

ENCISION INC  
Form DEF 14A  
July 08, 2016  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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 Section 240.14a-12

ENCISION INC.

(Name of the Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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

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

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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ENCISION INC.

6797 Winchester Circle  
Boulder, CO 80301

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held August 10, 2016

To Our Shareholders:

The Annual Meeting of Shareholders of Encision Inc., a Colorado corporation, will be held at 9:00 A.M. Mountain Time, on August 10, 2016, at the offices of Encision Inc., 6797 Winchester Circle, Boulder, CO 80301, for the following purposes, all of which are more completely set forth in the accompanying Proxy Statement:

1. To elect five directors;
2. To ratify the appointment of Eide Bailly LLP as our independent public accountants;
3. To approve a non-binding advisory resolution on the Company's compensation of its executive officers; and,
4. To transact such other business as may properly come before the meeting, or any adjournment thereof.

All shareholders are cordially invited to attend the meeting, although only shareholders of record at the close of business on June 17, 2016, will be entitled to notice of, and to vote at, the meeting or any and all adjournments thereof.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Gregory J. Trudel  
Gregory J. Trudel  
President and CEO

July 8, 2016

PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE PREPAID ENVELOPE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. YOUR PROMPT RETURN OF THE PROXY CARD WILL HELP ASSURE A QUORUM AT THE MEETING AND AVOID ADDITIONAL COMPANY EXPENSE FOR FURTHER SOLICITATION. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on August 10, 2016: This Proxy Statement and the Annual Report on Form 10-K for the fiscal year ended March 31, 2016 are available at [www.encision.com](http://www.encision.com).

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ENCISION INC.

6797 Winchester Circle  
Boulder, CO 80301

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

To Be Held August 10, 2016

SOLICITATION OF PROXIES

This Proxy Statement is furnished in connection with the solicitation of proxies by the board of directors of Encision Inc., a Colorado corporation, for use at our Annual Meeting of Shareholders to be held at 9:00 A.M. Mountain Time, on August 10, 2016, at the offices of Encision Inc., 6797 Winchester Circle, Boulder, CO 80301 and at any and all adjournments of such meeting (the "Annual Meeting").

If the enclosed Proxy Card is properly executed and returned in time to be voted at the meeting, the shares of common stock represented will be voted in accordance with the instructions contained therein. Executed Proxy Cards that contain no instructions will be voted for each of the nominees for director indicated herein and in favor of each of the other two proposals which will be considered at the meeting. It is anticipated that this Proxy Statement and the accompanying Proxy Card and Notice of Annual Meeting will be mailed to our shareholders on or about July 8, 2016.

Shareholders who execute proxies for the Annual Meeting may revoke their proxies at any time prior to their exercise by delivering written notice of revocation to our secretary, by delivering a duly executed Proxy Card bearing a later date, or by attending the meeting and voting in person.

We will bear the costs of the meeting, including the costs of preparing and mailing the Proxy Statement, Notice of Annual Meeting and Proxy Card. We may, in addition, use the services of our directors, officers and employees to solicit proxies, personally or by telephone, but at no additional salary or compensation. We will also request banks, brokers, and others who hold shares of our common stock in nominee names to distribute annual reports and proxy soliciting materials to beneficial owners, and we will reimburse such banks and brokers for reasonable out-of-pocket expenses which they may incur in so doing.

OUTSTANDING CAPITAL STOCK

The record date for shareholders entitled to vote at the Annual Meeting was June 17, 2016. At the close of business on that day, there were 10,673,225 shares of our common stock, no par value, outstanding and entitled to vote at the meeting. Each share of common stock is entitled to one vote.

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## QUORUM AND VOTING

The presence in person or by proxy of the holders of a majority of the total issued and outstanding shares of our common stock that are entitled to be voted at the Annual Meeting is necessary in order to constitute a quorum for the meeting. Abstentions will be counted for purposes of attaining a quorum.

If your shares are held in street name and you do not instruct your broker on how to vote your shares, your brokerage firm, in its discretion, may either leave your shares unvoted or vote your shares on routine matters only. The proposal to ratify the appointment of Eide Bailly LLP is considered a routine matter. The other two proposals which will be considered at the meeting are considered non-routine matters. Consequently, without your voting instructions, your brokerage firm cannot vote your shares on those other two proposals. Such unvoted shares are called “broker non-votes.”

If a quorum is present, (i) the election of directors will require a plurality of the votes cast in person or by proxy at the Annual Meeting, and (ii) the affirmative vote of a majority of the shares represented at the meeting and entitled to vote will be required (x) to ratify the appointment of our independent public accountants, or (y) to approve any other matter to be voted on by the shareholders at the meeting. The vote on Proposal 3 is a non-binding advisory vote.

Proxies marked “withhold” and broker non-votes will have no effect on the election of directors.

Abstentions shall have the same effect as a vote against Proposal 2 (ratification of auditors) and Proposal 3 (vote on executive compensation). Broker non-votes shall have no effect on the outcome of Proposal 2 or Proposal 3.

## ACTIONS TO BE TAKEN AT THE MEETING

The accompanying proxy, unless the shareholder otherwise specifies in the proxy, will be voted (1) FOR the election of each of the five nominees named herein for the office of director, (2) FOR ratification of the appointment of Eide Bailly LLP as our independent public accountants, (3) FOR approval, on an advisory basis, of the compensation of our executive officers, and (4) at the discretion of the proxy holders on any other matter that may properly come before the meeting or any adjournment thereof.

If shareholders have appropriately specified how their proxies are to be voted, they will be voted accordingly. If any other matter of business is brought before the meeting, the proxy holders may vote the proxies at their discretion. The directors do not know of any such other matter of business.

