

ACORN ENERGY, INC.  
Form PRE 14A  
June 10, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(RULE 14a-101)**

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

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

- [X] 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

**ACORN ENERGY, INC.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for  which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:



**ACORN ENERGY, INC.**

**3844 Kennett Pike**

**Wilmington, Delaware 19807**

**NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS**

To the Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Acorn Energy, Inc. (“Acorn Energy” or the “Company”) will be held at 1:00 pm, on July 21, 2016 at The Delaware Art Museum, 2301 Kentmere Parkway, Wilmington, Delaware 19806, for the following purposes, all as more fully described in the attached Proxy Statement:

- (1) election of five directors to hold office until the 2017 Annual Meeting and until their respective successors are elected and qualified;
- (2) approval of an amendment to the Company’s restated certificate of incorporation to authorize up to 8 million shares of preferred stock, which is referred to as the Preferred Shares proposal (the full text of the proposed amendment is attached as Annex A to the proxy statement accompanying this notice);
- (3) approval of an amendment to the Company’s restated certificate of incorporation to authorize a reverse split of the Company’s common stock at any time prior to July 21, 2017, at a ratio between one-for-ten and one-for-twenty, if and as determined by the Company’s Board of Directors, which is referred to as the Reverse Split proposal (the full text of the proposed amendment is attached as Annex B to the proxy statement accompanying this notice);
- (4) approval of any motion to adjourn the Annual Meeting from time to time, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the Annual Meeting to approve the Preferred Shares proposal and/or the Reverse Split proposal;
- (5) ratification of the selection by the Audit Committee of the Company’s Board of Directors of Friedman LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2016;
- (6) consideration of an advisory vote on the compensation of the Company’s named executive officers; and
- (7) such other business as may properly come before the Annual Meeting or any adjournment thereof.

You are cordially invited to attend the meeting in person.

The proxy is revocable by you at any time prior to its exercise and will not affect your right to vote in person in the event you attend the meeting or any adjournment thereof. The prompt return of the proxy will be of assistance in preparing for the meeting and your cooperation in this respect will be appreciated.

A copy of the Company's Annual Report for the year ended December 31, 2015 is enclosed.

*By Order of the Board of Directors,*

Wilmington, Delaware CHRISTOPHER E. CLOUSER  
June [\_\_\_], 2016 *Chairman*

**ACORN ENERGY, INC.**

**3844 Kennett Pike**

**Wilmington, Delaware 19807**

**PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JULY 21, 2016**

This proxy statement and the accompanying proxy are being furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of the Company for use in voting at the 2016 Annual Meeting of Stockholders (the “Annual Meeting”) to be held at 1:00 pm on July 21, 2016, at The Delaware Art Museum, 2301 Kentmere Parkway, Wilmington, Delaware 19806, and any adjournments thereof. Distribution to stockholders of this proxy statement and a proxy form is scheduled to begin on or about June [\_\_\_], 2016 to each stockholder of record at the close of business on June 7, 2016 (the “Record Date”).

Your vote is important. Whether or not you plan to attend the Annual Meeting, please take the time to vote your shares of common stock as soon as possible. You can ensure that your shares are voted at the meeting by submitting your proxy by Internet or by completing, signing, dating and returning the enclosed proxy in the envelope provided. Submitting your proxy will not affect your right to attend the meeting and vote. A stockholder who gives a proxy may revoke it at any time before it is exercised by voting in person at the Annual Meeting, by delivering a subsequent proxy or by notifying our corporate Secretary in writing of such revocation.

**INFORMATION ABOUT THE 2016 ANNUAL MEETING AND PROXY VOTING**

**What matters are to be voted on at the Annual Meeting?**

Acorn Energy intends to present the following proposals for stockholder consideration and voting at the Annual Meeting:

- (1) election of five directors to hold office until the 2017 Annual Meeting and until their respective successors are elected and qualified;

approval of an amendment to the Company's restated certificate of incorporation to authorize up to 8 million shares  
(2) of preferred stock, which is referred to as the Preferred Shares proposal (the full text of the proposed amendment is attached as Annex A to the proxy statement accompanying this notice);

approval of an amendment to the Company's restated certificate of incorporation to authorize a reverse split of the  
(3) Company's common stock at any time prior to July 21, 2017, at a ratio between one-for-ten and one-for-twenty, if and as determined by the Company's Board of Directors, which is referred to as the Reverse Split proposal (the full text of the proposed amendment is attached as Annex B to the proxy statement accompanying this notice);

approval of any motion to adjourn the Annual Meeting from time to time, if necessary or appropriate, to solicit  
(4) additional proxies in the event there are not sufficient votes at the time of the Annual Meeting to approve the Preferred Shares proposal and/or the Reverse Split proposal;

- (5) ratification of the selection by the Audit Committee of the Company's Board of Directors of Friedman LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2016;
- (6) consideration of an advisory vote on the compensation of the Company's named executive officers; and such other business as may properly come before the Annual Meeting or any adjournment thereof.

**What is the Board's recommendation?**

The Board of Directors recommends that you vote your shares FOR each of the director nominees in Proposal 1 and FOR each of Proposals 2, 3, 4, 5 and 6.

**Will any other matters be presented for a vote at the Annual Meeting?**

We do not expect that any other matters might be presented for a vote at the Annual Meeting. However, if another matter were to be properly presented, the proxies would use their own judgment in deciding whether to vote for or against the proposal.

**Who is entitled to vote?**

All Acorn Energy stockholders of record at the close of business on the Record Date are entitled to vote at the Annual Meeting. Each share outstanding on the Record Date will be entitled to one vote. There were [\_\_\_\_\_] shares outstanding on the Record Date.

**How do I vote my shares?**

If you are a stockholder of record, you may grant a proxy with respect to your shares by mail using the proxy included with the proxy materials. Stockholders who own their shares through banks, brokers or other nominees may grant their proxy by mail, by telephone or over the Internet in accordance with the instructions provided on the enclosed voting instruction form. Internet and telephone voting by beneficial owners will be available through 11:59 p.m. Eastern Daylight Time on July 20, 2016.

If you are a stockholder of record or a duly appointed proxy of a stockholder of record, you may attend the Annual Meeting and vote in person. However, if your shares are held in the name of a bank, broker or other nominee, and



you wish to attend the Annual Meeting to vote in person, you will have to contact your bank, broker or other nominee to obtain its proxy. Bring that document with you to the meeting.

All proxies submitted will be voted in the manner you indicate by the individuals named on the proxy. If you do not specify how your shares are to be voted, the proxies will vote your shares FOR all director nominees in Proposal 1 and FOR Proposals 2, 3, 4, 5 and 6.

