

PATRICK INDUSTRIES INC  
Form DEF 14A  
April 15, 2019

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  X  
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))

X Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Sections 240.14a-11(c) or Section 240.14a-12

PATRICK INDUSTRIES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

X 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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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:



PATRICK INDUSTRIES, INC.

107 West Franklin Street

P.O. Box 638

Elkhart, Indiana 46515-0638

(574) 294-7511

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 15, 2019

TO OUR SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Patrick Industries, Inc., an Indiana corporation, will be held at The Studio-Patrick Design Center, 420 Roske Drive, Elkhart, Indiana, on Wednesday, May 15, 2019 at 10:00 A.M., Eastern Time, for the following purposes:

1. To elect nine directors to the Board of Directors to serve until the 2020 Annual Meeting of Shareholders;
2. To ratify the appointment of Crowe LLP as our independent registered public accounting firm for fiscal year 2019;
3. To approve, in an advisory and non-binding vote, the compensation of the Company's named executive officers for fiscal year 2018 as disclosed in the Proxy Statement (a "Say-on-Pay" vote);  
To recommend, in an advisory and non-binding vote, whether a non-binding shareholder vote to approve the
4. compensation of the Company's named executive officers should occur every one, two or three years (a "Say-on-Frequency" vote); and
5. To consider and transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on March 22, 2019 as the record date for the determination of the holders of shares of our outstanding common stock entitled to notice of and to vote at the Annual Meeting of Shareholders. Each shareholder is entitled to one vote per share on all matters to be voted on at the meeting. Your vote is important. Whether or not you expect to attend the meeting, please vote your shares using the Internet, by telephone, or by mail by signing, dating, and returning the enclosed proxy in the enclosed envelope. Your shares will then be represented at the meeting, if you are unable to attend. You may, of course, revoke your proxy and vote in person at the meeting, if you desire. If you hold shares through a broker or other custodian, please check the voting instructions used by that broker or custodian. Please note that brokers may not vote your shares on the election of directors, on compensation matters or on other proposals to be considered by shareholders at the Annual Meeting (except on the ratification of the independent auditors) in the absence of your specific instructions as to how to vote. Please return your proxy card so your vote can be counted.

April 19, 2019

By Order of the Board of Directors,

/s/ Joshua A. Boone

Joshua A. Boone

Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held On May 15, 2019.

Our Proxy Statement and Annual Report to Shareholders for fiscal 2018 are available on Patrick Industries, Inc.'s website at [www.patrickind.com](http://www.patrickind.com) under "Investor Relations". You may also request hard copies of these documents free of charge by writing to us at the address above, Attention: Office of the Secretary.

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## PROXY STATEMENT

Annual Meeting of Shareholders

To Be Held May 15, 2019

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This Proxy Statement and the accompanying Proxy Card are being mailed to shareholders of Patrick Industries, Inc. (the “Company” or “Patrick”) on or about April 19, 2019, and are furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) for the Annual Meeting of Shareholders to be held on May 15, 2019 (the “Annual Meeting”) for the purpose of considering and acting upon the matters specified in the Notice of Annual Meeting of Shareholders accompanying this Proxy Statement. If the form of proxy which accompanies this Proxy Statement is executed and returned, or is voted by Internet or by telephone, it may be revoked by the person giving it at any time prior to the voting thereof by (i) written notice to the Secretary of the Company, (ii) requesting to vote in person at the Annual Meeting, or (iii) submitting a later-dated proxy by mail, Internet, or telephone. To revoke a proxy by telephone or the Internet, you must do so by 11:59 p.m. Eastern Time, on May 14, 2019.

If the form of proxy is signed, dated and returned without specifying choices on one or more matters presented to the shareholders, the shares will be voted on the matter or matters listed on the proxy card as recommended by the Company’s Board.

Additional solicitations, in person or by telephone or otherwise, may be made by certain directors, officers and employees of the Company regarding the proposals without additional compensation. Expenses incurred in the solicitation of proxies, including postage, printing and handling, and actual expenses incurred by brokerage houses, custodians, nominees and fiduciaries in forwarding documents to beneficial owners, will be paid by the Company. Patrick’s Annual Report to Shareholders, which contains Patrick’s Annual Report on Form 10-K for the year ended December 31, 2018, accompanies this Proxy Statement. Requests for additional copies of the Annual Report on Form 10-K should be submitted to the Office of the Secretary, Patrick Industries, Inc., 107 West Franklin Street, P.O. Box 638, Elkhart, Indiana 46515-0638. Annual Meeting materials may also be viewed online through our website, [www.patrickind.com](http://www.patrickind.com).

