

COLONIAL BANGROUP INC  
Form PRE 14A  
March 09, 2007  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**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 Pursuant to Rule 14a-11(c) or Rule 14a-12

**The Colonial BancGroup, Inc.**

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(Name of Registrant as specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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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:

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

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(3) Filing Party:

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(4) Date Filed:

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**Table of Contents**

TO OUR STOCKHOLDERS:

We cordially invite you to attend the annual meeting of the stockholders of The Colonial BancGroup, Inc. to be held at 10:00 a.m., central time, Wednesday, April 18, 2007, at the Colonial Corporate Campus, 100 Colonial Bank Boulevard, Montgomery, Alabama.

Enclosed is a Notice of the meeting, a Proxy Statement, a proxy card and the Annual Report to Stockholders for 2006. At the meeting, we will also report on matters of current interest to our stockholders.

We hope that you will be able to join us for the annual meeting in our new Corporate and Bank Headquarters. Whether you plan to attend the meeting or not, please sign and date the enclosed proxy card and return it in the accompanying envelope as promptly as possible. Alternatively, you may submit your vote by telephone or via the internet. The proxy may be revoked by your vote in person at the meeting, by submission of a later dated proxy, or by you giving written notice of revocation to the Secretary of The Colonial BancGroup, Inc., at any time prior to the voting thereof.

Thank you for your support of Colonial BancGroup.

Sincerely,

Robert E. Lowder

*Chairman of the Board,*

*Chief Executive Officer and President*

March 20, 2007

Table of Contents

**NOTICE**  
**of the**  
**ANNUAL MEETING OF STOCKHOLDERS**  
**of**  
**THE COLONIAL BANCGROUP, INC.**

**To Be Held April 18, 2007**

NOTICE IS GIVEN that the annual meeting of stockholders of The Colonial BancGroup, Inc. ( BancGroup ), a Delaware corporation, will be held at the Colonial Corporate Campus, 100 Colonial Bank Boulevard, Montgomery, Alabama, on Wednesday, April 18, 2007 at 10:00 a.m., central time, for the following purposes:

1. To elect the nominees named in the Proxy Statement as directors to serve terms of three years;
2. To approve the 2007 Stock Plan for Directors;
3. To approve the Management Incentive Plan;
4. To ratify the appointment of PricewaterhouseCoopers, LLP as BancGroup s independent auditors for 2007;
5. To transact such other business as may properly come before the meeting or any adjournments thereof, but which is not now anticipated.

Details respecting these matters are set forth in the accompanying Proxy Statement. Only stockholders of record at the close of business on February 20, 2007 will be entitled to notice of, and to vote at, the meeting. A complete list of the stockholders of record entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to examination by any stockholder at BancGroup s principal office at 100 Colonial Bank Boulevard, Montgomery, Alabama, during ordinary business hours for any purpose germane to the meeting. Such list will be open for a period of at least ten days prior to the meeting.

All stockholders of BancGroup are cordially invited to attend the meeting in person. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT IN THE ACCOMPANYING ENVELOPE AS PROMPTLY AS POSSIBLE. ALTERNATIVELY, YOU MAY VOTE YOUR PROXY VIA TELEPHONE OR THE INTERNET. THE PROXY MAY BE REVOKED BY YOUR VOTE IN PERSON AT THE MEETING, BY YOUR EXECUTION AND SUBMISSION OF A LATER DATED PROXY BEFORE THE MEETING, OR IF YOU VOTE ELECTRONICALLY, THEN BEFORE 11:59 P.M. EASTERN TIME ON APRIL 17, 2007, OR BY YOU GIVING WRITTEN NOTICE OF REVOCATION TO THE SECRETARY OF BANCGROUP AT ANY TIME PRIOR TO THE VOTING THEREOF.

By Order of the Board of Directors

Robert E. Lowder

*Chairman of the Board,*

*Chief Executive Officer and President*

March 20, 2007

**Table of Contents**

**TABLE OF CONTENTS**

<u>Overview</u>	1
<u>Stockholders Eligible to Vote</u>	1
<u>Corporate Governance</u>	2
<u>Director Independence</u>	2
<u>Code of Ethics</u>	2
<u>Corporate Governance Guidelines</u>	3
<u>Stockholder Communications with Directors</u>	3
<u>Voting Securities and Principal Stockholders</u>	3
<u>Beneficial Security Ownership of Management and Directors</u>	4
<u>Proposal 1: Election of Directors</u>	5
<u>The Nominees</u>	5
<u>Nomination Process</u>	5
<u>Vote Required</u>	6
<u>Nominees For a Term Expiring in 2010</u>	6
<u>Continuing Directors Whose Terms Expire in 2009</u>	8
<u>Continuing Directors Whose Terms Expire in 2008</u>	9
<u>Meetings of the Board of Directors and Committees</u>	10
<u>Proposal 2: Approval of the 2007 Stock Plan for Directors</u>	11
<u>Introduction</u>	11
<u>Plan Summary</u>	11
<u>Vote Required</u>	12
<u>Compensation Discussion &amp; Analysis</u>	13
<u>Compensation Discussion Introduction</u>	13
<u>Role of the Compensation Committee</u>	13
<u>General</u>	13
<u>Interaction with Compensation Consultants</u>	13
<u>Compensation Philosophy, Objectives and Determinations</u>	14
<u>Compensation Philosophy</u>	14
<u>Compensation Objectives</u>	14
<u>Compensation Determinations</u>	14
<u>Compensation Structure</u>	15
<u>Pay Elements - Overview</u>	15
<u>Pay Levels and Benchmarking</u>	15
<u>Pay Mix</u>	15
<u>Pay Elements - Programs</u>	16
<u>Salary</u>	16
<u>Annual Incentives</u>	16
<u>Long-Term Incentives</u>	18
<u>Retirement Benefits and Perquisites</u>	19
<u>Committee Discretion</u>	19
<u>Conclusion</u>	19
<u>Timing of Equity Grants</u>	20
<u>Adjustment or Recovery of Awards</u>	20
<u>Consideration of Prior Amounts Realized</u>	20
<u>Post-Termination Payments</u>	21
<u>Stock Ownership Guidelines and Pledging Policies</u>	21

---

**Table of Contents**

<u>Impact of Tax and Accounting Considerations</u>	21
<u>Summary Compensation Table</u>	22
<u>Grants of Plan-Based Awards</u>	24
<u>Outstanding Equity Awards at Year-End</u>	26
<u>Option Exercises and Stock Vested</u>	27
<u>Pension Benefits</u>	28
<u>Nonqualified Deferred Compensation Plans</u>	29
<u>Director Compensation</u>	30
<u>Compensation Committee Report</u>	31
<u>Compensation Committee Interlocks and Insider Participation</u>	32
<u>Related Party Transactions</u>	32
<u>Loans</u>	32
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	32
<u>Proposal 3: Approval of the Management Incentive Plan</u>	33
<u>Introduction</u>	33
<u>Plan Summary</u>	33
<u>Vote Required</u>	34
<u>Audit Committee Report</u>	34
<u>Relationship with Independent Registered Public Accounting Firm</u>	35
<u>Auditor Fees and Services</u>	35
<u>Compatibility of Fees</u>	35
<u>Proposal 4: Ratification of Appointment of Independent Auditor</u>	35
<u>Vote Required</u>	36
<u>Bylaw Provisions Regarding Conduct of Stockholders Meetings</u>	36
<u>Proposals of Stockholders</u>	36
<u>Other Matters</u>	37



**Table of Contents**

**THE COLONIAL BANCGROUP, INC.**

**100 Colonial Bank Boulevard**

**Post Office Box 241148**

**Montgomery, Alabama 36124**

**Telephone: 334-676-5000**

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**PROXY STATEMENT**

**FOR 2007 ANNUAL MEETING OF STOCKHOLDERS**

**OVERVIEW**

This Proxy Statement and the accompanying proxy card are furnished on or about March 20, 2007, by The Colonial BancGroup, Inc. ( BancGroup ) to the holders of record of Common Stock as of February 20, 2007 in connection with BancGroup s annual meeting of stockholders (the Annual Meeting ), and any adjournments thereof, to be held on Wednesday, April 18, 2007, at 10:00 a.m., central time, at the Colonial Corporate Campus, 100 Colonial Bank Boulevard, Montgomery, Alabama. The matters to be considered and acted upon, including the election of directors, are described herein.

BancGroup s Nominating and Corporate Governance Committee and the Board of Directors of BancGroup (the Board ) recommend (i) the election of each of the six director-nominees named in this Proxy Statement for a term of three years, (ii) the approval of the 2007 Stock Plan for Directors, (iii) the approval of the Management Incentive Plan in order that payments made under this plan will continue to be afforded beneficial tax treatment under Section 162(m) of the Internal Revenue Code of 1986, and (iv) the ratification of PricewaterhouseCoopers, LLP as BancGroup s independent auditors for 2007.

Your proxy is solicited on behalf of the Board and is revocable at any time prior to the voting of such proxy by giving written notice of revocation to the Secretary of BancGroup, by submitting a later-dated proxy, or by voting in person at the Annual Meeting. Mere attendance at the Annual Meeting without voting in person will not be sufficient to revoke a previously submitted proxy. All properly submitted proxies delivered pursuant to this solicitation will be voted at the Annual Meeting in accordance with instructions, if any. If no instructions are given, the proxies will be voted FOR election of the director-nominees named herein, FOR Proposals 2, 3, and 4 and in accordance with the instructions of management as to any other matters that may come before the Annual Meeting.

The cost of soliciting proxies will be borne by BancGroup. In addition to mailing, proxies may be solicited by personal interview, telephone, facsimile, e-mail or other electronic means. Banks, brokers, nominees or fiduciaries should forward the soliciting material to the principals to obtain authorization for the execution of proxies, as required by law. BancGroup also will allow proxies to be delivered by telephone or via the internet. BancGroup may, upon request, reimburse banks, brokers and other institutions, nominees and fiduciaries for their expenses in forwarding proxy material to the principals. BancGroup has retained the firm of Georgeson Shareholder Communications, Inc. to solicit proxies

and will pay that firm a fee of \$7,000, plus out of pocket expenses.

**STOCKHOLDERS ELIGIBLE TO VOTE**

This Proxy Statement is furnished to the holders of Common Stock who were holders of record as of the close of business on February 20, 2007. Only those holders are eligible to vote at the Annual Meeting.

Votes will be tabulated and counted by one or more inspectors of election appointed by the Chairman of the Board. Proxies marked as abstentions and shares held in street names which have been designated by brokers on

## **Table of Contents**

proxy cards as not voted will not be counted as votes cast. Such proxies will be counted for purposes of determining a quorum at the Annual Meeting. A quorum consists of a majority of the shares of Common Stock outstanding.

## **CORPORATE GOVERNANCE**

### **Director Independence**

The Board has determined that the majority of BancGroup's directors are independent. Throughout this Proxy Statement, a reference to being independent means independent as that term is defined by Section 303A.02 of the listing standards of the New York Stock Exchange (the NYSE). In determining director independence, the Board broadly considers relevant facts and circumstances, including each director's personal independence and the manner in which each director's affiliations, both corporate and personal, might impair his or her independence. An independent director must be free of any relationship with BancGroup or its management that may impair the director's ability to make independent judgments. Particular attention is paid to certain relationships between each director and management of BancGroup and Colonial Bank, N.A. (Colonial Bank) and any credit relationships that may exist between Colonial Bank and a director or a director's related interest. Generally, credit relationships with directors and their affiliates will not impair independence so long as the terms of the credit relationship are similar to terms extended to other comparable borrowers. Additionally, unpaid co-membership with another BancGroup director or executive officer on the board or council of any religious, educational, governmental, public-service or non-profit institution is not deemed to adversely impact independence. A director who is an executive officer or principal stockholder of a company that makes payments to or receives payments from BancGroup for property or services in an amount which, in any one of the last three fiscal years, is more than the greater of \$1 million or 2% of the consolidated gross revenues of either BancGroup or such director's company will not be considered independent. Applying these standards, which are intended to comply with the NYSE corporate governance rules, and all other applicable laws, rules and regulations, the Board has determined that each of the following directors presently in office is independent: Lewis E. Beville, Augustus K. Clements, III, Robert S. Craft, Hubert L. Harris, Jr., Clinton O. Holdbrooks, Deborah L. Linden, Milton E. McGregor, Joe D. Mussafer, William E. Powell, III, James W. Rane, Simuel Sippial, Jr. and Edward V. Welch.

The Board of Directors conducts an annual self-assessment led by the Nominating and Corporate Governance Committee. In addition, the Nominating and Corporate Governance Committee, the Compensation Committee and the Audit Committee undergo an annual assessment of their performance in accordance with their respective charters. The non-employee directors of the Board (which currently are all the directors except the Chairman) meet in executive session at each regularly scheduled meeting, and such meetings are presided over by Mr. Craft, the Chairman of the Nominating and Corporate Governance Committee. Once a year, an executive session comprised solely of independent directors is held in place of the meeting of non-employee directors. The Board intends that non-employee directors make decisions on matters of corporate governance. As additional corporate governance standards are adopted, they will be disclosed on an ongoing basis on either BancGroup's website or in its public filings, as appropriate.

