

Dorman Products, Inc.  
Form DEF 14A  
April 02, 2014

**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**  
**(Amendment No. )**

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 under §240.14a-12

**Dorman Products, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**Not Applicable**

**(Name of Person(s) Filing Proxy Statement, if Other Than The Registrant)**

Payment of Filing Fee (Check the appropriate box):

- x 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:

Notice of Annual Meeting of Shareholders

May 16, 2014

Dear Shareholder:

All shareholders of Dorman Products, Inc., a Pennsylvania corporation, referred to as we, our, us, and the Company herein, are cordially invited to attend the Annual Meeting of Shareholders to be held at the law offices of Blank Rome LLP, One Logan Square, 130 N. 18<sup>th</sup> Street, Philadelphia, Pennsylvania 19103 on Friday May 16, 2014 at 8:30 a.m., Eastern Daylight Time, for the following purposes:

To elect six directors, as described in the accompanying proxy statement.

To approve, on an advisory basis, the Company's executive compensation.

To approve the material terms of the performance goals under the Company's Executive Cash Bonus Plan and the Company's 2008 Stock Option and Stock Incentive Plan.

To ratify KPMG LLP as our independent registered public accounting firm for the 2014 fiscal year.

To transact any other business as may properly come before the annual meeting or any postponements or adjournments thereof.

Only shareholders of record as of the close of business on March 21, 2014, referred to as the record date, are entitled to notice of and to vote at the annual meeting and any postponements or adjournments thereof.

If the annual meeting is adjourned because of the absence of a quorum, those shareholders entitled to vote who attend the adjourned annual meeting, although constituting less than a quorum as provided herein, shall nevertheless constitute a quorum for the purpose of electing directors. If the annual meeting is adjourned for one or more periods aggregating at least fifteen (15) days because of the absence of a quorum, those shareholders entitled to vote who attend the reconvened annual meeting, if less than a quorum as determined under applicable law, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in this Notice of Annual Meeting of Shareholders.

The Notice of Internet Availability of Proxy Materials will be mailed to our shareholders of record on the record date on or about April 2, 2014, other than those shareholders who previously requested electronic or paper delivery of

proxy materials from us who will receive copies of the proxy materials as requested. The Notice of Internet Availability of Proxy Materials contains instructions on how to access an electronic copy of our proxy materials.

**Your vote is important. Whether or not you attend the meeting, we urge you to vote promptly.**

By Order of the Board of Directors

/s/ Thomas J. Knoblauch

THOMAS J. KNOBLAUCH  
Vice President, General Counsel and Assistant  
Secretary

Colmar, Pennsylvania

April 2, 2014

**Important Notice Regarding the Availability of Proxy Materials for the  
Shareholder Meeting to Be Held on May 16, 2014: The proxy statement, the form of proxy  
and the 2013 Annual Report to Shareholders are available at [www.proxyvote.com](http://www.proxyvote.com).**

**Dorman Products, Inc.**

**3400 East Walnut Street**

**Colmar, Pennsylvania 18915**

**Proxy Statement**

This proxy statement and the accompanying proxy are for the solicitation of proxies by the Board of Directors, referred to as the Board, of Dorman Products, Inc., a Pennsylvania corporation, referred to as we, our, us, and the Company herein, for use at our Annual Meeting of Shareholders to be held on Friday, May 16, 2014 at 8:30 a.m., Eastern Daylight Time, and any postponements or adjournments of the annual meeting. The annual meeting will be held at the law offices of Blank Rome LLP, One Logan Square, 130 N. 18<sup>th</sup> Street, Philadelphia, Pennsylvania 19103. This proxy statement, the accompanying proxy card and the 2013 Annual Report to Shareholders are posted on the Internet at [www.proxyvote.com](http://www.proxyvote.com) and the Notice of Internet Availability of Proxy Materials will be mailed to our shareholders on or about April 2, 2014. If you previously requested electronic or paper delivery of the proxy materials, you will be sent the proxy statement, the accompanying proxy card and the 2013 Annual Report to Shareholders on or about April 2, 2014.

The Board has fixed the close of business on March 21, 2014 as the record date for the determination of shareholders entitled to receive notice of, and to vote at, the annual meeting and any postponements or adjournments of the annual meeting. As of the close of business on the record date, there were 36,514,450 shares of our common stock, par value \$0.01 per share, outstanding. Shareholders have cumulative voting rights in the election of directors and one vote per share on all other matters to be presented at the annual meeting. Cumulative voting allows a shareholder to multiply the total number of shares that they are entitled to vote by the number of directors to be elected and to cast an equal number of votes for each of the six nominees, distribute their votes among as many nominees as they choose, or cast all their votes for one nominee.

A proxy is your legal designation of another person, also referred to as the proxy, to vote on your behalf. By properly signing and returning the proxy card or by voting by Internet or telephone, you are giving the persons who our Board designated as proxies the authority to vote your shares in the manner that you indicate on your proxy card or by voting by Internet or telephone.

At the annual meeting, shareholders will consider and vote upon:

- (i) the election of six directors, as described in this proxy statement;
- (ii) an advisory vote on executive compensation;
- (iii) the material terms of the performance goals under the Company's Executive Cash Bonus Plan and the Company's 2008 Stock Option and Stock Incentive Plan;
- (iv) the ratification of KPMG LLP as our independent registered public accounting firm for the 2014 fiscal year; and

- (v) such other business as may properly come before the annual meeting or any postponement or adjournment thereof.

The Board is not aware of any other matters that will come before the annual meeting or any postponement or adjournment thereof. If any other matters properly come before the meeting or any postponement or adjournment thereof, the persons designated as proxies intend to vote in accordance with their best judgment on such matters.

If you are a registered shareholder (that is, if your shares are registered in your name with our transfer agent), you can vote your shares in any of the following ways:

*Electronically via the Internet:* Go to [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions provided on the proxy card and outlined on the secure Web site.

*By telephone:* Call toll free 1-800-690-6903 and follow the instructions provided on the proxy card and on the recorded message.

*In writing:* Complete, sign and date your proxy card and return your proxy card by mail (for receipt by the day before the annual meeting) to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NJ 11717.

