

180 DEGREE CAPITAL CORP. /NY/
Form DEF 14A
April 30, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (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 Pursuant to 240.14a-12

180 DEGREE CAPITAL CORP.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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 - (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):
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JUNE 12, 2018

To the Shareholders of 180 Degree Capital Corp.:

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Shareholders (the "Annual Meeting") of 180 Degree Capital Corp. (the "Company") will be held on Tuesday, June 12, 2018, at 10:00 a.m., local time, at the offices of Schulte, Roth & Zabel, LLP, 919 Third Avenue, New York, New York 10022. This meeting has been called by the Board of Directors of the Company, and this notice is being issued at its direction. It has called this meeting for the following purposes:

1. To elect six directors of the Company to hold office until the next annual meeting of shareholders or until their respective successors have been duly elected and qualified;
2. To ratify, confirm and approve the Audit Committee's selection of PricewaterhouseCoopers LLP as the independent registered public accountant for the fiscal year ending December 31, 2018;
3. To transact such other business as may properly come before the Annual Meeting or any postponements or adjournments thereof.

We encourage you to contact us at 973-746-4500, from 9:00 a.m. to 5:00 p.m. EDT, if you have any questions.

Our proxy statement is available at: <http://ir.180degreecapital.com/financial-information>

Our annual report is available at: <http://ir.180degreecapital.com/financial-information/annual-reports>

Holders of record of the Company's common stock as of the close of business on April 16, 2018, will be entitled to vote at the Annual Meeting.

Whether or not you expect to be present in person at the Annual Meeting, please sign and date the accompanying proxy card and return it promptly in the enclosed business reply envelope, which requires no postage if mailed in the United States, so you will be represented at the Annual Meeting. Even if you vote your shares prior to the Annual Meeting, you may attend and vote your shares in person.

By Order of the Board of Directors,

April 30, 2018 Kevin M. Rendino
Montclair, New Jersey Chairman and Chief Executive Officer

**IMPORTANT: PLEASE MAIL YOUR PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE.
THE MEETING DATE IS JUNE 12, 2018.**

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7 N. Willow Street, Suite 4B
Montclair, NJ 07042
(973) 746-4500

PROXY STATEMENT
FOR THE
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 12, 2018

This proxy statement is being furnished in connection with the solicitation of proxies by the board of directors (the “Board”) of 180 Degree Capital Corp. (the “Company,” “we,” “us” or “our”) for use at our upcoming 2018 Annual Meeting of Shareholders (the “Annual Meeting”), which will be held on Tuesday, June 12, 2018, at 10:00 a.m., local time, at the offices of Schulte, Roth & Zabel, LLP, 919 Third Avenue, New York, New York 10022, and at any postponements or adjournments thereof. We are mailing this proxy statement and the accompanying notice and proxy card, to the Company’s shareholders entitled to vote at the Annual Meeting on or about April 30, 2018.

ABOUT THE MEETING

What is the purpose of the Annual Meeting?

At the Annual Meeting, you will be asked to vote on the following proposals:

1. To elect six directors of the Company to hold office until the next annual meeting of shareholders or until their respective successors have been duly elected and qualified (“Election of Directors Proposal”);
2. To ratify, confirm and approve the Audit Committee’s selection of PricewaterhouseCoopers LLP as the independent registered public accountant for the fiscal year ending December 31, 2018 (“Selection of Independent Registered Public Accountant Proposal”); and
3. To transact such other business as may properly come before the meeting or any postponements or adjournments thereof.

We are not aware of any other matter that will be presented for your vote at the Annual Meeting.

Who is entitled to vote?

Only shareholders of record at the close of business on the Record Date, April 16, 2018, are entitled to receive notice of and to vote the shares of our common stock that they held on the Record Date at the Annual Meeting, or any postponements or adjournments thereof. Each outstanding share of common stock, as of the Record Date, entitles its holder as of the Record Date to cast one vote on each matter acted upon at the Annual Meeting. As of the Record Date, there were 31,121,562 shares of our common stock outstanding. If your shares are held for your account by a broker, bank or other institution or nominee, you may vote such shares at the Annual Meeting only if you obtain proper written authority from your institution or nominee that you present at the Annual Meeting.

How is a quorum determined?

A quorum of our stockholders must be represented at the Annual Meeting for any business to be conducted. Our Bylaws provide that a majority of the shareholders entitled to vote, present in person or by proxy, is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and Broker Non-Votes will be counted as shares represented at the Annual Meeting for purposes of determining the existence of a quorum. A

"Broker

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Non-Vote" occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner or other persons entitled to vote.

How can I vote?

We encourage you to vote your shares, either by voting in person at the Annual Meeting or by granting a proxy (i.e., authorizing someone to vote your shares). If you properly sign and date the accompanying proxy card and the Company receives it prior to the Annual Meeting, the persons named as proxies will vote the shares registered directly in your name in the manner that you specified. If you are a stockholder of record (i.e., you hold shares directly in your name), you may revoke a proxy at any time before it is exercised by written notification delivered to our Secretary, by voting in person at the Annual Meeting, or by executing another proxy bearing a later date. If you give no instructions on the proxy card, the shares covered by the proxy card will be voted "FOR" each of the matters listed in this proxy statement. If any other matters properly come before the Annual Meeting, the persons named on the proxies will vote upon such matters at their discretion.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

What vote is required to approve each proposal?

Election of Directors. For the Election of Directors Proposal, the directors will be elected by a plurality of the votes cast at the Annual Meeting. Broker Non-Votes will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal.

Selection of Independent Registered Public Accountant. For the Selection of Independent Registered Public Accountant Proposal, the proposal will be approved if a majority of the votes cast are cast in favor. Abstentions will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal. Because brokers will have discretionary authority to vote for the ratification of the appointment of the Company's independent registered public accounting firm in the event that they do not receive voting instructions from the beneficial owner of the shares, your broker will be permitted to vote your shares for this proposal.

Other Matters. All other matters being submitted to a shareholder vote pursuant to the Notice of Annual Meeting will be approved if a majority of the votes cast on a particular matter are cast in favor of that matter.

What are Broker Non-Votes?

