

TRIMAS CORP  
Form DEF 14A  
April 06, 2016

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
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TriMas Corporation

(Name of Registrant as Specified in its Charter)

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

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- x No fee required.
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NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS

To be held May 12, 2016

To the Shareholders of TriMas Corporation:

The 2016 Annual Meeting of Shareholders (the "Annual Meeting") of TriMas Corporation (the "Company") will be held on Thursday, May 12, 2016 at TriMas Corporation headquarters, 39400 Woodward Avenue, Suite 130, Bloomfield Hills, Michigan 48304, at 8:00 a.m. Eastern Time for the following purposes:

1. To elect two directors to serve until the Annual Meeting of Shareholders in 2019;
2. To ratify the appointment of Deloitte & Touche LLP ("Deloitte") as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016;
3. To re-approve the material terms for qualified performance-based compensation under the TriMas Corporation 2011 Omnibus Incentive Compensation Plan; and
4. To transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on March 15, 2016 as the record date ("Record Date") for determining the shareholders that are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement of the Annual Meeting.

By Order of the Board of Directors

/s/ Joshua A. Sherbin  
Joshua A. Sherbin  
Senior Vice President, General Counsel and Corporate  
Secretary

Bloomfield Hills, Michigan

This notice of Annual Meeting, proxy statement and form of proxy are being distributed and made available on or about April 6, 2016.

Even if you intend to be present at the Annual Meeting in person, please sign and date the enclosed proxy card or voting instruction card and return it in the accompanying envelope, or vote via telephone or Internet (as indicated on your proxy card or voting instruction card), to ensure the presence of a quorum. Any proxy may be revoked in the manner described in the accompanying proxy statement at any time before it has been voted at the Annual Meeting.

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 12, 2016

The Proxy Statement and 2015 Annual Report of TriMas Corporation are available at: <http://ir.trimascorp.com>

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Dear Fellow Shareholders,

As stewards of your company, we focus on achieving long-term performance objectives and creating value for our shareholders through the execution of focused business strategies, risk management, talent and succession planning, and oversight.

2015 was an important transitional year for TriMas, marked by the successful spin-off of the Cequent businesses into Horizon Global Corporation. While we are smaller, we are now more focused with the opportunity to grow faster, operate more profitably, and provide greater value for our shareholders. The marketplace presented some challenges and we have taken timely action in response to improve TriMas going forward. The business tactics we employ may differ depending on the year, but our strategic priorities remain consistent: generating profitable growth, enhancing margins, optimizing resource and capital allocations, and striving to be a workplace of choice. We are focused on the areas that will drive value for our customers, employees, and shareholders. We remain well-positioned for a successful future.

We encourage you to read this proxy and our 2015 Annual Report and learn more about TriMas online at [www.trimascorp.com](http://www.trimascorp.com). There you will find further information about our performance and how we are working to increase shareholder value.

Finally, we want to encourage you to vote - regardless of the size of your holdings. Every vote is important and your participation helps us do a better job of listening and acting on what matters to you as a shareholder. You can cast your vote online, by telephone, or by using a printed proxy card as outlined in this document.

On behalf of all of us at TriMas, thank you for your continued support and share ownership.

/s/ Samuel Valenti  
Samuel Valenti III  
Chairman of the Board

/s/ David M. Wathen  
David M. Wathen  
President and Chief Executive Officer

PROXY STATEMENT FOR 2016 ANNUAL MEETING OF SHAREHOLDERS

This proxy statement contains information regarding the 2016 Annual Meeting of Shareholders (the “Annual Meeting”) of TriMas Corporation (“TriMas” or the “Company”) to be held at 8:00 a.m. Eastern Time on Thursday, May 12, 2016 at TriMas headquarters, 39400 Woodward Avenue, Suite 130, Bloomfield Hills, Michigan 48304. The Company’s Board of Directors (the “Board”) is soliciting proxies for use at such meeting and at any adjournment or postponement of such meeting. The Company first mailed this proxy statement to its shareholders on or about April 6, 2016. The Company will bear the cost of soliciting proxies.

