

Leatt Corp  
Form DEF 14A  
June 07, 2013

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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

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

**LEATT CORPORATION**

*(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.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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50 Kiepersol Drive, Atlas Gardens,  
Contermanskloof Road, Durbanville  
Western Cape, South Africa, 7441

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JULY 24, 2013**

Dear Stockholder:

Notice is hereby given that the Annual Meeting of Stockholders (the **Meeting**) of Leatt Corporation, a Nevada corporation (the **Company**), will be held on Wednesday, July 24, 2013, at 10:00 a.m. ET, at the Law Offices of PW Richter, plc, 7505 Digby Green, Alexandria, Virginia 22315, U.S.A. for the following purposes:

1. To elect the four individuals listed in the accompanying Proxy Statement to the Board of Directors of the Company, each to serve until the next annual meeting of stockholders of the Company or until such person shall resign, be removed or otherwise leave office;
  2. To ratify the selection by the Audit Committee of Fitzgerald as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013;
  3. To approve the amendment of the Company's 2011 Equity Incentive Plan to increase the maximum number of shares of common stock of the Company that may be issued and sold to 460,000;
  4. To have an advisory vote to approve the compensation of our named executive officers as disclosed in the attached Proxy Statement;
  5. To have an advisory vote on the frequency of holding an advisory vote on executive compensation; and
  6. To transact such other business as may properly come before the Meeting or any adjournment thereof.
- If you owned our common stock at the close of business on May 28, 2013, you may attend and vote at the Meeting.

A Proxy Statement describing the matters to be considered at the Meeting is attached to this Notice. Our 2012 Annual Report accompanies this Notice, but it is not deemed to be part of the Proxy Statement.

**Your vote is important. Whether or not you plan to attend the Meeting, I hope that you will vote as soon as possible. You may vote your shares by either completing, signing and returning the accompanying proxy card or casting your vote via a toll-free telephone number or over the Internet.**

Sincerely,

/s/ Sean Macdonald  
Sean Macdonald  
Chief Executive Officer

June 7, 2013



**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
STOCKHOLDER MEETING TO BE HELD ON JULY 24, 2013**

This Notice and Proxy Statement and our 2012 Annual Report are available online at <https://www.iproxydirect.com/LEAT>.

In accordance with the Securities and Exchange Commission ( SEC ) rules and regulations, we have elected to provide access to our proxy materials over the Internet. Accordingly, the Company will mail, on or about June 7, 2013, a Notice of Internet Availability of Proxy Materials to its stockholders of record and beneficial owners. The Notice of Internet Availability of Proxy Materials will identify the website where the proxy materials will be made available; the date, time, and location of the Annual Meeting; the matters to be acted upon at the meeting and the Board of Directors recommendation with regard to each matter; a toll-free telephone number, an e-mail address, and a website where stockholders can request a paper or e-mail copy of the Proxy Statement, our Annual Report to stockholders and a form of proxy relating to the Annual Meeting; information on how to access the form of proxy; and information on how to obtain directions to attend the meeting and vote in person. These proxy materials will be available free of charge.

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Western Cape, South Africa, 7441

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## PROXY STATEMENT

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The Board of Directors (the **Board**) of Leatt Corporation, a Nevada corporation (the **Company, we, us** or **our**) is furnishing this proxy statement (the **Proxy Statement**) and the accompanying proxy to you to solicit your proxy for the 2013 Annual Meeting of Stockholders (the **Annual Meeting**). The Annual Meeting will be held on Wednesday, July 24, 2013, at 10:00 a.m., ET, at the Law Offices of PW Richter, plc, 7505 Digby Green, Alexandria, Virginia 22315, U.S.A.

It is anticipated that the Notice of Internet Availability of Proxy Materials will be mailed to stockholders on or about June 7, 2013.

## QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

### *What is this proxy statement?*

You have received this Proxy Statement and our 2012 Annual Report (the **Annual Report**) because our Board is soliciting your proxy to vote your shares at the Annual Meeting. This Proxy Statement includes information that we are required to provide to you under the rules of the Securities and Exchange Commission (**SEC**) and that is designed to assist you in voting your shares.

### *What is the purpose of the Annual Meeting?*

At the Annual Meeting, our stockholders will act upon the matters described in this Proxy Statement. These actions include the election of directors; ratification of the appointment of the independent registered public accounting firm (which we sometimes refer to as the **independent auditors**); approval of the amendment of the Company's 2011 Equity Incentive Plan to increase the maximum number of shares of common stock of the Company that may be issued and sold to 460,000; an advisory (that is, nonbinding) vote on executive compensation; and an advisory vote on the frequency of holding an advisory vote on executive compensation. An additional purpose of the Annual Meeting is to transact any other business that may properly come before the Annual Meeting and any and all adjournments or postponements of the Annual Meeting.

### *Who can attend the Annual Meeting?*

All stockholders of record at the close of business on May 28, 2013 (the **Record Date**), or their duly appointed proxies, may attend the Annual Meeting.

### *What proposals will be voted on at the Annual Meeting?*

Stockholders will vote on three proposals at the Annual Meeting:

- the election of directors;
- the ratification of the appointment of Fitzgerald as the Company's independent auditors for the year ending December 31, 2013;
- the approval of the amendment of the Company's 2011 Equity Incentive Plan to increase the maximum number of shares of common stock of the Company that may be issued and sold to 460,000;
- an advisory vote to approve the compensation of our named executive officers as disclosed in this Proxy Statement; and
- an advisory vote on the frequency of holding an advisory vote on executive compensation.

***What are the Board's recommendations?***

Our Board recommends that you vote:

- **FOR** election of the four individuals listed in this proxy statement to the Board of Directors;
- **FOR** ratification of the appointment of Fitzgerald as the Company's independent auditors for the year ending December 31, 2013;
- **FOR** approval of the amendment of the 2011 Equity Incentive Plan to increase the maximum number of shares of common stock of the Company that may be issued and sold to 460,000; and
- **FOR** approval of the compensation of our named executive officers as disclosed in this Proxy Statement.

The Board has not made a recommendation on the frequency of holding an advisory vote on executive compensation. Stockholders may vote for having an advisory vote every year, every two years, or every three years, or they may abstain from voting on this proposal.

***Will there be any other business on the agenda?***

The Board knows of no other matters that are likely to be brought before the Annual Meeting. If any other matters properly come before the Annual Meeting, however, the persons named in the enclosed proxy, or their duly appointed substitute acting at the Annual Meeting, will be authorized to vote or otherwise act on those matters in accordance with their judgment.

***Who is entitled to vote?***

Only stockholders of record at the close of business on May 28, 2013, which we refer to as the Record Date, are entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, there were 5,200,623 shares of our common stock outstanding and 120,000 shares of our preferred stock issued and outstanding. Holders of common stock as of the Record Date are entitled to one vote for each share of common stock held for each of the proposals. Holders of our preferred stock as of the Record date are entitled to 100 votes for each share of preferred stock held for each of the proposals. No other class of voting securities is outstanding on the date of mailing of this Proxy Statement.

***What is the difference between holding shares as a stockholder of record and as a beneficial owner?***

*Stockholder of Record.* If your shares are registered directly in your name with our transfer agent, Interwest Transfer Company, Inc., you are considered, with respect to those shares, the stockholder of record. This proxy and our Annual Report have been sent directly to you by us.

*Beneficial Owner.* If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. This proxy and the Annual Report have been forwarded to you by your broker, bank or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares by using the voting instructions included in with your proxy materials.

***How do I vote my shares?***

Whether you hold shares directly as a registered stockholder of record or beneficially in street name, you may vote without attending the Annual Meeting. You may vote by granting a proxy or, for shares held beneficially in street name, by submitting voting instructions to your stockbroker, trustee or nominee. In most cases, you will be able to do this by using the Internet or telephone or by mail, if you received a printed set of the proxy materials.



**By Internet** If you have Internet access, you may submit your proxy via the Internet by following the instructions provided in the Notice of Annual Meeting of Stockholders accompanying this Proxy Statement (the **Notice** ), or if you received a printed version of the proxy materials by mail, by following the instructions provided with your proxy materials and on your proxy card or voting instruction card.

**By Telephone or Mail** If you received printed proxy materials, you may submit your proxy by telephone by following the instructions provided on your proxy card or voting instruction card. If you received a Notice, you may submit your proxy by telephone after accessing the proxy materials via the Internet. You may also submit your proxy by mail by signing your proxy card if your shares are registered or, for shares held beneficially in street name, by following the voting instructions included by your stockbroker, trustee or nominee, and mailing it in the envelope provided. If you provide specific voting instructions, your shares will be voted as you have instructed. Voting by telephone is not available to persons outside of the United States.

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. (EDT) on July 23, 2013.

If you vote by proxy, the individuals named on the proxy card (your **proxies** ) will vote your shares in the manner you indicate. You may specify how your shares should be voted for each of the proposals. If you grant a proxy without indicating your instructions, your shares will be voted as follows:

- FOR election of the four individuals listed in this proxy statement to the Board of Directors;
- FOR ratification of the appointment of Fitzgerald as the Company's independent auditors for the year ending December 31, 2013;
- FOR approval of the amendment of the Company's 2011 Equity Incentive Plan to increase the maximum number of shares of common stock of the Company that may be issued and sold from 460,000; and
- FOR approval of the compensation of our named executive officers as disclosed in this Proxy Statement.

Each share of our common stock is entitled to one vote and each share of our preferred stock is entitled to 100 votes per share voting with the common stock.

***What constitutes a quorum?***

A quorum is the presence, in person or by proxy, of the holders of a majority of the shares of the common stock entitled to vote. Under Nevada law, an abstaining vote and a broker non-vote are counted as present and are, therefore, included for purposes of determining whether a quorum of shares is present at the Annual Meeting.

***What is a broker non-vote and what is its effect on voting?***

If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares does not have the authority to vote on the matter with respect to those shares. This is generally referred to as a broker non-vote.

Proposal 2 (ratification of auditors) involves a matter that we believe will be considered routine. All other proposals involve matters that we believe will be considered non-routine. We encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided on your proxy card.

***What is required to approve each item?***

- For Proposal No. 1 (election of directors), each director must be elected by a majority of votes cast with respect to such director (i.e., the number of shares voted for a director nominee must exceed the number of votes withheld from that nominee). Abstentions and broker non-votes are not counted for purposes of the election of directors.
- For Proposal No. 2 (ratification of independent auditors), Proposal No. 3 (amendment of 2011 Equity Incentive Plan) and Proposal No. 4 (advisory vote on executive compensation), the affirmative vote of the holders of a majority of the stockholders' shares present in person or represented by proxy at the Annual Meeting and entitled to vote, is required.
- For Proposal No. 5 (advisory vote on the frequency of holding an advisory vote on executive compensation), the alternative that is, every one, two or three years receiving the greatest number of votes will be the frequency that stockholders approve.
- For any other matters on which stockholders are entitled to vote, the affirmative vote of the holders of a majority of the stockholders' shares present in person or represented by proxy at the Annual Meeting and

entitled to vote, is required.

For the purpose of determining whether the stockholders have approved matters other than the election of directors, abstentions are treated as shares present or represented and voting, so abstaining has the same effect as a negative vote. If stockholders hold their shares through a broker, bank or other nominee and do not instruct them how to vote, the broker may have authority to vote the shares for routine matters.

Stockholders may not cumulate votes in the election of directors, which means that each stockholder may vote no more than the number of shares he or she owns for a single director candidate.

Our bylaws require that, in uncontested elections, each director be elected by the majority of votes cast with respect to such director. This means that the number of shares voted for a director nominee must exceed the number of votes withheld from that nominee in order for that nominee to be elected. Only votes for or withheld are counted as votes cast with respect to a director. Abstentions and broker non-votes will have no effect.