Generally, Broker Non-Votes occur when shares held by a broker, bank or other nominee in "street name" for a beneficial owner are not voted with respect to a particular proposal because the broker, bank or other nominee has not received voting instructions from the beneficial owner and lacks discretionary voting power to vote those shares with respect to that particular proposal. If your shares are held in the name of a brokerage firm, and the brokerage firm has not received your voting instructions with respect to that proposal, the brokerage firm cannot vote the shares on that proposal unless it is a "routine" matter. The Election of Directors Proposal is not considered a "routine" matter.

What happens if a quorum is not present at the Annual Meeting?

If a quorum is not present at the scheduled time of the Annual Meeting, we may adjourn the meeting, either with or without the vote of shareholders. If we propose to have the shareholders vote whether to adjourn the Annual Meeting, the proxy holders will vote all shares for which they have authority in favor of the adjournment. We may also adjourn the Annual Meeting if for any reason we believe that additional time should be allowed for the solicitation of proxies. An adjournment will have no effect on the business that may be conducted at the Annual Meeting.

Who will bear the costs of this solicitation?

The Company will bear the costs of this solicitation. Proxies are being solicited by Broadridge Financial Solutions, Inc., pursuant to its standard contract as proxy solicitor, the cost of which will be borne by us and is estimated to be approximately \$25,000 plus out-of-pocket expenses. We will pay the cost of this solicitation of proxies by mail. Our officers and regular employees may also solicit proxies in person or by telephone without additional compensation. We will make arrangements with brokerage houses, custodians, nominees and other fiduciaries to send proxy materials to their principals, and we will reimburse these persons for related postage and clerical expenses. It is estimated that those costs will be approximately \$10,000.

May I revoke my vote?

Any proxy given pursuant to this solicitation may be revoked by a shareholder at any time, before it is exercised, by written notification delivered to our Secretary, by voting in person at the Annual Meeting, or by executing another proxy bearing a later date.

What are the deadlines to nominate directors or to propose other business for consideration at the 2019 Annual Meeting of Shareholders?

Under Securities and Exchange Commission ("SEC") rules, any shareholder proposals intended to be considered or presented for inclusion in our proxy statement and form of proxy for the 2019 Annual Meeting of Shareholders must be received in writing by the Secretary of the Company at 180 Degree Capital Corp., 7 N. Willow Street, Suite 4B, Montclair, NJ 07042, no later than January 1, 2019. In the event that the date of the 2019 Annual Meeting of Shareholders is changed by more than 30 days from the date of this year's meeting, we will announce the deadline for submitting shareholder proposals. Such deadline will be a reasonable time before the company begins to print and mail its proxy materials.

Under our Bylaws, nominations for directors may be made only by the Board, by the Nominating Committee, or by a shareholder entitled to vote who has delivered written notice to our Secretary (containing certain information specified in the Bylaws) not less than 90 days or more than 120 days prior to the anniversary of the date of the immediately preceding Annual Meeting of Shareholders (i.e., between February 12, 2019, and March 14, 2019); provided, however, that in the event that the Annual Meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the shareholder in order to be timely must be so received not later than the close of business on the 10th day following the day on which notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs. Proposals must also comply with the other requirements contained in the Company's Bylaws. Submission of a proposal does not guarantee inclusion in the proxy statement, as the requirements of certain federal laws and regulations must be met by such proposals.

Rule 14a-4 of the SEC's proxy rules allows us to use discretionary voting authority to vote on matters coming before an annual meeting of shareholders when we do not have notice of the matter at least 45 days before the anniversary of the date on which we first mailed the proxy materials for the prior year's annual meeting of shareholders or the date specified by the advance notice provision in our Bylaws. Our Bylaws contain such an advance notice provision as described above. For our 2019 Annual Meeting of Shareholders, expected to be held in June of 2019, shareholders must submit such written notice to our Secretary in accordance with the advance notice provision, as described above. A copy of the provisions in the Bylaws discussed above may be obtained by submitting a written request to our Secretary.

How many shares do the Company's principal shareholders, directors and executive officers own?

Set forth below is information, as of April 16, 2018, with respect to the beneficial ownership of our common stock by (i) each person who is known by us to be the beneficial owner of more than five percent of the outstanding shares of our common stock, (ii) each of our directors and nominees, (iii) each of our executive officers (as defined below) and (iv) all of our directors and executive officers as a group. Except as otherwise indicated, to our knowledge, all shares are beneficially owned and investment and voting power is held by the persons named as owners. None of the shares owned by directors or officers have been pledged. Some of the information in the table below is from publicly

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available information that may be as of dates earlier than April 16, 2018. The percentage of ownership is based on 31,121,562 shares of common stock outstanding as of April 16, 2018, together with the exercisable options and/or shares of restricted stock for such shareholder, as applicable. In computing the percentage ownership of a shareholder, shares that can be acquired upon the exercise of outstanding options or shares of restricted stock are not deemed outstanding for purposes of computing the percentage ownership of any other person. Unless otherwise provided, the address of each holder is c/o 180 Degree Capital Corp., 7 N. Willow Street, Suite 4B, Montclair, NJ 07042.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percentage of Outstanding Common Shares Owned
Independent Directors:		
Stacy R. Brandom	56,116	*
Charles E. Ramsey	⁽²⁾ 100,302	*
Richard P. Shanley	82,729	*
Parker A. Weil	23,100	*
Interested Directors:		
Kevin M. Rendino	⁽³⁾ 406,459	1.3%
Daniel B. Wolfe	⁽⁴⁾ 220,000	*
Executive Officers:		
Robert E. Bigelow, III	49,100	*
Alicia M. Gift	3,049	*
All directors and executive officers as a group (8 persons)	940,855	3.0%
Five Percent Shareholders:		
Ariel Investments, LLC 200 E. Randolph Drive, Suite 2900 Chicago, IL 60601	⁽⁵⁾ 5,220,715	16.8%
Financial Consulate, Inc. 201 International Circle, Suite 520 Hunt Valley, MD 21030	⁽⁶⁾ 1,769,544	5.7%

* Less than 1 percent.

⁽¹⁾ Beneficial ownership has been determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934 (the "1934 Act").

⁽²⁾ All shares are owned jointly with wife.

