base salary was increased in January and June 2018 to \$325,000 and \$345,000, respectively, in connection with his promotion.

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The following table sets forth the base salaries for our NEOs as of December 31, 2018 and 2017:

Name	Title	Base Salary for 2018 (\$)	Base Salary for 2017 (\$)	% Change
Art Zeile <sup>(1)</sup>	President & Chief Executive Officer	550,000	—	n.a.
Michael P. Durney <sup>(2)</sup>	Former President and Chief Executive Officer	515,000	515,000	—%
Luc Grégoire	Chief Financial Officer	360,000	340,000	6%
Brian Campbell	Senior Vice President, Corporate Development, General Counsel & Corporate Secretary	345,000	315,000	10%
Ian Shepherd <sup>(3)</sup>	Chief Revenue Officer	300,000	300,000	—%
Klavs Miller <sup>(4)</sup>	Former Chief Technology Officer	310,000	295,000	5%
John Benson <sup>(5)</sup>	Former Managing Director, Europe & Asia	288,100	269,610	3%

(1) Mr. Zeile became President and Chief Executive Officer effective April 10, 2018.

(2) Mr. Durney served as our President and Chief Executive Officer until April 10, 2018.

(3) Mr. Shepherd joined the Company on September 18, 2017.

(4) Mr. Miller served as Chief Technology Officer through February 22, 2019.

(5) Mr. Benson served as Managing Director, Europe & Asia through June 30, 2018, and was employed by the Company through December 31, 2018. 2018 base salary was £215,000, converted at US\$1.34 for each £1. 2017 base salary was £209,000, converted at US\$1.29 for each £1. To exclude the impact of foreign exchange, the percentage change was calculated using base salaries of £215,000 and £209,000 for 2018 and 2017, respectively.

#### Senior Bonus Plan

Our bonus program is intended to motivate and reward performance by providing annual, performance-based cash bonuses based upon meeting and exceeding performance goals. We award annual cash bonuses under our Senior Bonus Plan for achievement of specified performance objectives with a time horizon of one year or less. We make awards from an established bonus plan. The Compensation Committee determines the total size of our bonus plan by taking into account our qualitative and financial performance. The Compensation Committee determines the size of an award that we make to a particular executive by considering his or her individual performance as measured against pre-set performance targets and objectives and his or her individual impact on our overall performance. We believe this plan-based bonus system helps foster teamwork and ensures that all executives work together as one in the interest of our performance.

The revenue target and the EBITDA target for bonus plan purposes are set on an annual basis. Each of these components is selected because they are best reflective of business performance, and they are equally weighted because they are both critical in assessing the success of the business. For purposes of funding the Senior Bonus Plan for our NEOs for 2018, the Compensation Committee established targets for revenue and EBITDA. The revenue target for purposes of the Senior Bonus Plan is not intended to be in accordance with U.S. GAAP and includes various adjustments such as removing the impact of the change in foreign currency exchange rates that cause the measurement amount to differ from our actual results. Likewise, the EBITDA target includes various adjustments, such as the exclusion of stock-based compensation and the exclusion of the accrual for the senior bonus.

Actual and target revenue and EBITDA, for senior bonus purposes, include the results and targets of divested businesses for periods of Company ownership. Additionally, the actual revenue and EBITDA results are adjusted to use foreign exchange rates that were assumed when the target amounts were determined, therefore eliminating the impact of changes in exchange rates. We calculate our total target bonus by taking a percentage of each executive's base salary and contributing that amount (adjusted for our revenue and EBITDA performance) to the total bonus plan for our executives. The maximum potential bonus cannot exceed 200% of target. In 2018, the target contribution percentage for our NEOs was:

Name	Title
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		Target Contribution (%)	Target Bonus for 2018 (\$)
Art Zeile <sup>(1)</sup>	President & Chief Executive Officer	100%	\$400,822
Luc Grégoire	Chief Financial Officer	60%	\$216,000
Brian Campbell	Senior Vice President, Corporate Development, General Counsel & Corporate Secretary	40%	\$133,923
Ian Shepherd <sup>(2)</sup>	Chief Revenue Officer	40%	\$120,000
Klavs Miller <sup>(3)</sup>	Former Chief Technology Officer	40%	\$123,885

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(1) Mr. Zeile became President and Chief Executive Officer effective April 10, 2018. Pro-rata Target Bonus for Mr. Zeile was \$400,822 for 2018.

(2) Mr. Shepherd joined the Company on September 18, 2017.

(3) Mr. Miller served as Chief Technology Officer through February 22, 2019.

For 2018, the total bonus plan available for the NEOs and other senior executives designated by the Compensation Committee was funded in the following way:

•50% of the total bonus plan was funded according to the percentage of the revenue target achieved; and

•50% was funded according to the percentage of EBITDA target achieved.

For 2018 there is no minimum required funding of our Senior Bonus Plan. If our actual results were lower than 85% of the revenue target or the EBITDA target, the 50% of the bonus plan to be funded upon achieving the applicable target was not funded. If 85% of the applicable target was achieved, 50% of the 50% to be funded with respect to the applicable target was funded. If our actual revenue or EBITDA fell between 85% and 100% of the applicable target, the amount to be funded for each target to the bonus plan increased from 50% to 100% of the applicable 50% portion of the bonus plan on a pro-rata basis. Further, for 2018, the size of our bonus plan would increase by 10% for each 1% that our actual revenue exceeds our revenue target (the "revenue multiplier"), provided that actual EBITDA is also equal to or greater than the sum of (1) the EBITDA target plus (2) 50% of the amount by which actual revenue exceeds our revenue target. (If actual EBITDA exceeds our EBITDA target but actual revenue does not exceed our revenue target, the bonus plan does not increase.)

The 2018 Senlign=top width="100%">Represents the value of 45,000 shares of the Company's Common Stock based on the closing price of the Company's Common Stock listed on The NASDAQ Stock Market on December 31, 2008 (\$20.26 per share). Pursuant to the award agreement for the April 24, 2008 grant of 56,250 shares of performance-based restricted stock, 80% of such shares will vest. (6)Represents the cost of healthcare coverage for two years for Mr. Gustafsson and his eligible dependants (medical: \$11,429; dental: \$1,196). (7)Represents an amount to cover the "gross up" for excise taxes imposed under the Internal Revenue Code on payments and benefits received by Mr. Gustafsson, in order to preserve the after-tax value of such payments and benefits to him.

**Mr. Smiley - Potential Payments upon Termination or Change in Control**

Component	Death, Disability or Retirement	Termination by the Company other than for Cause, or by Employee for Good Reason <sup>(1)</sup>	Termination by the Company other than for Cause Employee for Good Reason within 120 days before one year after a Change Control <sup>(2)</sup>
<b>Cash severance<sup>(3)</sup></b>	\$ 0	\$ 423,000	\$ 846,000
<b>Cash award under 2008 Management Bonus Plan<sup>(4)</sup></b>	\$ 36,226	\$ 36,226	\$ 36,227
<b>Accelerated Equity</b>			
Restricted Stock Granted 5/1/2008 <sup>(5)</sup>	\$ 0	\$ 0	\$ 121,560
<b>Other benefits</b>			
Healthcare benefits <sup>(6)</sup>	\$ 0	\$ 11,018	\$ 11,018
Outplacement Services <sup>(7)</sup>	\$ 0	\$ 32,000	\$ 32,000
<b>Excise tax gross-up<sup>(8)</sup></b>	\$ 0	\$ 0	\$ 536,037
<b>TOTAL</b>	<b>\$ 36,226</b>	<b>\$ 502,244</b>	<b>\$ 1,582,842</b>