### **Code of Ethics**

Colonial BancGroup has adopted a Code of Ethics for Principal Financial Officers that applies to BancGroup's chief executive officer, chief financial officer and chief accounting officer. This code of ethics was attached as Exhibit 14 to BancGroup's Annual Report on Form 10-K for the year ended December 31, 2003. Each year, the Board of Directors also reviews, amends if necessary or desirable, and readopts a code of ethics that applies to all employees, officers and directors of BancGroup and its subsidiaries. This more general code of ethics is posted on BancGroup's website at [www.colonialbank.com](http://www.colonialbank.com). In addition, copies of the codes of ethics and the committee charters referenced above are available in print to any stockholder who requests them by contacting David Byrne, Jr., Secretary, at 334-676-5000.



**Table of Contents**

**Corporate Governance Guidelines**

In compliance with NYSE listing standards, BancGroup has adopted Corporate Governance Guidelines. These guidelines are posted on BancGroup's website at [www.colonialbank.com](http://www.colonialbank.com).

**STOCKHOLDER COMMUNICATIONS WITH DIRECTORS**

The Company has a process to facilitate written communications by stockholders or other interested parties to the Board. Persons wishing to write to the Board of Directors of BancGroup or a specific director or committee of the Board should send correspondence to Lewis E. Beville, Chairman, Audit Committee, P.O. Box 241148, Montgomery, Alabama 36124-1148.

All appropriately designated communications received from stockholders or other interested parties will be forwarded to the applicable director or committee of the Board of Directors. Anyone who wishes to communicate with a specific Board member or committee should send instructions asking that the material be forwarded to the director or to the appropriate committee chairman.

BancGroup encourages its directors to attend its annual meeting of stockholders. Last year, all of BancGroup's directors currently in office attended the annual meeting.

**VOTING SECURITIES AND PRINCIPAL STOCKHOLDERS**

As of February 20, 2007, BancGroup had 152,810,673 shares of Common Stock outstanding with approximately 9,288 stockholders of record. Each such share is entitled to one vote. In addition, as of that date, 2,069,254 shares of Common Stock were subject to issuance upon the exercise of options pursuant to BancGroup's stock option plans. There are currently 400,000,000 shares of Common Stock authorized. BancGroup is not aware of any material change in the ownership of Common Stock since February 20, 2007.

**Table of Contents****Beneficial Security Ownership of Management and Directors**

The following table indicates for each director, director-nominee, executive officer, and all executive officers and directors of BancGroup as a group the number of shares of Common Stock beneficially owned on February 20, 2007.

Name	Shares of BancGroup	
	Beneficially Owned	
	Common Stock	Percentage of Class Outstanding
<b>DIRECTORS</b>		
Lewis E. Beville	19,801(1)	*
Augustus K. Clements, III	53,172	*
Robert S. Craft	46,959(2)	*
Patrick F. Dye	29,950	*
Hubert L. Harris, Jr.	5,465	*
Clinton O. Holdbrooks	375,000(3)	*
Deborah L. Linden	7,783	*
Robert E. Lowder	6,685,369(4)	4.37%
John Ed Mathison	49,919(5)	*
Milton E. McGregor	100,000	*
John C. H. Miller, Jr.	41,220(6)	*
Joseph D. Mussafer	50,747	*
William E. Powell, III	33,320	*
James W. Rane	106,569	*
Simuel Sippial, Jr.	42,233(7)	*
Edward V. Welch	53,182(8)	*
<b>EXECUTIVE OFFICERS WHO ARE NOT ALSO DIRECTORS</b>		
Sarah H. Moore	191,692(9)	*
Caryn D. Cope	163,143(9)	*
Patti G. Hill	157,412(9)	*
David B. Byrne, Jr.	22,590(9)	*
All Executive Officers, and Directors as a group	8,235,526	5.39%

\* Represents less than 1%.

- (1) Includes 455 shares owned by Mr. Beville's son.
- (2) Includes 2,808 shares held by the IRA of Mr. Craft's wife. Mr. Craft disclaims beneficial ownership of the shares.
- (3) Includes 40,000 shares held by Mr. Holdbrooks as trustee.
- (4) Includes 440,000 shares of Common Stock subject to options that are exercisable within 60 days of February 20, 2007. In addition, the total includes 25,960 shares owned by Mr. Lowder's wife. Mr. Lowder disclaims beneficial ownership of these shares.
- (5) Includes 2,000 shares owned by Dr. Mathison's wife. Dr. Mathison disclaims beneficial ownership of these shares.
- (6) Includes 20,363 shares owned by Mr. Miller's wife. Mr. Miller disclaims beneficial ownership of these shares.
- (7) Includes 500 shares owned by Mr. Sippial's son.
- (8) Includes 20,000 shares which are pledged as collateral for borrowings.
- (9) Includes all shares subject to options that are exercisable within 60 days of February 20, 2007 by the following BancGroup officers: Ms. Moore (106,276), Ms. Cope (74,076), Ms. Hill (63,276) and Mr. Byrne (6,344). Ms. Moore's amount includes 4,649 shares owned by her son. Mr. Byrne's amount includes 500 shares owned by his wife. Mr. Byrne disclaims beneficial ownership of these shares.



**Table of Contents**

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

**The Nominees**

The Board recommends that the stockholders elect the six persons named below to hold office for terms of three years, or until their successors are elected. BancGroup's Amended and Restated Certificate of Incorporation provides that the number of directors which shall constitute the entire Board shall be fixed from time to time by resolutions adopted by the Board, but shall not be less than three persons. If the stockholders elect directors as recommended by the Board, then the Board shall consist of 16 members. By resolution, the Board has currently fixed the maximum number of directors at 23.

BancGroup's Amended and Restated Certificate of Incorporation provides for the election of directors by classes to terms of three years, with one class of approximately one-third of the total number of directors to be elected each year. Six nominees are proposed for election to the class of directors whose terms expire in 2010. At the Annual Meeting, proxies cannot be voted for more than six directors or for a person who has not been properly nominated.

**Nomination Process**

The nominees listed below were selected by BancGroup's Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is comprised solely of independent directors and is responsible for identifying individuals qualified to become Board members and recommending to the Board director nominees. The Nominating and Corporate Governance Committee will periodically review the size and composition of the Board and determine whether it is necessary or advisable to change the size of the Board, or to add or replace directors.

Nominees for director are selected on the basis of outstanding career achievement; broad business experience; independence; financial expertise; integrity; ability to make independent, analytical inquiries; understanding of the business environment; and willingness and ability to devote adequate time to Board duties. The Board believes that each director should have, and nominees are expected to have the capacity to obtain, a basic understanding of (i) the principal operational and financial objectives and plans and strategies of BancGroup, (ii) the results of operations and financial condition of BancGroup and of any significant subsidiaries or business segments, and (iii) the relative standing of BancGroup and its business segments in relation to its competitors. The Nominating and Corporate Governance Committee also considers it essential that the Audit Committee have at least one member who qualifies as an Audit Committee Financial Expert as that term is defined by the Securities and Exchange Commission (the "SEC") and the NYSE.

The Nominating and Corporate Governance Committee considers a variety of sources when evaluating individuals as potential Board members. BancGroup does not typically retain a search firm to assist in the selection of directors. Historically, most of BancGroup's director nominees have served on one of Colonial Bank's regional boards or the board of a company acquired by BancGroup, and have had a leadership position with a business or institution that is located in a community served by Colonial Bank. The Nominating and Corporate Governance Committee and the Board consider Colonial Bank regional board members to be an excellent source for nominees because service on a regional Colonial Bank board gives an individual an opportunity to better understand Colonial Bank and BancGroup, and the individual's prior service enables the



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Nominating and Corporate Governance Committee to evaluate the level of contribution that individual can make to BancGroup and its constituents. The Nominating and Corporate Governance Committee and Board also take into consideration the diversity of the Board when selecting nominees. The Nominating and Corporate Governance Committee will review this process from time to time and may alter the process at its discretion.

If, prior to the voting at the Annual Meeting, any person proposed for election as a director is unavailable to serve or for good cause cannot serve, the shares represented by all valid proxies may be voted for the election of

**Table of Contents**

such substitute as the Nominating and Corporate Governance Committee and the members of the Board may recommend. The management of BancGroup knows of no reason why any nominated person would be unavailable to serve as a director.

**Vote Required**

Assuming a quorum is present at the Annual Meeting, a plurality of the votes cast will be sufficient to elect the directors. Voting for directors is Proposal 1 on the proxy card.

The bylaws of BancGroup contain certain limitations on stockholder nominations of candidates for election as directors at the Annual Meeting. See Bylaw Provisions Regarding Conduct of Stockholders Meetings for a description of such limitations.

The following table provides certain biographical information about each nominee to be proposed on behalf of the Board and continuing directors whose terms will expire in 2008 and 2009. Unless otherwise indicated, each person has been engaged in the principal occupation shown for at least the last five years. The Board recommends that stockholders vote FOR the approval of the following Director nominees.

**NOMINEES FOR A TERM EXPIRING IN 2010:**

Name, Age and Year	Position and Office	Present and Principal
Became Director	Held with BancGroup And Colonial Bank	Occupation for Last Five Years
Robert S. Craft 55, 1992	Director, BancGroup; Chairman, Nominating and Corporate Governance Committee; Member, Executive Committee	President, Craft Development Corp. (golf course ownership and development company); Managing Officer, Pinehurst Development (real estate development company); Managing Member, Craft Turf Farms LLC (turf grass production and sales company); President, Wingo Trucking Inc. (trucking company); Managing Member, Woodlands Management Co. LLC (golf course management company); Managing Member, Bright s Creek Development Co. LLC (golf course ownership company); Managing Member, TRI-TEL, LLC (hotel ownership company); President, Cotton Creek Condominium Development Corp. (condominium development company); President, Craft Realty, Inc.; Member, Craft Properties, Ltd. (a family limited partnership); Managing Member, Turf Properties, LLC and Turf Properties #2, LLC (turf grass production and sales company), Craft Farms Land Development Company, LLC.; Member, Robert Craft Ventures LLC; Member, Turf Properties #3,



**Table of Contents**

Name, Age and Year Became Director	Position and Office	
	Held with BancGroup And Colonial Bank	Present and Principal Occupation for Last Five Years
Hubert L. Harris, Jr. 63, 2004	Director, BancGroup; Member, Audit Committee; Member, Asset/Liability Committee	Chief Executive Officer of INVESCO North America from August 2003 to December 2005, Atlanta, GA Retired; Chief Executive Officer of AMVESCAP Retirement from January 1998, to August 2003, Atlanta, GA
Clinton O. Holdbrooks 68, 1986	Director, BancGroup; Chairman, Asset/Liability Committee	Chairman of the Board, East Central Area of the Alabama Region since July, 2002 Retired July 2006; Chairman of the Board, Central Alabama Region June 2000 to July 2002, Birmingham, AL
Robert E. Lowder* 64, 1981	Chairman of the Board, Chief Executive Officer and President, BancGroup; Chairman, Executive Committee, BancGroup; Chairman of the Board, Chief Executive Officer and President, Colonial Bank, N.A.	Chairman of the Board and Chief Executive Officer, BancGroup and Colonial Bank since 1981; also President of BancGroup and Colonial Bank from 1981 to 2003 and since 2005, Montgomery, AL
John C. H. Miller, Jr. 63, 1981	Director, BancGroup; Member, Executive Committee	Member, Miller, Hamilton, Snider & Odom, L.L.C. (law firm); Vice President, The Pilot Group (consulting firm), until 2001, Mobile, AL
James W. Rane 60, 1997	Director, BancGroup; Member, Asset/Liability Committee	President, Great Southern Wood Preserving, Inc., Great Southern Wood of Florida, Inc., Great Southern Wood of North Alabama, Inc. and Great Southern Wood Statesboro, Inc.; Manager, Texas, Great Southern Wood, LLC, (lumber companies); President, Global Fibers USA, Inc., Abbeville, AL

\* Indicates that the director is also an executive officer.