## SHAREHOLDER PROPOSALS

Shareholder proposals intended for inclusion in our Proxy Statement for the 2017 Annual Meeting of Shareholders, including shareholder recommendation for nominees for election to our board of directors, must be received by us at our offices in Boulder, Colorado, not later than March 5, 2017.

**ELECTION OF DIRECTORS**

(Proposal Item #1)

Our board of directors has nominated the five persons listed below for election as directors for the 2017 fiscal year, each to hold office until the 2017 Annual Meeting of Shareholders and until their successors are duly elected and qualified, or until their earlier death, resignation or removal. A shareholder using the enclosed Proxy Card can vote for all or any of the nominees of the board of directors or such shareholder may withhold his or her vote from all or any of such nominees. If the Proxy Card is properly executed but not marked, it will be voted for all of the nominees. Each of the nominees has agreed to serve as a director if elected; however, should any nominee become unable or unwilling to accept nomination or election, the persons named in the proxy will exercise their voting power in favor of such other person or persons as our board of directors may recommend. There are no family relationships among these nominees.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH NOMINEE FOR THE BOARD OF DIRECTORS.**

The following table sets forth the director nominees, their ages as of March 31, 2016, and their positions and offices held:

Name	Age	Position
Vern D. Kornelsen (1) (2) (3)	83	Director
Robert H. Fries (1) (2)	67	Director
Patrick W. Pace, M.D. (2)	44	Director
Gregory J. Trudel	55	Director, President & CEO
David W. Newton	69	Director, Co-Founder, VP - Technology

Mr. Ruediger Naumann-Etienne is a current director who is retiring from the board and who is not being nominated for a new term. His current term will end August 10, 2016.

- (1) Member of the Compensation Committee.
- (2) Member of the Nominating Committee.
- (3) Member of the Audit Committee.

Vern D. Kornelsen is one of our co-founders and served on our board of directors and as our Chief Financial Officer from 1991 through February 1997. He was re-elected to the board of directors in April 1998. Mr. Kornelsen is the General Partner of CMED Partners LLLP, one our principal shareholders. Mr. Kornelsen formerly practiced as a certified public accountant in the state of Colorado for many years. He has been active in managing two investment partnerships, the first since 1990 and the second since 1997, of which he is the general partner, as well as serving as an officer and director of several private companies and of two public companies, Lifeloc Technologies, Inc., of which he is the controlling stockholder, and Electronic Systems Technology, Inc. Mr. Kornelsen received a Bachelor of Science degree in business from the University of Kansas. We believe Mr. Kornelsen is qualified to serve on our board of directors based on his executive experience with several private companies and his financial and accounting expertise as described above.

Robert H. Fries has served on our board of directors since 2003. Mr. Fries is a founder and the President of FinanceVision Services, Inc., a finance and tax consulting firm, and has served as a finance executive with a broad range of large public multinational companies. Since 2000, he has provided us with financial and tax consulting services. Mr. Fries is a certified public accountant (inactive). His credentials include an MBA from St. John's University, New York, and a Juris Doctor Degree from Jones School of Law. We believe that Mr. Fries' financial and business expertise, particularly in the role of finance executive for various large public companies, give him the qualifications and skills to serve as a director.

Patrick W. Pace, M.D. was appointed to our board of directors in April 2012. Dr. Pace is a Director on UTIMCO's investment team and maintains responsibility for leading investment strategies in the private equity lower middle market arena and in healthcare across the endowments. He joined UTIMCO after working with EDG Partners as an Advisor. Previously, Dr. Pace served as Managing Director at Citadel Investment Group. Prior to Citadel, he led healthcare high yield and distressed debt investing as part of AIG Investments, served as a Senior Analyst covering

the medical device industry at UBS, and worked in Equities at Credit Suisse First Boston. Dr. Pace began his career as a resident in Otolaryngology (ENT) at the University of Virginia Hospital. Dr. Pace serves on the board of MMIS, Inc, and Executive Chairman of Nanospectra Biosciences. He serves on the Advisory Council for the UT-Health School of Biomedical Informatics and on the Investment Committee for the Seton Fund. Dr. Pace received a Bachelor of Arts, with Honors in Psychology, from Vanderbilt University and a Doctor of Medicine from The University of Texas Medical School at Houston. We believe that Dr. Pace's healthcare and investment experience give him the qualifications and skills to serve as a director.

Gregory J. Trudel has served as our President & Chief Executive Officer and a director since December 2013. Mr. Trudel has over 25 years of experience in the surgical devices marketplace. Since 2008, and until becoming President & Chief Executive Officer of Encision Inc., Mr. Trudel has been employed by Covidien, a large global healthcare products company. Most recently, Mr. Trudel served as Global Director of Marketing for a division within the Surgical Solutions Group at Covidien. His time at Covidien also includes extensive marketing and product management experience in Covidien's Advanced Energy and Surgical Stapling. Prior to joining Covidien, Mr. Trudel held leadership roles with ConMed Electrosurgery, SilverGlide Surgical Technologies, and Stryker. He holds a B.S. from the University of Connecticut, Storrs, CT and an M.B.A from the University of Bridgeport, Bridgeport, CT. We believe that Mr. Trudel's executive experience with public companies and his experience in healthcare give him the qualifications and skills to serve as a director.