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- (1) Pursuant to the Smiley Employment Agreement further described above in "Employment Agreements," if Mr. Smiley is terminated by the Company other than for cause (not including death or disability) or if he terminates his employment for good reason, he will receive (a) the continuation of his base salary for a period of one year (\$282,000), (b) a pro rata portion of his annual cash incentive award for the year in which his employment terminates (\$36,227), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (c) a payment equal to one hundred percent of his target annual cash incentive award (\$141,000), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (d) professional outplacement services (up to \$32,000), (e) continued healthcare coverage for one year, and (f) if applicable, an excise tax gross-up.
- (2) Pursuant to Mr. Smiley's employment agreement further described above in "Employment Agreements," if Mr. Smiley is terminated by the Company other than for cause (not including death or disability) or if he terminates his employment for good reason, and such termination of employment occurs within 120 days immediately preceding or one year immediately following a change in control, then he will receive (a) within 60 days after the event, two times his base salary (\$564,000), (b) within 60 days after the event, two times his target annual cash incentive award (\$282,000), (c) a pro rata portion of his annual cash incentive award for the year in which his employment terminates (\$36,227), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (d) professional outplacement services (up to \$32,000), (e) continued healthcare coverage for one year, and (f) if applicable, an excise tax gross-up.
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- (3) The amounts reflected in this row do not include amounts reflected in the rows for "Cash award under 2008 Management Bonus Plan."
- (4) Represents the amount the Company is obligated to pay Mr. Smiley under the 2008 Management Bonus Plan based on performance goals attained during 2008, as further described above under "Compensation Discussion and Analysis." If his employment was terminated by reason of his death, disability or retirement during 2008, the Company would have paid a pro-rated portion of the amount otherwise due to him for 2008 (i.e., for purposes of this Table, 100% of the annual cash incentive award, based on his employment in 2008), payable at the time the annual cash incentive awards for 2008 are normally paid. In the event his employment was terminated prior to the end of the plan year for reasons other than voluntary resignation, for cause, death, disability or retirement, a pro-rated annual cash incentive award could have been paid in the sole discretion of the Company. For purposes of this Table, it is assumed no such discretionary amount would have been paid, except as provided in his Employment Agreement.
- (5) Represents the value of 6,000 shares of the Company's Common Stock based on the closing price of the Company's Common Stock listed on The NASDAQ Stock Market on December 31, 2008 (\$20.26 per share). Pursuant to the award agreement for the April 24, 2008 grant of 7,500 shares of performance-based restricted stock, 80% of such shares will vest.
- (6) Represents the cost of healthcare coverage for one year for the Named Executive and his eligible dependants (medical: \$10,001; dental: \$1,017).
- (7) Represents the maximum amount the Company is obligated to pay for professional outplacement services under Mr. Smiley's employment agreement.

- (8) Represents an amount to cover the "gross up" for excise taxes imposed under the Internal Revenue Code on payments and benefits received by Mr. Smiley, in order to preserve the after-tax value of such payments and benefits to him.

**Mr. Whitchurch - Potential Payments upon Termination or Change in Control**

Mr. Whitchurch resigned as CFO effective May 1, 2008, and he continued as a non-executive employee of the Company from that date until June 30, 2008. Pursuant to his employment agreement further described above in "Employment Agreements," in connection with his termination, which was classified as a termination by the Company other than for cause, Mr. Whitchurch received or will receive (a) the continuation of his base salary for a period of one year from June 30, 2008 (\$297,000), (b) a pro rata portion of his annual cash incentive award for 2008 (\$16,442), which was paid at the time the annual cash incentive awards were paid for 2008, (c) a payment equal to one hundred percent of his target annual cash incentive award (\$148,500) for 2008, which was paid at the time the annual cash incentive awards were paid for 2008, (d) continued healthcare coverage for one year (medical: \$5,664; dental: \$613), and (e) professional outplacement services (\$25,000).

In addition, Mr. Whitchurch had previously deferred payment of some compensation amounts plus the credited gains and losses on such amounts based on the performance of his investment elections under the 2002 Deferral Plan and the 2005 Deferral Plan. Upon his termination, the Company paid Mr. Whitchurch the amounts deferred under the 2002 Deferral Plan (\$146,721) in a lump sum, and will pay Mr. Whitchurch the amounts deferred under the 2005 Deferral Plan (\$84,675) in three annual installments.

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**Mr. Gerskovich - Potential Payments upon Termination or Change in Control**

Component	Death, Disability or Retirement	Termination by the Company other than for Cause, or by Employee for Good Reason <sup>(1)</sup>	Termination by other than for Employee for G within 120 days year after a C Contra
<b>Cash severance<sup>(3)</sup></b>	\$ 0	\$ 567,000	\$ 1,134
<b>Cash award under 2008 Management Bonus Plan<sup>(4)</sup></b>	\$ 40,233	\$ 40,233	\$ 40
<b>Accelerated Equity</b>			
Restricted Stock Granted 4/24/2008 <sup>(5)</sup>	\$ 0	\$ 0	\$ 147
<b>Other benefits</b>			
Healthcare benefits <sup>(6)</sup>	\$ 0	\$ 7,028	\$ 7
Outplacement Services <sup>(7)</sup>	\$ 0	\$ 32,000	\$ 32
<b>TOTAL</b>	<b>\$ 40,233</b>	<b>\$ 646,261</b>	<b>\$ 1,360</b>

- (1) Pursuant to Mr. Gerskovich's employment agreement further described above in "Employment Agreements," if Mr. Gerskovich is terminated by the Company other than for cause (not including death or disability) or if he terminates his employment for good reason, he will receive (a) the continuation of his base salary for a period of one year (\$378,000), (b) a pro rata portion of his annual cash incentive award for the year in which his employment terminates (\$40,233), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (c) a payment equal to one hundred percent of his target annual cash incentive award (\$189,000), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (d) professional outplacement services (up to \$32,000), (e) continued healthcare coverage for one year, and (f) if applicable, an excise tax gross-up.

(2)

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Pursuant to Mr. Gerskovich's employment agreement further described above in "Employment Agreements," if Mr. Gerskovich is terminated by the Company other than for cause (not including death or disability) or if he terminates his employment for good reason, and such termination of employment occurs within 120 days immediately preceding or one year immediately following a change in control, then he will receive (a) within 60 days after the event, two times his base salary (\$756,000), (b) within 60 days after the event, two times his target annual cash incentive award (\$378,000), (c) a pro rata portion of his annual cash incentive award for the year in which his employment terminates (\$40,233), payable at the time the annual cash incentive awards normally paid for the year in which termination occurs, (d) professional outplacement services (up to \$32,000), (e) continued healthcare coverage for one year, and (f) if applicable, an excise tax gross-up.

- (3) The amounts reflected in this row do not include amounts reflected in the rows for "Cash award under 2008 Management Bonus Plan."
- (4) Represents the amount the Company is obligated to pay Mr. Gerskovich under the 2008 Management Bonus Plan based on performance goals attained during 2008, as further described above under "Compensation Discussion and Analysis." If his employment was terminated by reason of his death, disability or retirement during 2008, the Company would have paid a pro-rated portion of the amount otherwise due to him for 2008 (i.e., for purposes of this Table, 100% of the annual cash incentive award, based on his employment for all of 2008), payable at the time the annual cash incentive awards for 2008 are normally paid. In the event his employment was terminated prior to the end of the plan year for reasons other than voluntary resignation, for cause, death, disability or retirement, a pro-rated annual cash incentive award could have been paid in the sole discretion of the Company. For purposes of this Table, it is assumed no such discretionary amount would have been paid, except as provided in his Employment Agreement.
- (5) Represents the value of 7,272 shares of the Company's Common Stock based on the closing price of the Company's Common Stock listed on The NASDAQ Stock Market on December 31, 2008 (\$20.26 per share). Pursuant to the award agreement for the April 24, 2008 grant of 9,090 shares of performance-based restricted stock, 80% of such shares will vest.