**Table of Contents****CONTINUING DIRECTORS WHOSE TERMS EXPIRE IN 2009:**

<b>Name, Age and Year Became Director</b>	<b>Position and Office</b>	
	<b>Held with BancGroup And Colonial Bank</b>	<b>Present and Principal Occupation for Last Five Years</b>
Lewis E. Beville 54, 1997	Director, BancGroup; Chairman, Audit Committee; Member, Nominating and Corporate Governance Committee	Vice President of T&B Ltd. d/b/a Thames, Batre, Mattei, Beville and Ison (insurance agency), Mobile, AL
Deborah L. Linden 51, 2006	Director, BancGroup; Member, Compensation Committee, Advisory Board Director for Central Florida Region; Member-Loan Committee Central Florida Region.	Chief Executive Officer of Island One Resorts and Club Navigo (time share companies); Chairman of the Board of Island One Resorts Management Corporation (management company) Orlando, FL
John Ed Mathison 68, 1987	Director, BancGroup	Senior Minister, Frazer Memorial United Methodist Church, Montgomery, AL
Joseph D. Mussafer 67, 1981	Director, BancGroup; Member, Asset/Liability Committee; Member, Compensation Committee	President, MBC United Wholesale, LLC, Montgomery, AL
Edward V. Welch 74, 1981	Director, BancGroup; Member, Asset/Liability Committee	Chairman of the Board, Welch, Hornsby & Welch, Inc. (investment advisory firm) and Trinity Investments, Inc., (investment holding company); Part Owner, The Timberlands, LLC (real estate development company); Part Owner, The Waters at Waugh (real estate development company), LLC, Montgomery, AL

**Table of Contents****CONTINUING DIRECTORS WHOSE TERMS EXPIRE IN 2008:**

Name, Age and Year Became Director	Position and Office	
	Held with BancGroup And Colonial Bank	Present and Principal Occupation for Last Five Years
Augustus K. Clements, III 64, 1997	Director, BancGroup; Member, Executive Committee; Director, Colonial Bank, N.A.	Managing Partner, Clements Financial Group, LLC, from 2001 through 2004; Managing Partner, The Clements Agency, prior to 2001; Financial Representative, Clements Financial Group, LLC since January 2005, Montgomery, AL.
Patrick F. Dye 67, 1981	Director, BancGroup; Member, Asset/Liability Committee	Special Advisor, Auburn University; Part Owner, Craftmasters Printing, since 2001; Assistant to the President, Auburn University Foundation, since 2002; Former Host of Pat Dye Outdoors (Radio Show); Owner, Crooked Oaks Hunting Preserve; Former Owner, Wildlife Information, LLC, (sold in 2006) Auburn, AL.
Milton E. McGregor 67, 1993	Director, BancGroup; Member, Compensation Committee	Chief Executive Officer and President, Macon County Greyhound Park d/b/a Victoryland; Chief Executive Officer and President, Jefferson County Racing Association (greyhound racing facility); Part Owner, Southern Springs Nursing Home; Part Owner, Union Street Partners, Montgomery, AL
William E. Powell, III 62, 1987	Director, BancGroup; Member, Audit Committee; Member, Nominating and Corporate Governance Committee; Member, Colonial Bank Fiduciary Committee, Director, Colonial Bank, N.A.	Executive Vice President, Alabama Cattlemen's Association (trade association representing the beef cattle industry), Montgomery, AL
Simuel Sippial, Jr. 64, 1997	Director, BancGroup; Chairman, Compensation Committee; Member, Executive Committee; Member, Audit Committee; Member, Nominating and Corporate Governance Committee; Director, Colonial Bank, N.A.; Chairman, Colonial Bank Fiduciary Audit Committee; Member, Colonial Bank CRA Committee	President, Sippial Enterprises, Inc. (real estate investment company), Montgomery, AL

## **Table of Contents**

### **Meetings of the Board of Directors and Committees**

BancGroup's Amended and Restated Certificate of Incorporation provides that there shall be an Audit Committee of the Board composed of not less than three directors appointed by the Board at least annually, none of whom shall be active officers of BancGroup. Pursuant to its charter, the Audit Committee shall meet at least four times each year, review BancGroup's quarterly and annual financial reports, and report the results of its examinations in writing to the Board at its next regular meeting. The Audit Committee may make recommendations to the Board and, with the approval of the Board, employ an independent firm of certified public accountants. The Board has determined that all members of the Audit Committee are independent, and that each member of the Audit Committee satisfies the experience and financial literacy requirements established by the NYSE. In addition, the Board has determined that two of its members, Lewis E. Beville and Hubert L. Harris, Jr., qualify as audit committee financial experts as defined by the NYSE and the SEC. The Audit Committee met eight times in 2006 (See Audit Committee Report ). The Audit Committee Charter, as amended, is available on BancGroup's website at [www.colonialbank.com](http://www.colonialbank.com).

BancGroup's Compensation Committee discharges the Board's responsibilities in matters relating to executive compensation, administers BancGroup's incentive compensation and equity-based plans, and produces annually a report on executive compensation for inclusion in BancGroup's proxy statement. The Compensation Committee met nine times in 2006 (See the Compensation Committee Report ). All current members of the Compensation Committee have been determined by the Board to be independent. The Compensation Committee's charter is available on BancGroup's website at [www.colonialbank.com](http://www.colonialbank.com).

BancGroup's Nominating and Corporate Governance Committee nominates individuals to stand for election as directors of BancGroup and evaluates BancGroup's standards of corporate governance. After a full discussion of qualifications of the nominees, this committee recommended the nomination of the individuals listed on pages 6 and 7, who will stand for election at the 2007 annual meeting of stockholders. This committee met four times in 2006. The Board has determined that all members of the Nominating and Corporate Governance Committee are independent. The Nominating and Corporate Governance Committee has adopted a charter which is available on BancGroup's website at [www.colonialbank.com](http://www.colonialbank.com). The Nominating and Corporate Governance Committee will consider a nomination recommended by BancGroup stockholders, but only if the nomination is submitted in accordance with its charter.

BancGroup's Executive Committee performs certain actions in lieu of the Board at times when a meeting of the full Board is not feasible or practicable. This committee met two times in 2006. Actions taken by the Executive Committee at those meetings were later ratified by the full board of directors.

BancGroup's Asset/Liability Committee (ALCO) establishes a framework of procedures, responsibilities and policies regarding the management of BancGroup's assets and liabilities in order to optimize net interest margin and net income under a range of interest rate scenarios while assuming reasonable business risks. Management provides to this committee detailed reports on the company's interest rate risk and liquidity position along with current strategies. This committee met four times in 2006.

During 2006, the Board met four times. All incumbent BancGroup directors attended 75% or more of the Board meetings and the respective committee meetings on which they served.

**Table of Contents**

The following table shows the current membership of each committee.

<u>Director</u>	<u>Executive</u>	<u>Audit</u>	<u>Compensation</u>	<u>Nominating and Corporate Governance</u>	<u>ALCO</u>
Lewis E. Beville Augustus K. Clements, III		Chair		X	



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**Table of Contents**

<b>Name</b>	<b>Age</b>	<b>Experience and Qualification</b>
<b><i>Bonnie K. Wachtel</i></b>	62	Ms. Wachtel began serving on our Board on February 12, 2013. She is a principal and director of Wachtel & Co., Inc., an investment firm in Washington, D.C. involved with the development of growing companies. Ms. Wachtel has been a director of VSE Corporation (NASDAQ: VSEC), a provider of engineering services principally to the federal government, since 1991 and of Information Analysis Inc., a provider of information technology technical services, since 1992. Her industry experience includes current service on the Advisory Committee for the National Market System Consolidated Audit Trail, LLC, an entity created by order of the SEC, and on the Hearings Panel for NASDAQ Listing Qualifications (2006 to 2016). She practiced law at Weil, Gotshal & Manges in New York from 1980 to 1984. Ms. Wachtel brings substantial corporate governance and regulatory compliance expertise to our Board, having served as a director for more than a dozen public and private corporations and on the Hearings Panel for NASDAQ Listing Qualifications. She also worked for years as an attorney in private practice, during which time she focused primarily on business law, corporate finance and securities law. In addition, Ms. Wachtel holds an M.B.A. in Finance from the University of Chicago and is a Certified Financial Analyst. As such, she brings significant expertise to our Board (and our Audit Committee, on which she serves) in the areas of financial analysis and reporting, internal auditing and controls and risk management oversight.

**Table of Contents****EXECUTIVE OFFICERS OF EXONE**

The following table and the discussion below provide information about our executive officers as of March 19, 2018.

<b>Name</b>	<b>Age</b>	<b>Positions and Offices Held with ExOne</b>
S. Kent Rockwell	73	Executive Chairman
Loretta L. Benec	47	General Counsel and Corporate Secretary
Rick Lucas	52	Chief Technology Officer
James L. McCarley	54	Chief Executive Officer
Brian W. Smith	60	Chief Financial Officer and Treasurer
<i>S. Kent Rockwell</i>		Mr. Rockwell's biography is set forth under <i>Proposal 1 Election of Directors</i> above.

**Loretta L. Benec** Ms. Benec has served as our General Counsel and Corporate Secretary since October 2017. Beginning in November 2016, Ms. Benec has provided corporate and commercial legal services as General Counsel to Cumberland Highstreet Partners, Inc., a manufacturing consulting business. Previously, Ms. Benec was Assistant General Counsel for RTI International Metals, Inc. (now Arconic Inc.), a NYSE-listed global supplier of advanced titanium products primarily to the commercial aerospace market, from July 2010 to August 2015, and also served as its Secretary from April 2013 to August 2015 and as its Director of Corporate Governance from July 2010 to April 2013. Prior to RTI, Ms. Benec enjoyed a more than twelve-year career in the law department of H. J. Heinz Company (now The Kraft Heinz Company), a NYSE-listed global packaged food company. Ms. Benec received a B.A. in History with High Honors, cum laude from Dartmouth College in 1992 and a J.D., cum laude, from the University of Pittsburgh School of Law in 1995.

**Rick Lucas** Mr. Lucas has served as our Chief Technology Officer since June 2012. Prior to joining ExOne, he held various positions from October 2001 to June 2012 at Touchstone Research Laboratory, a broad-based product development research facility that focuses on the development of next-generation materials and products, where he directed operations and research activities and served as Director of Operations from March 2010 to June 2012. From November 1989 to October 2001, Mr. Lucas managed product development for Lake Shore Cryotronics, a privately held developer of cryogenic temperature sensors and other instrumentation. He currently is serving on the Governance Board for the National Additive Manufacturing Innovation Institute (NAMII), an additive manufacturing center.

**James L. McCarley** Mr. McCarley has served as our Chief Executive Officer since August 2016. Mr. McCarley formerly served as Executive Vice President Operations of RTI International Metals, Inc., a NYSE-listed global supplier of advanced titanium products primarily to the commercial aerospace market, from May 2010 until July 2015, when Alcoa Inc. acquired RTI by merger. Mr. McCarley also served in the same position during the transition period after the merger, through September 2015. During his time at RTI, Mr. McCarley was its highest ranking operating officer, overseeing daily operations, asset and cash management, talent recruitment/retention, customer care, and growth strategy deployment. Mr. McCarley had previously served as the Chief Executive Officer of General Vortex Energy, Inc., a private developer of engine and combustion technologies, from September 2009 to May 2010. From 1996 through 2009, Mr. McCarley held a variety of management positions within the forging segment of Precision Castparts Company, including Division President of Wyman Gordon Forging West from 2008 to 2009, and Vice President and General Manager of Wyman Gordon Forging, Inc. from 2006 to 2008. From 1987 to 1996, he gained engineering and other relevant experience working for various companies, including Quantum Chemical, Cameron Iron Works, and General Electric Company. Mr. McCarley received a B.S. in Electrical Engineering from Texas Tech University in 1987.

**Table of Contents**

**Brian W. Smith** Mr. Smith has served as our Chief Financial Officer and Treasurer since January 2014. Mr. Smith previously was an Assurance Client Service Partner in the Pittsburgh office of PricewaterhouseCoopers LLP ( PwC ). Mr. Smith joined PwC in 1984, was admitted as a Partner in 1995, and spent several years working in a PwC advisory business assisting industrial products, healthcare and energy companies with internal control reviews, system implementations, process transformation and change management. Mr. Smith held various leadership roles within PwC through December 2013, including leading initiatives in specific consumer and industrial product sectors. Mr. Smith has held leadership roles in a number charitable and professional organizations and currently sits on the Board of Trustees of The Pittsburgh Public Theater, The Ruffed Grouse Society and Chartiers Country Club.

**Table of Contents**

**CORPORATE GOVERNANCE**

**Highlights of Our Corporate Governance Practices**

Our Board is committed to establishing and maintaining corporate governance policies and practices that are appropriate for a company like ExOne. Highlights of our implemented measures include:

Strong independent Lead Director and enhanced use of independent committees to ensure a balanced process;

Annual election of directors;

Majority voting standard for non-contested election of directors;

Supermajority of independent directors on the Board (4 out of 6 independent directors upon election at 2018 Annual Meeting);

100% independent members on Audit, Compensation and Nominating and Governance Committees;

Stock retention policy for directors and executive officers;

Anti-hedging and anti-pledging policies for directors and executive officers;

Clawback policy for restatement of financial statements;

Succession and executive talent planning at the Board level;

Strong ethics policy, whistleblower policy and international policies on import and export matters;

Process for review and approval of related person transactions;

Board compensation in form and amount appropriate for our size and state of development; and

Annual Board self-evaluation process.

**Structure and Size of the Board**

Our Board may establish the authorized number of directors from time-to-time by resolution, as permitted under our Bylaws. Currently, the Board has established that the Board will have six (6) members. Our current directors, if elected at the Annual Meeting, will continue to serve until the 2019 Annual Meeting of Stockholders, until his or her successor has been elected or qualified, or until his or her earlier death, resignation or removal.

**Independence of the Board and Committees**

A majority of our directors are independent under the applicable rules of NASDAQ. The Board determined in February 2018 that Messrs. Pashke, Semple and Strome and Ms. Wachtel each qualify as independent directors in accordance with the published listing requirements of NASDAQ.

