

UNIFI INC
Form DEF 14A
September 13, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

UNIFI, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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MAKERS OF REPREVE®
UNIFI, INC.

Notice of Annual Meeting

and

Proxy Statement

2016 Annual Meeting of Shareholders

October 26, 2016

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MAKERS OF REPREVE®

Unifi, Inc.

7201 West Friendly Avenue

Greensboro, North Carolina 27410

September 13, 2016

Dear Shareholder:

On behalf of the Board of Directors and the management of Unifi, Inc., I invite you to the 2016 Annual Meeting of Shareholders (the Annual Meeting). The Annual Meeting will be held at 8:30 a.m. (Eastern Time) on Wednesday, October 26, 2016 at The Roosevelt Hotel located at 45 East 45th Street & Madison Avenue, New York, New York 10017. Details regarding admission to the meeting and the business to be conducted are described in the accompanying Notice of 2016 Annual Meeting of Shareholders and Proxy Statement.

I hope that you will attend the Annual Meeting in person, but even if you are planning to come, I strongly encourage you to vote as soon as possible to ensure that your shares are represented at the meeting. The Proxy Statement explains more about voting. Please read it carefully.

Thank you for your continued support.

Sincerely,

Thomas H. Caudle, Jr.

President

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UNIFI, INC.

7201 West Friendly Avenue

Greensboro, North Carolina 27410

(336) 294-4410

Notice of 2016 Annual Meeting of Shareholders

The 2016 Annual Meeting of Shareholders (the Annual Meeting) of Unifi, Inc. (the Company) will be held at 8:30 a.m. (Eastern Time) on Wednesday, October 26, 2016 at The Roosevelt Hotel located at 45 East 45th Street & Madison Avenue, New York, New York 10017, for the purpose of voting on the following matters:

1. To elect the eight (8) directors nominated by the Board of Directors;
2. To approve the amendment to the Company s Restated Certificate of Incorporation to reduce the required minimum number of directors on the Board of Directors;
3. To approve, on an advisory basis, the compensation paid to the Company s named executive officers in fiscal 2016;
4. To ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for fiscal 2017; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors unanimously recommends a vote FOR Proposals 1, 2, 3 and 4. The persons named as proxies will use their discretion to vote on other matters that may properly arise at the Annual Meeting or any adjournment or postponement thereof.

Only shareholders of record as of the close of business on September 1, 2016 will be entitled to vote at the Annual Meeting. You may obtain directions to the Annual Meeting, where you may vote in person, by calling (336) 294-4410.

Your vote is important. Whether or not you plan to attend the Annual Meeting, you are encouraged to vote as soon as possible to ensure that your shares are represented at the meeting. If you received a hard copy of the proxy materials by mail, you may vote your shares by proxy using one of the following methods: (i) vote via the Internet; (ii) vote by telephone; or (iii) complete, sign, date and return your proxy card in the postage-paid envelope provided. If you received only a Notice of Internet Availability of Proxy Materials by mail, you may vote your shares at the Internet site address listed on your Notice. If you hold your shares through an account with a bank, broker or similar organization, please follow the instructions you receive from the holder of record to vote your shares.

By Order of the Board of Directors,

Ben Sirmons

Secretary and Assistant General Counsel

September 13, 2016

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Shareholders To Be Held on October 26, 2016:

The Notice of Annual Meeting and Proxy Statement and the 2016 Annual Report to Shareholders
are available at www.proxyvote.com.

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PROXY STATEMENT

The Board of Directors (the Board of Directors or the Board) of Unifi, Inc. (Unifi or the Company) is providing these materials to you in connection with the 2016 Annual Meeting of Shareholders (the Annual Meeting). The Annual Meeting will be held at 8:30 a.m. (Eastern Time) on Wednesday, October 26, 2016 at The Roosevelt Hotel located at 45 East 45th Street & Madison Avenue, New York, New York 10017.

General Information

Why am I receiving these materials?

You have received these materials because the Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. This Proxy Statement includes information that Unifi is required to provide you under the Securities and Exchange Commission rules and regulations (the SEC rules) and is designed to assist you in voting your shares.

What is a proxy?

