

Neonode, Inc
Form PRE 14A
August 11, 2017

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

NEONODE 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:

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- (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:

NEONODE INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON OCTOBER 3, 2017

Stockholders of Neonode Inc.:

Notice is hereby given that the 2017 Annual Meeting of Stockholders of Neonode Inc., a Delaware corporation (“Neonode”), will be held on October 3, 2017 at 3:00 p.m. local time at Neonode’s principal executive office located at Storgatan 23C, 11455 Stockholm, Sweden, to conduct the following business:

1. To elect three Class III directors to serve on the Board of Directors of Neonode for a term of three years and until the election and qualification of their respective successors;
2. To approve, on a nonbinding advisory basis, the compensation of Neonode’s named executive officers;

To approve an amendment to Neonode’s Amended and Restated Certificate of Incorporation, as amended and
3. corrected, to increase the number of authorized shares of Neonode common stock from 70,000,000 shares to 100,000,000 shares;
4. To ratify the appointment of KMJ Corbin and Company LLP as Neonode’s independent registered public accounting firm for the fiscal year ending December 31, 2017; and
5. To transact any other business that may properly come before the meeting.

The record date for the 2017 Annual Meeting is August 8, 2017. Only stockholders of record, or their proxies, at the close of business on that date may vote at the meeting or any adjournment thereof.

By Order of the Board of Directors

/s/ Lars Lindqvist

Lars Lindqvist

Vice President, Finance, Chief Financial
Officer,
Treasurer and Secretary

August , 2017

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders
to be Held on Tuesday, October 3, 2017:**

This notice, the proxy statement, the proxy card, and Neonode's annual report are available at

<http://www.astproxyportal.com/ast/16987>

NEONODE INC.

PROXY STATEMENT FOR THE 2017 ANNUAL MEETING

This proxy statement is furnished by and on behalf of the Board of Directors of Neonode Inc., a Delaware corporation (“we”, “us”, “our”, “company,” or “Neonode”), in connection with the Annual Meeting of Stockholders of Neonode to be held on October 3, 2017 at 3:00 p.m. local time at Neonode’s principal executive office located at Storgatan 23C, 11455 Stockholm, Sweden.

This proxy statement and accompanying materials are first being sent or given to stockholders on approximately August , 2017.

Questions and Answers About the 2017 Annual Meeting

What is the purpose of the 2017 Annual Meeting? At the 2017 Annual Meeting, stockholders will be asked to:

elect three Class III directors to Neonode’s Board of Directors for a term of three years;

hold an advisory vote on the compensation of Neonode’s named executive officers (the “say-on-pay” vote);

approve an amendment to Neonode’s Amended and Restated Certificate of Incorporation, as amended and corrected (the “Certificate of Incorporation”) to increase the number of authorized shares of common stock from 70,000,000 shares to 100,000,000 shares; and

ratify the appointment of KMJ Corbin and Company LLP as Neonode’s independent registered public accounting firm for the fiscal year ending December 31, 2017.

Stockholders also may be asked to act on any other business that may properly come before the meeting. Members of our company’s management team will be present at the meeting to respond to appropriate questions from stockholders.

Who is entitled to vote? The record date for the 2017 Annual Meeting is August 8, 2017. Only stockholders of record at the close of business on that date are entitled to vote at the meeting. Each share of common stock and Series B Preferred Stock entitles the holder thereof to one vote on each matter properly brought before the meeting. As of the record date, 58,594,503 shares of our common stock were issued and outstanding and 83 shares of Series B Preferred Stock were issued and outstanding.

What is the difference between being a “record holder” and holding shares in “street name”? A record holder is listed as a stockholder on the share register of our company. Shares held in “street name” are held of record in the name of a brokerage firm or bank for the benefit of another person.

Am I entitled to vote if my shares are held in “street name”? If your shares are held by a broker or bank, you are considered the beneficial owner of shares held in “street name”. If your shares are held in street name, proxy materials should be forwarded to you by the record holder if it is a broker or bank along with a voting instruction card. As the beneficial owner, you may direct your broker or bank record holder how to vote your shares, and your broker or bank is required to vote your shares in accordance with your instructions.

What is the quorum requirement? A quorum is necessary to hold a valid meeting. A quorum will be present if a majority of the outstanding shares eligible to vote are represented in person or by proxy at the meeting. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker or bank, or other nominee record holder) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement.