David W. Newton, is one of our co-founders and has been a Vice President and one of our directors since our inception in 1991. From 1989 until 1991, Mr. Newton was President of Newton Associates, Inc., a contract engineering firm. From 1985 to 1989, Mr. Newton was President of Tienet, Inc., a developer of integrated computer systems. Mr. Newton has an additional 16 years of experience as an electrical engineer designing electrosurgical generators and related accessories. Mr. Newton holds 26 patents in the field of medical electronic equipment and holds a Bachelor of Science Electrical Engineering degree from the University of Colorado. We believe that Mr. Newton's engineering experience with various firms gives him the qualifications and skills to serve as a director.

#### Director Meetings

During the fiscal year ended March 31, 2016, our board of directors met in person three times and had three telephonic meetings. There were four meetings of the audit committee, one meeting of the compensation committee and one meeting of the nominating committee. The audit committee held four telephonic meetings with our independent auditors. Each director attended at least 75% of the aggregate of the total number of meetings of the board and the board committees on which he served during fiscal year 2016.

We encourage our incumbent directors to attend the Annual Meeting of Shareholders, subject to their travel schedule and other demands on their time. All of our directors attended the 2015 Annual Meeting of Shareholders.

Our board of directors determines whether a director is independent through a broad consideration of facts and circumstances, including an assessment of the materiality of any relation between us and a director, not merely from the director's standpoint, but also from that of persons or organizations with which the director has an affiliation. In making this determination, the board of directors adheres to the independence criteria under applicable New York Stock Exchange, Inc. ("NYSE") rules. Using these rules, our board of directors has determined that Robert H. Fries, Vern D. Kornelsen, Patrick W. Pace, M.D. and Ruediger Naumann-Etienne qualify as independent directors.

#### Compensation of Directors

Our independent directors currently receive \$1,250 a quarter for their services and are reimbursed for their out-of-pocket expenses incurred in connection with their service as directors. Option or equity grants to our directors are at the discretion of the board of directors.

The following table details the total compensation earned by our non-employee directors in fiscal year 2016.

#### Director Compensation

Name	Fees paid in cash (\$) <sup>(1)</sup>	Equity compensation (\$) <sup>(2)</sup>	All other compensation (\$)	Total (\$)
Robert H. Fries	6,250.00	3,071.00	85,504.00	(3) 94,825.00

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Vern D. Kornelsen	6,250.00	3,071.00	9,321.00
Ruediger Naumann-Etienne (4)	6,250.00	5,000.00	11,250.00
Patrick W. Pace, M.D.	6,250.00	5,000.00	11,250.00

(1) The following table provides a breakdown of fees paid in cash.

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Name	Annual retainers (\$)
Robert H. Fries	6,250.00
Vern D. Kornelsen	6,250.00
Ruediger Naumann-Etienne	6,250.00
Patrick W. Pace, M.D.	6,250.00

(2) Amounts reflect the aggregate grant date fair values of stock options and restricted stock units (“RSUs”). Amounts reflect the aggregate grant date fair values of grants made in each respective fiscal year, valued in accordance with ASC Topic 718. Assumptions used in the calculations of these amounts are set forth in Footnote 3 to our Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016.

(3) Compensation paid to an entity controlled by Mr. Fries for financial and tax consulting services provided to us.

(4) Mr. Naumann-Etienne’s term will expire August 10, 2016.

The following table provides information on the outstanding equity awards at fiscal year-end for non-employee directors.

#### Outstanding Options and Restricted Stock Units for Non-Employee Directors at Fiscal Year-End 2016

Name	Number of securities underlying unexercised equity units (#) exercisable
Robert H. Fries	23,811
Vern D. Kornelsen	4,806
Ruediger Naumann-Etienne	5,792 (1)
Patrick W. Pace, M.D.	51,939 (2)

(1) Includes 5,792 RSUs.

(2) Includes 6,865 RSUs.

#### Nominating Committee

The members of our nominating committee are Robert H. Fries, Vern D. Kornelsen and Patrick W. Pace, M.D. Our nominating committee recommends to our board of directors nominees for election to the board. Our nominating committee will consider recommendations for director nominees by shareholders if the names of those nominees and relevant biographical information are properly submitted in writing to our corporate secretary in the manner described for shareholder nominations above under the heading “Shareholder Proposals.” A director nominee must have a strong professional or other background, a reputation for integrity and responsibility and experience relevant to our business and operations. A director nominee must be able to commit appropriate time to prepare for, attend and participate in all meetings of our board of directors and its committees, as applicable, and the annual meeting of shareholders and must not have any conflicts of interest with our business and operations. Our nominating committee will also require some director nominees to be independent as defined under the NYSE listing standards. All director nominees, whether submitted by a shareholder or our nominating committee, will be evaluated in the same manner. All current members of the nominating committee are independent for purposes of the NYSE listing standards.

The nominating committee does not have an express policy with regard to the consideration of any director candidates recommended by our shareholders because the nominating committee believes that it can adequately evaluate any such nominees on a case-by-case basis. The nominating committee will consider director candidates proposed by shareholders in accordance with the procedures set forth above under "Shareholder Proposals," and will evaluate shareholder-recommended candidates for director under the same criteria as internally generated candidates. We do not have a formal policy with regard to the consideration of diversity in identifying director nominees, but the nominating committee strives to nominate directors with a variety of complementary skills so that, as a group, the board will possess the appropriate talent, skills and expertise to oversee our business. Although the nominating committee does not currently have formal minimum criteria for nominees, substantial relevant business and industry experience would generally be considered important qualifying criteria, as would the ability to attend and prepare for board, committee and shareholder meetings. Any candidate must state in advance his or her willingness and interest in serving on our board and its committees.

Our board of directors has adopted a written Nominating Committee Charter, a copy of which is available on our website at [www.encision.com](http://www.encision.com). Our nominating committee held one meeting during the fiscal year ended March 31, 2016.