Proxy Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. You should read the entire Proxy Statement carefully before voting.

General Information

Meeting: Annual Meeting of Shareholders	Corporate Governance
Meeting Location: TriMas Corporation Headquarters	Board Meetings in fiscal 2015: 12
Date: 8:00 a.m. Eastern Time on Thursday, May 12, 2016	Standing Board Committees (Meetings in fiscal 2015):
Record Date: March 15, 2016	Audit 5; Compensation 7; and Governance and
Common Shares Outstanding as of Record Date: 45,481,265	Nominating 3
Stock Symbol: TRS	Separate Chair and CEO: Yes
Stock Exchange: NASDAQ	Board Independence: 8 of 9 directors
Registrar and Transfer Agent: Computershare	Independent Directors Meet without management: Yes
State and Year of Incorporation: Delaware (1986)	Staggered Board: Yes
Corporate Headquarters: 39400 Woodward Avenue, Suite 130, Bloomfield Hills, Michigan 48304	Shareholder Rights Plan: No
Corporate Website: <a href="http://www.trimascorp.com">www.trimascorp.com</a>	Simple Majority to Amend Charter and Bylaws: Yes
Investor Relations Website: <a href="http://ir.trimascorp.com">http://ir.trimascorp.com</a>	Director and Officer Share Ownership Guidelines : Yes
	Hedging, Pledging, and Short Sale Policy: Yes

Items to be Voted On

Proposal No. 1: Election of two directors	Board Recommendation
Proposal No. 2: Ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal 2016	FOR
Proposal No. 3: Re-approval of the material terms for qualified performance-based compensation under the TriMas Corporation 2011 Omnibus Incentive Compensation Plan	FOR

Executive Compensation

CEO: David M. Wathen (age 63; tenure as CEO: seven years)

Fiscal 2015 CEO Total Direct Compensation:

Base Salary: \$765,000

Target Short-Term Incentive: \$860,600

Target Long-Term Incentives: \$2,677,798

Key Elements of our Executive Compensation Program for Fiscal 2015:

- Base Salary: represented 18% of our CEO's and, on average, 35% of our other NEOs' target compensation for 2015.
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Short-Term Incentive: annual incentive focused on corporate financial metrics that are directly tied to our annual business plan. Metrics include top line growth, bottom line profitability, margin expansion, and cash flow generation. This represented 20% of our CEO's and, on average, 20% of our other NEOs' target compensation for 2015.

- Long-Term Equity Incentives comprised of: 50% performance stock units ("cliff" vesting; shares earned, if any, vary based on Relative Total Shareholder Return over overlapping 28-month and 16-month periods); and 50% service-based restricted stock units (vest in three equal installments on the first three anniversaries of the grant date of the award). These long-term equity incentives represented the greatest portion of 2015 target compensation, at 62% for our CEO and 45% for our other NEOs (on average).

Recoupment Policy: Yes

Fiscal 2015 Highlights

- Achieved sales growth in strategic platforms of Packaging and Aerospace, excluding currency impact.

- Mitigated external headwinds through cost savings and restructuring programs.

- Implemented financial improvement plan, expecting to yield \$22 million of annual savings.

- Decreased total debt by 33.5% to \$419.6 million as of December 31, 2015.

- Generated \$62.5 million of cash flow from operating activities.

- Continued to invest in a flexible manufacturing footprint, growth, and productivity initiatives.

- Completed the tax-free spin-off of the Cequent businesses.

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**PROPOSAL 1 — ELECTION OF DIRECTORS**


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The Board is divided into three classes, each class consisting of approximately one-third of the Company's directors. Class I directors' terms will expire at the Annual Meeting. Mr. David M. Wathen and Ms. Nancy S. Gougarty have consented to stand for re-election to serve until the 2019 annual meeting of shareholders. If either of them should become unavailable, the Board may designate a substitute nominee. In that case, the proxy holders named as proxies in the accompanying proxy card will vote for the Board's substitute nominee.

**THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE TWO DIRECTORS LISTED BELOW WHO STANDS FOR RE-ELECTION, TO SERVE UNTIL THE 2019 ANNUAL MEETING.**

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**Vote Required**

The two individuals who receive the most votes cast at the Annual Meeting will be elected as directors, provided a quorum of at least a majority of the outstanding shares of the Company's common stock (the "Common Stock") is represented at the meeting. If you abstain from voting on this matter, your abstention will have no effect on the vote. If you hold your shares through a broker and you do not instruct the broker on how to vote on this "non-routine" proposal, your broker does not have authority to vote your shares (referred to as a "broker non-vote"). Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any other effect on the outcome of the election of directors.

Additional information regarding the directors and director nominees of the Company is set forth below.

**Directors and Director Nominees**

The Board currently consists of nine members divided into three classes serving staggered terms.

Name	Age	Title	Committees*	Term Ending	Class <sup>(4)</sup>
Marshall A. Cohen <sup>(1)</sup>	81	Director	A, C, G**	2016	I
Nancy S. Gougarty <sup>(2)</sup>	60	Director	A, C, G	2016	I
David M. Wathen <sup>(2)</sup>	63	Director, President and Chief Executive Officer	N/A	2016	I
Richard M. Gabrys	74	Director	A**, C, G	2017	II
Eugene A. Miller	78	Director	A, C**, G	2017	II
Herbert K. Parker <sup>(3)</sup>	58	Director	A, C, G	2017	II
Nick L. Stanage	57	Director	A, C, G	2018	III
Daniel P. Tredwell	58	Director	A, C, G	2018	III
Samuel Valenti III	70	Chair of the Board	A, C, G	2018	III

\*A = Audit Committee; C = Compensation Committee; G = Governance and Nominating Committee

\*\*Chair of Committee

(1) Not nominated to stand for re-election at the Annual Meeting.

(2) Standing for re-election at the Annual Meeting.

(3) Appointed February 24, 2015 with initial term expiring 2017.

(4) Class I term expires at the Annual Meeting; Class II term expires at the 2017 annual meeting of shareholders; Class III term expires at the 2018 annual meeting of shareholders.

**Director Background and Qualifications**

The following sets forth the business experience during at least the past five years of each Director nominee and each of the directors whose term of office will continue after the Annual Meeting. In addition, Mr. Cohen's business experience is included even though





his service as a Board member concludes at the Annual Meeting. The Board is grateful for Mr. Cohen's contributions as a Director since 2005, including his role as chair of the Corporate Governance and Nominating Committee. In addition, the following includes a brief discussion of the specific experience, qualifications, attributes, and skills that led to the conclusion that the Directors and nominees should serve on the Board at this time. The Corporate Governance and Nominating Committee considers the experience, mix of skills, and other qualities of the existing Board to ensure appropriate Board composition. The Corporate Governance and Nominating Committee believes that Directors must have demonstrated excellence in their chosen field, high ethical standards and integrity, and sound business judgment. In addition, it seeks to ensure the Board includes members with diverse backgrounds, skills, and experience, including appropriate financial and other expertise relevant to the Company's business. The Board believes that the Directors and nominees have an appropriate balance of knowledge, experience, attributes, skills, and expertise as a whole to ensure the Board appropriately fulfills its oversight responsibilities and acts in the best interests of shareholders. The Board believes that each director satisfies its criteria for demonstrating excellence in his or her chosen field, high ethical standards and integrity, and sound business judgment. In addition, the Board has eight independent directors in accordance with the applicable independence rules of NASDAQ, and such Directors are also independent of the influence of any particular shareholder or shareholder groups whose interests may diverge from the interests of the shareholders as a whole. Further, each director or nominee brings a strong background and set of skills to the Board, giving the Board, as a whole, competence and experience in a wide variety of areas. On February 24, 2015, the Company and Engaged Capital, LLC ("Engaged") and various parties affiliated with Engaged entered into an agreement regarding the appointment of a new director. Under the terms of the agreement, the Board appointed Mr. Herbert K. Parker, as a new Class II director, effective as of February 24, 2015.

