

Semler Scientific, Inc.
Form DEF 14C
September 02, 2014
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14C INFORMATION
Information Statement pursuant to Section 14(c) of the
Securities Exchange Act of 1934

SEMLER SCIENTIFIC, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or other jurisdiction of incorporation)	001-36305 (Commission File Number)	26-1367393 (IRS Employer Identification No.)
2330 NW Everett St. Portland, Oregon (Address of principal executive offices)	97210 (Zip Code)	

Registrant's telephone number, including area code: (877) 774-4211

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for use of the Commission only (as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14c-f5(g) 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:

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1)

- Amount previously paid:

2)

- Form, Schedule or Registration Statement No.:

3)

- Filing Party:

4)

- Date Filed:
-

Semler Scientific, Inc.
2330 NW Everett St.
Portland, Oregon 97210
Telephone: (877) 774-4211

NOTICE OF ACTION BY WRITTEN CONSENT OF MAJORITY STOCKHOLDERS

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

To the Stockholders of Semler Scientific, Inc.:

This Information Statement is first being mailed on or about September 2, 2014, to the holders of record of the issued and outstanding common stock, \$0.001 par value, of Semler Scientific, Inc., a Delaware corporation, as of the close of business on August 12, 2014 (which is the record date), pursuant to Rule 14c-2 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Section 228 of the Delaware General Corporation Law, or DGCL. This Information Statement relates to a written consent in lieu of meeting, dated August 26, 2014 of stockholders owning a majority of the issued and outstanding common stock as of the record date. Except as otherwise indicated by the context, references in this Information Statement to the “Company,” “we,” “us,” or “our” are references to Semler Scientific, Inc.

The written consent approved the adoption of the Semler Scientific, Inc. 2014 Stock Incentive Plan, or the 2014 Plan, which allows for 450,000 shares of our common stock to be available for issuance pursuant to stock-based awards granted under the 2014 Plan.

The accompanying Information Statement, which describes the 2014 Plan in more detail and provides our stockholders with other important information, is being furnished to you for informational purposes only pursuant to Section 14(c) of the Exchange Act and the rules and regulations promulgated thereunder. This letter and the accompanying Information Statement serve as notice of the actions relating to the 2014 Plan pursuant to the DGCL and the Exchange Act of the approval of the 2014 Plan by less than unanimous written consent of the stockholders of Semler Scientific, Inc. No further notice of the actions described herein will be given to you.

Under the DGCL, our certificate of incorporation and our bylaws, stockholder action may be taken by written consent in lieu of a meeting of stockholders. The written consent was sufficient to approve the 2014 Plan and no other stockholder approval is required or necessary. Pursuant to Rule 14c-2 promulgated under the Exchange Act, the actions taken pursuant to the written consent will not be effective until at least 20 calendar days following the mailing of the accompanying Information Statement to our stockholders.

WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

By Order of the Board of Directors
/s/ Douglas Murphy-Chutorian, M.D.
Douglas Murphy-Chutorian, M.D.
Chief Executive Officer
Portland, Oregon
September 2, 2014

SEMLER SCIENTIFIC, INC.

INFORMATION STATEMENT

NOTICE OF ACTION BY WRITTEN CONSENT OF MAJORITY STOCKHOLDERS

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

This Information Statement is first being mailed on or about September 2, 2014 to the holders of record of the outstanding common stock, \$0.001 par value per share, of Semler Scientific, Inc., as of the close of business on August 12, 2014 (the record date). This Information Statement relates to a written consent in lieu of meeting, dated August 26, 2014, of stockholders owning a majority of the issued and outstanding common stock as of the record date. On July 24, 2014, our Board of Directors adopted resolutions proposing and declaring advisable the approval and adoption of the Semler Scientific, Inc. 2014 Stock Incentive Plan, or the 2014 Plan, and on August 26, 2014, holders of a majority of our issued and outstanding common stock approved the adoption of the 2014 Plan. Except as otherwise indicated by the context, references in this Information Statement to the “Company,” “we,” “us,” or “our” are references to Semler Scientific, Inc.