As required by the NASDAQ rules, the Board has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the directors reviewed and discussed information provided by the directors and ExOne with regard to each director's business and personal activities as they may relate to us and our management.

Upon the election of the directors at the 2018 Annual Meeting, we will have four (4) out of six (6) independent directors on the Board, and each committee will have only independent members.

## **Table of Contents**

### **Board Leadership Structure and Our Independent Lead Director**

Our Bylaws give the Board the flexibility to determine whether the roles of Chief Executive Officer and Board Chairman should be held by the same person or by two separate individuals. In August 2016, our Board made the decision to split the roles of Chairman and Chief Executive Officer, and appointed S. Kent Rockwell to serve as Executive Chairman and James L. McCarley to serve as our Chief Executive Officer.

Mr. Rockwell's role as Executive Chairman is to focus on the strategy of the Company and its business and leading the Board. As the founder of the Company and former Chief Executive Officer, the Board believes that Mr. Rockwell is uniquely positioned to continue to take the lead on strategic planning for the Company, management succession issues and leading the Board while transitioning away from handling the Company's daily operations. As the leader of the Board, Mr. Rockwell continues to set Board agendas and lead Board meetings. As part of this transition, the Board appointed Mr. McCarley as the Chief Executive Officer, who oversees and leads the Company's operations and business.

The Board also has elected Mr. Semple to serve as the Lead Director of our independent directors, which is an important role for our Company because he provides leadership to the Board if circumstances arise in which Mr. Rockwell (who is also a significant stockholder) may be, or may be perceived to be, in conflict with the Company. As the Lead Director, Mr. Semple also:

Regularly meets with and assists Mr. Rockwell in preparing for meetings of the Board;

Presides at executive sessions of the independent directors;

Chairs certain meetings when the Executive Chairman is not in attendance;

Serves as a liaison between the other independent directors and Mr. Rockwell;

Guides the Board's governance processes, including annual self-evaluations, succession planning and other governance related matters;

May call meetings of the independent directors in his discretion;

Makes himself available for consultation and direct communication with our major stockholders; and

Performs any other functions as the Board may direct.

Each meeting of the Board includes a meeting of the independent directors (led by our Lead Director), which takes place without any members of management or employees present.

### **Risk Oversight Management**

Our management is responsible for the day-to-day management of the risks that we face including, without limitation, strategic, financial, operational, legal/compliance and reputational risks.

Our Board, as a whole, has responsibility for the oversight of enterprise risk management, and our Audit Committee is responsible for overseeing the process by which management assesses and manages our exposure to risk, as well as our major financial risk exposures and the steps management takes to monitor and control such exposures, based on consultation with our management and independent auditors. The Board's and Audit Committee's oversight roles are supported by management reporting processes that are designed to provide the Board and the Audit Committee insight into the identification, assessment and management of critical risks. The Board receives regular updates related to risks

and risk management.

**Table of Contents****Information Regarding the Board and its Committees**

Our Board has established three committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee.

The following table provides membership information for each of the Board committees as of March 19, 2018:

Name	Audit Committee	Compensation Committee	Nominating and Governance Committee
S. Kent Rockwell			
John Irvin			
Gregory F. Pashke	X		X
Lloyd A. Semple (Lead Director)		X	C
William F. Strome	C	X	X
Bonnie K. Wachtel	X	C	

C Denotes committee chair.

Below is a description of each committee of the Board. A copy of the charter for each committee is posted on our website at [www.exone.com](http://www.exone.com) under the Corporate Governance section and within the Investor Relations section.

During 2017, the Board met twelve (12) times. During that period, each director attended 75% or more of the total meetings of the Board and the committees on which he or she served.

**Audit Committee**

The Audit Committee of our Board assists the Board in overseeing:

The integrity of our financial statements;

The effectiveness of our internal control over financial reporting;

Our compliance with legal and regulatory requirements;

The independence, qualifications and performance of our independent registered public accounting firm;

Our processes and procedures relating to risk assessment and risk management; and

Review and approval of significant related person transactions.

During 2017, the Audit Committee met five (5) times. The current members of the Audit Committee are Messrs. Pashke and Strome and Ms. Wachtel, each of whom is independent for Audit Committee purposes under the rules and regulations of the SEC and the listing standards of NASDAQ. Mr. Strome currently chairs the Audit Committee.



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The Board has determined that Mr. Strome is an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K and that he, therefore, also satisfies the financial sophistication requirement of the NASDAQ rules. The designation does not impose on Mr. Strome any duties, obligations or liabilities that are greater than are generally imposed on him as a member of the Audit Committee and the Board.

### **Compensation Committee**

The Compensation Committee is charged with the following responsibilities, among others:

Reviewing and approving annually the corporate goals and objectives applicable to the compensation of the Chief Executive Officer, evaluating at least annually the Chief Executive Officer's performance in light of those goals and objectives, and determining and approving the Chief Executive Officer's compensation level based on this evaluation;

## **Table of Contents**

Reviewing and making recommendations regarding the compensation of all other executive officers;

Administering and making recommendations to the Board with respect to our 2013 Equity Incentive Plan (including any plans adopted under the 2013 Equity Incentive Plan) and any other compensation plans;

Reviewing and approving the executive compensation information included in ExOne's Annual Report and Proxy Statement;

Reviewing and approving or providing recommendations with respect to any employment agreements or severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the Chief Executive Officer and other executive officers;

Determining stock ownership guidelines for the Chief Executive Officer and other executive officers and monitoring compliance with such guidelines;

Reviewing and approving or providing recommendations with respect to all employee benefit plans;

Reviewing the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, reviewing and discussing at least annually the relationship between risk management policies and practices and compensation, and evaluating compensation policies and practices that could mitigate any such risk;

Reviewing and recommending for Board approval the proposals regarding say-on-pay and the frequency of the say-on-pay vote, if required to be included in the Company's Proxy Statement; and

Developing and recommending to the Board for approval officer succession plans and monitoring and updating such plans as needed. During 2017, the Compensation Committee met six (6) times. The current members of our Compensation Committee are Messrs. Semple and Strome and Ms. Wachtel, each of whom is independent for Compensation Committee purposes under the rules and regulations of the SEC and the listing standards of NASDAQ. Ms. Wachtel currently chairs the Compensation Committee. Each of the members also is a non-employee director within the meaning of Rule 16b-3 of the Exchange Act.

Neither our Executive Chairman nor Chief Executive Officer participates in the determination of his own compensation or the compensation of directors. However, each makes recommendations to the Compensation Committee regarding the amount and form of the compensation of the other executive officers and key employees, and each participates in the Compensation Committee's deliberations about the compensation of the other executive officers and key employees. No other executive officers or employees participate in the determination of the amount or form of the compensation of executive officers or directors.

In 2017, the Compensation Committee did not engage an independent compensation consultant to advise it.

The Compensation Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Compensation Committee may deem appropriate in its sole discretion. The Compensation Committee reviews its charter annually to ensure that it complies with NASDAQ listing requirements.

### **Compensation Committee Interlocks and Insider Participation**

None of Ms. Wachtel, Mr. Strome, or Mr. Semple, the current members of our Compensation Committee, has been an officer or employee of ExOne. None of our executive officers has served as a member of a compensation committee or the board of directors of any other entity that has an executive officer serving as a member of our Board or our Compensation Committee.



## **Table of Contents**

### **Nominating and Governance Committee**

The Nominating and Governance Committee of our Board is charged with the following responsibilities, among others:

Determining qualifications, qualities, skills, and other expertise required to be a director and developing and recommending to the Board for its approval, criteria to be considered in selecting nominees for director;

Identifying and recommending candidates to fill vacancies on the Board and for election by the stockholders;

Recommending committee assignments for directors to the Board;

Monitoring and assessing the performance of the Board and individual non-employee directors;

Reviewing compensation received by directors for service on the Board and its committees; and

Developing and recommending to the Board appropriate corporate governance policies, practices and procedures for our Company. During 2017, the Nominating and Governance Committee met four (4) times. The current members of our Nominating and Governance Committee are Messrs. Semple, Pashke and Strome, each of whom is independent under the listing standards of NASDAQ. Mr. Semple currently chairs the Nominating and Governance Committee.

### **Director Nomination Process**

The Nominating and Governance Committee believes that members of the Board should have certain minimum qualifications, including having the highest professional and personal ethics and values, broad experience at the policy-making level in business, government, education, technology or public interest, a commitment to enhancing stockholder value, and sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. The Nominating and Governance Committee also considers such other guidelines and various relevant career experience, relevant skills, financial expertise, diversity and local and community ties. While we do not maintain a formal policy requiring the consideration of diversity in identifying nominees for director, diversity is, as noted above, one of the factors our Nominating and Governance Committee considers in conducting its assessment of director nominees. We view diversity expansively to include those attributes that we believe will contribute to a Board that, through a variety of backgrounds, viewpoints, professional experiences, skills, educational experiences and other such attributes, is best able to guide ExOne and its strategic direction. Candidates for director nominees are reviewed in the context of the current make-up of the Board. The Nominating and Governance Committee will conduct any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board. The Nominating and Governance Committee meets to discuss and consider such candidates' qualifications and then selects a nominee for recommendation to the Board.

The Nominating and Governance Committee will consider director candidates recommended by stockholders, although a formal policy has not been adopted with respect to consideration of such candidates because stockholder recommendations may be informally submitted and considered by the Nominating and Governance Committee under its charter. Director candidates recommended by stockholders will be evaluated by the Nominating and Governance Committee using the same criteria as candidates identified by the Board or the Nominating and Governance Committee for consideration. If a stockholder of ExOne wishes to recommend a director candidate for consideration by the Nominating and Governance Committee, the stockholder should refer to page 6 of this Proxy Statement for information regarding advance notice. The stockholder recommendation should be delivered to the Corporate Secretary of ExOne at our principal executive offices and should include:

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To the extent reasonably available, information relating to such director candidate that would be required to be disclosed in a proxy statement pursuant to Regulation 14A under the Exchange Act, in which such individual is a nominee for election to the Board;

## **Table of Contents**

The director candidate's written consent to (i) if selected, be named in ExOne's Proxy Statement and proxy; and (ii) if elected, serve on the Board; and

Any other information that such stockholder believes is relevant in considering the director candidate.

### **Code of Ethics and Business Conduct**

Our Board has adopted a code of ethics and business conduct. The code of ethics and business conduct applies to all of our employees, officers and directors. The full text of our code of ethics and business conduct is posted on our website at [www.exone.com](http://www.exone.com) under the Corporate Governance section within the Investor Relations section. We will disclose any future amendments to the code of ethics and business conduct that relate to our executive officers on our website, as well as any waivers of the code of ethics and business conduct that relate to the executive officers of ExOne.

### **Stockholder Communications with the Board**

Stockholders may communicate with our Board, either generally or with a particular director, by writing to the following address:

The Board of Directors

c/o General Counsel and Corporate Secretary

The ExOne Company

127 Industry Boulevard

North Huntingdon, PA 15642

Each such communication should set forth (i) the name and address of such stockholder, as they appear on ExOne's books, and if the stock is held by a nominee, the name and address of the beneficial owner of the stock, and (ii) the class and number of shares of ExOne's stock that are owned of record by such record holder and beneficially by such beneficial owner.

The person receiving such stockholder communication shall, in consultation with appropriate members of the Board as necessary, generally screen out communications from stockholders to identify communications that are (i) solicitations for products and services, (ii) matters of a personal nature not relevant for stockholders, or (iii) matters that are of a type that render them improper or irrelevant to the functioning of the Board and ExOne.

### **Attendance at Annual Meeting of Stockholders by the Board**

We do not have a formal policy regarding attendance by members of the Board at our Annual Meeting of Stockholders. All directors and director nominees attended the 2017 Annual Meeting of Stockholders. Directors are encouraged, but not required, to attend the 2018 Annual Meeting of Stockholders.

**Table of Contents**

**TRANSACTIONS WITH RELATED PERSONS**

**Approval of Related Person Transactions**

Under its written policy, The ExOne Company Policy and Procedures with Respect to Related Person Transactions, ExOne will enter into or ratify related person transactions involving more than \$50,000 only when the Board, acting through the Audit Committee, has determined that the transaction in question is in, or is not inconsistent with, the best interests of ExOne. Prior to entering into a related person transaction, the related person is required to provide notice to ExOne's chief legal officer of the facts and circumstances of the transaction. Upon determining that the proposed transaction involves an amount greater than \$50,000 and is a related person transaction, the proposed transaction will be submitted to the Audit Committee for consideration. The Audit Committee will consider all relevant facts and circumstances and approve only those related person transactions that are in the best interests of ExOne and its stockholders.