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Nancy S. Gougarty  
Director since 2013  
Age 60

#### Professional Experience

In July 2013, Ms. Gougarty became president and chief operating officer of Westport Innovations, a global leader in alternative fuel, low-emissions transportation technologies. Ms. Gougarty served as the vice president for TRW Automotive Corporation, a worldwide automotive supplier, operations in the Asia-Pacific region from 2008 to 2012. Joining TRW in 2005, her previous positions included vice president of product planning, business planning, and business development, and vice president of braking, electronics, and modules for Asia Pacific. Ms. Gougarty has held additional leadership positions in the automotive sector, including managing director for General Motors' joint venture in Shanghai, director for Delphi Packard, Asia Pacific, global account director for General Motors, and vice president for Delphi Automotive Systems, Japan and Korea.

#### Other Boards and Appointments

Ms. Gougarty joined the Westport board of directors in February 2013 and resigned in July 2013 upon her appointment as Westport's president and chief operating officer. Ms. Gougarty is currently a director of AB SKF, a leading global technology provider.

#### Director Qualifications

Ms. Gougarty has extensive operational leadership experience and expertise directing the development and implementation of strategic and operational plans and international operations.

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David M. Wathen  
President, CEO and Director since 2009  
Age 63

Professional Experience

Mr. Wathen has served as president and chief executive officer of the Company since 2009. He served as president and chief executive officer of Balfour Beatty, Inc. (U.S. operations), an engineering, construction, and building management services company, from 2003 until 2007. Prior to his Balfour Beatty appointment, he was a principal member of Questor, a private equity firm, from 2000 to 2002. Mr. Wathen held management positions from 1977 to 2000 with General Electric, a diversified technology and financial services company, Emerson Electric, a global manufacturing and technology company, Allied Signal, an automotive parts manufacturer, and Eaton Corporation, a diversified power management company.

Other Boards and Appointments

Mr. Wathen is currently a director and member of the audit committee of Franklin Electric Co., Inc., a global provider of complete water and fueling systems. He served as chair of the corporate governance committee of Franklin Electric from 2009 to 2015.

Director Qualifications

Mr. Wathen has extensive knowledge and experience in operational and management issues relevant to diversified manufacturing environments, executive leadership experience, including with respect to the Company, and has subject matter expertise in the areas of engineering, production, and business development.

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Richard M. Gabrys  
Director since 2006  
Age 74

Professional Experience

Mr. Gabrys has served as the president and chief executive officer of Mears Investments, LLC, a private family investment company, since 2005. Mr. Gabrys retired from Deloitte & Touche LLP in 2004 after 42 years, where he served a variety of public companies, financial services institutions, public utilities, and health care entities. Mr. Gabrys was vice chair of Deloitte's United States Global Strategic Client Group and served as a member of its Global Strategic Client Council. From 2006 to 2007, Mr. Gabrys served as the interim dean of the School of Business Administration of Wayne State University.

Other Boards and Appointments

Mr. Gabrys is a member of the board of directors of CMS Energy Company, an integrated energy company, and La-Z-Boy Inc., a furniture manufacturer and retailer. Mr. Gabrys is chair of the audit committee, a member of the executive committee, and a member of the governance and public responsibility committee for CMS Energy and a member of the audit committee and compensation committee for La-Z-Boy, where he also served as lead director from August 2011 through August 2015. From 2007 to 2011, he served on the board of Massey Energy Company, a coal producer. Mr. Gabrys also serves on the boards of several non-profit organizations, including Karmanos Cancer Institute, Alliance for Safer Streets in Detroit (Crime Stoppers), and Detroit Regional Chamber. He is a member of the management board of Renaissance Venture Capital Fund, an affiliate of Business Leaders for Michigan, a non-profit executive leadership organization.

Director Qualifications

Mr. Gabrys has extensive knowledge and expertise in financial reporting, accounting, and Sarbanes-Oxley compliance for public companies. His experiences serving as a director of other significant corporations contributes to his leadership skills, the breadth of his experience in auditing, finance, and other areas of risk oversight as well as experience in mergers and acquisitions. Mr. Gabrys continues to maintain an active CPA license in Michigan.