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- (6) Represents the cost of healthcare coverage for one year for the Named Executive and his eligible dependants (medical: \$6,430; dental: \$598).
- (7) Represents the maximum amount the Company is obligated to pay for professional outplacement services under Mr. Gerskovich's employment agreement.

**Mr. Gagnier - Potential Payments upon Termination or Change in Control**

Component	Death, Disability or Retirement	Termination by the Company other than for Cause, or by Employee for Good Reason <sup>(1)</sup>	Termination by other than for Employee for Good Reason within 120 days year after a C
Cash severance <sup>(3)</sup>	\$ 0	\$ 490,100	\$ 980,200
Cash award under 2008 Management Bonus Plan <sup>(4)</sup>	\$ 35,111	\$ 35,111	\$ 35,111
Accelerated deferred compensation <sup>(5)</sup>	\$ 19,484	\$ 19,484	\$ 19,484
Accelerated Equity			
Restricted Stock Granted 4/24/2008 <sup>(6)</sup>	\$ 0	\$ 0	\$ 147,000
Other benefits			
Healthcare benefits <sup>(7)</sup>	\$ 0	\$ 11,018	\$ 11,018



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Outplacement Services <sup>(8)</sup>	\$ 0	\$ 32,000	\$ 32
<b>TOTAL</b>	<b>\$ 54,595</b>	<b>\$ 587,713</b>	<b>\$ 1,225</b>

- (1) Pursuant to Mr. Gagnier's employment agreement further described above in "Employment Agreements," if Mr. Gagnier is terminated by the Company other than for cause (not including death or disability) or if he terminates his employment for good reason, he will receive (a) the continuation of his base salary for a period of one year (\$338,000), (b) a pro rata portion of his annual cash incentive award for the year in which his employment terminates (\$35,111), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (c) a payment equal to one hundred percent of his target annual cash incentive award (\$152,100), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (d) professional outplacement services (up to \$32,000), (e) continued healthcare coverage for one year, and (f) if applicable, an excise tax gross-up.
- (2) Pursuant to Mr. Gagnier's employment agreement further described above in "Employment Agreements," if Mr. Gagnier is terminated by the Company other than for cause (not including death or disability) or if he terminates his employment for good reason, and such termination of employment occurs within 120 days immediately preceding or one year immediately following a change in control, then he will receive (a) within 60 days after the event, two times his base salary (\$676,000), (b) within 60 days after the event, two times his target annual cash incentive award (\$304,200), (c) a pro rata portion of his annual cash incentive award for the year in which his employment terminates (\$35,111), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (d) professional outplacement services (up to \$32,000), (e) continued healthcare coverage for one year, and (f) if applicable, an excise tax gross-up.
- (3) The amounts reflected in this row do not include amounts reflected in the rows for "Cash award under 2008 Management Bonus Plan" or "Accelerated deferred compensation."

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- (4) Represents the amount the Company is obligated to pay Mr. Gagnier under the 2008 Management Bonus Plan based on performance goals attained during 2008, as further described above under "Compensation Discussion and Analysis." If his employment was terminated by reason of his death, disability or retirement during 2008, the Company would have paid a pro-rated portion of the amount otherwise due to him for 2008 (i.e., for purposes of this Table, 100% of the annual cash incentive award, based on his employment for all of 2008), payable at the time the annual cash incentive awards for 2008 are normally paid. In the event his employment was terminated prior to the end of the plan year for reasons other than voluntary resignation, for cause, death, disability or retirement, a pro-rated annual cash incentive award could have been paid in the sole discretion of the Company. For purposes of this Table, it is assumed no such discretionary amount would have been paid, except as provided in his Employment Agreement.
- (5) Represents the amount of deferred compensation under the 2002 Deferral Plan that would become immediately payable. As described above in "Non-Qualified Deferred Compensation," such amounts are compensation previously earned by Mr. Gagnier of which he chose to defer payment plus the credited gains and losses on such amounts based on the performance of his investment elections under the 2002 Deferral Plan. Under the 2002 Deferral Plan, (a) if Mr. Gagnier dies, his deferred compensation under the 2002 Deferral Plan (i.e., contributions and earnings of \$19,484) is immediately payable in a lump sum, and (b) if Mr. Gagnier becomes totally and permanently disabled or if his employment terminates for any reason other than death or such disability, his deferred compensation under the 2002 Deferral Plan (i.e.,

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contributions and earnings of \$19,484) is immediately payable in a lump sum, or if it was requested at the time of deferral, in annual installments.

- (6) Represents the value of 7,272 shares of the Company's Common Stock based on the closing price of the Company's Common Stock listed on The NASDAQ Stock Market on December 31, 2008 (\$20.26 per share). Pursuant to the award agreement for the April 24, 2008 grant of 9,090 shares of performance-based restricted stock, 80% of such shares will vest.
- (7) Represents the cost of healthcare coverage for one year for the Named Executive and his eligible dependants (medical: \$10,001; dental: \$1,017).
- (8) Represents the maximum amount the Company is obligated to pay for professional outplacement services under Mr. Gagnier's employment agreement.

**Mr. Terzich - Potential Payments upon Termination or Change in Control**

Component	Death, Disability or Retirement	Termination by the Company other than for Cause, or by Employee for Good Reason <sup>(1)</sup>	Termination other than Employee within 120 year aft
<b>Cash severance<sup>(3)</sup></b>	\$ 0	\$ 449,500	\$
<b>Cash award under 2008 Management Bonus Plan<sup>(4)</sup></b>	\$ 31,975	\$ 31,975	\$
<b>Accelerated Equity</b>			
Restricted Stock Granted 4/24/2008 <sup>(5)</sup>	\$ 0	\$ 0	\$
<b>Other benefits</b>			
Healthcare benefits <sup>(6)</sup>	\$ 0	\$ 12,144	\$
Outplacement Services <sup>(7)</sup>	\$ 0	\$ 32,000	\$
<b>TOTAL</b>	<b>\$ 31,975</b>	<b>\$ 525,619</b>	<b>\$</b>

- (1) Pursuant to Mr. Terzich's employment agreement further described above in "Employment Agreements," if Mr. Terzich is terminated by the Company other than for cause (not including death or disability) or if he terminates his employment for good reason, he will receive (a) the continuation of his base salary for a period of one year (\$310,000), (b) a pro rata portion of his annual cash incentive award for the year in which his employment terminates (\$31,975), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (c) a payment equal to one hundred percent of his target annual cash incentive award (\$139,500), payable at the time the annual cash incentive awards are normally paid for the year in which termination occurs, (d) professional outplacement services (up to \$32,000), (e) continued healthcare coverage for one year, and (f) if applicable, an excise tax gross-up.

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- (2) Pursuant to Mr. Terzich's employment agreement further described above in "Employment Agreements," if Mr. Terzich is terminated by the Company other than for cause (not including death or disability) or if he terminates his employment for good reason, and such termination of employment occurs within 120 days immediately preceding or one year immediately following a change in control, then he will receive (a) within 60 days after the event, two times his base salary (\$620,000), (b) within 60 days after the event, two times his target annual cash incentive award (\$279,000), (c) a pro rata portion of his annual cash incentive award for the year in which his employment terminates (\$31,975), payable at the time the annual cash incentive

awards are normally paid for the year in which termination occurs, (d) professional outplacement services (up to \$32,000), (e) continued healthcare coverage for one year, and (f) if applicable, an excise tax gross-up.

