ROCKY BRANDS, INC.
Form DEF 14A
April 16, 2018

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

Filed by a Party other than the Registrant

Check the appropriate box:

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

Rocky Brands, 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:

ROCKY BRANDS, INC.

39 East Canal Street

Nelsonville, Ohio 45764

April 16, 2018

Dear Shareholder:

I am pleased to invite you to the Annual Meeting of Shareholders of Rocky Brands, Inc. to be held on Wednesday, May 16, 2018, at 3:00 p.m., at the Company's Rocky Community Room in the Outlet Store Building located at 45 East Canal Street, Nelsonville, Ohio. We look forward to meeting all of our shareholders who are able to attend.

At the annual meeting, you will be asked to (i) elect Michael L. Finn, G. Courtney Haning, William L. Jordan, Curtis A. Loveland and Robert B. Moore, Jr. for two-year terms as Class II Directors; (ii) approve, on an advisory nonbinding basis, the compensation of our named executive officers; (iii) ratify the selection of Schneider Downs & Co., Inc. as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018; and (vi) transact any other business which may properly come before the meeting or any adjournment thereof. A copy of the proxy statement and the proxy card are enclosed.

It is very important that your shares are represented and voted at the meeting whether or not you plan to attend. Accordingly, please sign, date, and return your proxy card in the enclosed envelope at your earliest convenience. You may vote over the internet, by telephone or by submitting your proxy by mail. If you are a shareholder of record and attend the meeting, you may vote in person if you wish, and your proxy will not be used.

Your interest and participation in the affairs of the Company are greatly appreciated. Thank you for your continued support.

Sincerely,

Mike Brooks
Chairman of the Board

ROCKY BRANDS, INC.

39 East Canal Street

Nelsonville, Ohio 45764

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 16, 2018

To Our Shareholders:

The Annual Meeting of Shareholders of Rocky Brands, Inc. will be held at the Company's Rocky Community Room in the Outlet Store Building located at 45 East Canal Street, Nelsonville, Ohio, on Wednesday, May 16, 2018, at 3:00 p.m. local time, for the following purposes:

1) To elect five Class II Directors of the Company, each to serve for a two-year term expiring at the 2020 Annual Meeting of Shareholders.
2) To hold an advisory vote relating to the compensation of our named executive officers.
3) To ratify the selection of Schneider Downs & Co., Inc. as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018.
4) To transact any other business which may properly come before the meeting or any adjournment thereof.

Owners of record of common stock of the Company at the close of business on April 2, 2018, will be entitled to vote at the meeting.

You will be most welcome at the meeting, and we hope you can attend. Shareholders may obtain directions to the annual meeting by visiting the Company's website: www.rockybrands.com. Directors and officers of the Company and representatives of its independent registered public accounting firm will be present to answer your questions and to discuss its business.

We urge you to execute and return the enclosed proxy, or vote electronically over the Internet or by telephone, as soon as possible so that your shares may be voted in accordance with your wishes. Please refer to the proxy card enclosed for information on voting electronically or by telephone. If you attend the meeting, you may vote in person if you are a shareholder of record or authorized by a shareholder of record, and your proxy will not be used.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 16, 2018:
The proxy statement and annual report to security holders are available at www.edocumentview.com/RCKY.

By Order of the Board of Directors,

Curtis A. Loveland
Secretary

Rocky Brands, Inc.

39 East Canal Street

Nelsonville, Ohio 45764

---

PROXY STATEMENT

---

ANNUAL MEETING OF SHAREHOLDERS

May 16, 2018

---

This proxy statement is furnished to the shareholders of Rocky Brands, Inc. (throughout the proxy statement the terms "Company," "we" and "our" refer to Rocky Brands, Inc.) in connection with the solicitation of proxies to be used in voting at the Annual Meeting of Shareholders to be held on May 16, 2018, and at any adjournment thereof. The enclosed proxy is solicited by the Board of Directors of the Company. We began mailing this proxy statement to the Company's shareholders on approximately April 16, 2018.

The Company will bear the cost of the solicitation of proxies, including the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of stock. Representatives of the Company may solicit proxies by mail, telephone, or personal interview.

All shares represented by a properly submitted proxy will be voted as directed if the proxy is received by the Company before the meeting or, in the absence of specific instructions to the contrary, will be voted in accordance with the unanimous recommendations of the Board of Directors, which are:

- FOR the election of Michael L. Finn, G. Courtney Haning, William L. Jordan, Curtis A. Loveland and Robert B. Moore, Jr. as Class II Directors of the Company;

- FOR the approval, on an advisory nonbinding basis, of the compensation of the Company's named executive officers;

- FOR the ratification of Schneider Downs & Co., Inc. as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018; and

- At the discretion of the persons acting under the proxy, to transact such other business as may properly come before the meeting or any adjournment thereof.

Any shareholder giving a proxy has the power to revoke it at any time before it is exercised by filing a written notice with the Secretary of the Company prior to the meeting. Shareholders of record who attend the meeting may vote in person, and their proxies will not be used.

Holders of record of common stock of the Company at the close of business on April 2, 2018, the record date for the annual meeting, will be entitled to vote at the annual meeting. At that time, the Company had 7,406,801 shares of common stock outstanding and entitled to vote. Each share of common stock outstanding on the record date entitles the holder to one vote on each matter submitted at the annual meeting.

The presence, in person or by proxy, of a majority of the outstanding shares of common stock of the Company is necessary to constitute a quorum for the transaction of business at the annual meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum. Broker non-votes occur when brokers, who hold their customers' shares in street name, sign and submit proxies for such shares and vote such shares on some matters, but not others. Typically, this would occur when brokers have not received any instructions from their customers, in which case the brokers, as the holders of record, are permitted to vote on "routine" matters.

The election of each director nominee requires the favorable vote of a plurality of all votes cast by the holders of common stock at a meeting at which a quorum is present. Proxies that are marked "Withhold Authority" and broker non-votes will not be counted toward such nominee's achievement of a plurality and thus will have no effect.

Approval of the proposal relating to the compensation of our named executive officers requires the affirmative vote of a majority of the shares of our common stock represented in person or by proxy at the annual meeting. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a vote against the proposal. Broker non-votes are disregarded and will have no effect.

The ratification of Schneider Downs & Co., Inc. as the Company's independent registered public accounting firm requires the affirmative vote of the holders of a majority of the common stock present and entitled to vote on the matter. Broker non-votes will not be counted as being in favor or against the ratification of Schneider Downs & Co., Inc., while abstentions will be counted and will have the effect of a vote against the ratification of Schneider Downs & Co., Inc.

Proposal 1 – Election of Directors

The Company's Code of Regulations provides for a classified board of directors with two classes. Each class of directors consists, as nearly as practical, of one-half of the total number of directors. The total number of authorized directors has been fixed by the Board of Directors at ten. The Board of Directors proposes the re-election of the five incumbent Class II Directors to continue their service as Class II Directors at the 2018 Annual Meeting of Shareholders. The five incumbent Class I Directors will continue in office until the 2019 Annual Meeting of Shareholders.

Michael L. Finn, G. Courtney Haning, William L. Jordan, Curtis A. Loveland and Robert B. Moore, Jr. are currently Class II Directors of the Company and are being nominated by the Board of Directors for re-election as Class II Directors.

It is intended that, unless otherwise directed, the shares represented by the enclosed proxy will be voted FOR the election of Messrs. Michael L. Finn, G. Courtney Haning, William L. Jordan, Curtis A. Loveland and Robert B. Moore, Jr. as Class II Directors. In the event that any of the nominees for director should become unavailable, the number of directors of the Company may be decreased pursuant to the Company's Code of Regulations, or the Board of Directors may designate a substitute nominee, in which event the shares represented by the enclosed proxy will be voted for such substitute nominee.

The Board of Directors recommends that the shareholders vote FOR the election of each of the nominees for Director.

The following table sets forth for each nominee and each continuing director of the Company, such person's name, age, the year in which he became a director of the Company, and his position with the Company.

Class II Directors

(Nominees – Terms Expire in 2018)

| Name | Age | Director Since | Position |
|---|---|---|---|
| Michael L. Finn | 74 | 2004 | Director of the Company |
| G. Courtney Haning | 69 | 2004 | Director of the Company |
| William L. Jordan | 46 | 2017 | Director of the Company |
| Curtis A. Loveland | 71 | 1993 | Director and Secretary of the Company |
| Robert B. Moore, Jr. | 67 | 2017 | Director of the Company |

Class I Directors

(Terms Expire in 2019)

| Name | Age | Director Since | Position |
|---|---|---|---|
| Mike Brooks | 71 | 1992 | Director and Chairman of the Company |
| Jason Brooks | 46 | 2017 | Director, President, and Chief Executive Officer of the Company |
| Glenn E. Corlett | 74 | 2000 | Director of the Company |
| Harley E. Rouda, Jr. | 56 | 2003 | Director of the Company |
| James L. Stewart | 84 | 1996 | Director of the Company |

The following information is provided for each director and each person nominated for election as a director, and includes descriptions of each individual's specific experience, qualifications, attributes, and skills that led to the

conclusion that he should serve on the Board of Directors.

Michael L. Finn has served as Chairman of Power Distributors, LLC, a wholesale distributor of outdoor power equipment in Columbus, Ohio, since 2014, and President of Chesapeake Realty Co., a real estate development and management company in Columbus, Ohio, since 1970. Prior to that, he served as President of Central Power Systems, the predecessor of Power Distributors, LLC, from 1985 until 2014. Mr. Finn has also served as Chairman of the Board of Directors of Power Source Canada, a Canadian corporation that markets and distributes outdoor power equipment, since 2004. Mr. Finn's board member experience, operations and management experience in retail and distribution, and business management experience, including his service as a president of both a distribution company and real estate development company, qualify him to continue serving as a member of the Board of Directors.

G. Courtney Haning has served as Chairman and Chief Executive Officer of Peoples National BancShares Inc., a bank holding company, since its formation in 1996. He served as Chairman and Chief Executive Officer of Peoples National Bank, a community bank in New Lexington, Ohio, from January 1991 until April 2015. He also served as President of Peoples National Bank from January 1991 until January 2015 and President of Peoples National BancShares Inc. from 1996 until April 2015. Mr. Haning's business management experience in finance, corporate credit, and community relations, including his service as a chief executive officer, qualify him to continue serving as a member of the Board of Directors.

William L. Jordan has served as Executive Vice President and Chief Administrative Officer of DSW, Inc. since February 2015. DSW is a leading branded footwear and accessories retailer headquartered in Columbus, Ohio, which offers a wide selection of brand name and designer shoes and accessories for women, men and kids. In his current position, Mr. Jordan serves on DSW's six person executive committee and his direct responsibilities include strategy, supply chain, logistics, human resources, real estate, store design and construction, and legal. He joined DSW in January 2006 as Vice President & General Counsel and was promoted to Senior Vice President in March 2006. He was then promoted to Executive Vice President and General Counsel of DSW in March 2009. Mr. Jordan's experience in the retail footwear and accessories industry qualify him to serve as a member of the Board of Directors.

Curtis A. Loveland has served as Secretary of the Company since October 1992. Mr. Loveland has been a practicing attorney for over 40 years and has been a partner in the law firm of Porter Wright Morris & Arthur llp, Columbus, Ohio since 1979. He has served as a board member, secretary, or counsel for numerous public and private companies in a variety of industries, including technology, medical devices, retailing, and telecommunications. Mr. Loveland's board member experience and knowledge and skills with respect to corporate governance, public company regulation, and general business law qualify him to continue serving as a member of the Board of Directors.

