NAM TAI ELECTRONICS INC
Form 6-K
October 30, 2007

OMB APPROVAL
OMB Number: 3235-0116
Expires: December 31, 2007
Estimated average burden
hours per response. 8.7

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 6-K
REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934
For the month of: October, 2007
Commission File Number 001-31583
NAM TAI ELECTRONICS, INC.
(Translation of registrant s name into English)
Unit C, 17 Floor Edificio Comercial Rodrigues
599 da Avenida da,
Praia Grande, Macao
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F þ Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____.

THIRD QUARTER NEWS RELEASE

Investor Contact : John Farina
E-MAIL: shareholder@namtai.com
Unit C, 17/F, Edificio Comercial Rodrigues
WEB : www.namtai.com
599 da Avenida da Praia Grande, Macao, China
TEL: (853) 2835 6333 FAX: (853) 2835 6262

NAM TAI ELECTRONICS, INC.

Q3 2007 Sales down 6%, Gross profit margin improves to 12.7% and EPS at 28 cents

MACAO, PRC October 29, 2007 Nam Tai Electronics, Inc. (Nam Tai or the Company) (NYSE Symbol: NTE) today announced its unaudited results for the third quarter and nine months ended September 30, 2007.

KEY HIGHLIGHTS

(In thousands of US Dollars, except per share data, percentages and as otherwise stated)

	Quarterly Results			**Nine Months Results**		
	Q3 2007	**Q3 2006**	**YoY (%)**	**9M 2007**	**9M 2006**	**YoY(%)**
Net sales	$204,485	218,516	(6.4)	$593,886	$640,527	(7.3)
Gross profit	$ 26,038	22,323	16.6	$ 65,984	$ 64,211	2.8
% of sales	12.7%	10.2%		11.1%	10.0%	
Operating income	$ 13,940	12,436	12.1	$ 32,991	$ 45,084	(26.8)
% of sales	*6.8%*	*5.7%*		*5.6%*	*7.0%*	
per share (diluted) [(a)]	*$ 0.31*	*$ 0.28*	*10.7*	*$ 0.74*	*$ 1.03*	*(28.2)*
Net income	$ 12,694	12,093	5.0	$ 59,898	$ 43,080	39.0
% of sales	*6.2%*	*5.5%*		*10.1%*	*6.7%*	
Basic earnings per share [(a)]	$ 0.28	$ 0.28		$ 1.35	$ 0.99	36.4
Diluted earnings per share [(a)]	$ 0.28	$ 0.28		$ 1.34	$ 0.99	35.4
Weighted average number of shares (000)						
Basic	44,804	43,787		44,509	43,674	
Diluted	44,805	43,787		44,805	43,726	

Note:

(a) Earnings per share calculation includes 1,017,149 common shares registered in the name of Bank of China Hong Kong Limited in compliance with the November 2006 decision of the

Privy Council of the United Kingdom

In addition to disclosing results determined in accordance with accounting principles generally accepted in the United States (US GAAP) above, management utilizes a measure of operating income, net income and earnings per share on a non-GAAP basis that excludes certain income/expenses as below to better assess operating performance. Those non-GAAP financial measures exclude certain items, such as gains on disposal of marketable securities, gains on disposal of assets held for sale, losses on marketable securities arising from split share structure reform, or other infrequent or unusual items. By disclosing the non-GAAP information, management intends to provide investors with additional information to analyze the Company s performance, core results and underlying trends. Non-GAAP information is not determined using US GAAP; therefore, the information is not necessarily comparable to other companies and should not be used to compare the Company s performance over different periods. Non-GAAP information should not be viewed as a substitute for, or superior to, net income or other data prepared in accordance with US GAAP as measures of our profitability or liquidity. Users of this financial information should consider the types of events and transactions for which adjustments have been made. See the table below for a reconciliation of non-GAAP amounts to amounts reported under US GAAP.

GAAP TO NON-GAAP RECONCILIATION

(In millions of US Dollars, except for per share (diluted) and numbers of shares)

	Three months ended September 30,				Nine months ended September 30,			
	2007		2006		2007		2006	
	million	per share (diluted)	million	per share (diluted)	million	per share (diluted)	million	per share (diluted)
GAAP Operating Income	**13.9**	**0.31**	**12.4**	**0.28**	**33.0**	**0.74**	**45.1**	**1.03**
Add back/(Less):								
- gain on disposal of asset held for sale							(9.3)	(0.21)
Non-GAAP Operating Income	**13.9**	**0.31**	**12.4**	**0.28**	**33.0**	**0.74**	**35.8**	**0.82**
GAAP Net Income	**12.7**	**0.28**	**12.1**	**0.28**	**59.9**	**1.34**	**43.1**	**0.99**
Add back/(Less):								
- gain on disposal of asset held for sale							(9.3)	(0.21)
- loss on marketable securities arising from split share structure reform							1.3	0.03
- gain on disposal of marketable securities [(a)]					(28.0)	(0.63)		
- gain on sales of subsidiaries shares					(0.4)	(0.01)		
Non-GAAP Net Income	**12.7**	**0.28**	**12.1**	**0.28**	**31.5**	**0.70**	**35.1**	**0.81**
Weighted average number of shares diluted (000)	44,805		43,787		44,805		43,726	

Note:

(a) As announced on April 24, 2007, the

Company, through a subsidiary of one of its Hong Kong listed subsidiaries, Nam Tai Electronic & Electrical Products Limited (NTEEP), disposed of all of its 80,600,173 A Shares of TCL Corporation on April 20 and April 23, 2007 through market sales on the Shenzhen Stock Exchange for an aggregate of approximately $54 million, resulting in a one-off gain of approximately $28 million net of the portion attributable to minority interests.