#### Compensation Committee

The members of the compensation committee are Vern D. Kornelsen, Ruediger Naumann-Etienne and Robert H. Fries. Our compensation committee reviews and approves compensation for our executive officers whose compensation is approved by our board of directors upon recommendation of the compensation committee. Our compensation committee also administers our stock option plans. Our board of directors has adopted a written Compensation Committee Charter, a copy of which is available on our website at [www.encision.com](http://www.encision.com). Our compensation committee held one meeting during the fiscal year ended March 31, 2016.

The compensation committee reviewed and considered our compensation policies and programs in light of the board of directors' risk assessment and management responsibilities and will do so in the future on an annual basis. The compensation committee believes that we have no compensation policies and programs that give rise to risks reasonably likely to have a material adverse effect on us.

#### Audit Committee

Our board of directors maintains an audit committee comprised of our outside directors. The board of directors and the audit committee believe that the audit committee's current members are "independent directors" as defined by the applicable rules of the NYSE and regulations of the Securities and Exchange Commission ("SEC") as currently in effect and applicable to us. The audit committee oversees our independent auditors and financial process on behalf of the board of directors. The audit committee has adopted a written charter. The audit committee has adopted a complaint procedure policy.

Vern D. Kornelsen and Ruediger Naumann-Etienne comprise the audit committee. Mr. Kornelsen's background is more fully disclosed in his biography under "Election of Directors."

Our board of directors has determined that Vern D. Kornelsen and Ruediger Naumann-Etienne each qualify as an "audit committee financial expert" and each is "independent" as defined by the applicable regulations of the SEC as currently in effect and applicable to us.

The audit committee has adopted a written charter, a copy of which is available on the investor relations page of our website at [www.encision.com](http://www.encision.com). Our audit committee held four meetings during the fiscal year ended March 31, 2016 and held four telephonic meetings with our independent auditors during the fiscal year ended March 31, 2016.

#### Board Leadership Structure

Our board of directors does not have a policy regarding separation of the roles of Chief Executive Officer and Chairman of the Board, as the board of directors believes it is in the best interest of the Company to make that determination based on the position and direction of the Company and the membership of the board. Presently, we have a Chairman of the Board. The board believes that the separate offices of the Chairman of the Board and Chief Executive Officer currently functions well and is the optimal leadership structure for the Company. This structure allows the Chief Executive Officer to focus to a greater extent on the management of our day-to-day operations. Three of the five members of our board of directors satisfy the requirements of independence under the NYSE listing standards, and our audit, compensation, and nominating committees are composed entirely of independent directors. This structure encourages independent and effective oversight of our operations and prudent management of risk.

#### Risk Oversight

The board of directors, principally through delegation to the audit committee oversees risks facing us. The audit committee regularly discusses with management, our internal auditors and our independent auditors our major risk exposures, whether financial, operating or otherwise, and the adequacy and effectiveness of our control of such risks. The audit committee also recommends from time to time that key identified risk areas be considered by the full board, and individual board members also periodically ask the full board to consider an area of risk. In addition, risk management issues are considered inherently by the board with respect to all major decisions made by the board.



Our board of directors believes that the decision as to who should serve as Chairman of the Board and/or Chief Executive Officer and whether the offices should be combined or separated is the proper responsibility of the board. The board members have considerable experience and knowledge about the challenges and opportunities the company faces. The board, therefore, is in the best position to evaluate the company's current and future needs and to judge how the capabilities of the company's directors and senior management from time to time can be most effectively organized to meet those needs. While the board may combine these offices in the future if it considers such a combination to be in the best interest of the company, it currently intends to retain this structure.

#### Shareholder Communications with Directors

Shareholders and other interested parties wishing to contact any member (or all members) of our board of directors or any committee of the board may do so by mail, addressed, either by name or title, to the board of directors or to any such individual director or group or committee of the directors, and all such correspondence should be sent to our principal office. Our administrative staff may review any such communications to ensure that inappropriate material is not forwarded to the board of directors or to any individual director. The board of directors intends to continuously evaluate its communication process with our shareholders and may adopt additional procedures to facilitate shareholder communications with the board of directors, consistent with standards of professionalism and our administrative resources.

#### Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and all other directors and executive officers. The Code of Ethics is available on the investor relations page of our website at [www.encision.com](http://www.encision.com). We intend to satisfy the requirements under Item 5.05 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of our Code of Ethics that apply to our principal executive, financial and accounting officers and directors by posting such information on our website.

#### Executive Officers

The following table sets forth the names of our executive officers, their ages as of March 31, 2016, and their positions and offices held:

Name	Age	Position
Gregory J. Trudel	55	President & CEO
David W. Newton	69	VP - Technology
Mala Ray	57	VP - Controller, Treasurer, Corporate Secretary
Valerie Ray	44	VP - Operations
Michael Biggs	46	VP - Product Development
Brad Greathouse	56	VP - Regulatory Affairs and Quality Assurance

Gregory J. Trudel has served as our President & Chief Executive Officer and a director since December 2013. Mr. Trudel has over 25 years of experience in the surgical devices marketplace. Since 2008, and until becoming President & Chief Executive Officer of Encision Inc., Mr. Trudel had been employed by Covidien, a large global healthcare products company. Most recently, Mr. Trudel served as Global Director of Marketing for a division within the Surgical Solutions Group at Covidien. His time at Covidien also includes extensive marketing and product management experience in Covidien's Advanced Energy and Surgical Stapling. Prior to joining Covidien, Mr. Trudel held leadership roles with ConMed Electrosurgery, SilverGlide Surgical Technologies, and Stryker. He holds a B.S. from the University of Connecticut, Storrs, CT and an M.B.A from the University of Bridgeport, Bridgeport, CT. David W. Newton is one of our co-founders and has been a Vice President since our inception in 1991. From 1989 until 1991, Mr. Newton was President of Newton Associates, Inc., a contract engineering firm. From 1985 to 1989, Mr. Newton was President of Tienet, Inc., a developer of integrated computer systems. Mr. Newton holds 26 patents in the field of medical electronic equipment and holds a Bachelor of Science Electrical Engineering degree from the University of Colorado.