⁽³⁾ Denotes an individual who is an "interested person" as defined in the Investment Company Act of 1940 (the "1940 Act").

⁽⁴⁾ Includes 4,850 shares owned jointly with wife.

⁽⁵⁾ Based on information obtained in a Schedule 13G/A filed on February 14, 2018, Ariel Investments, LLC has shared dispositive power for these shares and shared power to vote 3,475,784 of these shares.

⁽⁶⁾ Based on information obtained in a Schedule 13F filed on April 16, 2018, Financial Consulate, Inc. has sole dispositive and voting power for these shares.

Set forth below is the dollar range of equity securities beneficially owned by each director or nominee as of April 16, 2018.

Name of Director or Nominee	Dollar Range of Equity Securities Beneficially Owned ⁽¹⁾⁽²⁾⁽³⁾
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Independent Directors:

Stacy R. Brandom	Over \$100,000
Charles E. Ramsey	Over \$100,000
Richard P. Shanley	Over \$100,000
Parker A. Weil	\$10,001-\$50,000

Interested Directors⁽⁴⁾:

Kevin M. Rendino	Over \$100,000
Daniel B. Wolfe	Over \$100,000

(1) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the 1934 Act.

(2) The dollar ranges are: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000 and over \$100,000.

(3) The dollar ranges are based on the price of the equity securities as of April 16, 2018.

(4) Denotes an individual who is an “interested person” as defined in the Investment Company Act of 1940 (the “1940 Act”).

While the Company does not currently have any formal share ownership guidelines, in 2017 and through the record date, the executive officers and Directors increased their ownership in the Company. The executive officers collectively increased their ownership by 324,922 shares by buying in the open market and through the vesting of restricted shares (after shares withheld for payment of taxes). The non-employee Directors collectively increased their ownership by 30,280 shares by buying through the share purchase plan or in the open market and through the vesting of restricted shares (after shares withheld for payment of taxes).

Do dissenting shareholders have appraisal rights?

Shareholders do not have any appraisal rights in connection with the Election of Directors Proposal or the Selection of Independent Registered Public Accountant Proposal.

ELECTION OF DIRECTORS

(Proposal No. 1)

The six nominees listed below have been nominated to serve as our directors until the next annual meeting or until their respective successors are duly elected and qualified. The Board currently consists of six members with no vacancies. All six of the director nominees currently serve as directors. Although it is not anticipated that any of the nominees will be unable or unwilling to serve, in the unexpected event that any such nominees should become unable or decline to serve, it is intended that votes will be cast for substitute nominees designated by our present Board.

THE BOARD RECOMMENDS THAT YOU VOTE “FOR” ALL OF THE NOMINEES.

Nominees

Certain information, as of April 16, 2018, with respect to each of the six nominees for election at the Annual Meeting is set forth below, including their names, ages and a brief description of their recent business experience and qualifications, including principal occupations for the past five years, certain directorships held by each and the year in which each became a director of the Company. All of the nominees have agreed to serve for a one-year term if elected and consent to being referred to in this proxy statement. The nominees for election as directors of the Company have been divided into two groups -- interested directors and independent directors. Interested directors are “interested persons” as defined in the 1940 Act. We do not currently have an advisory board.

Interested Directors

Kevin M. Rendino. Mr. Rendino, age 51, has served as Chairman, Chief Executive Officer and Portfolio Manager of the Company since March 2017. He has served as a member of the Company's Board since June 2016. Mr. Rendino is a financial services leader with three decades of Wall Street experience in capital markets, value investing and global equity markets. For over twenty years, Mr. Rendino worked on one fund, Basic Value Fund, with a consistent Graham and Dodd focus, at the same firm, BlackRock/Merrill Lynch. He was the value team leader, overseeing 11 funds and \$13 billion in assets, a member of BlackRock's Leadership Committee and a frequent contributor to CNBC, Bloomberg TV, Fox Business, The New York Times and The Wall Street Journal. For the entirety of his money management career, Mr. Rendino ranked in top quartile and beat competitor average and SPX by over 100 basis points. He received numerous Lipper awards for Investment Excellence during his tenure. Since November 2017, Mr. Rendino has served as a member of the Board of Directors of TheStreet, Inc., a portfolio company in which we have an investment. Since early 2016, Mr. Rendino has served on the board of directors of Rentech Inc., a global wood fiber company. Mr. Rendino graduated from the Carroll School of Management at Boston College (B.S.). We believe that Mr. Rendino is qualified to serve on our Board because of his extensive experience in the financial services industry.

Daniel B. Wolfe. Mr. Wolfe, age 41, has served as President since January 2009, as Chief Financial Officer and Chief Compliance Officer of the Company since July 2016, and as Portfolio Manager and a member of the Company's Board since March 2017. He served in varying other positions within the Company since 2004. He is President and a member of the board of directors of Black Silicon Holdings, Inc., a privately held company in which we have investments. He is also a member of the board of directors of NGX Bio, Inc. and Produced Water Absorbents, Inc., privately held portfolio companies in which we have investments. Prior to joining the Company, he served as a consultant to Nanosys, Inc., CW Group and to Bioscale, Inc. He graduated from Rice University (B.A.), where his honors included the Zevi and Bertha Salsburg Memorial Award in Chemistry and the Presidential Honor Roll, and from Harvard University (A.M., Ph.D., Chemistry), where he was a NSF Predoctoral Fellow. We believe Mr. Wolfe is

qualified to serve on our Board because of his intimate knowledge of our operations through his day-to-day leadership as President and Chief Financial Officer of the Company along with his comprehensive experience on the boards of directors of many of our portfolio companies.