- (3) The amounts reflected in this row do not include amounts reflected in the row for □Cash award under 2008 Management Bonus Plan.□
- (4) Represents the amount the Company is obligated to pay Mr. Terzich under the 2008 Management Bonus Plan based on performance goals attained during 2008, as further described above under □Compensation Discussion and Analysis.□ If his employment was terminated by reason of his death, disability or retirement during 2008, the Company would have paid a pro-rated portion of the amount otherwise due to him for 2008 (i.e., for purposes of this Table, 100% of the annual cash incentive award, based on his employment for all of 2008), payable at the time the annual cash incentive awards for 2008 are normally paid. In the event his employment was terminated prior to the end of the plan year for reasons other than voluntary resignation, for cause, death, disability or retirement, a pro-rated annual cash incentive award could have been paid in the sole discretion of the Company. For purposes of this Table, it is assumed no such discretionary amount would have been paid, except as provided in his Employment Agreement.
- (5) Represents the value of 7,272 shares of the Company's Common Stock based on the closing price of the Company's Common Stock listed on The NASDAQ Stock Market on December 31, 2008 (\$20.26 per share). Pursuant to the award agreement for the April 24, 2008 grant of 9,090 shares of performance-based restricted stock, 80% of such shares will vest.
- (6) Represents the cost of healthcare coverage for one year for the Named Executive and his eligible dependants (medical: \$11,127; dental: \$1,017).
- (7) Represents the maximum amount the Company is obligated to pay for professional outplacement services under Mr. Terzich's employment agreement.

***Mr. Dillon - Potential Payments upon Termination or Change in Control***

Mr. Dillon's employment by the Company terminated effective August 22, 2008. In connection with his termination, he and the Company entered into the Dillon Release Agreement further described above under □Employment Agreements.□ Pursuant to the Dillon Release Agreement, Mr. Dillon received or will receive (a) the continuation of his base salary for a period of one year from the date of his termination (\$325,000), (b) a lump sum payment under the Navis Holdings, LLC Transition Bonus Plan, as further described above under □Compensation Discussion and Analysis□ (\$300,000), paid on August 22, 2008, and (c) continued healthcare coverage through December 31, 2008 (\$8,479). In addition, upon Mr. Dillon's termination (x) 14,006 shares of restricted stock granted to him on December 14, 2007, vested (\$449,312, based on the \$32.08 per share closing price of the Company's Common Stock listed on The NASDAQ Stock Market on August 22, 2008), and (y) his stock option granted December 14, 2007, to purchase shares of the Company's Common Stock at an exercise price of \$16.49 per share vested with respect to 4,323 of the underlying unvested 8,645 shares (\$67,396, based on the \$32.08 per share closing price of the Company's Common Stock listed on The NASDAQ Stock Market on August 22, 2008).

The following table provides information related to the Company's equity compensation plans as of December 31, 2008.

### Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Remaining Available Future Issuance of Equity Compensation (Excluding Shares Reflected in Column (c))
	(a)	(b)	(c)
Equity Compensation Plans Approved by Security Holders	3,004,110(1)	\$ 36.87	4,395,7
Equity Compensation Plans Not Approved by Security Holders	134,274(3)	\$ 12.88	
<b>Total</b>	<b>3,138,384</b>	<b>\$ 35.84</b>	<b>4,395,7</b>

- (1) Consists of shares of the Company's Common Stock issuable pursuant to outstanding options under the Company's 1997 Stock Option Plan, 2006 Zebra Technologies Corporation Incentive Compensation Plan and 2002 Non-Employee Director Stock Option Plan.
- (2) Consists of the total number of authorized, but unissued, shares of the Company's Common Stock that are available for issuance under the Company's 2006 Zebra Technologies Corporation Incentive Compensation Plan (4,002,771 shares) and 2001 Stock Purchase Plan (392,949 shares).
- (3) Consists of shares of the Company's Common Stock issuable pursuant to outstanding options under The WhereNet Corp. 1997 Stock Option Plan (as amended, the "WhereNet Plan") and Amended and Restated Navis Holdings, LLC 2000 Option Plan (the "Navis Plan"). Shares available under the WhereNet Plan consist of 46,997 shares, with an average weighted exercise price of \$2.74, that may be issued upon the exercise of stock options that were granted upon the conversion of awards previously granted under the WhereNet Plan with respect to securities of WhereNet Corp.; the awards were converted in connection with the Company's acquisition by merger of WhereNet Corp. Shares available under the Navis Plan consist of 87,277 shares, with an average weighted exercise price of \$18.34, that may be issued upon the exercise of stock options that were granted upon the conversion of awards previously granted under the Navis Plan with respect to securities of Navis Holdings, LLC; the awards were converted in connection with the Company's acquisition by merger of Navis Holdings, LLC.

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### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Only independent directors served on the Compensation Committee during 2008. Dr. Potter is the Chair of the Compensation Committee, and Messrs. Keyser and Smith are members. Mr. Knowles was a member of the Compensation Committee until his retirement at the 2008 Annual Meeting. None of them has ever been an officer or other employee of the Company.

### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company had historically invested in partnerships managed by Mesirow Advanced Strategies, Inc. ("MAS"), the hedge fund of funds division of Mesirow Financial Holdings, Inc. Martin B. Kaplan, the chief executive officer of MAS, is the son of Edward L. Kaplan, the Company's co-founder and retired director, Chairman and Chief

Executive Officer. Martin B. Kaplan receives no direct compensation based on the Company's investment through MAS. The investment arrangement was ratified by the Company's Board of Directors in February 2007 pursuant to the Company's policies and procedures regarding Related Party Transactions described below under "Related Party Transactions Policies and Procedures."

As of January 1, 2008, the balance of the MAS-managed investments was approximately \$10.9 million. The Company divested all MAS-managed investments by May 2008.

### **Related Party Transactions Policies and Procedures**

The Company has adopted written policies and procedures to identify, review and approve (or deny approval of) "Related Party Transactions." A "Related Party Transaction" is a transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) (i) in which the Company (including any of its subsidiaries) was, is or will be a participant, (ii) in which any "Related Person" had, has or will have a direct or indirect interest, and (iii) that meets applicable de minimis thresholds. Related Party Transactions do not include the following:

1. most transactions involving approved compensation of executive officers of the Company;
2. transactions involving compensation of directors for service on the Board of Directors or committees thereof;
3. transactions available to all employees of the Company generally or to all salaried employees of the Company generally; or
4. transactions in which the interest of the Related Person arises solely from the ownership of a class of the Company's equity securities and all holders of that class receive the same benefit on a pro rata basis.

For purposes of Related Party Transactions, a "Related Person" includes:

1. any director or executive officer of the Company or nominee to become a director of the Company;
2. any person known to be the beneficial owner of more than 5% of any class of the Company's voting securities;
3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such foregoing person; and
4. any firm, corporation or entity in which any of the foregoing persons is a general partner or principal or in a similar position, or in which such person, together with all other Related Persons, have in the aggregate a 10% or greater beneficial ownership interest.

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Related Party Transactions in the following categories are treated as pre-approved:

1. any transaction with another company in which a Related Person's only relationship is as an employee (other than as an executive officer), director or beneficial owner of less than 5% of that company's shares (i) if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2 percent of that company's total annual revenues; (ii) the Related Person has no direct or indirect involvement in the Related Party Transaction; and (iii) the Related Person is not compensated for the transaction with the Company or its subsidiary; and

2. Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Person's only relationship is as an employee (other than as an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$100,000, or 2 percent of the charitable organization's total annual receipts.

The Company's General Counsel and the Audit Committee (the "Committee") administer the Company's policies and procedures regarding Related Party Transactions. The Company's General Counsel assesses whether proposed transactions are Related Party Transactions. If the General Counsel determines that a proposed transaction is a Related Party Transaction, then the appropriate party or parties further described below review the proposed transaction and either approve it or deny approval of it. In reviewing the proposed Related Party Transaction and making such determination, all of the relevant facts and circumstances available shall be considered, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence (if the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer); the availability of other sources for comparable products or services; the Related Person's interest in the transaction; the terms of the transaction; and the terms available to unrelated third parties or to employees generally.