Mala Ray is our VP - Controller, Treasurer and Corporate Secretary who joined us in 2012. Ms. Ray has extensive experience in GAAP accounting, ERP systems, process improvement and financial analysis at several medical device firms, including Medtronic Navigation from 2000 to 2009 and Gambro Renal from 2009 to 2010. Ms. Ray holds a Bachelor of Science in Business Administration degree from Regis University.

Valerie Ray is our Vice President of Operations who joined us in March 2014. Prior to this position, she was Executive Director of Manufacturing at MBio Diagnostics from April 2013 to February 2014, Program Manager at Baxa Corporation (currently Baxter Healthcare) from November 2000 to February 2011 and Engineering Product Manager at Gambro BCT (currently Terumo BCT) from March 1995 to October 2000. Ms. Ray started in medical device operations in 1995 and later divided her time between product development and operations, and brought products from concept to steady-state production for multi-million annual unit volumes. Her education includes a Bachelor of Science in Mechanical Engineering from the University of Colorado, an M.S. in Mechanical Engineering, specializing in Bioengineering, from the University of Colorado, and an MBA from the Daniels College of Business at the University of Denver. She is a certified project manager with a CPM from the Project Management Leadership Group and a PMP from the Project Management Institute.

Michael Biggs has been Director of Product Development for us since 2012 and VP – Research and Development since 2014. He has over two decades of experience in medical device development, with particular expertise in minimally invasive electrosurgical devices. In the past he was with Baxter Healthcare from 2009 to 2012, Conmed Electrosurgery from 2005 to 2008, and Astmatx Inc from 1997 to 2004, which was purchased by Boston Scientific. Mr. Biggs holds a Bachelor of Science degree in mechanical engineering from University of California Berkeley, an MBA from University of Colorado, and is a named inventor on 27 U.S. patents in the medical device field.

Brad Greathouse has been Vice President of Regulatory Affairs and Quality Assurance since August 2014. Prior to joining Encision, Mr. Greathouse held senior roles at Covidien (now Medtronic plc) in regulatory and quality, including VP-QA, early technologies, VP - RA/QA, energy and endomechanical, and Director of Product and Design Assurance, energy-based devices. He has been in the medical device industry for over 25 years and has extensive experience in quality management systems, quality engineering, supplier quality, design quality assurance and regulatory compliance. Mr. Greathouse holds a Bachelor of Science in Industrial Engineering from the University of Illinois, Urbana-Champaign.

The following table sets forth certain information regarding compensation earned or awarded to each person who served as our chief executive officer during our most recently completed fiscal year, and to each of our two most highly compensated executive officers (other than our chief executive officer) who earned in excess of \$100,000 during our most recently completed fiscal year, (collectively, the “Named Executive Officers”).

## EXECUTIVE COMPENSATION

### Summary Compensation Table

Name and principal position	Fiscal year	Salary (\$)	Option awards (\$)(1)	Total (\$)
Gregory J. Trudel	2016	210,000	3,071	213,071
President, Chief Executive Officer	2015	210,000	4,252	214,252
David W. Newton	2016	120,097	3,071	123,168
VP — Technology	2015	137,723	5,696	143,419
Valerie Ray	2016	155,127	3,071	158,198
VP—Operations	2015	160,000	—	160,000

(1) Amounts reflect the aggregate grant date fair values of grants made in each respective fiscal year, valued in accordance with ASC Topic 718. Assumptions used in the calculations of these amounts are set forth in Footnote 3 to our Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016.

### Employment Agreements

We entered into an employment agreement with Gregory J. Trudel on December 17, 2013. The employment agreement has an initial three-year term beginning with the start date of December 23, 2013. Thereafter, the term automatically renews for additional one-year periods unless either party gives prior written notice that it does not wish to automatically renew the term. The employment agreement provides that Mr. Trudel will receive an annual base salary of \$210,000. Mr. Trudel will be entitled to receive a special cash bonus in the event that we are acquired during the next five years at a price for our common stock of \$7.50 per share or more. In the event of such an acquisition, Mr. Trudel shall be entitled to a bonus amount equal to (i) such per share price, (ii) minus our per share price on the Start Date, (iii) multiplied by 40,000. Under the employment agreement, if we terminate Mr. Trudel without cause or Mr. Trudel resigns for “good reason”, Mr. Trudel will be entitled to receive a severance amount (up to one times his Base Salary) based upon the length of time Mr. Trudel was employed by us prior to the termination. Such severance will be paid out ratably over the twelve months following the termination. No severance will be paid if the term of the Employment Agreement expires or is not renewed. Mr. Trudel was granted stock options to purchase 200,000 shares of our common stock. The options vest over the five year period following the start date. The options have a per share exercise price of \$0.82, which was equal to our trading price on the start date. The vesting of the options will accelerate in the event of certain acquisition transactions involving us.



the \$20 million repurchase of the Company's common stock, the effect of a decrease in accounts payable and an increase in inventory partially offset by decreases in accounts receivable and funded contract financing activities. We believe that cash flow from operations and available bank borrowings will be sufficient to continue funding our short-term capital requirements. However, significant changes in our business model, significant operating losses or expansion of operations in the future may require us to seek additional and alternative sources of capital. Consequently, there can be no assurance that we will be able to obtain any additional funding on terms acceptable to us or at all.