Independent Directors

Stacy R. Brandom. Ms. Brandom, age 60, has served as a member of the Company's Board since January 2014. Since June 2015, she has been the Chief Financial Officer of Save the Children U.S., a not-for-profit serving

the needs of children globally. Prior to joining Save the Children, Ms. Brandom was an Executive Vice President and Chief Financial Officer of Trinity Wall Street, an historic Anglican church in lower Manhattan, N.Y. from October 2009 to June 2015. She was a Managing Advisor of Brandom Advisors, from 2008 to 2009. Ms. Brandom served as Chief Financial Officer and Managing Director of Citi Smith Barney from 2005 to 2007. She held various positions at JPMorgan Chase and its predecessor firms from 1984 to 2005, including Chief Financial Officer of JP Morgan Chase Corporate Sector and Chase Middle Market Group; Head of Strategy and Administration, Corporate Business Service of JP Morgan Chase; Head of Strategy and Administration and Managing Director, Global Investment Banking (Chase); Head of Strategy and Managing Director, Global Bank (Chemical Bank, pre Chase merger). She was graduated from the University of North Texas (B.B.A.) and the Kellogg School of Business at Northwestern University (M.B.A.). She is the chair of the board of directors of Bridges to Community, a non-governmental organization dedicated to sustainable development in Nicaragua and the Dominican Republic. We believe Ms. Brandom's financial and compliance experience qualifies her for her role as a Board member and the Chairperson of the Audit Committee.

Charles E. Ramsey. Mr. Ramsey, age 75, has served as a member of our Board since October 2002. Since 1997, he has been a consultant in the area of human resources and venture capital. He is a retired founder and principal of Ramsey/Beirne Associates, Inc., an executive search firm that specialized in recruiting top officers for high-technology companies, many of which were backed by venture capital. He is a former member of the board of directors and Chairman Emeritus of Bridges to Community, a non-governmental organization dedicated to construction projects in Nicaragua and the Dominican Republic. As Chairman Emeritus, he served on the Executive, Personnel and Administration and Fund Development Committees. He graduated from Wittenberg University (B.A.). Mr. Ramsey was designated a Wittenberg Fellow on October 1, 2003, for his work in Nicaragua. We believe Mr. Ramsey is qualified to serve on our Board because of his long career in the field of human resources, where he recruited top officers and directors for high technology companies in the venture capital space. Also, Mr. Ramsey's expertise and experience in human resources qualify him to serve as Chairman of our Nominating and Management Development Committee.

Richard P. Shanley. Mr. Shanley, age 71, has served as a member of our Board since March 2007. He has also served as our Lead Independent Director since May 2013. From February 2001 to December 31, 2006, he was a partner of Deloitte & Touche LLP. During his over 30 years of public accounting experience, he served as lead audit partner on numerous audit engagements for public and private companies and companies making public stock offerings. He served as lead audit partner primarily for biotechnology, pharmaceutical and high-tech companies. Since March 2017, Mr. Shanley has served as a member of the Board of Directors of HALE.life Corporation, a portfolio company in which we have an investment. Since January 2018, Mr. Shanley has served as a Managing Director of Great Eastern Behavioral Partners, LLC, a privately held company. He is an active member of the New York State Society of Certified Public Accountants and the American Institute of Certified Public Accountants. He is a licensed Certified Public Accountant in New York. He graduated from Fordham University (B.S.) and Long Island University (M.B.A.). We believe Mr. Shanley is qualified to serve on our Board because of his extensive prior financial, valuation and accounting experience. Mr. Shanley's knowledge of the financial, valuation and accounting areas, further qualifies him to be our Lead Independent Director and Chairman of our Valuation Committee.

Parker A. Weil. Mr. Weil, age 52, has served as a member of our Board since July 2017. Since May 2012, Mr. Weil has served as Managing Director of investment banking for Stifel Financial Corp., a leading full-service wealth management and investment banking firm, established in 1890. Currently, he is the head of the Industrials and Natural Resources investment banking group and serves on the investment banking executive committee. During his almost 30 years in investment banking, he has served as an advisor, underwriter and placement agent on numerous initial public offerings, add-on financings and merger and acquisition transactions. He has worked with companies in a wide range of industries including Energy, Power, Industrials, Telecommunications and Business Services. Mr. Weil has served on the board of trustees of the Ridgewood Lacrosse Association, Maroons Soccer

Club and Ridgewood Education Foundation. Mr. Weil graduated from the University of Pennsylvania (B.A.) and the Kellogg Graduate School of Management at Northwestern University (MBA). Mr. Weil is qualified to serve on our Board because of his extensive financial and investment banking experience. His experience as a senior manager in finance-related businesses further qualifies him to be the Chairman of our Compensation Committee.

Board and Committees

In 2017, there were nine meetings of the Board. No director attended fewer than 75 percent of the total Board and committee meetings on which he or she served in 2017.

Board Leadership Structure

The Board does not require the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board believes it should be free to choose its Chairman of the Board in any way that it deems best for the Company at any given point in time. Mr. Rendino, the current Chairman of the Board and Chief Executive Officer, is an “interested person” of the Company (as defined in Section 2(a)(19) of the 1940 Act). At present, the Board believes that Mr. Rendino's service as both Chairman of the Board and Chief Executive Officer is in the best interest of the Company and its shareholders. Mr. Rendino possesses detailed and in-depth knowledge of the day-to-day and overall issues, opportunities and challenges facing the Company and its business and is thus best positioned to develop agendas that ensure that the Board's time and attention are focused on the most critical matters.

Mr. Rendino's combined role enables decisive leadership, ensures clear accountability, and enhances the Company's ability to communicate its message and strategy clearly and consistently to the Company's shareholders, employees, and portfolio companies. The Board also believes that combining the Chairman of the Board and Chief Executive Officer roles is appropriate given our current asset size.

The Board members also believe that the Lead Independent Director plays an important role and fulfills most of the benefits to the Company of having an independent Chairman without the full expense of hiring an independent Chairman. The Lead Independent Director's duties include acting as a liaison between the independent directors and the Chairman regarding any specific feedback or issues, providing the Chairman with input regarding agenda items for Board and committee meetings, coordinating with the Chairman to provide information to the independent directors regarding their duties, coordinating the activities of the independent directors, including performing the role of Chairman of the Independent Directors Committee, coordinating the agenda for and moderating sessions of the Board's independent directors and other non-employee directors, and facilitating communications between the other members of the Board, between the Board and senior management, and between the Chief Compliance Officer and the Board. The Board believes that this approach appropriately and effectively complements the combined Chief Executive Officer/Chairman structure.