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## PROXY SUMMARY

This summary highlights certain information contained in our 2019 Proxy Statement. Although it does not contain all of the information in this Proxy Statement, it provides an overview of the information discussed herein. You should carefully review the entire Proxy Statement before voting.

### Voting Matters

#### Proposal 1: Election of Directors

As of the date of this Proxy Statement, our Board of Directors (the "Board") is comprised of 11 members. Two of those members, Paul E. Hassler and Walter E. Wells, have been directors of the Company since 2005 and 2001, respectively. Mr. Hassler and Mr. Wells have chosen to retire from the Board effective May 15, 2019.

On March 21, 2019, the Board appointed Pamela R. Klyn, Derrick B. Mayes and Denis G. Suggs as additional independent directors. Ms. Klyn and Messrs. Mayes and Suggs represent three of the total nine nominees for election to the Board at the May 15, 2019 Annual Meeting. In addition, the other six nominees for election include Todd M. Cleveland, Joseph M. Cerulli, John A. Forbes, Michael A. Kitson, Andy L. Nemeth and M. Scott Welch.

#### Proposal 2: Ratification of Appointment of Independent Registered Accounting Firm for Fiscal Year 2019

#### Proposal 3: Advisory Vote to Approve the Compensation of our Named Executive Officers

#### Proposal 4: Advisory Vote to Approve the Frequency of Shareholder Votes on Executive Compensation

The Board recommends you vote "FOR" each of the nine nominees listed under Proposal 1, "FOR" Proposals 2 and 3, and "ONE YEAR" for Proposal 4.

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### Corporate Governance Developments

The Board believes that fundamental corporate governance is important to ensure that we are managed for the long-term benefit of our shareholders. As previously disclosed in the Company's 2018 Proxy Statement, during fiscal 2018, the Board adopted two new policies, namely a (1) Board Diversity Policy, and a (2) Social and Environmental Responsibility Policy.

In 2019, the Board provided additional disclosures regarding the Company's environmental, social and governance ("ESG") practices. In alignment with the Company's Code of Ethics and Business Conduct and Corporate Governance Guidelines, the Board aims to ensure that matters of environmental, health and safety, social and governance responsibility are considered and supported in the Company's operations and administrative matters and are consistent with Patrick shareholders' best interests.

The Board Diversity and Social and Environmental Responsibility Policies and the ESG disclosures are discussed in greater detail on pages 15 to 17 of this Proxy Statement and are also available on the Company's website, [www.patrickind.com](http://www.patrickind.com), under "Investor Relations - Corporate Governance."



## BUSINESS FINANCIAL HIGHLIGHTS

### Fiscal Year 2018 Company Financial Performance Summary

The 2018 performance plan year reflected continued year-over-year growth in both revenue and net income. The performance year experienced overall positive economic trends and growth of our core business markets of Recreational Vehicle, Marine, Manufactured Housing, and Industrial. Our continued focus on the execution of our strategic initiatives and capital allocation strategy was the key driver of our achievements (despite a 4% decline in Recreational Vehicle industry wholesale unit shipments in 2018). The Company continued to execute on a Company-wide market and performance-based rewards platform designed to reward for differentiated performance that supported operating excellence and growth both organically and through acquisitions in 2018.

Through the execution of our 2018 Organizational Strategic Agenda and the efforts of our more than 8,000 team members, the Company achieved sales, net income, and net income per diluted share in 2018 that was in-line with our targeted operating results (net of acquisitions). In addition, the Company's cumulative total shareholder return ("TSR") over the six-year period from December 31, 2012 to December 31, 2018 was 328% compared to 76% for the S&P 500 Index over the same time period.

The charts below illustrate the Company's growth in net sales, net income, and net income per diluted share since 2013 as well as the returns to shareholders over this period. We believe these achievements are the result of balancing our autonomous business unit structure with the overarching strategies and initiatives of the Company while focusing on our culture of Customer 1st.