The Board is asking for your proxy. This means you authorize persons selected by the Company to vote your shares at the Annual Meeting in the way that you instruct. All shares represented by valid proxies received and not revoked before the Annual Meeting will be voted in accordance with the shareholder s specific voting instructions.

Why did I receive a one-page notice regarding internet availability of proxy materials instead of a full set of proxy materials?

The SEC rules allow companies to choose the method for delivery of proxy materials to shareholders. For most shareholders, the Company has elected to mail a notice regarding the availability of proxy materials on the Internet (the Notice of Internet Availability), rather than sending a full set of these materials in the mail. The Notice of Internet Availability, or a full set of the proxy materials (including the Proxy Statement and form of proxy), as applicable, was sent to shareholders beginning September 13, 2016, and the proxy materials were posted on the investor relations portion of the Company s website, www.unifi.com, and on the website referenced in the Notice of Internet Availability on the same day. Utilizing this method of proxy delivery expedites receipt of proxy materials by shareholders and lowers the cost of the Annual Meeting. If you would like to receive a paper or e-mail copy of the proxy materials, you should follow the instructions in the Notice of Internet Availability for requesting copies.

What is included in these materials?

These materials include:

the Notice of Annual Meeting and Proxy Statement; and

the 2016 Annual Report to Shareholders, which contains the Company s fiscal 2016 audited consolidated financial statements. If you received printed copies of these materials by mail, these materials also include the proxy card or voting instruction form for the Annual Meeting.

What items will be voted on at the Annual Meeting?

There are four (4) proposals scheduled to be voted on at the Annual Meeting:

the election of the eight (8) directors nominated by the Board of Directors;

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the approval of the amendment to the Company's Restated Certificate of Incorporation to reduce the required minimum number of directors on the Board of Directors;

the approval, on an advisory basis, of the compensation paid to the Company's named executive officers in fiscal 2016; and

the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal 2017. The Board is not aware of any other matters to be brought before the Annual Meeting. If other matters are properly raised at the meeting, the proxy holders may vote any shares represented by proxy in their discretion.

What are the Board's voting recommendations?

The Board unanimously recommends that you vote your shares:

FOR the election of each of the eight (8) directors nominated by the Board of Directors;

FOR the approval of the amendment to the Company's Restated Certificate of Incorporation to reduce the required minimum number of directors on the Board of Directors;

FOR the approval, on an advisory basis, of the compensation paid to the Company's named executive officers in fiscal 2016; and

FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal 2017.

Who can attend the Annual Meeting?

Admission to the Annual Meeting is limited to:

shareholders of record as of the close of business on September 1, 2016;

holders of valid proxies for the Annual Meeting; and

invited guests.

Admission to the meeting will be on a first-come, first-served basis. Each shareholder may be asked to present valid photo identification, such as a driver's license or passport, and proof of stock ownership as of the record date.

When is the record date and who is entitled to vote?

The Board set September 1, 2016 as the record date. As of the record date, 18,018,445 shares of common stock, \$0.10 par value per share, of the Company (the Common Stock) were issued and outstanding. Shareholders are entitled to one vote per share of Common Stock outstanding on the record date on any proposal presented at the Annual Meeting.

What is a shareholder of record?

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A shareholder of record or registered shareholder is a shareholder whose ownership of Common Stock is reflected directly on the books and records of the Company's transfer agent, American Stock Transfer & Trust Company, LLC. If you hold Common Stock through an account with a bank, broker or similar organization, you are considered the beneficial owner of shares held in street name and are not a shareholder of record. For shares held in street name, the shareholder of record is your bank, broker or similar organization. The Company only has access to ownership records for the registered shares. If you are not a shareholder of record and you wish to attend the Annual Meeting, the Company will require additional documentation to evidence your stock ownership as of the record date, such as a copy of your brokerage account statement, a letter from your bank, broker or other nominee, or a copy of your voting instruction form or Notice of Internet Availability.

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How do I vote?

You may vote by any of the following methods:

In person. Shareholders of record and beneficial owners of shares held in street name may vote in person at the Annual Meeting. If you hold shares in street name, you must also obtain a legal proxy from the shareholder of record to vote in person at the meeting.