**May I change or revoke my proxy after it is submitted?**

Yes, you may change or revoke your proxy at any time before the Annual Meeting by:

returning a later-dated proxy card;

attending the Annual Meeting and voting in person; or

sending your written notice of revocation to Christopher E. Clouser, our Chairman.

Your changed proxy or revocation must be received before the polls close for voting.

**What is a “quorum?”**

In order for business to be conducted at the Annual Meeting, a quorum must be present. A quorum will be present if stockholders of record holding a majority in voting power of the outstanding shares of our common stock entitled to vote at the Annual Meeting are present in person or are represented by proxies. For purposes of determining the presence or absence of a quorum, we intend to count as present shares present in person but not voting and shares for which we have received proxies but for which holders thereof have abstained. Furthermore, shares represented by proxies returned by a broker holding the shares in nominee or “street” name will be counted as present for purposes of determining whether a quorum is present, even if the broker is not entitled to vote the shares on matters where discretionary voting by the broker is not allowed (“broker non-votes”).

**What vote is necessary to pass the items of business at the Annual Meeting?**

Holders of our common stock will vote as a single class and will be entitled to one vote per share with respect to each matter to be presented at the Annual Meeting. With respect to Proposal 1, the five nominees for director receiving a plurality of the votes cast by holders of common stock, at the Annual Meeting in person or by proxy, will be elected to our Board. Approval of Proposals 2 and 3 requires the affirmative vote of a majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting in person or by proxy. Because approval is based on the affirmative vote of a majority of the outstanding shares, abstentions from voting, as well as broker non-votes, if any, will have the effect of votes being cast against proposals 2 and 3. Approval of Proposals 4, 5 and 6 requires the votes cast in favor of each such proposal to exceed the votes cast against such proposal. Abstentions from voting, as well as broker non-votes, if any, are not treated as votes cast and, therefore, will have no effect on Proposals 4, 5 and 6.

**Who pays the costs of this proxy solicitation?**

This solicitation of proxies is made by our Board of Directors, and all related costs will be borne by us. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners.

**What is the deadline for submission of stockholder proposals for the 2017 Annual Meeting?**

Proposals that our stockholders may wish to include in our proxy statement and form of proxy for presentation at our 2017 Annual Meeting of Stockholders must be received by or delivered to us at Acorn Energy, Inc., 3844 Kennett Pike, Wilmington, Delaware 19807, Attention: Secretary, no later than the close of business on February [\_\_\_], 2017.

Any stockholder proposal must be in accordance with the rules and regulations of the SEC. In addition, with respect to proposals submitted by a stockholder other than for inclusion in our 2017 proxy statement, our By-Laws have established advance notice procedures that stockholders must follow. Pursuant to the By-laws of the Company, stockholders who wish to nominate any person for election to the Board of Directors or bring any other business before the 2017 Annual Meeting must generally give notice thereof to the Company at its principal executive offices not less than 60 days nor more than 90 days before the date of the meeting. All nominations for director or other business sought to be transacted that are not timely delivered to the Company, or that fail to comply with the requirements set forth in the Company's By-Laws, will be excluded from the Annual Meeting, as provided in the By-Laws. A copy of the By-Laws of the Company is available upon request from the Secretary of the Company, 3844 Kennett Pike, Wilmington, Delaware 19807.

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

The preliminary voting results will be announced at the Annual Meeting. The final results will be published in our current report on Form 8-K to be filed with the Securities and Exchange Commission within four business days after the date of the Annual Meeting, provided that the final results are available at such time. In the event the final results are not available within such time period, the preliminary voting results will be published in our current report on Form 8-K to be filed within such time period, and the final results will be published in an amended current report on Form 8-K/A to be filed within four business days after the final results are available. Any stockholder may also obtain the results from the Secretary of the Company, 3844 Kennett Pike, Wilmington, Delaware 19807.

**INFORMATION ABOUT COMMUNICATING WITH OUR BOARD OF DIRECTORS**

**How may I communicate directly with the Board of Directors?**

The Board provides a process for stockholders to send communications to the Board. You may communicate with the Board, individually or as a group, as follows:

<b>BY MAIL</b>	<b>BY PHONE</b>
The Board of Directors	1-302-656-1707
Acorn Energy, Inc.	
Attn: Secretary	<b>BY EMAIL</b>
3844 Kennett Pike	c/o Christopher E. Clouser
Wilmington, Delaware 19807	<a href="mailto:cclouser@acornenergy.com">cclouser@acornenergy.com</a>

You should identify your communication as being from an Acorn Energy stockholder. The Secretary may require reasonable evidence that your communication or other submission is made by an Acorn Energy stockholder before transmitting your communication to the Board.

**OWNERSHIP OF THE COMPANY'S COMMON STOCK**

The following table and the notes thereto set forth information, as of June 7, 2016 (except as otherwise set forth herein), concerning beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of common stock by (i) each director of the Company, (ii) each executive officer (iii) all executive officers and directors as a group, and (iv) each holder of 5% or more of the Company's outstanding shares of common stock.

Name and Address of Beneficial Owner (1) (2)	Number of Shares of common stock Beneficially Owned (2)		Percentage of common stock Outstanding (2)	
Jan H. Loeb	980,343	(3)	4.3	%
John A. Moore	935,377	(4)	3.3	%
Mannie L. Jackson	832,620	(5)	3.0	%
Samuel M. Zentman	196,869	(6)	*	
Christopher E. Clouser	542,977	(7)	1.9	%
Edgar S. Woolard, Jr.	728,520	(8)	2.6	%
Michael Barth	97,175	(9)	*	
Joe Musanti	62,533	(10)	*	
Walter Czarnecki	35,000	(11)	—	
All executive officers and directors of the Company as a group (9 people)	4,411,415	(12)	15.0	%

\* Less than 1%

(1) Unless otherwise indicated, the address for each of the beneficial owners listed in the table is in care of the Company, 3844 Kennett Pike, Wilmington, Delaware 19807.

Unless otherwise indicated, each person has sole investment and voting power with respect to the shares indicated.  
 (2) For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given date which such person has the right to acquire within 60 days after such date. Percentage information is based on the 29,322,574 shares outstanding as of June 7, 2016.

(3) Consists of 962,843 shares held by Mr. Loeb and 17,500 currently exercisable warrants held by Leap Tide Capital Management LLC. Mr. Loeb is the sole manager of Leap Tide Capital Management LLC, with sole voting and dispositive power over the securities held by such entity. Mr. Loeb disclaims beneficial ownership of the securities held by e Leap Tide Capital Management LLC except to the extent of his pecuniary interest therein.

(4) Consists of 125,118 shares and 810,259 shares underlying currently exercisable options.

(5) Consists of 178,100 shares (held in a trust) and 188,933 shares underlying currently exercisable options.

(6) Consists of 61,445 shares and 135,424 shares underlying currently exercisable options.