Robert B. Moore, Jr. has over 43 years of experience in the footwear and apparel industry. He served as Chief Executive Officer of Bhartiya International, Ltd., headquartered in New Delhi, India from April 2013 through March 2017, and is now serving as a consultant to Bhartiya. Bhartiya is a public company listed on the Mumbai and NSE exchanges, whose customers include many prominent brands and retailers including Ralph Lauren, Tommy Hilfiger, Calvin Klein, Levi Strauss, and All Saints. At Bhartiya and in his prior positions, Mr. Moore has had executive experience and responsibilities managing several footwear and leather companies. Prior to joining Bhartiya, Mr. Moore was President and CEO of Shanghai Richina Leather Company, Ltd., Shanghai, China, a producer of finished leather for the footwear, handbag and auto seat industries, from March 2009 until February 2013. He also served as President and CEO of Prime Tanning Company, Inc., Berwick, Maine; President of Sperry Topsider, Inc., Lexington, Massachusetts; and President of Bostonian Shoe Company, Kennett Square, Pennsylvania. Mr. Moore's experience in the footwear and apparel industry qualify him to serve as a member of the Board of Directors.

Mike Brooks has served as Chairman of the Company since January 2005, and before that served as Chief Executive Officer of the Company from January 2005 until July 2011, and from September 2016 until May 2017. Prior to that, he served as President and Chief Executive Officer of the Company from August 1991 to January 2005. Mr. Brooks is a pattern engineering and shoe design graduate of the Ars Sutoria in Milan, Italy. After employment with U.S. Shoe Corporation and various tanning companies, Mr. Brooks returned to the family shoe business in Nelsonville, Ohio, in 1975, serving first as Manager of Product Development and a national salesman and then, in 1984, becoming President. He has been a director of American Apparel and Footwear Association (formerly Footwear Industries of America) since April 1986 and currently serves on the Executive Board. Mr. Brooks' education with respect to shoe design and business management experience in product development and strategy development, including decades of service in the footwear industry, qualify him to continue serving as a member of the Board of Directors.

Jason Brooks has served as President and Chief Executive Officer of the Company since May 2017. Prior to that, he served as President, Core Brands, of Rocky Brands US, LLC from February 2016 until May 2017. He previously served as President, U.S. Wholesale Sales, of Rocky Brands US, LLC from March 2011 until February 2016. Prior to that, he served as the Senior Vice President, U.S. Wholesale from August 2010 until March 2011. From September 2001 until August 2010, Mr. Brooks held various Vice President of Sales positions within the Company. He began his career with the Company in 1997 as an independent sales representative. Mr. Brooks' position as Chief Executive Officer and his experience in the footwear industry qualifies him to serve as a member of the Board of Directors. Jason Brooks is the son of Mike Brooks.

Glenn E. Corlett was a professor of accounting of the College of Business at Ohio University, Athens, Ohio, from July 1997 until July 2007, and was Dean of the College from July 1997 until he retired on June 30, 2007. From 1993 to 1996, Mr. Corlett was Executive Vice President and Chief Operating Officer of N.W. Ayer & Partners, an international advertising agency, headquartered in New York, New York. Mr. Corlett also served as Chief Financial Officer of N.W. Ayer & Partners from 1990 to 1995. Prior to joining N.W. Ayer & Partners, Mr. Corlett had a long history with PricewaterhouseCoopers where he was partner-in-charge for mergers and acquisitions in New York from 1988 to 1990; tax partner-in-charge in Denver from 1984 to 1988 and in Cleveland from 1979 to 1984; and held partner and staff positions from 1971 to 1979. Mr. Corlett also serves on the board of directors of Preformed Line Products Company, an international designer and manufacturer of products and systems employed in the construction and maintenance of overhead and underground networks for energy, communications and broadband network companies. Mr. Corlett's education and business management experience in the areas of marketing,

8

finance, treasury, accounting, and tax, including the skills and knowledge he developed as an accounting practitioner and educator, qualify him to continue serving as a member of the Board of Directors.

Harley E. Rouda, Jr. has served as Chief Executive Officer of Trident Holdings, Inc., an independently-owned real estate brokerage and related services firm headquartered in Columbus, Ohio, since February 2002. From November 2009 until November 2012, he served as President of Real Living Real Estate, a national franchisor of real estate services headquartered in Columbus, Ohio and Chicago, Illinois. He has also served as Chief Executive Officer and General Counsel of HER Realtors, a Columbus based real estate firm, since May 1999 and May 1997, respectively. Prior to serving as Chief Executive Officer, Mr. Rouda served as President of HER Realtors from May 1996 until May 1999. Mr. Rouda's business management experience in marketing and operations, including his service as a chief executive officer, qualify him to continue serving as a member of the Board of Directors.

James L. Stewart has served as the proprietor of Rising Wolf Ranch, Inc., East Glacier, Montana, a summer resort and a winter rehabilitation center for teenage boys involved with drug abuse. Mr. Stewart also consults for various retail and catalog companies. Between 1984 and 1991, Mr. Stewart served as the President and Chief Executive Officer of Dunns Inc. and as the Vice President and General Manager of Gander Mountain Inc. Before that time, he served Sears Roebuck & Co. for 28 years in various management capacities. Mr. Stewart's business management experience in retail sales and marketing, process management, and corporate leadership qualify him to continue serving as a member of the Board of Directors.

Proposal 2 – Advisory Vote on the Compensation Paid to Named Executive Officers

Section 14A of the Securities Exchange Act of 1934, as amended, requires the Company to include in its proxy statement at least once every three years an advisory vote regarding named executive officer compensation. In a non-binding advisory vote on the frequency of future say-on-pay votes held at the 2017 Annual Meeting of Shareholders, the Company's shareholders approved conducting a say-on-pay vote every year by a majority of the votes cast. The Company has considered the outcome of this advisory vote and has determined that the Company will hold say-on-pay votes on an annual basis until the occurrence of the next advisory vote on the frequency of say-on-pay votes. The Company asks that you indicate your approval of the compensation paid to our named executive officers as described in this proxy statement under the heading "Executive Compensation," which includes compensation tables and narratives included elsewhere in this proxy statement.

Because your vote is advisory, it will not be binding on the Board of Directors. However, the Board of Directors and the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation. The Compensation Committee has structured its executive compensation programs primarily to motivate executives to achieve the business goals established by the Company and reward executives for meeting business goals and delivering superior performance as measured against those business goals.

For the reasons discussed above and in this proxy statement under the heading "Executive Compensation," the Board of Directors recommends that shareholders vote to approve the following resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."

The Board of Directors recommends that shareholders vote FOR the approval of the resolution relating to the compensation of named executive officers.

Information Concerning the Board of Directors and Corporate Governance

The Board of Directors of the Company held a total of seven meetings during 2017. During 2017, each of the directors attended 75% or more of the total number of (i) meetings of the Board, and (ii) meetings of committees of the Board on which such director served during the period that he served.

Upon consideration of the criteria and requirements regarding director independence set forth in the Marketplace Rules of the NASDAQ Stock Market, the Board of Directors has determined that a majority of its members are independent. Specifically, the Board has determined that each of Messrs. Corlett, Finn, Haning, Jordan, Loveland, Moore, Rouda, and Stewart, meet the standards of independence established by Marketplace Rule 5605(a)(2).

The Company has a standing Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The members of the Audit Committee are Messrs. Corlett (Chairman), Haning, and Jordan. At its meeting on May 18, 2017, the Board of Directors appointed Mr. Jordan to the Audit Committee, replacing Harley E. Rouda, Jr. The Board of Directors has determined that each of Messrs. Corlett, Haning, Jordan and Rouda are independent as independence is defined in Marketplace Rule 5605(a)(2) and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended, and that the Audit Committee meets the composition requirements of Marketplace Rule 5605(c)(2). The Board of Directors has determined that Mr. Corlett meets the requirements of an "audit committee financial expert" as set forth in Section 407(d)(5) of Regulation S-K promulgated by the Securities and Exchange Commission ("SEC").

The Audit Committee met eight times during 2017. The Audit Committee oversees and monitors management's and the independent registered public accounting firm's participation in the accounting and financial reporting processes and the audits of the financial statements of the Company. The Audit Committee has the responsibility to appoint, compensate, retain and oversee the work of the independent registered public accounting firm and to consult with the independent registered public accounting firm on matters relating to the scope of the audit, any non-audit assignments and related fees, the accounting principles used by the Company in financial reporting, internal financial auditing procedures, and the adequacy of the Company's internal control procedures. The Audit Committee is governed by an Amended and Restated Audit Committee Charter, which is posted on the Company's website at www.rockybrands.com. The Audit Committee Report relating to the 2017 fiscal year appears beginning on page 48.

The members of the Compensation Committee are Messrs. Finn (Chairman), Stewart, and Moore. At its meeting on May 18, 2017, the Board of Directors appointed Mr. Moore to the Compensation Committee, replacing Glenn E. Corlett. The Board of Directors has determined that each of Messrs. Finn, Stewart, Moore and Corlett are independent as independence is defined in Marketplace Rule 5605(a)(2). The Compensation Committee is governed by an Amended and Restated Compensation Committee Charter, which is posted on the Company's website at www.rockybrands.com. The Compensation Committee met six times during 2017. This Committee administers the 2014 Omnibus Incentive Plan, the 2017 Incentive Compensation Plan, and approves compensation for the Company's executive officers. The Compensation Committee report relating to the 2017 fiscal year appears on page 45. For

more information on the Compensation Committee, please refer to "Executive Compensation – Compensation Discussion and Analysis – The Compensation Committee," beginning on page 18.

The members of the Nominating and Corporate Governance Committee are Messrs. Haning (Chairman), Finn, and Rouda. The Board of Directors has determined that each of Messrs. Haning, Finn, and Rouda are independent as independence is defined in Marketplace Rule 5605(a)(2). The Nominating and Corporate Governance Committee Charter is posted on the Company's website at www.rockybrands.com. The Nominating and Corporate Governance Committee met four times during 2017. The Nominating and Corporate Governance Committee oversees the director nomination process and reviews related party transactions. The Nominating and Corporate Governance Committee has the responsibility to identify and recommend individuals qualified to become directors.

When considering potential candidates, the Nominating and Corporate Governance Committee reviews the candidate's character, judgment, and skills, including financial literacy, and experience in the context of the needs of the Board of Directors. Neither the Nominating and Corporate Governance Committee nor the Board of Directors has a formal policy with regard to the consideration of diversity in identifying director nominees; however, how a specific nominee contributes to the diversity of the Board of Directors is considered by both the Nominating and Corporate Governance Committee and the Board of Directors in determining candidates for the Board. The Committee and the Board consider diversity by identifying a nominee's experience and background and determining how such experience and background will complement the overall makeup of the Board. The Committee and the Board prefer nominees who will contribute to a board that is diverse in terms of business training, experience across a range of industries, leadership, background, and education. The Company generally does not pay any third parties to identify or evaluate, or assist in identifying or evaluating, potential nominees.