Who can attend the 2017 Annual Meeting? All of our stockholders of record as of the close of business on August 8, 2017 may attend the 2017 Annual Meeting. “Street name” holders also are invited to attend the meeting; however, if you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or bank.

What if a quorum is not present at the meeting? If a quorum is not present at the scheduled time of the meeting, either the chairman of the meeting or a majority of the outstanding shares entitled to vote represented at the meeting may adjourn the meeting.

How many votes do I have? On each matter to be voted upon, you have one vote for each share of common stock and/or preferred stock you own as of the record date.

Can I change my vote after I submit my proxy? If you are a record holder of shares, you may revoke your proxy and change your vote at any time before your proxy is actually voted at the meeting:

by signing and delivering another proxy with a later date;

by giving written notice of such revocation to the Corporate Secretary of our company prior to or at the meeting; or

by voting in person at the meeting.

What if I do not specify how my shares are to be voted? If you submit a proxy but do not indicate any voting instructions, the persons named as proxies will vote in accordance with the recommendations of the Board of Directors.

How are votes counted? Votes will be counted by the inspector of election appointed for the 2017 Annual Meeting, who will separately count “for” and “against” votes, abstentions, and broker non-votes.

What is an abstention? An “abstention” represents a stockholder’s affirmative choice to decline to vote on a proposal, other than the election of directors (the choices for election of directors are limited to “For” or “Withhold”).

How will abstentions be treated? Under the Bylaws of our company, abstained shares are excluded from the votes cast, so they will have no practical effect for or against a proposal.

What is a broker non-vote? If you are a “street name” beneficial owner but do not provide voting instructions to your broker record holder, then under applicable rules your broker may only exercise discretionary authority to vote on routine matters. Of the items described in this proxy statement, it is our understanding that routine matters consist of Proposals 4 and 5. A broker may not exercise discretionary authority to vote on non-routine matters. This lack of discretionary authority is called a “broker non-vote.” Of the items described in this proxy statement, it is our understanding that non-routine matters consist of Proposals 1 and 2.

How will broker non-votes be treated? Broker non-votes will be treated as shares present for quorum purposes, but not considered entitled to vote on that matter. Therefore, broker non-votes do not count as votes for or against any proposal.

What are the recommendations of the Board of Directors? The Board recommends that you vote:

FOR the election to the Board of Directors of the Class III nominees named in this proxy statement;

FOR the approval, on an advisory basis, of the compensation of the named executive officers;

FOR the approval of the amendment to the Certificate of Incorporation to increase the number of authorized shares of common stock from 70,000,000 shares to 100,000,000 shares; and

FOR the ratification of KMJ Corbin and Company LLP as independent registered public accounting firm for the fiscal year ending December 31, 2017.

How many votes are required to elect the director nominees? The affirmative vote of a plurality of the shares cast at the 2017 Annual Meeting is required to elect the Class III directors. This means that the three nominees who receive more affirmative votes than any other person(s) will be elected directors.

How many votes are required to approve the amendment to our Certificate of Incorporation? The affirmative vote of a majority of the shares entitled to vote at the 2017 Annual Meeting is required to approve the amendment to Neonode's Certificate of Incorporation.

How many votes are required to approve the remaining proposals? The affirmative vote of a majority of the shares cast at the 2017 Annual Meeting is required to approve each remaining proposal.

Will any other business be conducted at the 2017 Annual Meeting? We know of no other matter that will be presented at the meeting. However, if any other matter properly comes before the stockholders for a vote at the meeting, the proxy holder(s) will vote your shares in accordance with the recommendations of the Board of Directors or otherwise at the discretion of the proxy holder(s).

Where can I find the voting results of the 2017 Annual Meeting? We intend to announce preliminary voting results at the 2017 Annual Meeting and file final results in a Current Report on Form 8-K with the Securities and Exchange Commission (the "SEC") within four days of the meeting.

Proxy Solicitation

We will bear the entire cost of this proxy solicitation. Our directors, officers and regularly engaged employees may solicit proxies personally or by mail, telephone, facsimile, internet or other electronic means, for which solicitation they will not receive any additional compensation. We will reimburse brokerage firms, bank, custodians, and other fiduciaries for their out-of-pocket expenses in forwarding solicitation materials to beneficial owners upon our request.