THIRD QUARTER REVIEW

Sales in the third quarter decreased 6% as compared to the same quarter of last year mainly as a consequence of a decline in business from the telecommunication components assembly (TCA) segment. This product segment is dependent on demand in the mobile phone market and one of our indirect customers suffered a substantial drop in sales volume in its mobile devices business in Asia and Europe. Thus, we and other participants in the mobile phone supply chain were inevitably affected. On a sequential basis, our total revenue experienced a 3% quarterly growth rate since the 1st quarter of 2007 and gross profit margins improved from 9.0% in the first quarter, to 11.5% in the second quarter to 12.7% in the third quarter. Although the business environment remains competitive and challenging, from our efforts focusing on sales in other segments, sales of LCD products segment grew by 3% and 4% during the third quarter and nine months ended September 30, 2007, respectively, and sales in our consumer electronics and communication products (CECP) segment grew by 21% and 16% during the third quarter and nine months ended September 30, 2007, respectively, the latter particularly from increased sales of mobile phone accessories such as speaker stands and headsets containing Bluetooth® wireless technology*, educational devices such as FLY Fusion Pentop Computers* and home entertainment products such as gaming accessories.

Net sales in the third quarter of 2007 were $204.5 million, a decrease of 6.4% as compared to $218.5 million in the third quarter of 2006. Gross profit in the third quarter of 2007 was $26.0 million, an increase of 16.6% as compared to $22.3 million in the same period last year. Operating income in the third quarter of 2007 was $13.9 million, or $0.31 per share (diluted), an increase of 12.1% as compared to operating income of $12.4 million, or $0.28 per share (diluted) for the same period last year. Net income in the third quarter of 2007 was $12.7 million, an increase of 5.0% as compared to $12.1 million in the third quarter of 2006. Basic and diluted earnings per share in the third quarter of 2007 were $0.28 per share, same as compared to the third quarter of 2006.

For the nine months ended September 30, 2007, Nam Tai s net sales were $593.9 million, a decrease of 7.3% as compared to $640.5 million in the same period last year. Gross profit was $66.0 million, an increase of 2.8% as compared to $64.2 million in the same period in year 2006. Operating income for the first nine months of 2007 was $33.0 million, or $0.74 per share (diluted), a decrease of 26.8% as compared with $45.1 million, or $1.03 per share (diluted), in the same period last year. Net Income for the first nine months of 2007 was $59.9 million, or $1.34 per share (diluted), an increase of 39.0% as compared to $43.1 million or $0.99 per share (diluted) in the same period last year.

Non-GAAP operating income for the first nine months of 2007 was $33.0 million, or $0.74 per share (diluted), compared to non-GAAP operating income of $35.8 million, or $0.82 per share (diluted) for the same period last year. Non-GAAP net income for the first nine months of 2007 was $31.5 million or $0.70 per share (diluted), a decrease of 10.3% as compared to $35.1 million, or $0.81 per share (diluted), for the same period in 2006.

The Company s financial position remains strong ending the quarter with $257.7 million cash on hand even after capital expenditures of $2.7 million and second quarter dividends of $9.4 million paid to shareholders on July 21, 2007.

COMPANY OUTLOOK

The third quarter of 2007 remained difficult for the Company as the same challenging business climate that we experienced in first and second quarters continued into third quarter. The competitive environment remains intense and we expect resulting pricing pressure from customers to remain a significant challenge for the electronics manufacturing services industry in the coming quarters and years. Additionally, we will also have to face issues such as the continuing appreciation of Renminbi, changing tax and labor law, shortages of electricity supply and increases in overhead expenses resulting from inflation. In the near term we expect any increases in demand for products in our TCA segment to be offset by seasonal decreases in our other product segments. We continue to concentrate our efforts to improve manufacturing efficiencies, broaden our product offerings and diversify our customer base. The sequential improvement in our gross profit margins during 2007 appears to indicate that certain of these efforts have been successful and have helped us to manage operations in this tough business environment and position us to maintain profitability.

In furtherance of our previously announced expansion projects, our current development of new production facilities in Shenzhen Guangming Hi-Tech Industrial Park is in progress. We are still

* *Note with respect to our use of Bluetooth and FLY Fusion in this press release*: The Bluetooth® word mark and logos are owned by the Bluetooth SIG, Inc. and any use of such marks by Nam Tai is under license. The trademark Fly Fusion is owned by Leapfrog.

awaiting notification from the PRC government before making the remaining balance payment of approximately $6.7 million. In September 2007, we held a stone-laying ceremony for the foundation of our planned facility in Wuxi, Jiangsu Province of the PRC and are targeting the commencement of manufacturing operations at our Wuxi facilities for early 2009.

SUPPLEMENTARY INFORMATION (UNAUDITED) IN THE THIRD QUARTER OF 2007

1. Quarterly Sales Breakdown

(In thousands of US Dollars, except percentage information)

Quarter	2007	2006	YoY(%) (Quarterly)	YoY(%) (Quarterly accumulated)
1st Quarter	191,571	208,358	(8.1)	(8.1)
2nd Quarter	197,830	213,653	(7.4)	(7.7)
3rd Quarter	204,485	218,516	(6.4)	(7.3)
4th Quarter		229,647		
Total	593,886	870,174		

2. Breakdown of Net Sales by Product Segment (as a percentage of Total Net Sales)

	2007		2006	
Segments	Q3 (%)	YTD (%)	Q3 (%)	YTD (%)
Consumer Electronic and Communication Products	44%	37%	23%	21%
Telecommunication Component Assembly	44%	52%	68%	72%
LCD Products	12%	11%	9%	7%
	100%	100%	100%	100%

3. Key Highlights of Financial Position

	As at September 30, 2007	As at September 30, 2006	As at December 31, 2006
Cash on hand [(a)]	$257.7 million	$227.0 million	$221.1 million
Marketable securities		$22.9 million	$24.4 million
Ratio of cash [(a)] to current liabilities	1.74	1.27	1.36
Current ratio	2.81	2.33	2.46
Ratio of total assets to total liabilities	3.63	3.02	3.23
Return on equity	24.3%	18.3%	13.0%
Ratio of total liabilities to equity	0.44	0.57	0.52
Debtors turnover	53 days	55 days	49 days
Inventory turnover	17 days	15 days	14 days
Average payable period	59 days	65 days	59 days

Note:

(a) Includes cash equivalents.

4. Developments in Class Action Litigation

As Nam Tai has previously reported and announced, the court denied the plaintiffs motion for class certification on August 21, 2007. A conference with the court originally scheduled to be heard on October 23, 2007 has been postponed without a new fixed date. The Company shall continue to provide updates of developments in this matter.