**INVESTING ACTIVITIES** For the six months ended June 30, 2004, net cash provided by investing activities was \$3.4 million. Net cash provided by investing activities was primarily due to a \$7.5 million decrease in net funded contract financing receivables fractionally offset by \$3.6 million used for capital expenditures. We offer financing of inventory and receivables to certain network operator customers and their agents and manufacturer customers under contractual arrangements. Under these contracts we manage and finance inventories and receivables for these customers resulting in a contract financing receivable. The decrease in contract financing receivables was due to timing of product receipts at the end of the quarter. Capital expenditures were primarily directed toward improving our information systems, particularly in the United States, our Page 37 **PART I FINANCIAL INFORMATION ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** entry into India, which included new office space and basic information systems infrastructure, and retail development in France.

**FINANCING ACTIVITIES** For the six months ended June 30, 2004, net cash used in financing activities was \$30 million. Net cash used in financing activities was primarily comprised of \$20 million repurchase of Brightpoint's common stock and \$16 million for repayment of credit facilities, partially offset by a reduction in pledged cash of \$5 million. On June 4, 2004, the Company announced that its Board of Directors had approved a share repurchase program authorizing the Company to repurchase up to \$20 million of the Company's common stock. The Company made such repurchases in June of 2004 through open market and privately negotiated transactions. Detail of the repurchases is provided in the table below. In December 2003, the Company pledged \$5 million to support a \$4.2 million short-term line of credit in India, due to restrictions on foreign capital, which precluded us from utilizing our own funds, other than the amount pledged, to meet these needs. This short-term line of credit was paid in the first quarter of 2004, thus releasing the pledged cash. We may from time to time pledge cash to collateralize lines of credit in markets where there are restrictions of the movement of funds. Issuer purchases of equity securities:

(Amounts in 000s)	Total number of shares purchased	Average price paid per share	Total number of shares that may yet be purchased	Maximum dollar value of shares purchased as part of the program	Month of purchase publicly announced
June 2004	1,397,500	\$14.31	1,397,500	none	LINES OF CREDIT

The table below summarizes lines of credit that were available to the Company as of June 30, 2004: (Amounts in 000s)

Gross Letters of Credit & Commitment Availability	Outstanding Guarantees	Net Availability
North America	\$ 70,000	\$ 39,653
Australia	35,709	30,847
New Zealand	7,547	5,442
Sweden	1,986	832
Philippines	892	892
<b>Total</b>	<b>\$ 116,134</b>	<b>\$ 78,821</b>

Additional details on the above lines of credit are disclosed in Note 6 of the Notes to Consolidated Financial

Statements. Interest payments were approximately \$247 thousand and \$515 thousand for the three and six months ended June 30, 2004. Interest expense includes fees paid for unused capacity on credit lines and amortization of deferred financing fees. Page 38 PART I FINANCIAL INFORMATION ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OFF-BALANCE SHEET ARRANGEMENTS - ACCOUNTS RECEIVABLES TRANSFERS During the six months ended June 30, 2004 and 2003, the Company entered into certain transactions or agreements with banks and other third-party financing organizations in France, Norway and Sweden, with respect to a portion of its accounts receivable in order to reduce the amount of working capital required to fund such receivables. During the three and six months ended June 30, 2003, the Company also entered into certain transactions or agreements with banks and other third-party financing organizations in Ireland with respect to the sale of a portion of its accounts receivable. These transactions have been treated as sales pursuant to current accounting principles generally accepted in the United States and, accordingly, are accounted for as off-balance sheet arrangements. Net funds received reduced the accounts receivable outstanding while increasing cash. Fees incurred are recorded as losses on the sale of assets and are included as a component of "Net other expenses" in the Consolidated Statements of Income. Net funds received from the sales of accounts receivable for continuing operations during the six months ended June 30, 2004 and 2003, totaled \$184 million and \$113 million, respectively. Fees, in the form of discounts, incurred in connection with these sales totaled \$542 thousand and \$655 thousand during the six months ended June 30, 2004 and 2003, respectively. For discontinued operations, net funds received from the sales of accounts receivable during the three and six months ended June 30, 2003, totaled \$8.0 million and \$12.4 million, respectively. Fees, in the form of discounts, incurred in connection with these sales totaled \$53 thousand and \$111 thousand during the three and six months ended June 30, 2003, respectively. These fees were originally recorded as a component of "Net other expenses" in the Consolidated Statements of Income, but have now been reclassified as a component of "Loss from discontinued operations" in the Consolidated Statements of Income. The Company is the collection agent on behalf of the bank or other third-party financing organization for many of these arrangements and has no significant retained interests or servicing liabilities related to accounts receivable that it has sold. The Company may be required to repurchase certain accounts receivable sold in certain circumstances, including, but not limited to, accounts receivable in dispute or otherwise not collectible, accounts receivable in which credit insurance is not maintained and a violation of, the expiration or early termination of the agreement pursuant to which these arrangements are conducted. There were no significant repurchases of accounts receivable sold during the six months ended June 30, 2004 and 2003. These agreements require the Company's subsidiaries to provide collateral in the form of pledged assets and/or, in certain situations, a guarantee by the Company of its subsidiaries' obligations. Pursuant to these arrangements, approximately \$36 million and \$27 million of trade accounts receivable were sold to and held by banks and other third-party financing institutions at June 30, 2004 and 2003, respectively. Amounts held by banks or other financing institutions at June 30, 2004 were for transactions related to the Company's Norway, Sweden and France arrangements. All other arrangements have been terminated or expired. Page 39 PART I FINANCIAL INFORMATION ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS LIQUIDITY ANALYSIS Our measurement for liquidity is the summation of total unrestricted cash and unused borrowing availability. We use this