By phone or via the Internet. Shareholders of record may vote by proxy, by phone or via the Internet, by following the instructions included in the proxy card or Notice of Internet Availability provided or the instructions you receive by e-mail. If you are a beneficial owner of shares held in street name, your ability to vote by phone or via the Internet depends on the voting procedures of the shareholder of record (e.g., your bank, broker or other nominee). Please follow the directions included in the voting instruction form or Notice of Internet Availability provided to you by the shareholder of record.

By mail. Shareholders of record and beneficial owners of shares held in street name may vote by proxy by completing, signing, dating and returning the proxy card or voting instruction form provided.

How can I revoke my proxy or change my vote?

You may revoke your proxy or change your vote as follows:

Shareholders of record. You may revoke your proxy or change your vote at any time prior to the taking of the vote at the Annual Meeting by (i) submitting a written notice of revocation to the Company's Secretary at Unifi, Inc. c/o Secretary, 7201 West Friendly Avenue, Greensboro, North Carolina 27410; (ii) delivering a proxy bearing a later date using any of the voting methods described in the immediately preceding Q&A, including by phone or via the Internet, and until the applicable deadline for each method specified in the accompanying proxy card or voting instruction form or Notice of Internet Availability; or (iii) attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically make that request or vote in person at the meeting. For all methods of voting, the last vote cast will supersede all previous votes.

Beneficial owners of shares held in street name. You may change or revoke your voting instructions by following the specific directions provided to you by your bank, broker or other nominee, or, if you have obtained a legal proxy from your bank, broker or other nominee, by attending the Annual Meeting and voting in person.

What happens if I do not give specific voting instructions?

Shareholders of record. If you are a shareholder of record and you vote by proxy, by phone, via the Internet or by signing, dating and returning a proxy card, without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion for any other matters properly presented for a vote at the Annual Meeting.

Beneficial owners of shares held in street name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on that matter with respect to your shares. This is referred to as a broker non-vote.

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The election of directors, the approval of the amendment to the Company's Restated Certificate of Incorporation and the advisory vote to approve the compensation paid to the Company's named executive officers in fiscal 2016 are non-routine matters. Consequently, without your voting instructions, the organization that holds your shares cannot vote your shares on these proposals. The ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal 2017 is considered a routine matter.

What is the voting requirement to approve each of the proposals?

Proposal 1, Election of Directors. Directors shall be elected by the affirmative vote of a majority of the votes cast (meaning the number of shares voted for a nominee must exceed the number of shares voted against such nominee). If any nominee for director receives a greater number of votes against his or her election than votes for such election, our Restated By-laws provide that such person shall be deemed to have tendered to the Board his or her resignation as a director. There is no cumulative voting with respect to the election of directors.

Proposal 2, Approval of the Amendment to the Company's Restated Certificate of Incorporation. Approval of the amendment to the Company's Restated Certificate of Incorporation to reduce the required minimum number of directors on the Board of Directors requires the affirmative vote of a majority of the outstanding shares of Common Stock (meaning the number of shares voted for the proposal must represent a majority of the outstanding shares of Common Stock).

Proposal 3, Advisory Vote to Approve Named Executive Officer Compensation. Advisory approval of the compensation paid to the Company's named executive officers in fiscal 2016 requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted for the proposal must exceed the number of shares voted against such proposal).

Proposal 4, Ratification of the Appointment of Independent Registered Public Accounting Firm. Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal 2017 requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted for the proposal must exceed the number of shares voted against such proposal).

Other Items. Approval of any other matters requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted for the item must exceed the number of shares voted against such item).

What is the quorum for the Annual Meeting? How are abstentions and broker non-votes treated?

The presence, in person or by proxy, of the holders of a majority of the outstanding shares entitled to vote is necessary for the transaction of business at the Annual Meeting. Your shares are counted as being present if you vote in person at the Annual Meeting, by telephone, via the Internet, or by submitting a properly executed proxy card or voting instruction form by mail. Abstentions and broker non-votes are counted as present for the purpose of determining a quorum for the Annual Meeting.

With respect to Proposal 1, the election of directors, you may vote for or against each of the nominees for the Board, or you may abstain from voting for one or more nominees. Abstentions and broker non-votes are not considered votes cast for the foregoing purpose and will therefore have no effect on the election of director nominees.