[Press Release]

Page 4 of 12

5. Tele-Art/Bank of China Litigation

As previously announced, and in compliance with the November 2006 decision of the Privy Council of the United Kingdom, we reinstated 1,017,149 of our common shares we previously redeemed from Tele-Art Inc. (Tele-Art), registered them on our stock register in the name of Bank of China Hong Kong Limited (BOC) and delivered the share certificates to BOC. We have been advised that BOC has disposed of 539,830 common shares of the Company in early September 2007 to satisfy the debt due from Tele-Art to BOC. The remaining 477,319 shares (Remaining Shares) have been returned and received by the Liquidator of Tele-Art (the Liquidator) in early October. The Company is working with the Liquidator and is consulting with its legal counsel as to the appropriate procedure for the disposal of the Remaining Shares to be applied to the unsecured claims against Tele-Art in liquidation, of which the Company believes its claims amount to approximately 95% of the total unsecured claim against Tele-Art. Nam Tai plans to continue to provide updates of material developments in this matter as they occur and will record the appropriate amount recovered, if any, in its financial statements in accordance with US GAAP.

6. Reorganization of Nam Tai Group

On October 8, 2007, Nam Tai announced that it intends to seek to reorganize the group structure of its subsidiaries in an effort to realize many of the same benefits that Nam Tai hoped to achieve by its proposed privatization of its two Hong Kong Stock Exchange-listed subsidiaries in 2005. The Company believes that through the successful completion of the proposed reorganization it can achieve a more simplified group structure; facilitate greater understanding by investors and analysts of the components of Nam Tai and the metrics of its group operations and the enterprise as a whole; centralize resource allocation; reduce post-transaction overhead costs; and strengthen management control. This reorganization proposal has been approved by the boards of the Company, Nam Tai Electronic & Electrical Products Limited (NTEEP) and J.I.C. Technology Company Limited (J.I.C.) and requires approval of the majority of the public-float shares of NTEEP and J.I.C. Extraordinary general meetings for each of these companies to seek approval of the independent shareholders to the reorganization are to be scheduled in November 2007.

THIRD QUARTER RESULTS ANALYST CONFERENCE CALL

The Company will hold a **conference call on Monday, October 29, 2007 at 8:00 a.m. Eastern Time** for analysts to discuss the third quarter results with Nam Tai s management. Shareholders, media, and interested investors are invited to listen to the live conference over the internet by going to www.namtai.com and clicking on the conference call link (under events) or over the phone by dialing (612) 332-0107 just prior to its start time.

DIVIDENDS

The record date for the fourth quarter dividend of $0.21 per share is December 31, 2007 and the payment date is on or before January 21, 2008.

Schedule for quarterly dividends for fiscal year 2007 are as follows:

Quarterly Payment	Record Date	Scheduled Payment Date	Dividend (per share)
Q1/07	March 31, 2007	On or before April 21, 2007 (Paid)	$0.21
Q2/07	June 30, 2007	On or before July 21, 2007 (Paid)	$0.21
Q3/07	September 30, 2007	On or before October 21, 2007 (Paid)	$0.21
Q4/07	December 31, 2007	On or before January 21, 2008	$0.21
Full Year 2007			$0.84

FORWARD-LOOKING STATEMENTS AND FACTORS THAT COULD CAUSE OUR SHARE PRICE TO DECLINE

Statements concerning management s optimism regarding Nam Tai s profitability, management s assessment of future demands and market conditions, management s estimates of when its expansion projects in Wuxi, PRC will be available for production, and management s assessment regarding the benefits expected from the ongoing reorganization of its group operations, if successfully completed, among other statements in this press release, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by the use of words like believes, intends, expects, plans or planned, may, will, should or anticipates, or the negative equivalents of those words or comparable terminology, and involve risks and uncertainties. Such statements are based on current expectations and assumptions and reflect management s views with respect to future events and may not actually occur during the periods indicated or at all and are not a guarantee of our future performance. These forward-looking statements are, by their nature, subject to risks, uncertainties and other factors that could cause the actual results to differ materially from future results expressed or implied by the forward-looking statements in this press release.

Whether management s optimism regarding Nam Tai s prospect to maintain profitability will be realized, whether management s assessment of future demands and market conditions will prove true and expectancies regarding Nam Tai s position to meet such demands and requirements, whether the Company can or will be able to meet the stages of its planned expansion by the dates currently expected whether Nam Tai capital expenditures to achieve expanded capacity will result in material increases in revenues or result in increased or any profit, will depend upon future sales orders will depend on Nam Tai s actual ability to contain manufacturing costs and the actual level of capital expenditures required for each of the planned expansion projects. Whether management s expectations of benefits to be achieved from the ongoing reorganization of its group operations will depend on the satisfaction of various conditions to the completion of that organization, which may not occur. Nam Tai s growth, operating income, available cash, cash flows and levels of capital expenditures may be adversely affected by numerous factors including Nam Tai s dependence on a few large customers; intense competition in the electronics industry in which the Company participates; Nam Tai being subject to continuing pressure on its margins; its operating results fluctuating and lacking predictability; risks relating to its doing business in the PRC such as arising from changes in governmental policies, taxation, trade regulation, currency exchange rates, increasing labor costs, inflation and income taxes; the timing and amount of significant orders from customers; delays in product development and related product release schedules; obsolete inventory or product returns; warranty and other claims on products; technological shifts; the availability of competitive products of comparable quality at prices below Nam Tai s prices; maturing product life cycles; concessions Nam Tai may make on product sale terms and conditions; implementation of operating cost structures that align with revenue growth, if any; the financial condition of Nam Tai s customers and vendors and those companies in which Nam Tai holds marketable securities or other investments; the availability and increasing costs of materials and other components needed to manufacture its products; adverse results in litigation, including its on-going securities class action litigation; potential shortages of materials or skilled labor needed for its