(7) Consists of 293,500 shares (77,862 of which are held in a trust) and 249,477 shares underlying currently exercisable options.

(8) Consists of 550,000 shares and 178,520 shares underlying currently exercisable options. Mr. Woolard also owns 2,000 shares of Series A Preferred Stock of OMX Holdings Inc. representing a 20% interest in OMX Holdings Inc.

- (9) Consists of 48,842 shares and 48,333 shares underlying currently exercisable options. Mr. Barth also owns 36,731 shares of DSIT representing approximately 1.7% of DSIT's shares.
- (10) Consists of 9,200 shares and 53,333 shares underlying currently exercisable options.
- (11) Consists solely of currently exercisable options.
- (12) Consists of 2,981,792 shares, 1,709,279 shares underlying currently exercisable options and 17,500 shares underlying currently exercisable warrants.

## **PROPOSAL 1**

### **ELECTION OF DIRECTORS**

Our Board of Directors currently consists of seven seats, including one vacancy. The Board of Directors has nominated Christopher E. Clouser, Jan H. Loeb, Mannie L. Jackson, Edgar S. Woolard, Jr., and Samuel M. Zentman, all current Directors, for election as directors at the Annual Meeting to serve until the 2017 Annual Meeting and until their successors have been duly elected and qualified. The nominees were selected by our Board of Directors. All nominees have consented to be named as such and to serve if elected. If these five nominees are elected at the Annual Meeting, our Board will have two vacancies.

With respect to the election of directors, stockholders may vote in favor of all nominees, withhold their votes as to all nominees or withhold their votes as to specific nominees. Stockholders cannot vote for more than the five nominees. Stockholders should specify their choices on the accompanying proxy card. If no specific instructions are given, the shares represented by a signed proxy will be voted FOR the election of all five of the Board's nominees. If any nominee becomes unavailable for any reason to serve as a director at the time of the Annual Meeting (which event is not anticipated), proxies will be voted in the discretion of the persons acting pursuant to the proxy for any nominee who shall be designated by the current Board of Directors as a substitute nominee.

Persons nominated in accordance with the notice requirements of our By-laws are eligible for election as directors of the Company. All nominations for director that are not timely delivered to us or that fail to comply with the requirements set forth in our By-laws will be excluded from the Annual Meeting, as provided in the By-laws. A copy of our By-laws can be obtained from our Secretary, 3844 Kennett Pike, Wilmington, Delaware 19807. Directors will be elected at the Annual Meeting by a plurality of the votes cast (i.e., the five nominees receiving the greatest number of votes will be elected as directors).

### **Nominees for Election**



**Christopher E. Clouser** was appointed to the Board in November 2011 and became Chairman in November 2012. He is also a member of our Audit Committee and serves on each of our subsidiary boards of directors or managers. Mr. Clouser has held senior level positions including: President of Burger King Brands; President and CEO of Preview Travel; CEO of the Minnesota Twins Major League Baseball Club; Senior Vice President & Chief Communications Officer of Northwest Airlines; Corporate Vice President of Public Affairs and Communications of Hallmark Cards; and Senior Vice President and Chief Administrative Officer of Sprint. In addition, he has served on the corporate Boards of Directors of Piper Jaffray Inc., Gibson Guitar/Baldwin Corp., Mall of America, Pepsi Americas, Marquette Bancshares, Delta Beverage and Mesaba Aviation. He is the immediate past chair of the Board and executive committee of the International Tennis Hall of Fame. He serves on the Advisory Boards Fila, Northstar, Mall of America and VML corporations. Prior to his current positions, he was President of the Association of Tennis Professions (ATP), where he also served as Chairman of ATP Properties and Chair of the ATP Foundation.

*Key Attributes, Experience and Skills.* Mr. Clouser brings to Acorn a wealth of operational and managerial experience culled from decades of service in key roles at major corporations. He has particular skills in marketing and business development, which will enable the Board to better position our companies for customer growth.

**Jan H. Loeb** has served as our President and CEO since January 28, 2016. He was appointed to our Board in August 2015 pursuant to the terms of our Loan and Security Agreement with Leap Tide Capital Partners III, LLC (the “Leap Tide Loan Agreement”). He was also appointed to the Board of our DSIT subsidiary in August 2015 pursuant to the terms of the Leap Tide Loan Agreement. Mr. Loeb serves as the President of Leap Tide Capital Management, Inc. He has been the Managing Member of Leap Tide Capital Management LLC since 2007. From 2005 to 2007, he served as the President of Leap Tide’s predecessor, Leap Tide Capital Management Inc., which was formerly known as AmTrust Capital Management Inc. He served as a Portfolio Manager of Chesapeake Partners from February 2004 to January 2005. From January 2002 to December 2004, he served as Managing Director at Jefferies & Company, Inc. From 1994 to 2001, he served as Managing Director at Dresdner Kleinwort Wasserstein, Inc. (formerly Wasserstein Perella & Co., Inc.). He was Research Analyst at Dresdner Kleinwort, Research Division. He has been a Director of Gyrotron Technology, Inc. since July 2014. He has been a Director of TAT Technologies, Ltd. since August 2009. He served as a Lead Director of American Pacific Corporation from July 8, 2013 to February 27, 2014, and also served as its Director from January 1997 to February 27, 2014. He served as an Independent Director of Pernix Therapeutics Holdings Inc. (formerly, Golf Trust of America, Inc.) from 2006 to August 31, 2011.

*Key Attributes, Experience and Skills.* Mr. Loeb brings to the Acorn Board significant financial expertise, cultivated over more than 30 years of money management and investment banking experience, together with a background in public company management and audit committee experience.

**Mannie L. Jackson** was elected to the Board in September 2012. Mr. Jackson played professional basketball for a brief time before starting his business career at General Motors, Inc. He later served as President and General Manager of Honeywell’s Telecommunications Business and then as Corporate Executive VP of worldwide Sales and Marketing before retiring as a Corporate Officer and Senior Vice President in 1993. Mr. Jackson helped found and chaired the Executive Leadership Council which represents the most senior African American corporate executives in Fortune 500 companies and previously served on the Board of Directors of several Fortune 500 companies, including Ashland Inc., Reebok International, Stanley Works, Jostens and True North. Mr. Jackson is currently Chairman of privately held Boxcar Holdings, LLC, and a former owner and Chairman of the Board of the Harlem Globetrotters. He is also former Chairman of the Board of Trustees of the Naismith Basketball Hall of Fame and is a member of the University of Illinois Foundation Board of Directors.

*Key Attributes, Experience and Skills.* Mr. Jackson brings to the Board deep operational, strategic planning and senior managerial experience; as well as access to a network of domestic and international business relationships.

