

INSIGNIA SYSTEMS INC/MN  
Form DEF 14A  
April 29, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Insignia Systems 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):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:



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8799 Brooklyn Blvd., Minneapolis, MN 55445

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**June 9, 2015**

TO THE SHAREHOLDERS OF INSIGNIA SYSTEMS, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Insignia Systems, Inc. (the Company), a Minnesota corporation, will be held on Tuesday, June 9, 2015, at 9:00 a.m., Central Time, at Insignia Systems, Inc., 8799 Brooklyn Blvd., Minneapolis, Minnesota for the following purposes:

1. To elect as directors the eight nominees named in the attached Proxy Statement to serve for a one year term, and until their successors are elected;
2. To approve an amendment to the Company's 2013 Omnibus Stock and Incentive Plan to increase the number of shares reserved for issuance under the Plan from 900,000 to 1,100,000 shares;
3. To approve, by non-binding vote, the Company's executive compensation;

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4. To ratify the appointment of Baker Tilly Virchow Krause, LLP as the independent registered public accounting firm for the year ending December 31, 2015; and

5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has set the close of business on April 17, 2015 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting.

**All shareholders are cordially invited to attend the meeting in person. However, to ensure your representation at the meeting, you are urged to vote by Internet, by telephone, or if the proxy materials were mailed to you, by completing, signing and mailing the enclosed proxy card.**

By Order of the Board of Directors

John Gonsior  
Secretary

April 29, 2015

Minneapolis, Minnesota

**Important Notice Regarding Availability of Proxy Materials for the  
Shareholder Meeting to be Held on June 9, 2015:**

**The Proxy Statement and the Annual Report are available free of charge at:**

<https://materials.proxyvote.com/45765Y>.

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**Annual Meeting of Shareholders**

**June 9, 2015**

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**PROXY STATEMENT**

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**GENERAL INFORMATION**

This Proxy Statement is furnished to the shareholders of Insignia Systems, Inc. (the *Company* ) in connection with the solicitation of proxies by the Board of Directors (the *Board* ) to be voted at the Annual Meeting of Shareholders (the *Annual Meeting* ) to be held on June 9, 2015, and at any adjournment of the meeting.

**Important Notice Regarding the Internet Availability of Proxy Materials  
for the Annual Meeting to be Held on June 9, 2015**

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the *SEC* ), we are furnishing our proxy materials on the Internet. *Proxy materials* means this Proxy Statement, our 2014 Annual Report and any amendments or updates to these documents. A Notice Regarding the Availability of Proxy Materials ( *Notice of Internet Availability* ) will be mailed to shareholders on or about April 29, 2015. The Notice of Internet Availability contains instructions on how to access our Proxy Statement and Annual Report and how to vote via the Internet, by telephone or by mail.

*What is the purpose of the Annual Meeting?*



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At our annual meeting, shareholders will vote on the following items of business:

1. The election of eight directors for the ensuing year and until their successors are elected;
2. Approval of an amendment to the Company's 2013 Omnibus Stock and Incentive Plan to increase the number of shares reserved for issuance under the Plan from 900,000 to 1,100,000 shares;
3. Approval of, by non-binding vote, the Company's executive compensation; and
4. Ratification of the appointment of Baker Tilly Virchow Krause, LLP as our independent registered public accounting firm for the year ending December 31, 2015.

### *What are the board's recommendations?*

Our Board of Directors recommends that you vote:

- **FOR** election of the nominees for director (see Proposal Number One);
- **FOR** the amendment to increase the number of shares reserved for issuance under the 2013 Omnibus Stock and Incentive Plan from 900,000 shares to 1,100,000 shares (see Proposal Number Two)
- **FOR** the Company's executive compensation (see Proposal Number Three); and
- **FOR** ratification of the appointment of Baker Tilly Virchow Krause, LLP as our independent auditors for the year ending December 31, 2015 (see Proposal Number Four).

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***Who is entitled to vote at the meeting?***

As of the record date, April 17, 2015, there were 12,198,967 shares of common stock, par value \$.01 per share, outstanding and entitled to vote at the Annual Meeting. Each share of common stock is entitled to one vote. Only shareholders of record at the close of business on April 17, 2015, are entitled to vote at the Annual Meeting and at any continuation or adjournment thereof. The presence, in person or by proxy, including abstentions, of the holders of a majority of the shares of common stock entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business.