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Eugene A. Miller  
Director since 2005  
Age 78

**Professional Experience**

Mr. Miller is the retired chair and chief executive officer of Comerica Incorporated and Comerica Bank, a financial services company, in which positions he served from 1993 to 2002, prior to which time he held various positions of increasing responsibility at Comerica Incorporated and Comerica Bank (formerly The Detroit Bank) beginning in 1955.

**Other Boards and Appointments**

Mr. Miller was a director of Handleman Company from 2002 to 2012 and DTE Energy Company from 1989 to 2013.

**Director Qualifications**

Mr. Miller has extensive knowledge and expertise in management, executive compensation, and governance matters related to public companies. His experiences serving as chair and chief executive officer of Comerica and as a public company director also provide him with subject matter expertise in risk management, finance, and professional standards.

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Herbert K. Parker  
Director since 2015  
Age 58

**Professional Experience**

Mr. Parker is the executive vice president – operational excellence of Harman International Industries, Inc., a worldwide leader in the development, manufacture, and marketing of high quality, high-fidelity audio products, lighting solutions, and electronic systems. Mr. Parker joined Harman International in June 2008 as executive vice president and chief financial officer, and assumed his current position effective January 2015. Previously, Mr. Parker served in various senior financial positions with ABB Ltd. (known as ABB Group), a global power and technology company, from 1980 to 2006, including as the chief financial officer of the global automation division from 2002 to 2005 and the Americas region from 2006 to 2008. Mr. Parker began his career as a staff accountant with C-E Systems. Mr. Parker graduated from Lee University with a Bachelor of Science degree in Accounting.

**Other Boards and Appointments**

Mr. Parker served as a director of TMS International Corp., the largest provider of outsourced industrial services to steel mills in North America, from February 2012 until October 2014.

**Director Qualifications**

Mr. Parker has extensive experience in financial reporting, accounting, and Sarbanes-Oxley compliance for public companies. His experience serving as a financial executive with multiple public companies provides him with subject matter expertise in finance, asset management, and other areas of risk oversight.

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Nick L. Stanage  
Director since 2013  
Age 57

**Professional Experience**

In November 2009, Mr. Stanage joined Hexcel Corporation, a worldwide manufacturer of advanced material solutions, carbon fiber, reinforcement fabrics, and tooling materials, as president. In 2012, he became chief operating officer and in 2013 he was appointed chief executive officer. Prior to joining Hexcel, Mr. Stanage served as president of the heavy vehicle products group at Dana Holding Corporation, a manufacturer of high quality automotive product solutions, from 2005 to 2009. From 1986 to 2005, Mr. Stanage held positions of increasing responsibility in engineering, operations, and marketing with Honeywell Inc. (formerly AlliedSignal Inc.), a provider of energy, chemical, and mechanical technology solutions.

**Other Boards and Appointments**

In August 2013, Mr. Stanage joined the board of directors of Hexcel and in January 2014 he was appointed board chair.

**Director Qualifications**

Mr. Stanage brings extensive knowledge and experience in executive leadership and operational and management issues relevant to manufacturing environments. He has subject matter expertise in the areas of engineering and production.

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Daniel P. Tredwell  
Director since 2002  
Age 58

**Professional Experience**

Mr. Tredwell is one of the co-founders of Heartland Industrial Partners, L.P., an investment firm, and has served as its managing member since 2006. Mr. Tredwell has also served as the managing member of CoveView Advisors LLC, an independent financial advisory firm, since 2009 and Cove View Capital LLC, a credit opportunities investment fund, since 2009. He has almost three decades of private equity and investment banking experience.

Mr. Tredwell served as a managing director at Chase Securities Inc., an investment banking, security brokerage, and dealership service company (and predecessor of J.P. Morgan Securities, Inc.), until 1999 and had been with Chase Securities since 1985.