The Nominating and Corporate Governance Committee considers the recommendations of shareholders regarding potential director candidates. In order for shareholder recommendations regarding possible director candidates to be considered by the Nominating and Corporate Governance Committee:

- Such recommendations must be provided to the Nominating and Corporate Governance Committee c/o Rocky Brands, Inc., 39 East Canal Street, Nelsonville, Ohio 45764, in writing at least 120 days prior to the date of the next scheduled annual meeting;

- The nominating shareholder must meet the eligibility requirements to submit a valid shareholder proposal under Rule 14a-8 of the Securities Exchange Act of 1934, as amended; and

- The nominating shareholder must describe the qualifications, attributes, skills, or other qualities of the recommended director candidate.

The Nominating and Corporate Governance Committee also has the responsibility to develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Company and to administer and oversee the Company's Code of Business Conduct and Ethics.

Mr. J. Brooks serves as the Chief Executive Officer, and Mr. M. Brooks serves as the Chairman of the Board of Directors. Although the Board does not have a lead independent director position, the Board believes that each incumbent director's knowledge of the Company and industry as a result of his years of service on the Board, and the fact that each of the directors other than Mr. M. Brooks and Mr. J. Brooks is independent, allows the independent directors to provide appropriate independent oversight of management and to hold management accountable for the execution of strategy. The Board has determined that its leadership structure, including each of the committees of

the Board, is appropriate because it allows for beneficial communication between the outside directors and the management of the Company and effective management of the oversight tasks required of the Board.

Our Chief Executive Officer is responsible for providing day-to-day leadership and establishing the Company's course of action for achieving performance goals, while the independent directors provide strategic guidance. The Board of Directors believes that this structure helps facilitate the role of the independent directors in the oversight of the Company and the active participation of the independent directors in setting agendas and establishing priorities and procedures that work for the Board of Directors. The Chairman acts as a key liaison between the Board of Directors and the other members of management.

Our Chief Executive Officer and senior management are responsible for the day-to-day management of the risks we face. Our Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management, including general oversight of (i) the financial exposure of the Company, (ii) risk exposure as related to the overall Company portfolio and impact on earnings, (iii), oversight of information technology security and cybersecurity risk, and (iv) all systems, processes, and organizational structures and people responsible for finance and risk functions. Certain risks are overseen by committees of the Board of Directors and these committees make reports to the full Board of Directors, including reports on noteworthy risk management issues. Financial risks are overseen by the Audit Committee which meets with management to review the Company's major financial risk exposure and the steps management has taken to monitor and control such exposures. Compensation risks are overseen by the Compensation Committee.

We have adopted a Code of Business Conduct and Ethics that applies to our directors, officers and all employees. The Code of Business Conduct and Ethics is posted on our website at www.rockybrands.com. The Code of Business Conduct and Ethics may be obtained free of charge by writing to Rocky Brands, Inc., Attn: Chief Financial Officer, 39 East Canal Street, Nelsonville, Ohio 45764.

Members of the Company's senior management report to the full Board of Directors about their areas of responsibility, including reports regarding risk within such areas of responsibility and the steps management has taken to monitor and control such exposures. Additional review or reporting of risks is conducted as needed or as requested by the Board of Directors or its committees.

We believe that our board leadership structure promotes effective oversight of the Company's risk management by providing unified leadership through a single person, while allowing for contributions from our independent Board members, all of whom are fully engaged in Board deliberations and decisions.

The Company's Board of Directors welcomes communications from shareholders. Shareholders may send communications to the Board of Directors, or to any director in particular, c/o Rocky Brands, Inc., 39 East Canal

Street, Nelsonville, Ohio 45764. Any correspondence addressed to the Board of Directors, or to any one of the Company's directors in care of our offices is forwarded to the addressee without review by management.

It is the Company's expectation that all members of the Board of Directors attend the Annual Meeting of Shareholders. All members of the Company's Board of Directors were present at the Company's 2017 Annual Meeting of Shareholders.

Information Concerning Executive Officers

Executive Officers

In addition to Jason Brooks, the following individuals are executive officers of the Company:

David P. Dixon, 53, has served as President, Sourcing and Manufacturing since September 2016. Prior to that, he served as Vice President, Military Liaison Officer since March 2015. He previously served as Senior Vice President of Manufacturing and Distribution Operations from 2013 until March 2015, and Senior Vice President, Product Acquisition from 2009 until 2013. Prior to that, he served as Vice President, Manufacturing from 2003 until 2009, as Director of Operations from 1997 to 2003, and as Manufacturing Cost Controller from 1993 to 1997. Mr. Dixon is a nephew of Mike Brooks and a first cousin of Jason Brooks, both by marriage.

Thomas D. Robertson, 33, a CPA (certified public accountant), has served as Vice President, Chief Financial Officer and Treasurer since March 2017. Before that, he served as Senior Financial Analyst since joining the Company in October 2016. Prior to that, from July 2015 until September 2016, he was an audit manager with Deloitte & Touche LLP. From September 2008 until July 2015, he held various audit positions with Schneider Downs & Co., Inc. While practicing with Schneider Downs and Deloitte, Mr. Robertson spent the majority of his time working with publicly-traded footwear companies.

Richard Simms, 44, has served as President, Operations of the Company since March 2018. Prior to that, he served as President, Digital Resources and Brand General Manager, Georgia Boot since February 2016. He previously served as President of Marketing Services from October 2014 until February 2016, and President, Retail Sales, of Lehigh Outfitters, LLC from March 2011 until February 2016. Prior to that, he served as Senior Vice President and General Manager of Lehigh from February 2007 until March 2011, as Senior Vice President, Sales of Lehigh from May 2006 until February 2007, and as Vice President, Key Accounts of Lehigh from October 2005 until May 2006. Mr. Simms began his career with Lehigh in 1994 and held various sales and operations positions with Lehigh until his appointment as Vice President, Key Accounts in October 2005.

Byron Wortham, 51, has served as President, Core Brands since June 2017. Prior to that, he served as Vice President, Brand General Manger of Durango since December 2015. He previously served as Vice President, Sales – Western Division from August 2011 to December 2015. Prior to that, he served Manager, National Sales – Western Division from November 2010 to August 2011, Region Sales Manager from September 2009 to November 2010, and Key Account Manager from March 2005 to September 2009. Mr. Wortham began his career with the Company in January 2003 as a Sales Representative.

Officers are elected annually by the Board of Directors and serve at its discretion. There are no family relationships among directors and executive officers of the Company, except as disclosed above.

Principal Holders of Voting Securities

Ownership of Common Stock by Principal Shareholders

The following table sets forth information relating to the beneficial ownership of common stock by each person known by the Company to own beneficially more than 5% of the outstanding shares of common stock:

| Name of Beneficial Owner | Number of Shares of Common Stock Beneficially Owned (1) | Percent of Class (2) |
|---|---|---|
| Dimensional Fund Advisors LP<br>Building One 6300 Bee Cave Road<br>Austin, Texas 78746 | 628,741 (3) | 8.5 % (3) |

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission which generally attribute beneficial ownership of securities to persons who possess sole or shared voting power and/or investment power with respect to those securities.

(2) "Percent of Class" is calculated by dividing the number of shares beneficially owned by the total number of outstanding shares of the Company, plus the number of shares such person has the right to acquire within 60 days.

(3) Based on information filed on Schedule 13G/A with the Securities and Exchange Commission on February 9, 2018. Dimensional Fund Advisors LP ("Dimensional") furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (collectively, the "Funds"). In its role as investment advisor or manager, Dimensional possesses investment and/or voting power over the securities of the Company owned by the Funds, and may be deemed to be the beneficial owner of the shares held by the Funds. Of the shares beneficially owned, Dimensional reported that it has sole dispositive power with respect to 628,741 shares, and sole voting power with respect to 602,590 shares.

Ownership of Common Stock by Management

The following table sets forth information regarding beneficial ownership of the Company's common stock by each nominee for director, each director, each of the Company's executive officers named in the Summary Compensation Table, and the directors and executive officers of the Company as a group as of February 28, 2018:

| Name | Number of Shares Beneficially Owned(1)(2) | Percent of Class(1) | |
|---|---|---|---|
| Jason Brooks | 17,850 | * | |
| Mike Brooks | 337,355 | 4.6 | % |
| Glenn E. Corlett | 37,784 | * | |
| David P. Dixon | 1,400 | * | |
| Michael L. Finn | 42,040 | * | |
| G. Courtney Haning | 26,540 | * | |
| William L. Jordan | 7,011 | * | |
| Curtis A. Loveland | 116,939 | 1.6 | % |
| James E. McDonald(3) | 43,150 | * | |
| Robert B. Moore, Jr. | 18,511 | * | |
| Thomas Robertson | 2,400 | * | |
| Harley E. Rouda, Jr. | 45,019 | * | |
| Richard Simms | 13,350 | * | |
| Michael Staude(4) | 1,050 | * | |
| James L. Stewart | 33,663 | * | |
| Byron Wortham | 1,100 | * | |
| All directors and executive officers as a group (14 persons) | 700,962 | 9.4 | % |

* indicates less than 1%

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission which generally attribute beneficial ownership of securities to persons who possess sole or shared voting power and/or investment power with respect to those securities. Except as otherwise noted, none of the named individuals shares with another person either voting or investment power as to the shares reported. "Percent of Class" is calculated by dividing the number of shares beneficially owned by the total number of outstanding shares of the Company on February 28, 2018, plus the number of shares such person has the right to acquire within 60 days of February 28, 2018.

(2) Includes 5,600 shares of common stock for Mr. J. Brooks, 6,000 shares of common stock for Mr. M. Brooks, 6,000 shares of common stock for Mr. Corlett, 400 shares for Mr. Dixon, 6,000 shares of common stock for Mr. Finn, 6,000 shares of common stock for Mr. Haning, 4,000 shares for Mr. Jordan, 6,000 shares of common stock for Mr. Loveland, 3,600 shares of common stock for Mr. McDonald, 4,000 shares for Mr. Moore, 2,400 shares for Mr. Robertson, 6,000 shares of common stock for Mr. Rouda, 5,600 shares of common stock for Mr. Simms, 1,050 shares of common stock for Mr. Staude, 6,000 shares of common stock for Mr. Stewart, 600 shares for Mr. Wortham, and 64,600 shares of common stock for all directors and executive officers as a group, which could be acquired under stock options exercisable within 60 days of February 28, 2018.

(3) Mr. McDonald resigned from his position as Executive Vice President, Chief Financial Officer and Treasurer, of the Company on January 12, 2017. Shares of common stock were calculated based on the Company's stock records as of January 12, 2017. No further ownership information was available to the Company after Mr. McDonald ceased being a Section 16 reporting person.

(4) Mr. Staude resigned from his position as Senior Vice President, Interim Chief Financial Officer of the Company on February 17, 2017. Shares of common stock were calculated based on the Company's stock records as of February 17, 2017. No further ownership information was available to the Company after Mr. Staude ceased being a Section 16 reporting person.

Executive Compensation

The following information provides discussion, analysis and data tables regarding the compensation of our named executive officers ("NEOs"), who are those officers listed in our Summary Compensation Table on page 29.

Compensation Discussion and Analysis

We have prepared this Compensation Discussion and Analysis ("CD&A") to provide you with our perspective on executive compensation so that you may understand our compensation policies and our decisions regarding compensation for our NEOs. We recommend that you review the various executive compensation tables below in conjunction with this CD&A. Unless otherwise noted, the policies, plans and other information in this CD&A apply to all of our NEOs. Our CD&A covers the following topics:

- The role of the Compensation Committee in setting executive compensation;
- Our compensation philosophy and its underlying principles – including the objectives of our executive compensation program and what it is designed to reward;
- Our process for setting executive compensation; and
- The elements of our executive compensation program – including a discussion of why we choose to pay each element of compensation, how we determine the amount of such element, and how each element fits into our overall compensation objectives and "total compensation" for our NEOs.