planned expansion projects or for its existing facilities; unforeseen engineering problems, work stoppages, weather interference, flood, earthquake or other acts of God, delays in obtaining or failure to obtain necessary permits from regulatory authorities needed to permit expansion or continue existing operations, other unexpected project delays or unanticipated costs increases; risks of expanding into new areas of the PRC where Nam Tai s has not yet conducted business, diversion of management s attention to expansion and its management to new locations and to other business concerns; the impact of legislative actions, higher insurance costs and potential new accounting pronouncements; a worsening of relations between the PRC and the United States or Taiwan; the effects of terrorist activity and armed conflict such as disruptions in general economic activity and changes in Nam Tai s operations and security arrangements; the effects of travel restrictions and quarantines associated with major health problems, such as the Severe Acute Respiratory Syndrome or Bird Flu, on general economic activity; or other changes in general economic conditions that affect demand for Nam Tai s products. In addition, factors, among others, that could cause the market price of our shares to decline in the future could include the failure of our growth, if any, or operating results or those of our competitors or customers to meet the expectations of public market analysts and investors who follow the electronics manufacturing services, or EMS, industry, the sale or availability for sale, of the Redeemed Shares by BOC or Tele-Art s liquidator to satisfy the claims of Tele-Art s creditors or one or more of the factors discussed in Item 3. Key Information Risk Factors in our Annual Report on Form 20-F for the year ended December 31, 2006 as filed with the Securities and Exchange Commission (SEC).

For further information regarding risks and uncertainties associated with Nam Tai s business, please refer to the Management s Discussion and Analysis of Results of Operations and Financial Condition and Risk Factors sections of Nam Tai s SEC filings, including, but not limited to, its annual reports on Form 20-F, copies of which may be obtained by contacting Nam Tai using the contact information provided above, or from Nam Tai s website at http://www.namtai.com.

All information in this press release is as of October 26, 2007. Nam Tai undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in Nam Tai s expectations.

ABOUT NAM TAI ELECTRONICS, INC.

We are an electronics manufacturing and design services provider to a select group of the world s leading OEMs of telecommunications and consumer electronic products. Through our electronics manufacturing services operations, we manufacture electronic components and subassemblies, including LCD panels, LCD modules, RF modules, DAB modules, FPC subassemblies and image sensors modules and PCBAs for headsets containing Bluetooth wireless technology. These components are used in numerous electronic products, including mobile phones, laptop computers, digital cameras, electronic toys, handheld video game devices, and entertainment devices. We also manufacture finished products, including mobile phone accessories, home entertainment products and educational products. We assist our OEM customers in the design and development of their products and furnish full turnkey manufacturing services that utilize advanced manufacturing processes and production technologies.

Nam Tai has two Hong Kong listed subsidiaries, Nam Tai Electronic & Electrical Products Limited (NTEEP) and J.I.C. Technology Company Limited (JIC). Interested investors may go to the website of The Stock Exchange of Hong Kong at www.hkex.com.hk to obtain the information. The stock codes of NTEEP and JIC in The Stock Exchange of Hong Kong are 2633 and 987, respectively. Investors are reminded to exercise caution when assessing such information and not to deal with the shares of the Company based solely upon reliance on such information.

NAM TAI ELECTRONICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(In Thousands of US Dollars except share and per share data)

	Unaudited *Three months ended September 30* 2007	2006	Unaudited *Nine months ended September 30* 2007	2006
Net sales	$204,485	$218,516	$593,886	$640,527
Cost of sales	178,447	196,193	527,902	576,316
Gross profit	26,038	22,323	65,984	64,211
Gain on disposal of asset held for sale				9,258
Costs and expenses				
Selling, general and administrative expenses	9,489	7,947	25,782	22,539
Research and development expenses	2,609	1,940	7,211	5,846
	12,098	9,887	32,993	28,385
Operating Income	13,940	12,436	32,991	45,084
Other income (expenses), net	1,071	(153)	1,394	(761)
Gain on disposal of marketable securities			43,815	
Gain on sales of subsidiaries shares			390	
Loss on marketable securities arising from split share structure reform				(1,869)
Interest income	2,349	2,328	6,823	6,146
Interest expense	(121)	(144)	(331)	(456)
Income before income taxes and minority interests	17,239	14,467	85,082	48,144
Income taxes	(1,211)	(44)	(5,125)	(307)
Income before minority interests	16,028	14,423	79,957	47,837
Minority interests	(3,334)	(2,330)	(20,059)	(4,757)
Net income	$ 12,694	12,093	$ 59,898	43,080
Earnings per share				
Basic	$ 0.28	$ 0.28	$ 1.35	$ 0.99
Diluted	$ 0.28	$ 0.28	$ 1.34	$ 0.99

Weighted average number of shares (000)				
Basic	44,804	43,787	44,509	43,674
Diluted	44,805	43,787	44,805	43,726

NAM TAI ELECTRONICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2007 AND DECEMBER 31, 2006
(In Thousands of US Dollars)

	Unaudited *September 30* 2007	Audited *December 31* 2006 (note)
ASSETS		
Current assets:		
Cash and cash equivalents	$257,746	$ 221,084
Marketable securities		24,360
Accounts receivable, net	115,634	117,561
Inventories	33,113	30,894
Prepaid expenses and other receivables	4,245	2,503
Income tax recoverable	6,696	4,316
Deferred tax assets current	22	
Total current assets	417,456	400,718
Property, plant and equipment, net	96,972	102,721
Land use right	3,955	2,673
Deposits for property, plant and equipment	1,727	609
Deposits for land use right	2,223	2,880
Goodwill	20,296	18,476
Deferred tax assets	1,888	
Other assets	1,194	1,158
Total assets	$545,711	$ 529,235
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Notes payable	$ 5,204	$ 4,516
Long-term bank loans current portion	2,315	1,750
Accounts payable	112,981	125,893
Accrued expenses and other payables	17,105	13,649
Dividend payable	9,308	16,639
Income tax payable	1,639	166
Total current liabilities	148,552	162,613
Long-term bank loans non-current portion	1,893	1,100
Total liabilities	150,445	163,713

Minority interests	56,163	48,428
Shareholders equity:		
Common shares	448	438
Reinstatement of redeemed shares		17,159
Additional paid-in capital	281,859	264,393
Retained earnings	56,802	25,030
Accumulated other comprehensive income (Note 1)	(6)	10,074
Total shareholders equity	339,103	317,094
Total liabilities and shareholders equity	$545,711 -	$ 529,235

Note: Information extracted from the audited financial statements included in the 2006 Form 20-F of the Company filed on March 19, 2007.