*In person:* If you are a shareholder of record as of the close of business on the record date, you may vote in person at the annual meeting.

If you are voting by proxy, cumulative voting can only be processed by utilizing the proxy card method of voting. Whether or not you plan to attend the annual meeting, we urge you to vote promptly using one of these methods to ensure your vote is counted.

Please note that although there is no charge to you for voting electronically via the Internet or by telephone, there may be costs associated with electronic or telephonic access such as usage charges of Internet service providers and telephone companies. We do not cover these costs; they are solely your responsibility.

If you vote electronically via the Internet or by telephone, you will need your control number (your control number can be found on the Notice of Internet Availability of Proxy Materials and your proxy card). Your vote electronically via the Internet or by telephone must be received by 11:59 p.m., Eastern Daylight Time, on May 15, 2014. If you vote electronically via the Internet or by telephone, you do not need to return your proxy card.

If you are a beneficial owner of shares held in street name (that is, if shares you own are registered in the name of your broker, bank or other nominee), you need to check the materials provided to you by your broker, bank or other nominee to determine how you may vote your shares. As a beneficial owner, you have the right to direct the broker, bank or other nominee holding your shares on how to vote the shares held in your account using the voting instructions received from such organization. The availability of Internet or telephone voting will depend on the voting process of your broker, bank or other nominee. Shares held in street name may be voted in person at the annual meeting only if you obtain a legal proxy from the broker, bank or other nominee giving you the right to vote the shares.

If you are a beneficial owner of shares held in street name and do not provide the broker, bank or other nominee that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the broker, bank or other nominee that holds your shares may generally





vote on routine matters but cannot vote on non-routine matters. If the broker, bank or other nominee 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 not be able to vote your shares on such matter, often referred to as a broker non-vote. The election of directors, the advisory vote on executive compensation and the approval of the material terms of the performance goals under the Company's Executive Cash Bonus Plan and the Company's 2008 Stock Option and Stock Incentive Plan are considered non-routine under applicable regulatory rules. The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2014 fiscal year is considered routine under applicable regulatory rules.

If you are a participant in the Dorman Products, Inc. 401(k) Retirement Plan and Trust, referred to as the 401(k) Retirement Plan, and shares of common stock of the Company are credited to your plan account, you have the right to direct Vanguard Fiduciary Trust Company, trustee of the 401(k) Retirement Plan, on how to vote such shares. To provide instruction to the trustee on how to vote your plan shares, simply vote your plan shares in the manner described by the accompanying proxy card, which permits voting electronically via the Internet, by telephone or in writing. The trustee of the 401(k) Retirement Plan will have the votes of each participant tabulated by Broadridge and will vote the 401(k) Retirement Plan's shares on a basis proportionally consistent with the tabulated votes of such participants by submitting a final proxy card representing the plan shares for inclusion in the tally at the annual meeting. If you do not vote the plan shares credited to your account, the trustee will not have direction as to how to vote such shares and you will be treated as directing the trustee to vote your plan shares in the same proportion as the shares for which the trustee has received timely instruction from others who do vote. To allow sufficient time for the trustee to vote your plan shares, your vote must be received by 11:59 p.m., Eastern Daylight Time, on May 9, 2014.

Proxies may be revoked prior to being voted at the annual meeting. You may revoke a proxy before its exercise by filing written notice of revocation with Broadridge before the annual meeting (notice of revocation must be received by the day before the annual meeting). After voting, you may change your vote one or more times by completing and returning a later dated proxy to Broadridge, by voting again by Internet or telephone as described in this proxy statement, or by voting in person at the annual meeting. Attendance at the annual meeting will not in itself constitute a revocation of your proxy. You may request a new proxy card from Broadridge. The last vote received chronologically will supersede any prior votes. The deadline for registered shareholders to change their vote is 11:59 p.m., Eastern Daylight Time, on May 15, 2014 (mailed proxy cards must be received by the day before the annual meeting). All requests and correspondence with Broadridge should be mailed to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NJ 11717. If you are a beneficial owner of shares of common stock held in street name, please review the voting instructions provided by the broker, bank or other nominee holding your shares or contact such organization regarding how to change your vote. If you are a participant in the 401(k) Retirement Plan and shares of common stock of the Company are credited to your plan account, you may revoke a proxy before its exercise by filing written notice of revocation with Broadridge and you may change your vote one or more times by completing and returning a later dated proxy to Broadridge or by voting again by Internet or telephone as described in the accompanying proxy card. The deadline for participants in the 401(k) Retirement Plan to revoke or change their vote is 11:59 p.m., Eastern Daylight Time, on May 9, 2014 (notices of revocation and mailed proxy cards must be received by May 9, 2014).

If you are a registered shareholder and you return an executed proxy but do not specify how to vote, your shares will be voted: (i) FOR the election of the six nominees for director named in Proposal I Election of Directors of this proxy statement; (ii) FOR the advisory approval of the Company's executive compensation; (iii) FOR the approval of the material terms of the performance goals under the Company's Executive Cash Bonus Plan and the Company's 2008 Stock Option and Stock

Incentive Plan; and (iv) FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2014 fiscal year. If you return an executed proxy card with no further instructions on the election of directors, the persons named in the accompanying proxy card have discretionary authority to cumulate votes and to allocate such votes among some or all of the nominees recommended by the Board, although they have no present intention of doing so. The proxy also confers discretionary authority to vote with respect to any and all of the following matters that may come before the annual meeting: (i) matters to be presented at the annual meeting of which we did not have notice on or prior to February 13, 2014; (ii) approval of the minutes of the prior meeting of shareholders if such approval does not amount to ratification of the action taken at such meeting; (iii) the election of any person to any office for which a bona fide nominee named in this proxy statement is unable to serve or for good cause will not serve; (iv) any proposal omitted from this proxy statement and form of proxy pursuant to Rules 14a-8 or 14a-9 under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act ; and (v) matters incident to the conduct of the annual meeting.

If any other matters properly come before the annual meeting, the persons named in the accompanying proxy card will vote in accordance with their best judgment.