Notice and Access

We are using the "Notice and Access" method of posting the proxy materials online instead of mailing printed copies. We believe that this process will provide you with a convenient and quick way to access the proxy materials, including this proxy statement and our annual report, and authorize a proxy to vote your shares, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials.

Most stockholders will not receive paper copies of the proxy materials unless they request them. Instead, a Notice and Access card, which has been mailed to our stockholders of record, provides instructions regarding how you may access or request all of the proxy materials by telephone, e-mail, or online. The Notice and Access card also instructs you how to submit your proxy via the mail or online. If you prefer to receive a paper or e-mail copy of the proxy materials, you should follow the instructions for requesting such materials printed on the Notice and Access card.

If your shares are held by a brokerage firm or bank on your behalf in “street name”, you as beneficial owner should receive a Notice and Access card that instructs you how to provide your broker or bank with voting instructions for your shares. Most brokers and banks enable beneficial owners to provide voting instructions via the mail, online, or other means.

It is important that your shares be represented at the 2017 Annual Meeting

and voted in accordance with your wishes. Whether or not you plan to attend the meeting,

please complete a proxy as promptly as possible so that your shares will be voted at the 2017 Annual Meeting.

This will not limit your right to vote in person or to attend the meeting.

PROPOSAL 1 — ELECTION OF CLASS III DIRECTORS

Three persons will be elected at the 2017 Annual Meeting of Stockholders to serve as Class III directors of the Board of Directors of our company. The elected Class III directors are expected to serve until the 2020 Annual Meeting of Stockholders of Neonode or until their respective successors are duly elected and qualified, or until their earlier death, resignation, or removal.

The Board of Directors has nominated Per Eriksson and Åsa Hedin for election and Per Löfgren for reelection as Class III directors of the Board of Directors.

The term of Mats Dahlin, who currently serves as a Class III director, will expire directly after the 2017 Annual Meeting. The Board of Directors thanks Mr. Dahlin for his many years of service as a director for our company.

Mr. Eriksson, Ms. Hedin, and Mr. Löfgren have each expressed their willingness to serve as a member of the Board. If Mr. Eriksson, Ms. Hedin, or Mr. Löfgren becomes unavailable to serve as a director for any reason (which event is not anticipated), the shares represented by proxy may (unless such proxy contains instructions to the contrary) be voted for such other person as may be determined by the proxy holder(s).

Biographical information about Mr. Eriksson, Ms. Hedin, and Mr. Löfgren is provided under “Composition of the Board of Directors” in the Board Matters and Corporate Governance section below.

Required Vote and Recommendation

Directors are elected by a plurality of the votes of the holders of common stock and Series B Preferred Stock present in person or by proxy and entitled to vote at the meeting. Provided a quorum is present, the nominees receiving the highest number of affirmative votes will be elected as Class III directors. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will count towards the presence of a quorum. Properly executed and unrevoked proxies will be voted “FOR” the nominee of the Board of Directors unless contrary instructions are indicated in the proxy.

*The Board of Directors recommends that you vote “FOR” the election of
the Board of Directors’ nominees for Class III directors.*

BOARD MATTERS AND CORPORATE GOVERNANCE

Composition of the Board of Directors

In accordance with our Certificate of Incorporation, the Board of Directors exclusively determines the number of directors that compose the Board. By resolution in connection with preparation for 2017 Annual Meeting, the Board of Directors increased the size of the Board from five members to six members. In addition, no later than the date of

the 2017 Annual Meeting, the Board of Directors is expected to further increase the size of the Board to add the designated directors as described under “Board Representatives” below.

Also in accordance with our Certificate of Incorporation, the Board of Directors is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors. Each class has a three-year term. Currently, two members of the Board serve in Class I, one member serves in Class II, and two members serve in Class III. Immediately subsequent to the 2017 Annual Meeting, with the expected addition of the designated directors as described under “Board Representatives” below, we expect the Board to consist of three members in Class I, two members in Class II, and three members in Class III.

Our Certificate of Incorporation provides that any vacancies on the Board of Directors may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class may serve for the remainder of the full term of that class, and until the director’s successor is elected and qualified.