**Related Person Transactions**

***Revolving Credit Facility with LBM Holdings, LLC***

On March 12, 2018, the Company and its ExOne Americas LLC and ExOne GmbH subsidiaries, as guarantors (collectively, the Loan Parties), entered into a Credit Agreement and related ancillary agreements with LBM Holdings, LLC (LBM), a company controlled by Mr. Rockwell, our Executive Chairman (a related person), relating to a \$15,000,000 revolving credit facility (the Credit Agreement) to provide additional funding for working capital and general corporate purposes. The Credit Agreement provides for a term of three years (through March 12, 2021) and bears interest at a rate of one month LIBOR plus an applicable margin of 500 basis points (approximately 6.7% at inception). The Credit Agreement requires a commitment fee of 75 basis points, or 0.75%, on the unused portion of the facility, payable monthly in arrears. In addition, an up-front commitment fee of 125 basis points, or 1.25% (approximately \$187,500), was required at closing. Borrowings under the Credit Agreement are required to be in minimum increments of \$1,000,000. The Company may terminate or reduce the credit commitment at any time during the term of the Credit Agreement without penalty. The Company may also make prepayments against the Credit Agreement at any time without penalty. Borrowings under the Credit Agreement have been collateralized by the accounts receivable, inventories and machinery and equipment of the Loan Parties. The total estimated value of collateral was in significant excess of the maximum capacity of the Credit Agreement at inception. Prior to entering into the credit facility with LBM, the Audit Committee approved the transaction pursuant to The ExOne Company Policy and Procedures with Respect to Related Person Transactions. There have been no borrowings under the Credit Agreement since its inception.

At the time of execution of the Credit Agreement, the \$15,000,000 in available loan proceeds were deposited into an escrow account with an unrelated, third party financial institution pursuant to a separate Escrow Agreement by and among the parties. Loan proceeds held in escrow will be available to us upon our submission to the escrow agent of a loan request. Such proceeds will not be available to LBM until payment in-full of the obligations under the Credit Agreement and termination of the Credit Agreement. Payments of principal and other obligations will be made to the escrow agent, while interest payments will be made directly to LBM. Provided there exists no potential default or event of default, the Credit Agreement and Escrow Agreement prohibit any acceleration of repayment of any amount outstanding under the Credit Agreement and prohibit termination of the Credit Agreement or withdrawal from escrow of any unused portion of the Credit Agreement.

**Table of Contents****DIRECTOR COMPENSATION****2017 Director Compensation**

Our Nominating and Governance Committee of the Board is responsible for reviewing and setting the compensation of our directors. The Nominating and Governance Committee approved, and our non-employee directors received, the following compensation for 2017:

Annual cash retainer of \$50,000;

Annual fee for Chair of the Audit Committee of \$5,000;

Annual fee for Chair of the Compensation Committee of \$5,000;

Annual fee for the Lead Director of \$5,000; and

Grant of 5,000 shares of restricted stock to each non-employee director serving on February 10, 2017, which fully vested on February 10, 2018 (except with respect to Mr. Kilmer, as described below).

The following table shows the compensation paid to our non-employee directors in 2017.

Director	Fees paid in cash (\$) <sup>(1)</sup>	Stock award (\$) <sup>(2)</sup>	Total (\$)
John Irvin	\$ 50,000	\$ 50,500	\$ 100,500
Raymond J. Kilmer <sup>(3)</sup>	\$ 39,810	\$ 40,040	\$ 79,850
Gregory F. Pashke	\$ 50,000	\$ 50,500	\$ 100,500
Lloyd A. Semple	\$ 55,000	\$ 50,500	\$ 105,500
William F. Strome	\$ 55,000	\$ 50,500	\$ 105,500
Bonnie K. Wachtel	\$ 55,000	\$ 50,500	\$ 105,500

- (1) This column includes the annual cash retainer paid to each non-employee director and annual fees paid to each designated committee Chair.
- (2) For Messrs. Irvin, Pashke, Semple and Strome and Ms. Wachtel, based on closing price of \$10.10 of ExOne Common Stock on February 10, 2017, the date of the grant. For Mr. Kilmer, based on closing price of \$10.01 of ExOne Common Stock on October 17, 2017, the date of modification (see further discussion below). Aggregate grant date fair value of stock award was computed in accordance with FASB ASC Topic 718 and using the valuation methodology for equity awards set forth in Note 16 of our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. As of December 31, 2017, each of Messrs. Irvin, Pashke, Semple and Strome and Ms. Wachtel owned 5,000 shares of unvested restricted stock.
- (3) The Board accepted the resignation of Mr. Kilmer on October 17, 2017. The Compensation Committee modified Mr. Kilmer's annual director award of restricted stock made on February 10, 2017, resulting in an acceleration of vesting on October 17, 2017, of an approximate pro rata amount of 4,000 shares of the 5,000 shares that otherwise would have vested on February 10, 2018. Mr. Rockwell, as an officer of the Company, does not receive any additional compensation for serving as a director.



**Table of Contents**

**COMPENSATION OF NAMED EXECUTIVE OFFICERS**

As an emerging growth company, ExOne is permitted to exclude a Compensation Discussion and Analysis from this Proxy Statement and to omit some disclosure on compensation that is required of non-emerging growth companies. In addition, as an emerging growth company ExOne is not required to conduct a say-on-pay advisory vote on executive compensation.

**Compensation Discussion and Analysis**

The Compensation Committee and management provide the following Compensation Discussion and Analysis on a voluntary basis.

For purposes of this discussion, we define *Named Executive Officers* to include James L. McCarley, Brian Smith, Mark Cianci, JoEllen Lyons Dillon and S. Kent Rockwell. Disclosure about executive compensation is required in this Proxy Statement for:

each person who served as our Chief Executive Officer in 2017 (Mr. McCarley),

each of the next two most highly compensated executive officers who were serving as executive officers as of December 31, 2017 (Messrs. Smith and Cianci), and

a former executive officer who would have qualified under the second bullet above but for the fact that the individual did not continue to serve as an executive officer as of December 31, 2017 (Ms. Dillon).

Disclosure of Mr. Rockwell's compensation is not required in this Proxy Statement and is being voluntarily provided by ExOne. Mr. Rockwell is not the next most highly compensated executive officer of ExOne.

Any references to *executive officers* include the executive officers listed in *Executive Officers of ExOne* section of this Proxy Statement.

***Pay Philosophy***

The Compensation Committee has responsibility for reviewing the compensation of ExOne's Executive Chairman and Chief Executive Officer as well as the other executive officers of the Company and making recommendations about this compensation to the Board.

In February 2018, the Compensation Committee codified ExOne's compensation goals and governing principals through adoption of a written *Pay Philosophy Governing Executive Compensation* (the *Pay Philosophy*). As described in the *Pay Philosophy*, ExOne's compensation program has three principal goals:

1. To attract and retain executives who can excel in our innovative, fast-changing and competitive industry;
2. To align the interests of management with creation of long-term shareholder value; and
3. To motivate and reward management for performance that advances ExOne's goals.

These goals are balanced and aligned with our plans to conserve cash for operations while the Company advances toward generating positive cash flows from operations.

Our compensation plan relies on a mix of base salary and equity compensation. We have not historically relied on a performance-based bonus plan because of the challenge in setting fixed targets in an immature and fast-changing market. The philosophy behind each component of executive officer compensation is as follows:

**Salary.** Salary is paid to attract and retain qualified executives, to recognize consistent good performance over a number of years, and to provide a base level of income regardless of fluctuations in the Company's stock price and performance. Our executive salaries are intended to be set at or below comparable positions in industry.

## **Table of Contents**

**Bonus.** The Company may institute a performance-based bonus plan based on meeting financial or other predetermined objectives, to motivate and reward performance over a fiscal year, payable in cash, equity or a combination thereof under our 2013 Equity Incentive Plan (the "2013 Equity Incentive Plan").

**Long-Term Equity Incentives.** Our long-term incentives are typically granted in the form of restricted stock or stock options under our 2013 Equity Incentive Plan. They are intended to reward executives for the creation of shareholder value as reflected in a higher Company stock price and are also intended to encourage retention of high performing executives over a number of years.

**Benefits.** We provide our executives with other benefits that we believe are reasonable, competitive and consistent with our overall executive compensation program.

**Retirement Benefits.** Our executives may participate in the Company's 401(k) defined contribution employee savings and investment plan, in which the Company currently makes discretionary matching contributions of 50% of the first 8% of an executive's base salary, subject to applicable Internal Revenue Code limits and in accordance with plan documents. ExOne does not offer a pension plan or a supplemental retirement plan.

**Limited Perquisites.** The Company does not provide any perquisites to its Chief Executive Officer other than a company contribution to a 401(k) retirement plan described above. ExOne also provides a car allowance to Mr. Smith.

### ***Significant Equity Ownership Creates Strong Alignment Between Our Leadership and Our Stockholders***

We believe that the interests of ExOne's executive officers are strongly aligned with the interests of our stockholders through equity ownership. Our Executive Chairman, Mr. Rockwell, is ExOne's largest beneficial owner (as the beneficial owner of approximately 28.4% of our outstanding Common Stock as of March 19, 2018). In addition, certain of our other executive officers have invested their own money in ExOne and all of them have been granted equity incentive awards for their service to the Company. This ownership provides a strong foundation of alignment between ExOne stockholders and the ExOne management team.

### ***2017 Compensation Considerations***

For 2017, our Named Executive Officers received a combination of base salary and equity incentive awards with the exception of Mr. Rockwell who received only a salary. The Compensation Committee determined not to establish a short-term cash bonus or an annual incentive award plan for 2017.

Salary for each of our Named Executive Officers (except Mr. Rockwell) is based on the scope of the individual's responsibility, leadership skills, performance and length of service. Mr. Rockwell receives a salary of \$50,000 per year for his services as Executive Chairman.

The Compensation Committee elected to award stock options to Messrs. Cianci and McCarley, and restricted stock to Mr. Smith and Ms. Dillon, as incentive awards for 2017 with the goal of further aligning the interests of our executives with those of our stockholders as well as to retain and reward the executives for creating long-term value for our stockholders.

### ***2013 Equity Incentive Plan***

The Board adopted our 2013 Equity Incentive Plan on January 24, 2013. The 2013 Equity Incentive Plan was approved by stockholders on August 19, 2013. The purpose of the 2013 Equity Incentive Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of ExOne and its subsidiaries, by offering them an opportunity to participate in ExOne's future performance through the grant of awards. The 2013 Equity Incentive Plan permits a variety of awards to be made at the discretion of the Compensation Committee including stock options, restricted stock, restricted stock units,

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**Table of Contents**

stock bonus awards, performance awards and stock appreciation rights. The 2013 Equity Incentive Plan will terminate January 24, 2023, unless it is terminated earlier by our Board. The 2013 Equity Incentive Plan is administered by the Compensation Committee.

Equity grants under the 2013 Equity Incentive Plan are generally made two business days after the date of approval by the Compensation Committee. No person is eligible to receive more than 100,000 shares in any calendar year under the 2013 Equity Incentive Plan, except that ExOne may choose to issue a new employee up to 500,000 shares under the plan in the calendar year in which the employee commences employment. The total grant pool is determined with reference to industry practice and impact on the Company's capitalization. Total awards under the 2013 Equity Incentive Plan are limited by share count of no more than 1,992,241 shares, which is 15% of the Company's total outstanding shares immediately following its initial public offering. Individual awards are determined on a discretionary basis, principally with reference to an executive's responsibility, salary structure and performance. Restricted stock awarded under the 2013 Equity Incentive Plan is granted at fair market value and the exercise price of each stock option awarded under the 2013 Equity Incentive Plan is the closing price of ExOne stock on the date of grant. Equity grants are subject to vesting requirements as determined by the Committee.

***2018 Annual Incentive Program***

On February 7, 2018, the Compensation Committee adopted the 2018 senior executive annual incentive program (the Program), which is part of a comprehensive annual incentive compensation program that will be implemented throughout the Company.

The Program provides an opportunity for performance-based compensation to senior executive officers of the Company (excluding the Executive Chairman) (each an Executive), among others. The target annual incentive award for each Executive is expressed as a percentage of base salary—50% for the Chief Executive Officer and 35% for the other Executives. Achievement of the award will be conditioned on the Company meeting certain goals for 2018 relating to revenue growth, adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) (as described below), total cash and restricted cash (net of any debt incurred) and stockholder value (collectively, the Goals). Adjusted EBITDA is defined as net income (loss), as calculated under accounting principles generally accepted in the United States, plus interest expense, provision (benefit) for income taxes, depreciation and amortization, equity-based compensation, and other (income) expense net. Added to adjusted EBITDA will also be certain qualifying research and development expenses, Program expenses and other costs.

An Executive will earn payment of the award based on achievement of the equally-weighted Goals, as then adjusted by a multiplier that could decrease or increase the award depending on the number of goals achieved. In no event may payment exceed 125% of the target annual incentive award for each Executive. The Compensation Committee retains negative discretion over final payment amounts.

Final payment will be made to the Executives 100% in common stock based on the closing stock price of the Company on the date of payment under the 2013 Equity Incentive Plan. The performance period begins January 1, 2018 and ends on December 31, 2018, and continued employment through the payment date is required.

***Clawback Policy and Other Actions Available to ExOne for Misconduct***

The Compensation Committee has adopted a clawback policy that enables ExOne to recover all or any portion of any Performance-Based Compensation granted or paid to any current or former Section 16 Officer, or in which any current or former Section 16 Officer became vested, at any time within the three (3) year period immediately preceding the date on which ExOne is required to prepare an accounting restatement due to material non-compliance with any financial reporting requirements under the securities laws, as determined by the Audit Committee and confirmed by our independent registered public accounting firm.