A quorum of shareholders is necessary to hold a valid annual meeting. Presence at the annual meeting in person or by proxy of the holders of a majority of our issued and outstanding common stock at the close of business on the record date is necessary to constitute a quorum. If the annual meeting is adjourned because of the absence of a quorum, those shareholders entitled to vote who attend the adjourned annual meeting, although constituting less than a quorum as provided herein, shall nevertheless constitute a quorum for the purpose of electing directors. If the annual meeting is adjourned for one or more periods aggregating at least 15 days due to the absence of a quorum, shareholders who are entitled to vote and who attend the adjourned annual meeting, even though they do not constitute a quorum at the adjourned meeting, will constitute a quorum for the purpose of acting on any matter described in the Notice of Annual Meeting of Shareholders.

The six director candidates who receive the most FOR votes will be elected to serve on the Board. Shareholders have cumulative voting rights in the election of directors. When voting for directors, shareholders may multiply the total number of shares that they are entitled to vote by the number of directors to be elected and may then cast an equal number of votes for each of the six nominees, distribute their votes among as many nominees as they choose, or cast all of their votes for one nominee. The advisory approval of the Company's executive compensation, the approval of the material terms of the performance goals under the Company's Executive Cash Bonus Plan and the Company's 2008 Stock Option and Stock Incentive Plan, the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2014 fiscal year, and the approval of any other business as may properly come before the annual meeting, or any postponement or adjournment thereof, will require the affirmative vote of the majority of the votes cast. Only votes FOR or AGAINST such proposals will be counted. Under Pennsylvania law, an abstention, withholding authority to vote or a broker non-vote is not considered a vote cast and therefore will have no effect on whether any of the proposals has received the required shareholder vote. All shares present in person or represented by proxy (including abstentions and broker non-votes) are counted for quorum purposes.

### **Governance of the Company**

***The Board of Directors and Director Independence.*** The Board currently consists of six members. The Board has four standing committees: (i) the Executive Committee; (ii) the Audit Committee; (iii) the Compensation Committee; and (iv) the Corporate Governance and Nominating Committee. The Lead Director serves on the Audit Committee, the Compensation Committee and the Executive Committee and as Chairman of the Corporate Governance and Nominating Committee.



The Board has determined that the following directors, constituting a majority of the members of the Board, are independent as defined in the applicable listing standards of The NASDAQ Stock Market, LLC, referred to as

NASDAQ : Paul R. Lederer, Edgar W. Levin, Robert M. Lynch and Richard T. Riley. John F. Creamer, Jr., a director of the Company from 1995 until his retirement from the Board on March 8, 2013, was also determined by the Board to be independent as defined in the applicable listing standards of NASDAQ.

Under applicable Securities and Exchange Commission, referred to as the SEC, and NASDAQ rules, the existence of certain related person transactions in excess of certain thresholds between a director and the Company are required to be disclosed and may preclude a finding by the Board that the director is independent. A director is not considered independent unless the Board affirmatively determines that the director has no material relationship with us that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. During the Board's review of director independence, no transactions or relationships between the Company and independent directors or any member of their immediate family (or any entity of which an independent director or an immediate family member is an executive officer, general partner or significant equity holder) were identified which would render the directors named above not independent.

**Board Leadership and Risk Management.** The Board does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the Board believes it is in the best interests of the Company to make that determination based on the position and direction of the Company and the membership of the Board. Steven L. Berman has served in the role of Chief Executive Officer and Chairman of the Board since January 2011. The Board has a Lead Director, Paul R. Lederer.

We have a relatively small board of directors, a majority of which is independent under the listing standards of NASDAQ. Each independent director has direct access to our Chairman and Chief Executive Officer and our Lead Director, as well as other members of the senior management team. We believe that having such direct access, along with the presence of a Lead Director, makes the separation of the principal executive officer and board chairman positions unnecessary. In our view, the independent Board members are capable of performing their duties without the expense and administrative layer associated with the separation of the principal executive officer and board chairman positions. The independent directors meet in executive session without management present at least quarterly.

The Board believes that the Company's Chief Executive Officer is best situated to serve as Chairman of the Board because of his familiarity with the Company's business and industry, and his ability to effectively identify strategic priorities and lead the discussion and execution of our corporate strategy. Independent directors and management have different views and roles in the development of a strategic plan. The Board believes that the combined role of Chairman of the Board and Chief Executive Officer promotes efficiency, strategy development and execution, and facilitates information flow between management and the Board, which are essential to effective governance. In addition, the Board believes the combined role of the Chairman of the Board and the Chief Executive Officer, together with an independent Lead Director having the duties described below, is in the best interest of shareholders because it provides the appropriate balance between strategy development and independent oversight of management.

The Board takes an active role, as a whole and at the committee level, in overseeing the management of the Company's risks. The Board regularly reviews information regarding the Company's operations, financial condition, and liquidity, as well as the risks associated with each. The Company's Audit Committee supervises the management of financial risks and potential conflicts of interests. The Company's Compensation Committee is responsible for overseeing the management of risks associated

with the Company's executive compensation plans and arrangements. The Corporate Governance and Nominating Committee manages risks associated with the independence of the Board and the duties and responsibilities of its members. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through attendance at committee meetings or committee reports about such risks. In addition, members of senior management periodically provide reports to the Board about their respective areas of responsibility and any risks associated with their areas. These reports include actions taken by senior management to monitor and control risks.

We believe that our leadership structure is appropriate given our management structure and operational characteristics.

**Lead Director.** As a matter of good corporate governance, the Board has adopted a practice of appointing a Lead Director. The Lead Director is charged with (i) presiding at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors; (ii) serving as a liaison between the Chairman of the Board and the independent directors; (iii) assisting the Chairman of the Board in setting the Board's schedules, agendas, and information flow; (iv) participating (in conjunction with the Compensation Committee) in the periodic evaluation and performance review of the Chief Executive Officer and other principal officers; (v) upon request and when appropriate, being available for consultation and communication with shareholders; (vi) communicating Board member feedback to the Chief Executive Officer; (vii) recommending to the Board the retention of advisors and consultants who report directly to the Board; (viii) overseeing the periodic evaluation of the Board and each committee thereof and their respective members; and (ix) performing such other duties as may be delegated by the Board from time to time. Based on his experience, qualifications, and skills more fully described below, the Board appointed Paul R. Lederer to serve as Lead Director.