The Compensation Committee

The Compensation Committee (referred to in this CD&A as the "Committee") was appointed by our Board of Directors and is governed by a written charter that is available in the corporate governance section of our website, www.rockybrands.com. The Committee members are Michael L. Finn, Chairman, James L. Stewart and Robert B. Moore, Jr. At its meeting on May 18, 2017, the Board of Directors appointed Mr. Moore to the Compensation Committee, replacing Glenn E. Corlett. Our Board of Directors has determined that each of the Committee members, including former member Mr. Corlett, is independent under the standards of independence established by Marketplace Rule 5605(a)(2). In addition, each of the Committee members, including former member Mr. Corlett, is a "non-employee" director as defined by Rule 16b-3 under the Securities Exchange Act of 1934 and an "outside director" as defined by the Internal Revenue Code.

Pursuant to its charter, the Committee has the authority and responsibility to:

· Review and approve on an annual basis the corporate goals and objectives with respect to compensation for the chief executive officer and evaluate at least once a year the chief executive officer's performance in light of these established goals and objectives and based upon these evaluations have sole authority to set the chief executive officer's annual compensation, including salary, bonus, incentive, and equity compensation;

- In determining the incentive component of the chief executive officer's compensation, consider the Company's performance and relative stockholder return, the value of similar incentive awards given to chief executive officers at comparable companies, the awards given to the Company's chief executive officer in past years, and the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act;

- Review and approve on an annual basis the evaluation process and compensation structure for all of the Company's non-CEO executive officers and evaluate the performance of such executive officers and approve the annual compensation, including salary, bonus, incentive, and equity compensation, for such executive officers, considering the results of the most recent Say on Pay Vote;

- Review and approve on an annual basis the compensation structure for any other employee of the Company who is a family member of an executive officer or director of the Company and evaluate the performance of such family member employees and approve the annual compensation, including salary, bonus, incentive, and equity compensation, for such family member employees;

- Review and make recommendations to the Board regarding any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the chief executive officer and other executive officers;

- Review and recommend to the Board the compensation for Board members;

- Meet to review and discuss with management the CD&A required by the rules and regulations of the SEC and recommend to the Board whether the CD&A should be included in the Company's proxy statement or other applicable SEC filings;

- Produce an annual report on executive compensation for inclusion in the proxy statement or annual report on Form 10-K as the Compensation Committee Report, which will state whether the Committee reviewed and discussed with management the CD&A, and whether, based on such review and discussion, the Committee recommended to the Board that the CD&A be included in the Company's proxy statement or other applicable SEC filing;

- Review the Company's compensation programs and plans, including, but not limited to, the Company's incentive compensation, equity-based, retirement, and other benefit plans and recommend changes in such plans to the Board of Directors and exercise all the authority of the Board of Directors with respect to the administration of such plans, including designation of the employees to whom the awards are to be granted, the amount of the award or equity to be granted, and the terms and conditions applicable to each award or grant, subject to the provisions of each plan;

- In reviewing and making recommendations regarding incentive compensation plans and equity-based plans, including whether to adopt, amend or terminate any such plans, consider the results of the most recent Say on Pay Vote; and

· Review the charter periodically for adequacy and recommend to the Board of Directors any necessary changes.

The Committee has the sole authority, to the extent it deems necessary or appropriate, to retain any compensation consultant to assist in the evaluation of executive compensation and has the sole authority to approve any such firm's fees. The Committee also has the authority to obtain the advice of and assistance from internal or external legal, accounting or other advisors, and may request any officer or employee of our Company, our outside counsel or independent registered public accounting firm to attend a meeting of the Committee or meet with any member of, or consultants to, the Committee. The Committee will evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. Any compensation consultant retained by the Committee to assist with its responsibilities relating to executive compensation will not be retained by the Company for any compensation or other human resource matters.

The Committee meets as often as its members deem necessary to discharge its duties and responsibilities and held six meetings during fiscal 2017. The Chairman of the Committee works in conjunction with our Chairman, Chief Executive Officer and Chief Financial Officer to establish the meeting agenda. The Committee typically meets with the Chairman, Chief Executive Officer, Chief Financial Officer and outside legal advisors and, where appropriate, other executive officers of our Company. In addition, the Committee regularly meets in executive session without management. Generally, the Committee receives and reviews materials in advance of each meeting. These materials include information that management believes will be helpful to the Committee as well as materials that the Committee has specifically requested.

Compensation Philosophy

The philosophy of the Committee is to make compensation decisions based on an executive compensation program that is designed to meet the following objectives:

- To attract and retain qualified executives;
- To reward current and past individual performance;
- To provide short-term and long-term incentives for superior future performance;
- To align compensation policies to further shareholder value; and
- To relate total compensation to individual performance and performance of our Company.

The Committee believes that an executive compensation program designed with these objectives in mind has a direct impact on the success of the business by helping to ensure we have qualified executive talent in the right positions at the right time. Our executive compensation program helps ensure that our leadership group is focused on performing effectively to deliver results and build long-term shareholder value.

The Committee periodically reviews the compensation programs and policies that apply to all of our employees and has determined that such programs and policies are not reasonably likely to have a material adverse effect on us. Additionally, in establishing and reviewing the executive compensation programs, the Committee considers whether the programs encourage unnecessary or excessive risk taking and has determined that they do not. On the Committee's recommendation, the Board of Directors adopted a clawback/recoupment policy during 2015, which provides for the recoupment of certain incentive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the securities laws. The clawback/recoupment policy also provides for the potential recoupment of certain incentive compensation in the event of misconduct by our executive officers and other specified employees.

The Committee also considered the result of the 2017 advisory, non-binding "say-on-pay" vote in connection with the discharge of its responsibilities. Because approximately 86% of the votes cast approved the compensation for our NEOs described in our 2017 proxy statement, the Committee determined that no changes to our compensation programs were warranted as a result of the shareholder advisory vote.

Compensation Tax Philosophy

Internal Revenue Code Section 162(m) generally bars a deduction to any publicly held corporation for compensation paid to a “covered employee” which historically included the Chief Executive Officer and three other executive officers (exclusive of the Chief Financial Officer) who were the highest paid and employed at fiscal year-end, in excess of $1 million per year, with an exception for “performance-based” compensation. Code Section 162(m) required several requirements be satisfied in order for compensation to qualify as performance-based. Historically, we considered the impact of Code Section 162(m) in structuring our executive compensation program. However, we reserved the discretion to make payments regardless of the tax deductibility limits of Code Section 162(m) if, in our judgment, such payments were necessary to achieve our compensation objectives and to protect shareholder interests.

In December 2017, the bill popularly referred to as the “Tax Cuts and Jobs Act” (the “TCJA”) was signed into law. The TCJA eliminates the performance-based exception to the $1 million deduction limit effective for tax years beginning after December 31, 2017, unless it qualifies for transition relief that applies to compensation paid under binding contracts that were in effect as of November 2, 2017. The TCJA also revised the definition of “covered officers” to now include anyone who has served as our Chief Financial Officer, Chief Executive Officer, and the three other highest paid named executive officers in any fiscal year beginning after December 31, 2016.

Because of the lack of regulatory guidance regarding the interpretation of Code Section 162(m) and the transition relief rule, we cannot assure that payments previously intended to qualify for the performance-based exception will actually qualify. We reserve the right to modify compensation that was initially intended to be exempt from Code Section 162(m) if we determine that such modifications are consistent with our business needs. In addition, we may continue to award payments in the future that are not deductible under Code Section 162(m) if such payments are necessary to achieve our compensation objectives and to protect shareholder interests.

Compensation Committee Process for Determining Executive Compensation

A substantial amount of the Committee's annual cycle of work relates to the determination of compensation for our executive officers, including our Chief Executive Officer. Generally, during or prior to the first quarter of our fiscal year, the Committee makes determinations of base cash compensation, incentive compensation percentages for the year, and equity grants for executive officers, including our Chief Executive Officer. For a discussion of each individual element of compensation and how it is specifically determined, refer to "Compensation Program Elements" below.

Although many compensation decisions are made near the beginning of the first quarter of the fiscal year, our compensation planning process is not a rigid yearly process with fixed beginning and end points. Rather, compensation decisions are designed to promote our compensation philosophy and principles throughout the year. The Committee believes that evaluation of executive performance, business and succession planning, and consideration of our business environment are year-round processes, and the Committee members monitor these as such.

Our Chief Executive Officer is not permitted to be present during deliberations or voting on his compensation. During this process, the Committee reviews and approves any new corporate goals and objectives with respect to compensation for our Chief Executive Officer. In light of the established goals and objectives, the Committee evaluates the performance of the Chief Executive Officer and, based upon these evaluations, sets the Chief Executive Officer's compensation. The Compensation Committee also reviews and approves on an annual basis the evaluation and compensation structure for the Company's other executive officers, including approval of salary, bonus, incentive, and equity compensation. Our Chief Executive Officer is present and provides input at the meetings and deliberations on the compensation of the Company's other executive officers but is not permitted to be present at the vote.

Compensation Program Elements

In fiscal 2017, our NEOs received the following elements of compensation:

· Salary;

· Non-equity incentive compensation;

· Equity compensation;

· Retirement benefits; and

· Health and welfare benefits.

The Committee carefully considered and chose each compensation program element as a critical component in a comprehensive “total compensation” package. Each element is intended to reward and motivate executives in different ways consistent with our overall compensation principles and philosophy. Each of the elements has a critical relationship with one another with each focusing on and rewarding different areas. These elements are necessary for us to achieve our compensation program objectives.

(1) Salary:

Salary is utilized to compensate our executive officers for services rendered during the fiscal year. The Committee annually reviews and approves the compensation package of each NEO, including salary. The Committee considers an individual's qualifications and experience in setting an executive's salary. In determining salary increases, the Committee considers the size and responsibility of the individual's position and the individual's overall performance and future potential. The Committee considers these factors subjectively in the aggregate. Because the Committee believes that each of the factors is significant, the Committee does not assign a formula weight to any single factor in determining a salary increase.

Please refer to the "Salary" column in the Summary Compensation Table on page 29 for more information on each NEO's salary for fiscal 2017.

(2) Non-Equity Incentive Compensation:

Non-equity incentive compensation ("IC") for our NEOs is determined under our Incentive Compensation Plan (the "IC Plan"). Our IC Plan is designed to provide a competitive cash compensation program for recruiting and retaining executive talent and a short-term incentive and reward program that aligns pay with performance and motivates our executives to achieve results. Shareholders approved the terms of our IC Plan, which is designed to satisfy the provisions of Section 162(m) of the Internal Revenue Code at the 2017 Annual Meeting of Shareholders.

When setting IC, the Committee considers individual and corporate performance, levels of responsibility, prior experience, breadth of knowledge and competitive pay practices. The Committee considers these factors subjectively in the aggregate. IC is based on base salary and a corresponding percentage of all IC payouts if Company performance goals are met. Payment of IC is prorated based on the performance level achieved. The Committee establishes the financial performance goals under the IC Plan for the fiscal year. These goals are generally determined near the beginning of the year and are based on an analysis of historical performance and growth expectations for our business, expectations of the public markets, and progress toward achieving our long-range strategic plan for the business.