Continuing Directors and Nominees

The identities and biographies of each continuing member or nominee to the three classes of the Board of Directors serving staggered, three-year terms are as follows:

Class I Directors Continuing in Office with Terms Expiring at the 2018 Annual Meeting:

Per Bystedt, age 51, has served as Chairman of the Board of Directors of Neonode since August 2007, including as Executive Chairman between January 2011 and June 2015. From May 2008 to January 2011, Mr. Bystedt served as Chief Executive Officer of Neonode, and he served as the interim Chief Executive Officer of Neonode from October 2005 to July 2006. From 1997 to 2008, Mr. Bystedt served as Chief Executive Officer and President of Spray AB, an internet investment company. From 2000 to 2010, Mr. Bystedt served as a member of the Board of Directors of Axel Johnson AB. From 2000 to 2008, Mr. Bystedt served as a member of the Board of Directors of Eniro AB, and from 2005 to 2008 he served as a member of the Board of Directors of Servera AB. From 2005 to 2010, Mr. Bystedt was Chairman of the Board of Directors of AIK Fotboll AB. From 1997 to 2005, Mr. Bystedt served as a member of the Board of Directors of Ahlens AB, and from 1998 to 2000 he was Chairman of the Board of Directors of Razorfish, Inc.

The Board of Directors has concluded that Mr. Bystedt should serve as director because of his past experience as Chief Executive Officer of our company, his understanding of finance and technology, and his more than twenty years of management and business oversight experience as a chief executive officer and member of the boards of directors of various companies.

Thomas Eriksson, age 47, has served as President of Neonode since June 2015, as Chief Executive Officer of Neonode since January 2011, and as director of Neonode since December 2009. Mr. Eriksson also has served as Chief Executive Officer of Neonode Technologies AB, a wholly-owned subsidiary of Neonode, since January 1, 2009. Mr. Eriksson was one of the founders of our company in 2001 and he served as Chief Technical Officer of Neonode from February 2006 to December 31, 2008. Prior to joining Neonode, Mr. Eriksson founded several companies with products ranging from car electronics test systems and tools to GSM/GPRS/GPS-based fleet management systems including M2M applications and wireless modems.

The Board of Directors has concluded that Mr. Eriksson should serve as director because of his current role as President and Chief Executive Officer of our company, his experience as one of the founders of our company, and his understanding of our technology.

Class II Director Continuing in Office with Term Expiring at the 2019 Annual Meeting:

John Reardon, age 57, has served as a director of Neonode and its predecessors since February 2004. Mr. Reardon has served as President and member of the Board of Directors of The RTC Group, a technical publishing company, since 1990. Mr. Reardon also serves on the Board of Directors of One Stop Systems, Inc., a computing systems and manufacturing company, and Middle Canyon, Inc., a private distribution and integration company representing major industrial computing lines.

The Board of Directors has concluded that Mr. Reardon should serve as director because of his institutional knowledge of our company and his twenty-five years of experience in management, finance, and business development.

Class III Nominees for Election with Terms Expiring at the 2020 Annual Meeting:

Åsa Hedin, age 54, has served as a non-executive board member and business advisor to Elekta AB since April 2015. She previously served as Executive Vice President Marketing and Corporate Development at Elekta between January

2013 and April 2015 and, prior to that, served as Executive Vice President for Elekta Neuroscience and President of Elekta Instrument between August 2007 and January 2013. Ms. Hedin also has held executive positions at Gambro and Siemens Healthcare. She currently serves on the Boards of Directors of Tobii AB, Nolato AB, Immunova AB, Cellavision AB, Fingerprint Cards AB, and E. Öhman J:or Fonder AB.

The Board of Directors has concluded that Ms. Hedin should serve as director because of her ability to serve as an independent member of the Board and her diverse executive background and experience on various company boards.

Per Eriksson, age 55, has served as President and Chief Executive Officer of NetEnt, AB since 2012. NetEnt is a digital entertainment company listed on the NASDAQ OMX Nordic stock exchange. Prior to joining NetEnt, Mr. Eriksson served as President and Chief Executive Officer of Dustin Group and, prior to that, as head of EMEA for Dell Inc. and Chief Executive Officer for Dell Sweden and the Nordics.

The Board of Directors has concluded that Mr. Eriksson should serve as director because of his eligibility to serve as an independent member of the Board and more than 25 years of experience with B2B sales in the information technology industry.

Per Eriksson is not related to Thomas Eriksson, the President and Chief Executive Office of Neonode and also a member of the Board of Directors.