***What is the difference between a shareholder of record and a shareholder who holds the stock in street name ?***

***Shareholder of Record.*** If your shares are registered directly in your name with our transfer agent, Wells Fargo Shareowner Services, you are considered, with respect to those shares, a shareholder of record (also known as a registered shareholder). The Notice of Internet Availability has been sent directly to you by us or our representative.

***Beneficial Owner.*** If your shares are held in a brokerage account or by another nominee, your shares are said to be held in street name and you are considered the beneficial owner of the shares. Technically, the bank or broker is the shareholder of record with respect to those shares. In this case, the Notice of Internet Availability has been forwarded to you by your broker, bank or other financial institution or its designated representative. Through this process, your bank or broker collects the voting instructions from all of their respective customers, including you, who hold our shares and then submits those votes to us.

In accordance with New York Stock Exchange ( NYSE ) rules, brokers are NOT able to vote your shares with respect to the election of directors (Proposal One), approval of the amendment to increase shares for the 2013 Omnibus Stock and Incentive Plan (Proposal Two) or the advisory vote on executive compensation (Proposal Three) unless you provide voting instructions to them. We strongly encourage you to return your voting instruction form and exercise your right to vote.

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

If you are a ***shareholder who holds the stock in street name***, you must vote your shares using the method provided by your broker, bank, trust or other designee, which is similar to the voting procedure for shareholders of record outlined below. You will receive a voting instruction form (not a proxy card) to use to direct your broker, bank, trust or other designee how to vote your shares.

If you are a ***shareholder of record***, you can submit a proxy to be voted at the meeting in the following ways:

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**Vote By Internet:** To vote over the internet, go to [www.proxyvote.com](http://www.proxyvote.com). You must enter your Control Number that appears on your Notice of Internet Availability or proxy card that was mailed to you and follow the instructions. The steps have been designed to authenticate your identity, allow you to give voting instructions, and confirm that those instructions have been recorded properly.

**Vote By Telephone:** To vote over the telephone, call the toll free number on the Notice of Internet Availability that was mailed to you. You must enter your Control Number that appears on your Notice of Internet Availability or proxy card and then follow the instructions. The steps have been designed to authenticate your identity, allow you to give voting instructions, and confirm that those instructions have been recorded properly.

**Vote By Mail:** You can vote by mail by requesting a paper copy of the materials, which will include a proxy card. Mark, sign, date and return the proxy card in the postage-paid envelope provided.

**Vote In Person:** If you choose to vote your shares in person at the meeting, you must request a legal proxy. To do so, please follow the instructions at [www.proxyvote.com](http://www.proxyvote.com) or request a paper copy of the materials, which

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will contain the appropriate instructions. You may also request a paper or email copy of the documents by calling 1-800-579-1639 or email your request to: [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com).

Any proxy may be revoked at any time before it is voted by written notice, mailed or delivered to the Secretary of the Company, or by revocation in person at the Annual Meeting. If not so revoked, the shares represented by such proxy will be voted in the manner directed by the shareholder. If no direction is made, signed proxies received from shareholders will be voted for the proposals set forth in the Notice of Annual Meeting of Shareholders.

***How many shares must be present to hold the meeting?***

Under Minnesota law and our Bylaws, a majority of the voting power of the shares entitled to vote at the Annual Meeting represent a quorum for the transaction of business. Votes cast by proxy or in person at the Annual Meeting will be tabulated at the Annual Meeting to determine whether or not a quorum is present. Abstentions will be treated as unvoted for purposes of determining the approval of the matter submitted to the shareholders for a vote but will be counted in determining whether a quorum is present at the meeting. If a broker indicates on the proxy that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to that matter.

***How many votes are required to approve the proposals?***

In general, each item of business properly presented at a meeting of shareholders at which a quorum is present must be approved by the vote of the holders of a majority of the shares present, in person or by proxy, and entitled to vote on that item of business. Under Minnesota law, however, directors are elected by the affirmative vote of the holders of a plurality of the shares present and entitled to vote.

***What is the effect of not casting my vote by instructing my bank or broker about how to vote my shares?***

If you are a shareholder of record, and you do not cast your vote, no votes will be cast on your behalf on any proposals at the Annual Meeting.