### **Committees of the Board of Directors**

**Executive Committee.** From time to time, the Board may delegate to the Executive Committee the authority to supervise and direct certain matters involving the finances and business of the Company between meetings of the Board. Currently, Steven L. Berman and Paul R. Lederer serve on the Executive Committee.

**Audit Committee.** The Audit Committee, established in accordance with Section 3(a)(58)(A) of the Exchange Act, participates in the oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence, and (iv) the performance of the Company's independent auditors. The Audit Committee selects our independent registered public accounting firm, reviews such firm's procedures for ensuring their independence with respect to the services performed for us, approves all fees to be paid to the independent registered public accounting firm and pre-approves the professional services provided by the independent registered public accounting firm. The responsibilities of the Audit Committee are further described in the Audit Committee Charter, which was adopted by the Board and a copy of which is available on the Company's website at [www.dormanproducts.com](http://www.dormanproducts.com) and accessible via the Corporate Governance page.

As of the date of this proxy statement, Richard T. Riley (Chairman), Paul R. Lederer, Edgar W. Levin and Robert M. Lynch serve on the Audit Committee. Each member of the Audit Committee, in the opinion of the Board, is independent as defined under the applicable SEC rules and the listing standards of NASDAQ. The Board has determined that Mr. Riley qualifies as an audit committee financial expert as defined by the rules of the SEC.

**Compensation Committee.** The Compensation Committee is responsible for annually reviewing and approving the compensation of our Chief Executive Officer and all of our other executive officers. The Chief Executive Officer is not present during the discussion and approval of his compensation. The Compensation Committee also periodically reviews the compensation paid to our non-employee directors for annual retainers and meeting fees and makes recommendations to the Board for any adjustments. The Compensation Committee also administers the Company's incentive compensation plans and equity-based plans, including the Dorman Products, Inc. 2008 Stock Option and Stock Incentive Plan, referred to as the 2008 Stock Option and Stock Incentive Plan. The responsibilities of the Compensation Committee are further described in the Compensation Committee Charter, which was adopted by the Board and a copy of which is available on the Company's website at [www.dormanproducts.com](http://www.dormanproducts.com) and accessible via the Corporate Governance page.

As of the date of this proxy statement, Edgar W. Levin (Chairman), Paul R. Lederer, Robert M. Lynch and Richard T. Riley serve on the Compensation Committee. Each member of the Compensation Committee, in the opinion of the Board, is independent as defined under the applicable SEC rules and the listing standards of NASDAQ.

**Corporate Governance and Nominating Committee.** The Corporate Governance and Nominating Committee is responsible for evaluating and approving our plans, policies, programs, and principles with respect to corporate governance, especially as they relate to directors' duties and responsibilities. The Corporate Governance and Nominating Committee evaluates and reports to the Board on the performance and effectiveness of the Board to facilitate the directors fulfilling their responsibilities in a manner that serves the interest of our shareholders.

The Corporate Governance and Nominating Committee is also responsible for recommending qualified candidates to the Board for election as directors of the Company, and has recommended to the Board the slate of directors that the Board proposes for election by shareholders at the annual meeting. The responsibilities of the Corporate Governance and Nominating Committee are further described in the Corporate Governance and Nominating Committee Charter, which was adopted by the Board and a copy of which is available on the Company's website at [www.dormanproducts.com](http://www.dormanproducts.com) and accessible via the Corporate Governance page.

As of the date of this proxy statement, Paul R. Lederer (Chairman), Edgar W. Levin, Robert M. Lynch and Richard T. Riley serve on the Corporate Governance and Nominating Committee. Each member of the Corporate Governance and Nominating Committee, in the opinion of the Board, is independent as defined under the applicable SEC rules and the listing standards of NASDAQ.

### **Director Nomination Process**

**Corporate Governance and Nominating Committee.** The Corporate Governance and Nominating Committee is responsible for, among other matters, annually presenting to the Board a list of individuals recommended for nomination for election as directors at the annual meeting. The Corporate Governance and Nominating Committee assists the Board in identifying, interviewing and recruiting candidates as necessary for the Board. The Corporate Governance and Nominating Committee also has the authority as it deems appropriate to retain a professional search firm to identify and evaluate director candidates.

Before recommending a director, the Corporate Governance and Nominating Committee reviews his or her qualifications to determine whether the director candidate meets the qualifications described below. In the case of an incumbent director, the Corporate Governance and Nominating Committee also reviews the director's service to the Company during the past term, including the number of Board and

committee meetings attended, the quality of participation and whether the candidate continues to meet the qualifications for director as described below. After completing this evaluation, the Corporate Governance and Nominating Committee makes a formal recommendation to the full Board as to election or re-election of the candidate.

**Director Qualifications.** In order to be nominated for director, a director candidate must be a natural person at least eighteen (18) years of age. The Corporate Governance and Nominating Committee has not established specific education or years of business experience requirements for potential director nominees, but in general director qualifications include, among other factors, capability, availability to serve, conflicts of interest and moral character. Further, the Corporate Governance and Nominating Committee believes that the Board, as a whole, should include members who collectively bring the following strengths and backgrounds to the Board:

Experience as a Chief Executive Officer, President or principal officer of another company;

Senior-level experience in the automotive aftermarket or automotive parts industry generally or with companies that have similar business models;

Experience with overseas distribution operations; and

Strengths in the functional areas of finance, corporate governance, financial statement analysis, business operations and strategic planning, and mergers and acquisitions.

Additional criteria applies to directors being considered to serve on a particular committee of the Board. For example, members of the Audit Committee must meet additional standards of independence and have the ability to read and understand our financial statements.