Depending on the dollar amount involved in a proposed Related Party Transaction, the review and determination of whether to approve or deny approval of the proposed Related Party Transaction is made by different parties.

If a proposed Related Party Transaction involves less than \$100,000, the General Counsel and the Chairman of the Committee (the "Chair") and such other executive officers that either of them may deem appropriate, or the full Committee at the option of the Chair, shall determine whether to approve or deny approval of the proposed Related Party Transaction.

If a proposed Related Party Transaction involves \$100,000 or more, the proposed Related Party Transaction is submitted to the Committee for consideration at the next Committee meeting or, to the Chair in those instances in which the General Counsel, in consultation with the Chief Executive Officer or the Chief Financial Officer, determines that it is not practicable or desirable for the Company to wait until the next Committee meeting.

If the General Counsel becomes aware of a Related Party Transaction that was not previously approved or previously ratified under the Company's policies and procedures, the Related Party Transaction shall be submitted to the Committee or the Chair. If the Related Party Transaction is still ongoing, the Committee or Chair must evaluate all options, including ratification, amendment or termination of the Related Party Transaction. If the Related Party transaction is completed, the Committee or Chair shall evaluate the Related Party Transaction to determine if rescission of the Related Party Transaction and/or any disciplinary action is appropriate, and shall request the Chief Compliance Officer to evaluate the Company's controls and procedures to ascertain the reason that the Related Party Transaction was not submitted for prior approval.

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## **REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

The Audit Committee of Zebra's Board of Directors is comprised of three directors, all of whom are independent under applicable listing requirements of The NASDAQ Stock Market. The Audit Committee operates under a written charter adopted by the Board of Directors. The members of the Audit Committee are: Mr. Smith, Chair, and Messrs. Ludwick and Manire.

The Audit Committee received reports from and met and held discussions with management, the internal auditors and the independent accountants. It reviewed and discussed Zebra's audited financial statements with management, and management has represented to the Audit Committee that the Company's financial statements were prepared in accordance with accounting principles generally accepted in the United States and that such financial statements taken as a whole, present fairly, in all material respects, the information set forth therein. The Committee also discussed with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 114. The Audit Committee received the written disclosures and letter from

the independent accountants required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with the independent accountants the independent accountants' independence.

The Audit Committee recommended that the Board of Directors include the audited financial statements of the Company in Zebra's Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC. This recommendation was based on the Audit Committee's discussion with management, internal auditors and Zebra's independent accountants, as well as the Committee's reliance on management's representation described above.

**Audit Committee**

Michael Smith, Chair  
 Andrew Ludwick  
 Ross Manire

**Fees of Independent Auditors**

Ernst & Young LLP acted as the principal auditor for the Company during 2007 and 2008. The firm also provided certain audit-related, tax and permitted non-audit services. The Audit Committee's policy is to approve or pre-approve all audit, audit-related, tax and permitted non-audit services performed for the Company by its independent auditors in accordance with Section 10A(i) of the Securities Exchange Act of 1934, as amended, and the Securities and Exchange Commission's rules adopted thereunder. In 2007 and 2008, the Audit Committee approved in advance all engagements by Ernst & Young LLP on a specific project-by-project basis, including audit, audit-related, tax and permitted non-audit services. No services were rendered by Ernst & Young LLP to the Company in 2007 or 2008 pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X.

The Company paid Ernst & Young LLP the following fees for services provided for the years ended December 31, 2008 and 2007:

<b>Fees</b>	<b>2008<sup>(4)</sup></b>	<b>2007<sup>(4)</sup></b>
Audit Fees (1)	\$ 1,149,500	\$ 940,000
Audit-Related Fees (2)	237,820	64,500
Tax Fees (3)	1,328,030	445,900
All Other Fees	□	□
	<b>\$ 2,715,350</b>	<b>\$ 1,450,400</b>

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- (1) Consists of fees for the audit of the Company's annual financial statements and reviews of the financial statements included in the quarterly reports on Form 10-Q. Also includes fees for the 2007 and 2008 audits of internal controls over financial reporting as required by Section 404 of Sarbanes-Oxley.
- (2) For 2007 and 2008, fees for the audit of the Company's employee benefit plan, for due diligence in connection with acquisition activities, and for fees associated with the balance sheet audit of Multispectral Solutions, Inc., which the Company acquired in 2008.
- (3) For tax advice and tax planning, including internal corporate structure advice, transfer pricing studies and miscellaneous

consulting charges.

- (4) Fees and out-of-pocket expense reimbursement paid to Ernst & Young LLP for services provided for the years ended December 31, 2008, and December 31, 2007, respectively.

**PROPOSAL 2**  
**RATIFICATION OF APPOINTMENT OF AUDITORS**

The Audit Committee appointed Ernst & Young LLP, independent certified public accountants, as auditors of the Company's financial statements for the year ending December 31, 2009.

The Board desires to give stockholders the opportunity to express their opinions on the matter of auditors for the Company, and, accordingly, is submitting to the stockholders at the Annual Meeting a proposal to ratify the Audit Committee's appointment of Ernst & Young LLP. If this proposal does not receive the affirmative vote of a majority of the votes cast affirmatively or negatively at the Annual Meeting, in person or by proxy, the Board of Directors will interpret this as an instruction to seek other auditors.

The Company expects that representatives of Ernst & Young LLP will be present at the Annual Meeting and available to respond to questions. These representatives will be given an opportunity to make a statement if they would like to do so.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2009.**

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**OTHER MATTERS**

**Solicitation** □ The cost of this proxy solicitation will be borne by the Company. In addition to the solicitation of proxies by mail, the directors, officers and employees of the Company may also solicit proxies by telephone, facsimile, e-mail or other forms of communication, without special compensation for such activities. The Company will also request banks, brokers, fiduciaries, custodians, nominees and certain other record holders to send proxies, Proxy Statements and other materials to their principals at the Company's expense. The Company will reimburse such banks, brokers, fiduciaries, custodians, nominees and other record holders for their reasonable out-of-pocket expenses of solicitation. The Company does not anticipate that costs and expenses incurred in connection with this proxy solicitation will exceed those normally expended for a proxy solicitation for an election of directors in the absence of a contest.

**Proposals of Stockholders** □ Under SEC Rule 14a-8, stockholder proposals for the annual meeting of stockholders to be held in 2010 will not be included in the Proxy Statement for that meeting unless the proposal is proper for inclusion in the Proxy Statement and for consideration at the next annual meeting of stockholders, and is received by the Secretary of the Company at the Company's principal executive offices, which are located at 475 Half Day Road, Suite 500, Lincolnshire, Illinois 60069, no later than December 22, 2009, which is 120 days before the anniversary date of the release of this Proxy Statement to stockholders. Stockholders must also follow the other procedures prescribed in SEC Rule 14a-8 under the Exchange Act, as well as the Company's By-Laws, which contain requirements that are separate and apart from the SEC requirements of Rule 14a-8. The Company's By-Laws provide that stockholders desiring to bring business before the 2010 Annual Meeting, including nomination of a person for election to the Company's Board of Directors, must provide written notice to the Company's Secretary at the Company's executive offices and such notice must be received not less than sixty nor more than ninety days prior to the one-year anniversary of the date on which the Company first mailed its proxy materials for the 2009 Annual Meeting. The written notice must include the information required by Section 2.4 of the By-Laws.

**Other Business** □ The Board of Directors is not aware of any matters to be presented at the Annual Meeting other than those enumerated in the Company's Notice of Annual Meeting of Stockholders enclosed herewith. If any other matters are properly brought before the meeting, however, it is intended that the persons named in the proxy will vote as directed by the Board of Directors.