No meeting or further action of stockholders is required under the Delaware General Corporation Law, or DGCL. We prepared and distributed this Information Statement and will be there cost of distributing this Information Statement. The distribution will be made by mail.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Our executive officers and directors will be eligible to receive awards and grants under the 2014 Plan in such amounts and at such times as determined by our Board or the compensation committee of our Board.

VOTING AND VOTE REQUIRED

We are not seeking a consent, authorization or proxy from you. Section 228 of the DGCL and our certificate of incorporation and bylaws permit us to take action without a meeting upon the written consent of the holders of outstanding shares of voting common stock, having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, unless otherwise provided in our certificate of incorporation. Approval by holders of a majority of our issued and outstanding common stock is required to approve the 2014 Plan.

As of the close of business on August 12, 2014, the record date for the determination of stockholders entitled to vote or execute a written consent on these matters, we had 4,708,017 shares of common stock outstanding, \$0.001 par value per share. Each holder of our common stock on that date was entitled to cast one vote for each share of common stock registered in the holder’s name.

As permitted by Section 228 of the DGCL and our certification of incorporation, holders of a majority of our issued and outstanding common stock approved the 2014 Plan by way of a written consent dated August 26, 2014. A copy of the Written Consent is attached to this Information Statement as Exhibit A. We are mailing this Information Statement to all stockholders of record on August 12, 2014, including those stockholders who did not execute a consent. The 2014 Plan will be deemed adopted 20 days after this Information Statement is mailed. A copy of the 2014 Plan is attached to this Information Statement as Exhibit B.

NOTICE PURSUANT TO SECTION 228

We are required to provide prompt notice of the taking of corporate action by written consent to our stockholders who have not consented in writing to such action. This Information Statement serves as the notice required by Section 228 of the DGCL.

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SUMMARY OF THE 2014 STOCK INCENTIVE PLAN

Description of the 2014 Plan

The essential features of the Semler Scientific, Inc. 2014 Stock Incentive Plan, or the 2014 Plan, are outlined below. The following description is not complete and is qualified by reference to the full text of the 2014 Plan, which is appended to this Information Statement as Exhibit B.

General Information

We adopted the 2014 Plan to encourage our employees and directors to own stock and align their interests with those of our stockholders and to attract, motivate and retain qualified employees and directors.

All of our employees and directors are eligible to receive awards under the 2014 Plan. Our Committee (as defined below) administering the 2014 Plan selects, in its sole discretion from time to time, those who will receive awards under the 2014 Plan.

Upon the effectiveness of the 2014 Plan, the aggregate number of shares of common stock that may be issued may not exceed 450,000 shares. We refer to this as the Share Reserve. In addition, the Share Reserve automatically increases on January 1st of each year, for a period of not more than 10 years, beginning on January 1st of the year following the year in which the 2014 Plan becomes effective and ending on (and including) January 1, 2024, in an amount equal to 4% of the total number of shares of common stock outstanding on December 31st of the preceding calendar year. Notwithstanding the foregoing, our Board of Directors, or Board, may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the Share Reserve for such year will be a lesser number of shares of common stock than would otherwise occur. If any award under the 2014 Plan is forfeited or cancelled or otherwise expires or terminates without issuance of shares of our common stock or is settled for cash, the underlying shares of our common stock become available again to be granted under the 2014 Plan. To prevent dilution or enlargement of the rights of participants under the 2014 Plan, appropriate adjustments will be made if any change is made to the outstanding shares of our common stock by reason of any merger, reorganization, statutory share exchange, consolidation, recapitalization, dividend or distribution, stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting our common stock or its value. The 2014 Plan permits the granting of a variety of stock-based awards. These are described below.

Administration of the 2014 Plan

The 2014 Plan is administered by the Compensation Committee of our Board or any other committee or sub-committee of the Board designated by the Board from time to time satisfying the conditions specified in the 2014 Plan. We refer to this administrator as the Committee. Our Board reserved the right to act in lieu of any such Committee from time to time. Committee members serve as such at the pleasure of the Board and may be removed by the Board at any time. Currently, the Compensation Committee of our Board acts as the Committee administering the 2014 Plan. Members of the Compensation Committee are eligible for awards under the 2014 Plan.