**Edgar S. Woolard Jr.** joined the Board in November 2014 and serves as a member of our Audit Committee. Mr. Woolard served as chairman and chief executive officer of DuPont from 1989 to 1995 and as chairman until 1997. He remained a director until his retirement from the board effective January 1, 2000. He also served as non-executive chairman of DuPont's Conoco Inc. subsidiary where he oversaw that company's IPO in 1998 and initiated its merger with Phillips Petroleum. He has served on the boards of the New York Stock Exchange, Inc., Telex Communications Inc., Apple Computer Inc., Citigroup, Inc., IBM, and Bell Atlantic, Delaware. He is also a former Chairman of the Business Council. He is a member of the National Academy of Engineering and the American Philosophical Society.

*Key Attributes, Experience and Skills.* Mr. Woolard brings to Acorn a distinguished background of operational and managerial experience at the highest levels of the energy industry, in addition to his outstanding and extensive service record of corporate management and oversight as a member of the boards of several major corporations.

**Samuel M. Zentman** has been one of our directors since November 2004 and currently serves as Chairman of our Audit Committee. From 1980 until 2006, Dr. Zentman was the president and chief executive officer of a privately-held textile firm, where he also served as vice president of finance and administration from 1978 to 1980. From 1973 to 1978, Dr. Zentman served in various capacities at American Motors Corporation. He holds a Ph.D. in Complex Analysis. Dr. Zentman serves on the board of Hinson & Hale Medical Technologies, Inc., as well as several national charitable organizations devoted to advancing the quality of education.

*Key Attributes, Experience and Skills.* Dr. Zentman's long-time experience as a businessman together with his experience with computer systems and software enables him to bring valuable insights to the Board. Dr. Zentman has a broad, fundamental understanding of the business drivers affecting our Company and also brings leadership and oversight experience to the Board.

**THE BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR EACH OF THE NOMINEES FOR ELECTION. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY OTHERWISE IN THEIR PROXIES.**

#### **Certain Information Regarding Directors and Officers**

In addition to the information set forth above about the Company's directors who have been nominated for election at the Annual Meeting, set forth below is additional information concerning such directors and certain officers of the Company:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Christopher E. Clouser	64	Director, Chairman of the Board and member of our Audit Committee
Jan H. Loeb	57	President, Chief Executive Officer and Director
Mannie L. Jackson	77	Director and member of our Audit Committee
Edgar S. Woolard Jr.	82	Director
Samuel M. Zentman	71	Director and Chairman of our Audit Committee
Joseph Musanti	58	Chief Operating Officer of the Company, Chief Executive Officer and President of GridSense
Michael Barth	55	Chief Financial Officer of the Company

Walter Czarnecki 37 President and CEO of OmniMetrix

**Joe Musanti** was elected Chief Operating Officer of the Company in January 2014 and also serves as President and CEO of GridSense. He previously served as GridSense's Chief Operating Officer and Chief Financial Officer, OmniMetrix's President and CEO, and USSI's Chief Financial Officer. Mr. Musanti currently serves on the Board of Directors of GridSense and was previously chairman of the USSI board. Prior to these management roles, he served on the Company's Board from September 2007 until December 2012. Mr. Musanti had also been the General Manager/CFO of Main Tape, a leading manufacturer of surface protection film and paper products, based in Cranbury, New Jersey. Prior to the acquisition of Film Tech Inc. and their merger into Main Tape in 2010 Mr. Musanti served as President of Main Tape Inc. From 2003 to 2006, prior to becoming its President, Mr. Musanti served as Vice President of Finance of Main Tape. Prior to that, Mr. Musanti was Vice President Finance of Rheometric Scientific, Inc., a manufacturer of thermal analytical instrumentation products where he held significant domestic and foreign, operational, managerial, financial and accounting positions.

**Michael Barth** has been our Chief Financial Officer and the Chief Financial Officer of DSIT since December 2005. For the six years prior, he served as Deputy Chief Financial Officer and Controller of DSIT. Mr. Barth holds an MBA in Accounting from Bernard M. Baruch College of the City University of New York. He is a Certified Public Accountant in both the U.S. and Israel and has over twenty-five years of experience in public and private accounting.

**Walter Czarnecki** serves as President and CEO of OmniMetrix. Mr. Czarnecki has over a decade of management, strategy and P&L leadership experience building high-growth companies in technology and energy across global markets. Prior to his appointment at OmniMetrix, Walter served as Vice President of Business Development at Acorn, and previously as Director of Corporate Strategy at Ener1, Inc., a maker of lithium-ion energy storage solutions for electric vehicles, grid storage and military applications. There he negotiated and managed Ener1's joint venture with China's largest Tier I auto parts supplier, Wanxiang, a \$26 billion global conglomerate. Prior to Ener1, Walter spent four years in Beijing, where he led the Energy Technology team for China Renaissance Partners, a Chinese investment bank with over \$26 billion in transactions. Prior to China Renaissance, Walter established the University of Maryland's China strategy and increased revenue by \$3.6 million. He began his career at Lehman Brothers Investment Banking in New York. Walter holds an MBA in Finance from the Wharton School. In 2015, Walter was named in Wharton's 40 Under 40 list.

Biographical information about the Company's directors who have been nominated for election at the Annual Meeting is set forth above under "Nominees for Election."

## **CORPORATE GOVERNANCE MATTERS**

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. These persons are also required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. Further, we have implemented measures to assure timely filing of Section 16(a) reports by our executive officers and directors. Based solely on our review of such forms or written representations from certain reporting persons, we believe that during 2015 our executive officers and directors complied with the filing requirements of Section 16(a).

### **Board Composition and Director Independence**

Our Board of Directors is composed of one class, with seven Board seats, one of which is vacant, and six directors serving until their reelection or replacement at the 2016 Annual Meeting of Stockholders. One current Director, John A. Moore, is not standing for re-election as a Director at the Annual Meeting and will resign from the Board effective as of the date of the Annual Meeting. If the five nominees for Director are elected at the Annual Meeting, our Board will have two vacancies. Jan H. Loeb serves as both President and Chief Executive Officer as well as serving as a Member of our Board of Directors. Christopher E. Clouser serves as the Non-Executive Chairman of our Board. Applying the definition of independence provided under the NASDAQ rules, the Board has determined that with the exceptions of John A. Moore (who is not standing for re-election at the Annual Meeting) and Jan H. Loeb, all of the members of the Board of Directors are independent.

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

Christopher E. Clouser currently serves as the Non-Executive Chairman of our Board of Directors. The appointment of Mr. Clouser to this position demonstrates the Board's commitment to sound corporate governance by adopting the developing best practice among public companies toward retaining non-executive, independent Board leadership. The Board believes that having an independent director in the senior most Board leadership position best ensures that the Board's agenda will reflect the concerns of our stockholders. Furthermore, the Board believes that Mr. Clouser's extensive business experience and network will enable him to help position the Company for growth.