The Corporate Governance and Nominating Committee uses a variety of methods to identify and evaluate nominees for director. Candidates may come to the attention of the committee through current and former Board members, management, professional search firms (to whom we pay a fee), shareholders or other persons. The Committee evaluates candidates for the Board on the basis of the standards and qualifications set forth above, regardless of the source of the candidate referral. Although the Company does not have a formal policy with regard to consideration of diversity, the Board seeks to achieve a diversity of strengths and backgrounds on the Board, particularly in the areas described above.

**Director Candidates Nominated by Shareholders.** Under our Amended and Restated By-Laws, a shareholder may nominate a person for election as a director at the next annual meeting of shareholders if the shareholder making the nomination:

is a shareholder of record on the date of providing the nomination notice, on the record date for the determination of the shareholders entitled to vote at the annual meeting of shareholders and at the time of the annual meeting of shareholders,

is entitled to vote at the annual meeting, and



complies with the nomination notice procedures contained in our Amended and Restated By-Laws, which are outlined below.

For a shareholder nomination notice to be timely under our Amended and Restated By-laws, it must be delivered to, or mailed and received by, the Secretary of the Company at our principal executive offices not earlier than the close of business on the one hundred twentieth (120th) calendar day, and not later than the close of business on the ninetieth (90th) calendar day, prior to the first anniversary of the immediately preceding year's annual meeting. If an annual meeting was not held in the prior year or the

annual meeting is called for a date that is more than thirty (30) calendar days earlier or more than sixty (60) calendar days later than the anniversary date of the prior year's annual meeting, to be timely, the shareholder nomination notice must be delivered to or received by, the Secretary of our company at our principal executive officers, no earlier than the close of business on the one hundred twentieth (120th) calendar day prior to the date of the scheduled annual meeting and not later than the close of business on the later of the ninetieth (90th) calendar day prior to the date of the scheduled annual meeting or, if the first public disclosure of the date of the scheduled annual meeting is less than one hundred (100) calendar days prior to the date of the scheduled annual meeting, the tenth (10th) calendar day following the day on which public disclosure of the date of the scheduled annual meeting is first made by us. In no event will any adjournment or postponement of an annual meeting or the public disclosure of any adjournment or postponement of an annual meeting commence a new time period or extend any time period for the giving of a shareholder nomination notice.

The following information must be included in the shareholder nomination notice:

as to each person whom the shareholder proposes to nominate for election or reelection as a director:

the name, age, business address and residence address of such person;

the principal occupation and employment of such person;

the number of shares of each class and series of our capital stock which are owned beneficially or of record by such person (which information shall be supplemented not later than ten (10) calendar days after the record date for the annual meeting to disclose such ownership as of the record date);

such person's executed written consent to being named in the proxy statement as a nominee and to serving as a director if elected;

all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made with the SEC in connection with the solicitation of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act (or pursuant to any law or statute replacing such section), and the rules and regulations promulgated thereunder; and

a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such person being nominated, on the one hand, and the shareholder and any Shareholder Associated Person, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K of the Exchange Act, referred to as Regulation S-K, if the shareholder making the nomination and any Shareholder Associated Person were the registrant for purposes of such rule and the person being nominated was a director or executive officer of such registrant;

as to the shareholder giving the notice:

the name and record address of the shareholder, as they appear on the Company's stock ledger, and the name and address of any Shareholder Associated Person;

the number of shares of each class and series of our capital stock which are, directly or indirectly, owned beneficially and/or of record by the shareholder or

any Shareholder Associated Person, documentary evidence of such record or beneficial ownership, and the date or dates such shares were acquired and the investment intent at the time such shares were acquired;

any Derivative Instrument directly or indirectly owned beneficially by the shareholder or any Shareholder Associated Person and any other direct or indirect right held by the shareholder or any Shareholder Associated Person to profit from, or share in any profit derived from, any increase or decrease in the value of our shares;

any proxy, contract, arrangement, understanding, or relationship pursuant to which the shareholder or any Shareholder Associated Person has a right to vote any shares of any of our securities;

any Short Interest directly or indirectly held by the shareholder or any Shareholder Associated Person in any security issued by us;

any rights to dividends on our shares owned beneficially by the shareholder or any Shareholder Associated Person that are separated or separable from the underlying shares;

any proportionate interest in our shares or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which the shareholder or any Shareholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner;

any performance-related fees (other than an asset-based fee) that the shareholder or any Shareholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Company or Derivative Instruments, if any, as of the date of such notice, including without limitation, any such interests held by members of the shareholder's or any Shareholder Associated Person's immediate family sharing the same household (which information shall, in each case, be supplemented by the shareholder and any Shareholder Associated Person not later than ten (10) calendar days after the record date for the meeting to disclose such ownership as of the record date);

a description of all arrangements or understandings between the shareholder or any Shareholder Associated Person and each proposed nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is being made;

any material interest of the shareholder or any Shareholder Associated Person in the election of the proposed nominee, individually or in the aggregate, including any anticipated benefit to the shareholder or any Shareholder Associated Person therefrom;

Edgar Filing: Dorman Products, Inc. - Form DEF 14A

a representation that the shareholder is a holder of record of our stock entitled to vote at the meeting and that the shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons named in the shareholder nomination notice;

a representation from the shareholder as to whether the shareholder or any Shareholder Associated Person intends or is part of a group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of our outstanding capital stock required to elect the person proposed as a nominee and/or (ii) otherwise to solicit proxies from shareholders in support of the election of such person;

whether and the extent to which any agreement, arrangement or understanding has been made, the effect or intent of which is to increase or decrease the voting power of the shareholder or Shareholder Associated Person with respect to any shares of our capital stock, without regard to whether such transaction is required to be reported on a Schedule 13D or other form in accordance with Section 13(d) of the Exchange Act or any successor provisions thereto and the rules and regulations promulgated thereunder; and

any other information relating to the shareholder and any Shareholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made with the SEC in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act (or pursuant to any law or statute replacing such section and the rules and regulations promulgated thereunder).