NAM TAI ELECTRONICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(In Thousands of US Dollars)

	Unaudited *Three months ended September 30*		Unaudited *Nine months ended September 30*	
	2007	2006	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 12,694	$ 12,093	$ 59,898	$ 43,080
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of property, plant and equipment and land use right	5,518	4,593	15,831	14,191
Net (gain) loss on disposal of property, plant and equipment	(21)	(50)	23	(190)
Gain on disposal of marketable securities			(43,815)	
Gain on sales of subsidiaries shares			(390)	
Share-based compensation expenses	36	84	353	770
Gain on disposal of asset held for sale				(9,258)
Loss on marketable securities arising from split share structure reform				1,869
Minority interests	3,334	2,330	20,059	4,757
Deferred income taxes	(44)		(1,915)	
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	(14,082)	(15,157)	1,927	(2,514)
Decrease (increase) in inventories	3,715	(3,346)	(2,248)	(485)
Increase in prepaid expenses and other receivables	(1,455)	(1,942)	(1,746)	(2,186)
Increase in income taxes recoverable	(5,204)	(215)	(2,383)	(1,527)
(Decrease) increase in notes payable	(4,889)	1,044	688	763
Increase (decrease) in accounts payable	1,766	29,047	(12,912)	16,054
Increase (decrease) in accrued expenses and other payables	1,724	(2,347)	3,456	(4,516)
(Decrease) increase in income tax payable	(293)		1,473	
Others	(1,450)	(150)	(442)	(592)
Total adjustments	(11,345)	13,891	(22,041)	17,136
Net cash provided by operating activities	$ 1,349	$ 25,984	$ 37,857	$ 60,216
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,716)	(4,697)	(10,436)	(11,109)
Increase in deposits for purchase of property, plant and equipment	(794)	(4,420)	(1,118)	(8,495)
(Increase) decrease in other assets	(36)		(36)	166
Increase in deposit for purchase of land			(736)	
Acquisition of additional shares in subsidiaries		(1,010)	(13,808)	(3,130)

Proceeds from disposal of asset held for sale				20,170
Proceeds from disposal of property, plant and equipment	412	101	426	286
Proceeds from disposal of marketable securities			53,914	
Proceeds from sales of subsidiaries shares			7,287	
Net cash provided by investing activities	$ (3,134)	$ (10,026)	$ 35,493	$ (2,112)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends paid	$ (12,440)	$ (16,639)	$ (38,488)	$ (49,285)
Repayment of bank loans	(437)	(1,191)	(1,312)	(5,157)
Proceeds from bank loans	2,670		2,670	3,480
Proceeds from shares issued on exercise of options				5,439
Net cash used in financing activities	$ (10,207)	$ (17,830)	$ (37,130)	$ (45,523)
Net (decrease) increase in cash and cash equivalents	(11,992)	(1,872)	36,220	12,581
Cash and cash equivalents at beginning of period	268,288	228,738	221,084	213,843
Effect of exchange rate changes on cash and cash equivalents	1,450	150	442	592
Cash and cash equivalents at end of period	$ 257,746	$ 227,016	$ 257,746	$ 227,016

NAM TAI ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(In Thousands of US Dollars)

1. Accumulated other comprehensive income represents foreign currency translation adjustments and unrealized gain on marketable securities. The comprehensive income of the Company was $49,818 and $51,134 for the nine months ended September 30, 2007 and September 30, 2006, respectively.

2. Business segment information The Company operates primarily in three segments, the Consumer Electronic and Communication Products (CECP) segment, Telecommunication Component Assembly (TCA) segment, and the LCD Products (LCDP) segment.

	Unaudited *Three months ended September 30* 2007	2006	Unaudited *Nine months ended September 30* 2007	2006
NET SALES:				
- CECP	$ 90,275	$ 50,731	$220,566	$129,422
- TCA	90,702	148,538	310,710	462,924
- LCDP	23,508	19,247	62,610	48,181
Total net sales	$204,485	$218,516	$593,886	$640,527
NET INCOME:				
- CECP	$ 8,835	$ 4,548	$ 48,815	$ 8,923
- TCA	3,745	6,218	10,906	22,384
- LCDP	282	1,169	846	2,575
- Corporate	(168)	158	(669)	9,198
Total net income	$ 12,694	$ 12,093	$ 59,898	$ 43,080

	Unaudited *September 30,* 2007	Audited *Dec. 31,* 2006
IDENTIFIABLE ASSETS BY SEGMENT:		
- CECP	$248,294	$181,634
- TCA	140,002	170,129
- LCDP	64,445	58,172
- Corporate	92,970	119,300
Total assets	$545,711	$529,235

NAM TAI ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE PERIODS ENDED SEPTEMBER 30, 2007 AND 2006
(In Thousands of US Dollars)

3. A summary of the net sales, net income and long-lived assets by geographic areas is as follows:

	Unaudited *Three months ended September 30*		Unaudited *Nine months ended September 30*	
	2007	2006	2007	2006
NET SALES FROM OPERATIONS WITHIN:				
- PRC, excluding Hong Kong and Macao:				
Unaffiliated customers	204,485	218,516	593,886	640,527
Intercompany sales	63	52	212	348
- Intercompany eliminations	(63)	(52)	(212)	(348)
Total net sales	$204,485	$218,516	$593,886	$640,527
NET INCOME FROM OPERATIONS WITHIN:				
- PRC, excluding Hong Kong and Macao	$ 8,555	$ 6,048	$ 45,925	$ 12,563
- Macao	5,082	6,747	16,645	24,610
- Hong Kong	(943)	(702)	(2,672)	5,907
Total net income	$ 12,694	$ 12,093	$ 59,898	$ 43,080

	Unaudited *Sept. 30,* 2007	Audited *Dec. 31,* 2006
LONG-LIVED ASSETS WITHIN:		
- PRC, excluding Hong Kong and Macao	$100,751	$105,123
- Macao	9	39
- Hong Kong	167	232
Total long-lived assets	$100,927	$105,394

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.

NAM TAI ELECTRONICS, INC.