The Board believes Mr. Loeb's service as President and Chief Executive Officer and as a Member of our Board is appropriate because it bridges a critical gap between the Company's management and the Board, enabling the Board to benefit from management's perspective on the Company's business while the Board performs its oversight function. Further, the Board believes Mr. Loeb's significant ownership of Acorn Energy stock aligns his interests with those of Acorn Energy's stockholders.

Management is responsible for Acorn Energy's day-to-day risk management, and the Board's role is to engage in informed oversight. The entire Board performs the risk oversight role. Acorn Energy's Chief Executive Officer is a member of the Board of Directors, which helps facilitate discussions regarding risk between the Board and Acorn Energy's senior management, as well as the exchange of risk-related information or concerns between the Board and the senior management. Further, the independent directors periodically meet in executive session following regularly scheduled Board meetings to voice their observations or concerns and to shape the agendas for future Board meetings.

The Board of Directors believes that, with these practices, each director has an equal stake in the Board's actions and oversight role and equal accountability to Acorn Energy and its stockholders.

## **Meetings and Meeting Attendance**

During the fiscal year ended December 31, 2015, there were [\_\_] meetings of the Board of Directors. Our independent directors periodically meet in executive session as part of each regularly scheduled Board meeting. All incumbent directors attended 75% or more of the Board meetings and meetings of the committees on which they served during the last fiscal year. Directors are encouraged to attend the annual meeting of stockholders. All of the directors then serving attended our most recent annual meeting in 2014.

## **Audit Committee; Audit Committee Financial Expert**



The Company has a separate designated standing Audit Committee established and administered in accordance with SEC rules. The three members of the Audit Committee are Samuel M. Zentman, Christopher E. Clouser and Edgar S. Woolard. The Board of Directors has determined that each member of the Audit Committee meets the independence criteria prescribed by NASDAQ governing the qualifications for audit committee members and each Audit Committee member meets NASDAQ's financial knowledge requirements. Our Board has determined that Dr. Zentman qualifies as an "audit committee financial expert," as defined in the rules and regulations of the SEC. During 2015, the Audit Committee met [\_\_] times. The charter of the Audit Committee is available on our website [www.acornenergy.com](http://www.acornenergy.com) under the "Investor Relations" tab.

*Audit Committee Report.* The Audit Committee has (1) reviewed and discussed the audited financial statements with management; (2) discussed with the independent auditors the matters required to be discussed by the statement of Auditing Standard No. 16 as amended; and (3) received the written disclosures and the letter from the independent accountants required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2015, which was filed with the Securities and Exchange Commission on March 30, 2016.

THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF ACORN ENERGY, INC.

Samuel M. Zentman

Christopher E. Clouser

Edgar S. Woolard Jr.

### **Nominating Procedures**

Our Board does not have a standing nominating committee. We believe that not using a committee of the Board in the director nomination process fosters fuller active participation of all our directors in the process. Nominations to the Board must either be selected or recommended for the Board's selection by a majority of the Board's independent directors. The Board uses established policies and procedures for director nominations. The Board identifies potential director candidates from a variety of sources, including recommendations from current directors or management, recommendations of security holders, or any other source that the Board has deemed appropriate.

In considering candidates for the Board of Directors, the Board evaluates the entirety of each candidate's credentials, such as (i) business or other relevant experience; (ii) expertise, skills and knowledge; (iii) integrity and reputation; (iv) the extent to which the candidate will enhance the objective of having directors with diverse viewpoints and backgrounds; (v) willingness and ability to commit sufficient time to Board responsibilities; and (vi) qualification to serve on specialized board committees.

Our stockholders may recommend potential director candidates by contacting our corporate Secretary to receive a copy of the procedure to recommend a potential director candidate for consideration by the independent directors, who will evaluate recommendations from stockholders in the same manner that they evaluate recommendations from other sources.

### **Compensation Matters**

Our Board does not have a standing compensation committee. We believe that not using a committee of the Board in setting compensation policies and making compensation decisions fosters fuller active participation of all our directors in the process. The entire Board of Directors establishes the general compensation policies of our company, the specific compensation levels for each executive officer, and administers our equity compensation plans and practices.

All action with respect to the compensation of our executive officers is also approved or recommended for approval by a majority of our independent directors.

## **Code of Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to all our directors, officers and employees. This Code of Ethics is designed to comply with the Nasdaq marketplace rules related to codes of conduct. Our code of ethics may be accessed on the Internet at <http://www.acornenergy.com/rsc/docs/55.pdf>. We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of our code of ethics by posting such information on our website, at the Internet address specified above.

## **EXECUTIVE AND DIRECTOR COMPENSATION**

### **Compensation Discussion and Analysis**

*The following discussion and analysis of compensation arrangements of our named executive officers for the year ended December 31, 2015 should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion.*

**Compensation determinations.** Our executive compensation was previously administered by the Compensation Committee of the Board of Directors (the “Committee”). The members of the Committee in 2015 were Christopher E. Clouser (Chairman) and Mannie L. Jackson, both of whom were independent in accordance with NASDAQ’s requirement for independent Director oversight of executive officer compensation. The Committee was dissolved in October 2015. We believe that not using a committee of the Board in setting compensation policies and making compensation decisions fosters fuller active participation of all our directors in the process. In fulfilling its role, the Board (1) reviews periodically and approves the Company’s general philosophy concerning executive compensation and the components of the Company’s executive compensation program to align them with the Company’s compensation philosophy; (2) reviews and approves goals and objectives that it considers relevant to the compensation of the Company’s chief executive officer, evaluates his performance and sets the terms of his compensation; and (3) establishes the compensation of each of the Company’s other executive officers, as well approves employment agreements, severance agreements and change in control agreements for the Company’s chief executive officer and other executive officers. In addition, the Board administers and periodically evaluates the Company’s long-term and short-term incentive plans and employee benefit plans, together with the Company’s methodology for awarding equity-based and other incentive compensation to all non-executive employees (including

new hires) and other service providers and the levels of such compensation. All action with respect to the compensation of our executive officers is also approved or recommended for approval by a majority of our independent directors.

**Compensation objectives and philosophy.** Our executive compensation programs are designed to motivate and reward sustainable long-term performance, and a key component of our executive compensation is long-term incentives. This ensures that executive compensation aligns appropriately with long-term stockholder interests and the Company's performance. We periodically evaluate our executive compensation programs and make changes when necessary to ensure alignment with stockholder interests. The Board believes that the objectives of our executive compensation program are appropriate for a company of our size and stage of development and that our compensation policies and practices help meet those objectives.