## **Table of Contents**

In addition, in cases of detrimental misconduct by an executive officer, the Board may also take a range of other actions to remedy the misconduct, prevent its recurrence, and discipline the individual as appropriate, including, depending on the facts and circumstances, terminating the individual's employment. These remedies would be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

### ***Stock Retention Policy and Equity Grant Practices***

**Stock Retention Policy.** The Compensation Committee has adopted a stock retention policy that requires our directors and our Section 16 executive officers to retain 50% of all shares received on the vesting of equity awards (net of any shares withheld or sold to pay exercise price or taxes). All shares must be retained for a period of at least one year after vesting. Once the one-year period has ended, directors and executives may sell shares so long as the director or executive holds a total minimum amount equal to two times such director's annual retainer or such executive's base salary.

**Anti-hedging policy.** We do not believe our executive officers or directors should speculate or hedge their interests in our stock. We therefore prohibit them (in our insider trading policy) from making short sales of ExOne stock or from purchasing or selling options, puts, calls, straddles, equity swaps or other derivative securities that are directly linked to ExOne stock.

**Anti-pledging policy.** In addition, our insider trading policy prohibits our executive officers and directors from pledging ExOne stock.

**Equity grant practices.** Equity grants are generally made two business days after the date of approval by the Compensation Committee. The exercise price of each stock option awarded under the 2013 Equity Incentive Plan is the closing price of ExOne stock on the date of grant. ExOne Board and committee meetings are generally scheduled at least a year in advance and without regard to unanticipated major company announcements.

### ***Other Compensation Practices and Policies***

**Compensation Committee Oversees Executive Compensation and Succession Planning.** The Compensation Committee has the primary responsibility for helping the Board develop and evaluate potential candidates for executive positions and for overseeing the development of executive succession plans. As part of this responsibility, the Compensation Committee oversees the design, development and implementation of the compensation program for the Chief Executive Officer and the other executive officers. Our Chief Executive Officer assists the Compensation Committee in administering our compensation program.

**Use of Compensation Consultant.** The Compensation Committee has previously engaged the use of a compensation consultant for special assignments but did not engage the services of a consultant in 2017.

**Peer group comparisons.** The Compensation Committee reviews many factors in setting pay. It does not target a peer group or percentile within a peer group in exercising judgment about the types and amounts of compensation the Company provides.

### ***Employment Arrangements with Named Executive Officers***

*James L McCarley.* In connection with Mr. McCarley's appointment as Chief Executive Officer, the Company entered into an employment agreement with Mr. McCarley, the initial term of which commenced on August 19, 2016 and terminates on December 31, 2018. Pursuant to the employment agreement, Mr. McCarley is entitled to receive an annual base salary of \$375,000, which may be adjusted by the Compensation Committee upon its annual review thereof, and he will be eligible to participate in any annual bonus plan or long-term incentive compensation plan maintained by the Company, in both cases on the terms established from



## Table of Contents

time-to-time by the Company's Board of Directors or its Compensation Committee. Furthermore, under the employment agreement, Mr. McCarley may participate in all employee benefit and fringe benefit plans and arrangements made available by the Company to its executives and key management.

The employment agreement provides, among other matters, that if the executive resigns for good reason (as defined in the employment agreement) or is terminated without cause (as defined in the employment agreement) and in each such case has timely delivered a release of claims, he is entitled to receive, among other severance payments and benefits, an amount equal to one times his then-current base salary and a pro-rata portion of his bonus for the year of termination (subject to his compliance with the confidentiality, non-competition and non-solicitation restrictions set forth in the employment agreement) and payment of the executive's COBRA health insurance continuation premium for the COBRA continuation period (generally 18 months) or until such time as the executive is employed, whichever is earlier. The confidentiality provisions survive the termination of Mr. McCarley's employment with us and the non-competition and non-solicitation provisions survive for a period of one year following the termination of his employment.

*Brian Smith.* Mr. Smith is an at-will employee and does not have an individual employment, severance or change-of-control agreement.

*Mark Cianci.* Mr. Cianci was an at-will employee who resigned from the Company effective February 9, 2018.

*S. Kent Rockwell.* Our employment agreement with Mr. Rockwell automatically extended for an additional one year term ending on September 1, 2018, and will continue to automatically be extended for a new one-year term on each one year anniversary thereof unless not later than 90 days immediately preceding any anniversary, we or Mr. Rockwell has given written notice to the other that they do not wish to extend the employment agreement.

Under the employment agreement, Mr. Rockwell is entitled to receive an annual base salary, which may be adjusted by the Board upon its annual review thereof, and he is eligible to participate in an annual bonus plan on terms established from time-to-time by the Board. Mr. Rockwell currently receives a base salary of \$50,000. During the term of the employment agreement, Mr. Rockwell is eligible to participate in any long-term incentive plan, and in all employee benefit and fringe benefit plans and arrangements made available to the Company's employees generally or its executives.

The employment agreement provides, among other matters, that if the executive resigns for good reason (as defined in the employment agreement) or is terminated without cause (as defined in the employment agreement) and in each such case has timely delivered a release of claims, he is entitled to receive, among other severance payments and benefits, an amount equal to one times his then-current base salary, one times the target annual bonus amount (subject to his compliance with the confidentiality, non-competition and non-solicitation restrictions set forth in the employment agreement), a pro-rata portion of his target bonus for the year of termination and payment of the executive's COBRA health insurance continuation premium for the COBRA continuation period (generally 18 months) or until such time as the executive is employed, whichever is earlier. The confidentiality provisions survive the termination of Mr. Rockwell's employment with us and the non-competition and non-solicitation provisions survive for a period of two years following the termination of his employment.

*JoEllen Lyons Dillon.* We entered into an executive at-will employment agreement with Ms. Dillon on August 4, 2017, which replaced Ms. Dillon's previous employment agreement with the Company dated March 7, 2013. Pursuant to the executive at-will employment agreement, Ms. Dillon continued her employment with the Company in a new role as Vice President Strategic Development and Capital Markets, Chief Legal Officer and Corporate Secretary and was entitled to receive an annual base salary of \$300,000. In connection with the replacement of Ms. Dillon's prior employment agreement with the August 2017 agreement and her delivery of

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**Table of Contents**

the related release and waiver, she received (i) a one-time cash payment in the amount of \$240,000 (the Company Payment ), (ii) a grant of 15,000 fully-vested shares of the Company s common stock representing all bonus and long-term incentive plan compensation payable to Ms. Dillon for 2017 under the prior employment agreement, and (iii) a one-time cash payment in the amount of \$36,923 (less applicable withholdings) for all accrued but unpaid vacation as of June 30, 2017, and all other remaining benefits owed to Ms. Dillon under the prior employment agreement.

Ms. Dillon s employment under the employment agreement was at-will and on August 23, 2017, Ms. Dillon left the Company to pursue other interests and opportunities. Following the separation of Ms. Dillon from the Company, and after delivering to the Company a signed waiver and release of claims agreement, Ms. Dillon received: (i) salary continuation from the date of separation through December 31, 2017, (ii) cash payment for all accrued but unused vacation pay through her separation date, (iii) COBRA healthcare continuation for a period of up to 18 months following the separation date or such earlier date that Ms. Dillon is covered under another health plan, (iv) immediate acceleration of vesting of all outstanding shares of the Company s restricted stock awarded to Ms. Dillon under the 2013 Equity Incentive Plan, (v) reimbursement of certain expenses pursuant to Company policy, and (vi) survival of Ms. Dillon s change of control benefits, as described below. The confidentiality provisions of the employment survive the separation of Ms. Dillon from the Company and the non-competition and non-solicitation provisions survive for a period of one year following her separation. If a change of control of the Company occurs on or before December 31, 2018, and Ms. Dillon does not qualify for benefits under any such change of control severance plan, then Ms. Dillon may be entitled to receive a payment equal to two times her annual base salary less the amount of the Company Payment, and certain other conditions relating to the change of control and Ms. Dillon s separation are met, as described in the employment agreement.

***Change of Control Severance Plan***

In August 2017, the Compensation Committee adopted The ExOne Company Change of Control Severance Plan (the Severance Plan ). The terms of the Severance Plan provide certain benefits to participants in the event of a change of control of ExOne. If a change of control occurs during the protection period (described below), and any of the participants either (i) has a voluntary termination of employment for good reason, or (ii) has an involuntary termination of employment, other than for death, disability or cause, then the participant is entitled to receive the following:

If the participant is designated as a Tier I employee under the Severance Plan, a one-time cash payment equal to two and a half times the participant s annual base salary and certain health and welfare benefits for 18 months after termination;

If the participant is designated as a Tier II employee under the Severance Plan, a one-time cash payment equal to two times the participant s annual base salary and certain health and welfare benefits for 18 months after termination; or

If the participant is designated as a Tier III employee under the Severance Plan, a one-time cash payment equal to one times the participant s annual base salary and certain health and welfare benefits for 18 months after termination.

The protection period begins on the date on which a definitive agreement that, if consummated, would result in a change of control (or if no agreement, the date of the change of control itself), and ends on the earlier of (i) the date which is 18 months following the occurrence of the change of control or (ii) the public announcement that the transaction contemplated by the definitive agreement will not take place.

If any participant designated as a Tier I employee under the Severance Plan has a voluntary termination of employment (with or without good reason) within 30 days following the date of a change of control, then the participant is entitled to receive a one-time cash payment equal to two times the participant s annual base salary.



## **Table of Contents**

If any participant designated as a Tier II or Tier III employee under the Severance Plan has a voluntary termination of employment (with or without good reason) within 30 days following the 18-month anniversary of a change of control, then the participant is entitled to receive the following:

If the participant is designated as a Tier II employee under the Severance Plan, a one-time cash payment equal to nine months of the participant's monthly base salary; or

If the participant is designated as a Tier III employee under the Severance Plan, a one-time cash payment equal to six months of the participant's monthly base salary.

In addition to the cash payments described above, upon the occurrence of a change of control, 50% of any unvested stock options, restricted stock, restricted stock units or other equity based awards of ExOne held by a participant will immediately vest and become exercisable. The remaining 50% of such unvested awards held by the participant will vest and become exercisable pursuant to the terms of the awards, or immediately upon (i) voluntary termination of the participant's employment for good reason, or (ii) involuntary termination of the participant's employment, other than for death, disability or cause of the participant, if such termination occurs within 18 months following a change of control.

Under the Severance Plan, a "change of control" is defined as the occurrence of any of the following, so long as such event also constitutes a change in control event as defined under Section 409A of the Internal Revenue Code of 1986, as amended: (i) if any person is or becomes the beneficial owner, directly or indirectly, of the Company's securities representing greater than 50% of the combined voting power of the Company's then outstanding securities, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election was previously so approved, cease for any reason to constitute a majority thereof; (iii) the sale or disposition by the Company of all or substantially all the Company's assets; (iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company; or (v) the consummation of a merger, combination or consolidation of the Company with any other corporation or entity; provided, however, a change of control shall not be deemed to have occurred: (a) if such merger, combination or consolidation would result in all or a portion of the Company's voting securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) either directly or indirectly more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (b) if the corporate existence of the Company is not affected and following the merger or consolidation, the majority of the directors of the Company prior to such merger or consolidation constitute at least a majority of the Board or the entity that directly or indirectly controls the Company after such merger or consolidation.

No Section 280G excise tax gross-up or other tax gross-up is provided under the Severance Plan. Outside of the protection period, the Severance Plan is subject to termination or amendment by the Board or the Compensation Committee.

Among our Named Executive Officers, our Chief Executive Officer James McCarley is defined as a Tier I employee and no other Executives are expected to be named in this Tier. Our Chief Financial Officer, Brian Smith, is named as a Tier II employee.

**Table of Contents**

**Compensation Committee Report**

The Compensation Committee has reviewed the Compensation Discussion and Analysis and discussed that analysis with management. Based on its review and discussions with management, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's 2018 Proxy Statement.

This report is provided by the following independent directors, who comprise the Compensation Committee:

***Members of the Compensation Committee:***

Bonnie K. Wachtel (*Chair*)  
Lloyd A. Semple  
William F. Strome

**Table of Contents****Summary Compensation Table**

The following table provides information regarding the compensation awarded to or earned during 2017 and 2016 by our Named Executive Officers through December 31, 2017 (collectively, the Named Executive Officers ).