Date October 30, 2007

By: /s/ John Q. Farina
Name: John Q. Farina
Title: Chief Financial Officer

ities that Mr. Gabelli either controls or for which he acts as chief investment officer, including 345,000 shares (1.4%) owned by GAMCO Asset Management Inc., 370,503 shares (1.5%) owned by Gabelli Funds, LLC and 510,000 shares (2.1%) owned by Teton Advisors, Inc.

As of May 26, 2016, Cede & Co. held of record 19,901,436 shares of our common stock (approximately 82.4% of our total common stock outstanding). Cede & Co. held such shares as a nominee for broker-dealer members of The Depository Trust Company, which conducts clearing and settlement operations for securities transactions involving its members.

As described herein, our common stock is subject to transfer restrictions that are designed to reduce the possibility that certain changes in ownership could result in limitations on the use of our tax attributes. Our certificate of incorporation contains provisions that generally restrict the ability of a person or entity from acquiring ownership (including through attribution under the tax law) of 5% or more of our common shares and the ability of persons or entities now owning 5% or more of our common shares from acquiring additional common shares. Stockholders (and prospective stockholders) are advised that, under the tax law rules incorporated in these provisions, the acquisition of even a single share of common stock may be proscribed under our certificate of incorporation, given (among other things) the tax law ownership attribution rules as well as the tax law rules applicable to acquisitions made in coordination with or in concert with others. The restriction will remain until the earliest of (a) December 31, 2022, (b) the repeal of Section 382 of the Internal Revenue Code (or any comparable successor provision) and (c) the beginning of our taxable year to which these tax attributes may no longer be carried forward. The restriction may be waived by our Board of Directors.

Stockholders are advised to carefully monitor their ownership of our common stock and consult their own legal advisors and/or us to determine whether their ownership of our common shares approaches the proscribed level.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Based solely upon a review of the copies of such forms furnished to us and written representations from our executive officers, directors and greater than 10% beneficial stockholders, we believe that all persons subject to the reporting requirements of Section 16(a) filed the required reports on a timely basis, except for one late filing on Form 4 by Ian Cumming.

Executive Compensation

Compensation Discussion & Analysis

Introduction

As previously stated, the Board does not have a standing compensation committee and, as a result, the Board of Directors in its entirety will perform such functions as would otherwise be performed by a compensation committee. The Company believes that given the Company's recent status as an independent public company, it is appropriate for all directors to be involved in the compensation process; however, the Board will continue to

13

evaluate the desirability of forming a compensation committee in the future.

Directors and Executive Officers

The following table sets forth the names of each of our executive officers, and each such person's position with the Company and age.

Name	Position	Age
Patrick M. DeLong	President and Chief Executive Officer	51
Craig D. Williams	Chief Winegrower & Chief Operating Officer	65
Shannon B. McLaren	Chief Financial Officer	39
Mike S. Cekay	Senior Vice President, Global Sales	44

Set forth below is additional information as to each non-director executive officer.

Patrick M. DeLong, age 51. Mr. DeLong has served as President and Chief Executive Officer of Crimson since November 2014 and Chief Financial & Operating Officer of Crimson since July 2007. Mr. DeLong served as the Senior Vice President & CFO of Icon Estates, which was a fine wine division of Constellation Brands, Inc., from 2004 to 2006. Mr. DeLong was at the Robert Mondavi Corporation in a variety of roles from 1998 to 2004, including Senior Vice President of Finance & Planning.

Shannon B. McLaren, age 39. Ms. McLaren has served as Chief Financial Officer of Crimson since April 2015. Ms. McLaren served as the Senior Corporate Controller of Wente Family Estates from 2011 to 2015. Ms. McLaren held positions in both Financial Planning and Analysis and Corporate Accounting at The Clorox Company from 2007 to 2011. Ms. McLaren was Senior Internal Auditor at Altera Corporation from 2006 to 2007. Ms. McLaren was at KPMG from 1999 to 2006 in a variety of roles, including Manager of Assurance.

Mike S. Cekay, age 44. Mr. Cekay has served as Senior Vice President of Global Sales of Crimson since May 2012. Mr. Cekay served as the Executive Vice President, Global Sales Manager of Don Sebastiani & Sons from 2009 to 2012. Mr. Cekay was Vice President of Sales at Future Brands LLC from 2007 to 2009. Mr. Cekay was Divisional Sales Vice President for Beam Wine Estates from 2005 to 2007.

Stock Ownership Requirements

We do not have a formal stock ownership requirement, although three of our directors, Messrs. Joseph S. Steinberg, Ian M. Cumming and John D. Cumming, respectively, beneficially own approximately 9.7%, 9.5% and 0.4% of our outstanding common stock as of May 26, 2016.

Accounting and Tax Matters

The Company does not currently provide share-based compensation to employees or directors. In the future, if share-based compensation is provided to employees or directors, the cost of such share-based compensation would be recognized in the Company's financial statements based on their fair values at the time of grant and would be recognized as an expense over the vesting period of any such award in accordance with GAAP.

Summary Compensation Table

The following table shows, for fiscal years 2015 and 2014, all of the compensation earned by, awarded to or paid to our principal executive officer and our two other highest paid executive officers.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	All Other Compensation (1)	Total
Patrick M. DeLong,	2015	$ 340,000	$ 200,000	$ 21,768	$ 561,768
President and Chief Executive Officer (2)	2014	$ 283,250	$ 150,000	$ 19,472	$ 452,722
Craig D. Williams,	2015	$ 225,000	$ 35,000	$ 8,790	$ 268,790
Chief Operating Officer and Chief Winegrower (3)					
Mike S. Cekay,	2015	$ 275,000	$ 75,000	$ 21,768	$ 371,768
Senior Vice President of Sales	2014	$ 275,000	$ 82,500	$ 21,718	$ 379,218

(1) Includes 401k contributions, health club reimbursements and car allowance paid by the Company.
(2) From November 3, 2014 through December 31, 2014, Mr. DeLong also served as Interim President and Chief Executive Officer. Effective January 1, 2015, Mr. DeLong was appointed President and Chief Executive Officer.
(3) Effective January 1, 2015, Mr. Williams became an employee of the Company.