**Compensation program.** The elements of our compensation program include base salary and performance-based cash bonuses, as well as long-term compensation in the form of stock options. The Board believes that our executive compensation program achieves an appropriate balance between fixed compensation and variable incentive compensation and pays for performance. The Board also believes that the Company's executive compensation program effectively aligns the interests of our executive officers with those of our stockholders by tying a significant portion of their compensation to the Company's performance and by providing a competitive level of compensation needed to recruit, retain and motivate talented executives critical to the Company's long-term success. The costs of our compensation programs are a significant determinant of our competitiveness. Accordingly, we are focused on ensuring that the balance of the various components of our compensation program is optimized to motivate employees to achieve our corporate objectives on a cost-effective basis.

In March 2012, the Compensation Committee engaged an independent compensation consultant ("Consultant") to assist it in reviewing our current executive compensation practices and recommend an overall compensation strategy for the executive officers of the Company, including assistance in reviewing the compensation to be included in a new employment agreement for Mr. Moore for 2013.

**Executive compensation for 2015.** Changes in each named executive officer's base compensation for 2015, together with the methodology for determining their respective bonuses, if any, are described below. The Boards of Directors of our subsidiary companies (DSIT, GridSense and OmniMetrix and USSI) determined the compensation of their own executive officers and other employees.

**John A. Moore.** Effective January 1, 2013, Mr. Moore and the Company entered into a new five-year Employment Agreement (the "2013 Agreement"). The Compensation Committee contracted in late 2011 with a compensation consultant previously utilized by the Board to assist in developing compensation under the extension of Mr. Moore's previous employment agreement, but ultimately decided as a part of a more comprehensive review of executive and Board compensation to interview and ultimately hire a different party. The original consultant's report was reviewed but not relied upon in developing Mr. Moore's compensation under the 2013 Agreement. As of March 1, 2012, the term of Mr. Moore's existing employment agreement had been amended to continue on a month-to-month basis in anticipation of negotiating and finalizing a new employment agreement. Mr. Moore offered a proposal for the terms of a new employment agreement and the end result was the product of arms' length negotiations between Mr. Moore and the Compensation Committee. The Compensation Committee retained outside legal counsel in connection with the negotiations with Mr. Moore, in addition to conferring with our then General Counsel concerning the agreement.

Because Mr. Musanti (at the time, a member of the Compensation Committee) had been retained by the Company for services to be performed in 2013 (as CFO and COO of GridSense and CFO of USSI) shortly before the date at which the 2013 Agreement was scheduled for approval by the Compensation Committee, Mr. Musanti recused himself from final deliberations regarding the 2013 Agreement. Since his recusal left the Committee with a single member, the 2013 Agreement was also considered and ratified by the Corporation's independent directors. The Consultant and our Compensation Committee used peer group benchmarking to assist in setting Mr. Moore's compensation. In so doing, they focused exclusively on market capitalization as the most representative statistic in developing the peer group comparison within the Energy Services Company sector for benchmarking Mr. Moore's position. As noted above, the Committee found the peer groups in the Consultant's report to be more relevant to the Company's business model. The Consultant relied on a regression analysis technique which adjusted the sample so that it was able to provide the Committee with more direct and relevant comparisons of data. Benchmarked items include salary, total cash compensation and total direct compensation. The data was used to ensure that Mr. Moore was paid at approximately the 50th percentile of benchmarked companies. Benchmarked companies included the following:

USEC Inc. (USU)

EnerNOC, Inc. (ENOC)

Echelon Corporation (ELON)

Warren Resources, Inc. (WRES)

Panhandle Oil and Gas Inc. (PHX)

Callon Petroleum Company (CPE)

Dawson Geophysical Company (DWSN)

Safeguard Scientifics, Inc. (SFE)

Endeavour International Corporation (END)

Goodrich Petroleum Corporation (GDP)

Oyo Geospace (GEOS)

Bill Barrett Corp. (BBG)

Itron Inc. (ITRI)

Ultra Petroleum Corp. (UPL)

Harris & Harris Group (TINY)

Hercules Technology Growth Capital (HTGC)

Energy Partners Ltd. (EPL)

The 2013 Agreement provided that Mr. Moore was to receive an annual cash bonus with respect to each year of up to one hundred percent (100%) of his aggregate base salary in such year, based upon the attainment of agreed upon personal and Company performance goals and milestones for the preceding fiscal year, as mutually determined by the Compensation Committee and Mr. Moore. The actual amount of any bonus payable by the Company to Mr. Moore was to be determined on a sliding scale based upon his attainment of such targets for the applicable fiscal year, such that the amount of any bonus payable by the Company would be directly proportional to the percentage of such target attained by Mr. Moore during the applicable year as reasonably determined by the Board in its good faith judgment. Mr. Moore agreed to reduce his salary to \$318,750 per annum effective October 16, 2013. Effective October 1, 2015, Mr. Moore agreed to defer payment of 30% of his salary until the completion of the sale of DSIT to Rafael. In 2015, \$23,906 of Mr. Moore's salary was deferred under this arrangement (all of which was paid to Mr. Moore upon the closing of the DSIT transaction in April 2016). Mr. Moore did not receive a bonus for 2014 or 2015.



**Benny Sela.** Mr. Sela's employment agreement provides for a base salary which is denominated in NIS and linked to Israeli Consumer Price Index ("CPI") which at December 31, 2011 was equivalent to approximately \$199,000 per annum. In September 2012, the board of directors of DSIT awarded Mr. Sela a 10% increase in annual compensation effective September 1, 2012. Effective January 1, 2014, Mr. Sela voluntarily reduced his annual base salary by approximately \$24,600 (10%). Mr. Sela's base salary is currently equivalent to approximately \$197,000 per annum. In addition to his base salary, Mr. Sela is also entitled to receive a bonus payment equal to 1.75% of DSIT's gross profit. In June 2013, DSIT and Mr. Sela agreed that future bonus payments would be further conditioned upon DSIT achieving certain EBITDA growth targets. Mr. Sela did not receive a bonus for 2014 or 2015. Mr. Sela's base compensation for 2015 decreased by approximately \$17,000 due to the net effect of currency exchange rates and contractual cost of living adjustments.