Among other powers specifically set forth in the 2014 Plan, the Committee has the power and authority in its discretion to:

- (a)
 - determine which employees, consultants and directors shall be granted stock awards;
- (b)
 - prescribe the terms and conditions of the stock awards;
- (c)
 - interpret the 2014 Plan and stock awards;
- (d)
 - adopt such procedures and sub-plans as are necessary or for the purpose of satisfying applicable laws;

(e)

- adopt rules for the administration, interpretation and application of the 2014 Plan; and

(f)

- interpret, amend or revoke any such rules.

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In the case of awards designated as awards under Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, the Committee's power to take certain actions will be limited by Section 162(m) of the Code. The Committee's authority is also limited in certain instances by Section 409A of the Code. The Committee and our Board, without stockholder approval, are not permitted (i) to cancel outstanding options or stock appreciation rights in exchange for cash or in exchange for the grant of new awards as substitutes under the 2014 Plan; or (ii) to amend outstanding options or stock appreciation rights to reduce the exercise price below the exercise price of the original award.

To the extent permitted by applicable law, the Committee may delegate to our Chief Executive Officer the authority, subject to such terms and limitations as the Committee may determine by resolution, to grant awards to, cancel, modify, waive rights with respect to, alter, discontinue, terminate and otherwise exercise the Committee's authority under the 2014 Plan with respect to awards held by participants who are not persons subject to Section 16 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The acts of our Chief Executive Officer under such delegated authority will be treated as acts of the Committee, and our Chief Executive Officer will report regularly to the Committee regarding any award so granted or other actions taken by our Chief Executive Officer using such delegated authority.

Participants under the 2014 Plan will be bound by any decision or action that the Committee takes under the 2014 Plan. No new awards may be made under the 2014 Plan on or after July 24, 2024,. The 2014 Plan may be amended or terminated by our Board at any time, although no 2014 Plan amendment will be effective without stockholder approval if such amendment materially increases the benefits accruing to participants under the 2014 Plan, increases the number of shares subject to the 2014 Plan (except pursuant to the adjustment provisions set forth in the 2014 Plan), changes the provisions relating to eligibility for awards or modifies the 2014 Plan in any manner requiring stockholder approval under any applicable stock exchange rule. The terms of an award agreement may not be amended in a manner adverse to any participant without such participant's consent, except to the extent provided in the participant's award agreement or to bring the 2014 Plan or the participant's award into compliance with (or qualify for an exemption under) Section 409A of the Code. The terms of a participant award may be adjusted, though, in the event of certain extraordinary corporate transactions or events, and the vesting provisions may be waived or adjusted if the participant's employment or directorship terminates.

Types of 2014 Plan Awards and Limits

Stock Options. Stock options provide participants with the right to purchase a given number of newly issued shares of our common stock at a fixed price, without fees, commissions or other charges. The Committee may grant incentive stock options (satisfying certain conditions for favorable tax treatment under Section 422 of the Code and nonqualified stock options under the 2014 Plan. There are 300,000 shares of our common stock reserved for issuance under the 2014 Plan as incentive stock options if the Committee so desires. The Committee determines the terms of any option grant, subject to the limitations in the 2014 Plan, and such terms will be set forth in an award agreement. No option may be exercised after the 10th anniversary of the date the option was granted. The exercise price of any option granted under the 2014 Plan will not be less than the fair market value of our common stock on the grant date. If permitted in the award agreement, payment upon exercise may be made by (1) cash or check, (2) delivery of shares of our common stock, (3) pursuant to a broker-assisted cashless exercise, (4) delivery of other consideration approved by the Committee with a fair market value equal to the exercise price or (5) other means determined by the Committee. Shares of our common stock surrendered upon exercise will be valued at fair market value, and the certificates for such shares will be duly endorsed for transfer or accompanied by appropriate stock powers and will be surrendered to us. A payment method involving delivery or withholding of shares of our common stock may not be used if it would violate applicable law or would result in adverse accounting consequences for us. Participants will not receive dividend equivalents rights on option awards.

Options constituting incentive stock options may be granted only to our employees. The aggregate market value, determined on the grant date of incentive stock options first becoming exercisable during a calendar year, may not exceed \$100,000. In addition, in the event a participant is more than a 10% stockholder of our Company, the exercise price of the incentive stock option may not be less than 110% of the fair market value of the common stock on the grant date, and the option may not be exercised more than five years after the grant date. In addition to these conditions, in order to receive the favorable tax

treatment under Section 422 of the Code, the participant would be required to satisfy certain holding period requirements for the shares following exercise.