***How will shares of common stock represented by properly executed proxies be voted?***

All shares of common stock represented by proper proxies will, unless such proxies have previously been revoked, be voted in accordance with the instructions indicated in such proxies. If you do not provide voting instructions, your shares will be voted in accordance with the Board's recommendations as set forth herein. In addition, if any other matters properly come before the Annual Meeting, the persons named in the enclosed proxy, or their duly appointed substitute acting at the Annual Meeting, will be authorized to vote or otherwise act on those matters in accordance with their judgment.

***Can I change my vote or revoke my proxy?***

Any stockholder executing a proxy has the power to revoke such proxy at any time prior to your shares being voted. You may revoke your proxy prior to your shares being voted by calling 1-866-752-VOTE (8683), or by accessing the Internet website <https://www.iproxydirect.com/LEAT>, or in writing by execution of a subsequently dated proxy, or by a written notice of revocation, sent to the attention of the Corporate Secretary at Leatt Corporation, Suite 109, Private Bag X3, Bloubaerg, 7443, Western Cape, South Africa, or by attending and voting in person at the Annual Meeting. Unless revoked, the shares represented by timely received proxies will be voted in accordance with the directions given therein. Your most current proxy card or telephone or Internet proxy is the one that is counted.

If the Annual Meeting is postponed or adjourned for any reason, at any subsequent reconvening of the Annual Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the previously convened Annual Meeting (except for any proxies that have at that time effectively been revoked or withdrawn), even if the proxies had been effectively voted on the same or any other matter at a previous Annual Meeting.

***How are proxies solicited?***

In addition to the mail solicitation of proxies, our officers, directors, employees and agents may solicit proxies by written communication, telephone or personal call. These persons will receive no special compensation for any solicitation activities. We will reimburse banks, brokers and other persons holding common stock for their expenses in forwarding proxy solicitation materials to beneficial owners of our common stock.

***Who paid for this proxy solicitation?***

The cost of preparing, printing, assembling and mailing this proxy statement and other material furnished to stockholders in connection with the solicitation of proxies is borne by us.

***What is householding?***

The SEC has adopted rules that allow a company to deliver a single proxy statement or annual report to an address shared by two or more of its stockholders. This method of delivery, known as householding, permits us to realize significant cost savings, reduces the amount of duplicate information stockholders receive, and reduces the environmental impact of printing and mailing documents to you. Under this process, certain stockholders of record who do not participate in electronic delivery of proxy materials will receive only one copy of our proxy materials and any additional proxy materials that are delivered until such time as one or more of these stockholders notifies us that they want to receive separate copies.

Any stockholders who wish to opt out of, or wish to begin, householding may contact our Corporate Secretary through one of the following methods:

- by sending a written request by mail to:

Leatt Corporation  
Suite 109, Private Bag X3, Bloubergrant, 7443, Western Cape, South Africa  
Attention: Corporate Secretary

- by calling our Corporate Secretary, at +(27) 21-557-7257.

***How do I learn the results of the voting at the Annual Meeting?***

The preliminary voting results will be announced at the Annual Meeting. The final results will be published in our current report on Form 8-K to be filed with the SEC within four business days after the date of the Annual Meeting, provided that the final results are available at such time. In the event the final results are not available within such time period, the preliminary voting results will be published in our current report on Form 8-K to be filed within such time period, and the final results will be published in an amended current report on Form 8-K/A to be filed within four business days after the final results are available.

***Can I receive future stockholder communications electronically through the Internet?***

Yes. You may elect to receive future notices of meetings, proxy materials and annual reports electronically through the Internet. To consent to electronic delivery, vote your shares using the Internet. At the end of the Internet voting procedure, the on-screen Internet voting instructions will tell you how to request future stockholder communications be sent to you electronically.

Once you consent to electronic delivery, you must vote your shares using the Internet and your consent will remain in effect until withdrawn. You may withdraw this consent at any time during the voting process and resume receiving stockholder communications in print form.

***Whom may I contact for further assistance?***

If you have any questions about giving your proxy or require any assistance, please contact our Corporate Secretary:

- by mail to:

Leatt Corporation  
Suite 109, Private Bag X3, Bloubergrant, 7443, Western Cape, South Africa  
Attention: Corporate Secretary

- by telephone at +(27) 21-557-7257.

**DIRECTORS AND EXECUTIVE OFFICERS**

Set forth below are the names of our current directors, officers and significant employees, their ages, all positions and offices that they hold with us, the period during which they have served as such, and their business experience during at least the last five years.

<b>Name</b>	<b>Age</b>	<b>Title</b>
Dr. Christopher James Leatt	45	Founder, Chairman and Head of Research & Development

Sean Macdonald	36	CEO, CFO, President and Director
Jeffrey Joseph Guzy	62	Director
Zafiris Michael Zafiroopoulos	61	Director

DR. CHRISTOPHER LEATT: Dr. Leatt, aged 45, has served as a director since 2005. Dr. Chris Leatt (MB ChB) studied medicine at the University of Cape Town and completed his internship in the United Kingdom before returning to South Africa to pursue his career in medicine. He held positions in General Surgery and General Medicine/Geriatrics/Gastroenterology before becoming a General Medical Practitioner and Chairman of ERIPO (Eerste River Independent Practitioners Association), an organization formed to look after both the Medical and Business interests of forty Independent Practitioners. Dr. Leatt then worked in casualty/trauma at various hospitals before becoming a surgical medical officer. A brief stint as an Orthopedic Registrar at Groote Schuur Hospital preceded his post as Neurosurgery Registrar at the Department of Neurosurgery, Tygerberg Academic Hospital. Dr. Leatt's duties as a surgical registrar in this discipline included ward work, High-Care duties, evaluation of referrals, outpatient consultations, emergency and elective surgery, logbook of all surgical procedures completed. He resigned from his post in Neurosurgery in order to develop and study the benefits and viability of a neck protection system (the Leatt-Brace®) for helmet clad sport and recreational users in an attempt to reduce devastating neck injuries. Dr. Leatt is a fixed wing and helicopter pilot and is an active participant in competitive cross-country motorcycle endurance races, as well as Super Sport and Battle of the Twins (BOTTS) track racing events. He won the Western Province BOTTS championship in 2011. When not participating in such events, Dr. Leatt is often involved in providing medical support there.

SEAN MACDONALD: Mr. Macdonald, CA (SA), aged 36, has served as the Company's Chief Executive Officer and President since November 9, 2010, as its Chief Financial Officer since August 1, 2009, and as a Director since May 6, 2010. Prior to joining the Company, Mr. Macdonald served from August 2004 to December 2009, as the Chief Financial Officer of Cyclelab, the largest bicycle retailer in South Africa, where he was responsible for operational, financial and strategic leadership of the business including the implementation of a franchise model in order to grow the business. Mr. Macdonald holds a Bachelor of Commerce Degree in Finance and Information Systems from the University of Cape Town, as well as a Post-Graduate Diploma in Accounting, which included 3 years of articling at KPMG Cape Town. Mr. Macdonald is also a South Africa registered Chartered Accountant.

JEFFREY GUZY: Mr. Guzy, aged 62, has served as a director since April 4, 2007 and serves as a business development consultant and entrepreneur in Arlington, Virginia. Prior to that, Mr. Guzy served, from October 2007 to August 2010 as our President. Mr. Guzy has a MBA in Strategic Planning and Management from The Wharton School of the University of Pennsylvania; a M.S. in Systems Engineering from the University of Pennsylvania; a B.S. in Electrical Engineering from Penn State University; and an Associate Degree in Theology from Georgetown University. Mr. Guzy has served as an executive manager or consultant for business development, sales, customer service and management in the telecommunications industry, specifically, with IBM Corp., RCA Corp., Sprint International, Bell Atlantic Video Services, Loral Cyberstar and Facilicomm International. Mr. Guzy has also started his own telecommunications company providing Internet services in Western Africa. He serves as an independent director of CHDT Corporation, a Florida public corporation.

ZAFIRIS ( Jeff ) M. ZAFIROPOULOS, aged 61, has served as a director since October 2011, and has served since August 2001, as the Executive Director of Time Quantum, a Midrand, South Africa systems developer serving the financial and banking industries. Prior to joining Time Quantum, Mr. Zafiroopoulos served, from January 1999 to January 2001, and from October 1998 to December 1998, as the Chief Executive Officer and Executive Director, respectively, of Crux Technologies in Midrand, South Africa; and from June 1986 to September 1998 as sales and marketing director for Cephass Computer Services in Midrand, South Africa. Mr. Zafiroopoulos has a Bachelor of Science degree in Computer Science and Applied Mathematics from the University of the Witwatersrand in South Africa, and a Masters Degree in Business Leadership (MBL) from the School of Business Leadership (SBL) in South Africa.

### **Family Relationships**

Except as otherwise disclosed herein, there are no family relationships among our directors or executive officers.

Except as set forth in our discussion below in Transactions with Related Persons, Promoters and Certain Control Persons Transactions with Related Persons, none of our directors, director nominees or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the **Exchange Act** ) requires our executive officers, directors and beneficial owners of more than 10% of a registered class of our equity securities to file with the SEC statements of ownership and changes in ownership. The same persons are required to furnish us with copies of all Section 16(a) forms they file. Except as set forth below and in our previous reports filed with the SEC, we believe that all of our executive officers, directors and beneficial owner of more than 10% of a registered class of our equity securities complied with the applicable filing requirements during fiscal year 2011.

In making these statements, we have relied upon examination of the copies of all Section 16(a) forms provided to us and the written representations of our executive officers, directors and beneficial owners of more than 10% of a registered class of our equity securities.





## CORPORATE GOVERNANCE

Our current corporate governance practices and policies are designed to promote stockholder value and we are committed to the highest standards of corporate ethics and diligent compliance with financial accounting and reporting rules. Our Board provides independent leadership in the exercise of its responsibilities. Our management oversees a system of internal controls and compliance with corporate policies and applicable laws and regulations, and our employees operate in a climate of responsibility, candor and integrity.

### **The Board and Committees of the Board**

We are governed by a Board that currently consists of four members as identified above. Our board of directors currently has two standing committees: the Audit Committee and Compensation Committee, which, pursuant to delegated authority, perform various duties on behalf of and report to the Board. From time to time, the Board may establish other committees.

#### *Audit Committee*

Our Audit Committee is currently composed of three members: Mr. Jeffrey Guzy, Mr. Zafiris Zafiropoulos and Mr. Macdonald. Mr. Zafiropoulos serves as Chair of the Audit Committee and our Board determined that Mr. Zafiropoulos is an independent director within the meaning of the NASDAQ Marketplace Rules.

Our Audit Committee oversees our accounting and financial reporting processes and the audits of our financial statements. It is responsible for, among other things:

- selecting our independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- reviewing with our independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions;
- discussing the annual audited financial statements with management and our independent auditors;
- reviewing the adequacy and effectiveness of our internal control over financial reporting;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our Audit Committee by our Board from time to time;
- meeting separately and periodically with management and our internal and independent auditors; and
- reporting regularly to the full Board.

Our Board has determined that Mr. Zafiropoulos is the audit committee financial expert as such term is defined in Item 407(d) of Regulation S-K promulgated by the SEC and also meets NASDAQ's financial sophistication requirements.

#### *Compensation Committee*

Our Compensation Committee is currently composed of two members: Mr. Jeffrey Guzy and Mr. Zafiris Zafiropoulos. Only Mr. Zafiropoulos, who serves as Chair of the Compensation Committee, is independent within the meaning of the NASDAQ Marketplace Rules.

Our Compensation Committee assists the Board in reviewing and approving the compensation structure of executive officers, including all forms of compensation to be provided to our executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated.