With respect to Proposals 2, 3 and 4, the approval of the amendment to the Company's Restated Certificate of Incorporation, the advisory vote to approve the compensation paid to the Company's named executive officers in fiscal 2016 and the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal 2017, you may vote for, against or abstain from voting on these proposals. For Proposal 2, abstentions and broker non-votes will have the same effect as votes against the proposal. For Proposals 3 and 4, abstentions and broker non-votes are not considered votes cast for the foregoing purposes and will therefore have no effect on the vote for these proposals.

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Who are the proxy holders and how will they vote?

The persons named as attorneys-in-fact in the proxies, Thomas H. Caudle, Jr. and Sean D. Goodman, were selected by the Board and are officers, and with respect to Mr. Caudle, a director, of the Company. If you are a shareholder of record and return an executed and dated proxy card but do not provide specific voting instructions, your shares will be voted on the proposals as follows:

FOR the election of each of the eight (8) directors nominated by the Board of Directors;

FOR the approval of the amendment to the Company's Restated Certificate of Incorporation to reduce the required minimum number of directors on the Board of Directors;

FOR the approval, on an advisory basis, of the compensation paid to the Company's named executive officers in fiscal 2016; and

FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal 2017.

If other matters properly come before the Annual Meeting and you do not provide specific voting instructions, your shares will be voted in the discretion of the proxy holders.

Who pays for solicitation of proxies?

The Company is paying the cost of soliciting proxies and will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to shareholders and obtaining their votes. In addition to soliciting the proxies by mail and the Internet, certain of the Company's directors, officers and regular employees, without compensation, may solicit proxies personally or by telephone, facsimile and e-mail. The Company has retained Alliance Advisors, LLC to provide certain monitoring and vote reporting services, for which the Company has paid such firm a fee of \$5,000, and may request the firm to perform proxy solicitation services, for which the Company could incur additional costs of \$7,500, plus, in each case, reimbursement of expenses.

Where can I find the voting results of the Annual Meeting?

The Company will announce preliminary or final voting results at the Annual Meeting and publish final results in a Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") within four (4) business days of the completion of the meeting.

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The following table provides information about the beneficial ownership of the Company's Common Stock as of August 23, 2016, by each person known by the Company to beneficially own more than 5% of the outstanding shares of Common Stock as well as each director, nominee for director, named executive officer and all directors and executive officers as a group. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, (i) shares of Common Stock subject to options held by that person that are currently exercisable or exercisable within sixty (60) days of August 23, 2016 and (ii) shares of restricted stock units which vest within sixty (60) days of August 23, 2016 are deemed outstanding. These shares or units, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. The percentage ownership is based on 17,995,945 shares of Common Stock outstanding as of August 23, 2016. Except as otherwise indicated below, each of the persons named in the table has sole voting and investment power with respect to the securities indicated as beneficially owned by them, subject to community property laws where applicable. Unless otherwise indicated in the footnotes below, the address for each of the beneficial owners is c/o Unifi, Inc., 7201 West Friendly Avenue, Greensboro, North Carolina 27410.

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Ownership Percentage
5% Shareholders:		
Dimensional Fund Advisors LP	1,613,892 ⁽¹⁾	8.97%
BlackRock, Inc.	1,452,746 ⁽²⁾	8.07%
Kenneth G. Langone	1,240,666 ⁽³⁾	6.89%
Impala Asset Management LLC	1,147,241 ⁽⁴⁾	6.37%
Directors, Director Nominees and Named Executive Officers:		
R. Roger Berrier, Jr.	7,997 ⁽⁵⁾	*
Robert J. Bishop	1,191,100 ⁽⁶⁾	6.62%
Thomas H. Caudle, Jr.	70,539 ⁽⁷⁾	*
Paul R. Charron	12,774 ⁽⁸⁾	*
Archibald Cox, Jr.	166,800 ⁽⁹⁾	*
Sean D. Goodman	0	
William L. Jasper	218,754 ⁽¹⁰⁾	1.20%
James M. Kilts	6,903 ⁽¹¹⁾	*
Kenneth G. Langone	1,240,666 ⁽³⁾	6.88%
James D. Mead	9,435 ⁽¹²⁾	*
James M. Otterberg	0	
Suzanne M. Present	20,235 ⁽¹³⁾	*
Christopher A. Smosna	14,999 ⁽¹⁴⁾	*
Directors and executive officers as a group (11 persons)	2,952,205	16.40%

* Less than 1%.