A **Shareholder Associated Person** means with respect to any shareholder (i) any person controlling, directly or indirectly, or acting in concert with, the shareholder, (ii) any beneficial owner of our securities owned of record or beneficially by the shareholder, and (iii) any person controlling, controlled by or under common control with the Shareholder Associated Person. A **Derivative Instrument** means any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of our securities or with a value derived in whole or in part from the value of any class or series of our shares, whether or not such instrument or right shall be subject to settlement in the underlying class or series of our capital stock or otherwise. A **Short Interest** means any contract, arrangement, understanding, relationship or otherwise pursuant to which the shareholder or any Shareholder Associated Person has the opportunity, directly or indirectly, to profit or share in any profit derived from any decrease in the value of any security issued by us.

In addition to the information required above, we may require any proposed nominee to furnish such other information as may reasonably be required by us to determine the eligibility of the proposed nominee to serve as an independent director or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee.

Under our Amended and Restated By-Laws, a shareholder is entitled to nominate a person for director at a special meeting of shareholders at which directors are to be elected if the shareholder meets the requirements set forth above and complies with the shareholder nomination notice procedures set forth above. With respect to a special meeting, the shareholder's nomination notice must be delivered to the Secretary of our company at our principal executive offices not earlier than the close of business on the one hundred twentieth (120th) calendar day prior to the date of the special meeting and not later than the close of business on the later of the ninetieth (90th) calendar day prior to the date of the special meeting or, if the first public disclosure made by us of the date of the special meeting is less than one hundred (100) days prior to the date of the special meeting, not later than the tenth (10th) calendar day following the day on which public disclosure is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at the special meeting. In no event shall any adjournment or postponement of a special meeting or the public disclosure of an adjournment or postponement of a special meeting commence a new time period or extend any time period for the giving of a shareholder's nomination notice.

### **Meetings of the Board of Directors and Committees**

During the fiscal year ended December 28, 2013, the Board held five meetings. The Executive Committee did not hold any meetings, the Audit Committee held four meetings, the Compensation Committee held one meeting, and the Corporate Governance and Nominating Committee held one meeting in fiscal 2013. During fiscal 2013, each incumbent director attended at least 75% of the aggregate of (1) the total number of meetings of the directors which were held during the period for which the director was a director, and (2) the total number of meetings held by any committees of which the director was a member during the period that the director served.

### **Attendance at Annual Meeting of Shareholders**

It is the policy of the Board that, absent sufficient cause, all of our directors attend our annual meeting. All of our then directors attended last year's annual meeting.

### **Communication with the Board of Directors**

Shareholders may communicate with the Board or any individual director by sending a letter addressed to the Board or the individual director c/o Thomas J. Knoblauch, Assistant Secretary, Dorman Products, Inc. at 3400 East Walnut Street, Colmar, Pennsylvania 18915. In the letter, the shareholder must identify him or herself as a shareholder of the Company. The Assistant Secretary may require reasonable evidence that the communication is being made by or on behalf of a shareholder before the communication is transmitted to the individual director or to the Board.

### **Proposal I Election of Directors**

Our Amended and Restated By-Laws provide that our business shall be managed by or under the direction of a board of directors of not less than two nor more than seven directors, which number shall be fixed from time to time by such board of directors. As of the date of the annual meeting, the Board has fixed the number of directors at six. Each of the six directors shall be elected at the annual meeting for a term that expires at the next annual shareholder's meeting. Each director shall hold office for the term for which he was elected and until his successor is elected and qualified or until his earlier death, resignation or removal. Proxies solicited by the Board will, unless otherwise directed, be voted to elect the six nominees named below to constitute the entire Board.

The Board has nominated the following individuals for election as director at the annual meeting: Steven L. Berman; Mathias J. Barton, Paul R. Lederer; Edgar W. Levin, Robert M. Lynch and Richard T. Riley. Each nomination for director was based upon the recommendation of our Corporate Governance and Nominating Committee and each nominee for director is a current member of the Board. All nominees have consented to be named and have indicated their intent to serve if elected. In the event any of the nominees shall be unable or unwilling to serve as a director, the persons named in the proxy intend to vote FOR the election of any person as may be nominated by the Board in substitution. The Company has no reason to believe that any of the nominees named below will be unable to serve as a director if elected.

The following table sets forth certain information, as of the record date, as to each nominee for the office of director:

Name	Age	Position	Director Since
Steven L. Berman	54	Chairman of the Board, Chief Executive Officer and Secretary-Treasurer	1978
Mathias J. Barton	54	President and Director	2014
Paul R. Lederer	74	Director	1998
Edgar W. Levin	81	Director	1991
Robert M. Lynch	48	Director	2013
Richard T. Riley	57	Director	2010

The following information about our directors is based, in part, upon information supplied by such persons. Unless otherwise indicated, each individual has had the same principal occupation for more than five years.

Steven L. Berman became the Chairman of the Board and Chief Executive Officer of the Company on January 30, 2011. Additionally, Mr. Berman has served as a director of the Company since its inception in 1978 and as Secretary-Treasurer of the Company since October 24, 2007. From October 24, 2007 to January 30, 2011, Mr. Berman served as President and Secretary-Treasurer of the Company. Prior to October 24, 2007, Mr. Berman served as Executive Vice President and Secretary-Treasurer of the Company. Pursuant to the terms of our employment agreement with Mr. Berman and subject to certain exceptions described therein, if the Corporate Governance and Nominating Committee fails to nominate, re-nominate or removes Mr. Berman as a director, Mr. Berman may terminate his employment within 120 days and receive certain benefits prescribed by the employment agreement. See

Executive Compensation Potential Payments upon Termination or Change in Control Employment Agreement with Steven L. Berman Employment Agreement Benefits for a discussion of the benefits payable to Mr. Berman upon a termination of employment following the decision of the Corporate Governance and Nominating Committee not to nominate or re-nominate, or remove, Mr. Berman as a director.

*Key Attributes, Experience and Skills:* Mr. Berman has more than thirty years of experience in the automotive aftermarket industry and has been involved with the Company since its formation, including over 30 years in management of the Company. He has the requisite skills to serve in his executive capacities including particular skills and knowledge in marketing, finance, product development, vendor relations and strategic business management. Mr. Berman has the ability to connect industry trends, market events, strengths and weaknesses of competitors, the impact of new market entrants and the ability to define a strategic path. In addition, he has demonstrated the ability to convert a high-level strategy into an executable game plan. As a result of his positions with the Company, he also has intimate knowledge of the Company's business, results of operations and financial condition which enables him to provide unique insights into the Company's challenges, opportunities, risks and operations.