The Compensation Committee is responsible for, among other things:

- approving and overseeing the compensation package for our executive officers;
- reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives, and setting the compensation level of our chief executive officer based on this evaluation; and
- reviewing periodically and making recommendations to the Board regarding any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

### **Governance Structure**

The Board believes that the interests of all stockholders are best served at the present time through a leadership model with a separate Board Chair and CEO. However, the Board retains authority to combine the positions of Board Chair and CEO at any time. The current CEO and Board Chair possess an in-depth knowledge of the Company, its integrated operations, and the array of challenges to be faced, gained through years of combined experience in the industry. The Board believes that these experiences and other insights put them in the best position to provide broad leadership for the Company and the Board, respectively, as they consider strategy and exercise fiduciary responsibilities to stockholders, as the case may be.

### **The Board's Role in Risk Oversight**

The Board oversees that the assets of the Company are properly safeguarded, that the appropriate financial and other controls are maintained, and that the Company's business is conducted wisely and in compliance with applicable laws and regulations and proper governance. Included in these responsibilities is the Board of Directors' oversight of the various risks facing the Company. In this regard, the Board seeks to understand and oversee critical business risks. The Board does not view risk in isolation. Risks are considered in virtually every business decision and as part of the Company's business strategy. The Board recognizes that it is neither possible nor prudent to eliminate all risk. Indeed, purposeful and appropriate risk-taking is essential for the Company to be competitive on a global basis and to achieve its objectives.

While the Board oversees risk management, Company management is charged with managing risk. The Company has internal processes and an internal control environment to identify and manage risks and to communicate with the Board. The Board and the Audit Committee monitor and evaluate the effectiveness of the internal controls and the risk management program at least annually. The Board implements its risk oversight function both as a whole and through Committees. Much of the work is delegated to various Committees, which meet regularly and report back to the full Board. All Committees play significant roles in carrying out the risk oversight function. In particular:

- The Audit Committee oversees risks related to the Company's financial statements, the financial reporting process, accounting and legal matters. The Audit Committee oversees the internal audit function and the Company's ethics programs, including the Code of Ethics. The Audit Committee members meet separately with representatives of the independent auditing firm; and
- The Compensation Committee evaluates the risks and rewards associated with the Company's compensation philosophy and programs. The Compensation Committee reviews and approves compensation programs with features that mitigate risk without diminishing the incentive nature of the compensation. Management discusses with the Compensation Committee the procedures that have been put in place to identify and mitigate potential risks in compensation.

**Independent Directors**

Our Board has determined that the Mr. Zafiris Zafiropoulos qualifies as an independent director of the Board within the meaning of applicable NASDAQ Marketplace Rules and Section 301 of the Sarbanes-Oxley Act of 2002. Mr. Zafiropoulos serves as Chairman of each of the Audit Committee and Compensation Committee of the Board.

## **Board, Committee and Annual Meeting Attendance**

During 2012, the Board held 1 meeting and acted by written consent 3 times. Our Audit Committee and Compensation Committee were not established until December 2012 and so did not meet or act by written consent during 2012. Each director attended at least 75% of all Board and applicable committee meetings.

Our directors are expected to attend Board meetings as frequently as necessary to properly discharge their responsibilities and to spend the time needed to prepare for each such meeting. We encourage our directors to attend annual shareholder meetings, but we do not have a formal policy requiring them to do so.

## **Code of Ethics**

On April 30, 2012, our Board adopted a code of ethics, which applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, and principal accounting officer. The code of ethics is designed to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC, and in other public communications that we made; compliance with applicable government laws, rules and regulations; the prompt internal reporting of violations of the code to the appropriate person or persons; and accountability for adherence to the code. We believe that our reputation is a valuable asset and must continually be guarded by all associated with us so as to earn the trust, confidence and respect of our suppliers, customers and stockholders.

Printed copies of our code of ethics may be obtained, without charge, by contacting the Corporate Secretary, Leatt Corporation, 50 Kiepersol Drive, Atlas Gardens, Contermanskloof Road, Durbanville, Western Cape, South Africa, 7441. During the fiscal year ended December 31, 2012, there were no waivers of our code of ethics.

## **Stockholder Communication with the Board**

Stockholders and other interested parties may communicate with the Board, including non-management directors, by sending a letter to our board of directors, c/o Corporate Secretary, Leatt Corporation, Suite 109, Private Bag X3, Bloubergrant, 7443, Western Cape, South Africa, for submission to the Board or committee or to any specific director to whom the correspondence is directed. Stockholders communicating through this means should include with the correspondence evidence, such as documentation from a brokerage firm, that the sender is a current record or beneficial stockholder of the Company. All communications received as set forth above will be opened by the Corporate Secretary or his designee for the sole purpose of determining whether the contents contain a message to one or more of our directors. Any contents that are not advertising materials, promotions of a product or service, patently offensive materials or matters deemed, using reasonable judgment, inappropriate for the Board will be forwarded promptly to the chairman of the Board, the appropriate committee or the specific director, as applicable.

## **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of the Board is comprised of three non-employee Directors, each of whom has been determined by the Board to be independent under the meaning of Rule 10A-3(b)(1) under the Exchange Act. The Board has determined, based upon an interview of Mr. Zafiris Zafiropoulos and a review of Mr. Zafiropoulos's responses to a questionnaire designed to elicit information regarding his experience in accounting and financial matters, that Mr. Zafiropoulos shall be designated as an Audit Committee financial expert within the meaning of Item 401(e) of SEC Regulation S-K, as Mr. Zafiropoulos has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in his financial sophistication. The Audit Committee assists the Board's oversight of the integrity of the Company's financial reports, compliance with legal and regulatory requirements, the qualifications and independence of the Company's independent registered public accounting firm, the audit process, and internal controls. The Audit Committee operates pursuant to a

written charter adopted by the Board. The Audit Committee is responsible for overseeing the corporate accounting and financing reporting practices, recommending the selection of the Company's registered public accounting firm, reviewing the extent of non-audit services to be performed by the auditors, and reviewing the disclosures made in the Company's periodic financial reports. The Audit Committee also reviews and recommends to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K.

Following the end of the fiscal year ended December 31, 2012, the Audit Committee (1) reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2012 with Company management; (2) discussed with the independent auditors the matters required to be discussed by SAS 61 as amended, (AICPA, Professional Standards, Vol.1 AU Section 380), as adopted by the Public Company Accounting Oversight Board (United States) and (3) received the written disclosures and the letter from the independent public accounting firms required by applicable requirements of the Public Company Accounting Oversight Board (United States) regarding the independent public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent public accounting firm its independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for filing with the SEC.

/s/ Zafiris Zafiropoulos

Mr. Zafiris Zafiropoulos, Chair

Mr. Jeffrey Guzy

Mr. Sean Macdonald

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth information concerning all cash and non-cash compensation awarded to, earned by or paid to the following persons for services rendered in all capacities during the indicated periods. No other executive officers received total annual salary and bonus compensation in excess of \$100,000.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (No. of shares) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation Earnings (\$)	Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Dr. Christopher James Leatt, Chairman and Head of Research and Development <sup>(2)</sup>	2010	487,668	23,839	--	--	--	--	7,892	519,399
	2011	487,668	40,639	--	--	--	--	10,391	538,699
	2012	487,668	--	--	3,872	--	--	9,889	501,429
Sean Macdonald, President, CEO, CFO and Director	2010	146,959	12,247	--	--	--	--	7,496	166,702
	2011	183,173	36,614	--	--	--	--	9,269	229,056
	2012	196,922	--	--	5,808	--	--	7,957	210,687
Philip Edward Davy, U.S. General Manager and International Marketing Manager	2010	130,000	--	--	--	--	--	--	130,000
	2011	130,000	25,000	--	--	--	--	--	155,000
	2012	168,000	5,500	--	2,904	--	--	--	176,404

(1) The option awards reflect a 1-for-25 reverse split effected by the Company on September 20, 2012.

(2) Reflects compensation to Dr. Leatt in his capacity as the head of our Research and Development department. Pursuant to an oral agreement with the Company, Dr. Leatt receives a monthly base salary of \$40,639, as well as

other benefits.



## Summary of Employment Agreements and Material Terms

We have entered into an employment agreement, effective as of August 1, 2009, with Sean Macdonald our President, CEO and CFO, pursuant to which we were obligated to pay him a signing bonus of ZAR200,000 (approximately \$24,661.00) and an annual base salary of ZAR1,200,000 (approximately \$147,947.00). Mr. Macdonald receives coverage under the Company's employment benefit plans and is entitled to an annual performance based bonus at the sole discretion of the Company's Board of Directors. Mr. Macdonald is also subject to the customary confidentiality covenants and South African Labor Laws entitle Mr. Macdonald to one week's severance pay for each year of service to the Company. The agreement may be terminated by either party with twelve weeks' written notice or by the Company for Mr. Macdonald's misconduct or incapacity. Termination for misconduct may result in the Company's disregard of the notice period and the initial signing bonus is to be returned to the Company. Under the terms of his employment agreement, we were also obligated to issue Mr. Macdonald, within 6 months after entry into the agreement, options to purchase shares of the Company's common stock. On February 1, 2012, the Company's board of directors approved the issuance of an option to purchase 1,950,000 shares of the Company's common stock under the Company's 2011 Plan to Mr. Macdonald. The option has a term of 5 years and, upon vesting, is exercisable at a price of \$0.04 per share. Forty percent of the option vested on the date of the grant and the remaining 60% will vest in three equal portions on each of December 31, 2012, 2013 and 2014. After giving effect to the reverse split effected on September 20, 2012, Mr. Macdonald has vested options to purchase 46,800 shares of the Company's common stock at \$1.00 per share, with an additional 31,200 shares slated to vest in two equal portions on each of December 31, 2013 and 2014.

We are party to an employment agreement with Philip Davy, our U.S. General Manager and International Marketing Manager, dated October 2, 2009, pursuant to which we are obligated to pay him an annual base salary of \$130,000. Mr. Davy has the right to coverage under the Company's benefit and equity incentive plans and is entitled to an annual performance based bonus at the sole discretion of the Company's Board of Directors. Mr. Davy is also subject to the customary confidentiality and non-competition covenants and received an initial signing bonus of \$18,000. The agreement may be terminated by either party upon its expiration and by the Company without cause, upon 30 days' written notice. The agreement may also be immediately terminated upon Mr. Davy's death or disability, or for Cause as defined in the agreement, including for misconduct, nonperformance or breach of the agreement. Mr. Davy has the right to terminate the agreement with good reason as described in the agreement, including for material breach of the agreement by the Company and within 6 months following a Change of Control. If the agreement is terminated by the Company without cause, or by Mr. Davy for good reason, the Company is obligated to pay Mr. Davy a lump sum payment equal to 3 months' salary, and if the agreement is terminated due to death or disability, the Company is obligated to pay Mr. Davy or his Estate, as the case may be, a lump sum payment equal to Mr. Davy's base salary. The agreement is renewable for consecutive one-year periods by mutual agreement of the parties.

The foregoing option grants are reflected in the summary compensation table above, after giving effect to the 1-for-25 reverse split effected by the Company on September 20, 2012.

## Grants of Plan-Based Awards

The following table sets forth information regarding equity grants to named executive officers during the fiscal year ended December 31, 2012.

Name	Grant Date	All other stock awards: Number of shares of stock or units	All other option awards: Number of securities underlying options <sup>(1)</sup>	Exercise or base price of option awards (\$/Sh) <sup>(1)</sup>	Grant date fair value of stock and option awards (\$)

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Dr. Christopher Leatt	2/1/2012	-	52,000	\$1.00	\$52,000
Sean Macdonald	2/1/2012	-	78,000	\$1.00	\$78,000

<sup>(1)</sup> The Company effected a one-for-twenty-five reverse stock split on September 20, 2012, which decreased the number of option shares and increased the exercise price to \$1.00 per share.