- (1) This information is based upon a Schedule 13G/A filed with the SEC on February 9, 2016 by Dimensional Fund Advisors LP (Dimensional), whose address is Building One, 6300 Bee Cave Road, Austin, Texas 78746. The Schedule 13G/A reports that Dimensional has sole voting power over 1,579,182 shares, shared voting power over no shares and sole investment power over all of the shares shown. Dimensional provides investment advice to four registered investment companies and serves as

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investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (such investment companies, funds, trusts and accounts, collectively referred to as the Funds). In certain cases, subsidiaries of Dimensional may act as an adviser or sub-adviser to certain Funds. In its role as investment adviser, sub-adviser and/or manager, Dimensional or its subsidiaries may possess voting and/or investment power over the securities owned by the Funds and may be deemed to beneficially own these shares. However, all securities reported on the Schedule 13G/A are owned by the Funds, and Dimensional and its subsidiaries disclaim beneficial ownership of all of the shares shown.

- (2) This information is based upon a Schedule 13G/A filed with the SEC on January 27, 2016 by BlackRock, Inc. (BlackRock), whose address is 55 East 52nd Street, New York, New York 10055. The Schedule 13G/A reports that BlackRock has sole voting power over 1,418,182 shares, shared voting power over no shares and sole investment power over all of the shares shown.
- (3) Includes 130,000 shares owned by Invemed Associates LLC, in which Mr. Langone owns an 81% interest and of which Mr. Langone has shared voting and investment power; 30,000 shares owned by Mr. Langone s wife, as to which he has shared voting and investment power and of which Mr. Langone disclaims beneficial ownership; 22,968 shares that Mr. Langone has the right to receive pursuant to restricted stock units that will automatically convert into shares of Common Stock following termination of his services as a director; and 6,666 shares that Mr. Langone has the right to purchase pursuant to stock options that are currently exercisable.
- (4) This information is based upon a Schedule 13G/A filed with the SEC on February 12, 2016 by Impala Asset Management LLC, whose address is 107 Cherry Street, New Canaan, Connecticut 06840. The Schedule 13G/A reports that Impala Asset Management LLC has sole voting and investment power over all of the shares shown. Impala Asset Management LLC, in its capacity as the investment adviser or manager to various private funds, has the power to direct the investment activities of each of the private funds.
- (5) Includes 7,066 shares owned by the Julie Beamer Berrier Revocable Trust, as to which Mr. Berrier has shared voting and investment power.
- (6) Consists of 1,189,197 shares owned by Impala Asset Management LLC and Impala Asset Advisors LLC of which Mr. Bishop is the founder, managing principal and a member; and 1,903 shares that Mr. Bishop has the right to receive pursuant to restricted stock units that will automatically convert into shares of Common Stock following termination of his services as a director.
- (7) Includes 7,500 shares that Mr. Caudle has the right to receive pursuant to restricted stock units that will automatically convert into shares of Common Stock following termination of his employment with the Company; and 61,499 shares that Mr. Caudle has the right to purchase pursuant to stock options that are currently exercisable.
- (8) Includes 2,774 shares that Mr. Charron has the right to receive pursuant to restricted stock units that will automatically convert into shares of Common Stock following termination of his services as a director.
- (9) Includes 22,968 shares that Mr. Cox has the right to receive pursuant to restricted stock units that will automatically convert into shares of Common Stock following termination of his services as a director; and 6,666 shares that Mr. Cox has the right to purchase pursuant to stock options that are currently exercisable.
- (10) Includes 166,470 shares that Mr. Jasper has the right to purchase pursuant to stock options that are currently exercisable.
- (11) Includes 1,903 shares that Mr. Kilts has the right to receive pursuant to restricted stock units that will automatically convert into shares of Common Stock following termination of his services as a director.

- (12) Includes 3,086 shares that Mr. Mead has the right to receive pursuant to restricted stock units that will automatically convert into shares of Common Stock following termination of his services as a director; and 5,849 shares owned by Mr. Mead's wife, as to which he disclaims beneficial ownership.