Messrs. J. Brooks, Robertson, Simms, Dixon, Wortham, Staude and McDonald were eligible to receive IC under the IC Plan. The cash incentive was based on a percentage of base salary if performance goals were met for the year.

The Committee determined that the performance criteria for IC in fiscal 2017 would be based upon the Company's adjusted operating income for all participants. Adjusted operating income was based on the Company's actual

operating income, less any expenses attributable to the IC Plan, unrelated bonus compensation, and the grants of restricted shares and stock options to employees. The Committee has the discretion to exclude gains or losses resulting from extraordinary events in calculating the adjusted operating income. For fiscal 2017, the threshold was set at 85% of the target and the maximum was set at 120% of the target.

The Committee approved the following threshold, target and maximum payouts based on specified levels of adjusted operating income:

| | Payout as a Percentage of Base Salary | | |
|---|---|---|---|
| Name | Threshold | Target | Maximum |
| Jason Brooks | 8 % | 40 % | 60 % |
| Thomas Robertson (1) | 6 % | 30 % | 45 % |
| Richard Simms | 8 % | 40 % | 60 % |
| David Dixon (2) | 6 % | 30 % | 45 % |
| Byron Wortham (3) | 6 % | 30 % | 45 % |
| Michael Staude | 4 % | 20 % | 30 % |
| James E. McDonald | 8 % | 40 % | 60 % |

(1) In March 2017, the Committee adjusted Mr. Robertson's threshold, target, and maximum payout percentage for 2017 to reflect his promotion to Chief Financial Officer.

(2) In January 2018, the Committee adjusted Mr. Dixon's threshold, target, and maximum payout percentage for 2017 to reflect his promotion to President – Sourcing during the year ended December 31, 2017.

(3) In January 2018, the Committee adjusted Mr. Wortham's threshold, target, and maximum payout percentage for 2017 to reflect his promotion to President – Core Brands during the year ended December 31, 2017.

No IC payments were to be made if we did not meet our threshold performance target. No IC payments were to be made if the executive was not employed by the Company on the date of payment. When the performance results fall somewhere between the threshold and target amounts or between the target and maximum amounts, the payout is prorated accordingly. The Committee believes that the fiscal 2017 goals represented an appropriate and substantial degree of difficulty for achieving a payout.

At year end, the Committee reviewed the Company's operating income and determined the extent to which objectives were met. The Committee exercised its discretion to exclude from adjusted operating income certain extraordinary expenses for participants who remained employed at the time of payment of the IC. Subject to the foregoing, the actual 2017 IC payouts were based on achievement at the Company level of the target level.

(3) Equity Compensation:

The Committee believes that equity-based compensation opportunities encourage a high level of long-term performance that enhances shareholder value, thereby further linking leadership and shareholder objectives. Equity compensation is intended to motivate our NEOs to contribute to our future growth and profitability and to reward performance in a manner that:

· Provides them with a means to increase their holdings of the common stock of the Company; and

· Aligns their interests with the interests of the shareholders of the Company.

Equity compensation is granted to our NEOs under our 2014 Omnibus Incentive Plan. The Committee determines

the award opportunity level for each NEO based on the individual's responsibility level and potential with our Company, competitive practices, the number of shares available for grant, business needs, individual and Company performance, and the market price of our common stock.

In 2017, we awarded stock options to NEOs in the amounts set forth in the Summary Compensation Table and Grants of Plan-Based Awards Table found below beginning on page 29.

(4) All Other Compensation:

The "All Other Compensation" column in our Summary Compensation Table on page 29 primarily consists of these items:

· Annual employer contributions into the retirement/401(k) plan; and

· Employer-paid premiums for life insurance.

(a) Retirement and 401(k) Plan:

We sponsor a qualified retirement and 401(k) plan for eligible employees (the "Retirement Plan"). The Retirement Plan allows NEOs to defer a portion of their total cash compensation (up to IRS limits) into this retirement account on a pre-tax basis. Our NEOs do not receive a Company match on any money they defer into the Retirement Plan. We make an annual contribution into the Retirement Plan for eligible employees, including NEOs, of three percent of applicable salary.

These annual employer contribution amounts to NEOs are included in the Summary Compensation Table's "All Other Compensation" column on page 29 below.

(b) Employer-Paid Premiums for Life Insurance:

We provide Messrs. J. Brooks, Robertson, Simms, Dixon and Wortham with basic group term life insurance with a death benefit of $150,000. This is a relatively inexpensive benefit that we offer to our executives. This element of compensation, though relatively small, provides one additional item to the overall compensation package which strengthens our ability to recruit and retain talented executives.

We also provided Mr. McDonald with an individual term life insurance policy that has death benefits of $500,000, to be paid to his beneficiary in the event of his death.

For specific premium amounts paid, please refer to the Summary Compensation Table's "All Other Compensation" column and footnotes below on page 29.

(c) Employment Agreements:

We have entered into employment agreements with each of Messrs. J. Brooks and Simms, and had an employment agreement with Mr. McDonald until it was terminated when he resigned on January 12, 2017. For a discussion of these agreements, please refer to "Agreements with NEOs and Potential Payments upon Termination or Change in

Control" beginning on page 37 below.

(5) Health and Welfare Benefits:

In addition to the compensation and benefits programs discussed in this proxy statement, we offer our employees, including our NEOs, a comprehensive benefits program. This program is designed to provide the employees and their families with competitive coverage at competitive rates. We strive to provide the employees with appropriate health benefits (medical, pharmacy, dental, and vision) to help protect the physical, mental, and financial health of our employees and their immediate families.

Summary Compensation Table

The following table sets forth certain information regarding compensation paid during the Company's last complete fiscal year to the Company's named executive officers ("NEOs") for the 2017 fiscal year. For a discussion of the various elements of compensation provided in the table below, please refer to the discussion of our various compensation elements in our Compensation Discussion & Analysis under the heading "Compensation Program Elements" beginning on page 23 above.

SUMMARY COMPENSATION TABLE FOR FISCAL YEAR 2017

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($) (1) | Option Awards ($) (1) | Non-Equity Incentive Plan Compensation ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) (2) | Total ($) |
|---|---|---|---|---|---|---|---|---|---|
| Mike Brooks (3) | 2017 | - | 100,000 | - | 4,140 | - | - | 90,000 | 194,140 |
| Former Chief Executive Officer | 2016 | - | - | - | - | - | - | 90,000 | 90,000 |
| and former Principal Financial Officer | 2015 | - | - | - | - | - | - | 90,000 | 90,000 |
| Jason Brooks | 2017 | 257,208 | - | - | 53,450 | 110,000 | - | 10,228 | 430,886 |
| President and Chief Executive Officer | 2016 | 232,300 | - | 34,680 | 10,230 | - | - | 9,292 | 286,502 |
| | 2015 | 230,000 | - | 40,260 | 14,100 | 15,406 | - | 9,697 | 309,463 |
| Thomas Robertson | 2017 | 170,000 | - | - | 29,600 | 52,500 | - | 4,697 | 256,797 |
| Vice President,Chief Financial Officer and Treasurer | 2016 | 27,939 | - | - | - | - | - | - | 27,939 |
| | 2015 | - | - | - | - | - | - | - | - |
| Richard Simms | 2017 | 227,300 | - | - | 14,250 | 90,920 | - | 9,833 | 342,303 |
| President, Operations | 2016 | 227,300 | - | 34,680 | 10,230 | - | - | 9,092 | 281,302 |
| | 2015 | 225,000 | - | 40,260 | 14,100 | 5,553 | - | 9,796 | 294,709 |
| David P. Dixon | 2017 | 200,000 | - | - | 5,700 | 98,250 | - | 9,297 | 313,247 |
| President, Manufacturing/ Sourcing | 2016 | 180,000 | - | - | - | 47,564 | - | 9,003 | 236,568 |
| Operations | 2015 | 180,000 | | - | - | 21,511 | - | - | 201,511 |
| Byron Wortham | 2017 | 172,000 | - | - | 5,700 | 53,100 | - | 6,925 | 237,725 |
| President, Core Brand Sales, Marketing & | 2016 | 165,000 | - | 11,560 | 3,410 | - | - | 3,600 | 183,570 |
| P.D. | 2015 | 156,500 | | - | - | 11,008 | - | - | 167,508 |
| | 2017 | 25,116 | - | - | 2,850 | - | - | 833 | 28,799 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Michael Staude (4) Former Senior Vice President and Interim Chief Financial Officer | 2016 | 165,600 | - | 11,560 | 3,410 | - | - | 6,624 | 187,194 |
| | 2015 | 164,000 | | 13,420 | 4,700 | 2,708 | - | 7,109 | 191,937 |
| James E. McDonald (5) Former Executive Vice President, Chief Financial Officer, and Treasurer | 2017 | 14,967 | - | - | 14,250 | 1,164 | - | 338,964 | 369,345 |
| | 2016 | 338,400 | - | 34,680 | 10,230 | - | - | 36,832 | 420,142 |
| | 2015 | 335,000 | - | 40,260 | 14,100 | 15,633 | - | 36,097 | 441,090 |

(1) Represents the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FASB ASC Topic 718. The grant date fair value of stock options, RSUs and PSUs were based on the price of the common stock on the applicable grant dates. Assuming performance at the targeted level of 100%, the maximum value of PSUs each NEO could potentially be awarded is as follows:

| Name | 2016 Performance Based Awards ($) | 2015 Performance Based Awards ($) | 2014 Performance Based Awards ($) |
|---|---|---|---|
| Jason Brooks | 46,240 | 40,260 | 29,140 |
| Richard Simms | 46,240 | 40,260 | 29,140 |
| David P. Dixon | - | - | 14,570 |
| Byron Wortham | 11,560 | - | - |
| Michael Staude | 11,560 | 13,420 | 10,928 |
| James E. McDonald | 57,800 | 40,260 | 43,710 |

With respect to the above performance based awards, we did not achieve a level of performance required to vest the awards noted above and during each vesting period we did not consider the achievement of the performance criteria probable.

For a discussion of the assumptions made in the valuation of the dollar amount recognized, please refer to the Share-based Compensation Note to the Company's financial statements, which are set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. The amounts reflected are for the grant date fair value of RSUs and PSUs granted and do not necessarily correspond to the actual value that will be recognized by the NEOs upon vesting.

(2) The amounts shown under "All Other Compensation" reflect employer contributions to the 401(k) retirement plan and also include as noted below:

2015, for Mr. McDonald: $26,344, reflecting life insurance premiums paid by the Company and $10,563, reflecting employer contributions to the 401(k) retirement plan. For Mr. M. Brooks, includes $90,000 reflecting payment for his services as Chairman of the Board of Directors.

2016, for Mr. McDonald: $26,344, reflecting life insurance premiums paid by the Company and $10,488, reflecting employer contributions to the 401(k) retirement plan. For Mr. M. Brooks, includes $90,000 reflecting payment for his services as Chairman of the Board of Directors.

2017, for Mr. McDonald: $338,400 of severance payments and $564, reflecting employer contributions to the 401(k) retirement plan. For Mr. M. Brooks, includes $90,000 reflecting payment for his services as Chairman of the Board of Directors.

(3) Mr. M. Brooks served as Chief Executive Officer of the Company until May 18, 2017, and served as principal financial officer of the Company effective from Mr. Staude's resignation on February 17, 2017 until Mr. Robertson was appointed Chief Financial Officer on March 9, 2017. Mr. Brooks continues to serve as Chairman of the Board.