In addition, four of the six Directors, other than Mr. Rendino and Mr. Wolfe, are independent, and the Board believes that the independent directors provide effective oversight of management. Moreover, in addition to feedback provided during the course of Board meetings, the independent directors have regular executive sessions. Additionally, the independent directors serve as the chairpersons for all Board committees and meet on a quarterly basis in executive session with the Chief Compliance Officer.

Board's Role in Risk Oversight

The Board as a whole, under the direction of the Lead Independent Director, has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant Board committees that report on their deliberations to the Board. The oversight responsibility of the Board and its committees is enabled by management reporting processes that are designed to provide visibility to the Board about the identification, assessment and management of critical risks and the controls that management uses to mitigate those risks. Members of the senior management team meet annually to review the current risks for the Company's business, and to ensure that the compliance policies and procedures are revised along with changes to the current risks. The risks and the amended policies and procedures are presented to the Board for its review and input at least annually. In addition, members of the senior management team meet quarterly to review strategic risks and report to the Board about these discussions as appropriate.

Additionally, the Board committees assist the full Board in risk assessment. The Independent Directors Committee meets regularly in executive session, with and without the Chief Compliance Officer, and oversees compliance and

strategic risks of the Company. It also oversees the compliance policies and procedures of the Company and its service providers. The Audit Committee oversees compliance by the Company with legal and regulatory requirements. Specifically, the Audit Committee discusses with the Company's management and independent registered public accountants the integrity of the Company's financial reporting processes and controls, particularly the controls in areas representing significant financial and business risks, and reviews the Company's compliance with certain regulatory requirements. The Audit Committee Chairman meets independently with the registered public accountants and the other outside accounting firms. The Compensation Committee reviews risks related to compensation policies

and procedures. The Nominating and Management Development Committee considers risk assessment skills when considering nominees for the Board. The Board has appointed all independent members of the Board to the Valuation Committee to have oversight of valuation risk.

Communications with the Board

Shareholders and other interested parties may contact the Board, our Lead Independent Director, or any member of the Board by mail. To communicate with the Board, the Lead Independent Director or any member of the Board, correspondence should be addressed to the Board or the Board members with whom you wish to communicate, by either name or title. All such correspondence should be sent c/o 180 Degree Capital Corp., 7 N. Willow Street, Suite 4B, Montclair, NJ 07042. Such correspondence will be forwarded to the appropriate Board member or members after screening to eliminate marketing and junk mail.

Board Committees

The Company's Board had five committees comprised of the following members in 2017, all of whom were independent under the rules of the Nasdaq Global Market and not "interested" directors for the purposes of the 1940 Act:

Audit	Compensation	Nominating
Stacy R. Brandom ⁽¹⁾	Parker A. Weil ⁽¹⁾	Charles E. Ramsey ⁽¹⁾
Richard P. Shanley	Charles E. Ramsey	Stacy R. Brandom
Parker A. Weil	Richard P. Shanley	Richard P. Shanley
Valuation	Independent Directors	

Richard P. Shanley ⁽¹⁾	Richard P. Shanley ⁽¹⁾
Stacy R. Brandom	Stacy R. Brandom
Charles E. Ramsey	Charles E. Ramsey
Parker A. Weil	Parker A. Weil

(1) Denotes the Chairperson of the Committee.

Audit Committee. The Audit Committee (i) oversees all material aspects of our accounting and financial reporting processes, internal control and audit functions; (ii) monitors the independence and performance of our independent registered public accountants; (iii) provides a means for open communication among our independent registered public accountants, financial and senior management, and the Board; and (iv) oversees compliance by us with legal and regulatory requirements.

The Audit Committee operates pursuant to a written charter approved by our Board. A current copy of the Audit Committee Charter of the Company is available on our website (<http://ir.180degreecapital.com/corporate-governance>). The Audit Committee Charter sets out the responsibilities, authority and duties of the Audit Committee. The Audit Committee met four times and did not act by unanimous written consent in 2017. The Audit Committee has selected, and a majority of the Board has ratified, PricewaterhouseCoopers LLP ("PwC") as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018, subject to shareholder approval.

Audit Committee's Pre-Approval Policies

In 2017, the Audit Committee pre-approved all audit and non-audit services provided to us by PwC. The Audit Committee's Pre-Approval Policies and Procedures provide that the Audit Committee (or the Chairman pursuant to delegated authority) must pre-approve all auditing services and permitted non-audit services and that all such requests to provide services must be submitted to the Audit Committee or the Chairman, as the case may be, by both the independent auditor and the Chief Financial Officer.

The Audit Committee has determined that the provision of non-audit services that were provided during 2017 is compatible with maintaining PwC's independence in performing audit services for the Company.

Audit Committee Report

Our Audit Committee presents the following report:

The Audit Committee has performed the following functions: (i) the Audit Committee reviewed and discussed the audited financial statements of the Company with management; (ii) the Audit Committee discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; (iii) the Audit Committee received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence, and has discussed with the auditors the auditors' independence; and (iv) based on the review and discussions, the Audit Committee recommended to the Board of the Company that the audited financial statements be included in the Company's Annual Report on Form N-CSR for the last fiscal year for filing with the SEC.

Respectfully,

Members of the Audit Committee

Stacy R. Brandom (Chairperson)
Richard P. Shanley
Parker A. Weil

Compensation Committee. The Compensation Committee annually reviews and approves corporate goals and objectives relevant to total compensation -- that is, changes in components of total compensation, including base salary, bonus and equity incentive plan compensation -- of the Chief Executive Officer and other executive officers, evaluates their performance against these goals and objectives, and, based on its evaluation, sets their total compensation. The Compensation Committee is composed entirely of directors who are independent under the rules of the Nasdaq Global Market and not "interested" directors as defined in the 1940 Act. Each of the Compensation Committee members is also a "non-employee director" as defined in Section 16 of the 1934 Act, and is an "outside director," as defined by Section 162(m) of the Internal Revenue Code of 1986 (the "Code"). In addition, all Compensation Committee members meet the independence criteria prescribed by the Nasdaq Global Market for compensation committee membership. The Compensation Committee also annually reviews benefits for all employees. The details of the processes and procedures involved in the establishment of executive compensation and benefits are described in the Compensation Discussion & Analysis ("CD&A") beginning on page 21. The Compensation Committee met five times and did not act by unanimous written consent in 2017.