Mathias J. Barton has served as a director since January 2014. Mr. Barton joined the Company in November 1999 as Senior Vice President, Chief Financial Officer. He became co-President of the Company in February 2011 and President in August 2013. Prior to joining the Company, Mr. Barton was Senior Vice President and Chief Financial Officer of Central Sprinkler Corporation, a manufacturer and distributor of automatic fire sprinklers, valves and component parts. From May 1989 to September 1998, Mr. Barton was employed by Rapidforms, Inc., a manufacturer of business forms and other products, most recently as Executive Vice President and Chief Financial Officer. He is a graduate of Temple University.



*Key Attributes, Experience and Skills:* Mr. Barton is qualified to serve as a director of the Company based on his extensive knowledge of the Company's business and the automotive aftermarket industry, his expertise in strategic business development and executive management, his knowledge of corporate finance, financial systems and reporting, accounting, and his integrity, energy, and leadership skills.

Paul R. Lederer has served as a director since 1998. Prior to his retirement in 1998, Mr. Lederer was the Executive Vice President of Federal-Mogul Corporation, a global manufacturer of a broad range of non-discretionary parts primarily for automobiles, light trucks, heavy trucks, and farm and construction vehicles, from February 1998 to October 1998. From November 1994 to February 1998, Mr. Lederer was President and Chief Operating Officer of Fel-Pro Incorporated, a private manufacturer of gaskets and related products for the internal combustion engine, which was acquired by Federal-Mogul in 1998. Before joining Fel-Pro, he was a consultant to several automotive parts companies. Mr. Lederer is currently a director of O'Reilly Automotive, an automotive parts distributor and retailer. Mr. Lederer has served two terms as a director of O'Reilly Automotive from April 1993 to July 1997 and was appointed again in 2001. He currently serves as O'Reilly's lead director, a position he has held since 2002. Mr. Lederer is also a director of Maximus, Inc., a provider of program management and consultative services to state and local governments. He was a director of Proliance International, Inc. from 1995 to 2009 and a director of United Components, Inc. from 2003 to 2010.

*Key Attributes, Experience and Skills:* Mr. Lederer's 20 plus years of executive experience in the automotive aftermarket industry makes him uniquely qualified to assess the Company's strategies, goals, and objectives on behalf of its shareholders. He has a high degree of business acumen which enables him to synthesize and connect broad market trends, industry trends, and evolving customer needs.

Edgar W. Levin has served as a director since 1991. Mr. Levin has been President of Ed Levin Associates, a management consulting firm, located in Boynton Beach, FL, since 1989. Prior thereto, he was Senior Vice President of Paramount Communications, Inc., a media and entertainment company and its predecessor, Gulf & Western Industries, a large conglomerate and major manufacturer of and distributor of automotive aftermarket parts. Mr. Levin was a member of the Office of the Chairman at Paramount Communications.

*Key Attributes, Experience and Skills:* Mr. Levin is skilled at financial statement analysis and interpreting financial measures of performance. He is well skilled in finance, operations, mergers and acquisitions, and strategic planning. He has a thorough understanding of the market that we serve, our customers, operations, and our financial requirements.

Robert M. Lynch has served as a director since March 2013. Mr. Lynch currently serves as President, Chief Executive Officer and a director of Lumber Liquidators Holdings, Inc., a publicly traded corporation and the largest specialty retailer of hardwood flooring in North America. From January 2011 to January 2012, Mr. Lynch served as President and Chief Operating Officer of Lumber Liquidators Holdings, Inc. Prior to joining Lumber Liquidators Holdings, Inc. in January 2011, Mr. Lynch was the President and Chief Executive Officer of Orchard Supply Hardware, a member of the Sears Holdings Corporation family of companies, from 2004 to 2010. Previously, Mr. Lynch worked at The Home Depot, Inc., from 1998 to 2004, in various store operations and business development positions. Mr. Lynch has also held positions at Accenture Consulting and at Ernst & Young in the National Consumer Products & Retail Consulting Practice. Mr. Lynch began his career with Wal-Mart Stores, Inc. Mr. Lynch holds a M.B.A. from The Amos Tuck School of Business Administration at Dartmouth College and a B.S. in psychology with an emphasis on human resource management from Brigham Young University.

*Key Attributes, Experience and Skills:* From his business experience, Mr. Lynch acquired senior management experience, risk assessment skills, retail finance, marketing and operations expertise. Further, Mr. Lynch has developed a deep understanding of effective retail merchandising and long-term growth. From his experience as a director of a public company, Mr. Lynch gained insight, perspective and knowledge regarding the successful management of business expansion, operations and personnel.

Richard T. Riley has served as a director since March 2010. Mr. Riley served as a director of the LoJack Corporation, a publicly traded corporation and provider of tracking and recovery systems, from February 2005 until May 2013. In May 2012, Mr. Riley retired from the position of Executive Chairman of LoJack, a role held from December 2011 to May 2012. He previously served LoJack as Chairman, President, and Chief Executive Officer from May 2010 to December 2011, Executive Chairman from December 2008 to May 2010, Chairman and Chief Executive Officer from November 2006 to December 2008 and President and Chief Operating Officer from February 2005 to November 2006. Prior to joining LoJack Corporation, Mr. Riley served as an officer and director of New England Business Service, Inc., referred to as NEBS, then a public company listed on the New York Stock Exchange and a provider of products and services to assist small businesses manage and improve the efficiency of business operations. He served as President and Chief Operating Officer of NEBS from 2002 to 2003 and as President, Chief Executive Officer and Chief Operating Officer from 2003 to 2004. Prior to that, Mr. Riley served as a Senior Vice President of NEBS from 1998 to 2002, as President, NEBS Direct Marketing from 2001 to 2002, as President, Integrated Marketing Services from 2000 to 2001 and as President of Rapidforms, Inc. (acquired by NEBS in 1997) from 1992 to 2000. Mr. Riley served as a director of NEBS from 2002 to 2004. Mr. Riley was formerly a member of the audit practice at Arthur Andersen & Co. Mr. Riley serves as a member of the Board of Directors of VistaPrint N.V., a publicly held printing and graphic arts business, where he is Chairman of the Board and serves on both the Audit Committee and the Nominating and Corporate Governance Committee. He is also a member of the Board of Directors of Micro-Coax, Inc., a privately held manufacturer of microwave and cable products.