Stock Appreciation Rights. A stock appreciation right is the right to receive cash or shares of our common stock upon exercise of the right based upon the amount of appreciation in the fair market value of the common stock from the specified exercise price. The Committee may grant stock appreciation rights pursuant to such terms and conditions as the Committee determines, subject to the limitations in the 2014 Plan, and such terms will be set forth in an award agreement. No stock appreciation right may be exercised more than 10 years after the grant date. The exercise price may not be less than the fair market value of the common stock on the grant date. Upon exercise of a stock appreciation right, a participant will have the right to receive the excess of the aggregate fair market value of the shares on the exercise date over the aggregate exercise price for the portion of the right being exercised. Payments may be made to a participant in cash or shares of our common stock as specified in the award agreement. Participants will not receive dividend equivalent rights on stock appreciation rights awards.

Restricted Stock and Restricted Stock Units. Restricted stock is issued stock that generally may not be transferred until the restrictions have lapsed or other vesting conditions have been satisfied. Restricted stock units give participants the right to receive cash or shares of our common stock upon the lapse of the restrictions or satisfaction of the vesting conditions. The Committee may grant awards of restricted stock and restricted stock units pursuant to such terms and conditions, including restrictions on transferability and alienation and other restrictions, as the Committee determines, subject to the limitations in the 2014 Plan, and such terms will be set forth in an award agreement. Any stock certificate a participant receives upon a grant of restricted stock will typically be set forth in a legend to reflect the applicable transfer restrictions, or we may retain the stock certificate until the restrictions lapse. If the restricted stock is issued in book entry form, a notation with similar restrictive effect will be made with the book entry. The Committee may require payment of consideration for restricted stock granted under the 2014 Plan, which may be payable in cash, stock or other property. For issued and outstanding shares of restricted stock, participants have the same rights as other stockholders, including all voting and dividend rights upon issuance of the related stock certificate, even if the shares remain subject to transfer restrictions. For restricted stock units, participants may receive dividend equivalent rights at the Committee's discretion. Restricted stock units are payable in shares of our common stock or cash as of the vesting date, as provided in the award agreement, and must be settled within 2.5 months after the later of the end of the calendar or fiscal year in which the restricted stock unit vests.

Stock Bonus. The Committee may grant stock bonuses on terms and conditions that the Committee determines, subject to the limitations in the 2014 Plan, and such terms will be set forth in an award agreement. The determination for granting stock bonuses is at the discretion of the Committee and may be based on the participant's attainment of certain milestones or performance levels as established by the Committee.

Section 162(m) Awards. The Committee may designate that any award in the form of restricted stock, restricted stock units, or stock bonuses be granted pursuant to Section 162(m) of the Code. As a result, such awards will be subject to certain additional requirements intended to satisfy the exemption for performance-based compensation from the deductibility limitation in Section 162(m) of the Code. The performance criteria will be one or more of the objective performance or operational goals listed in the 2014 Plan, and will be specified in the award agreement along with any other additional requirements relating to Section 162(m) of the Code.

The 2014 Plan provides certain limitations on the amount of awards. Subject to adjustment as provided in the 2014 Plan, with respect to awards intended to be Section 162(m) awards and option and stock appreciation rights awards intended to be exempt from the deductibility limitation in Section 162(m) of the Code, no participant in any one fiscal year may be granted (a) options or stock appreciation rights of more than 250,000 shares of our common stock; (b) restricted stock or restricted stock units that are denominated in more than 250,000 shares of our common stock. Notwithstanding the foregoing, during the fiscal year in which a participant first becomes an employee, he or she may be granted a stock award to receive up to a total of an additional 100,000 shares of common stock. If an award is cancelled, the cancelled award will continue to be counted towards the applicable limitations.

Tax Withholding

We have the right to withhold, or require payment of, the amount of any applicable tax upon exercise, award or lapse of restrictions, as required by law.