Name and Position	Year	Salary	Bonus	Stock Awards <sup>(9)</sup>	Option Awards <sup>(9)</sup>	Non-Equity Incentive Compensation	All Other Compensation <sup>(10)</sup>	Total Compensation
James L. McCarley, Chief Executive Officer	2017	\$ 375,003			\$ 438,000 <sup>(1)</sup>		\$ 10,800	\$ 823,803
	2016	\$ 124,040			\$ 797,472 <sup>(2)</sup>		\$ 4,637	\$ 926,149
Brian Smith, Chief Financial Officer and Treasurer	2017	\$ 274,997		\$ 118,650 <sup>(3)</sup>			\$ 22,800	\$ 416,447
	2016	\$ 274,997		\$ 101,025 <sup>(4)</sup>			\$ 22,600	\$ 398,622
Mark Cianci, Former Chief Commercial Officer	2017	\$ 249,995			\$ 150,530 <sup>(5)</sup>		\$ 7,500	\$ 408,025
S. Kent Rockwell, Executive Chairman <sup>(11)</sup>	2017	\$ 50,003					\$ 2,000	\$ 52,003
	2016	\$ 217,308		\$ 101,025 <sup>(6)</sup>			\$ 8,692	\$ 327,025
JoEllen Lyons Dillon, Former Executive Vice President Strategic Development and Capital Markets, Chief Legal Officer and Corporate Secretary	2017	\$ 208,634		\$ 192,169 <sup>(7)</sup>			\$ 358,320	\$ 759,123
	2016	\$ 240,011		\$ 101,025 <sup>(8)</sup>			\$ 9,641	\$ 350,677

- (1) Mr. McCarley received a grant of options to purchase 100,000 shares of Common Stock on August 14, 2017.
- (2) Mr. McCarley received a grant of options to purchase 100,000 shares of Common Stock on August 19, 2016.
- (3) Mr. Smith received a grant of 15,000 shares of restricted stock on August 14, 2017.
- (4) Mr. Smith received a grant of 7,500 shares of restricted stock on August 12, 2016.
- (5) Mr. Cianci received a grant of options to purchase 12,000 shares of Common Stock on February 10, 2017 and a grant of options to purchase 25,000 shares of Common Stock on August 14, 2017. The unvested portion of the options granted on August 14, 2017 (options for 12,500 shares) was forfeited on February 9, 2018 when Mr. Cianci ceased to be employed by the Company. Mr. Cianci will no longer have a right to exercise his outstanding options after May 10, 2018.
- (6) Mr. Rockwell received a grant of 7,500 shares of restricted stock on August 12, 2016.
- (7) Ms. Dillon received a grant of 15,000 shares of unvested restricted stock on August 14, 2017. In addition, on August 23, 2017, in connection with Ms. Dillon's separation from the Company, the vesting was accelerated as to 9,167 shares of unvested restricted stock she held from previous grants in 2014 and 2016.
- (8) Ms. Dillon received a grant of 7,500 shares of restricted stock on August 12, 2016.
- (9) The amounts disclosed in these columns are computed in accordance with FASB ASC Topic 718, and using the valuation methodology for equity awards set forth in Note 16 of our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. In accordance therewith, (a) the amounts for the 2017 grants of restricted shares to Mr. Smith and Ms. Dillon are based on a closing price of our Common Stock on August 14, 2017 of \$7.91; (b) the amounts for the 2016 grants of restricted shares to Messrs. Smith and Rockwell and Ms. Dillon are based on a closing price of our Common Stock on August 12, 2016 of \$13.47; (c) the amounts for the August 2017 grant of options to purchase common stock to Messrs. McCarley and Cianci are based on the Black-Scholes option pricing model as calculated on August 14, 2017, resulting in a fair value per option issued of \$4.38 for Mr. McCarley and \$3.40 for Mr. Cianci; (d) the amount for the February 2017 grant of options to purchase common stock to Mr. Cianci is based on the Black-Scholes option pricing model as calculated on February 10, 2017, resulting in a fair value per option issued of \$5.46; and (e) the amount for the 2016 grant of options to purchase common stock to Mr. McCarley is based on the Black-Scholes option pricing model as calculated on August 19, 2016, resulting in a fair value per option issued of \$7.97. The stock award value for Ms. Dillon in 2017 also reflects the incremental fair value

**Table of Contents**

- of \$73,519 (calculated as of the accelerated vesting date) as determined pursuant to FASB ASC Topic 718 relating to 9,167 unvested shares of restricted stock for which vesting accelerated on August 23, 2017 in connection with Ms. Dillon's separation from the Company, consisting of (i) 4,167 unvested shares of restricted stock which were originally granted in December 2014 and valued at \$33,419 at the time of accelerated vesting; and (ii) 5,000 unvested shares of restricted stock which were originally granted in August 2016 and valued at \$40,100 at the time of accelerated vesting.
- (10) Includes Company contributions to the respective individual accounts of the defined contribution plan (401(k) plan) that is sponsored by the Company as follows: (a) Mr. McCarley in the amount of \$10,800 in 2017 and \$4,637 in 2016; (b) Mr. Smith in the amount of \$10,800 in 2017 and \$10,600 in 2016; (c) Mr. Cianci in the amount of \$7,500 in 2017; (d) Mr. Rockwell in the amount of \$2,000 in 2017 and \$8,692 in 2016; and (e) Ms. Dillon in the amount of \$6,730 in 2017 and \$9,641 in 2016. Also includes (i) payment of a car allowance to Mr. Smith in the amount of \$12,000 in both of 2017 and 2016; (ii) payments of \$240,000 made in connection with the replacement of Ms. Dillon's then-existing employment agreement with an at-will employment agreement, and her delivery of the related release and waiver, in August 2017; and (iii) payments of \$111,590 in separation and separation-related benefits paid to Ms. Dillon in 2017.
- (11) Disclosure of Mr. Rockwell's compensation is not required in this Proxy Statement and is being voluntarily provided by ExOne. Mr. Rockwell is not the next most highly compensated executive officer of ExOne.

**Outstanding Equity Awards at December 31, 2017**

The following table sets forth all shares of unvested options and restricted stock that were awarded to our Named Executive Officers by ExOne under the 2013 Equity Incentive Plan and were outstanding as of December 31, 2017.

Name	Year of Option Grant	Option Awards Number of Securities Underlying Unexercised Options (#)			Option Exercise Price (\$)	Option Expiration Date	Stock Awards	
		Exercisable	Unexercisable	Number of Shares or Units of Stock That Have Not Vested (#)			Market Value of Shares or Units of Stock That Have Not Vested (\$)(6)	
James L. McCarley <sup>(1)</sup>	2017	33,333	66,667	\$ 7.91	8/14/2027			
	2016	66,666	33,334	\$ 13.82	8/19/2026			
Brian Smith <sup>(2)</sup>						12,500	\$ 105,000	
Mark Cianci <sup>(3)</sup>	2017	12,500	12,500	\$ 7.91	8/14/2022			
	2017	12,000		\$ 10.10	2/10/2027			
S. Kent Rockwell <sup>(4)</sup>						5,000	\$ 42,000	
JoEllen Lyons Dillon <sup>(5)</sup>								

- (1) On August 14, 2017, the Company granted to Mr. McCarley options to purchase 100,000 shares of Common Stock. The options are exercisable at a price equal to \$7.91 per share and vest in equal one-third increments on the date of grant and the first and second anniversaries of the date of grant. In connection with Mr. McCarley's appointment as Chief Executive Officer, on August 19, 2016, the Company granted to Mr. McCarley options to purchase 100,000 shares of Common Stock. The options are exercisable at a price equal to \$13.82 per share and vest in equal one-third increments on the date of grant and the first and second anniversaries of the date of grant.
- (2) Mr. Smith was granted 7,500 shares of restricted stock on August 12, 2016, which vest in equal one-third increments on the first, second and third anniversaries of the date of the grant. In addition, Mr. Smith was granted 15,000 shares of restricted stock on August 14, 2017, which vest one-half on the date of grant and one-half on the first anniversary of the date of grant.
- (3) On August 14, 2017, the Company granted to Mr. Cianci options to purchase 25,000 shares of Common Stock. The options are exercisable at a price equal to \$7.91 per share and vest one-half on the date of grant and one-half on the first anniversary of the date of grant. The unvested portion of these options (options for 12,500 shares) was forfeited on February 9, 2018 when Mr. Cianci ceased to be employed by the Company. On February 10, 2017, the Company granted to Mr. Cianci options to purchase 12,000 shares of Common Stock. The options are exercisable at a price equal to \$10.10 per share and fully vested on the date of grant. Mr. Cianci will no longer have a right to exercise his outstanding options after May 10, 2018.

**Table of Contents**

- (4) Mr. Rockwell was granted 7,500 shares of restricted stock on August 12, 2016, which vest in equal one-third increments on the first, second and third anniversaries of the date of the grant. Disclosure of Mr. Rockwell's compensation is not required in this Proxy Statement and is being voluntarily provided by ExOne. Mr. Rockwell is not the next most highly compensated executive officer of ExOne.
- (5) Ms. Dillon was granted 7,500 shares of restricted stock on August 12, 2016 which were scheduled to vest in equal one-third increments on the first, second and third anniversaries of the date of the grant. In connection with Ms. Dillon's separation from the Company, the vesting of these restricted shares was accelerated and all of the remaining unvested shares vested on August 23, 2017. Ms. Dillon was granted 15,000 shares of restricted stock on August 14, 2017 all of which vested on the date of grant.
- (6) Based on the closing price of our Common Stock on December 29, 2017 of \$8.40 per share.

**Table of Contents**

**PROPOSAL 2 RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has selected Schneider Downs & Co., Inc. as our independent registered public accounting firm for the year ending December 31, 2018, and has further directed that management submit the appointment of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting.

Representatives of Schneider Downs & Co., Inc. are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our Bylaws nor other governing documents or law require stockholder ratification of the appointment of Schneider Downs & Company, Inc. as our independent registered public accounting firm. However, the Board is submitting the appointment of Schneider Downs & Co., Inc. to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain that firm. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of ExOne and our stockholders.

Ratification of the appointment of Schneider Downs & Co., Inc. as ExOne's independent registered public accounting firm for the year ending December 31, 2018 requires the affirmative vote of a majority of the shares represented at the Annual Meeting and entitled to vote on this matter. Abstentions will have the same effect as an "Against" vote. Because broker non-votes are not deemed to be votes entitled to be cast, they will not affect the outcome of this proposal.

**The Board Recommends a Vote FOR the Ratification of the Appointment of Schneider Downs & Co., Inc. as ExOne's Independent Registered Public Accounting Firm for the Year Ending December 31, 2018.**

**Table of Contents**

**AUDIT COMMITTEE REPORT**

The Audit Committee has reviewed and discussed with our management the audited financial statements of ExOne included in our Annual Report on Form 10-K for the year ended December 31, 2017. The Audit Committee has also reviewed and discussed with Schneider Downs & Co., Inc., ExOne's independent registered public accounting firm for 2017, the audited financial statements and the audit results. In addition, the Audit Committee discussed with Schneider Downs & Co., Inc. the matters required to be discussed by AS 16, *Communications with Audit Committees*, Rule 2-07, *Communication with Audit Committees*, of Regulation S-X, and other PCAOB Rules and Standards.

In addition, we received from and discussed with Schneider Downs & Co., Inc. the written disclosures and the letter required by PCAOB Rule 3526, *Communication With Audit Committees Concerning Independence*, and discussed Schneider Downs & Co., Inc.'s independence with them. Upon completing these activities, the Audit Committee concluded that Schneider Downs & Co., Inc. is independent from ExOne and its management.

ExOne's management is responsible for preparing our financial statements and ensuring they are complete and accurate and prepared in accordance with generally accepted accounting principles. Our independent registered public accounting firm is responsible for performing an independent audit of our financial statements and expressing an opinion on the conformity of those financial statements with generally accepted accounting principles.

Based upon the review and discussions described above, the Audit Committee recommended to the Board, and the Board approved, that the audited financial statements be included in ExOne's Annual Report on Form 10-K for the year ended December 31, 2017 and filed with the Securities and Exchange Commission.

Members of the Audit Committee:

William F. Strome (*Chair*)  
Gregory F. Pashke  
Bonnie K. Wachtel

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**Table of Contents**

**AUDIT FEES AND SERVICES**

**Changes in Independent Registered Public Accounting Firms**

The Audit Committee conducted a comprehensive, competitive process to determine the Company's independent registered public accounting firm for the year ending December 31, 2016. The Audit Committee considered a number of registered public accounting firms, and narrowed that group down to two firms, including Baker Tilly Virchow Krause, LLP, the Company's then-current independent registered public accounting firm. As a result of this process, effective March 24, 2016, the Audit Committee approved the engagement of Schneider Downs & Co., Inc. as the Company's independent registered public accounting firm for the year ending December 31, 2016, and dismissed Baker Tilly Virchow Krause, LLP from that role. Baker Tilly Virchow Krause, LLP's reports on the Company's consolidated financial statements as of and for the years ended December 31, 2015 and 2014, did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to the uncertainty, audit scope or accounting principles.

During the years ended December 31, 2015 and 2014, and the subsequent interim period through March 24, 2016, there were (i) no disagreements as that term is defined in Item 304(a)(1)(iv) of the SEC's Regulation S-K, between the Company and Baker Tilly Virchow Krause, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, any of which that, if not resolved to Baker Tilly Virchow Krause, LLP's satisfaction, would have caused Baker Tilly Virchow Krause, LLP to make reference to the subject matter of any such disagreement in connection with its reports for such years and interim period and (ii) no reportable events within the meaning of Item 304(a)(1)(v) of the SEC's Regulation S-K during the years ended December 31, 2015 and 2014 and the subsequent interim period, except for the material weaknesses in internal control over financial reporting disclosed in the Company's Annual Reports on Form 10-K for the years ended December 31, 2015 and December 31, 2014. These material weaknesses were discussed by the Company's management and the Audit Committee with Baker Tilly Virchow Krause, LLP. The Audit Committee authorized Baker Tilly Virchow Krause, LLP to respond fully to the inquiries of Schneider Downs & Co., Inc., the Company's new independent registered public accounting firm, concerning these material weaknesses.