**Annual Report to Stockholders** □ The Company's Annual Report to Stockholders for the year ended December 31, 2008, containing financial and other information pertaining to the Company, is being furnished to stockholders simultaneously with this Proxy Statement.

**Annual Report on Form 10-K** □ The Company will furnish without charge to any stockholder as of the record date a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC. Requests for such materials should be made in writing and directed to Zebra Technologies Corporation, 475 Half Day Road, Suite 500, Lincolnshire, Illinois 60069, Attention: Michael C. Smiley.

By Order of the Board of Directors

Noel Elfant  
*Secretary*

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## APPENDIX A

### GLOSSARY OF TERMS

#### **Under the 2008 Management Bonus Plan.**

□Company Consolidated Income From Operations<sup>1</sup> means Income from Operations as reported in the Company's management reports, adjusted to remove the impact of changes in foreign exchange rates. In the event of acquisitions, generally the acquired company budget and actual financial performance is applied to the 2008 Management Bonus Plan financial objectives as of the first of the quarter following 6 months after the acquisition closing.

□SPG Consolidated Direct Operating Profit<sup>1</sup> means Direct Operating Profit as reported in the Company's management reports for the Consolidated Specialty Printer Group (□SPG), adjusted to remove the impact of changes in foreign exchange rates.

□ZES Revenue□ means Zebra Enterprise Solutions (□ZES) total GAAP revenue for 2008.

□ZES EBITDA□ means ZES Operating Profit (GAAP) as reported in the Company's management reports, adjusted to remove the impact of euromax bonus payments and labor expenses charged to the marine terminal systems reserve, plus interest, taxes, depreciation, amortization, and 123(R) compensation expense.

□ZES Total Bookings□ means total ZES bookings during 2008 after any allocations for GAAP vendor specific objective evidence calculations.

1 Specifically excludes such expense items as (i) amortization of intangibles; (ii) FAS123(R) compensation expense; (iii) one-time charges, non-operating charges or expenses incurred that are not under the control of operations management, as ratified by the Compensation Committee; (iv) Board of Directors project activities (e.g., CEO search, director searches); or (v) gains or losses on the sale of assets. The foregoing list is not exhaustive and is meant to represent examples of the kind of expenses typically excluded from the calculations of Consolidated Income from Operations and Direct Operating Profit.

#### **Under the 2009 Zebra Incentive Plan.**

□Income from Operations<sup>1</sup> means income from operations for the applicable period, adjusted to remove non-recurring charges, of the Company (on a consolidated basis) or SPG, as applicable. In the event of acquisitions, generally for the first quarter beginning at least six months after an acquisition closes, the financial targets will be adjusted to incorporate the acquired company's budget or financial plan, and the reported financial performance will also be adjusted to include the acquired company's actual performance the first quarter beginning at least six months after an acquisition closes.

Return on Invested Capital□ means Net Operating Profit After Tax for 2009, divided by Invested Capital, where:

Net Operating Profit After Tax means Income From Operations x (1-budget tax rate); and

Invested Capital means total assets less cash and cash equivalents, current and long-term investments and marketable securities, and non-interest-bearing current liabilities, and which is calculated as the average Invested Capital reflected on the five balance sheets for the end of the following quarters: Q4 2008, Q1 2009, Q2 2009, Q3 2009 and Q4 2009.

- 1 Non-recurring charges specifically include such expense items as (i) one-time charges, non-operating charges or expenses incurred that are not under the control of operations management, as ratified by the Compensation Committee; (ii) restructuring expenses; (iii) exit expenses; (iv) integration expenses; (v) Board of Directors project activities (e.g., CEO search, director searches); or (vi) gains or losses on the sale of assets; (vii) acquired in-process technology; or (viii) impairment charges. The foregoing list is not exhaustive and is meant to represent examples of the kind of expenses typically excluded from the calculations of Income from Operations.

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### **Under the Form Employment Agreement.**

As determined by the Board in its sole discretion, the Named Officer shall be deemed terminated for Cause if the Board terminates the Named Officer after the Named Officer:

- (1) shall have committed, been indicted of, or been convicted of, or admitted, plea bargained, entered a plea of no contest or nolo contendere to, any felony of any kind or a misdemeanor, or violated any laws, involving fraud, dishonesty or an act of moral turpitude;
- (2) shall have materially breached the Form Employment Agreement or any other agreement to which the Named Officer and the Company are parties;
- (3) shall have materially violated any written Company policy, regardless of whether within or outside the scope of his authority;
- (4) shall have committed willful or intentional misconduct, gross negligence, or dishonest, fraudulent or unethical behavior, or other conduct involving serious moral turpitude in the performance of his duties hereunder;
- (5) shall have failed or refused to materially comply (to the best of his ability) with a specific direction of the Company, unless the Named Officer reasonably and in good faith believes such specific direction to be unlawful (in which case the Company's termination of the Named Officer's employment shall not be for Cause under this provision); or
- (6) engages in any conduct which breaches his fiduciary duty to the Company, which materially injures the integrity, character or reputation of the Company or which impugns Named Officer's own integrity, character or reputation so as to cause Named Officer to be unfit to act in the capacity of an executive officer of the Company.

A termination of employment by the Company for Cause under subparagraphs (2), (3), (4), (5) or (6) shall be effectuated by the Board giving the Named Officer written notice of the termination within 30 days of the event constituting Cause, or such longer period as the parties may agree, setting forth in reasonable detail the specific conduct of the Named Officer that constitutes Cause, the specific provisions of the Form Employment Agreement on which the Company relies and, to the extent such Cause is susceptible to cure, providing the Named Officer with a 30 day cure period. If such Cause is susceptible to cure and the Named Officer fails to remedy the condition within such 30 day cure period, the Company may terminate the Named Officer's employment within 30 days after the expiration of the cure period, and if the Company fails to so terminate the Named Officer's employment, any subsequent termination based upon the same underlying facts shall not constitute a termination for Cause.

Change in Control has the meaning given to it under the 2006 Zebra Technologies Corporation Incentive Compensation Plan; *provided, however*, a Change in Control under the Form Employment Agreement is not intended to be broader than the definition of a Change in Control event as defined by reference to the regulations under Section 409A of the Internal Revenue Code, and the severance payments payable under the Form Employment Agreement in the event of a Change in Control shall not be payable unless the applicable Change in Control constitutes a Change in Control event in accordance with Section 409A of the Internal Revenue Code and the regulations and guidance promulgated thereunder.

Disability means the Named Officer, as a result of illness or incapacity, shall be unable to perform substantially his required duties for a period of 180 consecutive days; *provided, however*, that if the Named Officer, after being unable to perform substantially his required duties for a period of less than 180 consecutive days as a result of illness or incapacity returns to active duty for less than 30 days, the period of such active duty will be disregarded in determining whether the 180 consecutive day threshold has been accumulated (although it will not be accumulated as part of the 180 day period).

Good Reason means the occurrence of any one of the following:

- (1) demotion of the Named Officer by the Company to a non-executive officer position (including a material diminution in the status of the Named Officer's responsibilities, authorities, powers or duties taken as a whole) or assignment to the Named Officer of any duties materially inconsistent with his position, status or responsibilities under this Agreement;
- (2) material breach of any provision of the Form Employment Agreement by the Company; or
- (3) decrease in the Named Officer's base salary as in effect on the date of the Named Officer's Form Employment Agreement in an amount equal to or greater than 10% (unless such decrease is applied on a proportionally equal basis to all executive officers of the Company) (an Applicable Decrease), but only if the Named Officer terminates his employment with the Company as a result of an Applicable Decrease within 15 business days of the later of (i) the effective date of the Applicable Decrease, or (ii) the Named Officer's actual knowledge of Applicable Decrease (Applicable Decrease Date). For clarification purposes, should the Named Officer fail to terminate his employment with the Company within 15 business days of the Applicable Decrease Date, such termination shall not constitute termination of employment by the Named Officer for Good Reason under this provision.

