

KVH INDUSTRIES INC \DE\  
Form DEF 14A  
April 09, 2015

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**SCHEDULE 14A**

**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 Rule 14a-12

**KVH INDUSTRIES, INC.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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- o Fee paid previously with preliminary materials.
  - o 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:
-







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KVH Industries, Inc.  
50 Enterprise Center  
Middletown, RI 02842

April 9, 2015

Dear Fellow Stockholder:

We are pleased to invite you to attend the KVH 2015 Annual Meeting of Stockholders. The meeting will take place on Wednesday, May 27, 2015 at 11:00 a.m. local time in our world headquarter offices at 50 Enterprise Center, Middletown, Rhode Island.

Our strategy is driven by our commitment to finding solutions for our customers – whether it's broadband connectivity for a ship's crew, satellite TV for a family onboard a boat, or fiber optic gyros for cutting-edge autonomous applications. Over the last several years, through acquisitions and investment in our business, we have significantly expanded our product and service offerings to support our strategy and position KVH for continued growth. We are confident we have in place a highly capable management team as well as a capable group of directors who are well qualified to oversee the success of the business and to represent all stockholders. We believe that our current strategy will create significant long-term value for KVH stockholders.

In addition to this Proxy Statement, we encourage you to read our 2014 Annual Report for a more complete picture of our performance and how we are working to increase stockholder value.

Finally, we encourage you to vote – regardless of the size of your share 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 stockholder. You can vote over the Internet, by telephone, or by mailing a completed proxy card as outlined in this document.

On behalf of all of us at KVH, we want to thank you for your continued support and ownership of KVH. I hope to see you at the annual meeting.

Sincerely,

**Martin A. Kits van Heyningen**  
*President, Chief Executive Officer and  
Chairman of the Board of Directors*

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## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

**Date and Time:** Wednesday, **May 27, 2015** at 11:00 a.m.

**Place:** The Offices of KVH Industries, Inc.  
World Headquarters  
50 Enterprise Center  
Middletown, Rhode Island

**Items of Business:** **Proposal 1:** To consider and vote upon the election of two Class I directors to a three-year term;

**Proposal 2:** To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm; and

To transact such further business as may properly come before the annual meeting or any adjournment of the meeting.

**Record Date:** Our Board of Directors has fixed the close of business on Wednesday, April 1, 2015, as the record date for the determination of the stockholders entitled to receive notice of, and to vote at, the annual meeting and any adjournment of the meeting. Only stockholders of record on April 1, 2015 are entitled to receive notice of, and to vote at, the annual meeting or any adjournment of the meeting.

By Order of the Board of Directors,

**Felise Feingold**  
*Secretary*

April 15, 2015

### YOUR VOTE IS IMPORTANT

#### Mail

Please sign and return the enclosed proxy, whether or not you plan to attend

#### Telephone

Use the toll-free telephone number on your proxy card to vote

#### Internet

Visit the website noted on your proxy card to vote via the Internet.

#### In Person

Attend the meeting in person.

the annual meeting.

by telephone.

**Important Notice Regarding the Availability of Proxy Materials  
for the Annual Meeting of Stockholders to be Held on May 27, 2015**

This proxy statement and our 2014 annual report to stockholders are available on the Internet at  
[www.kvh.com/annual](http://www.kvh.com/annual).

You can read, print, download and search these materials at that website.  
The website does not use "cookies" or other tracking devices to identify visitors.

You can obtain directions to be able to attend the meeting and vote in person at [www.kvh.com/annual](http://www.kvh.com/annual).

None of the information on our website or elsewhere on the Internet forms a part of this proxy statement or is  
incorporated by reference into this proxy statement.

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## PROXY SUMMARY

The proxy summary is an overview of information that you will find elsewhere in this proxy statement and our 2014 Annual Report. As this section is only a proxy summary, we encourage you to read the entire proxy statement for more information about these topics before you vote.

### ANNUAL MEETING OF STOCKHOLDERS

Wednesday, **May 27, 2015** at 11:00 a.m.

The Offices of KVH Industries, Inc.  
 World Headquarters  
 50 Enterprise Center  
 Middletown, Rhode Island

### VOTING MATTERS

1. Election of Directors	FOR Each Nominee	6
2. Ratification of Appointment of Independent Public Accounting Firm	FOR	7

### ELECTION OF DIRECTORS

The following table provides summary information about the two nominees for election to the Board as Class I Directors. Additional information for all Directors, including the nominees, may be found on pages 6, 8-9.