The full Board, including a majority of the non-interested directors (as defined in Section 2(a)(19) of the 1940 Act), ultimately makes the final decisions regarding the Chief Compliance Officer's compensation and approves grants under the Company's equity incentive plan made by the Compensation Committee for all employees as required by the 1940 Act.

The Compensation Committee Charter is available on the Company's website (<http://ir.180degreecapital.com/corporate-governance>).

Compensation Committee Interlocks and Insider Participation

There were no Compensation Committee interlocks or insider participation on the Compensation Committee in 2017.

All members of the Compensation Committee are independent directors and none of the members is a present or past employee of the Company. No member of the Compensation Committee: (i) has had any relationship with us requiring disclosure under Item 404 of Regulation S-K of the 1934 Act; or (ii) is an executive officer of another entity at which one of our executive officers serves on the board of directors.

Nominating and Management Development Committee. The Nominating and Management Development Committee (the "Nominating Committee") acts as an advisory committee to the Board by identifying individuals qualified to serve on the Board as directors and on committees of the Board, and to recommend that the Board select the Board nominees

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for the next annual meeting of shareholders. Additionally, the Nominating Committee supports the development of the Company's management. The Nominating Committee met once and did not act by unanimous written consent in 2017.

The Nominating Committee annually reviews the requisite skills and characteristics of Board members, as well as the composition of the Board as a whole. This assessment includes a consideration of independence, potential conflicts of interest, diversity, age, skills, including risk assessment skills and specific past experience or particular expertise that would be useful to the Company, and industry backgrounds and knowledge in the context of the needs of the Board and the Company. The Nominating Committee also considers the ability of current and prospective directors to devote sufficient time to performing their duties in an effective manner. Directors are expected to exemplify the highest standards of personal and professional integrity and to constructively challenge management through their active participation in meetings. In particular, the Nominating Committee seeks directors with established strong professional reputations and expertise in areas relevant to the strategy and operations of the Company's business.

While the Company's Corporate Governance Guidelines do not prescribe diversity standards, as a matter of practice, the Nominating Committee considers diversity in the context of the Board as a whole and takes into account the personal characteristics (gender, ethnicity, age) and experience (skills, industry, professional, public service) of current and prospective directors to facilitate Board deliberations that reflect a broad range of perspectives. The Board believes that director nominees should not be chosen nor excluded solely or largely because of age, race, color, gender, national origin or sexual orientation or identity. Most importantly, the Board believes that diversity of experience is an important factor to consider when evaluating nominees because of the breadth of our business as a publicly traded, venture capital firm, operating as a business development company in many different industries relating to life sciences.

The Nominating Committee evaluates all candidates for the Board based on the above qualifications, regardless of whether the candidate was nominated by an officer, Board member or shareholder. The Nominating Committee also conducts annual reviews of current directors whose terms are nearing expiration, but who may be proposed for re-election, by reviewing the considerations described above and past contributions to the Board.

The Nominating Committee will consider director candidates recommended by shareholders. In considering candidates submitted by shareholders, the Nominating Committee will take into consideration the needs of the Board and the qualifications of the candidate. The Nominating Committee may also take into consideration the number of shares held by the recommending shareholder and the length of time that such shares have been held. To have a candidate considered by the Nominating Committee, a shareholder must submit the recommendation in writing and must include:

- The name of the shareholder and evidence of the person's ownership of shares of the Company, including the number of shares owned and the length of time of ownership;

- The name of the candidate, the candidate's resume or a listing of his or her qualifications to be a director of the Company and the person's consent to be named as a director if selected by the Nominating Committee and nominated by the Board; and

- If requested by the Nominating Committee, a completed and signed directors' questionnaire.

The shareholder recommendation and information described above must be sent to the Company's Secretary, c/o 180 Degree Capital Corp., 7 N. Willow Street, Suite 4B, Montclair, NJ 07042, and must be received by the Secretary not less than 120 days prior to the anniversary date of the Company's most recent annual meeting of shareholders or, if the meeting has moved by more than 30 days, a reasonable amount of time before the meeting. See "What Are the Deadlines to Nominate Directors or to Propose Other Business for Consideration at the 2018 Annual Meeting of

Shareholders?" above for more information about shareholder nominations.

Preliminary interviews of director candidates may be conducted by the Chairman of the Nominating Committee or, at his request, any other member of the Nominating Committee or Board, the Lead Independent Director and the Chairman of the Board. Background material pertaining to director candidates is distributed to the members of the Nominating Committee for their review. Director candidates who the Nominating Committee determines merit further consideration are interviewed by the Chairman of the Nominating Committee and such other Nominating Committee members, directors and key senior management personnel as determined by the Chairman of the Nominating Committee. The results of these interviews are considered by the Nominating Committee in its deliberations. We do not currently pay any third party a fee to assist in the process of identifying and evaluating candidates.

The Nominating Committee operates pursuant to a written charter approved by our Board. The Nominating and Management Development Committee Charter sets out the responsibilities, authority and duties of the Nominating Committee. The Nominating and Management Development Committee Charter is available on our website (<http://ir.180degreecapital.com/corporate-governance>).

Valuation Committee. The Valuation Committee has the full power and authority of the Board in reviewing and approving the valuation of our securities for reporting purposes pursuant to our Valuation Procedures that were established and approved by the Board. The Valuation Committee met four times and did not act by unanimous written consent in 2017.

Independent Directors Committee. The Independent Directors Committee has the responsibility of proposing corporate governance and long-term planning matters to the Board, overseeing compliance and making the required determinations pursuant to the 1940 Act. All of the independent directors are members of the Independent Directors Committee. The Independent Directors Committee met four times and did not act by unanimous written consent in 2017.

Executive Officers

Our executive officers who are not nominees for directors are set forth below. Information relating to our executive officers who are nominees for directors is set forth under "Election of Directors – Nominees." Our executive officers are elected to serve until they resign or are removed, or are otherwise disqualified to serve, or until their successors are elected and qualified.