### Option Exercises and Stock Vested

On December 31, 2012, options to purchase an additional 26,000 shares of our common stock at \$1.00 per share (after giving effect to the reverse split effected on September 20, 2012) vested. Except for the foregoing, no named executive officers exercised stock options, stock appreciation rights or similar instruments or had vesting stock during the fiscal year ended December 31, 2012.

### Pension Benefits

No named executive officers received or held pension benefits and the Company does not maintain a pension benefit plan during the fiscal year ended December 31, 2012.

### Nonqualified Deferred Compensation

No nonqualified deferred compensation was offered or issued to any named executive officer during the fiscal year ended December 31, 2012.

### Potential Payments upon Termination or Change in Control

Our named executive officers are not entitled to severance payments or other benefit upon the termination of their employment agreements or following a change in control.

### Compensation of Directors

The following table sets forth the total director compensation earned by our directors during our fiscal year ended December 31, 2012:

Name	Fees earned or paid in cash (\$)	Stock awards (\$)	Option awards (\$)	All other compensation (\$)	Total (\$)
Jeffrey J. Guzy	7,399	-	-	-	7,399
Sean Macdonald	7,399	-	-	-	7,399
Zafiris M. Zafiroopoulos*	7,399	-	-	-	7,399

### Narrative to Director Compensation Table

During the 2012 fiscal year, we paid our directors approximately ZAR 5,000 (approximately, \$617) per month compensation for their services as our directors. In the future, we may adopt a policy of paying independent directors a fee for their attendance at board and committee meetings. We also reimburse our directors for reasonable travel expenses related to their duties as our directors.

### Compensation Committee Interlocks and Insider Participation

Mr. Zafiris Zafiroopoulos and Mr. Jeffrey Guzy served on the Compensation Committee during the fiscal year ended December 31, 2012. No member of the Compensation Committee had any relationship with us requiring disclosure under Item 404 of SEC Regulation S-K during the fiscal year ended December 31, 2012. None of our executive officers has served on the board of directors or compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served on our Board or Compensation Committee.



**SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the current stock ownership of (i) each of our executive officers and directors, (ii) of all our executive officers and directors as a group, and (iii) of each person known by us to be a beneficial owner of 5% or more of our common stock. Except as otherwise noted, each person listed below is the sole beneficial owner of the shares and has sole investment and voting power of such shares. No person listed below has any option, warrant or other right to acquire additional securities of the Company, except as may be otherwise noted. Unless otherwise specified, the address of each of the persons set forth below is in care of Leatt Corporation, 50 Kiepersol Drive, Atlas Gardens, Contermanskloof Road, Durbanville, Western Cape, South Africa, 7441.

Title of Class		Name & Address of <u>Beneficial Owner</u>	<u>Office, If Any</u>	Amount and Nature of <u>Beneficial Ownership</u> <sup>(2)</sup>	Percent of <u>Class</u> <sup>(3)</sup>
Common Stock, \$0.001 par value	Class A Voting Convertible Preferred Stock, \$0.001 par value <sup>(1)</sup>				
<b>Officers and Directors</b>					
X	-	Dr. Christopher J. Leatt <sup>(4)</sup>	Founder, Innovation Officer and Chairman	2,025,103	38.94%
-	X			96,000	80.00%
X	-	Jeffrey J. Guzy	Director	26,667	0.51%
-	-	Sean Macdonald <sup>(5)</sup>	Chief Executive Officer, President and Director	46,800	0.90%
		Zafiris M. Zafiroopoulos	Director	54,783	1.05%
X	-	<b>All officers and directors as a group (persons named above)</b>		<b>2,153,353</b>	<b>41.41%</b>
-	X			<b>96,000</b>	<b>80.00%</b>
<b>5% Shareholders</b>					
X	-	Jean-Pierre De Villiers	Advisor	488,317	9.39%
-	X			24,000	20.00%
X		Alfred Bjorn Christensen		460,800	8.86%

- (1) The Preferred Stock votes with the Common Stock at a vote of 100-for-one, subject to adjustments resulting from any future stock splits. The Preferred Stock has priority over the Common Stock in any liquidation preferences but no dividend rights (except as may be declared by the Board). The Common Stock has dividend rights in respect of any dividend distributions when and if declared and paid by the Company. The Common

Stock has a claim to any liquidation distribution, subject to the priority claim of the Preferred Stock. No dividends have been paid to date on any securities. There are no other classes of equity securities authorized and issued.

- (2) Beneficial Ownership is determined in accordance with the rules of the U.S. Securities and Exchange Commission or SEC and generally includes voting or investment power with respect to securities. Each of the beneficial owners listed above has direct ownership of and sole voting power and investment power with respect to the shares of our common stock.
- (3) As of the date of this report and after giving effect to the Company's 1-for-25 reverse stock split effected on September 20, 2012 (the Reverse Split), the Company has 28,000,000 authorized shares of common stock divided with 5,200,623 shares outstanding and 1,120,000 shares of Preferred Stock authorized with 120,000 shares issued and outstanding. For each Beneficial Owner above, any options exercisable within 60 days have been included in the denominator.
- (4) Includes a vested 5-year option to purchase 31,200 shares of the Company's common stock at \$1.00 per share, issued to Dr. Leatt under the Company's 2011 Plan after giving effect to the Reverse Split. An additional 20,800 shares will vest in two equal portions on each of December 31, 2013 and 2014.
- (5) Represents a vested 5-year option to purchase 46,800 shares of the Company's common stock at \$1.00 per share, issued to Mr. Macdonald under the Company's 2011 Plan after giving effect to the Reverse Split. An additional 31,200 shares will vest in two equal portions on each of December 31, 2013 and 2014.

#### **Changes in Control**

We do not currently have any arrangements which if consummated may result in a change of control of our Company.

**TRANSACTIONS WITH RELATED PERSONS,  
PROMOTERS AND CERTAIN CONTROL PERSONS**

**Transactions with Related Persons**

The following includes a summary of transactions since the beginning of the last fiscal year, or any currently proposed transaction, in which we were or are to be a participant and the amount involved exceeded or exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest (other than compensation described under Executive Compensation ). We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, in arm's-length transactions.

On March 1, 2006, we entered into a Licensing Agreement with Xceed Holdings (formerly, Leatt Brace Holdings), a South African company that is controlled by Dr. Leatt, the Company's Chairman, and by Mr. De Villiers until his resignation on August 29, 2006. Under the terms of the Licensing Agreement, we are obligated to pay Xceed Holdings 4% of all sales revenue billed and received by us, on a quarterly basis based on sales of the previous quarter. In addition, pursuant to a separate license agreement between us and Mr. De Villiers, we are obligated to pay a royalty fee of 1% of all our billed and received sales revenue, in quarterly installments, based on sales of the previous quarter, to a trust that is beneficially owned and controlled by Mr. De Villiers. Royalties totaled \$744,705 and \$639,499 for the years ended December 31, 2011 and 2010.

Except as set forth in our discussion above, none of our directors, director nominees or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

**Policies and Procedures for Review, Approval or Ratification of Transactions with Related Persons**

As we increase the size of our board of directors to include additional independent directors, we expect to prepare and adopt a written related-person transactions policy that sets forth our policies and procedures regarding the identification, review, consideration and approval or ratification of related-persons transactions. For purposes of our policy only, a related-person transaction will be a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any related person are participants involving an amount that exceeds \$120,000. Transactions involving compensation for services provided to us as an employee, director, consultant or similar capacity by a related person will not be covered by this policy. A related person will be any executive officer, director or a holder of more than five percent of our common stock, including any of their immediate family members and any entity owned or controlled by such persons.

We anticipate that, where a transaction has been identified as a related-person transaction, the policy will require management to present information regarding the proposed related-person transaction to our audit committee (or, where approval by our audit committee would be inappropriate, to another independent body of our board of directors) for consideration and approval or ratification. Management's presentation will be expected to include a description of, among other things, the material facts, the direct and indirect interests of the related persons, the benefits of the transaction to us and whether any alternative transactions are available.

To identify related-person transactions in advance, we are expected to rely on information supplied by our executive officers, directors and certain significant stockholders. In considering related-person transactions, our board of directors will take into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director's independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated;

- the terms of the transaction;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from our employees generally.

We also expect that the policy will require any interested director to excuse himself from deliberations and approval of the transaction in which the interested director is involved.



## Promoters and Certain Control Persons

We did not have any promoters at any time during the past five fiscal years.

## Director Independence

Our director, Mr. Zafiris Michael Zafiropoulos, is an independent director, as the term *independent* is defined by the rules of the Nasdaq Stock Market.

## PROPOSAL 1

### ELECTION OF DIRECTORS

The Board is responsible for establishing broad corporate policies and monitoring the overall performance of the Company. It selects our executive officers, delegates authority for the conduct of our day-to-day operations to those officers, and monitors their performance. Members of the Board keep themselves informed of our business by participating in Board and Committee meetings, by reviewing analyses and reports, and through discussions with the Chairman and other officers.

There are currently four directors serving on the Board. At the Annual Meeting, four directors will be elected. The individuals who have been nominated for election to the Board at the Annual Meeting are listed in the table below. Each of the nominees is a current director of the Company.

If, as a result of circumstances not now known or foreseen, any of the nominees is unavailable to serve as a nominee for director at the time of the Annual Meeting, the holders of the proxies solicited by this Proxy Statement may vote those proxies either (i) for the election of a substitute nominee who will be designated by the proxy holders or by the present Board or (ii) for the balance of the nominees, leaving a vacancy. The Board has no reason to believe that any of the nominees will be unwilling or unable to serve, if elected as a director. The four nominees for election as directors are uncontested. In uncontested elections, directors are elected by majority of the votes cast at the Annual Meeting. **Proxies submitted on the accompanying proxy card will be voted for the election of the nominees listed below, unless the proxy card is marked otherwise.**

**The Board of Directors recommends a vote FOR the election of the nominees listed below.**

The names, the positions with the Company and the ages as of the Record Date of the individuals who are our nominees for election as directors are:

Name	Age	Position with the Company	Term as Director
Dr. Christopher J. Leatt	45	Chairman of the Board	March 2005 Present
Sean Macdonald	36	Director	November 2010 Present
Jeffrey J. Guzy	62	Director	April 2007 Present
Zafiris M. Zafiropoulos	61	Director	October 2011 Present

## Director Qualifications

The Board has identified particular qualifications, attributes, skills and experience that are important to be represented on the board as a whole, in light of our current needs and business priorities. The Board believes that each director is a recognized person of high integrity with a proven record of success in his or her field. Each director demonstrates innovative thinking, familiarity with and respect for corporate governance requirements and practices, an appreciation of multiple cultures and a commitment to the business and operations of the Company. In addition to the foregoing qualifications, the Board has assessed the intangible qualities including the director's ability to ask difficult questions and, simultaneously, to work collegially. The Board also considers diversity of age, cultural background and

professional experiences in evaluating candidates for Board membership. Diversity is important because a variety of points of view contribute to a more effective decision-making process.

Set forth below is a tabular disclosure summarizing some of the specific qualifications, attributes, skills and experiences of our directors.

Name	Title	Qualifications
Dr. Christopher James Leatt	Founder, Chairman and Head of Research & Development	<p>Dr. Leatt holds a Bachelor of Medicine and Bachelor of Surgery Degree and is the inventor of the Leatt Brace® and the Founder of the Company.</p> <p>He heads up the Company's research and development department and has an intimate knowledge of the Company's innovative products.</p> <p>He contributes invaluable long-term knowledge of the Company's business and operations and extensive experience in the industry.</p>
Sean Macdonald	CEO, CFO, President and Director	<p>Mr. Macdonald is a registered Chartered Accountant and holds a Bachelor of Commerce Degree in Finance and Information Systems and a Post-Graduate Diploma in Accounting.</p> <p>His invaluable experience in finance and accounting provides insight for the implementation of effective operational, financial and strategic leadership of the Company.</p>
Jeffrey Joseph Guzy	Director	<p>Through his Masters Degree in Business Administration in Strategic Planning &amp; Management and his knowledge of U.S. capital markets, Mr. Guzy provides invaluable guidance and perspective to the Board.</p> <p>He has also served as the Company's President and has invaluable long-term knowledge of the Company's business and operations.</p>
Zafiris Michael Zafiroopoulos	Director	<p>Mr. Zafiroopoulos holds a Masters Degree in Business Leadership (MBL) from the School of Business</p>

Leadership (SBL) in South Africa.