Limitations on Transfer of Awards

Participants may not transfer, pledge, assign or otherwise alienate any award of restricted stock or restricted stock units, and participants may not transfer any other award except by will or the laws of descent and distribution. Stock options and stock appreciation rights may only be exercised by a participant during that participant's lifetime. However, notwithstanding these restrictions, a participant may assign or transfer, without consideration, an award, other than an incentive stock option, with the consent of the Committee and subject to various conditions stated in the 2014 Plan. All shares of our common stock subject to an award and evidenced by a stock certificate will contain a legend restricting the transferability of the shares pursuant to the terms of the 2014 Plan, which can be removed once the restrictions have terminated, lapsed or been satisfied. If shares are issued in book entry form, a notation to the same restrictive effect will be placed on the transfer agent's books in connection with such shares.

Adjustments for Change in Control

Awards under the 2014 Plan are generally subject to special provisions upon the occurrence of a change in control transaction of the kind described in the 2014 Plan. Under the 2014 Plan, the Committee may, but is not required to, provide in an award agreement or otherwise that upon a change in control transaction (i) all outstanding options or stock appreciation rights immediately become fully vested and exercisable; (ii) any restriction period on restricted stock or a restricted stock unit award will immediately lapse so that the shares become freely transferable; (iii) all performance goals are deemed to have been satisfied and any restrictions on any performance award immediately lapse and the awards become immediately payable; or (iv) all performance measures are deemed to have been satisfied for any outstanding incentive award, which immediately become payable. The Committee may also determine that upon a change in control, any outstanding option or stock appreciation right will be cancelled in exchange for payment in cash, stock or other property for each vested share in an amount equal to the excess of the fair market value of the consideration to be paid in the change in control transaction over the exercise price.

Termination of Employment or Services

Options and Stock Appreciation Rights. Unless otherwise provided in the related award agreement, if a participant's employment or services is terminated for any reason prior to the date that an option or stock appreciation right becomes vested, that participant's right to exercise the option or stock appreciation right is forfeited and all rights cease. If an option or stock appreciation right becomes vested prior to a participant's termination of employment or services for any reason other than death or disability, then that participant will have the right to exercise the option or stock appreciation right to the extent it was exercisable upon termination before the earlier of three months after termination or the expiration of the option or stock appreciation right unless otherwise specified in the related award agreement. If termination is due to a participant's disability or death, then that participant or that participant's estate may exercise the option or stock appreciation right to the extent it was exercisable upon termination until 12 months following the date of termination, subject to any limitations in the award agreement. The Committee may, in its discretion, accelerate a participant's right to exercise an option or extend the option term, subject to any other limitations.

Restricted Stock and Restricted Stock Units. Unless otherwise provided in the related award agreement, if a participant's employment or services is terminated for any reason, any portion of restricted stock or restricted stock units not yet vested is generally forfeited to us (subject to a refund of any purchase price paid by the participant). In its sole discretion, the Committee may provide in a participant's agreement that a restricted stock or restricted stock unit award will continue after termination of employment or services or may also waive or change any restrictions in its sole discretion except for restrictions on a Section 162(m) award. The Committee may, for Section 162(m) awards, deem restrictions and performance goals satisfied if a participant terminates employment due to death or disability.

Federal Tax Consequences

The brief discussion of tax consequences set forth below is not intended to be a complete statement of the U.S. federal tax consequences as they relate to awards under the 2014 Plan or of disposing of shares of our common stock received under the 2014 Plan. The summary does not discuss foreign, state, or local tax laws. Because of the complex nature of tax provisions regarding awards, participants are urged to consult a tax adviser before making decisions with respect to any award.

Nonqualified Stock Options. There will be no federal income tax consequences to a participant or to us upon the grant of a nonqualified stock option. When a nonqualified option is exercised, a participant will recognize ordinary income in an amount equal to the excess of the fair market value of the option shares on the date of exercise over the exercise price, and we will be allowed a corresponding tax deduction, subject to any applicable limitations under Section 162(m) of the Code. Any gain that a participant realizes when the participant later sells or disposes of the option shares will be short-term or long-term capital gain, depending on how long the participant held the shares.