As previously noted, if you hold your shares in street name, your bank or broker of record cannot vote your uninstructed shares for Proposals One, Two or Three in its discretion. Therefore, if you hold your shares in street name and you do not instruct your bank or broker how to vote, no votes will be cast on your behalf on those proposals.

Your bank or broker continues, however, to have discretion to vote any uninstructed shares on the ratification of the appointment of the Company's independent registered public accounting firm (Proposal Number Four).

*Who pays for the cost of proxy preparation and solicitation?*

All expenses in connection with solicitation of proxies will be borne by the Company. The Company will pay brokers, nominees, fiduciaries, or other custodians their reasonable expenses for sending proxy material to, and obtaining instructions from, persons for whom they hold stock of the Company. The Company expects to solicit proxies by mail, but directors, officers, and other employees of the Company may also solicit in person, by telephone or by mail.

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**CORPORATE GOVERNANCE AND BOARD MATTERS**

The business and affairs of the Company are conducted under the direction of the Board of Directors in accordance with the Company's Articles of Incorporation and Bylaws, the Minnesota Business Corporations Act, federal securities laws and regulations, applicable NASDAQ Rules, Board of Directors committee charters and the Company's Code of Ethics. Members of the Board of Directors are informed of the Company's business through discussions with management, by reviewing Board of Directors meeting materials provided to them and by participating in meetings of the Board of Directors and its committees, among other activities. Our corporate governance practices are summarized below.

**Election to the Board of Directors**

All of the Company's directors are elected annually. Our Bylaws provide that the Board of Directors shall consist of between two and no more than eight members, as designated by resolution of the Board of Directors from time to time. Pursuant to the recommendation of the Nominating and Corporate Governance Committee and the requirements of the Standstill Agreement further described under the heading "Certain Relationships and Related-Party Transactions" below, the Board of Directors has set the size of the Board of Directors to be elected at the 2015 Annual Meeting at eight.

**Majority Independent Board**

The listing rules of the NASDAQ Stock Market ("NASDAQ Rules") require that a majority of our Board be independent directors as that term is defined in the rules. Our Board has determined seven of our eight current Board members to be independent directors. Our current independent directors are: Jacob J. Berning, David L. Boehnen, Edward A. Corcoran, Reid V. MacDonald, Nicholas J. Swenson, Gary L. Vars and Steven R. Zenz. Because he is an executive officer of the Company, Glen P. Dall, is not an independent director.

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

***Board Meetings; Attendance at Board and Annual Shareholder Meetings***

The Board of Directors held eight meetings during 2014. Each director attended in excess of 90% of all meetings of the Board and committees of the Board on which he served. Each of the six directors then serving on the Board attended the 2014 Annual Meeting of Shareholders. Directors are expected to attend substantially all of the meetings of the Board and the committees on which they serve, as well as the annual meeting of shareholders, except for good cause. Directors who have excessive absences without good cause will not be nominated for re-election or, in extreme cases, will be asked to resign or be removed.

***Committees***

The Board of Directors has four committees: the Audit Committee, the Capital Allocation Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee.

Audit Committee.

*Membership and Independence.* The members of the Audit Committee are: Mr. Zenz (Chair), Mr. Boehnen and Mr. Corcoran, each of whom is an independent director as that term is defined by the NASDAQ Rules and independent as that term is defined by Rule 10A-3(b)(1) under the Securities Exchange Act of 1934.

*Duties and Responsibilities.* The Audit Committee provides independent objective oversight of the Company's financial reporting system. As part of its responsibilities, the Committee reviews and evaluates significant matters relating to the annual audit and the internal controls of the Company, reviews the scope and results of annual independent audits by, and the recommendations of, the Company's independent auditors, reviews the independent auditor's qualifications and independence and approves additional services to be provided by the

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auditors. The Audit Committee is solely responsible for appointing, setting the compensation of and evaluating the independent auditors.

In addition, the Committee: (i) meets separately with management and the independent auditors on a periodic basis; (ii) receives the independent auditors' report on all critical accounting policies and practices and other written communications; (iii) reviews management's statements concerning its assessment of the effectiveness of internal controls and the independent auditors' report on such statements, as applicable; and (iv) reviews and discusses with management and the independent auditors the Company's interim and annual financial statements and disclosures (including Management's Discussion and Analysis) in its Quarterly Reports on Form 10-Q and Annual Report on Form 10-K and the results of the quarterly financial reviews and the annual audit. The Committee has direct access to the Company's independent auditors. The Committee also reviews and approves all related-party transactions.