He also has invaluable experience and insight in the global finance and banking industry.

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## General Information

For information as to the shares of the Common Stock held by each nominee, see Security Ownership of Certain Beneficial Owners and Management, above.

See Directors and Executive Officers above for biographical summaries for each of our director nominees.

All directors will hold office for the terms indicated, or until their earlier death, resignation, removal or disqualification, and until their respective successors are duly elected and qualified. There are no arrangements or understandings between any of the nominees, directors or executive officers and any other person pursuant to which any of our nominees, directors or executive officers have been selected for their respective positions. No nominee, member of the Board or executive officer is related to any other nominee, member of the Board or executive officer.

## PROPOSAL 2

### RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

The Audit Committee has selected Fitzgerald & Co, CPAs, P.C. ( Fitzgerald ) to serve as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2013. Fitzgerald was the Company's independent registered public accounting firm for the fiscal year ended December 31, 2012.

We are asking our stockholders to ratify the selection of Fitzgerald as our independent registered public accounting firm. Although ratification is not required by our bylaws or otherwise, the Board is submitting the selection of Fitzgerald to our stockholders for ratification as a matter of good corporate practice. In the event our stockholders fail to ratify the appointment, the Audit Committee may reconsider this appointment.

The Company has been advised by Fitzgerald that neither the firm nor any of its associates had any relationship with the Company other than the usual relationship that exists between independent registered public accounting firms and their clients during the last fiscal year. Representatives of Fitzgerald are expected to attend the Annual Meeting with the opportunity to make a statement and/or respond to appropriate questions from shareholders present at the Annual Meeting.

### Services and Fees of Independent Public Accounting Firms

The following is a summary of the fees billed to the Company for professional services rendered for the fiscal years ended December 31, 2012 and 2011:

	Year Ended December 31,	
	2012	2011
Audit Fees	\$ 101,000	\$ 98,000
Audit-Related Fees	10,288	7,692
Tax Fees	7,793	8,860
All Other Fees	21,100	
<b>TOTAL</b>	<b>\$ 140,181</b>	<b>\$ 114,552</b>

Audit Fees consisted of fees billed for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the financial statements included in our Form 10-K and 10-Qs or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements.

Audit-Related Fees consisted of fees billed for assurance and related services by the principal accountant that were reasonably related to the performance of the audit or review of our financial statements and are not reported under the paragraph captioned Audit Fees above.



Tax Fees consisted of fees billed for professional services rendered by the principal accountant for tax returns preparation.

All Other Fees consisted of fees billed for products and services provided by the principal accountant, other than the services reported above under other captions of this Item 14.

### **Pre-Approval Policies and Procedures**

Under the Sarbanes-Oxley Act of 2002, all audit and non-audit services performed by our auditors must be approved in advance by our board of directors to assure that such services do not impair the auditors' independence from us. In accordance with its policies and procedures, our board of directors pre-approved the audit service performed by Fitzgerald & Co, CPAs, P.C. for our financial statements as of and for the year ended December 31, 2013.

**The Board of Directors recommends a vote FOR ratification of the selection of Fitzgerald as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013.**

### **PROPOSAL 3**

#### **APPROVAL OF THE AMENDMENT OF 2011 EQUITY INCENTIVE PLAN TO INCREASE THE MAXIMUM NUMBER OF SHARES OF COMMON STOCK OF THE COMPANY THAT MAY BE ISSUED AND SOLD**

On April 30, 2013, the Board of Directors approved the amendment and restatement of the 2011 Leatt Corporation Equity Incentive Plan (the Amended 2011 Plan), with the only change being to increase the maximum number of shares of common stock of the Company, par value \$0.001 per share that may be issued and sold under the 2011 Plan from 260,000 (after giving effect to the Reverse Split) to 460,000, and recommended approval of the amendment by the Stockholders in accordance with the 2011 Plan. The Board of Directors believes that such arrangements will be instrumental for us to be able to continue to attract and retain outstanding employees. A copy of the Amended 2011 Plan is attached as Exhibit A to this Proxy Statement.

#### **Reason for Amendment**

The Company has almost issued the maximum amount of shares of common stock issuable under the current 2011 Plan and the Board of Directors believes that increasing the maximum number of shares of common stock that may be issued under the Plan will be instrumental for us to continue to attract and retain outstanding employees.

#### **Summary of the Amended 2011 Plan**

**Purpose.** The purpose of the Amended 2011 Plan is to promote the interests of the Company, by providing eligible persons employed by or serving the Company or any subsidiary or parent with the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Company as an incentive for them to continue in such employ or service.

**Administration of the Plan.** The Amended 2011 Plan may be administered by either the Board of Directors or, at the discretion of the Board, a committee of the Board (the Administrator). The Administrator has broad discretion and authority in administering the Amended 2011 Plan, including the right to reduce the exercise price of any option, or to accelerate vesting.

**Types of Awards.** The Administrator may authorize the following types of awards under the Amended 2011 Plan: (1) the grant of incentive stock options which are options intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (ISOs); and (2) the grant of options which do not meet those

requirements ( Non-Qualified Options ).

**Eligible Participants.** All employees, directors, consultants and advisors of the Company and any of its subsidiaries are eligible to receive awards under the Amended 2011 Plan.

**Shares Subject to the Plan.** We may issue up to 460,000 shares of our Common Stock pursuant to the Amended 2011 Plan. Any share subject to an option that terminates or expires without being exercised becomes available for future awards under the Amended 2011 Plan. No eligible person shall be granted options during any twelve-month period covering shares of common stock with the aggregate fair market value of more than \$100,000.

**Terms and Conditions of Options.** The exercise price of any option, may not be less than the fair market value of the Common Stock on the date of grant (110% of the fair market value for options granted to 10% stockholders). No option may be exercised more than 10 years after the date of grant (five years with respect to options granted to 10% stockholders). No option may be transferred or assigned without the consent of the Administrator except by will or the laws of descent and distribution. The exercise price of options may be paid in cash or, with the consent of the Administrator, by a full recourse promissory note, delivery of other shares of Common Stock (including shares acquired upon exercise of the related options), or by cashless exercise, to the extent and subject to applicable regulations.



**Amendments to the Plan.** The Board may amend, alter, suspend or discontinue the Plan at any time. No amendment, alteration, suspension or discontinuance requires stockholder approval unless such approval is required to preserve incentive stock option treatment for federal income tax purposes or the Board otherwise concludes that stockholder approval is advisable or required by law.

**Termination of the Plan.** The Plan shall terminate upon the earlier of (1) the expiration of the ten year period measured from the date the Plan is adopted by the Board or (2) termination by the Board. All options and unvested stock issuances outstanding at the time of the termination of the Plan shall continue in effect in accordance with the provisions of the documents evidencing those options or issuances.

### **Certain U.S. Federal Tax Consequences**

The following is a brief summary of the principal federal income tax consequences of awards under the Amended 2011 Plan based on applicable provisions of the Internal Revenue Code and Treasury Regulations now in effect.

**General.** A recipient of an award of options under the Amended 2011 Plan realizes no taxable income at the time of grant.

**Incentive Stock Options.** The holder of an ISO does not recognize taxable income upon exercise of the ISO. In order to retain this tax benefit, the holder must make no disposition of the shares so received for at least one year from the date of exercise and at least two years from the grant of the ISO. Assuming compliance with this and other applicable tax provisions, the holder will realize long-term capital gain or loss when he or she disposes of the shares, measured by the difference between the exercise price and the amount received for the shares at the time of disposition. If a holder disposes of shares acquired by exercise of an ISO before the expiration of the above-noted periods, the gain arising from such disqualifying disposition will be taxable as ordinary income in the year of disposition to the extent that the lesser of (i) the fair market value of the shares on the date the ISO was exercised or (ii) the amount realized upon such disposition exceeds the exercise price. Any amount realized in excess of the fair market value on the date of exercise is treated as long-term or short-term capital gain, depending upon the holding period of the shares. If the amount realized upon such disposition is less than the exercise price, the loss will be treated as long-term or short-term capital loss, depending upon the holding period of the shares.

For purposes of the alternative minimum tax, the holder will recognize as an addition to his or her tax base, upon the exercise of an ISO, an amount equal to the excess of the fair market value of the shares at the time of exercise over the exercise price. If the holder makes a disqualifying disposition in the year of exercise, the holder will recognize taxable income for purposes of the regular income tax and the holder's alternative minimum tax base will not be additionally increased.

**Nonqualified Options.** The holder of a Non-Qualified Option recognizes ordinary income at the time of the exercise in an amount equal to the excess of the fair market value of the shares on the date of exercise over the exercise price. This taxable income is subject to payroll tax withholding if the holder is an employee. When a holder disposes of shares acquired upon the exercise of a Non-Qualified Option, any amount received in excess of the fair market value of the shares on the date of exercise will be treated as long-term or short-term capital gain, depending upon the holding period of the shares, and if the amount received is less than the fair market value of the shares on the date of exercise, the loss will be treated as long-term or short-term capital loss, depending upon the holding period of the shares.

**Deduction to the Company.** The Company will be entitled to a deduction for federal income tax purposes at the same time and in the same amount as the recipient of an award is considered to have realized ordinary income as a result of the award, assuming that the limitation under Section 162(m) of the Internal Revenue Code is not applicable.

### **Outstanding Awards**

The following table sets forth the equity awards outstanding at December 31, 2012 for each of our named executive officers.

Name	OPTION AWARDS				
	Number of securities underlying unexercised options exercisable <sup>(1)</sup>	Number of securities underlying unexercised options unexercisable	Equity incentive plan awards: number of securities underlying unexercised unearned options	Option exercise price <sup>(1)</sup> (\$)	Option expiration date
Dr. Christopher Leatt	31,200	20,800	--	\$1.00	February 1, 2017
Sean Macdonald	46,800	31,200	--	\$1.00	February 1, 2017

<sup>(1)</sup> The Company effected a one-for-twenty-five reverse stock split on September 20, 2012, which decreased the number of option shares and increased the exercise price to \$1.00 per share.

On February 1, 2012, the Board of Directors of the Company approved the grant to Dr. Christopher Leatt, the Company's Chairman, of a 5-year option to purchase 1,300,000 shares of the Company's common stock at \$0.04 per share under the Company's 2011 Plan. The option to purchase 520,000 of the shares vested on February 1, 2012, the grant date, the option to purchase another 260,000 shares vested on December 31, 2012, and the option to purchase the remaining 520,000 shares will vest in two equal portions on each of December 31, 2013 and 2014. After giving effect to the reverse split effected on September 20, 2012, Dr. Leatt has vested options to purchase 31,200 shares of the Company's common stock at \$1.00 per share, with an additional 20,800 shares slated to vest in two equal portions on each of December 31, 2013 and 2014.

On February 1, 2012, the Board of Directors of the Company approved the grant to Sean Macdonald, the Company's Chief Executive Officer and Chief Financial Officer, of a 5-year option to purchase 1,950,000 shares of the Company's common stock at \$0.04 per share under the Company's 2011 Plan. The option to purchase 780,000 of the shares vested on February 1, 2012, the grant date, the option to purchase another 390,000 shares vested on December 31, 2012, and the option to purchase the remaining 780,000 shares will vest in two equal portions on each of December 31, 2013 and 2014. After giving effect to the reverse split effected on September 20, 2012, Mr. Macdonald has vested options to purchase 46,800 shares of the Company's common stock at \$1.00 per share, with an additional 31,200 shares slated to vest in two equal portions on each of December 31, 2013 and 2014.