*Key Attributes, Experience and Skills:* Mr. Riley is an experienced leader in the automotive industry with a distinctive knowledge of the automotive products aftermarket. He draws his financial expertise from his experience at Arthur Andersen & Co, his service as an executive at each of LoJack and NEBS, and his service on the Audit Committees of VistaPrint and Micro-Coax. He is skilled in finance, operations, corporate governance, mergers and acquisitions and strategic planning. Mr. Riley's financial background as a certified public accountant, including his experience at Arthur Andersen & Co., provides financial expertise to the Board, including an understanding of financial statements, corporate finance, accounting and capital markets.

**The Board Recommends a Vote FOR**

**the Election of the Six Nominees listed above as Directors.**

**Director Compensation in Fiscal 2013**

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director who served on our Board during the fiscal year ended December 28, 2013. Directors who are our employees are not compensated for their services as directors.

Name	Fees Earned or Paid in	Stock	Option	All Other	Total
	Cash	Awards <sup>(1)</sup>	Awards <sup>(2)</sup>	Compensation <sup>(3)</sup>	
	(\$)	(\$)	(\$)	(\$)	(\$)
Edgar W. Levin	51,500	133,350		107	184,957
Paul R. Lederer	51,500	133,350		156	185,006
Robert M. Lynch	41,000	133,350			174,350
Richard T. Riley	56,400	133,350		99	189,849
John F. Creamer, Jr. <sup>(4)</sup>	11,000				11,000

- (1) The Stock Awards column represents the aggregate grant date fair value computed in accordance with ASC Topic 718 for awards of common stock granted under our 2008 Stock Option and Stock Incentive Plan during fiscal year 2013. For a discussion of valuation assumptions, see Note 12 of our Annual Report on Form 10-K for the fiscal year ended December 28, 2013. As of December 28, 2013, the aggregate number of unvested stock awards held by each of our non-employee directors was as follows: Edgar W. Levin 11,833; Paul R. Lederer 11,833; Robert M. Lynch 3,000; Richard T. Riley 7,333; and John F. Creamer, Jr. 0.
- (2) No stock option grants were made as compensation for director services in fiscal 2013. As of December 28, 2013, the aggregate number of option awards held by each of our non-employee directors was as follows: Edgar W. Levin 0; Paul R. Lederer 0; Robert M. Lynch 0; Richard T. Riley 0; and John F. Creamer, Jr. 0.
- (3) On December 28, 2012, we paid a cash dividend to all common stock holders of record on December 17, 2012 of \$1.50 for each share of common stock outstanding. With respect to unvested stock awards, we credit the dividends payable on account of each stock award but do not pay such dividends until the stock award vests (at which point the dividends are paid along with accrued interest). The credited dividends are held by the Company for the account of the holder of the unvested stock award. At the end of each fiscal year (or portion thereof, as applicable), interest is credited on the amount of each holder's account at the beginning of the fiscal year at a rate of 1.2% per annum. The All Other Compensation column represents the interest accrued during the fiscal year ended December 28, 2013 on the dividends credited to unvested stock awards held by each of our non-employee directors.
- (4) John F. Creamer, Jr. retired from the Board on March 8, 2013. During fiscal 2013, each of our non-employee directors received an annual retainer of \$37,500 plus \$1,500 for each Board meeting attended and \$1,000 for each committee meeting attended, including telephone and in-person meetings. The Chairman of the Audit Committee received an additional \$1,350 for each Audit Committee meeting attended. The Chairman of the Compensation Committee and Corporate Governance and Nominating Committee received an additional \$500 for each committee meeting attended. Directors were eligible for participation in the 2008 Stock Option and Stock Incentive Plan.

In fiscal 2013, the Compensation Committee engaged Pay Governance, LLC, a compensation consultant, to review the fiscal 2014 compensation program for the directors of the Company. For services rendered in fiscal 2014, each of our non-employee directors will receive an annual retainer of \$38,000 plus \$2,000 for each Board meeting attended and \$1,000 for each committee meeting attended,



including telephone and in-person meetings. The Chairman of the Audit Committee, the Chairman of the Compensation Committee, and the Chairman of the Corporate Governance and Nominating Committee will each receive an additional annual retainer of \$7,500. In addition, beginning in fiscal 2014, each of our non-employee directors will receive an annual grant of restricted shares equivalent to \$60,000.

## Executive Compensation

### Compensation Discussion and Analysis

The following discussion provides an analysis of our compensation program for the executive officers named in the Summary Compensation Table below and discusses the material factors involved in our decisions regarding the compensation of the following named executive officers:

Steven L. Berman, our Chairman of the Board, Chief Executive Officer and Secretary-Treasurer;

Mathias J. Barton, our President;

Jeffrey L. Darby, our Senior Vice President, Sales and Marketing;

Michael B. Kealey, our Senior Vice President, Product;

Matthew Kohnke, our Chief Financial Officer; and

Joseph M. Beretta, our former co-President. Mr. Beretta resigned from the Company effective August 30, 2013.

The following discussion cross-references those specific tabular and narrative disclosures that appear following this subsection where appropriate. You should read this Compensation Discussion and Analysis in conjunction with such tabular and narrative disclosures.

### *2013 Performance Summary*

We are committed to pay for performance. Our executive compensation program is designed to support our business goals and promote profitable growth of the company and growth in shareholder value. Total compensation for each named executive officer varies with individual performance and the Company's performance in achieving financial and non-financial objectives.

Over the past several years, we invested significantly in our business, including investments in products and people. In fiscal 2013, we benefited from those investments, achieving more than \$664 mil