Incentive Stock Options. There are no federal income tax consequences to participants or to us upon the grant of an incentive stock option. If a participant holds shares acquired upon the exercise of an incentive stock option (i.e., option shares) for the required holding period of at least two (2) years after the date the option was granted and one year after exercise of the option, the difference between the exercise price and the amount realized upon sale or disposition of the option shares will be long-term capital gain or loss, and we will not be entitled to a federal income tax deduction. If a participant disposes of the option shares in a sale, exchange, or other disqualifying disposition before the required holding period ends, the participant will recognize taxable ordinary income in an amount equal to the difference between the exercise price and the lesser of the fair market value of the shares on the date of exercise or the disposition price, and we will be allowed a federal income tax deduction equal to such amount, subject to any applicable limitations under Section 162(m) of the Code. Any amount received by a participant in excess of the fair market value on the exercise date will be taxed to the participant as capital gain, and we will receive no corresponding deduction. While the exercise of an incentive stock option does not result in current taxable income, the excess of the fair market value of the option shares at the time of exercise over the exercise price will be a tax preference item that could subject a participant to alternative minimum tax in the year of exercise.

Stock Appreciation Rights. Participants will not recognize income, and we will not be allowed a tax deduction, at the time a stock appreciation right is granted. When a stock appreciation right is exercised, the cash or fair market value of any shares of common stock received will be taxable to a participant as ordinary income, and we will be allowed a federal income tax deduction equal to such amount, subject to any applicable limitations under Section 162(m) of the Code.

Restricted Stock Awards. Unless a participant makes an election to accelerate recognition of income to the grant date as described below, a participant will not recognize income, and we will not be allowed a tax deduction, at the time a restricted stock award is granted. When the restrictions lapse, participants will recognize ordinary income equal to the fair market value of the common stock as of that date, less any amount paid for the stock, and we will be allowed a corresponding tax deduction, subject to any applicable limitations under Section 162(m) of the Code. If a participant files an election under Section 83(b) of the Code within 30 days after the grant date, however, the participant will recognize ordinary income as of the grant date equal to the fair market value of the stock as of that date, less any amount paid for the stock, and we will be allowed a corresponding tax deduction at that time, subject to any applicable limitations under Section 162(m) of the Code. Any future appreciation in the stock will be taxable to the participant at capital gains rates. However, if the stock is later forfeited, the participant will not be able to recover the tax previously paid pursuant to the Section 83(b) election.

Restricted Stock Unit Awards and Stock Bonuses. Participants will not recognize income, and we will not be allowed a tax deduction, at the time a restricted stock unit award or stock bonus is granted. When a participant receives payment under a restricted stock unit award or stock bonus, the fair market value of any shares of stock received will be ordinary income to the participant, and we will be allowed a corresponding tax deduction at that time, subject to any applicable limitations under Section 162(m) of the Code.

Section 409A. Section 409A of the Code has implications that affect traditional deferred compensation plans, as well as certain equity-based awards. Section 409A of the Code requires compliance with specific rules regarding the timing of exercise or settlement of equity-based awards. If a participant holds awards, the participant is subject to the following penalties if the terms of such awards are not exempted from or do not comply with the requirements of Section 409A of the Code: (i) appreciation is includible in the participant's gross income for tax purposes once the awards are no longer subject to a "substantial risk of forfeiture" (e.g., upon vesting); (ii) the participant is required to pay interest at the tax underpayment rate plus 1% commencing on the date an award subject to Section 409A of the Code is no longer subject to a substantial risk of forfeiture; and (iii) the participant incurs a 20% penalty tax on the amount required to be included in income. The 2014 Plan and the awards granted under the 2014 Plan are intended to conform to or be exempt from the requirements of Section 409A of the Code.

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DIRECTOR AND EXECUTIVE OFFICER COMPENSATION

Summary Compensation Table

The following table sets forth the information as to compensation paid to or earned by our Chief Executive Officer and our two other most highly compensated executive officers during the fiscal year ended December 31, 2013. These individuals are referred to in this Information Statement as our named executive officers. As none of our named executive officers received non-equity incentive plan compensation or nonqualified deferred compensation earnings during the fiscal years ended December 31, 2013 and 2012, we have omitted those columns from the table.

Name and Principal Position	Fiscal Year	Salary	Bonus (2)	Stock Award(s)	Option Award(s) (3)	All Other Compensation (4)	Total (5)
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