**The Board of Directors recommends a vote FOR approval of the amendment of the 2011 Equity Incentive Plan to increase the maximum number of shares of common stock of the Company that may be issued and sold under the Plan.**

#### **PROPOSAL 4**

##### **ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 enables our stockholders to vote to approve, on an advisory (nonbinding) basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the SEC's rules.

Our executive compensation programs are designed to attract, motivate, and retain our named executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of specific annual, long-term and strategic goals, business unit goals, corporate goals, and the realization of increased stockholder value.

Our Compensation Committee continually reviews the compensation programs for our named executive officers to ensure they achieve the desired goals of aligning our executive compensation structure with our stockholders' interests and current market practices. We are asking our stockholders to indicate their support for our named executive officer compensation as described in the Compensation Discussion and Analysis and related compensation tables. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our named executive officers' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we will ask our stockholders to vote for the approval of the compensation of the named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC.

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the approval the named executive officer compensation as disclosed in this Proxy Statement, they will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

**The Board of Directors recommends a vote FOR the approval of the compensation of our named executive officers, as disclosed in the Compensation Discussion and Analysis and related compensation tables.**

## PROPOSAL 5

### ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Act also enables our stockholders to indicate how frequently we should seek an advisory vote on the compensation of our named executive officers, as disclosed pursuant to the SEC's compensation disclosure rules, such as Proposal No. 3 above. By voting on this Proposal No. 4, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation once every one, two, or three years.

The Board has not made a recommendation on the frequency of holding an advisory vote on executive compensation. Stockholders may vote for having an advisory vote every year, every two years, or every three years, or they may abstain from voting on this proposal.

The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be the frequency for the advisory vote on executive compensation that has been selected by stockholders. However, because this vote is advisory and not binding on the Board of Directors or the Company in any way, the Board may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

### STOCKHOLDER PROPOSALS FOR THE 2014 ANNUAL MEETING

If you wish to have a proposal included in our proxy statement for next year's annual meeting in accordance with Rule 14a-8 under the Exchange Act, your proposal must be received by the Corporate Secretary of Leatt Corporation at Suite 109, Private Bag X3, Bloubaerg, 7443, Western Cape, South Africa, no later than the close of business on December 31, 2013. A proposal which is received after that date or which otherwise fails to meet the requirements for stockholder proposals established by the SEC will not be included. The submission of a stockholder proposal does not guarantee that it will be included in the proxy statement.

Stockholder proposals to be brought before the 2014 Annual Meeting, made outside the Rule 14a-8 processes, must be submitted to the Company pursuant to Rule 14a-8, no later than December 31, 2013, or will be considered untimely and entitle the Company to discretionary voting under Rule 14a-4.

### ANNUAL REPORT ON FORM 10-K

**We will provide without charge to each person solicited by this Proxy Statement, on the written request of such person, a copy of our Annual Report on Form 10-K, including the financial statements and financial statement schedules, as filed with the SEC for our most recent fiscal year.** Such written requests should be directed to Leatt Corporation, c/o Corporate Secretary, Suite 109, Private Bag X3, Bloubaerg, 7443, Western Cape, South Africa. A copy of our Annual Report on Form 10-K is also made available on our website at <http://www.leatt-corp.com> after it is filed with the SEC.

### OTHER MATTERS

As of the date of this Proxy Statement, the Board has no knowledge of any business which will be presented for consideration at the Annual Meeting other than the election of directors, the ratification of the appointment of the independent public accounting firm of the Company and the advisory vote on executive compensation. Should any other matters be properly presented, it is intended that the enclosed proxy card will be voted in accordance with the best judgment of the persons voting the proxies.

June 7, 2013

By Order of the Board of Directors

/s/ Lara-Jane Pretorius  
Lara-Jane Pretorius  
Corporate Secretary

**LEATT CORPORATION****AMENDED AND RESTATED 2011 EQUITY INCENTIVE PLAN**

1. **Purposes of the Plan.** Leatt Corporation, a Nevada corporation (the Company ) hereby establishes the LEATT CORPORATION AMENDED AND RESTATED 2011 EQUITY INCENTIVE PLAN (the Plan ). The purposes of this Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants, and to promote the long-term growth and profitability of the Company. The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares as the Administrator may determine.
2. **Definitions.** The following definitions will apply to the terms in the Plan:
  - Administrator** means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4.
  - Applicable Laws** means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.
  - Award** means, individually or collectively, a grant under the Plan of Options, SARs, Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares.
  - Award Agreement** means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.
  - Board** means the Board of Directors of the Company.
  - Change in Control** means the occurrence of any of the following events:
    - (i) Any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; provided however, that for purposes of this subsection (i) any acquisition of securities directly from the Company shall not constitute a Change in Control; or
    - (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
    - (iii) A change in the composition of the Board occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. **Incumbent Directors** means directors who either (A) are Directors as of the effective date of the Plan, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company); or
    - (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving

entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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For avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is the change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Code means the Internal Revenue Code of 1986, as amended. Any reference in the Plan to a section of the Code will be a reference to any successor or amended section of the Code.

Committee means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.

Common Stock means the common stock of the Company.

Company means Leatt Corporation, a Nevada corporation, or any successor thereto.

Consultant means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

Director means a member of the Board.

Disability means total and permanent disability as determined by the Administrator in its discretion in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

Employee means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute employment by the Company.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Fair Market Value means, as of any date, the value of Common Stock determined as follows:

- (i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation any division or subdivision of the Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;
- (ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, including without limitation quotation through the over the counter bulletin board (OTCBB) quotation service administered by the Financial Industry Regulatory Authority (FINRA), the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or
- (iii) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator, and to the extent Section 15 applies (a) with respect to ISOs, the Fair Market Value shall be determined in a manner consistent with Code section 422 or (b) with respect to NSOs or SARs, the Fair Market Value shall be determined in a manner consistent with Code section 409A.

Fiscal Year means the fiscal year of the Company.

Grant Date means, for all purposes, the date on which the Administrator determines to grant an Award, or such other later date as is determined by the Administrator, provided that the Administrator cannot grant an Award prior to the

date the material terms of the Award are established. Notice of the Administrator's determination to grant an Award will be provided to each Participant within a reasonable time after the Grant Date.

Incentive Stock Option or ISO means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

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Nonstatutory Stock Option or NSO means an Option that by its terms does not qualify or is not intended to qualify as an ISO.

Officer means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

Option means a stock option granted pursuant to the Plan.

Optioned Shares means the Common Stock subject to an Option.

Optionee means the holder of an outstanding Option.

Parent means a parent corporation, whether now or hereafter existing, as defined in Section 424(e) of the Code.

Participant means the holder of an outstanding Award.

Performance Share means an Award denominated in Shares which may vest in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

Performance Unit means an Award which may vest in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

Period of Restriction means the period during which Shares of Restricted Stock are subject to forfeiture or restrictions on transfer pursuant to Section 7.

Plan means this 2011 Equity Incentive Plan.

Restricted Stock means Shares awarded to a Participant which are subject to forfeiture and restrictions on transferability in accordance with Section 7.

Restricted Stock Unit means the right to receive one Share at the end of a specified period of time, which right is subject to forfeiture in accordance with Section 8 of the Plan.

Rule 16b-3 means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3.

Section means a paragraph or section of this Plan.

Section 16(b) means Section 16(b) of the Exchange Act.

Service shall mean service as an Employee, Director or Consultant.

Service Provider means an Employee, Director or Consultant.

Share means a share of the Common Stock, as adjusted in accordance with Section 13.

Stock Appreciation Right or SAR means the right to receive payment from the Company in an amount no greater than the excess of the Fair Market Value of a Share at the date the SAR is exercised over a specified price fixed by the Administrator in the Award Agreement, which shall not be less than the Fair Market Value of a Share on the Grant Date. In the case of a SAR which is granted in connection with an Option, the specified price shall be the Option exercise price.

Subsidiary means a subsidiary corporation, whether now or hereafter existing, as defined in Section 424(f) of the Code.

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Ten Percent Owner means any Service Provider who is, on the grant date of an ISO, the owner of Shares (determined with application of ownership attribution rules of Code Section 424(d)) possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries.

3. Stock Subject to the Plan.

- a. Stock Subject to the Plan. Subject to the provisions of Section 13, the maximum aggregate number of Shares that may be issued under the Plan is Four Hundred and Sixty Thousand (460,000) Shares. The Shares may be authorized but unissued, or reacquired Common Stock.
- b. Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full or, with respect to Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, is forfeited in whole or in part to the Company, the unpurchased Shares (or for Awards other than Options and SARs, the forfeited or unissued Shares) which were subject to the Award will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to SARs, only Shares actually issued pursuant to a SAR will cease to be available under the Plan; all remaining Shares subject to the SARs will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares withheld by the Company to pay the exercise price of an Award or to satisfy tax withholding obligations with respect to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan.
- c. Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

- a. Procedure. The Plan shall be administered by the Board or a Committee (or Committees) appointed by the Board, which Committee shall be constituted to comply with Applicable Laws. If and so long as the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, the Board shall consider in selecting the Administrator and the membership of any committee acting as Administrator the requirements regarding: (i) nonemployee directors within the meaning of Rule 16b-3 under the Exchange Act; (ii) independent directors as described in the listing requirements for any stock exchange on which Shares are listed; and (iii) Section 15(b)(i) of the Plan, if the Company pays salaries for which it claims deductions that are subject to the Code section 162(m) limitation on its U.S. tax returns. The Board may delegate the responsibility for administering the Plan with respect to designated classes of eligible Participants to different committees consisting of two or more members of the Board, subject to such limitations as the Board or the Administrator deems appropriate. Committee members shall serve for such term as the Board may determine, subject to removal by the Board at any time.
- b. Powers of the Administrator. Subject to the provisions of the Plan and the approval of any relevant authorities, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:
  - i. to determine the Fair Market Value;
  - ii. to select the Service Providers to whom Awards may be granted hereunder;

- iii. to determine the number of Shares to be covered by each Award granted hereunder;
  - iv. to approve forms of agreement for use under the Plan;
  - v. to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on continued employment, continued service or performance criteria), any vesting acceleration (whether by reason of a Change of Control or otherwise) or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, will determine; A-4
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- vi. to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan, including the right to construe disputed or doubtful Plan and Award provisions;
  - vii. to prescribe, amend and rescind rules and regulations relating to the Plan;
  - viii. to modify or amend each Award (subject to Section 19(c)) to the extent any modification or amendment is consistent with the terms of the Plan. The Administrator shall have the discretion to extend the exercise period of Options generally provided the exercise period is not extended beyond the earlier of the original term of the Option or 10 years from the original grant date, or specifically (1) if the exercise period of an Option is extended (but to no more than 10 years from the original grant date) at a time when the exercise price equals or exceeds the fair market value of the Optioned Shares or (2) an Option cannot be exercised because such exercise would violate Applicable Laws, provided that the exercise period is not extended more than 30 days after the exercise of the Option would no longer violate Applicable Laws.
  - ix. to allow Participants to satisfy withholding tax obligations in such manner as prescribed in Section 14;
  - x. to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;
  - xi. to delay issuance of Shares or suspend Participant's right to exercise an Award as deemed necessary to comply with Applicable Laws; and
  - xii. to make all other determinations deemed necessary or advisable for administering the Plan.
- c. Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards. Any decision or action taken or to be taken by the Administrator, arising out of or in connection with the construction, administration, interpretation and effect of the Plan and of its rules and regulations, shall, to the maximum extent permitted by Applicable Laws, be within its absolute discretion (except as otherwise specifically provided in the Plan) and shall be final, binding and conclusive upon the Company, all Participants and any person claiming under or through any Participant.
5. Eligibility. NSOs, Restricted Stock, Restricted Stock Units, SARs, Performance Units and Performance Shares may be granted to Service Providers. ISOs may be granted as specified in Section 15(a).
6. Stock Options.
- a. Grant of Options. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Options to Service Providers in such amounts as the Administrator will determine in its sole discretion. For purposes of the foregoing sentence, Service Providers shall include prospective employees or consultants to whom Options are granted in connection with written offers of employment or engagement of services, respectively, with the Company; provided that no Option granted to a prospective employee or consultant may be exercised prior to the commencement of employment or services with the Company. The Administrator may grant NSOs, ISOs, or any combination of the two. ISOs shall be granted in accordance with Section 15(a) of the Plan.
  - b. Option Award Agreement. Each Option shall be evidenced by an Award Agreement that shall specify the type of Option granted, the Option price, the exercise date, the term of the Option, the number of Shares to which the Option pertains, and such other terms and conditions (which need not be identical among Participants) as the Administrator shall determine in its sole discretion. If the Award Agreement does not specify that the Option is to be treated as an ISO, the Option shall be deemed a NSO.
  - c. Exercise Price. The per Share exercise price for the Shares to be issued pursuant to exercise of an Option will be no less than the Fair Market Value per Share on the Grant Date.