**Other Boards and Appointments**

Mr. Tredwell is a director of Companhia de Tecidos Norte De Minas (Coteminas) and Springs Global Participações S.A., each of which are Brazil based manufacturers of textiles and textile products. From 2001 to 2013, Mr. Tredwell served on the board and as chairman of the compensation committee of Springs Industries, Inc., and from 2000 to 2010, he served on the board of Metaldyne Corporation, and was also a board and audit committee member for its successor, Asahi Tec Corporation of Japan, each designers and suppliers of metal formed components. Mr. Tredwell chairs the compensation committee for Springs Global Participações S.A.

**Director Qualifications**

Mr. Tredwell has extensive knowledge and subject matter expertise in finance, banking, acquisitions and divestitures, economics, asset management, and business development. Through his membership on the board of directors of other global corporations (including as the chair of audit and compensation committees), Mr. Tredwell also brings expertise in risk management, corporate oversight, and audit.

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Samuel Valenti III  
Chair and director since 2002  
Age 70

Professional Experience

Mr. Valenti is currently chair of Valenti Capital LLC. Mr. Valenti was employed by Masco Corporation, a home improvement and building products manufacturer, from 1968 through 2008. From 1988 through 2008, Mr. Valenti was president and a member of the board of Masco Capital Corporation, and was vice president-investments of Masco Corporation from 1974 to 1998.

Other Boards and Appointments

Mr. Valenti was named co-chair of the board of Horizon Global Corporation (“Horizon”), a manufacturer of towing, trailering, and cargo management components, in June 2015. He also serves as a member of the audit, compensation, and nominating and governance committees of Horizon. Horizon was previously a subsidiary of the Company that became an independent public company pursuant to a spin-off that was effected on June 30, 2015 (the “Spin Off”). Mr. Valenti was named a director of American Axle & Manufacturing Holdings, Inc., a manufacturer of automotive driveline and drivetrain components and systems, in October 2013. He also serves as a member of the audit committee and the strategy committee for American Axle. Mr. Valenti is the former chair of the investment advisory committee of the State of Michigan retirement system and served on the Harvard Business School Advisory Council. He currently serves on the advisory council at the University of Notre Dame and the advisory board at the University of Michigan Business School Zell-Lurie Institute. Mr. Valenti is a member of Business Leaders for Michigan and serves as chair of the Renaissance Venture Capital Fund.

Director Qualifications

As chair of the Company’s board since 2002 and as an executive of Masco for 40 years, Mr. Valenti has extensive knowledge and expertise in the management of diversified manufacturing businesses and subject matter expertise in the areas of finance, economics, corporate governance, and asset management.

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Marshall A. Cohen  
Director since 2005 (Board term concludes as of the Annual Meeting and not standing for re-election)  
Age 81

Professional Experience

Mr. Cohen was counsel (retired) at Cassels Brock & Blackwell LLP, a law firm based in Toronto, Canada, which he joined in 1996. Prior to joining the firm, Mr. Cohen served as president and chief executive officer of the Molson Companies Limited, a leading global brewer, from 1988 to 1996.

Other Boards and Appointments

From 2006 to 2015, Mr. Cohen was a director and a member of the audit committee and governance committee of TD Ameritrade, an on-line securities broker. From 1988 to 2011, he was a director and member of the compensation and governance committee of Barrick Gold Corporation, a gold mining company, and from 2009 to July 2014, he was a director and a member of the compensation committee and corporate governance committee of Gleacher Securities, Inc., an investment building and capital markets firm.

Director Qualifications

Mr. Cohen has broad experience as a public company director, particularly with regard to governance, compliance, legal matters, and other areas of risk oversight. He has extensive knowledge and experience in management with subject matter expertise in government affairs, corporate governance, and corporate responsibility.

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### The Board of Directors and Committees

Since June 2002, the Company has separated the roles of the Board Chair and Chief Executive Officer. The Board believes that separating these roles offers distinct benefits to the Company, including curtailing the potential for conflict of interest and facilitating objective Board evaluation of the Company's management. Mr. Valenti has served as Board Chair since 2002 and has been an independent director since November 2008.