Per Löfgren, age 53, has served as Vice President Global Sales and Chief Financial Officer for Segment Global Services of Ericsson AB since January 2015. He also has served as President of Ericsson AB since January 2015. From 2011 to 2014, he served as Executive Vice President and Chief Financial Officer of Ericsson North America. From 2008 until 2011, Mr. Löfgren served as President of Ericsson Sweden AB. Prior to 2008, he served in various Ericsson business units globally as a division chief financial officer, controller, marketing and other management positions.

The Board of Directors has concluded that Mr. Löfgren should serve as director because of his qualification as an audit committee financial expert, his general financial and business knowledge, and his thirty years of experience in the communications and technology industry.

Board Representatives

On August 2, 2017, our company entered into a Securities Purchase Agreement pursuant to which a majority of the purchasers of the securities became entitled to designate up to two individuals to join the Board of Directors provided that each designee would be eligible to serve as an independent director under applicable NASDAQ Stock Market rules. The Securities Purchase Agreement does not provide the majority purchasers with any ongoing representation. Subsequent to the initial appointment to the Board of Directors, the designees are not assured of being nominated for election at a future annual meeting of stockholders. In the event either designee ceases to serve as director for any reason, the Board of Directors is not obligated to appoint any replacement individual to fill the vacancy.

In accordance with the Securities Purchase Agreement, a majority of purchasers designated the following two individuals to serve as directors:

Andreas Bunge, age 56, since 2015 has been Chief Executive Officer of Merkatūra AB, a private holding company, and provides business consulting for technology companies. Between 2012 and 2015, he served as Chief Executive Officer of Spago Nanomedical AB (formerly Spago Imaging AB) until its public listing on the NASDAQ OMX Nordic stock exchange. Between 2005 and 2012, Mr. Bunge founded and served as Chief Executive Officer of Accelerator Nordic AB, which spun-off Spago Imaging in 2012. Prior to Accelerator Nordic, he founded and served as Chief Executive Officer of Applied Sensor AB and held various managerial positions at Intentia AB. Mr. Bunge has an MSc in Engineering and Management from Linköping University.

Ulf Rosberg, age 51, currently serves as Chief Executive Officer of UMR Invest AB, a private holding company, and as Chairman of Payair Technologies AB. He previously served in various leadership positions at Nordic Capital AB from 1994 until June 2017, including as investment manager, director, partner, and most recently as senior advisor since 2012. Prior to joining Nordic Capital, Mr. Rosberg held corporate finance positions with SEB Investment Banking and Leimdörfer & Partners. He has an M.Sc. in Economics from the Stockholm School of Economics and a degree with a major in finance from New York University, Stern School of Business in New York.

As provided in the Securities Purchase Agreement, the Board of Directors is expected to appoint these two designees to serve as directors no later than the date of the 2017 Annual Meeting of Stockholders. Upon such appointment, one designee is expected to serve as a Class I director and the other as a Class II director.

Leadership of the Board of Directors

The business of our company is managed under the direction of the Board of Directors, which is elected by our stockholders. The basic responsibility of the Board is to lead our company by exercising business judgment to act in what each director reasonably believes to be the best interests of our company and its stockholders. Leadership is important to facilitate the ability of the Board to act effectively as a working group so that our company and its performance may benefit. The Board does not have a lead independent director. The Board has chosen to separate the positions of chief executive officer and chairman. The Board believes that it is appropriate to have one individual responsible for our company's operational aspects and a second individual responsible for our company's strategic aspects. As prior Chief Executive Officer of our company with knowledge of our challenges and opportunities, Mr. Bystedt's role as Chairman includes providing feedback on the direction, performance, and strategy of our company.

Committees of the Board of Directors

The Board of Directors has established three committees: an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. John Reardon, Mats Dahlin and Per Löfgren are the current members of each committee.

In 2016, the Audit Committee met four times, the Compensation Committee met once, and the Nominating and Governance Committee met once. All of the directors attended at least 75% of the meetings of each committee on which he was then serving. In addition, the independent directors of the Board of Directors regularly meet in executive sessions.

The Board of Directors has adopted written charters for each of the Audit Committee, Compensation Committee, and Nominating and Governance Committee. Copies of the Audit Committee Charter, Compensation Committee Charter, and Nominating and Governance Committee Charter are available on our website at <http://www.neonode.com/investor-relations/corporate-governance/>. The information contained on our website is not part of and is not incorporated by reference into this proxy statement. Each of the committees has the authority under its respective charter to engage legal counsel or other experts or consultants, as it deems appropriate to carry out its responsibilities.

The Board of Directors has determined that John Reardon, Mats Dahlin, and Per Löfgren meet applicable SEC and NASDAQ Stock Market rules and regulations regarding “independence” and are able to exercise independent judgment with respect to our company. John Reardon, Mats Dahlin, and Per Löfgren also meet the independence requirements of each charter of the Audit Committee, Compensation Committee, and Nominating and Governance Committee.

If they are elected to the Board, Mr. Eriksson and Ms. Hedin are expected to be appointed by the Board of Directors to one or more of the committees in place of Mr. Dahlin subsequent to the expiration of his term of office directly after the 2017 Annual Meeting. The Board of Directors has determined that, Mr. Eriksson and Ms. Hedin meet applicable SEC and NASDAQ Stock Market rules and regulations regarding “independence” and are able to exercise independent judgment with respect to our company.

Audit Committee. The members of the Audit Committee are Per Löfgren, Mats Dahlin, and John Reardon. Mr. Löfgren is Chairman of the Audit Committee. The Board of Directors has determined that Mr. Löfgren qualifies as an “audit committee financial expert”, as defined in SEC rules. The Audit Committee, which was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), oversees our company’s corporate accounting and financial reporting process, the audits of our company’s financial statements, and the

integrity of financial reports and other financial information provided by our company to the government and the public. The Audit Committee's authority and responsibilities are specified in its charter and include the following:

determining whether to retain or terminate the existing independent registered public accounting firm or to appoint and engage a new independent registered public accounting firm;

reviewing and approving the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services;

discussing with management and with the independent registered public accounting firm the results of the annual audit and the results of the quarterly financial statements;

reviewing the financial statements to be included in the Annual Report on Form 10-K;

conferring with management and the independent registered public accounting firm regarding the effectiveness of internal controls over financial reporting; and

establishing procedures for the receipt, retention, and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Compensation Committee. The members of the Compensation Committee are Mats Dahlin, Per Löfgren, and John Reardon. Mr. Dahlin is Chairman of the Compensation Committee. The Compensation Committee reviews all components of executive officer and director compensation. The Compensation Committee's authority and responsibilities are specified in its charter and include the following:

reviewing and approving the compensation and other terms of employment of the chief executive officer;

reviewing and approving corporate performance objectives and goals relevant to the compensation of the chief executive officer;

reviewing and approving the compensation and other terms of employment of the other executive officers; and

administering and reviewing incentive-based or equity compensation plans of the executive officers and other employees.

In addition, the Compensation Committee considers matters related to individual compensation, such as compensation for new executive hires, as well as various compensation policy issues throughout the year. For executives other than the chief executive officer, the Compensation Committee receives and considers performance evaluations and compensation recommendations submitted to the Compensation Committee by the chief executive officer. In the case of the chief executive officer, the evaluation of his performance is conducted by the Compensation Committee, which determines any adjustments to his compensation as well as awards to be granted. The agenda for meetings of the Compensation Committee typically is determined by its chairman, with the assistance of the chief executive officer and chief financial officer. For equity grants, the Compensation Committee selects an exercise price that is not less than the closing price of shares of our common stock on the NASDAQ Stock Market on the grant date.

To perform its duties, the Compensation Committee has the authority to retain or terminate any consulting firm used to evaluate director or executive compensation, and to determine and approve the terms, costs and fees for such engagements. The Compensation Committee did not retain such a consultant in 2015 and has not engaged such a consultant for 2016.

Nominating and Governance Committee. The members of the Nominating and Governance Committee are John Reardon, Mats Dahlin, and Per Löfgren. Mr. Reardon is Chairman of the Nominating and Governance Committee.

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The Nominating and Governance Committee's authority and responsibilities are specified in its charter and include the following:

developing and recommending to the Board of Directors criteria for selecting qualified director candidates;

identifying individuals qualified to become members of the Board of Directors;

evaluating and selecting, or recommending to the Board of Directors, director nominees for each election of directors;

considering committee member qualifications, appointment, and removal;

recommending codes of conduct and codes of ethics applicable to our company; and

providing oversight in the evaluation of the Board of Directors and each committee.