measurement as an indicator of how much access to cash we have to either grow the business through investment in new markets, acquisitions, or through expansion of existing service or product lines or to contend with adversity such as unforeseen operating losses potentially caused by reduced demand for our products and services, a material uncollectible accounts receivable, or a material inventory write-down, as examples. The table below shows this calculation. (Amounts in 000s) JUNE 30, December 31, 2004 2003 % Change ----- Unrestricted cash \$ 57,964 \$ 98,879 (41%) Borrowing availability 64,879 45,361 43% -----  
 --- Liquidity \$ 122,843 \$ 144,240 (15%) =====  
 As of June 30, 2004, our liquidity decreased \$21 million from December 31, 2003. The predominant cause for the \$21 million reduction was the initiation and completion of the \$20 million repurchase of the Company's common stock within the period. Cash decreased by 41% while borrowing availability increased by 43%. Our net cash used in financing activities of \$30 million during the six months ended June 30, 2004, was to repurchase 1.4 million shares of Brightpoint's common stock and to repay credit facilities, which consequently increased our borrowing availability. We routinely make large payments, in certain occasions, in excess of \$10 million, to suppliers and routinely collect large payments from customers, in certain occasions, in excess of \$10 million. The timing of these payments or collections can cause our cash balances and borrowings to fluctuate throughout the year. A cash-secured standby letter of credit of \$15 million supporting our Brightpoint Asia Limited's vendor credit line has been issued by financial institutions on our behalf and was outstanding at December 31, 2003 and June 30, 2004. The related cash collateral has been reported under the heading "Pledged Cash" in the Consolidated Balance Sheet. In December 2003, the Company pledged \$5 million to support a \$4.2 million short-term line of credit in India primarily due to restrictions on foreign capital, which precluded us from utilizing our own funds, other than the amount pledged, to meet these needs. This short-term line of credit was paid in the first quarter of 2004, thus releasing the pledged cash. The related cash collateral has been reported under the heading "Pledged Cash" in the Consolidated Balance Sheet. While it is difficult to quantify the adequacy of our liquidity for future needs, with our unrestricted cash balance and unused borrowing availability, totaling \$123 million on June 30, 2004, no significant debt obligations, and a positive quarterly EBITDA, we believe we have adequate liquidity to operate the business with our own resources for the next 12 months and to invest in potential growth opportunities. Page 40 PART I FINANCIAL INFORMATION ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK INTEREST RATE AND FOREIGN CURRENCY EXCHANGE RATE RISKS We are exposed to financial market risks, including changes in interest rates and foreign currency exchange rates. To mitigate interest rate risks, we have historically utilized interest rate swaps to convert certain portions of our variable rate debt to fixed interest rates. To mitigate foreign currency exchange rate risks, we periodically utilize derivative financial instruments under the Foreign Currency Risk Management Policy approved by our Board of Directors. We do not use derivative instruments for speculative or trading purposes. We are exposed to changes in interest rates on our variable interest rate revolving lines of credit. A 10% increase in short-term borrowing rates during the quarter would have resulted in only a nominal increase in interest expense. We did not have any interest rate swaps outstanding at June 30, 2004. A substantial portion of our revenue and expenses are transacted in markets worldwide and may be denominated in currencies other than the U.S. dollar. Accordingly, our future results could be adversely affected by a variety of factors, including changes in specific countries' political, economic or regulatory conditions and trade protection

measures. Our foreign currency risk management program is designed to reduce, but not eliminate, unanticipated fluctuations in earnings and cash flows caused by volatility in currency exchange rates by hedging. Generally, through purchase of forward contracts, we hedge transactional currency risk, but do not hedge foreign currency revenue or operating income. Also, we do not hedge our investment in foreign subsidiaries, where fluctuations in foreign currency exchange rates may affect our comprehensive income or loss. An adverse change (defined as a 10% strengthening of the U.S. dollar) in all exchange rates, relative to our foreign currency risk management program, would have had no material impact on our results of operations for 2004 or 2003. At June 30, 2004, there were no cash flow or net investment hedges open. Our sensitivity analysis of foreign currency exchange rate movements does not factor in a potential change in volumes or local currency prices of our products sold or services provided. Actual results may differ materially from those discussed above.

Page 41 PART I FINANCIAL INFORMATION ITEM 4. CONTROLS AND PROCEDURES The Company, under the supervision and with the participation of its management, including its principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective in reaching a reasonable level of assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission's rules and forms. The principal executive officer and principal financial officer also conducted an evaluation of the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) ("Internal Control") to determine whether any changes in Internal Control occurred during the quarter ended June 30, 2004, that have materially affected or which are reasonably likely to materially affect Internal Control. Based on that evaluation, there has been no such change during such period. Page 42 PART II OTHER INFORMATION ITEM 1.

LEGAL PROCEEDINGS The Company is from time to time involved in certain legal proceedings in the ordinary course of conducting its business. While the ultimate liability pursuant to these actions cannot currently be determined, the Company believes these legal proceedings will not have a material adverse effect on its financial position. The Company's subsidiary in South Africa, whose operations were discontinued pursuant to the 2001 Restructuring Plan, has received an assessment from the South Africa Revenue Service ("SARS") regarding value-added taxes the SARS claims are due, relating to certain product sale and purchase transactions entered into by the Company's subsidiary in South Africa from 2000 to 2002. Although the Company's liability pursuant to this assessment by the SARS, if any, cannot currently be determined, the Company believes the range of the potential liability is between \$0 and \$1.5 million U.S. dollars (at current exchange rates) including penalties and interest. The potential assessment is not estimable and, therefore, is not reflected as a liability or recorded as an expense. A complaint was filed on November 23, 2001, against us and 87 other defendants in the United States District Court for the District of Arizona, entitled Lemelson Medical, Education and Research Foundation LP v. Federal Express Corporation, et.al., Cause No. CIV01-2287-PHX-PGR. The plaintiff claims that we and other defendants have infringed 7 patents alleged to cover bar code technology. The case seeks unspecified damages, treble damages and injunctive relief. The Court has ordered the case stayed pending the decision in a related case in which a number of bar code equipment manufacturers have sought a declaration that the patents

asserted are invalid and unenforceable. That trial concluded in January 2003. In January 2004, the Court rendered its decision that the patents asserted by Lemelson were found to be invalid and unenforceable. Lemelson filed an appeal to the Court of Appeals for the Federal Circuit on June 23, 2004. We continue to dispute these claims and intend to defend this matter vigorously. Page 43 PART II OTHER INFORMATION ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS On June 3, 2004, the Company held its Annual Meeting of Shareholders at which time the following matters were approved by the Company's shareholders by the votes indicated: 1) Election of two Class I Directors: Director Votes Cast "For" Votes Withheld ----- V. William Hunt 16,500,878 1,502,083 Stephen H. Simon 15,983,727 2,219,234 2) Approval of the Company's Amended and Restated Independent Director Stock Compensation Plan: Votes Cast "For" Votes Cast "Against" Votes "Abstaining" ----- 8,790,979 2,123,575 121,133 In addition, there were 6,967,274 "broker non-votes" with respect to the proposal to approve the Company's Independent Director Stock Compensation Plan. 3) Approval of the Company's 2004 Long-Term Incentive Plan: Votes Cast "For" Votes Cast "Against" Votes "Abstaining" ----- 7,991,272 2,926,982 117,433 In addition, there were 6,967,274 "broker non-votes" with respect to the proposal to approve the Company's 2004 Long-Term Incentive Plan. 4) Changing the Company's State of Incorporation from Delaware to Indiana: Votes Cast "For" Votes Cast "Against" Votes "Abstaining" ----- 10,661,284 246,060 128,348 In addition, there were 6,967,272 "broker non-votes" with respect to the proposal to change the Company's State of Incorporation from Delaware to Indiana. 5) Ratification of the Appointment of Ernst & Young LLP as the Company's Independent Accountants for the Fiscal Year ending December 31, 2004: Votes Cast "For" Votes Cast "Against" Votes "Abstaining" ----- 17,747,282 153,595 102,083 Page 44 PART II OTHER INFORMATION ITEM 6. EXHIBITS (a) Exhibits The list of exhibits is hereby incorporated by reference to the Exhibit Index on page 46 of this report. (b) Reports on Form 8-K (i) On June 4, 2004, we furnished a Form 8-K under Item 5 "Other Events and Regulation FD Disclosure." The Company announced that its Board of Directors had approved a share repurchase program authorizing the Company to repurchase up to \$20 million of the Company's Common Stock. (ii) On June 3, 2004, we furnished a Form 8-K under Item 5 "Other Events." Brightpoint, Inc., a Delaware corporation ("Brightpoint Delaware"), merged with and into its wholly-owned subsidiary, Brightpoint Indiana Corp., an Indiana corporation. The purpose of the merger was to change the state of incorporation of Brightpoint Delaware from Delaware to Indiana. The merger was effected pursuant to that certain Plan and Agreement of Merger (the "Merger Agreement"), dated April 23, 2004, which was approved and adopted by the stockholders of Brightpoint Delaware at the Annual Meeting of Shareholders held on June 3, 2004. Articles of Merger were filed with the Secretary of State of Indiana on June 3, 2004, and a Certificate of Merger was filed with the Secretary of State of Delaware on that same date. Page 45 PART II OTHER INFORMATION SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. Brightpoint, Inc. (Registrant) Date: July 27, 2004 /s/ Frank Terence ----- Frank Terence Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) Date: July 27, 2004 /s/ Lisa M. Kelley ----- Lisa M. Kelley Sr. Vice President, Chief Accounting Officer and Corporate Controller

(Principal Accounting Officer) Page 46 EXHIBIT INDEX Exhibit No. Description  
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2.1 Plan and Agreement of Merger between Brightpoint, Inc. and Brightpoint Indiana Corp. dated April 23, 2004. Incorporated by reference to Appendix E to Brightpoint, Inc.'s Proxy Statement dated April 26, 2004 relating to its Annual Stockholders meeting held June 3, 2004. 3.1 Restated Articles of Incorporation of Brightpoint, Inc. (formerly Brightpoint Indiana Corp.) Incorporated by reference to the applicable exhibit filed with the Company's Form 8-K dated June 3, 2004. 3.2 Amended and Restated By-Laws of Brightpoint, Inc. (formerly Brightpoint Indiana Corp.) Incorporated by reference to the applicable exhibit filed with the Company's Form 8-K dated June 3, 2004. 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, implementing Section 302 of the Sarbanes-Oxley Act of 2002 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002. 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002. 99.1 Cautionary Statements Page 47