**Joseph E. Musanti.** Effective January 1, 2013, Mr. Musanti and GridSense entered into an Employment Agreement pursuant to which Mr. Musanti initially served as GridSense's CFO and COO and later became its President and CEO effective May 10, 2013. Pursuant to a letter agreement between GridSense and USSI, Mr. Musanti also served as USSI's CFO and USSI reimbursed GridSense for an agreed upon portion of Mr. Musanti's employee costs. A similar informal arrangement was in place between GridSense and OmniMetrix pursuant to which Mr. Musanti served as OmniMetrix's CEO through April 22, 2015. Mr. Musanti was named the COO of the Company effective January 7, 2014 and received a \$25,000 annual raise in his base compensation in connection with such election, which amount (together with associated employee costs) is funded entirely by Acorn. Mr. Musanti's employment is on an "at-will" basis and the Employment Agreement has no fixed term. It provides that GridSense's Board of Directors will set Mr. Musanti's base salary (which was \$250,000 for 2013, increased to \$275,000 for 2014) and contains an opportunity for him to earn an annual bonus which would be payable in arrears based on a targeted increase in gross profits for the combined (i.e., US and Australian affiliate) GridSense business over prior year (or a base year) results (which formula is subject to change by the Board in the future). He was also eligible under a letter agreement with USSI to a bonus based on the percentage, if any, by which USSI exceeded its projected gross revenues and operating income targets as set in its annual budget. Mr. Musanti did not receive a bonus from any company for 2014 or 2015.

**Stockholder input on executive compensation.** Stockholders can provide the Company with their views on executive compensation matters at each year's annual meeting through the stockholder advisory vote on executive compensation and during the interval between stockholder advisory votes. The Company welcomes stockholder input on our executive compensation matters, and stockholders are able to reach out directly to our independent directors by emailing to [cclouser@acornenergy.com](mailto:cclouser@acornenergy.com) to express their views on executive compensation matters.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
John A. Moore President and CEO (1)	2015	318,750	—	250,000 <sup>(2)</sup>	12,000 <sup>(3)</sup>	580,750
	2014	318,750	—	250,000 <sup>(4)</sup>	12,000 <sup>(3)</sup>	580,750
Joseph Musanti COO of Acorn, CEO and President of GridSense, CEO of OmniMetrix (5)	2015	275,000	—	—	—	275,000
	2014	275,000	—	36,750 <sup>(6)</sup>	—	311,750
Benny Sela CEO and President of DSIT	2015	197,921	—	—	37,168 <sup>(7)</sup>	235,089
	2014	214,582	—	—	40,276 <sup>(7)</sup>	254,858

(1) Mr. Moore resigned as President and CEO on January 28, 2016.

Represents the grant date fair value calculated in accordance with applicable accounting principles with respect to 469,131 stock options granted on January 1, 2015 with an exercise price of \$0.77. The fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions: (i) a risk-free interest rate of 2.17% (ii) an expected term of 9.5 years (iii) an assumed volatility of 62% and (iv) no dividends.

(3) Consists of automobile expense allowance.

Represents the grant date fair value calculated in accordance with applicable accounting principles with respect to 86,128 stock options granted on January 1, 2014 with an exercise price of \$4.07. The fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions: (i) a risk-free interest rate of 2.99% (ii) an expected term of 9.5 years (iii) an assumed volatility of 63% and (iv) no dividends.

(5) Mr. Musanti served as CEO of OmniMetrix through April 22, 2015.

Represents the grant date fair value calculated in accordance with applicable accounting principles with respect to 40,000 stock options granted on October 2, 2014 with an exercise price of \$1.68. The fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions: (i) a risk-free interest rate of 2.27% (ii) an expected term of 6.7 years (iii) an assumed volatility of 64% and (iv) no dividends.

(7) Consists of automobile fringe benefits and the gross-up value of income taxes on such benefits.

**Grants of Plan Based Awards**

Name	Grant Date
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		Number of Shares of Common Stock Underlying Options	Exercise Price of Options Awards (Per Share)	Grant Date Fair Value of Options Awards
John A. Moore	January 1, 2014	469,131	(1) \$ 0.77	\$250,000

(1)The options vest in twenty equal quarterly increments beginning on April 1, 2015.

## Employment Arrangements

The employment arrangements of each named executive officer and certain other officers are described below. From time to time, the Company has made discretionary awards of management options as reflected in the table above.

**John A. Moore** became our President and Chief Executive Officer in March 2006. Under the terms of the 2013 Agreement, Mr. Moore's initial base salary was set at \$425,000 per annum, and had been scheduled to increase to \$450,000 per annum on January 1, 2014, \$475,000 per annum on January 1, 2015, \$500,000 on January 1, 2016 and was to remain at that amount through the end of the term. Effective for the pay period commencing October 16, 2013, Mr. Moore and the Company amended the 2013 Agreement to provide for a fixed annual salary of \$318,750 (which amount represented a 25% reduction from his original 2013 base salary). The 2013 Agreement provided that commencing on January 1, 2014, and for each subsequent anniversary date of the term through the fourth anniversary (January 1, 2017), stock option awards having a value of \$250,000, based on a Black-Scholes model, were to be awarded to Mr. Moore. The 2013 Agreement also provided that in addition to annual stock option awards, the registrant and Mr. Moore were to discuss the terms of a mutually agreeable grant by the registrant to Mr. Moore of "Challenge Options" or "Challenge Shares" under the Corporation's 2006 Stock Incentive Plan based upon the future increase in the market capitalization of the Corporation's Common Stock. Any such grant was to be reflected in a separate contract executed between Mr. Moore and us. Under the 2013 Agreement, Mr. Moore was also entitled to (i) the employee benefits generally made available to the registrant's executive officers, (ii) short-term and long-term disability insurance for the benefit of Mr. Moore, and (iii) a monthly automobile expense allowance of \$1,000. In addition, we were required to contribute for each calendar year an amount equal to three percent (3%) of Mr. Moore's aggregate base salary to his 401(k) Plan, subject to applicable statutory limits. The Company reimbursed Mr. Moore \$15,000 for his legal expenses in connection with executing the 2013 Agreement.

The 2013 Agreement provided that Mr. Moore was to receive an annual cash bonus with respect to each year of up to one hundred percent (100%) of his aggregate base salary in such year, based upon the attainment of agreed upon personal and Company performance goals and milestones for the preceding fiscal year, as mutually determined by the Compensation Committee and Mr. Moore. The actual amount of any bonus payable by the Company to Mr. Moore was to be determined on a sliding scale based upon his attainment of such targets for the applicable fiscal year, such that the amount of any bonus payable by the Company was to be directly proportional to the percentage of such target attained by Mr. Moore during the applicable year as reasonably determined by the Board in its good faith judgment. Mr. Moore agreed to reduce his salary to \$318,750 per annum effective October 16, 2013. Mr. Moore further agreed to defer 30% of his salary effective October 1, 2015 until the consummation of the sale of DSIT to Rafael (all of which was paid to Mr. Moore upon the closing of the DSIT transaction in April 2016). Mr. Moore did not receive a bonus for 2014 or 2015. Mr. Moore resigned as President and Chief Executive Officer on January 28, 2016.