The foregoing is a general summary of the Committee's duties and activities. The Audit Committee operates pursuant to a written charter, which is available on the *Investor Relations* section of the Company's website at [www.inisigniasystems.com](http://www.inisigniasystems.com). This charter further describes the role of the Audit Committee in overseeing the Company's financial reporting process. References to the Company's website are for informational purposes and are not intended to, and do not, incorporate information found on the website into this Proxy Statement.

*Committee Meetings.* The Committee held eight meetings during the past fiscal year. In addition to fulfillment of the Committee's regular duties and responsibilities, these meetings were designed to facilitate and encourage private communication between the Audit Committee and the Company's independent auditors. Please refer to the Report of the Audit Committee in this Proxy Statement beginning on page 26.

*Audit Committee Financial Expert.* Mr. Zenz has been designated by the Board as the Audit Committee's financial expert, as that term is defined by the rules of the SEC. Through his extensive experience as a former partner of the audit and advisory firm KPMG LLP, he possesses: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements with a breadth and level of complexity commensurate with those presented by the Company's financial statements; (iv) an understanding of internal control over financial reporting; and (v) an understanding of audit committee functions.

*Capital Allocation Committee.*

*Membership.* The members of the Capital Allocation Committee are: Mr. Boehnen, Mr. Swenson, Mr. Zenz and Mr. Seth Barkett, a Portfolio Manager at Groveland Capital, LLC.

*Duties and Responsibilities.* The Standstill Agreement, further described under *Certain Relationships and Related-Party Transactions* below, requires that the Company form and maintain a Capital Allocation Committee. The Committee's duties are: (i) to review and recommend to the Board for or against all investments in excess of \$1,000,000 and (ii) evaluate possible uses of excess capital and report to the Board on such evaluation. Any investment that is recommended by the Committee may be disapproved by the Board in its sole discretion and the Board may in its sole discretion determine to proceed with any investment recommended against by the Committee.



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The foregoing is a general summary of the Committee's duties and activities. The Capital Allocation Committee operates pursuant to a written charter, which is available on the *Investor Relations* section of the Company's website at [www.inisigniasystems.com](http://www.inisigniasystems.com). References to the Company's website are for informational purposes and are not intended to, and do not, incorporate information found on the website into this Proxy Statement.

*Committee Meetings.* The Capital Allocation Committee held one meeting during the past fiscal year.

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Compensation Committee.

*Membership and Independence.* The members of the Compensation Committee are Mr. MacDonald (Chair), Mr. Corcoran, Mr. Swenson, Mr. Vars and Mr. Zenz, all of whom are independent directors as that term is defined by the NASDAQ Rules, including the independence criteria specific to compensation committee members, non-employee directors as that term is defined in Rule 16b-3 under the Securities Exchange Act of 1934, and outside directors as that term is used in Section 162(m) of the Internal Revenue Code.

*Duties and Responsibilities.* The Compensation Committee operates pursuant to a written charter, which is available on the *Investor Relations* section of the Company's website at [www.insigniasystems.com](http://www.insigniasystems.com). The Committee's main duties, as described in its charter, are: (i) to review and approve annual base salary and incentive compensation levels, employment agreements, and benefits of the Chief Executive Officer and other key executives; (ii) to review the performance of the Chief Executive Officer; (iii) to review and assess performance target goals established for bonus plans and determine if goals were achieved at the end of the plan year; (iv) to act as the administrative committee for the Company's stock plans, and any other incentive plans established by the Company; (v) to consider and approve grants of incentive stock options, non-qualified stock options, restricted stock or any combination to any employee; and (vi) to oversee the filing of required compensation-related reports or disclosures in the Company's SEC reports, proxy statement and other filings.

In pursuing its duties, the Committee has the authority to retain and has, from time to time, retained an outside compensation consultant to advise it on compensation matters. In 2013, the Committee retained Towers Watson to provide competitive market data relating to executive competitive pay levels and advice with respect to annual incentive plan design, equity compensation practices, and compensation of outside directors. The Committee also consults with the Chief Executive Officer and, from time to time, other senior management on compensation issues regarding the other executive officers.