d. Term of Options. The term of each Option will be stated in the Award Agreement. Unless terminated sooner in accordance with the remaining provisions of this Section 6, each Option shall expire either ten (10) years after the Grant Date, or after a shorter term as may be fixed by the Board. Each Award Agreement shall set forth the extent to which the Option may be exercised following termination of Service. Each Award Agreement shall provide the holder with the right to exercise the Option following the Service Provider's termination of Service during the Option term, to the extent the Option was exercisable for vested Shares upon termination of Service, for at least thirty (30) days if termination of Service is due to any reason other than cause (as defined for this purpose by applicable law, the terms of the Award Agreement or a contract of employment), death or Disability, and for at least six (6) months after termination of Service if due to death or Disability (but in no event later than the expiration of the Option term). If Service is terminated for cause, the Award Agreement may provide that the right to exercise the Option terminates immediately on the effective date of termination of Service. To the extent the Option was not exercisable for vested Shares upon termination of Service, the Option shall terminate on the date of termination of Service. Subject to the foregoing, such provisions shall be determined in the sole discretion of the Administrator, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.



e. Time and Form of Payment.

i. Exercise Date. Each Award Agreement shall specify how and when Shares covered by an Option may be purchased. The Award Agreement may specify waiting periods, the dates on which Options become exercisable or vested and, subject to the termination provisions of this section, exercise periods. The Administrator may accelerate the exercisability of any Option or portion thereof.

ii. Exercise of Option. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when the Company receives: (1) notice of exercise (in such form as the Administrator specify from time to time) from the person entitled to exercise the Option, and (2) full payment for the Shares with respect to which the Option is exercised (together with all applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan (together with all applicable withholding taxes). Shares issued upon exercise of an Option will be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Optioned Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13.

iii. Payment. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. Such consideration may consist entirely of:

- (1) cash;
- (2) check;
- (3) to the extent not prohibited by Section 402 of the Sarbanes-Oxley Act of 2002, a promissory note;
- (4) other Shares, provided Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option will be exercised;
- (5) to the extent not prohibited by Section 402 of the Sarbanes-Oxley Act of 2002, in accordance with any broker-assisted cashless exercise procedures approved by the Company and as in effect from time to time;
- (6) by asking the Company to withhold Shares from the total Shares to be delivered upon exercise equal to the number of Shares having a value equal to the aggregate Exercise Price of the Shares being acquired;
- (7) any combination of the foregoing methods of payment; or
- (8) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

f. Forfeiture of Options. All unexercised Options shall be forfeited to the Company in accordance with the terms and conditions set forth in the Award Agreement and again will become available for grant under the Plan.

7. Restricted Stock.

a. Grant of Restricted Stock. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator will determine in its sole discretion.

b. Restricted Stock Award Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions (which need not be identical among Participants) as the Administrator will determine in its sole discretion. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

c. Vesting Conditions and Other Terms.

i. Vesting Conditions. The Administrator, in its sole discretion, may impose such conditions on the vesting of Shares of Restricted Stock as it may deem advisable or appropriate, including but not limited to, achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the Administrator in its discretion. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed. The Administrator may, in its discretion, also provide for such complete or partial exceptions to an employment or service restriction as it deems equitable.

ii. Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

iii. Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator determines otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

iv. Transferability. Except as provided in this Section, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

d. Removal of Restrictions. All restrictions imposed on Shares of Restricted Stock shall lapse and the Period of Restriction shall end upon the satisfaction of the vesting conditions imposed by the Administrator. Vested Shares of Restricted Stock will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine, but in no event later than the 15<sup>th</sup> day of the third month following the end of the year in which vesting occurred.

e. Forfeiture of Restricted Stock. On the date set forth in the Award Agreement, the Shares of Restricted Stock for which restrictions have not lapsed will be forfeited and revert to the Company and again will become available for grant under the Plan.

8. Restricted Stock Units.

a. Grant of Restricted Stock Units. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant Restricted Stock Units to Service Providers in such amounts as the Administrator will determine in its sole discretion.

b. Restricted Stock Units Award Agreement. Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the number of Restricted Stock Units granted, vesting criteria, form of payout, and such other terms and conditions (which need not be identical among Participants) as the Administrator will determine in its sole discretion.

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c. Vesting Conditions. The Administrator shall set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment or service), or any other basis determined by the Administrator in its discretion. At any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

d. Time and Form of Payment. Upon satisfaction of the applicable vesting conditions, payment of vested Restricted Stock Units shall occur in the manner and at the time provided in the Award Agreement, but in no event later than the 15<sup>th</sup> day of the third month following the end of the year in which vesting occurred. Except as otherwise provided in the Award Agreement, Restricted Stock Units may be paid in cash, Shares, or a combination thereof at the sole discretion of the Administrator. Restricted Stock Units that are fully paid in cash will not reduce the number of Shares available for issuance under the Plan.

e. Forfeiture of Restricted Stock Units. All unvested Restricted Stock Units shall be forfeited to the Company on the date set forth in the Award Agreement and again will become available for grant under the Plan.

9. Stock Appreciation Rights.

a. Grant of SARs. Subject to the terms and conditions of the Plan, the Administrator, at any time and from time to time, may grant SARs to Service Providers in such amounts as the Administrator will determine in its sole discretion.

b. Award Agreement. Each SAR grant will be evidenced by an Award Agreement that will specify the exercise price, the number of Shares underlying the SAR grant, the term of the SAR, the conditions of exercise, and such other terms and conditions (which need not be identical among Participants) as the Administrator will determine in its sole discretion.

c. Exercise Price and Other Terms. The per Share exercise price for the exercise of an SAR will be no less than the Fair Market Value per Share on the Grant Date.

d. Term of SARs. The term of each SAR will be stated in the Award Agreement. Unless terminated sooner in accordance with the remaining provisions of this Section 9, each SAR shall expire either ten (10) years after the Grant Date, or after a shorter term as may be fixed by the Board. Each Award Agreement shall set forth the extent to which the SAR may be exercised following termination of Service. Each Award Agreement shall provide the holder with the right to exercise the SAR following the Service Provider's termination of Service during the SAR term, to the extent the SAR was vested upon termination of Service, for at least thirty (30) days if termination of Service is due to any reason other than cause (as defined for this purpose by applicable law, the terms of the Award Agreement or a contract of employment), death or Disability, and for at least six (6) months after termination of Service if due to death or Disability (but in no event later than the expiration of the SAR term). If Service is terminated for cause, the Award Agreement may provide that the right to exercise the SAR terminates immediately on the effective date of termination of Service. To the extent the SAR was not vested upon termination of Service, the SAR shall terminate on the date of termination of Service. Subject to the foregoing, such provisions shall be determined in the sole discretion of the Administrator, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

e. Time and Form of Payment of SAR Amount. Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount no greater than: (i) the difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times (ii) the number of Shares with respect to which the SAR is exercised. An Award Agreement may provide for a SAR to be paid in cash, Shares of equivalent value, or a combination thereof.

f. Forfeiture of SARs. All unexercised SARs shall be forfeited to the Company in accordance with the terms and conditions set forth in the Award Agreement and again will become available for grant under the Plan.

10. Performance Units and Performance Shares.

a. Grant of Performance Units and Performance Shares. Performance Units or Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

- b. Award Agreement. Each Award of Performance Units and Shares will be evidenced by an Award Agreement that will specify the initial value, the Performance Period, the number of Performance Units or Performance Shares granted, and such other terms and conditions (which need not be identical among Participants) as the Administrator will determine in its sole discretion.
- c. Value of Performance Units and Performance Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the Grant Date. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the Grant Date.
- d. Vesting Conditions and Performance Period. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units or Performance Shares that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the Performance Period. The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, or individual goals or any other basis determined by the Administrator in its discretion.
- e. Time and Form of Payment. After the applicable Performance Period has ended, the holder of Performance Units or Performance Shares will be entitled to receive a payout of the number of vested Performance Units or Performance Shares by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. Vested Performance Units or Performance Shares will be paid as soon as practicable after the expiration of the applicable Performance Period, but in no event later than the 15<sup>th</sup> day of the third month following the end of the year the applicable Performance Period expired. An Award Agreement may provide for the satisfaction of Performance Unit or Performance Share Awards in cash or Shares (which have an aggregate Fair Market Value equal to the value of the vested Performance Units or Performance Shares at the close of the applicable Performance Period) or in a combination thereof.
- f. Forfeiture of Performance Units and Performance Shares. All unvested Performance Units or Performance Shares will be forfeited to the Company on the date set forth in the Award Agreement, and again will become available for grant under the Plan.
11. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise or as required by Applicable Laws, vesting of Awards will be suspended during any unpaid leave of absence. An Employee will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary.
12. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate, and transfers will be permitted only to a revocable trust or to one or more family members or a trust established for the benefit of the Participant and/or one or more family members to the extent permitted by Rule 701 of the Securities Act.
13. Adjustments: Dissolution or Liquidation: Merger or Change in Control.
- a. Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, shall appropriately adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and

price of Shares covered by each outstanding Award.

b. Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

c. Change in Control. In the event of a merger or Change in Control, any or all outstanding Awards may be assumed by the successor corporation, which assumption shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to vesting requirements and repurchase restrictions no less favorable to the Participant than those in effect prior to the merger or Change in Control.

In the event that the successor corporation does not assume or substitute for the Award, unless the Administrator provides otherwise, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and SARs, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an Option or SAR is not assumed or substituted in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or SAR will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or SAR will terminate upon the expiration of such period.

For the purposes of this Section 13(c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) or, in the case of a SAR upon the exercise of which the Administrator determines to pay cash or a Performance Share or Performance Unit which the Administrator can determine to pay in cash, the fair market value of the consideration received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or SAR or upon the payout of a Restricted Stock Unit, Performance Share or Performance Unit, for each Share subject to such Award (or in the case of Restricted Stock Units and Performance Units, the number of implied shares determined by dividing the value of the Restricted Stock Units and Performance Units, as applicable, by the per share consideration received by holders of Common Stock in the Change in Control), to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 13(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

14. Tax Withholding.

a. Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes required by Applicable Laws to be withheld with respect to such Award (or exercise thereof).

b. Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the amount required to be withheld, or (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

15. Provisions Applicable In the Event the Company or the Service Provider is Subject to U.S. Taxation.

a. Grant of Incentive Stock Options. If the Administrator grants Options to Employees subject to U.S. taxation, the Administrator may grant such Employee an ISO and the following terms shall also apply:



i. Maximum Amount. Subject to the provisions of Section 13, to the extent consistent with Section 422 of the Code, not more than an aggregate of Four Hundred and Sixty Thousand (460,000) Shares may be issued as ISOs under the Plan.