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A termination of employment by the Named Officer for Good Reason under subparagraph (1) or (2) shall be effectuated by giving the Company written notice of the termination within 30 days of the event constituting Good Reason, setting forth in reasonable detail the specific conduct of the Company that constitutes Good Reason and the specific provisions of the Form Employment Agreement on which Named Officer relies and providing the Company with a 30 day period during which it may remedy the condition constituting Good Reason. If the Company fails to remedy the condition within such 30 day period, the Named Officer must terminate his employment within 30 days after the expiration of the cure period, and if the Named Officer fails to so terminate his employment, any subsequent termination based upon the same underlying facts shall not constitute a termination for Good Reason.

**Under the Gustafsson Employment Agreement.**

As determined by the Board in its sole discretion, Mr. Gustafsson shall be deemed terminated for Cause if the Board terminates him after he:

- (1)

- shall have committed, been indicted of, or been convicted of, or admitted, plea bargained, entered a plea of no contest or nolo contendere to, any felony of any kind or a misdemeanor, or violated any laws, involving fraud, dishonesty or an act of moral turpitude;
- (2) shall have materially breached the Gustafsson Employment Agreement or certain other agreements between Mr. Gustafsson and the Company;
- (3) shall have materially violated any written Company policy, regardless of whether within or outside the scope of his authority;
- (4) shall have committed willful or intentional misconduct, gross negligence, or dishonest, fraudulent or unethical behavior, or other conduct involving serious moral turpitude in the performance of his duties hereunder;
- (5) shall have failed or refused to materially comply (to the best of his ability) with a specific direction of the Board, unless Mr. Gustafsson reasonably and in good faith believes such specific direction to be unlawful (in which case the Company's termination of Mr. Gustafsson's employment shall not be for Cause under this provision); or
- (6) engages in any conduct which breaches his fiduciary duty to the Company, which materially injures the integrity, character or reputation of the Company or which impugns Mr. Gustafsson's own integrity, character or reputation so as to cause Mr. Gustafsson to be unfit to act in the capacity of CEO of the Company.

A termination of employment by the Company for Cause under subparagraphs (2), (3), (4), (5) or (6) shall be effectuated by the Board giving Mr. Gustafsson written notice of the termination within 30 days of the event constituting Cause, or such longer period as the parties may agree, setting forth in reasonable detail the specific conduct of Mr. Gustafsson that constitutes Cause, the specific provisions of the Gustafsson Employment Agreement on which the Company relies and, to the extent such Cause is susceptible to cure, providing Mr. Gustafsson with a 30 day cure period. If such Cause is susceptible to cure and Mr. Gustafsson fails to remedy the condition within such 30 day cure period, the Company may terminate Mr. Gustafsson's employment within 30 days after the expiration of the cure period, and if the Company fails to so terminate Mr. Gustafsson's employment, any subsequent termination based upon the identical underlying facts and circumstances shall not constitute a termination for Cause.

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Disability means Mr. Gustafsson, as a result of illness or incapacity, shall be unable to perform substantially his required duties for a period of one hundred eighty (180) consecutive days; *provided, however*, that if Mr. Gustafsson, after being unable to perform substantially his required duties for a period of less than 180 consecutive days as a result of illness or incapacity returns to active duty for less than 30 days, the period of such active duty will be disregarded in determining whether the 180 consecutive day threshold has been accumulated (although it will not be accumulated as part of the 180 day period).

Good Reason means the occurrence of any one of the following:

- (1) demotion of Mr. Gustafsson by the Company to a lesser position (including a material diminution in the status of Mr. Gustafsson's responsibilities, authorities, powers or duties taken as a whole) or assignment to Mr. Gustafsson of any duties materially inconsistent with his position, status or responsibilities under the Gustafsson Employment Agreement;
- (2) material breach of any provision of the Gustafsson Employment Agreement by the Company; or

- (3) decrease in Mr. Gustafsson's base salary as in effect on the date of Mr. Gustafsson's Employment Agreement (unless such decrease is applied on a proportionally equal basis to all executive officers of the Company) (an "Applicable Decrease"), but only if Mr. Gustafsson terminates his employment with the Company as a result of an Applicable Decrease within fifteen (15) business days of the later of (i) the effective date of the Applicable Decrease, or (ii) Mr. Gustafsson's actual knowledge of Applicable Decrease ("Applicable Decrease Date"). For clarification purposes, should Mr. Gustafsson fail to terminate his employment with the Company within fifteen (15) business days of the Applicable Decrease Date, such termination shall not constitute termination of employment by Mr. Gustafsson for Good Reason under this provision.

A termination of employment by Mr. Gustafsson for Good Reason under subparagraph (1) or (2) shall be effectuated by giving the Company written notice of the termination within 30 days of the event constituting Good Reason, setting forth in reasonable detail the specific conduct of the Company that constitutes Good Reason and the specific provisions of the Gustafsson Employment Agreement on which Mr. Gustafsson relies and providing the Company with a 30 day period during which it may remedy the condition constituting Good Reason. If the Company fails to remedy the condition within such 30 day period, Mr. Gustafsson must terminate his employment within 30 days after the expiration of the cure period, and if Mr. Gustafsson fails to so terminate his employment, any subsequent termination based upon the same underlying facts shall not constitute a termination for Good Reason.

**Under the Kaplan Consulting Agreement.**

"Change in Control" means:

- (1) *A Change in the Ownership of the Company.* A change in ownership of the Company shall occur on the date that any one person, or more than one person acting as a Group (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or Group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; provided, however, that, if any one person, or more than one person acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company;
- (2) *A Change in the Effective Control of the Company.* A change in the effective control of the Company occurs on the date that any one person, or more than one person acting as a Group (as defined below), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company; or

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- (3) *A Change in the Ownership of a Substantial Portion of the Company's Assets.* A change in the ownership of a substantial portion of the Company's assets occurs on the date that any one person, or more than one person acting as a Group (as defined below), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total Gross Fair Market Value (as defined below) equal to or more than 40% of the total Gross Fair Market Value of all of the assets of the Company immediately prior to such acquisition or acquisitions; *provided, however*, that, a transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to:

- (a) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

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- (b) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;
- (c) a person, or more than one person acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or
- (d) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in clause (c) of this paragraph (3).

□Gross Fair Market Value□ means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

□Group□ shall have the meaning ascribed to such term in Treas. Reg. Sections 1.409A-3(i)(5)(v)(B), (vi)(D) or (vii)(C), as applicable.

□Ownership□, for purposes of stock ownership under the definition of Change of Control, means stock ownership as determined under Section 409A of the Internal Revenue Code.

**Under the 2008 Stock Option Award Agreements.**

□Cause□ means, as determined by the Company, in its sole discretion, termination of the Named Officer□s employment with the Company or any subsidiary of the Company because of:

- (1) the Named Officer□s material breach of the stock option agreement or of any other agreement to which the Named Officer and the Company are parties, as determined by the Compensation Committee in good faith; or
- (2) material violation of Company policy, regardless of whether within or outside of his or her authority; or
- (3) willful or intentional misconduct; gross negligence; or dishonest, fraudulent, or unethical behavior; or other conduct involving serious moral turpitude, by the Named Officer in the performance of his or her duties; or
- (4) dishonesty, theft or conviction of any crime or offense involving money or property of the Company or any of its subsidiaries; or
- (5) breach of any fiduciary duty owing to the Company or any subsidiary of the Company; or
- (6) unauthorized disclosure of confidential Information or unauthorized dissemination of Company materials; or
- (7) conduct that is, or could reasonably be expected to be, materially harmful to the Company or any of its subsidiaries or affiliates, as determined by the Compensation Committee in good faith.