Mark S. Ain	71	1997	Yes	Compensation Committee (Chair) Audit Committee
Stanley K. Honey	60	1997	Yes	Nominating and Corporate Governance Committee (Chair) Audit Committee Nominating and Corporate Governance Committee

### GOVERNANCE HIGHLIGHTS

Our Board of Directors monitors best practices in governance and adopts measures it determines to be in the best interest of stockholders. Highlights of our governance practices include:

- ü Directors are elected by majority voting
- ü Recently rotated our independent registered public accounting firm
- ü A majority of independent directors
- ü

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- ü All of the members of our audit, compensation and nominating and corporate governance committees are independent
- ü Executive sessions of independent directors held at each regularly scheduled meeting
- ü Independent directors attended 100% of meetings of the Board and Board committees on which they served in 2014
- ü Stockholder vote to ratify independent registered public accounting firm
- ü Majority of director compensation is delivered in KVH common stock
- ü Strong pay-for-performance executive compensation policy
- ü No executive employment agreements or change in control agreements
- ü Independent compensation consultant hired by the compensation committee
- ü Annual board and committee self-assessments

KVH Industries, Inc. 2015 Proxy  
Statement 1

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**PROXY SUMMARY**

**2014 BUSINESS HIGHLIGHTS**

2014 was a productive and successful year for KVH, both in terms of our revenue growth and in our progress to position the company for future growth.

In 2014, we continued to grow our mobile broadband business and added important new services that both contributed to revenue and helped to provide a solid differentiating advantage. Last year, we also added a portfolio of new products to our guidance and stabilization business. Highlights of our business performance in 2014 include:

- ii Acquired Videotel, a leading provider of maritime training solutions
- ii Expanded capacity in our mini-VSAT Broadband network in the Caribbean and South American regions
- ii Launched our IP-MobileCast content delivery service, with content ranging from entertainment to digital charts, detailed weather forecasts, and training materials
- ii Service revenues, including subscription-based service revenues, represented 53% of our total revenues
- ii Launched new TACNAV and FOG IMU products for a broader range of military and commercial applications
- ii Received three significant TACNAV orders, totaling more than \$28.0 million
- ii Launched a new family of TracVision satellite TV antennas
- ii Maintained leadership position as the world's No. 1 maritime VSAT provider as of March 2015, supported by an independent industry report that confirmed KVH had nearly twice the number of customers compared to our nearest competitor at that time

**2014 EXECUTIVE COMPENSATION**

The 2014 compensation program for our named executive officers was comprised of three elements – base salary, cash-based incentive compensation and an annual equity grant. We believe the compensation program for our named executive officers included key features that aligned the interests of our executives with KVH's business strategies and goals and stockholders' interests.

**What We Do**

- ii Offer competitive compensation that attracts and retains executive talent
- ii Align the interests of our named executive officers with those of our stockholders and reward the creation of long-term value for KVH stockholders through equity grants

**What We Don't Do**

- û No long-term employment agreements
- û No guaranteed severance programs
- û No tax gross-ups
- û No guaranteed salary increases

ü

Emphasize variable performance-based compensation over fixed compensation

û No guaranteed bonuses

û No cash-based incentive compensation programs that are not tied to performance

ü

Align payout of annual incentives to drivers of stockholder value, such as revenue and adjusted EBITDA

û No repricing of stock options

û No discounted stock options

ü

Balance the importance of achieving long-term strategic priorities and critical short-term goals linked to long-term objectives

ü

Align individual performance goals with our business strategy

ü

Cap incentive payments

ü

Benchmark compensation against that of peers of similar size and business complexity

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**PROXY SUMMARY**

Compensation mix for our named executive officers during 2014 reflects these objectives, as shown in the chart. The percentages shown represent percentages of total target compensation, not total actual compensation, and as a result do not match the percentages calculable from actual compensation reflected in the Summary Compensation Table on page 20. Fixed pay represents the sum of salary, holiday bonus and perquisites; variable pay represents equity awards and non-equity incentive plan compensation.

Incentive compensation for 2014 was based on the compensation committee's assessment of the degree of achievement of corporate and business unit performance goals for 2014, as well as individual performance in that year.

Although KVH had strong revenue growth year over year, neither the corporate performance goals nor the business unit performance goals set by the compensation committee for revenue and adjusted EBITDA were met for 2014 and, accordingly, no bonuses were paid with respect to the portion of each named executive officer's incentive compensation target attributable to corporate or business unit performance. Accordingly, the failure to receive either the corporate or business unit portion of the bonus resulted in the reduction of the CEO's cash-based incentive compensation actually received to 20% from the targeted 90% of base salary and, with respect to the remaining named executive officers, a reduction of the cash-based incentive compensation actually received to a range of 9% to 12% from the targeted range of 40% to 50%.