Employment Agreements

Patrick M. DeLong. On June 27, 2007, we entered into an agreement with Mr. DeLong. The agreement continues until terminated by us or Mr. DeLong, or due to his death or disability which renders him unable to perform his duties under the agreement for 90 consecutive days in any 12-month period. Mr. DeLong's annual base salary under the agreement was initially set at $225,000 per year. On March 1, 2012, Mr. DeLong's annual base salary was increased to $275,000 per year and on March 1, 2014 to $283,250 per year. On December 17, 2014, the Board of Directors appointed Mr. DeLong to serve as President and Chief Executive Officer, increasing his annual base salary to $340,000, effective January 1, 2015. Mr. DeLong is entitled to an annual bonus opportunity based on performance goals established by the Board of Directors and Mr. DeLong at the beginning of each calendar year. Mr. DeLong's target bonus was 40% of his annual base salary for the first full calendar year, 45% for the second full calendar year and 50% for the third full calendar year and subsequent calendar years. We will notify Mr. DeLong if the bonus target becomes different than 50% of his base salary. Notwithstanding the provisions of the agreement, the Board of Directors may make a determination as to bonus payable to Mr. DeLong at its discretion. Pursuant to the agreement, Mr. DeLong is also eligible to participate in and receive any stock option grants and to participate in any standard company benefits. Mr. DeLong is also eligible to share a percentage of our pre-tax income, subject to terms determined by us pursuant to any long-term incentive or deferred compensation program. Mr. DeLong is entitled to certain benefits if his employment is terminated or upon other events. See “Potential Payments on Termination or Change of Control” below.

Craig D. Williams. On December 31, 2015, we entered into an agreement with Mr. Williams. The agreement continues until terminated by us or Mr. Williams at any time and for any reason or for no reason with or without notice. Mr. Williams’ annual base salary under the agreement is $225,000 per year. Mr. Williams is eligible for an annual bonus in an amount to be determined by us in our discretion. The amount of any annual bonus will be based upon our performance and Mr. Williams' performance, as determined by us, against goals mutually agreed upon between Mr. Williams and us. Mr. Williams is also eligible to participate in standard company benefits. Effective July 1, 2015, Mr. Williams became eligible to receive a car allowance benefit of $1,400 per month. Mr. Williams is not entitled to any benefits if his employment is terminated or upon other events.

Mike S. Cekay. On March 26, 2012, we entered into an agreement with Mr. Cekay. The agreement continues until terminated by us or Mr. Cekay at any time and for any reason or for no reason with or without notice. Mr. Cekay's annual base salary under the agreement is $275,000 per year. Mr. Cekay is eligible for an annual bonus in an amount to be determined by us in our discretion up to 30% bonus target of base salary plus an accelerator, based on sales contribution as compared to target, to be determined annually. The amount of any annual bonus will be based upon our performance and Mr. Cekay's performance, as determined by us, against goals mutually agreed upon between Mr. Cekay and us. Pursuant to the agreement, Mr. Cekay is also eligible to participate in a long term incentive plan, receive a car allowance benefit of $1,400 per month and participate in standard company benefits. Mr. Cekay is not entitled to any benefits if his employment is terminated or upon other events.

Potential Payments on Termination or Change of Control

The information below describes and quantifies certain compensation that would become payable under each named executive officer's employment agreement if, as of December 31, 2015, their employment had been terminated (including termination in connection with a change in control). Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed may be different. Factors that could affect these amounts include the timing during the year of any such event.

Patrick M. DeLong. In the event Mr. DeLong's employment is terminated by us without cause, by him with good reason or by a successor (whether direct, indirect, by purchase, merger, consolidation or otherwise) before a change in control, he shall be entitled to continue to receive as severance, payment, in accordance with our current payroll practices, of his base salary in effect at the time of termination for 12 months.

Director Compensation

As approved in March 2013, our non-employee directors receive an annual retainer of $25,000 for serving on the Board of Directors and a per meeting fee of $2,500 for each Board or committee meeting attended in person. Mr. Carlson receives an additional $26,000 annually for serving as Chairman of the Audit Committee, and Mr. Neikrug receives an additional $17,000 annually for serving on the Audit Committee. Commencing January 1, 2015, Mr. Williams became an employee of the Company and ceased being eligible to receive separate compensation as a director. The Company reimburses directors for reasonable travel expenses incurred in attending board and committee meetings. The 2015 director compensation for our non-employee directors is set forth below.

Director Compensation Table

Name	Fees earned or paid in cash	All Other Compensation	Total
Non-Employee Directors			
Ian M. Cumming	$ 32,500	$ -	$ 32,500
Joseph S. Steinberg	$ 35,000	$ -	$ 35,000
John D. Cumming	$ 35,000	$ -	$ 35,000
Non-Employee Directors - Audit Committee Members			
Avraham M. Neikrug	$ 54,500	$ -	$ 54,500
Douglas Carlson	$ 63,500	$ -	$ 63,500

16

Compensation Policies and Risk Management

The Company does not have a formal compensation plan for any of its employees. Annually, the Board of Directors will consider making incentive compensation awards that are purely discretionary, taking into account the employee's individual performance as well as the Company's performance for the particular year. Accordingly, the Company believes that its compensation policies do not reward employees for imprudent risk taking.

Equity Compensation Plan Information

In connection with the Distribution, our Board of Directors adopted an equity compensation plan, which allows the Company to grant incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, and other stock-based awards, and performance-based compensation awards to its officers, employees, and non-employee directors. The equity compensation plan will be administered by our Board of Directors, which is authorized to select the officers, employees and non-employee directors to whom awards will be granted, and to determine the type and amount of such awards. The maximum number of shares available for issuance under the plan is 1 million. To the extent permitted by Section 162(m) of the Code, our Board of Directors is authorized to design any award so that the amounts or shares payable or distributed pursuant to such award will be treated as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code and related regulations. The equity compensation plan was filed as an Exhibit to the Company's Form 8-K, filed on February 25, 2013. This summary of the plan is qualified in its entirety by reference to the full text of the plan. As of the date of this report, no grants have been made under the plan.

Audit Committee Report

The following is the report of our Audit Committee with respect to our audited financial statements for the fiscal year ended December 31, 2015.

Review with Management

The Audit Committee reviewed and discussed our audited financial statements with management.