□Change in Control□ has the meaning given to it under the 2006 Zebra Technologies Corporation Incentive Compensation Plan.

□Disability□ has the meaning given to it under the 2006 Zebra Technologies Corporation Incentive Compensation Plan.

□Retire□ means the Named Officer□s voluntary termination of employment with the Company and/or any of its subsidiaries after attaining either (1) age 55 with 10 complete years of service or more with the Company and/or any of its subsidiaries; or (2) age 65.

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**Under the 2008 Restricted Stock Award Agreements.**

Cause has the meaning given to it in the Form Employment Agreement.

Change in Control has the meaning given to it under the 2006 Zebra Technologies Corporation Incentive Compensation Plan.

Good Reason has the meaning given to it in the Form Employment Agreement.

**Under the 2006 Zebra Technologies Corporation Incentive Compensation Plan.**

Change in Control means, unless the Compensation Committee provides otherwise in the award agreement, the occurrence of any of the following events:

- (1) Any Person (as such term is used in Sections 13(d) and 14(d) of Securities Exchange Act of 1934, as amended (the Exchange Act)), including a group as defined in Section 13(d)(3) of the Exchange Act, is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act, except that a Person shall be deemed to have beneficial ownership of all shares that any such Person shall be deemed to have the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than thirty five percent (35%) of the total voting power of the then outstanding voting equity securities of the Company entitled to vote generally in the election of directors (Outstanding Company Voting Securities) *provided, however*, that a Person shall not be deemed the beneficial owner of shares tendered pursuant to a tender or exchange offer made by that Person or any Affiliate of that Person until the tendered shares are accepted for purchase or exchange; *provided, further*, that a Change in Control shall not be deemed to occur as a result of (i) any acquisition of equity securities by the Company, (ii) any acquisition of equity securities directly from the Company (including through an underwriter or other financial intermediary), other than (x) an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself directly acquired from the Company, or (y) in connection with the acquisition by the Company or its affiliates of a business, or (iii) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company;
- (2) Within any period of 24 consecutive months, persons who were members of the Board of Directors of the Company immediately prior to such 24-month period, together with any persons who were first elected as directors (other than as a result of any settlement of a proxy or consent solicitation contest or any action taken to avoid such a contest) during such 24-month period by or upon the recommendation of persons who were members of the Board of Directors of the Company immediately prior to such 24-month period and who constituted a majority of the Board of Directors of the Company at the time of such election (Incumbent Directors), cease to constitute a majority of the Board;
- (3) The approval by the shareholders of the Company of a complete liquidation or dissolution of the Company other than to a corporation which would satisfy the requirements of sub-clauses (a), (b) and (c) of clause (4) of this definition of Change in Control;

assuming for this purpose that such liquidation or dissolution was a Business Combination; or

- (4) Consummation of a reorganization, merger or consolidation of the Company or any direct or indirect subsidiary of the Company or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (a) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such Business Combination (which shall include for these purposes, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of Outstanding Company Voting Securities, (b) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination and any Person beneficially owning, immediately prior to such Business Combination, directly or indirectly, 35% or more of the Outstanding Company Voting Securities) beneficially owns, directly or indirectly, 35% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors, and (c) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were Incumbent Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

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**Disability** means, unless otherwise provided for in the award agreement or an employment, Change in Control or similar agreement in effect between the Named Officer and the Company or a subsidiary of the Company, (i) in the case of an employee, the employee qualifying for long-term disability benefits under any long-term disability program by the Company or subsidiary in which the employee participates, and (ii) in the case of a director or consultant, the inability of the director or consultant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than 12 months, as determined by the Compensation Committee, based upon medical evidence.

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**ZEBRA TECHNOLOGIES CORPORATION**  
**475 HALF DAY ROAD, SUITE 500**  
**LINCOLNSHIRE, IL 60069**  
**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information prior to 11:59 PM Eastern Time on May 20, 2009. Please have your proxy card available when you access the



web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

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

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions prior to 11:59 PM Eastern Time on May 20, 2009. Please have your proxy card available when you call and then follow the instructions.

**VOTE BY MAIL**

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

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: M12959-P69198 KEEP THIS PORTION DETACH AND RETURN TO US

**PLEASE COMPLETE, SIGN AND DATE THIS PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE.**

**ZEBRA TECHNOLOGIES CORPORATION**

**The Board of Directors recommends a vote "FOR" Proposals 1 and 2.**

- 1. Election of Directors
  - Nominees:**
  - 01) Richard L. Keyser
  - 02) Ross W. Manire
  - 03) Dr. Robert J. Potter

**For Withhold For All** To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the name(s) of the nominee(s) on the line below.

o o o

**For Against Abstain**

- 2. Proposal to ratify Ernst & Young LLP as Independent Auditors

o o o

**The shares represented by this Proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder. If this Proxy is executed but no direction is given, the votes entitled to be cast by the undersigned will be cast "FOR" the nominees for director, "FOR" the proposal to ratify Ernst & Young LLP as independent auditors, and in the discretion of the Proxy holder on any other matter that may properly come before the meeting or any adjournment or postponement thereof.**

This Proxy is revocable and the undersigned may revoke it at any time prior to the Annual Meeting by giving written notice of such revocation to the Secretary of the Company prior to the meeting or by filing with the Secretary of the Company prior to the meeting a later-dated Proxy. If the undersigned is present and wants to vote in person at the Annual Meeting, or at any adjournment thereof, the undersigned may revoke this Proxy by giving written notice of such revocation to the Secretary of the Company on a form provided at the meeting. The undersigned hereby acknowledges receipt of a Notice of Annual Meeting of Stockholders of the Company called for May 21, 2009, and of the Proxy Statement for the Annual Meeting prior to the signing of this Proxy.

For address changes and/or comments, please check this box and write them on the back where indicated. o

NOTE: Please sign exactly as the name(s) appear above. For joint accounts, each owner should sign. When signing as executor, administrator, attorney, trustee, guardian or in another representative capacity, please give your full title. If a corporation or partnership, please sign in the name of the corporation or partnership by an authorized officer or person.

Signature  
[PLEASE  
SIGN Date  
WITHIN  
BOX]

Signature  
(Joint Date  
Owners)

**Please do not vote by more than one method. Your vote last received will be your official vote. If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on May 21, 2009:** The Company's Proxy Statement for the 2009 Annual Meeting of Stockholders and the Annual Report to Stockholders for the year ended December 31, 2008, are available at: <https://materials.proxyvote.com/989207>.

M12960-P69198

**ZEBRA TECHNOLOGIES CORPORATION  
Revocable Proxy**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF ZEBRA TECHNOLOGIES CORPORATION FOR USE ONLY AT THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 21, 2009, AND AT ANY ADJOURNMENT THEREOF.**

The undersigned stockholder of Zebra Technologies Corporation, a Delaware corporation (the "Company"), hereby appoints Anders Gustafsson and Noel Elfant as proxies for the undersigned, and each of them, with full power of substitution in each of them, to attend the Annual Meeting of Stockholders to be held at the Hilton Northbrook, 2855 N. Milwaukee Avenue, Northbrook, Illinois, on Thursday, May 21, 2009, at 10:30 a.m., Central Time, or any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Stockholder Meeting to be Held on May 21, 2009.**

**The Company's Proxy Statement for the 2009 Annual Meeting of Stockholders and the Annual Report to Stockholders for the year ended December 31, 2008, are available at: <https://materials.proxyvote.com/989207>.**

**Address Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark the corresponding box on the reverse side.)

(Continued on reverse side)