(4) Mr. Staude resigned from his position as Senior Vice President, Interim Chief Financial Officer of the Company on February 17, 2017.

(5) Mr. McDonald resigned from his position as Executive Vice President, Chief Financial Officer and Treasurer of the Company on January 12, 2017.

Grants of Plan-Based Awards for Fiscal Year 2017

The following table provides certain information concerning each grant of an award made to the listed officers in the last completed fiscal year under any plan. For more information on the grants represented in the table, please refer to the discussions in our Compensation Discussion & Analysis under the headings "Non-Equity Incentive Compensation" beginning on page 24 and "Equity Compensation" beginning on page 25.

GRANTS OF PLAN-BASED AWARDS TABLE FOR FISCAL YEAR 2017

| | | Estimated Potential Payouts Under Non-Equity Incentive Plan Awards | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | | | | Gr Da Fa Va of an Op Av |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Grant Date (1) | Threshold ($) (2) | Target ($) | Maximum ($) | Threshold (#) | Target (#) | Maximum (#) | All Other Stock Awards: Number of Shares of Stock or Units (#) | All Other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards ($/Sh) | ($) |
| Mike | 1/3/2017 | - | - | - | - | - | - | - | - | - | - |
| Brooks | n/a | - | - | - | - | - | - | - | - | - | - |
| Jason | 1/3/2017 | - | - | - | - | - | - | - | 5,000 | 11.55 | 14 |
| Brooks | 6/1/2017 | - | - | - | - | - | - | - | 10,000 | 14.45 | 39 |
| | n/a | 22,000 | 110,000 | 165,000 | - | - | - | - | - | - | - |
| Thomas | 1/3/2017 | - | - | - | - | - | - | - | 500 | 11.55 | 1,4 |
| Robertson | 3/9/2017 | - | - | - | - | - | - | - | 11,500 | 10.35 | 28 |
| | n/a | 10,500 | 52,500 | 78,750 | - | - | - | - | - | - | - |
| Richard | 1/3/2017 | - | - | - | - | - | - | - | 5,000 | 11.55 | 14 |
| Simms | n/a | 18,184 | 90,920 | 136,380 | - | - | - | - | - | - | - |
| David | 1/3/2017 | | | | - | - | - | - | 2,000 | 11.55 | 5,7 |
| Dixon | n/a | 12,000 | 60,000 | 90,000 | - | - | - | - | - | - | - |
| Byron | 1/3/2017 | - | - | - | - | - | - | - | 2,000 | 11.55 | 5,7 |
| Wortham | n/a | 10,620 | 53,100 | 79,650 | - | - | - | - | - | - | - |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Michael Staude | 1/3/2017 n/a | 6,624 | 33,120 | 49,680 | - | - | - | - | 1,000 - | 11.55 - | 2,8 - |
| James E. McDonald | 1/3/2017 n/a | - 27,072 | - 135,360 | - 203,040 | - - | - - | - - | - - | 5,000 - | 11.55 - | 14 - |

(1) The Compensation Committee took action to grant the January 3, 2017 equity awards indicated on December 13, 2016. The Compensation Committee took action to grant Mr. Robertson's March 9, 2017 equity award on March 1, 2017. The Compensation Committee took action to grant Mr. J. Brooks' June 1, 2017 equity award on May 30, 2017.

(2) If the threshold is not met, there is no award.

(3) The amounts in this column are the grant date fair values, for accounting purposes, of the awards of stock options determined in accordance with FASB ASC Topic 718.

Outstanding Equity Awards at Fiscal Year-End Table

The following table provides information concerning unexercised options, shares that have not vested, and equity incentive plan awards outstanding as of the end of the last completed fiscal year:

OUTSTANDING EQUITY AWARDS AT FISCAL 2017 YEAR-END

| | | Option Awards (1) | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Grant Date | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#)(2) | Market Value of Shares or Units of Stock That Have Not Vested ($) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(3) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) |
| Mike | 1/2/2015 | - | - | - | - | - | - | - | - |
| Brooks | 1/3/2016 | - | - | - | - | - | - | - | - |
| | 1/3/2017 | - | - | - | - | - | - | - | - |
| Jason | 1/2/2015 | 1,200 | 1,800 | 13.42 | 1/2/2025 | 1,500 | 28,350 | 3,000 | 56,700 |
| Brooks | 1/3/2016 | 600 | 2,400 | 11.56 | 1/3/2026 | 2,250 | 42,525 | 4,000 | 75,600 |
| | 1/3/2017 | - | 5,000 | 11.55 | 1/1/2027 | - | - | - | - |
| | 6/1/2017 | - | 10,000 | 14.45 | 6/1/2027 | - | - | - | - |
| Thomas | 1/2/2015 | - | - | - | - | - | - | - | - |
| Robertson | 1/3/2016 | - | - | 11.56 | 1/3/2026 | - | - | - | - |
| | 1/3/2017 | - | 500 | 11.55 | 1/1/2027 | - | - | - | - |
| | 3/9/2017 | - | 11,500 | 10.35 | 3/9/2027 | - | - | - | - |
| Richard | 1/2/2015 | 1,200 | 1,800 | 13.42 | 1/2/2025 | 1,500 | 28,350 | 3,000 | 56,700 |
| Simms | 1/3/2016 | 600 | 2,400 | 11.56 | 1/3/2026 | 2,250 | 42,525 | 4,000 | 75,600 |
| | 1/3/2017 | - | 5,000 | 11.55 | 1/1/2027 | - | - | - | - |
| David | 1/2/2015 | - | - | 13.42 | 1/2/2025 | - | - | - | - |
| Dixon | 1/3/2016 | - | - | 11.56 | 1/3/2026 | - | - | - | - |
| | 1/3/2017 | - | 2,000 | 11.55 | 1/1/2027 | - | - | - | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Byron | 1/2/2015 | - | - | 13.42 | 1/2/2025 | - | - | - | - |
| Wortham | 1/3/2016 | 200 | 800 | 11.56 | 1/3/2026 | 750 | 14,175 | - | - |
| | 1/3/2017 | - | 2,000 | 11.55 | 1/1/2027 | - | - | - | - |
| Michael | 1/2/2015 | - | - | - | - | - | - | - | - |
| Staude | 1/3/2016 | - | - | - | - | - | - | - | - |
| | 1/3/2017 | - | - | - | - | - | - | - | - |
| James E. | 1/2/2015 | - | - | - | - | - | - | - | - |
| McDonald | 1/3/2016 | - | - | - | - | - | - | - | - |
| | 1/3/2017 | - | - | - | - | - | - | - | - |

(1) Options become exercisable in five equal annual installments beginning on the first anniversary date of grant.

(2) The RSUs represented vest in four equal annual installments beginning on the first anniversary date of grant.

(3) Subject to the achievement of specified performance criteria, the PSUs cliff vest on the two-year anniversary of the date of grant in an amount depending on the level of achievement of the performance goal.

Option Exercises and Stock Vested Table

The following table provides information concerning stock option exercises and vested RSUs as of the end of the last completed fiscal year:

2017 OPTION EXERCISES AND STOCK VESTED TABLE

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| Name | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise ($) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting ($) |
| Mike Brooks | - | - | - | - |
| Jason Brooks | - | - | 2,000 | 23,250 |
| Thomas Robertson | - | - | - | - |
| Richard Simms | - | - | 2,000 | 23,250 |
| David Dixon | - | - | 250 | 2,888 |
| Byron Wortham | - | - | 250 | 2,938 |
| Michael Staude | 1,050 | 1,221 | 688 | 7,996 |
| James E. McDonald | - | - | 2,250 | 26,138 |

(1) The value realized upon vesting of RSUs was determined by multiplying the number of shares by the market value on the vesting date.

Agreements with NEOs and Potential Payments Upon Termination or Change in Control

Effective January 2, 2014, we entered into employment agreements with each of Mike Brooks, James E. McDonald, Jason Brooks, and Richard Simms. Mr. M. Brooks, currently our Chairman and our former Chief Executive Officer, had previously retired from his position as Executive Chairman of the Company on December 31, 2014, and his agreement expired at that time. Mr. McDonald's employment agreement was terminated when he resigned on January 12, 2017. Messrs. J. Brooks and Simms are each referred to below as an "Executive".

Each Executive's employment is at will, which means that subject to the terms of his employment agreement, either the Company or the Executive may terminate the Executive's employment at any time for any reason or for no reason.

In exchange for performing the duties and responsibilities customarily performed by persons employed in a similar executive capacity, each Executive is entitled to an annual base salary, which may be decreased up to 20%, or increased, subject to the approval of the Board of Directors. Each Executive is also entitled to participate in additional compensation and employee benefit plans as are made available to similarly situated executives.

The Executives agree to maintain the confidential information of the Company and to assign all inventions to the Company, and the Executives will not compete with the Company for six months following termination of employment for any reason or solicit the employees of the Company for 12 months following termination of employment for any reason.

In the event of termination of an Executive by the Company for cause or due to the Executive's death or disability (as defined in each employment agreement), or by the Executive for any reason, the Company will pay the Executive only the earned but unpaid portion of his base salary through the termination date.

Cause is defined in each employment agreement to include:

· Commission of an act of dishonesty involving the Company, its business or property, including, but not limited to, misappropriation of funds or any property of the Company;

· Engagement in activities or conduct clearly injurious to the best interests or reputation of the Company;

.

Willful and continued failure to substantially perform duties (other than as a result of physical or mental illness or injury), after the Board of Directors delivers a written demand for substantial performance that specifically identifies the manner in which the Board believes the Executive has substantially not performed his duties;

· Illegal conduct or gross misconduct that is willful and results in material and demonstrable damage to the business or reputation of the Company;

· The clear violation of any of the material terms and conditions of the employment agreement or any other written agreement or agreements the Executive has with the Company (following 30 days' written notice from the Company specifying the violation and the Executive's failure to cure such violation within such 30-day period);

- The clear violation of the Company's code of business conduct or the clear violation of any other rules of behavior as may be provided in any employee handbook which would be grounds for dismissal of any employee of the Company; or

- Commission of a crime which is a felony, a misdemeanor involving an act of moral turpitude, or a misdemeanor committed in connection with employment by the Company.

In the event an Executive is terminated by the Company without cause, the Company will pay the Executive the earned but unpaid portion of his base salary through the termination date, and will continue to pay his base salary for an additional six months; provided, however, any such payments will immediately end if the Executive is in violation of his obligations under his employment agreement or if the Company learns of any facts that would have been grounds for termination for cause. Such payments will be reduced by 50% if the Executive becomes employed or self-employed. Additionally, the Company will pay the Executive any unearned bonus for a completed bonus period and a pro-rated bonus, if any, for such bonus that would have been payable had the Executive remained employed throughout the bonus period, based on the actual performance of the Company.

Potential Payments upon Termination or Change in Control Table

Potential payments upon termination or Change in Control under the Employment Agreements with our NEOs are shown in the tables below. We have used estimates where it is not possible to give a precise dollar amount for the potential payments. The estimates assume that the triggering event took place on December 31, 2017, the last day of the Company's prior fiscal year, except that for Mr. McDonald, the amounts are actual amounts payable in connection with his termination. In the tables below, we have assumed that all accrued base salary has been paid as of the termination date.