Robert E. Bigelow, III. Mr. Bigelow, age 50, has served as Vice President, Head of Fund Development since October 2017. He also serves as Chief Executive Officer and Chief Compliance Officer of 180 Degree Capital BD, LLC, a wholly owned subsidiary of the Company. He was previously the founder of Blue River Asset Management ("BRAM"). At its peak, BRAM managed \$1.7 billion in capital. Mr. Bigelow was responsible for raising a substantial portion of that capital in conjunction with also developing the proprietary trading strategies and techniques utilized by the fund. Prior to forming BRAM, Mr. Bigelow was a Managing Director at Bear Stearns where he was head of the Municipal Derivative Products Group from 1995 to 1998. Mr. Bigelow began the Municipal Derivative Product Group at Bear Stearns after leaving Credit Suisse Financial Products, where he was one of two founding members of a municipal derivative joint venture with Credit Suisse First Boston in 1993. From 1990 to 1993, he was a member of Lehman Brothers Derivative Products and Public Finance Departments. Mr. Bigelow was graduated from Yale University in 1990.

Alicia M. Gift. Ms. Gift, age 41, has served as Senior Controller since June 2016 and Secretary and Treasurer since April 2017. From 2007 to 2015 she served as Controller at RNK Capital LLC. From 2002 to 2007 she was a Senior Associate at PricewaterhouseCoopers, LLP, in its financial services group. She was graduated Cum Laude from Baruch College (B.B.A). She is a Certified Public Accountant and a Certified Fraud Examiner. Ms. Gift became an Executive Officer of the Company with her appointment as its Treasurer in April 2017.

Related Party Transactions

The Company receives fees for managerial assistance to and/or in connection with members of our management or directors serving as members of the board of certain of our portfolio companies. No employee or director receives cash fees or compensation from our portfolio companies. Any economic, voting or other benefit from equity awards issued in connection with board service are assigned to the Company. During the year ended December 31, 2017, we received cash fees totaling \$241,306.

In order to ensure that the Company does not engage in any prohibited transactions with any persons affiliated with the Company, the Company has implemented written procedures, which are set forth in the Company's Compliance Manual. Our Audit Committee must review in advance any "related-party" transaction, or series of similar transactions, to which the Company or any of its subsidiaries was or is to be a party, in which the amount involved exceeds \$120,000 and in which such related party had, or will have, a direct or indirect material interest. The Board reviews these procedures on an annual basis.

In addition, the Company's Code of Conduct for Directors and Employees ("Code of Conduct"), which is signed by all employees and directors on an annual basis, requires that all employees and directors avoid any conflict, or the appearance of a conflict, between an individual's personal interests and the interests of the Company. Pursuant to the Code of Conduct, which is available on our website (<http://ir.180degreecapital.com/corporate-governance>), each employee and director must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict,

to the Chief Compliance Officer. The Independent Directors Committee is charged with monitoring and making recommendations to the Board regarding policies and practices relating to corporate governance. If there were any actions or relationships that might give rise to a conflict of interest, such actions or relationships would be reviewed and approved by the Board.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Act requires our officers and directors, and persons who own more than 10 percent of our common stock, to file reports (including a year-end report) of ownership and changes in ownership with the SEC and to furnish the Company with copies of all reports filed.

Based solely on a review of the forms furnished to us, or written representations from certain reporting persons, we believe that all persons who were subject to Section 16(a) in 2017 complied with the filing requirements.

DIRECTOR AND OFFICER COMPENSATION PROGRAM

The principal elements of our officer compensation program for 2017 are base salary, bonus, equity incentive stock awards, and severance benefits. The Compensation Committee of the Board believes that each element is essential to achieve the Company's objectives.

Base Salaries. We recognize the need to pay our officers, and other employees, a competitive annual base salary. We review base salaries for our officers annually.

Cash Bonuses. The Company provides annual bonuses at the discretion of the Committee derived from a number of quantitative and qualitative inputs including, but not limited to:

- Performance against individual and corporate targets and goals;
- Performance as compared to indices and other observable entities that track or invest in microcapitalization publicly traded companies;
- Full year actual versus estimated expenses and expenses as a percentage of assets;
- Changes in the price per share of the Company's stock, including dividends, if any;
- Changes in the net asset value of the Company, including dividends, if any; and
- The importance of retaining employees.

The weighting of these inputs in the Committee's determinations of bonuses are adjusted based on a retrospective full analysis of individual and corporate achievements and challenges during the year under consideration.

The following table sets forth for each of the persons named below the aggregate compensation received from the Company during the fiscal year ended December 31, 2017, for services in all capacities:

Executive Officers	Position	Aggregate Compensation from the Company	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Total Compensation from the Company and Fund Paid to Directors
Kevin M. Rendino ⁽¹⁾	Chairman, Chief Executive Officer and Portfolio Manager	\$ 1,017,049	\$ 0	\$ 57,009
Daniel B. Wolfe ⁽²⁾	President, Portfolio Manager, Chief Financial Officer and Chief Compliance Officer	1,026,926	0	N/A
Alicia M. Gift ⁽³⁾	Senior Controller, Secretary and Treasurer	334,121	0	N/A
Independent Directors				
Stacy R. Brandom ⁽⁴⁾	Director	60,551	N/A	60,551
Charles E. Ramsey ⁽⁴⁾	Director	62,114	N/A	62,114
Richard P. Shanley ⁽⁴⁾	Director	87,114	N/A	87,114
Parker A. Weil	Director	21,970	N/A	21,970

Mr. Rendino's employment with the company began on March 30, 2017. He received \$312,754 in base salary in 2017 based on an annualized base salary of \$415,000. He received \$57,009 in compensation prior to that date for his position as a Director of the Company, which is included in the aggregate compensation from the Company in (1) this table. This amount included \$2,620 in value from the acceleration of vesting of restricted stock. Mr. Rendino was awarded a bonus for 2017 of \$600,000, with \$198,000 of this amount payable only upon achievement of certain metrics defined by the Compensation Committee over the next two years. Mr. Rendino received benefits in aggregate of \$47,286.