### Board of Directors Risk Management Functions

As part of its oversight function, the Board monitors how management operates the Company, in part via its committee structure. When granting authority to management, approving strategies, and receiving management reports, the Board considers, among other things, the risks and vulnerabilities the Company faces. The Audit Committee considers risk issues associated with the Company's overall financial reporting, disclosure process, and legal compliance, as well as reviewing policies on risk control assessment and accounting risk exposure. In addition to its regularly scheduled meetings, the Audit Committee meets with the corporate audit team, and the independent registered public accounting firm in executive sessions at least quarterly, and with the general counsel and chief compliance officer as determined from time to time by the Audit Committee. Each of the Compensation Committee and the Corporate Governance and Nominating Committee considers risk issues associated with the substantive matters addressed by the committee.

During 2015, the Board held twelve meetings, the Audit Committee held five meetings, the Compensation Committee held seven meetings and the Governance and Nominating Committee held three meetings.

### Corporate Governance

The Company's Board of Directors currently consists of nine directors, divided into three classes as equal in number as possible. The members of each class serve for staggered, three year terms. Upon the expiration of the term of a class of directors, directors in that class may be asked to stand for re-election for a three year term at the annual meeting in the year in which their term expires.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the Company's directors.

The Company's Board has determined, after considering all of the relevant facts and circumstances, that Messrs. Cohen, Gabrys, Miller, Parker, Stanage, Tredwell, and Valenti, and Ms. Gougarty are "independent" from management in accordance with the NASDAQ listing standards and the Company's Corporate Governance Guidelines. To be considered independent, the Board must determine that a director does not have any direct or indirect material relationships with the Company and must meet the criteria for independence set forth in the Company's Corporate Governance Guidelines. With respect to Mr. Valenti, who is also a member of the board of directors of Horizon, the Board determined that his service on the board of directors of Horizon does not impair his independence after giving consideration to the transitional relationships between the companies that were put in place in connection with the Spin Off, including pursuant to a Separation and Distribution Agreement, a Tax Sharing Agreement, an Employee Matters Agreement, a Transition Services Agreement, and a Noncompetition and Nonsolicitation Agreement. If discussions arise regarding current or future relationships between the Company and Horizon, Mr. Valenti would not participate in such discussions or any related Board approvals. With respect to Mr. Tredwell, the Board considered that the Company has agreed to pay certain fees related to an ongoing environmental matter to Heartland Industrial Partners, L.P. (in an amount less than \$120,000).

During 2015, all current directors attended at least 75%, in aggregate, of the meetings of the Board and all committees of the Board on which they served. All of the current directors who were serving on the Board at the time of the 2015 Annual Meeting of Shareholders attended the 2015 Annual Meeting. All Directors are expected to attend all meetings, including the Annual Meeting. In addition to attending Board and committee meetings, directors fulfill their responsibilities by consulting with the President and Chief Executive Officer and other members of management on matters that affect the Company.

Independent directors hold regularly scheduled executive sessions in which independent directors meet without the presence of management. These executive sessions generally occur around regularly scheduled meetings of the Board. For more information regarding the Company's Board and other corporate governance procedures, see "Corporate Governance." For information on how you can communicate with the Company's non-management directors, see

“Communicating with the Board.”

Audit Committee. The Audit Committee is responsible for providing independent, objective oversight and review of the Company’s auditing, accounting, and financial reporting processes, including reviewing the audit results and monitoring the effectiveness of the Company’s internal audit function. In addition, the Audit Committee is responsible for (1) selecting the Company’s independent registered public accounting firm, (2) approving the overall scope of the audit, (3) assisting the Board in monitoring the integrity of the Company’s financial statements, our independent registered public accounting firm’s qualifications and independence, the performance of the Company’s independent registered public accounting firm and the Company’s internal audit function, and compliance with relevant legal and regulatory requirements, (4) annually reviewing the Company’s independent registered public accounting firm’s report describing the auditing firm’s internal quality control procedures and any material issues raised by the