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- ii. General Rule. Only Employees shall be eligible for the grant of ISOs.
- iii. Continuous Employment. The Optionee must remain in the continuous employ of the Company or its Subsidiaries from the date the ISO is granted until not more than three months before the date on which it is exercised. A leave of absence approved by the Company may exceed ninety (90) days if reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the ninety-first (91st) day of such leave any ISO held by the Optionee will cease to be treated as an ISO.
- iv. Award Agreement.
  - (1) The Administrator shall designate Options granted as ISOs in the Award Agreement. Notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which ISOs are exercisable for the first time by the Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), Options will not qualify as an ISO. For purposes of this section, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.
  - (2) The Award Agreement shall specify the term of the ISO. The term shall not exceed ten (10) years from the Grant Date or five (5) years from the Grant Date for Ten Percent Owners.
  - (3) The Award Agreement shall specify an exercise price of not less than the Fair Market Value per Share on the Grant Date or one hundred ten percent (110%) of the Fair Market Value per Share on the Grant Date for Ten Percent Owners.
  - (4) The Award Agreement shall specify that an ISO is not transferable except by will, beneficiary designation or the laws of descent and distribution.
- v. Form of Payment. The consideration to be paid for the Shares to be issued upon exercise of an ISO, including the method of payment, shall be determined by the Administrator at the time of grant in accordance with Section 6(e)(iii).
- vi. Disability , for purposes of an ISO, means total and permanent disability as defined in Section 22(e)(3) of the Code.
- vii. Notice. In the event of any disposition of the Shares acquired pursuant to the exercise of an ISO within two years from the Grant Date or one year from the exercise date, the Optionee will notify the Company thereof in writing within thirty (30) days after such disposition. In addition, the Optionee shall provide the Company with such information as the Company shall reasonably request in connection with determining the amount and character of Optionee's income, the Company's deduction, and the Company's obligation to withhold taxes or other amounts incurred by reason of a disqualifying disposition, including the amount thereof.
- b. Performance-based Compensation. If the Company pays salaries for which it claims deductions that are subject to the Code Section 162(m) limitation on its U.S. tax returns, then the following terms shall be applied in a manner consistent with the requirements of, and only to the extent required for compliance with, the exclusion from the limitation on deductibility of compensation under Code Section 162(m):
  - i. Outside Directors. The Board shall consider in selecting the Administrator and the membership of any committee acting as Administrator the provisions regarding outside directors within the meaning of Code Section 162(m).
  - ii. Maximum Amount.

(1) Subject to the provisions of Section 13, the maximum number of Shares that can be awarded to any individual Participant in the aggregate in any one fiscal year of the Company is Seventy-Eight Thousand (78,000) Shares;

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(2) For Awards denominated in Shares and satisfied in cash, the maximum Award to any individual Participant in the aggregate in any one fiscal year of the Company is the Fair Market Value of Seventy-Eight Thousand (78,000) Shares on the Grant Date; and

(3) The maximum amount payable pursuant to any cash Awards to any individual Participant in the aggregate in any one fiscal year of the Company is the Fair Market Value of Seventy-Eight Thousand (78,000) Shares on the Grant Date.

iii. Performance Criteria. All performance criteria must be objective and be established in writing prior to the beginning of the performance period or at later time as permitted by Code Section 162(m). Performance criteria may include alternative and multiple performance goals and may be based on one or more business and/or financial criteria. In establishing the performance goals, the Committee in its discretion may include one or any combination of the following criteria in either absolute or relative terms, for the Company or any Subsidiary:

- (1) Increased revenue;
- (2) Net income measures (including but not limited to income after capital costs and income before or after taxes);
- (3) Stock price measures (including but not limited to growth measures and total stockholder return);
- (4) Market share;
- (5) Earnings per Share (actual or targeted growth);
- (6) Earnings before interest, taxes, depreciation, and amortization ( EBITDA );
- (7) Cash flow measures (including but not limited to net cash flow and net cash flow before financing activities);
- (8) Return measures (including but not limited to return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity);
- (9) Operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes, and production efficiency);
- (10) Expense measures (including but not limited to overhead cost and general and administrative expense);
- (11) Margins;
- (12) Stockholder value;
- (13) Total stockholder return;
- (14) Proceeds from dispositions;
- (15) Production volumes;

- (16) Total market value; and
  - (17) Corporate values measures (including but not limited to ethics compliance, environmental, and safety).
- c. Stock Options and SARs Exempt from Code section 409A. If the Administrator grants Options or SARs to Employees subject to U.S. taxation the Administrator may not modify or amend the Options or SARs to the extent that the modification or amendment adds a feature allowing for additional deferral within the meaning of Code section 409A.
16. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon any Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company or any Parent or Subsidiary of the Company, nor will they interfere in any way with the Participant's right or the Company's or its Parent's or Subsidiary's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

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17. Effective Date. The Plan's effective date is the date on which it is adopted by the Board, so long as it is approved by the Company's stockholders at any time within twelve (12) months of such adoption. Upon approval of the Plan by the stockholders of the Company, all Awards issued pursuant to the Plan on or after the Effective Date shall be fully effective as if the stockholders of the Company had approved the Plan on the Effective Date. If the stockholders fail to approve the Plan within one year after the Effective Date, any Awards made hereunder shall be null and void and of no effect.
18. Term of Plan. The Plan will terminate 10 years following the earlier of (i) the date it was adopted by the Board or (ii) the date it became effective upon approval by stockholders of the Company, unless sooner terminated by the Board pursuant to Section 19.
19. Amendment and Termination of the Plan.
  - a. Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.
  - b. Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.
  - c. Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.
20. Conditions Upon Issuance of Shares.
  - a. Legal Compliance. The Administrator may delay or suspend the issuance and delivery of Shares, suspend the exercise of Options or SARs, or suspend the Plan as necessary to comply Applicable Laws. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.
  - b. Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.
21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.
22. Repricing Prohibited: Exchange And Buyout of Awards. The repricing of Options or SARs is prohibited without prior stockholder approval. The Administrator may authorize the Company, with prior stockholder approval and the consent of the respective Participants, to issue new Option or SAR Awards in exchange for the surrender and cancellation of any or all outstanding Awards. The Administrator may at any time repurchase Options with payment in cash, Shares or other consideration, based on such terms and conditions as the Administrator and the Participant shall agree.
23. Substitution and Assumption of Awards. The Administrator may make Awards under the Plan by assumption, substitution or replacement of performance shares, phantom shares, stock awards, stock options, stock appreciation rights or similar awards granted by another entity (including an Parent or Subsidiary), if such

assumption, substitution or replacement in connection with an asset acquisition, stock acquisition, merger, consolidation or similar transaction involving the Company (and/or its Parent or Subsidiary) and such other entity (and/or its affiliate). The Administrator may also make Awards under the Plan by assumption, substitution or replacement of a similar type of award granted by the Company prior to the adoption and approval of the Plan. Notwithstanding any provision of the Plan (other than the maximum number of shares of Common Stock that may be issued under the Plan), the terms of such assumed, substituted or replaced Awards shall be as the Administrator, in its discretion, determines is appropriate.

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24. Governing Law. The Plan and all Agreements shall be construed in accordance with and governed by the laws of the State of Nevada.

Adopted by the Board of Directors on May 23, 2013

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**LEATT CORPORATION  
ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JULY 24, 2013**

**This Proxy is Solicited on Behalf of the Board of Directors**

The undersigned stockholder of Leatt Corporation, a Nevada corporation (the Company), acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, dated June 7, 2013, and hereby constitutes and appoints Sean Macdonald and Lara-Jane Pretorius, or either of them acting singly in the absence of the other, with full power of substitution in either of them, the proxies of the undersigned to vote, as designed below and with the same force and effect as the undersigned, all shares of the Company's Common Stock which the undersigned is entitled to vote at the 2013 Annual Meeting of Stockholders to be held on July 24, 2013, and at any adjournment or postponement thereof, hereby revoking any proxy or proxies heretofore given and ratifying and confirming all that said proxies may do or cause to be done by virtue thereof with respect to the following matters:

The undersigned hereby instructs said proxies or their substitutes:

1. Elect as Directors the nominees listed below. The Board recommends a vote FOR each of the listed nominees:

1 Christopher J. Leatt	<b>FOR</b>	<input type="checkbox"/>		<b>WITHHOLD</b>	<input type="checkbox"/>
2 Sean Macdonald	<b>FOR</b>	<input type="checkbox"/>		<b>WITHHOLD</b>	<input type="checkbox"/>
3 Jeffrey J. Guzy	<b>FOR</b>	<input type="checkbox"/>		<b>WITHHOLD</b>	<input type="checkbox"/>
4 Zafiris Zafiroopoulos	<b>FOR</b>	<input type="checkbox"/>		<b>WITHHOLD</b>	<input type="checkbox"/>
  
2. Ratify the appointment of Fitzgerald as the Company's independent public accounting firm for fiscal year ending December 31, 2013. The Board recommends a vote FOR this Proposal.

<b>FOR</b>	<input type="checkbox"/>	<b>AGAINST</b>	<input type="checkbox"/>	<b>ABSTAIN</b>	<input type="checkbox"/>
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3. Approve the amendment of the Company's 2011 Equity Incentive Plan to increase the amount of common shares authorized under the plan to 460,000 shares as disclosed in this Proxy Statement. The Board recommends a vote FOR this Proposal.

<b>FOR</b>	<input type="checkbox"/>	<b>AGAINST</b>	<input type="checkbox"/>	<b>ABSTAIN</b>	<input type="checkbox"/>
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4. Approve the compensation of the Company's named executive officers as disclosed in this Proxy Statement. The Board recommends a vote FOR this Proposal.

<b>FOR</b>	<input type="checkbox"/>	<b>AGAINST</b>	<input type="checkbox"/>	<b>ABSTAIN</b>	<input type="checkbox"/>
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5. Advisory vote on the frequency of holding an advisory vote to approve the Company's executive compensation.

<b>ONE YEAR</b>	<input type="checkbox"/>
<b>TWO YEARS</b>	<input type="checkbox"/>
<b>THREE YEARS</b>	<input type="checkbox"/>
<b>ABSTAIN</b>	<input type="checkbox"/>
  
- 6.

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting, and any adjournment or postponement thereof.

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**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED; IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ALL NOMINEES, FOR THE RATIFICATION OF THE SELECTION OF FITZGERALD AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, FOR THE AMENDMENT OF THE COMPANY S 2011 EQUITY INCENTIVE PLAN AND FOR THE APPROVAL OF THE COMPANY S EXECUTIVE COMPENSATION. IN THEIR DIRECTION, THE PROXIES ARE ALSO AUTHORIZED TO VOTE UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING, INCLUDING THE ELECTION OF ANY PERSON TO THE BOARD OF DIRECTORS WHERE A NOMINEE NAMED IN THE PROXY STATEMENT DATED APRIL 30, 2012 IS UNABLE TO SERVE OR WILL NOT SERVE.**

I (we) acknowledge receipt of the Notice of Annual Meeting of Stockholders and the Proxy Statement dated June 7, 2013, and the 2012 Annual Report to Stockholders and ratify all that the proxies, or either of them, or their substitutes may lawfully do or cause to be done by virtue hereof and revoke all former proxies.

**Please sign, date and mail this proxy immediately in the enclosed envelope.**

Name \_\_\_\_\_

Name *(if joint)*

\_\_\_\_\_  
Date \_\_\_\_\_, 2013

Please sign your name exactly as it appears hereon. When signing as attorney, executor, administrator, trustee or guardian, please give your full title as such. When signing as joint tenants, all parties in the joint tenancy must sign. When a proxy is given by a corporation, it should be signed by an authorized officer of the corporation. No postage is required if returned in the enclosed envelope.

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