Mr. Wolfe's base salary in 2017 was \$415,000. Mr. Wolfe was awarded a bonus for 2017 of \$450,000, with \$148,500 of this amount of this amount payable payable only upon achievement of certain metrics defined by the (2) Compensation Committee over the next two years. The market value of restricted stock that was accelerated and modified to vest was \$107,682. Mr. Wolfe received benefits in aggregate of \$54,244.

Ms. Gift's base salary in 2017 was \$187,708. Ms. Gift received a bonus for 2017 of \$110,000. The market value of (3) restricted stock that was accelerated to vest was \$6,144. Ms. Gift received benefits in aggregate of \$30,269.

(4) Aggregate total compensation amounts include \$5,239 from the accelerated vesting of restricted stock.

Equity Incentive Awards. Until March 27, 2017, the Company maintained a stock plan, which provided for the grant of equity-based awards of stock options to our officers and employees and restricted stock to our executive officers, employees and non-employee directors, subject to compliance with the 1940 Act and an exemptive order granted on

April 3, 2012, by the SEC permitting us to award shares of restricted stock (the "Exemptive Order").

On March 24, 2017, the Company received approval from shareholders to withdraw its election to be treated as a business development company ("BDC") under the 1940 Act and to return to the Company's prior status as a registered closed-end management investment company ("CEF") under the 1940 Act. As part of this transition, the

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Company pursued certain restructuring steps including the voluntary and involuntary terminations of certain employees (collectively the, "Terminated Employees"). In addition, CEFs are not permitted to have an equity incentive plan without exemptive relief from the SEC.

In light of these circumstances, the Board voted to vest the remaining 63,745 service-based restricted stock grants for all employees and directors as of March 24, 2017. Additionally, the Board voted to modify 258,800 market condition restricted stock grants with stock price targets of \$5 and \$6 per share such that these grants vested immediately on March 24, 2017 (effectively changing the stock price target to equal the Company's stock price as of March 24, 2017). As a result of the aforementioned terminations, a total of 280,200 market condition grants with stock price targets of \$7, \$8 and \$9 per share granted to the terminated employees were forfeited. A total of 108,000 market condition grants with stock price targets of \$7, \$8 and \$9 per share granted to non-terminated employees were canceled along with the stock plan on March 27, 2017.

The following table presents information regarding the vesting of restricted stock awards during 2017 for compensated persons:

Compensated Persons	Stock Awards	
	Number of Shares Acquired on Vesting ⁽¹⁾ (#)	Value Realized on Vesting ⁽²⁾ (\$)
Kevin M. Rendino ⁽³⁾	2,000	2,620
Daniel B. Wolfe	82,200	107,682
Alicia M. Gift	4,690	6,144
Stacy R. Brandom	3,999	5,239
Charles E. Ramsey	3,999	5,239
Richard P. Shanley	3,999	5,239

Number of shares acquired upon vesting is before withholding of vesting shares by the Company to satisfy tax (1) withholding obligations. Each compensated person elected to satisfy tax withholding obligations by having the Company withhold a portion of the vesting shares.

(2) Value realized upon vesting is based on the closing trading price per share of our common stock of \$1.31 on March 24, 2017.

(3) Mr. Rendino's shares that vested were granted for service on the Company's Board of Directors. Mr. Rendino joined the Company as an employee on March 30, 2017.

Clawback Policy (Recoupment)

If the Board determines that an executive officer has engaged in fraud, willful misconduct or a violation of Company policy that caused or otherwise contributed to the need for a material restatement of the Company's financial results, the Committee will review all performance-based compensation awarded to or earned by that executive officer on the basis of performance during fiscal periods materially affected by the restatement. This would include annual cash incentive/bonus awards and all forms of equity-based compensation. If, in the Committee's view, the performance-based compensation would have been materially lower if it had been based on the restated results, the Committee will, to the extent permitted by applicable law, seek recoupment from that executive officer of any portion of such performance-based compensation as it deems appropriate after a review of all relevant facts and circumstances.

In determining whether to recover a payment, the Committee shall take into account such considerations as it deems appropriate, including whether the assertion of a claim may violate applicable law or prejudice the interests of the

Company in any related proceeding or investigation. The Committee shall have sole discretion in determining whether an executive officer's conduct has or has not met any particular standard of conduct under law or Company policy.

Severance Benefits. To further incentivize and retain Messrs. Rendino and Wolfe, we have entered into an Executive Severance Agreement with each executive.

Each of the Executive Severance Agreements provides that the executive will receive the following severance benefits in the event that an executive's employment is terminated by us other than for "cause" or an executive resigns for "good reason."

- Twelve months of base salary to be paid in cash periodically in accordance with the Company's normal payroll policies;
- a portion of executive's incentive compensation in cash for the fiscal year in which executive's employment terminates, pro-rated based on time employed during the fiscal year, only to be paid to the extent that performance metrics in the plan are achieved and at the same time as payments to other executives in the applicable incentive compensation plan are paid; and
- Twelve months of COBRA premiums.

Further, under the terms of each Executive Severance Agreement, in the event an executive's employment is terminated other than for "cause" or an executive resigns for "good reason" within the period commencing three months prior to a change in control and ending 12 months after a change in control, the severance will consist of:

- Twelve months of base salary to be paid in a single cash lump-sum;
- a portion of an executive's incentive compensation in cash for the fiscal year in which executive's employment terminates, pro-rated based on time employed during the fiscal year; and
- Twelve months of COBRA premiums.

For purposes of the Executive Severance Agreements, "cause" generally means:

- an act of dishonesty made in connection with the executive's responsibilities as an employee;
- conviction of, or plea of nolo contendere to, a felony or any crime involving fraud or embezzlement;
- gross misconduct;
- unauthorized use or disclosure of any proprietary information or trade secrets;
- willful breach of any obligations under any written agreement or covenant with the Company;
- failure to cooperate in good faith with a governmental or internal investigation; or
- continued failure to perform duties after receiving a written demand of performance.

For purposes of the Executive Severance Agreements, "good reason" generally means a voluntary termination following the occurrence of one or more of the following, without the executive's consent that is not cured within 30 days of notice to the Company:

- a material reduction of responsibilities;
- a material reduction in base salary; or
- a material change (at least 50 miles) in the geographic location of Executive's primary work facility or location.

We have also entered into a severance agreement with Ms. G