PAYMENTS TO MR. MCDONALD UNDER EMPLOYMENT AGREEMENT

| Executive Benefits and Payments Upon Termination | Termination by Company with Cause or by Executive for any Reason ($) | Termination by Company without Cause ($) | | Termination upon Death or Disability ($) | Termination by Company without Cause or by Executive with Good Reason Following Change in Control ($) |
|---|---|---|---|---|---|
| Compensation: | | | | | |
| Base Salary | - | 338,400 | (1) | - | - |
| Incentive Compensation Plan (accrued but unpaid) | - | 1,164 | | - | - |
| Change in Control Payment | - | - | | - | - |
| Benefits: | | | | | |
| Health | - | - | | - | - |
| Life | - | - | | - | - |
| Disability | - | - | | - | - |
| Total value | - | 339,564 | | - | - |

(1) Payable over a period of 12 months following January 12, 2017.

POTENTIAL PAYMENTS TO MR. J. BROOKS UNDER EMPLOYMENT AGREEMENT

| Executive Benefits and Payments Upon Termination | Termination by Company with Cause or by Executive for any Reason ($) | Termination by Company without Cause ($) | | Termination upon Death or Disability ($) | Termination by Company without Cause or by Executive with Good Reason Following Change in Control ($) |
|---|---|---|---|---|---|
| Compensation: | | | | | |
| Base Salary | - | 150,000 | (1) | - | - |
| Incentive Compensation Plan (accrued but unpaid) | - | - | | - | - |
| Change in Control Payment | - | - | | - | - |
| Benefits: | | | | | |
| Health | - | - | | - | - |
| Life | - | - | | - | - |
| Disability | - | - | | - | - |
| Total value | - | 150,000 | | - | - |

(1) Payable over a period of six months following the termination date.

POTENTIAL PAYMENTS TO MR. SIMMS UNDER EMPLOYMENT AGREEMENT

| Executive Benefits and Payments Upon Termination | Termination by Company with Cause or by Executive for any Reason ($) | Termination by Company without Cause ($) | | Termination upon Death or Disability ($) | Termination by Company without Cause or by Executive with Good Reason Following Change in Control ($) |
|---|---|---|---|---|---|
| Compensation: | | | | | |
| Base Salary | - | 113,650 | (1) | - | - |
| Incentive Compensation Plan (accrued but unpaid) | - | - | | - | - |
| Change in Control Payment | - | - | | - | - |
| Benefits: | | | | | |
| Health | - | - | | - | - |
| Life | - | - | | - | - |
| Disability | - | - | | - | - |
| Total value | - | 113,650 | | - | - |

(1) Payable over a period of six months following the termination date.

Salary Continuation Agreement with Mr. M. Brooks

Mr. M. Brooks also entered into a salary continuation agreement with the Company effective as of May 1, 1984, amended December 22, 2008, to comply with Section 409A of the Internal Revenue Code. The agreement provides that certain benefits will be paid to Mr. M. Brooks or a designated beneficiary upon retirement, death, or termination of employment with the Company (or an affiliate). Under the agreement, Mr. M. Brooks qualifies for the benefits after 15 years of service with the Company or a predecessor corporation. If Mr. M. Brooks retires after age 65, Mr. M. Brooks or his beneficiary will receive monthly payments of $2,500 for a ten-year period commencing 90 days after retirement. If Mr. M. Brooks had died before age 65, the beneficiary would have received a payment, annually for a ten-year period, of the greater of $17,250 or the amount Mr. M. Brooks would have received had he terminated his employment after age 65, reduced by an amount equal to 5/9ths of one percent times the number of months remaining before Mr. M. Brooks would have reached age 65. If Mr. M. Brooks had terminated his employment with the Company for any reason prior to age 65, Mr. M. Brooks would have been entitled to receive the greater of the cash surrender value of a policy of insurance purchased by the Company on the life of Mr. M. Brooks or the amount Mr. M. Brooks would have received had he terminated his employment after age 65, reduced by an amount equal to 5/9ths of one percent times the number of months remaining before Mr. M. Brooks would have reached age 65. Finally, the agreement provides that Mr. M. Brooks will not, during or after his employment with the Company, directly or indirectly, compete with the Company or disclose any confidential information relative to the business of the Company. If Mr. M. Brooks breaches this or any other covenant under the agreement, no further payments are due or payable by the Company to Mr. M. Brooks or his beneficiary, and the Company has no further liability under the agreement.

Potential payments upon termination under the salary continuation agreement with Mr. M. Brooks are shown in the table below. The table assumes that the triggering event took place on December 31, 2017, the last day of the Company’s prior fiscal year. In the table below, we have assumed that all accrued base salary has been paid as of the termination date.

POTENTIAL PAYMENTS TO MR. BROOKS UNDER SALARY CONTINUATION AGREEMENT

| Name | Termination by Executive ($) (1) | Termination Upon Death ($) (1) |
|---|---|---|
| Payment to Mr. M. Brooks or his Beneficiary | 30,000 | 30,000 |

(1) Payable annually for ten years following the termination date.

CEO Pay Ratio

Our CEO to median employee pay ratio is calculated in accordance with Item 402(u) of Regulation S-K. To identify the median employee, we identified our total employee population as of December 15, 2017, and, in accordance with SEC rules, excluded the CEO, and employees from China representing in aggregate less than 5% of our employee base, to arrive at the median employee consideration pool. As of December 15, 2017, we had 351 U.S. employees and 1,728 non U.S. employees, all of which were counted for purposes of calculating a de minimis exception under Item 402(u) of Regulation S-K. There were 22 employees from China, all of whom were excluded from the calculation of the ratio in accordance with the de minimis exception outlined in Item 402(u) of Regulation S-K.

Out of our median employee consideration pool, we identified the median employee by examining the 2017 total gross wages for all individuals (excluding our CEO and the employees from China) who were employed by us on December 15, 2017. The median employee is employed as a Fitting Technician at our Lifestyle facility in Puerto Rico. After the median employee was identified, the employee's annual total compensation for 2017 was determined for purposes of this disclosure. We calculated annual total compensation for the median employee using the same methodology we use for our named executive officers as set forth in the 2017 Summary Compensation Table in this proxy statement.

In accordance with the instructions to Item 402(u) of Regulation S-K, we compared the median employee's compensation to Mr. J. Brooks' compensation, who was appointed our CEO on May 18, 2017 and was our CEO on December 15, 2017, the date we used to identify the median employee. Our median employee's annual total compensation for 2017 was $9,935. As a result, we estimate that Mr. J. Brooks' 2017 annual total compensation was approximately 24 times that of our median employee.

Compensation of Directors for Fiscal Year 2017

During 2017, the Company compensated each non-employee director as follows:

- An annual retainer of $70,000, payable by the issuance of shares valued at $7,000 on the first day of each quarter (valued at the last closing price prior to such date), which shares are fully vested at issuance but restricted as to sale until December 31, and the balance of $42,000 payable in cash quarterly (Mr. M. Brooks receives the entirety of his annual retainer of $70,000 in cash payable quarterly);

- An annual retainer of $20,000 for service as Chairman of the Board, payable in cash quarterly;

- An annual retainer of $12,000 for service as Chairman of the Audit Committee, payable in cash quarterly;

- An annual retainer of $9,000 for service as Chairman of the Compensation Committee, payable in cash quarterly;

- An annual retainer of $6,000 for service as Chairman of the Nominating and Corporate Governance Committee, payable in cash quarterly; and

· Reimbursement of reasonable out-of-pocket expenses incurred in connection with Board or committee meetings.

In addition, the Company granted to each non-employee director serving as of January 3, 2017, an option to purchase 2,000 shares of common stock, exercisable for five years at $11.55 per share.

The table below shows the compensation earned by the Company's directors during fiscal year 2017:

| Name | Fees earned or paid in cash ($) | Stock Awards ($) (1) | Option Awards ($) | Total ($) |
|---|---|---|---|---|
| Jason Brooks (2) | - | - | - | - |
| Mike Brooks (3) | 90,000 | - | 4,140 | 94,140 |
| Glenn E. Corlett | 54,000 | 28,000 | 4,140 | 86,140 |
| Michael L. Finn | 51,000 | 28,000 | 4,140 | 83,140 |
| G. Courtney Haning | 48,000 | 28,000 | 4,140 | 80,140 |
| William L. Jordan | 31,500 | 21,000 | 4,140 | 56,640 |
| Curtis A. Loveland | 42,000 | 28,000 | 4,140 | 74,140 |
| Robert B. Moore, Jr. | 31,500 | 21,000 | 4,140 | 56,640 |
| Harley E. Rouda, Jr. | 42,000 | 28,000 | 4,140 | 74,140 |
| James L. Stewart | 42,000 | 28,000 | 4,140 | 74,140 |

(1) Represents the aggregate grant date fair value in accordance with FASB ASC Topic 718. For a discussion of the assumptions made in the valuation of the dollar amount recognized, please refer to Note 8 to the Company's Consolidated Financial Statements, which are set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

(2) Mr. J. Brooks was elected as a Class I director of the Company on May 18, 2017. He did not receive any additional compensation for his service as a director, and his compensation for his service as an executive officer of the Company is listed in our Summary Compensation table on page 29.

(3) Mr. M. Brooks was appointed as Chief Executive Officer of the Company on September 8, 2016. He resigned as Chief Executive Officer of the Company on May 18, 2017, and will continue to serve as Chairman of the Board. During fiscal 2017, he did not receive any base compensation for his service as Chief Executive Officer, but he was paid a bonus of $100,000 for such services.

Equity Compensation Plan Information

The table below sets forth additional information as of December 31, 2017, concerning shares of our common stock that may be issued upon the exercise of options and other rights under our existing equity compensation plans and arrangements, divided between plans approved by our shareholders and plans or arrangements not submitted to our shareholders for approval. The information includes the number of shares covered by, and the weighted average exercise price of, outstanding options and other rights and the number of shares remaining available for future grants excluding the shares to be issued upon exercise of outstanding options, warrants, and other rights.

| | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a) (c) |
|---|---|---|---|
| Equity compensation plans approved by security holders (1) | 73,750 | $ 13.44 | 135,560 |
| Equity compensation plans not approved by security holders | - | - | - |
| Total | 73,750 | $ 13.44 | 135,560 |

(1)Equity compensation plans approved by shareholders include the 2014 Omnibus Incentive Plan and 2004 Stock Incentive Plan.

Report of the Compensation Committee Of The Board Of Directors

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management and based on that review and discussion, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement for filing with the Securities and Exchange Commission.

COMPENSATION COMMITTEE
Michael L. Finn, Chairman
Robert B. Moore, Jr.
James L. Stewart

Compensation Committee Interlocks and Insider Participation

During 2017, the members of the Compensation Committee were Messrs. Finn (Chairman), Corlett, Moore, and Stewart. At its meeting on May 18, 2017, the Board of Directors appointed Mr. Moore to the Compensation Committee, replacing Glenn E. Corlett. None of these members was an executive officer or employee of the Company or its subsidiaries during or prior to his service as a member of the Compensation Committee and no executive officer of the Company served or serves on the compensation committee or board of any company that employed or employs any member of the Company's Compensation Committee or Board.

Transactions with Related Persons

Mr. Loveland, a director of the Company, is a partner in the law firm of Porter, Wright, Morris & Arthur llp, which provides legal services to the Company. During fiscal 2017, the Company paid aggregate fees of approximately $600,000 to that firm.

Mr. Jordan, a director of the Company, is an executive officer of DSW Inc., a footwear and accessories retailer ("DSW"). DSW makes purchases of footwear from the Company in its normal course of business. Mr. Jordan is not responsible for decisions regarding what footwear products are purchased. During fiscal 2017, DSW made payments of approximately $455,974 to the Company for purchases of footwear.