The Company's performance is ultimately focused on meeting the needs of our large breadth of customers and generating returns for our shareholders. Our compensation plan continues to be structured with a focus on outperforming expectations and rewarding the NEOs accordingly. While we focus on the annual objectives and outcomes, the Company also continues to emphasize our long-range strategic plan and the execution of that plan. As illustrated in the charts below, over the five-year period from January 1, 2014 to December 31, 2018, Patrick has outperformed its 2018 benchmark peer group (see page 26) used in establishing NEO compensation with a compound annual growth rate ("CAGR") TSR and a cumulative TSR in excess of that of its peer group.



## VOTING INFORMATION

Each shareholder is entitled to one vote for each share of our common stock held as of the record date. For purposes of the meeting, a quorum means a majority of the outstanding shares. Abstentions and withheld votes are counted as shares represented at the meeting for purposes of determining a quorum. As of the close of business on March 22, 2019, the record date for shareholders entitled to vote at the Annual Meeting, there were outstanding 23,845,848 shares of common stock entitled to one vote each. In determining whether a quorum exists at the meeting, all shares represented in person or by proxy will be counted. Proxies properly executed and received by us prior to the meeting and not revoked will be voted as directed therein on all matters presented at the meeting.

With respect to Proposal 1 (Election of Directors), a shareholder may (i) vote for the election of each named director nominee, or (ii) withhold authority to vote for each named director nominee. With respect to Proposal 2 (Ratification of Independent Registered Public Accounting Firm) and Proposal 3 (Advisory Vote on Executive Compensation), a shareholder may vote for, against or abstain. With respect to Proposal 4, a shareholder may vote for a frequency of one, two or three years or abstain by so indicating in the appropriate space on the proxy. Please note that brokers may not vote your shares on Proposals 1, 3 and 4 in the absence of your specific instructions as to how to vote. Please return your proxy card so your vote can be counted.

If a shareholder's shares are held by a broker or other financial institution (the "broker") on the shareholder's behalf (that is, in "street name") and the shareholder does not instruct the broker as to how to vote the shareholder's shares, the broker may vote the shares in its discretion on matters designated as routine. However, a broker cannot vote shares held in street name on matters designated as non-routine unless the broker receives voting instructions from the beneficial owner. If a shareholder's shares are held in street name and the shareholder does not

provide voting instructions to the broker, the broker will have discretion to vote those shares only on Proposal 2 because this proposal is considered a routine matter. “Broker non-votes” occur when brokerage firms return proxies for which no voting instructions have been received from beneficial owners and the broker does not have discretionary authority to vote on the proposal. Broker non-votes and abstentions will be included in the determination of the number of shares of common stock present at our Annual Meeting for quorum purposes, but will not be counted as votes cast on any matter presented at our Annual Meeting that is a non-routine matter.

Under Proposal 1, the directors are elected by a plurality of the votes cast by shares present in person or by proxy at the Annual Meeting and entitled to vote. Therefore, broker non-votes and abstentions will have no effect on Proposal 1, except to the extent that they will count as votes not cast. Proposals 2 and 3 in this Proxy Statement require the affirmative vote of a majority of the votes cast, assuming a quorum is present. Broker non-votes and abstentions will have no effect on these proposals.

With respect to Proposal 4, the option of “1 Year”, “2 Years”, and “3 Years” that receives the highest number of votes cast will be the frequency of the advisory vote recommended by shareholders on executive compensation. Broker non-votes and abstentions will have no effect on Proposal 4. Although the vote is non-binding, the Compensation Committee and the Board value the opinions of shareholders and will consider the outcome of the vote on Proposal 4 when determining the frequency of when it will submit to shareholders a vote on executive compensation. However, because this vote is advisory and non-binding on the Board in any way, the Board may decide that it is in the best interest of our shareholders and the Company to hold an advisory vote on executive compensation more or less frequently than the frequency recommended by shareholders.

If you hold your shares through a broker, for your vote to be counted, you will need to communicate your voting decisions to your broker before the date of the Annual Meeting. A street name shareholder who wishes to vote at the Annual Meeting will need to obtain a legal proxy from his or her broker or other nominee and present that proxy and proof of identification at the Annual Meeting to hand in with his or her ballot.

The Board knows of no other matter which may come up for action at the Annual Meeting. However, if any other matter properly comes before the Annual Meeting, the persons named in the proxy form enclosed will vote in accordance with their judgment upon such matter.