*Committee Meetings.* The Compensation Committee held five meetings during the past fiscal year.

Nominating and Corporate Governance Committee.

*Membership and Independence.* The members of the Committee are Mr. Boehnen (Chair), Mr. Corcoran, Mr. MacDonald, Mr. Swenson and Mr. Vars, each of whom is an independent director as that term is defined in the NASDAQ Rules.

*Duties and Responsibilities.* Among other duties, the Committee is responsible for nominating the slate of directors to be considered for election at the Company's annual meeting of shareholders. In accordance with its committee charter, the Nominating and Corporate Governance Committee evaluates candidates for election as directors using the following criteria: education, reputation, experience, industry knowledge, independence, leadership qualities, personal integrity, diversity, and such other criteria as the Committee deems relevant. The Committee will consider candidates recommended by the Board, management, shareholders, and others. The charter authorizes the Committee to retain and pay advisors to assist it in identifying and evaluating candidates. For further information concerning the Committee's duties and responsibilities please refer to the Committee's charter, which is available in the *Investor Relations* section of the Company's website at [www.insigniasystems.com](http://www.insigniasystems.com).

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*Policies Concerning Nomination Process.* Shareholders who wish to recommend candidates to the Nominating and Corporate Governance Committee should submit the names and qualifications of the candidates to the Committee at least 120 days before the date of the Company's proxy statement for the previous year's annual meeting. Submittals should be in writing and addressed to the Committee at the Company's headquarters. Candidates recommended by shareholders will be evaluated by the Committee using the same criteria applicable to other candidates.

*Committee Meetings.* The Committee held three meetings during the past fiscal year.

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**Other Corporate Governance Matters**

*Leadership Structure*

Mr. Dall has served as Chief Executive Officer since July 2013. Mr. Boehnen has served as the Chairman of the Board since August 2013. Our CEO and other executive management are responsible for setting the strategic direction of the Company and managing the day-to-day leadership and performance of the Company, while the Chairman provides guidance to the CEO and executive management, sets the agenda for meetings of the Board of Directors and presides over meetings of the full Board. The Board believes the current leadership structure strengthens the role of the Board in fulfilling its oversight responsibility and fiduciary duties to the Company's shareholders while recognizing the day-to-day management direction of the Company by Mr. Dall and other executive management.

*Board's Role in Risk Oversight*

The Company faces a number of risks, including financial, technological, operational, strategic and competitive risks. Management is responsible for the day-to-day management of risks we face, while the Board has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors ensures that the processes for identification, management and mitigation of risk by our management are adequate and functioning as designed.

Our Board is actively involved in overseeing risk management, and it exercises its oversight both through the full Board and through the four standing committees of the Board—the Audit, Capital Allocation, Compensation and Nominating and Corporate Governance Committees. The four standing committees exercise oversight of the risks within their areas of responsibility, as disclosed in the descriptions of each of the committees above and in the charters of each of the committees.

The Board and the four committees receive information used in fulfilling their oversight responsibilities through the Company's executive officers and its advisors, including our legal counsel, our independent registered public accounting firm, and the compensation consultants we have engaged from time to time. At meetings of the Board, management makes presentations to the Board regarding our business strategy, operations, financial performance, fiscal year budgets, technology and other matters. Many of these presentations include information relating to the challenges and risks to our business and the Board and management actively engage in discussion on these topics. Each of the committees also receives reports from management regarding matters relevant to the work of that committee. These management reports are supplemented by information relating to risk from our advisors. Additionally, the Board receives reports by each committee chair regarding the committee's considerations and actions. In this way, the Board also receives additional information regarding the risk oversight functions performed by each of these committees.

*Shareholder Communications with the Board*

Shareholders may send written communications to the Board or to any individual director at any time. Communications should be addressed to the Board or the individual director at the address of the Company's headquarters. The Board will respond to shareholder communications when

it deems a response to be appropriate.

*Code of Ethics*

The Board of Directors has adopted a Code of Ethics which applies to all of our employees, directors and contractors to promote the highest honest and ethical conduct and compliance with laws, regulations and Company policies. The Code of Ethics is available in the *Investor Relations* section of the Company's website at [www.insigniasystems.com](http://www.insigniasystems.com).

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