**Joseph Musanti** has served as CEO and President of GridSense since May 2013 and as CEO of OmniMetrix from July 2013 to April 2015. From January 2013 until May 2013, he served as the Chief Operating Officer and Chief Financial Officer of GridSense. From July 2013 until April 2014, he also served as President of OmniMetrix. He also served as the Chief Financial Officer of USSI from January 2013 until the suspension of its operations in March 2015. Effective January 7, 2014, he was elected Acorn's Chief Operating Officer. Mr. Musanti is party to an At-Will Employment, Confidential Information, Non-Solicitation and Invention Assignment Agreement effective as of January 1, 2013 with GridSense pursuant to which he initially was paid an annual salary of \$250,000 and received a one-time \$10,000 signing bonus that was paid in January 2013. For 2014, Mr. Musanti received a \$25,000 annual raise in his base compensation in connection with his election as the Company's COO, which amount (together with associated employee costs) is funded entirely by Acorn. OmniMetrix is also obligated to reimburse GridSense on a monthly basis a variable percentage of the total costs of employing Mr. Musanti based on the portion of his time devoted to their respective businesses. Pursuant to a side letter with GridSense, Mr. Musanti may earn an annual bonus. He is not entitled to a bonus from OmniMetrix. With respect to GridSense, unless otherwise determined by the Board, he is eligible for a bonus equal to 2% of the amount, if any, by which the actual gross profit of GridSense Inc. and its Australian affiliates (collectively, the "GridSense Business"), as determined for financial reporting purposes, for the applicable calendar year exceeds 105% of the greater of GridSense Business's gross profit earned in the year immediately prior to the applicable period or GridSense Business's gross profit earned in 2011. Mr. Musanti was not paid a bonus by GridSense for 2014 or 2015. His bonus eligibility at USSI was based on the percentage, if any, by which USSI exceeded its projected gross revenues and operating income targets as set in its annual budget. Mr. Musanti was not paid a bonus by USSI for 2014 or 2015.

**Benny Sela** has served as President and Chief Executive Officer of DSIT since July 1, 2007. Mr. Sela's employment agreement provided for a base salary which is denominated in NIS and is linked to the Israeli CPI which at December 31, 2011 was equivalent to approximately \$199,000 per annum. In September 2012, the board of directors of DSIT awarded Mr. Sela a 10% increase in annual compensation effective September 1, 2012. Effective January 1, 2014, Mr. Sela voluntarily reduced his annual base salary by approximately \$24,600 (10%). Mr. Sela's base salary in 2015 was equivalent to approximately \$197,000 per annum. In addition to his base salary, Mr. Sela is also entitled to receive a bonus payment equal to 1.75% of DSIT's gross profit. In June 2013, DSIT and Mr. Sela agreed that future bonus payments would be further conditioned upon DSIT achieving certain EBITDA growth targets. Mr. Sela did not receive a bonus for 2014 or 2015.

**Outstanding Equity Awards at 2015 Fiscal Year End**

The following tables set forth all outstanding equity awards made to each of the Named Executive Officers that were outstanding at December 31, 2015.

**OPTIONS TO PURCHASE ACORN ENERGY, INC. STOCK**

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
John A. Moore	200,000	—	5.11	March 4, 2018
	66,666	—	3.70	March 14, 2016
	30,000	20,000	(1) 7.57	December 13, 2022
	30,144	55,984	(2) 4.07	January 1, 2024
	70,369	398,762	(3) 0.77	January 1, 2025
Joseph Musanti	10,000	—	4.75	August 4, 2016
	10,000	—	5.00	June 10, 2017
	10,000	—	5.37	October 17, 2018
	10,000	—	8.83	September 11, 2019
	13,333	26,667	(4) 1.68	October 2, 2021
Benny Sela	10,000	—	4.09	December 28, 2017

(1) The options were to vest 2,500 each on March 13, June 13, September 13 and December 13 of each year 2016 through 2017. Following Mr. Moore's resignation, all 20,000 options vested immediately.

(2) The options were to vest approximately 4,306 each on January 1, April 1, July 1 and October 1 of each year 2016 through January 1, 2019. Following Mr. Moore's resignation, all 55,984 options vested immediately.

(3) The options were to vest approximately 23,457 each on January 1, April 1, July 1 and October 1 of each year 2016 through January 1, 2020. Following Mr. Moore's resignation, all 398,762 options vested immediately.

(4) The options vest 13,333 and 13,334 on October 2, 2016 and 2017, respectively.

**OPTIONS TO PURCHASE DSIT SOLUTIONS LTD. STOCK**

Name	Number of Securities	Number of Securities	Option Exercise	Option Expiration Date
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	Underlying Unexercised Options (#) Exercisable	Underlying Unexercised Options (#) Unexercisable	Price (\$)	
John A. Moore	—	—	—	—
Benny Sela	47,600	—	1.26	August 10, 2018
	19,336	—	2.40	(1) August 10, 2018
Joseph Musanti	—	—	—	—

(1) Exercise price is NIS 9.38 converted at the December 31, 2015 exchange rate of 3.902



**Option and Warrant Exercises**

None in 2015.

**Non-qualified Deferred Compensation**

The following table provides information on the executive non-qualified deferred compensation activity for each of our named executive officers for the year ended December 31, 2015.

Named Executive Officer	Executive Contributions in Last Fiscal Year (\$)	Registrant Contributions in Last Fiscal Year (\$)	Aggregate Earnings (Losses) in Last Fiscal Year (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
John A. Moore	\$ —	\$ —	\$ —	\$ —	\$ —
Benny Sela	8,228	40,563	(1) 29,878 (2)	—	1,039,342(3)
Joseph Musanti	—	—	—	—	—

(1) Represents a contribution to a manager's insurance policy. Such contributions are made on substantially the same basis as those made on behalf of other Israeli executives.

Represents the dollar value by which the aggregate balance of the manager's insurance policy as of December 31, (2)2015 is less than the sum of (i) the balance of the manager's insurance policy as of December 31, 2014, and (ii) the employer and employee contributions to the manager's insurance policy during 2015.

(3) Represents the aggregate balance of the manager's insurance policy as of December 31, 2015. Such amounts may be withdrawn only at retirement, death or upon termination under certain circumstances.

**Payments and Benefits Upon Termination or Change in Control**

*John A. Moore*

Under the terms of the 2013 Agreement with Mr. Moore, upon termination by the Company for cause (as defined in the agreement) and upon termination by Mr. Moore without good reason (as defined in the agreement), all compensation due to Mr. Moore under his agreement was to cease, except that Mr. Moore was to receive all accrued but unpaid base salary up to the date of termination, and reimbursement of all previously unreimbursed expenses. All vested and unexercised options granted by the Company as of the date of termination were to be exercisable in accordance with the terms of the applicable stock option plan and agreements, provided that Mr. Moore would have only three months to exercise such previously vested options. All options that had not vested as of the date of termination were to expire.