## PROPOSALS OF SHAREHOLDERS

### Proposals Included in the Proxy Statement

Shareholder proposals for inclusion in proxy materials for the next Annual Meeting should be addressed to the Office of the Secretary, 107 West Franklin Street, P.O. Box 638, Elkhart, Indiana 46515-0638, and must be received no later than December 21, 2019.

### Proposals Not Included in the Proxy Statement

Our Articles of Incorporation require notice of any other business to be brought by a shareholder before the 2020 annual meeting of shareholders (but not included in the proxy statement) to be delivered, in writing, to the Company’s Secretary, together with certain prescribed information, on or after March 26, 2020 and no later than April 25, 2020. Likewise, the Articles of Incorporation and Bylaws require that shareholder nominations to the Board for the election of directors to occur at the 2020 annual meeting of shareholders be delivered to the Secretary, together with certain prescribed information, in accordance with the procedures for bringing business before an annual meeting at which directors are to be elected.

## PROPOSAL 1

### ELECTION OF DIRECTORS

There are nine nominees for election to the Board, all of which are current members of our Board. The individuals elected as directors at the 2019 Annual Meeting will be elected to hold office until the 2020 Annual Meeting or until their successors are duly elected and qualified.

It is intended that the proxies will be voted for the nominees listed below, unless otherwise indicated on the proxy form. It is expected that these nominees will serve, but, if for any unforeseen cause any such nominee should decline or be unable to serve, the proxies will be voted to fill any vacancy so arising in accordance with the discretionary authority of the persons named in the proxies. The Board does not anticipate that any nominee will be unable or unwilling to serve.

The information provided below has been furnished by the director nominees, and sets forth (as of March 31, 2019) the names, ages, principal occupations, recent professional experience, certain specific qualifications identified as part of the Board's determination that each such individual should serve on the Board, and other directorships at other public companies for at least the past five years, if any. Each of the following nominees was elected to his or her present term of office at the Annual Meeting of Shareholders held on May 16, 2018, with the exception of Pamela R. Klyn, Derrick B. Mayes and Denis G. Suggs, who were appointed to the Board on March 21, 2019. Paul E. Hassler and Walter E. Wells, who were elected as directors at the May 16, 2018 Annual Meeting of Shareholders, will retire from the Board effective May 15, 2019.

Todd M. Cleveland, age 51, has been our Chairman of the Board since May 2018 and our Chief Executive Officer since February 2009. Mr. Cleveland was President of the Company from May 2008 to December 2015, and Chief Operating Officer of the Company from May 2008 to March 2013. Prior to that, he served as Executive Vice President of Operations and Sales and Chief Operating Officer of the Company from August 2007 to May 2008. Mr. Cleveland also spent 17 years with Adorn Holdings, Inc. ("Adorn") serving as President and Chief Executive Officer from 2004 to 2007; President and Chief Operating Officer from 1998 to 2004; and Vice President of Operations and Chief Operating Officer from 1994 to 1998. Mr. Cleveland has served as a director of IES Holdings, Inc. since February 2017. Mr. Cleveland has over 28 years of recreational vehicle, manufactured housing and industrial experience in various operating capacities. He also has extensive knowledge of our Company and the industries to which we sell our products, and experience with management development and leadership, acquisitions, strategic planning, manufacturing, and sales of our products. He has served as a director of the Company since 2008.

Joseph M. Cerulli, age 59, has been employed by Tontine Associates, LLC, an affiliate of Tontine Capital Partners, LP, and Tontine Capital Management, LLC (collectively, with their affiliates, "Tontine"), since January 2007. Mr. Cerulli has particular knowledge of our Company and the industries in which we operate based on Tontine's long-standing investment in the Company and possesses extensive knowledge with respect to financial and investment matters. Mr. Cerulli currently serves as a member of the Company's Corporate Governance and Nominations Committee. He has served as a director of the Company since 2008.

John A. Forbes, age 59, has been a partner with Outcomes LLC and Full Sails LLC, two firms engaged in new product development and strategic business consulting, since June 2017. Previously, Mr. Forbes was the President of Utilimaster, a business unit of Spartan Motors USA, Inc., from July 2010 to June 2017. Prior to that, he was the Chief Financial Officer of Utilimaster from May 2009 to July 2010, the Chief Financial Officer of Nautic Global Group LLC from 2007 to 2009, and the Chief Financial Officer of Adorn LLC from 2003 to 2007. Mr. Forbes has served as a director of Chase Packing Corporation since March 2019. Mr. Forbes has over 32 years of experience in serving various manufacturing industries having held senior financial leadership roles. Mr. Forbes also has extensive experience with operations management, acquisitions, strategic planning, risk management, and banking relations. He has been determined to be an "audit committee financial expert" under the rules and regulations of the Securities and Exchange Commission (the "SEC") by our Board. Mr. Forbes currently serves as



the Chairman of the Company's Corporate Governance and Nominations Committee, and as a member of the Company's Audit Committee and Compensation Committee. He has served as a director of the Company since 2011.