During 2017, the Company employed certain members of Mr. M. Brooks' immediate family. Jason Brooks, Mr. M. Brooks' son, served as the Company's President, Core Brands until May 18, 2017, and currently serves as President and Chief Executive Officer, and as a director of the Company. Mr. J Brooks' compensation is listed in our Summary Compensation Table on page 29. David Dixon, Mr. M. Brooks' nephew and Mr. J. Brooks' first cousin, by marriage, serves as the Company's President of Sourcing and Manufacturing. Mr. Dixon's compensation is listed in our Summary Compensation Table on page 29. Stuart Brooks, Mr. M. Brooks' brother, served as a Key Account Manager for the Company, and Mark Pitts, Mr. M. Brooks son-in-law, also served as a Key Account Manager for the Company; and each earned base salaries, commission and bonuses of $108,900 and $155,620, respectively, in 2017. During 2017, the Company also employed certain members of Mr. J. Brooks' immediate family. David Bush, Mr. J. Brooks' brother by marriage, served as a Manager, Territory – Rocky Outdoor for the Company and earned a base salary, commission and bonus of $130,392 in 2017.

The Company believes that all terms of the transactions and existing arrangements set forth above are no less favorable to the Company than similar transactions and arrangements which might have been entered into with unrelated parties.

It is the written policy of the Company that the Nominating and Corporate Governance Committee will review the material facts of all Interested Transactions that require approval and either approve or disapprove of the entry into the Interested Transaction. An Interested Transaction is any transaction, arrangement, relationship, or series of similar transactions, arrangements, or relationships (including any indebtedness or guarantee of indebtedness) in which:

· The aggregate amount involved will or may be expected to exceed $100,000 in any fiscal year,

· The Company is a participant, and

- Any Related Party has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity).

A Related Party includes:

- Any person who is or was (since the beginning of the last fiscal year for which the Company has filed a Form 10-K and proxy statement, even if they do not presently serve in that role) an executive officer, director, or nominee for election as a director,

- Any person who is a greater than five percent beneficial owner of the Company's common stock, or

- Any immediate family member of any of the foregoing, including a person's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone residing in such person's home (other than a tenant or employee).

In determining whether to approve or ratify an Interested Transaction, the Nominating and Corporate Governance Committee will take into account, among other factors it deems appropriate, whether the Interested Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the transaction. Certain types of Interested Transactions, such as compensation to directors and officers that are required to be reported in the Company's proxy statement, have been deemed to be pre-approved.

Report of the Audit Committee Of The Board Of Directors

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this Report by reference therein.

General. In accordance with the Audit Committee Charter adopted by the Board of Directors, the Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and financial reporting practices of the Company. During the 2017 fiscal year, the Audit Committee met eight times.

Review and Discussion with Independent Registered Public Accounting Firm. In fulfilling its oversight responsibility as to the audit process, the Audit Committee obtained from its independent registered public accounting firm the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding all relationships between it and the Company that might bear on its independence and the communications, discussed with the independent registered public accounting firm any relationships that may impact the independent registered public accounting firm's objectivity and independence, and satisfied itself as to the independent registered public accounting firm's independence. The Audit Committee also discussed with management and the independent registered public accounting firm the quality and adequacy of the Company's internal controls. In addition, the Audit Committee reviewed and discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 1301, as amended, and, with and without management present, discussed and reviewed the results of the independent registered public accounting firm's examination of the consolidated financial statements.

Review with Management. The Audit Committee reviewed and discussed the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2017, with management. Management has the responsibility for the preparation of the Company's consolidated financial statements, and the Company's independent registered public accounting firm has the responsibility for the examination of those statements.

Conclusion. Based on the reviews and discussions with management and the Company's independent registered public accounting firm noted above, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 to be filed with the Securities and Exchange Commission.

AUDIT COMMITTEE
Glenn E. Corlett, Chairman
G. Courtney Haning

William L. Jordan

48

Proposal 3 – Ratification of Independent Registered Public Accounting Firm

The Board of Directors has appointed Schneider Downs & Co., Inc. as its independent registered public accounting firm for the Company for the fiscal year ending December 31, 2018. Although not required, the Board of Directors is submitting its selection to the shareholders of the Company for ratification. The Board of Directors will reconsider the appointment of Schneider Downs & Co., Inc. if its selection is not ratified by the shareholders.

Representatives of Schneider Downs & Co., Inc. will be present at the meeting and will have an opportunity to make a statement if they desire to do so. Such representatives will be available to respond to appropriate questions.

The Board of Directors unanimously recommends that shareholders vote FOR ratification of its appointment of Schneider Downs & Co., Inc.

Fees Of The Independent Registered Public Accounting Firm

The following table shows the aggregate fees billed to the Company by Schneider Downs & Co., Inc., its independent registered public accounting firm, for services rendered during the fiscal year ended December 31, 2017 and 2016.

| | Fiscal Year Ended | |
|---|---|---|
| | December 31, 2017 | December 31, 2016 |
| Audit Fees (1) | $ 505,000 | $ 525,000 |
| Audit-Related Fees (2) | 15,000 | - |
| Tax Fees | - | - |
| All Other Fees | - | - |

(1) Includes fees for the annual integrated audit of the consolidated financial statements, audits to meet statutory requirements and review of regulatory filings and internal control. For the fiscal years ended December 31, 2017, and December 31, 2016, includes fees for the annual integrated audit and quarterly reviews.

(2) Includes fees relating to the new accounting rules for revenue recognition.

The Audit Committee has considered whether the provision of services other than those performed in connection with the “Audit Fees” above is compatible with maintaining the independent registered public accounting firm’s independence.

The Audit Committee is required to pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent registered public accounting firm or other registered public accounting firm, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, as amended, that are approved by the Audit Committee prior to completion of the audit.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company’s officers and directors, and greater than 10% shareholders, to file reports of ownership and changes in ownership of the Company’s securities with

the Securities and Exchange Commission. Copies of the reports are required by SEC regulation to be furnished to the Company. Based on its review of such reports and written representations from reporting persons, the Company believes that all filing requirements were complied with during fiscal 2017 with the exception of one late Form 4 filing relating to one transaction for Mr. Staude due to technical difficulties, one late Form 4 filing relating to one transaction for Mr. Stewart, and one late Form 4 filing relating to one transaction for Mr. Haning.

Proposals By Shareholders For 2019 Annual Meeting

Each year the Board of Directors submits its nominations for election of directors at the Annual Meeting of Shareholders. Other proposals may be submitted by the Board of Directors or the shareholders for inclusion in the proxy statement for action at the annual meeting. Any proposal submitted by a shareholder for inclusion in the proxy statement for the Annual Meeting of Shareholders to be held in 2019 must be received by the Company (addressed to the attention of the Secretary) on or before December 13, 2018. Any shareholder proposal submitted outside the processes of Rule 14a-8 under the Securities Exchange Act of 1934 for presentation at our 2019 annual meeting will be considered untimely for purposes of Rule 14a-4 and 14a-5 if notice thereof is received by the Company in writing less than 30 days or more than 60 days prior to the date of the 2019 annual meeting. However, if the Company give less than 40 days' notice of the date of the next scheduled annual meeting to shareholders, then a shareholder proposal must be received no later than the close of business on the tenth day following the earlier of (i) the day of public notice of the annual meeting or (ii) the day on which such notice of the date of the meeting was mailed. To be submitted at the meeting, any such proposal must be a proper subject for shareholder action under the laws of the State of Ohio.

Other Matters

As of the date of this proxy statement, management knows of no other business that will properly come before the meeting. Should any other matter requiring a vote of the shareholders arise, the proxy in the enclosed form confers upon the persons designated to vote the shares discretionary authority to vote with respect to such matter in accordance with their best judgment.

The Company's Annual Report to Shareholders for the fiscal year ending December 31, 2017, including financial statements, was furnished to shareholders concurrently with the mailing of this proxy material.

By Order of the Board of Directors,

Curtis A. Loveland
Secretary

IMPORTANT ANNUAL MEETING INFORMATION

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 12:00 a.m., Eastern Time, on May 16, 2018.

Vote by Internet

Go to www.envisionreports.com/RCKY

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas.

Annual Meeting Proxy Card
IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Proposals — The Board of Directors recommends a vote FOR all the nominees listed, FOR Proposal 2, and FOR Proposal 3.

1. Election of five Class II Directors of the Company, each to serve for a two-year term expiring at the 2020 Annual Meeting of Shareholders.

| For | Withhold | For | Withhold | For | Withhold |
|---|---|---|---|---|---|
| 01 - Michael L. Finn | | 02 - G. Courtney Haning | | | |

03 - William L. Jordan

04 - Curtis A. Loveland

05 - Robert B. Moore, Jr.

| | For | Withhold | Abstain |
|---|---|---|---|
| 2. Resolution to approve, on an advisory, nonbinding basis, the compensation of our named executive officers. | | | |
| 3. Ratification of the selection of Schneider Downs & Co., Inc. as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018. | | | |

4. The transaction of such other business which may properly come before the meeting or any adjournment thereof.

B Non-Voting Items

Change of Address — Please print your new address below.

Comments — Please print your comments below.

Meeting Attendance

Mark the box to the right if you plan to attend the Annual Meeting.

C Authorized Signature — This section must be completed for your vote to be counted — Date and Sign Below

Signature(s) shall agree with the name(s) printed on this proxy. If shares are registered in two names, both shareholders should sign this proxy. If signing as attorney, executor, administrator, trustee or guardian, please give your full title as such. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

Date (mm/dd/yyyy) — Please print date below.

Signature 1 — Please keep signature within the box.

Signature 2 — Please keep signature within the box.

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

Proxy — ROCKY BRANDS, INC.
39 East Canal Street, Nelsonville, Ohio 45764

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS — May 16, 2018

The undersigned hereby appoints MIKE BROOKS and CURTIS LOVELAND, or either one of them acting alone, my attorneys and proxies, with full power of substitution to each, to vote all shares of common stock which the undersigned is entitled to vote at the Annual Meeting of Shareholders of said corporation to be held on May 16, 2018, 3:00 p.m., local time, at the Company's offices located at 45 East Canal Street, Nelsonville, Ohio 45764, and at any adjournment thereof, with all of the powers I would have if personally present, for the following purposes:

The undersigned gives unto said attorneys and proxies, or substitutes, full power and authority to do whatsoever in their opinion may be necessary or proper to be done in the exercise of the power hereby conferred, including the right to vote for any adjournment, hereby ratifying all that said attorneys and proxies, or substitutes, may lawfully do or cause to be done by virtue hereof. Any of the said attorneys and proxies, or substitutes, who shall be present and shall act at the meeting shall have and may exercise all the powers of said attorneys and proxies hereunder.

THIS PROXY, WHEN EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES TO THE BOARD OF DIRECTORS (PROPOSAL 1), FOR PROPOSAL 2, AND FOR PROPOSAL 3. IF ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE PROXIES LISTED ON THE REVERSE SIDE WILL VOTE IN THEIR DISCRETION.

The undersigned hereby acknowledges receipt of the Notice of the Annual Meeting of Shareholders, dated April 16, 2018, the Proxy Statement and the Annual Report of the Company furnished therewith. Any proxy heretofore given to vote said shares is hereby revoked.

Please sign and date this Proxy below and return it in the enclosed envelope.