On March 25, 2016, the Company filed a Current Report on Form 8-K disclosing the appointment of Schneider Downs & Co., Inc. as its new independent registered public accounting firm and the related dismissal of Baker Tilly Virchow Krause, LLP from that role. The Company provided Baker Tilly Virchow Krause, LLP with a copy of the disclosures in the Current Report on Form 8-K prior to the time that it was filed with the SEC, and requested that Baker Tilly Virchow Krause, LLP furnish a letter addressed to the SEC stating whether or not it agrees with the statements made therein. A copy of Baker Tilly Virchow Krause, LLP's letter dated March 25, 2016 was attached as Exhibit 16.1 to that report.

Prior to engaging Schneider Downs & Co., Inc. on March 24, 2016, neither the Company nor anyone on its behalf consulted with Schneider Downs & Co., Inc. regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements and neither a written report nor oral advice was provided to the Company that Schneider Downs & Co., Inc. concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue, (ii) any matter that was the subject of a disagreement within the meaning of Item 304(a)(1)(iv) of the SEC's Regulation S-K, or (iii) any reportable event within the meaning of Item 304(a)(1)(v) of the SEC's Regulation S-K.

Schneider Downs & Co., Inc.'s report on the Company's consolidated financial statements as of and for the years ended December 31, 2017 and December 31, 2016, included in the Company's Annual Reports on Form 10-K for the years ended December 31, 2017 and December 31, 2016, respectively, did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to the uncertainty, audit scope or accounting principles.



**Table of Contents****Audit and Other Fees**

The following table shows the fees paid by the Company in 2017 and 2016 for the audit and other services provided by Schneider Downs & Co., Inc. for those years:

	2017	2016
	(in thousands)	
Audit fees	\$ 706	\$ 688
Audit-related fees	15	17
Tax fees		
All other fees		
<b>Total fees</b>	<b>\$ 721</b>	<b>\$ 705</b>

Audit fees for 2017 and 2016 include fees associated with the annual audit, interim reviews and various registration statements. Audit-related fees for 2017 and 2016 include fees associated with the annual audit of the Company's 401(k) plan.

**Pre-Approval Policies and Procedures**

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services rendered by our independent registered public accounting firm, in order to assure that the provision of such services does not impair the independent registered public accounting firm's independence. The Audit Committee can pre-approve specified services in defined categories of (i) audit services, (ii) audit-related services, (iii) tax services and (iv) other services up to specified amounts, as part of the Audit Committee's approval of the scope of the engagement of the independent registered public accounting firm or on an individual case-by-case basis before the independent registered public accounting firm is engaged to provide a service. The term of any pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. All of the 2017 and 2016 services described above were pre-approved by the Audit Committee.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The table below sets forth information regarding the beneficial ownership of Common Stock as of March 19, 2018, when there were 16,202,119 issued and outstanding shares, for each person known by us to beneficially own more than five percent of our Common Stock, each director (including all nominees for director), each Named Executive Officer, and all directors (including director nominees) and executive officers as a group. Unless we otherwise note, each person exercises sole voting and investment power over these shares of Common Stock.

We determine the number of shares in the table below as beneficially owned pursuant to SEC regulations. This information does not necessarily indicate beneficial ownership for any other purpose. Beneficial ownership includes any shares of Common Stock as to which the individual has sole or shared voting power or investment power. We also include any shares of Common Stock that the individual has the right to acquire within 60 days of March 19, 2018 through the exercise of any option, warrant or right.

Name and Address of Beneficial Owner	Beneficial Ownership	
	Number	Percent
<b>Directors, Nominees and Named Executive Officers</b>		
S. Kent Rockwell <sup>(1)</sup>	4,596,505	28.4%
John Irvin <sup>(2)</sup>	217,300	1.3%
James L. McCarley <sup>(3)</sup>	107,199	*
Gregory F. Pashke <sup>(4)</sup>	13,250	*
Lloyd A. Semple <sup>(5)</sup>	30,050	*
Brian Smith <sup>(6)</sup>	46,700	*
William F. Strome <sup>(7)</sup>	18,500	*
Bonnie K. Wachtel <sup>(8)</sup>	21,000	*
Mark Cianci <sup>(9)</sup>	24,500	*
JoEllen Lyons Dillon <sup>(10)</sup>	78,500	*
All Directors/Executive Officers as a group (10 persons)	5,113,004	31.3%
<b>Certain Beneficial Owners</b>		
ARK Investment Management LLC <sup>(11)</sup>	1,260,716	7.8%
Novel Century Ventures Limited <sup>(12)</sup>	1,397,764	8.6%

\* Less than 1%.

- (1) Includes (a) 4,208,055 shares held by Rockwell Forest Products, Inc. ( RFP ), (b) 378,450 shares held by the S. Kent Rockwell Foundation ( Foundation ), and (c) 10,000 shares held directly by Mr. Rockwell of which 5,000 shares are unvested restricted stock. Mr. Rockwell is deemed to have beneficial ownership of the shares held by RFP as the beneficiary of the S. Kent Rockwell Revocable Trust, which is the indirect, sole stockholder of RFP. Mr. Rockwell has sole voting and dispositive power with respect to the 4,208,055 shares held by RFP. Mr. Rockwell serves as the president and a member of the Board of Directors of the Foundation and shares voting and dispositive power over the 378,450 shares held by the Foundation. Mr. Rockwell has sole voting power and no dispositive power with respect to the 5,000 shares of unvested restricted stock held directly by him. Listed amount does not include shares of Common Stock owned by the S. Kent Rockwell 1997 Irrevocable Trust. Mr. Rockwell disclaims beneficial ownership of shares held by the S. Kent Rockwell 1997 Irrevocable Trust. The address for Mr. Rockwell is c/o The ExOne Company, 127 Industry Boulevard, North Huntingdon, Pennsylvania 15642.
- (2) Includes (a) 207,300 shares held by 20/20 Holdings, LLC, a limited liability company owned by Mr. Irvin and his wife, over which Mr. Irvin has sole voting power and dispositive power, and (b) 5,000 shares of unvested restricted stock held directly by Mr. Irvin, over which Mr. Irvin has sole voting power and no dispositive power.
- (3) Includes (a) 99,999 shares of Common Stock underlying options held directly by Mr. McCarley that are currently exercisable, and (b) 7,200 shares held by LLMG Holdings, LLC, which is jointly owned by Mr. McCarley and his wife, over which Mr. McCarley has shared voting power and dispositive power.

**Table of Contents**

- (4) Includes (a) 400 shares held jointly by Mr. Pashke and his wife over which Mr. Pashke has shared voting and dispositive power and (b) 5,000 shares of unvested restricted stock held directly by Mr. Pashke, over which Mr. Pashke has sole voting power and no dispositive power.
- (5) Includes (a) 300 shares held by Mr. Semple's spouse over which Mr. Semple may be deemed to have shared voting power and dispositive power, and (b) 5,000 shares of unvested restricted stock held directly by Mr. Semple, over which Mr. Semple has sole voting power and no dispositive power. Mr. Semple disclaims beneficial ownership of his spouse's shares.
- (6) Includes 12,500 shares of unvested restricted stock held directly by Mr. Smith, over which he has sole voting power and no dispositive power.
- (7) Includes 5,000 shares of unvested restricted stock held directly by Mr. Strome, over which he has sole voting power and no dispositive power.
- (8) Includes 5,000 shares of unvested restricted stock held directly by Ms. Wachtel, over which she has sole voting power and no dispositive power.
- (9) Includes 24,500 shares of Common Stock underlying options held directly by Mr. Cianci that are currently exercisable. Mr. Cianci will no longer have a right to exercise his outstanding options after May 10, 2018.
- (10) Includes (a) 20,000 shares held by the Lyons 2012 Trust over which Ms. Dillon has shared voting power and dispositive power, and (b) 13,500 shares held by DWD Holdings LP over which Ms. Dillon has shared voting power and dispositive power. This information is based solely on the last Form 4 filed with the SEC for Ms. Dillon, dated August 14, 2017, updated for shares outstanding as of March 19, 2018.
- (11) ARK Investment Management LLC ( ARK ), an investment adviser, has (a) sole voting power with respect to 873,160 of the listed shares, (b) sole dispositive power with respect to 1,253,979 of the listed shares, and (c) shared voting power and dispositive power with respect to 6,737 of the listed shares. The address for ARK is 155 West 19th Street, 5th Floor, New York, New York 10011. This information is based solely on the Reporting Person's Statement on Schedule 13G filed with the SEC dated February 14, 2018, updated for shares outstanding as of March 19, 2018.
- (12) Novel Century Ventures Limited ( Novel ) has sole voting and dispositive power, and Mega Fame Holdings Limited ( Mega ) and Ms. Tu Guihua (together with Novel and Mega, the Reporting Persons ) have shared voting and dispositive power, over the listed shares. Novel is a wholly owned subsidiary of Mega and Ms. Guihua owns all of the issued and outstanding capital stock of Mega. The address for Novel and Mega is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The address for Ms. Guihua is Rm. 24-2, Bld 10, Project B, Huaguoyuan, Nanming District Guiyang, Guizhou Province, China. This information is based solely on the Reporting Persons' most recent Statement on Schedule 13G filed with the SEC dated September 15, 2014, updated for shares outstanding as of March 19, 2018.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires persons who own more than ten percent of a registered class of our equity securities and our directors and executive officers to file with the SEC initial reports of ownership and reports in changes in ownership of any ExOne equity securities. Based upon a review of filings with the SEC and written representations from our directors and executive officers, we believe that all of our ten percent holders, directors and executive officers complied during the year ended December 31, 2017, with the reporting requirements of Section 16(a) of the Exchange Act.

**Table of Contents**

**OTHER MATTERS**

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors,

**LORETTA L. BENEK**  
*General Counsel and Corporate Secretary*

*April 5, 2018*

**Table of Contents**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

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TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**The Board of Directors recommends you  
vote FOR the election of the following  
director nominees:**

1. Election of Directors. The nominees are:

Nominees	For	Against	Abstain
1A S. Kent Rockwell			
1B John Irvin			
1C Gregory F. Pashke			
1D Lloyd A. Semple			
1E William F. Strome			
1F Bonnie K. Wachtel			

**The Board of Directors recommends you  
vote FOR the following proposal:**      **For    Against    Abstain**

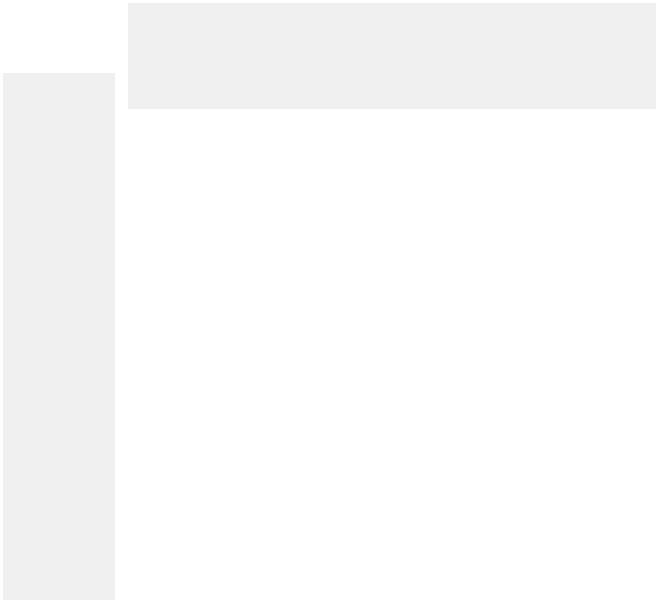
2. Ratification of the appointment of  
Schneider Downs & Co., Inc. as the  
Company's independent registered public  
accounting firm for the year ending  
December 31, 2018.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

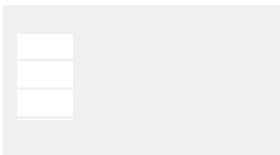
				<b>SHARES</b>
				<b>CUSIP #</b>
				<b>SEQUENCE #</b>
Signature [PLEASE SIGN WITHIN BOX]	Date	<b>JOB #</b>	Signature (Joint Owners)	Date



**Table of Contents**



**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice & Proxy Statement and 2017 Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).



**THE EXONE COMPANY**  
**Annual Meeting of Stockholders**  
**May 16, 2018 10:00 AM**  
**This proxy is solicited by the Board of Directors**

The stockholder(s) hereby appoint(s) S. Kent Rockwell, James L. McCarley and Loretta L. Benec, or any of them, as proxies, each with full power of substitution, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of THE EXONE COMPANY that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 10:00 AM, Eastern Daylight Time, on May 16, 2018, and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted FOR each of the director nominees listed in proposal 1 and FOR proposal 2. In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting or any adjournment or postponement thereof.**

**Continued and to be signed on reverse side**