**Actual Annual Incentive Versus Target  
(Percentage of Base Salary)**

**Actual Annual Incentive Versus Target  
(Percentage of Base Salary)**

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## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING OF STOCKHOLDERS AND VOTING

### **What is the purpose of the annual meeting?**

At the annual meeting, we will submit the following proposals to our stockholders:

**Proposal 1** To elect two Class I directors to a three-year term.

**Proposal 2** To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm.

Our Board of Directors does not intend to present to the annual meeting any business other than the proposals described in this proxy statement. Our Board of Directors was not aware, a reasonable time before mailing this proxy statement to stockholders, of any other business that may be properly presented for action at the annual meeting. If any other business should come before the annual meeting, the persons present will have discretionary authority to vote the shares they own or represent by proxy in accordance with their judgment, to the extent authorized by applicable regulations.

### **When is the record date?**

Our Board of Directors has fixed the close of business on Wednesday, April 1, 2015, as the record date for the annual meeting. Only stockholders of record as of the close of business on that date are entitled to receive notice of the annual meeting, and to vote at, the annual meeting. At the close of business on the record date, there were 16,070,952 shares of our common stock outstanding. Each share of common stock outstanding on the record date will be entitled to cast one vote.

### **What are the methods of voting?**

The shares represented by your properly signed proxy card will be voted in accordance with your directions. If you do not specify a choice with respect to a proposal for which our Board of Directors has made a recommendation, the shares covered by your signed proxy card will be voted as recommended in this proxy statement. We encourage you to vote on all matters to be considered.

By signing and returning the proxy card in the enclosed envelope, you are enabling the individual named on the proxy card (known as a "proxy") to vote your shares at the meeting in the manner you indicate. We encourage you to sign and return the proxy card even if you plan to attend the meeting. In this way, your shares will be voted even if you are unable to attend the meeting. If you received more than one proxy card, it is an indication that your shares are held in multiple accounts. Please sign and return all proxy cards to ensure that all of your shares are voted.

To vote by telephone, please follow the instructions included on your proxy card. If you vote by telephone, you do not need to complete and mail your proxy card.

To vote on the Internet, please follow the instructions included on your proxy card. If you vote on the Internet, you do not need to complete and mail your proxy card.

If you plan to attend the meeting and vote in person, we will provide you with a ballot at the meeting. If your shares are registered directly in your name, you are considered the stockholder of record and you have the right to vote in person at the meeting. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of the shares held in street name. If you wish to vote shares held in street name at the meeting, you will need to bring with you to the meeting a legal proxy from your broker or other nominee authorizing you to vote your shares.

**What constitutes a quorum?**

Our by-laws provide that a quorum consists of a majority of the shares of common stock outstanding and entitled to vote at the annual meeting. Shares of common stock represented by a properly signed and returned proxy will be treated as present at the annual meeting for purposes of determining the existence of a quorum at the annual meeting. Abstentions and broker "non-votes" are counted as present or represented for purposes of determining the existence of a quorum at the annual meeting. A "non-vote" occurs when a broker or nominee holding shares for a beneficial owner returns a proxy but does not vote on a proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

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**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING OF STOCKHOLDERS AND VOTING**

**What vote is required for approval?**

A majority of the votes properly cast at the annual meeting will be necessary to elect each Class I director to a three-year term (proposal one), to approve the proposal to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm (proposal two) and to approve any other matter to be acted upon at the annual meeting. For more information on majority voting, please see "Board of Directors and Committees of the Board Corporate Governance Majority Voting."

**What are abstentions and broker non-votes, and what effect do they have?**

Abstentions and broker "non-votes" will not be included in calculating the number of votes cast on any proposal. As a result, abstentions and broker "non-votes" will not have any effect on the outcome of the vote on any proposal.

**Who will count the votes?**

Our transfer agent, Computershare Trust Company, N.A., will separately tabulate the votes on each matter presented to the stockholders at the annual meeting.

**Who is soliciting my vote? Are they paid solicitors?**

We are soliciting proxies on behalf of our Board of Directors. No compensation will be paid by any person in connection with our solicitation of proxies. We will reimburse brokers, banks and other nominees for the out-of-pocket expenses and other reasonable clerical expenses they incur in obtaining instructions from beneficial owners of our common stock. In addition to our solicitation by mail, our directors, officers and employees may make special solicitations of proxies personally or by telephone, facsimile, courier or e-mail. We expect that the expense of any special solicitation will be nominal. We will pay all expenses incurred in connection with this solicitation.