Michael A. Kitson, age 60, has been the Chief Financial Officer of oVertone Haircare, Inc., a manufacturer of haircare products, since July 2018. Previously, Mr. Kitson was a principal with AVL Growth Partners, a firm that provides chief financial officer and other financial advisory services, from March 2017 to July 2018. Prior to that, Mr. Kitson was the Chief Financial Officer of MikaTek, Ltd. from January 2016 until July 2016, the Chief Executive Officer of SharpShooter Imaging from March 2015 to January 2016, the Chief Executive Officer of Nautic Global Group from March 2011 to October 2013 and the Chief Financial Officer of Nautic from August 2010 to March 2011. Mr. Kitson has over 32 years of experience in serving various manufacturing industries having also held senior financial leadership roles with Lilly Industries, Inc. Mr. Kitson also has extensive experience with corporate and operations management, strategic planning, and risk management. He has been determined to be an "audit committee financial expert" under the SEC's rules and regulations by our Board. Mr. Kitson currently serves as the Chairman of the Company's Audit Committee, and as a member of the Company's Corporate Governance and Nominations Committee and Compensation Committee. He has served as a director of the Company since 2013.

Pamela R. Klyn, age 48, has been the Senior Vice President in the Global Product Organization at Whirlpool Corporation, the world's leading major home appliance company, since 2016 and has held various leadership positions in marketing and engineering within Whirlpool since 1993. Ms. Klyn has over 26 years of experience in the home appliance industry, and has extensive experience in marketing, engineering, strategic planning, and new product development. She has served as a director of the Company since her appointment to the Board on March 21, 2019.

Derrick B. Mayes, age 45, has been the Vice President of WME/IMG (now known as Endeavor/Learfield/IMG College), a strategic advisory firm to the sports and entertainment industry, since 2015. Prior to that, Mr. Mayes was the Chief Executive Officer of ExecutiveAction Sports & Entertainment, serving as a strategic adviser to high profile individuals, groups and organizations in the sports and entertainment industry, from 2007 to 2015. Mr. Mayes has over 18 years of experience in strategic planning, with extensive experience in the digital communications space, and has been a leadership and diversity speaker to numerous public companies and private organizations, particularly in the sports and entertainment markets. He has served as director of the Company since his appointment to the Board on March 21, 2019.

Andy L. Nemeth, age 50, has been the Company's President since January 2016. Prior to that, Mr. Nemeth was the Executive Vice President of Finance and Chief Financial Officer from May 2004 to December 2015 and Secretary-Treasurer from 2002 to 2015. He was also the Vice President of Finance and Chief Financial Officer from 2003 to 2004. Mr. Nemeth was a Division Controller from 1996 to 2002 and prior to that, he spent five years in public accounting. Mr. Nemeth has over 27 years of recreational vehicle, manufactured housing, and industrial experience in various financial and management capacities. Mr. Nemeth also has particular knowledge of our Company and the industries to which we sell our products, and has extensive experience with corporate management, development and leadership, acquisitions, strategic planning, risk management, and banking and finance relations. He has served as a director of the Company since 2006.

Denis G. Suggs, age 53, has been the President and Chief Executive Officer of Strategic Materials, a Houston, Texas-based environmental services company and leading supplier of recycled glass in North America, since March 2014. Prior to that, Mr. Suggs was the Global Executive Vice President of Belden, Inc. from 2009 to 2013 and the President of the Americas Division / Vice President of Belden, Inc. from 2007 to 2009. Mr. Suggs has over 20 years of experience in leading complex global businesses having also held senior financial leadership roles with Danaher Corporation and Public Storage Corporation. Mr. Suggs also has extensive experience with corporate and operations management, strategic planning, mergers and acquisitions, and risk management. Mr. Suggs has served as a director of the Education Corporation of America since 2015, and of Strategic Materials and the Glass Packaging Institute since 2014. He has served as a director of the Company since his appointment to the Board on March 21, 2019.