Review and Discussions with Independent Auditors

The Audit Committee discussed the Company’s audited financial statements with management, which has primary responsibility for the financial statements. Moss Adams LLP, our independent auditors, is responsible for expressing an opinion on the conformity of the Company’s audited financial statements with accounting principles generally accepted in the United States of America. The Audit Committee has discussed with Moss Adams LLP the matters that are required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee also received the written disclosures and the letter from Moss Adams LLP required by the applicable requirements of the Public Company Accounting Oversight Board regarding Moss Adams LLP’s communications with the Audit Committee concerning independence; and has discussed with Moss Adams LLP their independence. The Audit Committee also concluded that Moss Adams LLP’s provision of audit and non-audit services to the Company and its subsidiaries, as described in this proxy statement, is compatible with Moss Adams LLP’s independence.

Conclusion

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that our audited consolidated financial statements be included in our Form 10-K for the year ended December 31, 2015 for filing with the Securities and Exchange Commission and selected Moss Adams LLP as the independent auditor for 2016.

Submitted by the Audit Committee of the
Board of Directors

Douglas M. Carlson, Chairman
Avraham M. Neikrug

Independent Accounting Firm Fees

Prior to formation of the Audit Committee, the Board of Directors adopted a policy for pre-approval by the Audit Committee of all audit and non-audit work performed by the Company's independent registered public accounting firm, Moss Adams LLP, and has pre-approved (i) certain general categories of work where no specific case-by-case approval is necessary ("general pre-approvals") and (ii) categories of work which require the specific pre-approval of the Audit Committee ("specific pre-approvals"). For additional services or services in an amount above the annual amount that has been pre-approved, additional authorization from the Audit Committee is required. The Audit Committee has delegated to the Chairman of the Audit Committee the ability to pre-approve all of these services in the absence of the full committee. Any pre-approval decisions made by the Chairman of the Audit Committee under this delegated authority will be reported to the full Audit Committee. All requests for services to be provided by Moss Adams LLP that do not require specific approval by the Audit Committee must be submitted to the Chief Financial Officer of the Company, who determines whether such services are in fact within the scope of those services that have received the general pre-approval of the Audit Committee. The Chief Financial Officer reports to the Audit Committee periodically, at a minimum quarterly.

In accordance with the SEC's definitions and rules, Audit Fees are fees paid to Moss Adams LLP for professional services for the audit of the Company's consolidated financial statements included in the Company's Form 10-K, the review of financial statements included in the Company's Form 10-Qs, services that are normally provided in connection with statutory and regulatory filings or engagements, assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. Audit Related Fees include professional services for the audit of the Company's 401K plan, including compliance with regulatory matters, and consulting with respect to technical accounting and disclosure rules. Tax fees relate to services that are normally provided in connection with statutory and regulatory filings.

The following table sets forth the aggregate fees incurred by us for the following periods relating to our independent accounting firm, Moss Adams LLP:

	Year Ended December 31,	
	2015	2014
Audit Fees	$ 296,100	$ 240,400
Audit Related Fees	5,100	11,600
Tax Fees	-	1,300
Total	$ 301,200	$ 253,300

19

Ratification of Selection of Independent Auditors

The ratification of the selection of Moss Adams LLP as independent auditors is being submitted to stockholders because we believe that this action follows sound corporate practice and is in the best interests of the stockholders. If the stockholders do not ratify the selection by the affirmative vote of the holders of a majority of the common shares voted at the meeting, the Audit Committee of the Board of Directors will reconsider the selection of independent auditors, but such a vote will not be binding on the Audit Committee. If the stockholders ratify the selection, the Audit Committee, in its discretion, may still direct the appointment of new independent auditors at any time during the year if they believe that this change would be in our and our stockholders' best interests.

The Board of Directors recommends that the stockholders ratify the selection of Moss Adams LLP, an independent registered public accounting firm, as the independent auditors to audit our accounts for 2016. The Audit Committee approved the selection of Moss Adams LLP as our independent auditors for 2016. Moss Adams LLP are currently our independent auditors.

The Board of Directors recommends a vote FOR this proposal.

Annual Report and Company Information

A copy of our 2015 Annual Report is being furnished to stockholders concurrently herewith. Exhibits to the Annual Report will be furnished to stockholders upon payment of photocopying charges. Stockholders may request a written copy of our Audit Committee Charter and our Code of Business Practice, which includes our Code of Practice, by writing to Corporate Secretary, Crimson Wine Group, 2700 Napa Valley Corporate Drive, Suite B, Napa, CA 94558. Each of these documents is also available on our website, www.crimsonwinegroup.com.

Proposals by Stockholders

Proposals that stockholders wish to include in our proxy statement and form of proxy for presentation at our 2017 annual meeting of stockholders must be received by us at Crimson Wine Group, 2700 Napa Valley Corporate Drive, Suite B, Napa, California 94558, Attention of Tina Hilger, Corporate Secretary, no later than February 6, 2017. Any stockholder proposal must be in accordance with the rules and regulations of the SEC.

Proposals to be presented at the 2017 annual meeting that are not intended for inclusion in the proxy statement, including director nominations, must be submitted in accordance with our bylaws. To be timely, a stockholder's notice of such a proposal must be delivered to the Secretary at the principal executive offices of the Company not earlier than the close of business on the 150th day nor later than the close of business on the 120th day prior to the first anniversary date of this year's annual meeting, which is to be held on July 22, 2016; provided, however, that in the event that the date of the 2017 annual meeting is more than 30 days before or more than 70 days after such anniversary date, notice by the stockholder must be delivered not earlier than the close of business on the 150th day prior to such annual meeting and not later than the close of business on the later of the 120th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 130 days prior to the date of such annual meeting, not later than the 10th day following the date on which public announcement of the date of such meeting is first made by the Company.

Any proxies solicited by the Board of Directors for the 2017 annual meeting may confer discretionary authority to vote on any proposals notice of which is not timely received.

By Order of the Board of Directors

Tina Hilger
Corporate Secretary

Annual Meeting Location

Pine Ridge Vineyards

5901 Silverado Trail

Napa, California

Directions

You may obtain directions to the Annual Meeting by visiting the Pine Ridge Vineyards website http://www.pineridgevineyards.com/Visit-Us/Contact-and-Directions or by contacting

Pine Ridge Vineyards at 800-575-9777

21