M. Scott Welch, age 59, has been the President and Chief Executive Officer of Welch Packaging Group, a large independently owned corrugated packaging company, since 1985. Prior to establishing Welch Packaging, he worked at Northern Box, Performance Packaging, and Elkhart Container. Mr. Welch has served as a director of Lakeland Financial Corporation (“Lakeland”) from 1998 to present, and has been the lead independent director and a member of Lakeland’s compensation committee since 2012. He has also served as a trustee of DePauw University since 2005. Mr. Welch has over 37 years of experience in the packaging industry, and has extensive experience in sales, marketing and strategy. Mr. Welch currently serves as a member of the Company’s Compensation Committee, Corporate Governance and Nominations Committee and Audit Committee. He has served as a director of the Company since 2015 and as the lead independent director since 2018.

The Board of Directors unanimously recommends a vote FOR the nominated directors.

#### 2018 NON-EMPLOYEE DIRECTOR COMPENSATION

While the structure of the 2018 Non-Employee Director Compensation Plan was unchanged from the 2017 plan, the Corporate Governance and Nominations Committee revised the amounts of the compensation components in May 2018. The plan structure and compensation composition, as approved by the Board, are detailed below:

1. The non-employee directors' annual retainer was \$60,000 as of January 1, 2018 with an increase to \$65,000 effective July 1, 2018.

The chairpersons of the Compensation Committee and the Corporate Governance and Nominations Committee  
2. continue to receive an additional \$4,000 annual retainer. The annual retainer for the chairperson of the Audit Committee was \$6,000 as of January 1, 2018 with an increase to \$8,000 effective July 1, 2018.

3. The lead independent director receives an additional annual retainer of \$4,000 effective July 1, 2018.

Non-employee directors receive an annual restricted stock grant in May of each year, which vests upon such director’s continued service as a Board member for one year or earlier upon certain events. The targeted value of the  
4. May 2018 grant was \$100,000, compared to an annual restricted stock grant with a targeted value of \$90,000 received in the May 2017 grant.

Employee directors receive no compensation as such. In addition to total direct compensation, the Company reimburses the non-employee directors’ expenses, including travel, accommodations and meals, for attending Board and Board Committee meetings, our Annual Shareholders Meeting, and any other activities related to our business. The following table sets forth a summary of the compensation paid to non-employee directors in the year ended December 31, 2018:

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Payments under the Company's Executive Retirement Plan and Deferred Compensation Plan (2)	Total
Joseph M. Cerulli	\$62,500	\$100,033	—	\$162,533
John A. Forbes	66,500	100,033	—	166,533
Paul E. Hassler (3)	64,500	100,033	\$125,996	290,529
Michael A. Kitson	69,500	100,033	—	169,533
Pamela R. Klyn (4)	—	—	—	—
Derrick B. Mayes (4)	—	—	—	—
Denis G. Suggs (4)	—	—	—	—
M. Scott Welch (5)	64,500	100,033	—	164,533
Walter E. Wells	66,500	100,033	—	166,533

Amounts shown do not represent compensation actually received. Such amounts reflect the aggregate grant date (1) fair value of 1,670 shares of restricted stock granted to each non-employee director, at a closing stock price of \$59.90 on May 16, 2018.

(2) Represents payments under the Company's Executive Retirement Plan and Deferred Compensation Plan based on prior employment with the Company.

Includes a pro-rated portion of the additional annual retainer of \$4,000 Mr. Hassler received as Chairman of the (3) Board for the period of January 1, 2018 to May 15, 2018. Mr. Cleveland was elected Chairman of the Board effective May 16, 2018.

Since Ms. Klyn and Messrs. Mayes and Suggs were appointed to the Board on March 21, 2019, they were not (4) granted shares of restricted stock nor did they receive the annual retainer fee in 2018. Ms. Klyn and Messrs. Mayes and Suggs began receiving compensation for their service on the Board effective March 21, 2019, upon which each of them were awarded a pro-rated portion of the \$100,000 May 2018 restricted stock award consisting of 347 shares of the Company's common stock based on a closing stock price of \$43.41 on March 21, 2019. The shares will fully vest on the first anniversary of the grant date or March 21, 2020.

(5) Mr. Welch was elected to serve as the Lead Independent Director of the Board effective May 16, 2018.

PROPOSAL 2

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT