

CIM Commercial Trust Corp
Form DEF 14A
April 05, 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 ☒ X

Filed by a Party other than the Registrant ☐ O

Check the appropriate box:

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

CIM Commercial Trust Corporation

(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.

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

CIM COMMERCIAL TRUST CORPORATION

17950 PRESTON ROAD, SUITE 600

DALLAS, TEXAS 75252

Dear CIM Commercial Trust Corporation Common Stockholder:

You are cordially invited to attend the annual meeting of the common stockholders of CIM Commercial Trust Corporation, a Maryland corporation (CIM Commercial), at 8:00 a.m., Pacific Time, on May 3, 2018 at the Hollywood Roosevelt Hotel, 7000 Hollywood Boulevard, Los Angeles, California 90028 if you are a common stockholder of record as of the close of business on March 29, 2018.

At the annual meeting, CIM Commercial common stockholders will be asked to elect the seven directors nominated in the proxy statement to serve for a one-year term, and until their successors are duly elected and qualify. In addition, we will ask common stockholders to consider and vote upon (i) the ratification of the selection of BDO USA, LLP as CIM Commercial's independent registered public accounting firm for the fiscal year ending December 31, 2018 and (ii) the approval, by a non-binding advisory vote, of our executive compensation as described in our proxy statement.

The Board of Directors of CIM Commercial recommends the approval of each of these proposals. These foregoing items of business are more fully described in the proxy statement. We urge you to carefully review the proxy statement.

Your vote is very important. If you were a registered common stockholder as of the close of business on March 29, 2018, please authorize a proxy to vote your shares as soon as possible using one of the following methods to ensure that your vote is counted, regardless of whether you expect to attend the annual meeting in person: (1) access the internet website specified on the enclosed proxy card and follow the instructions provided to you, (2) complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided or (3) as described herein. If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the annual meeting. If you are a common stockholder of record and you attend the annual meeting and wish to vote in person, you may withdraw your proxy and vote in person. Proof of share ownership and a form of photo identification will be required for admission to the annual meeting.

On behalf of our Board of Directors, I thank you for your continued support.

Sincerely,

Charles E. Garner II
Chief Executive Officer

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

April 5, 2018

This proxy statement is first being mailed to the common stockholders of CIM Commercial on or about April 5, 2018.

CIM COMMERCIAL TRUST CORPORATION

17950 PRESTON ROAD, SUITE 600

DALLAS, TEXAS 75252

NOTICE OF ANNUAL MEETING

OF COMMON STOCKHOLDERS OF CIM COMMERCIAL TRUST CORPORATION

TO BE HELD ON MAY 3, 2018

Dear CIM Commercial Trust Corporation Common Stockholder:

You are cordially invited to attend the annual meeting of common stockholders (the Annual Meeting) of CIM Commercial Trust Corporation, a Maryland corporation (CIM Commercial), to be held at 8:00 a.m., Pacific Time, on May 3, 2018 at the Hollywood Roosevelt Hotel, 7000 Hollywood Boulevard, Los Angeles, California 90028. The purpose of the Annual Meeting is to consider and vote on the following proposals:

1. *Proposal 1:* The election of the seven directors nominated in the proxy statement to serve for a one-year term, and until their successors are duly elected and qualify;
2. *Proposal 2:* The ratification of the selection of BDO USA, LLP as CIM Commercial's independent registered public accounting firm for the fiscal year ending December 31, 2018;
3. *Proposal 3:* The approval, by a non-binding advisory vote, of an advisory resolution on CIM Commercial's executive compensation as described in the accompanying proxy statement; and
4. The consideration of any other business that is properly presented at the Annual Meeting and any postponements or adjournments thereof.

The Board of Directors has fixed the close of business on March 29, 2018 as the record date for determining stockholders entitled to notice of and to vote at the Annual Meeting. The proxy card is enclosed with this notice of Annual Meeting and proxy statement.

Your vote is important to us and our business. I encourage you to complete, date, sign and return the accompanying proxy card whether or not you plan to attend the Annual Meeting. If you plan to attend the Annual Meeting to vote in person and your shares are in the name of a broker or bank, you must secure a proxy from the broker or bank assigning voting rights to you for your shares.

Sincerely,

Jan F. Salit
President and Secretary

April 5, 2018

**Important Notice Regarding the Availability of Proxy Materials for our Annual Meeting of
Stockholders to be Held on May 3, 2018.**

**Our proxy statement and our annual report to stockholders for the year ended December 31, 2017 are available on our website at
<http://shareholders.cimcommercial.com/sec-filings>.**

PROXY STATEMENT
FOR
ANNUAL MEETING OF COMMON STOCKHOLDERS

TO BE HELD ON MAY 3, 2018

This proxy statement, with the enclosed proxy card, is being furnished to the common stockholders of CIM Commercial Trust Corporation, a Maryland corporation ("CIM Commercial" and, together with its subsidiaries, the "Company," "we," "us" or "our"), in connection with the solicitation of the Board of Directors of the Company (the "Board") of proxies to be voted at the annual meeting of the Company's common stockholders (the "Annual Meeting") to be held at 8:00 a.m., Pacific Time, on May 3, 2018 at the Hollywood Roosevelt Hotel, 7000 Hollywood Boulevard, Los Angeles, California 90028 and at any postponements or adjournments thereof. The Notice of Annual Meeting, this proxy statement, and the accompanying proxy card are being mailed to all common stockholders of record as of the record date on or about April 5, 2018. The proxy statement and our annual report to stockholders for the year ended December 31, 2017 are available on our website at <http://shareholders.cimcommercial.com/sec-filings>.

Only common stockholders of record as of the close of business on March 29, 2018 are entitled to notice of and to vote at the Annual Meeting. As of such date, we had 43,784,939 shares of common stock, par value per share \$0.001 ("Common Stock"), outstanding. Each holder of record of Common Stock on the record date is entitled to one vote on each matter properly brought before the Annual Meeting for each share of Common Stock held.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

1. Who is entitled to vote?

Only common stockholders of record as of the close of business on March 29, 2018 are entitled to notice of and to vote at the Annual Meeting.

2. What is a proxy?

It is your legal designation of another person to vote the shares you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. We have designated our Chief Executive Officer, Charles E. Garner II, President, Jan F. Salit, and our Chief Financial Officer, David Thompson, as proxies for the Annual Meeting.

3. How many votes is each share of Common Stock entitled to?

Each holder of record of shares of Common Stock on the record date is entitled to one vote on each matter properly brought before the Annual Meeting for each share of Common Stock held.

4. What is the difference between a stockholder of record and stockholder who holds shares in street name?

If your shares are registered in your name, you are a stockholder of record. If your shares are held in the name of your broker or bank, your shares are held in street name and you are a beneficial owner.

5. How do I attend the Annual Meeting? What do I need to bring?

If you are a stockholder of record, you will need to bring a photo ID with you to the Annual Meeting.

If you own shares in street name, bring your most recent brokerage statement with you to the Annual Meeting. We can use your statement to verify your ownership of shares and admit you to the Annual Meeting; however, you will not be able to vote your shares at the Annual Meeting without a legal proxy, as described in question 6. You will also need to bring a photo ID.

Requests for directions to the Annual Meeting should be directed to the Corporate Secretary of CIM Commercial at the address of CIM Commercial's principal executive office shown on the front page of this Proxy Statement. Please note that use of cameras, sound or video recording equipment, cellular telephones or other similar equipment will not be allowed at the Annual Meeting.

6. How can I vote at the Annual Meeting if I own shares in street name?

If your shares are held in street name in the name of a bank, broker or other nominee (other than through a Tel Aviv Stock Exchange (TASE) member), you will need to ask your bank, broker or other nominee for a legal proxy. You will need to bring the legal proxy with you to the Annual Meeting. You will not be able to vote your shares at the Annual Meeting without a legal proxy.

Please note that if you request a legal proxy, any previously executed proxy will be revoked, and your vote will not be counted unless you appear at the Annual Meeting and vote in person or legally appoint another proxy to vote on your behalf.

If you do not receive the legal proxy in time, you can follow the procedures described in question 5 to attend the Annual Meeting. However, you will not be able to vote your shares at the Annual Meeting.

If your shares are held in street name in the name of a TASE member, you may not vote your shares in person at the Annual Meeting and must instead follow the procedures described in response to question 9.

7. What shares are included on the proxy card?

If you are a stockholder of record as of the close of business on March 29, 2018, you will receive one proxy card for all the shares of Common Stock you hold in each single account, regardless of whether you hold them in certificate form or in book entry form. If you receive more than one proxy card, it generally means you hold shares of Common Stock registered in more than one account. Please sign and return all of the proxy cards you receive to ensure that your shares are voted.

8. What constitutes a quorum?

The presence, in person or represented by proxy, of stockholders entitled to cast a majority of all votes entitled to be cast at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. However, if a quorum is not present at the Annual Meeting, the chairman of the Annual Meeting may adjourn the Annual Meeting to a date not more than 120 days after the original record date without notice other than an announcement at the Annual Meeting.

9. What different methods can I use to vote?

Depending on how you hold your shares, you may generally choose to vote by mail, by phone, online or in person at the Annual Meeting. The method by which you vote does not affect your right to attend the Annual Meeting.

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

If your shares are registered directly in your name through our stock transfer agent, American Stock Transfer & Trust Company, you may vote your shares:

- By Mail: Complete, sign, date and mail the written proxy card received with this proxy statement.
- Online: You may vote by authorizing a proxy over the Internet at the web address shown on your proxy card.
- Telephone: You may vote by authorizing a proxy by telephone by calling the telephone number shown on your proxy card.
- In Person: You may deliver your completed proxy card in person at the Annual Meeting. Street name holders may vote in person at the Annual Meeting if they have a legal proxy, as described in question 6.

If your shares are held in street name in the name of a bank, broker or other nominee (other than a TASE member), you may vote your shares by following the instructions that your bank, broker or other nominee provides to you, which may allow you to vote online or by mail or telephone. To vote in person at the Annual Meeting, follow the instructions provided in question 6.

If your shares are held in street name in the name of a TASE member, you may vote your shares online via the electronic voting system of the Israel Securities Authority (the ISA) at the web address <https://votes.isa.gov.il> no later than May 3, 2018 at 5:00 a.m. Eastern Time (or noon mid-day Israel time). You may receive guidance on the use of the electronic voting system from the TASE member through which you hold your shares.

10. What is the record date and what does it mean?

The record date for the Annual Meeting is the close of business on March 29, 2018. The record date is established by the Board as allowed by the Maryland General Corporation Law. Owners of record of shares of Common Stock at the close of business on the record date are entitled to receive notice of the Annual Meeting and vote at the Annual Meeting and any postponements or adjournments of the Annual Meeting.

11. What is the deadline for voting my shares if I do not attend the Annual Meeting?

If you are a common stockholder of record, your proxy must be received by telephone or the Internet by 11:59 p.m., Eastern Time on or before May 2, 2018 in order for your shares to be voted at the Annual Meeting. If you are a common stockholder of record and you received a printed set of proxy materials, you also have the option of completing, signing, dating and returning the proxy card enclosed with the proxy materials before the Annual Meeting in order for your shares to be voted at the Annual Meeting.

If you are a beneficial owner of Common Stock held in street name (other than through a TASE member), please comply with the deadlines included in the voting instructions provided by the bank, broker or other nominee that holds your shares.

If you hold shares in street name through a TASE member, your votes must be recorded in the electronic voting system of the ISA no later than May 3, 2018 at 5:00 a.m. Eastern Time (or noon mid-day Israel time).

12. How will voting on other business be conducted?

As to any other business that may properly come before the Annual Meeting, all properly submitted proxies will be voted by the proxyholder named in the proxy card, at his/her discretion. We do not presently know of any other business that may come before the Annual Meeting.

13. What can I do if I change my mind after I return my proxy card?

Returning your proxy card will in no way limit your right to vote at the Annual Meeting if you later decide to attend and vote in person. Stockholders can revoke a proxy prior to the completion of voting at the Annual Meeting by:

- giving written notice of revocation to the Corporate Secretary of the Company;

- delivering a later-dated proxy; or
- voting in person at the Annual Meeting (unless you are a street name holder without a legal proxy, as described in question 6).

15. On what items am I voting?

You are being asked to consider and vote on the following items:

- the election of seven directors nominated by the Board;
- the ratification of the appointment of BDO USA, LLP (BDO) as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and
- the approval, by a non-binding advisory vote, of an advisory resolution on CIM Commercial's executive compensation as described in this proxy statement.

16. What are my voting choices when voting for director nominees?

In the vote on the election of the seven director nominees, common stockholders of record may:

- vote in favor of all nominees;
- vote in favor of specific nominees;
- withhold their vote with respect to all nominees;
- withhold their vote with respect to specific nominees;
- abstain from voting with respect to all nominees; or
- abstain from voting with respect to specific nominees.

17. What vote is required to approve each proposal?

Proposal No. 1 Election of Directors. To be elected as a director, our Bylaws require that a nominee must receive a plurality of all the votes cast in the election of directors at the Annual Meeting at which a quorum is present. There is no cumulative voting in the election of directors.

Proposal No. 2 Ratification of the Appointment of BDO as our Independent Registered Public Accounting Firm. The affirmative vote of a majority of the votes cast at the Annual Meeting will be required for the approval of the ratification of the appointment of BDO as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Proposal No. 3 Approval, By a Non-Binding Advisory Vote, Executive Compensation. The affirmative vote of a majority of the votes cast at the Annual Meeting will be required to approve the executive compensation proposal. Even though your vote is advisory and therefore will not be binding on the Company, the Board will review and consider the voting results when making future decisions regarding executive compensation.

18. **How does the Board recommend that I vote?**

The Board recommends a vote:

- FOR the seven director nominees;
- FOR the ratification of the appointment of the independent registered public accounting firm; and
- FOR the non-binding advisory approval of an advisory resolution on CIM Commercial's executive compensation as described in this proxy statement.

19. **What if I do not specify a choice for a matter when returning a proxy?**

Stockholders should specify their choice for each matter on the enclosed proxy card. If no specific instructions are given, proxies that are signed and returned will be voted:

- FOR the election of all director nominees;
- FOR the ratification of the appointment of the independent registered public accounting firm; and
- FOR the non-binding advisory approval of an advisory resolution on CIM Commercial's executive compensation as described in this proxy statement.

20. How are abstentions and broker non-votes counted?

Holders in street name (other than through a TASE member)

If on the record date your shares were held in street name through a broker, bank or other agent (other than a TASE member), you should receive a form with the voting instructions from the organization holding your account, rather than from the Company, and you have the right to direct how the shares in your account are to be voted.

In the absence of specific instructions from you on how to vote your shares, your broker, bank or other agent may not be able to vote your shares on certain matters. The shares that cannot be voted by banks, brokers or other agents if the beneficial holder fails to provide instructions are called broker non-votes. Broker non-votes will have the following effects at the Annual Meeting:

- *Proposal No. 1 Election of Directors.* Your broker, bank or other nominee is not entitled to vote your shares if no instructions are received from you. Broker non-votes, if any, will have no effect on the election of directors.
- *Proposal No. 2 Ratification of the Appointment of BDO as our Independent Registered Public Accounting Firm.* Your broker, bank or other nominee is entitled to vote your shares if no instructions are received from you. Broker non-votes, if any, will have no effect on the result of the vote on this proposal.
- *Proposal No. 3 Approval, By a Non-Binding Advisory Vote, Executive Compensation.* Your broker, bank or other nominee is not entitled to vote your shares if no instructions are received from you. Broker non-votes, if any, will have no effect on the result of the vote on this proposal.

Because an abstention is not a vote cast, if you instruct your proxy or broker to abstain on any matter, it will have no effect on the vote on any of the matters to be considered at the Annual Meeting. However, abstentions will be counted as shares that are present and entitled to vote for the purpose of determining the presence of a quorum.

Holders in street name through a TASE member

If on the record date your shares were held in street name through a TASE member, your TASE member will not vote your shares (as described above) and you must vote through the electronic voting system of the ISA as described in question 9. If you do not vote your shares through this system, we will treat your shares as not present and not entitled to vote for the purpose of determining the presence of a quorum and your shares will have no effect on the vote of any proposal.

21. Can I access the Proxy Statement and Annual Report on the Internet?

The proxy statement and our Annual Report to stockholders for the year ended December 31, 2017 is available on our website at <http://shareholders.cimcommercial.com/sec-filings>.

22. How are proxies solicited and what is the cost?

We will bear all expenses incurred in connection with the solicitation of proxies. We have not engaged any solicitor to assist with the solicitation of proxies. In accordance with Securities and Exchange Commission (SEC) rules, we will reimburse brokers, fiduciaries and custodians for their costs in forwarding proxy materials to the beneficial owners of shares.

Our directors and officers may solicit proxies by mail, telephone and personal contact. They will not receive any additional compensation for these activities.

IMPORTANT: If your shares of Common Stock are held in the name of a brokerage firm, bank, nominee or other institution (other than a TASE member), you should provide instructions to your broker, bank, nominee or other institution on how to vote your shares of Common Stock. Please contact the person responsible for your account and give instructions for a proxy to be completed for your shares of Common Stock. If you hold your shares through a TASE member, you should vote your shares by following the instructions in question 9.

SECURITY OWNERSHIP OF CIM COMMERCIAL S BOARD OF DIRECTORS AND EXECUTIVE OFFICERS AND CURRENT BENEFICIAL OWNERS

Directors and Executive Officers

The following table sets forth information regarding the beneficial ownership of our Common Stock, Series A Preferred Stock, par value per share \$0.001 (Series A Preferred Stock), and Series L Preferred Stock, par value per share \$0.001 (Series L Preferred Stock), as of March 27, 2018 by (1) each named executive officer, (2) each current director and (3) all executive officers and directors as a group.

Name of Beneficial Owner(1)	Common Stock		Series A Preferred Stock		Series L Preferred Stock	
	No. of Shares	Percent of Class	No. of Shares	Percent of Class	No. of Shares	Percent of Class
Charles E. Garner II	9,779	*	20,000	1.19%		
Jan F. Salit	52,601(2)	*				
David Thompson						
Richard Ressler	42,012,342(3)	95.95%				
Avi Shemesh	41,997,296(3)	95.92%				
Shaul Kuba	41,997,296(3)	95.92%				
Kelly Eppich	5,163	*				
Douglas Bech	15,587	*				
Robert Cresci	10,828	*				
Frank Golay, Jr.	10,587	*				
Directors and Executive Officers as a group (10 persons)	42,116,887	96.19%	20,000	1.19%		

* Less than 1%.

(1) The business address of Messrs. Garner, Salit, Bech, Cresci and Golay, for the purposes hereof, is c/o CIM Commercial Trust Corporation, 17950 Preston Road, Suite 600, Dallas, Texas 75252. The business address of Messrs. Thompson, Ressler, Shemesh, Kuba and Eppich, for the purposes hereof, is c/o CIM Group, LLC (CIM Group), 4700 Wilshire Boulevard, Los Angeles, California 90010.

(2) Mr. Salit has sole voting and investment power over these shares, which include 122 shares held in an IRA.

(3) CIM Group is the sole manager of CIM Urban Partners GP, LLC, which is the sole managing member of Urban Partners II, LLC, which has the power to vote and dispose of these shares. Shaul Kuba, Richard Ressler and Avi Shemesh may be deemed to beneficially own these shares by virtue of their positions with CIM Group. Messrs. Ressler, Shemesh and Kuba may also be deemed to beneficially own 353,944 shares owned by CIM

Service Provider, LLC of which CIM Group is the sole managing member. Messrs. Ressler, Shemesh and Kuba have shared voting and investment power over all of these shares. Each of Messrs. Ressler, Shemesh and Kuba disclaims beneficial ownership of all of these shares except to the extent of his pecuniary interest therein.

Beneficial Owners of More than 5% of our Common Stock

The following table sets forth certain information regarding the beneficial ownership of our Common Stock, Series A Preferred Stock and Series L Preferred Stock based on filings with the SEC as of March 27, 2018 by each person known by us to beneficially own more than 5% of our Common Stock.

Name and Address of Beneficial Owner(1)	Common Stock		Series A Preferred Stock		Series L Preferred Stock	
	No. of Shares	Percent of Class	No. of Shares	Percent of Class	No. of Shares	Percent of Class
Urban Partners II, LLC c/o CIM Group 4700 Wilshire Boulevard Los Angeles, California 90010	41,627,739	95.07%				
Richard Ressler(1)	42,012,342(2)	95.95%				
Avi Shemesh(1)	41,997,296(2)	95.92%				
Shaul Kuba(1)	41,997,296(2)	95.92%				

(1) The business address of Messrs. Ressler, Shemesh and Kuba, for the purposes hereof, is c/o CIM Group, LLC, 4700 Wilshire Boulevard, Los Angeles, California 90010.

(2) CIM Group is the sole manager of CIM Urban Partners GP, LLC, which is the sole managing member of Urban Partners II, LLC, which has the power to vote and dispose of these shares. Shaul Kuba, Richard Ressler and Avi Shemesh may be deemed to beneficially own these shares by virtue of their positions with CIM Group. Messrs. Ressler, Shemesh and Kuba may also be deemed to beneficially own 353,944 shares owned by CIM Service Provider, LLC of which CIM Group is the sole managing member. Messrs. Ressler, Shemesh and Kuba have shared voting and investment power over all of these shares. Each of Messrs. Ressler, Shemesh and Kuba disclaims beneficial ownership of all of these shares except to the extent of his pecuniary interest therein.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board presently consists of seven directors.

At the Annual Meeting, you will be asked to elect seven directors. The seven current directors will be up for election at the Annual Meeting. For your review and consideration, a biography of each nominee for director is contained in this proxy statement under the section titled "Corporate Governance, Director Nominees." The term of office of each person elected to be a director of the Company will be until the annual meeting of the stockholders in 2019 and until such person's successor is duly elected and qualifies. If any unforeseen event prevents one or more of the nominees from serving as a director, your votes will be cast for the election of a substitute or substitutes nominated by the Board. In no event, however, can the proxies be voted for a greater number of persons than the number of nominees named. Unless otherwise instructed, the proxies will vote for the election of the nominees listed below to serve as directors of the Company.

Vote Required

Directors are elected by a plurality of the affirmative votes cast by those holders present and entitled to vote at the Annual Meeting at which a quorum is present. There is no cumulative voting in the election of directors.

The Board recommends a vote FOR the election of each of the directors nominated.

PROPOSAL 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee, comprised of independent members of the Board (the "Audit Committee"), has appointed BDO as our independent registered public accounting firm (the independent auditors) with respect to our operations for the fiscal year ending December 31, 2018. Representatives of BDO are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so and will answer appropriate questions. Stockholder ratification of the appointment of BDO as our independent registered public accounting firm is not required by our Bylaws or otherwise. However, the Board is submitting the appointment of BDO to the common stockholders for ratification as a matter of good corporate governance. If the common stockholders fail to ratify the appointment, the Audit Committee may reconsider whether or not to retain BDO. Even if the selection is ratified, the Audit Committee may in its discretion select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company.

We are asking that you ratify the appointment of BDO, although your ratification is not required.

Vote Required

The affirmative vote of a majority of the votes cast at the Annual Meeting is required to approve the ratification of the appointment of BDO as our independent registered public accounting firm.

The Board recommends a vote FOR the ratification of the appointment of BDO as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

PROPOSAL 3

ADVISORY VOTE ON EXECUTIVE COMPENSATION

As required by Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), we are seeking advisory stockholder approval of the compensation of our named executive officers as further described below under Executive Compensation. The stockholder vote is an advisory vote only and is not binding on the Company or the Board. Although the vote is non-binding, the Board values the opinion of our stockholders and will consider the outcome of the vote when making future compensation decisions for our named executive officers. Unless the Board modifies its policy on the frequency of future advisory votes on executive compensation, the next such vote will occur at the 2019 annual meeting of stockholders.

Our executive compensation system is designed to promote the Company's financial and operational success by (i) attracting, motivating and assisting in the retention of highly qualified and talented executives, including our named executive officers, who will enable us to perform better than our competitors and drive long-term stockholder value; and (ii) reinforcing desired financial business results to our executives, including our named executive officers, and motivating them to make decisions that produce such results. We believe that our executive compensation system appropriately links pay to both the Company's and the executive's performance and is well aligned with the long-term interests of our stockholders. The Board does not allocate a fixed percentage to any specific component of compensation, but works with management to design an overall compensation structure that best serves its goals and appropriately motivates our executive officers to provide outstanding service to the Company. We believe that our executive compensation objectives have resulted in executive compensation decisions that have appropriately incentivized (without undue risk) the achievement of financial goals that have benefited our Company and our stockholders and are expected to drive long-term stockholder value over time. As described in detail in the Compensation Discussion and Analysis section below, the Company is externally operated by an affiliate of CIM Urban REIT, LLC (CIM REIT) and CIM Group, L.P. (such affiliate, the Operator) pursuant to an Investment Management Agreement (the Investment Management Agreement) between the Operator and CIM Urban Partners L.P. (CIM Urban), a principal subsidiary of the Company. In addition, CIM Service Provider, LLC (the Administrator), a subsidiary of CIM Group, provides certain administrative services to the Company and its subsidiaries pursuant to a Master Services Agreement (the Master Services Agreement). Mr. Garner and Mr. Thompson are employed by an affiliate of the Operator and the Administrator and their compensation is determined by, and paid to them directly by, such affiliate. The Company did not pay Mr. Garner, our Chief Executive Officer, or Mr. Thompson, our Chief Financial Officer, any compensation in 2017. Therefore, their compensation is not discussed in the Compensation Discussion and Analysis section below.

We are asking stockholders to vote on the following advisory resolution:

Resolved, that the stockholders approve, on a non-binding advisory basis, the compensation of Jan F. Salit, the Company's only named executive officer being compensated by the Company, as disclosed pursuant to the SEC's compensation disclosure rules, including the Compensation Discussion and Analysis, compensation tables and narrative discussion contained in this proxy statement.

Vote Required

The affirmative vote of a majority of the votes cast at the Annual Meeting is required to approve the proposal.

The Board recommends a vote FOR the approval of the advisory resolution on CIM Commercial's executive compensation for the year ended December 31, 2017, as disclosed in this proxy statement.

CORPORATE GOVERNANCE

Company Leadership Structure; Board Role in Risk Oversight

Leadership Structure. The Board does not have a formal policy regarding the leadership structure of the Company and whether the roles of chairman and chief executive officer should be separated, but instead believes that these matters should be determined based on a number of different factors and circumstances, including the Company's position, history, size, culture, stockholder base, board size and board composition and that, as a result, the appropriate structure may change from time to time as circumstances warrant. From October 26, 2012 until March 11, 2014, Mr. Salit served as our Chief Executive Officer and as our Chairman of the Board. On March 11, 2014, following the closing of the merger (the "Merger") pursuant to the Agreement and Plan of Merger, dated as of July 8, 2013, by and among PMC Commercial Trust, CIM REIT, and their respective merger subsidiaries, we separated the roles of Chairman of the Board and principal executive officer. Our principal executive officer is Mr. Garner and our Chairman of the Board is Mr. Ressler.

Risk Oversight. The Company is exposed to a variety of risks. The entire Board regularly assesses major risks facing the Company and reviews options for their mitigation. The Board may appoint a committee to address a specific risk or to oversee the Company's response to a particular risk. In particular, the Audit Committee of the Board oversees the Company's policies with respect to risk assessment and risk oversight and oversees risk with respect to financial reporting matters. The Board also relies on management to bring significant matters to its attention.

The Board believes that the Company's current leadership structure, including the independent Audit Committee oversight function and the open access of the Board to the Company's executive officers and senior management as the Board determines is appropriate, supports the oversight role of the Board in the Company's risk management.

Statement on Corporate Governance

The Company is dedicated to establishing and maintaining high standards of corporate governance.

Contacting the Board. The Board welcomes your questions and comments. If you would like to communicate directly with the Board, or if you have a concern related to the Company's business ethics or conduct, financial statements, accounting practices or internal controls, then you may submit your correspondence to the Secretary of the Company or you may call the Ethics Hotline at 1-800-292-4496. All communications will be forwarded to the Audit Committee.

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Code of Ethics. The Board has adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees of the Company, the Operator and the Administrator, including the Company's principal executive officer and principal financial and accounting officer (the "Code of Ethics").

If the Board amends any provisions of the Code of Ethics that applies to the Company's principal executive officer or senior financial officers or grants a waiver in favor of any such persons, the Company intends to satisfy its disclosure requirements by disclosing the amendment or waiver on a Form 8-K filed with the SEC within four business days following such amendment or waiver.

The Company's Code of Ethics may be found on the Company's website at <http://shareholders.cimcommercial.com/corporate-overview/corporate-governance>.

Independence of Directors

As a result of and immediately following the Merger, Urban Partners II, LLC ("Urban II"), an affiliate of CIM REIT, acquired approximately a 97.8% ownership interest in the Company. Currently, Urban II beneficially owns shares of Common Stock that represent, together with shares held by other affiliates of CIM Group and the Company's executive officers and directors, 96.4% of the total voting power of the Company. As a result of this ownership level, CIM Commercial is a "controlled company" exempt from certain rules of The Nasdaq Stock Market LLC requiring, among other things, a board of directors with a majority of independent directors.

The Board undertook a review of the independence of the current members of the Board. In making independence determinations, the Board observes all criteria for independence established by the SEC and The Nasdaq Stock Market LLC. During this review, the Board considered transactions and relationships between each director or any member of his or her immediate family and the Company, including (if applicable) those reported under Related Person Transactions. The purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent. As a result of this review, the Board affirmatively determined that Messrs. Bech, Cresci and Golay meet the aforementioned criteria for independence.

Meetings of the Board

The Board held a total of seven meetings during the year ended December 31, 2017. Each incumbent director attended at least 75 percent of the aggregate number of Board meetings and the meetings of committees on which he served during 2017. Directors are encouraged to attend in person the annual meeting of stockholders of the Company. All of the members of our Board attended our 2017 annual meeting of stockholders.

Independent Director Meetings

The independent directors have at least one regularly scheduled meeting or executive session per year without the presence of other directors and management. Any independent director can request that an additional executive session be scheduled.

Committees of the Board

The Board has an audit committee. The Board is not required to have (and does not have) a compensation committee or a nominating and corporate governance committee, based on its status as a controlled company, but may decide to have such committees (or other committees) in the future.

Audit Committee. The Company has a standing Audit Committee that oversees the accounting and financial reporting processes as well as legal, compliance and risk management matters. The Audit Committee consists of Mr. Cresci (chairman), Mr. Bech and Mr. Golay. The Audit Committee is comprised entirely of directors who meet the independence and financial literacy requirements of The Nasdaq Stock Market LLC, as well as the standards established under the Sarbanes-Oxley Act of 2002. See Corporate Governance Independence of Directors. In addition, the Board has determined that Mr. Cresci qualifies as an audit committee financial expert as defined in SEC rules.

The Audit Committee's responsibilities include providing assistance to the Board in fulfilling its responsibilities with respect to oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications, performance and independence, and the performance of the Company's internal audit function, if any. In accordance with its Audit Committee Charter, the Audit Committee is directly responsible for the appointment and oversight of the independent registered public accounting firm, who reports directly to the Committee, approval of the engagement fee of the independent registered public accounting firm and pre-approval of the audit services and any permitted non-audit services they may provide to the Company. In addition, the Audit Committee reviews the scope of audits as well as the annual audit plan and evaluates matters relating to the audit and internal controls of

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

the Company. The Audit Committee holds separate executive sessions, outside the presence of executive management, with the Company's independent registered public accounting firm.

The Audit Committee held seven meetings during the fiscal year ended December 31, 2017.

The charter for the Audit Committee may be viewed on the Company's corporate website, <http://shareholders.cimcommercial.com/corporate-overview/corporate-governance> in the section entitled "Shareholders' Corporate Overview - Corporate Governance."

Director Nomination Procedures

Effective with the Merger, the Company does not have a nominating and corporate governance committee. The Board believes that it is appropriate for CIM Commercial not to have such a committee because of CIM Commercial's status as a controlled company. The entire Board participates in the consideration of nominees for director.

The Board will consider nominees for director suggested by stockholders in written submissions to the Company's Secretary in compliance with the nomination procedures set forth below.

Director Qualifications. The Board has policies establishing certain desired attributes of the Board as a whole. Each member of the Board must possess high personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders, as well as an inquisitive mind, an objective perspective, practical wisdom and mature judgment. In addition, directors must be willing to devote sufficient time carrying out their duties and responsibilities effectively. The Board does not have a formal policy with regard to the consideration of diversity in identifying director nominees. However, the Board values diversity and believes the Board should reflect an appropriate diversity of viewpoints, background, experience and other demographics.

Identifying and Evaluating Nominees. The Board may consider those factors it deems appropriate in evaluating director candidates as outlined above. The skills and personality of each director should fit with those of the other directors in building a Board that is effective, collegial and responsive to the needs of the Company. The Board considers candidates for the Board from any reasonable source, including current board members, stockholders, professional search firms or other persons. The Board does not evaluate candidates differently based on who has made the recommendation. The Board may hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates.

Stockholder Nominees. The Board will consider properly submitted stockholder nominees for election to the Board and will apply the same evaluation criteria in considering such nominees as it would to persons nominated under any other circumstances. Any stockholder nominations proposed for consideration by the Board should include the nominee's name and sufficient biographical information to demonstrate that the nominee meets the qualification requirements for board service as set forth under *Director Qualifications*. The nominee's written consent to the nomination should also be included with the nomination submission, which should be sent in accordance with the provisions of our bylaws and addressed to: CIM Commercial Trust Corporation, 17950 Preston Road, Suite 600, Dallas, Texas 75252, Attn: Secretary.

Additional information regarding submitting stockholder proposals is set forth in our bylaws. Stockholders may request a copy of our bylaws from the Company's Secretary at CIM Commercial Trust Corporation, 17950 Preston Road, Suite 600, Dallas, Texas 75252, Attn: Secretary.

Director Nominees

Set forth below are the names of the persons nominated as directors, their ages, their offices in the Company, if any, their principal occupations or employment for at least the past five years, the length of their tenure as directors and the names of other public companies in which such persons hold or have held directorships during the past five years.

Name	Age	Position
Douglas Bech	72	Director (independent)
Robert Cresci	74	Director (independent)
Kelly Eppich	61	Director
Frank Golay, Jr.	70	Director (independent)
Shaul Kuba	55	Director
Richard Ressler	59	Director and Chairman of the Board
Avi Shemesh	56	Director

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Douglas Bech has served as a director of the Company since March 2014 and as founder and Chief Executive Officer of Raintree Resorts International and its predecessors since August 1997. Raintree owns and operates upscale vacation ownership resorts in Mexico, the United States and Canada. Prior to founding Raintree, Mr. Bech practiced securities and corporate finance law from 1970 until 1997. Mr. Bech also has served as a director of j2 Global since November 2000. From August 1988 through November 2000, he served as a director of eFax.com, a company j2 Global acquired in November 2000. Mr. Bech also serves as lead director of HollyFrontier Corporation, which was the result of a merger of Frontier Oil Corporation and Holly Corporation in July 2011 and had previously served as a director of Frontier Oil Corporation since 1993. Mr. Bech also served, until February 1, 2016, as an independent trust manager of Moody National REIT II, Inc., a registered, non-traded real estate investment trust that acquires only limited service hotels in the United States. Mr. Bech's previous work as a securities and corporate finance lawyer, as a director of other diverse public companies, and his current experience as a chief executive officer of a private enterprise engaged in marketing, management and consumer finance in three different countries, provides expertise on corporate governance, legal matters and finance, as well as a general business management perspective to the Board.

Robert Cresci has served as a director of the Company since March 2014 and has been a Managing director of Pecks Management Partners Ltd., an investment management firm, since 1990. He currently serves on the boards of j2 Global, Luminex Corporation, OFS Capital Corporation, Hancock Park Corporate Income, Inc. and Presbia PLC. Mr. Cresci previously served on the board of Continucare Corporation until 2011 and the board of Sepracor, Inc. until 2009. Mr. Cresci's extensive knowledge of investment management and accounting from his experience with Pecks Management Partners and his experience serving on other public company boards of directors provides expertise regarding investment strategies, accounting issues and public company matters.

Kelly Eppich has served as a director of the Company since March 2014 and is a Principal, Investments of CIM Group, L.P. As a Principal, he serves on CIM Group, L.P.'s Investment Committee and Credit Committee. Prior to joining CIM Group, L.P. in 2002, Mr. Eppich served as the Chief Financial Officer of Decurion Corporation/Pacific Theatres. In that capacity, he was responsible for all areas of finance, accounting, treasury, risk management and information systems development of Decurion Corporation/Pacific Theatres. From 1989 to 2000, he was Vice President Finance / Controller and then Vice President of Business Development, Finance and Administration for the International Recreation Enterprises Division of Warner Brothers. Prior to joining Warner Brothers, Mr. Eppich served as an Assistant Vice President and Assistant Corporate Controller for Maxicare Health Plans, Inc. (1986-1989) and worked for Ernst & Young (1979-1986). Mr. Eppich received a B.S. degree in Finance with an emphasis in Accounting from Weber State University. Mr. Eppich has in-depth knowledge of CIM Urban's business and operations and has significant experience in the preparation and analysis of financial statements, strategic planning and financial management.

Frank Golay, Jr. has served as a director of the Company since March 2014 and has been associated with Sullivan & Cromwell LLP since September 1977. From 1977 to 1985 he was an associate located in the firm's New York and London offices. From 1985 to 1988 he was a partner in the firm's New York office, and from 1988 to 2008 he served as partner in Sullivan & Cromwell LLP's Los Angeles office. Mr. Golay retired at the end of 2008. Afterwards, he was of counsel to the firm. But in 2016, wishing more completely to retire from the practice of law, Mr. Golay became a senior counsel to Sullivan & Cromwell LLP, and changed his state bar memberships to retired/inactive. Prior to his retirement, Mr. Golay's practice included numerous securities offerings, including real estate investment trust (REIT) offerings, merger and acquisition transactions and general corporate advice. He represented both issuers and underwriters, and companies and their financial advisors. Mr. Golay's clients included Orchard Capital Corporation, j2 Global and CIM Group, L.P. Mr. Golay's extensive legal experience in the securities, mergers and acquisitions, and general corporate fields provides the Board with a strong resource on a variety of important strategic matters.

Shaul Kuba has served as a director of the Company since March 2014. Mr. Kuba, Co-Founder and a Principal of CIM Group, L.P., has been an active real asset owner and operator for over 26 years. Since co-founding CIM Group, L.P. in 1994, Mr. Kuba has been an integral part of building CIM Group, L.P.'s platforms which own and operate \$27.5 billion of assets.⁽¹⁾ As a Principal and Head of CIM Group, L.P.'s Development Group, he is actively involved in the development, redevelopment and repositioning of CIM Group, L.P.'s real estate assets including notable projects such as 432 Park Avenue in New York City. Additionally, Mr. Kuba is instrumental in sourcing new transactions and establishing and maintaining relationships with national and regional retailers, hospitality brands and restaurateurs. He serves on CIM Group, L.P.'s Investment Committee and Asset Management Committee and provides guidance on the diverse ideas across CIM's platforms. Prior to CIM Group, L.P., Mr. Kuba was involved in a number of successful entrepreneurial real estate activities including co-founding Dekel Development, which developed a variety of commercial and residential properties in Los Angeles. Mr. Kuba has in-depth knowledge of CIM

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Urban's business and operations and has significant experience with the real estate development process and sourcing new transactions as a result of his experience with CIM Group, L.P., including as Co-Founder thereof.

Richard Ressler has served as a director of the Company since March 2014. Mr. Ressler is the founder and President of Orchard Capital Corporation (Orchard Capital), a firm through which Mr. Ressler oversees companies in which Orchard Capital or its affiliates invest. Through his affiliation with Orchard Capital, Mr. Ressler serves in various senior capacities with, among others, CIM Group (together with its controlled affiliates, CIM), a vertically-integrated owner and operator of real assets, Orchard First Source Asset Management, LLC (together with its controlled affiliates, OFSAM), a full-service provider of capital and leveraged finance solutions to U.S. corporations, and OCV Management, LLC (OCV), an investor, owner and operator of technology companies. Mr. Ressler also serves as a board member for various public and private companies in which Orchard Capital or its affiliates invest, including as chairman of j2 Global, Inc. (NASDAQ: JCOM) and director of Presbia PLC (NASDAQ: LENS). Mr. Ressler served as Chairman and CEO of JCOM from 1997 to 2000 and, through an agreement with Orchard Capital, currently serves as its non-executive Chairman. Mr. Ressler has served as a director of LENS since January 2015 and as chairman of CMCT since 2014. Further, since February 2018, Mr. Ressler has served as the Chief Executive Officer and a director of each of Cole Office & Industrial REIT (CCIT III), Inc. (CCIT III), which invests primarily in single-tenant, mission-critical office and industrial properties that are essential to the day-to-day operations of a company, Cole Credit Property Trust IV, Inc. (CCIT IV), which invests primarily in income-producing, necessity single-tenant retail properties and anchored shopping centers subject to long-term net leases with national or regional creditworthy tenants, and Cole Real Estate Income Strategy (Daily NAV), Inc. (INAV), which primarily invests in income-producing necessity commercial real estate across the retail, office and industrial sectors. Each of CCIT III, CCIT IV and INAV is a public, non-listed REIT that is operated by an affiliate of CIM. Mr. Ressler co-founded CIM in 1994 and, through an agreement with Orchard Capital, chairs its executive, investment, allocation and asset management committees and serves on its credit committee. CIM Investment Advisors, LLC, an affiliate of CIM, is registered with the United States Securities and Exchange Commission as a registered investment adviser. Mr. Ressler co-founded the predecessor of OFSAM in 2001 and, through an agreement with Orchard Capital, chairs its executive committee. OFS Capital Management, LLC, an affiliate of OFSAM, is registered with the United States Securities and Exchange Commission as a registered investment adviser. Mr. Ressler co-founded OCV in 2016 and, through an agreement with Orchard Capital, chairs its executive committee. OCV is a relying adviser of OFS Capital Management, LLC. Prior to founding Orchard Capital, from 1988 until 1994, Mr. Ressler served as Vice Chairman of Brooke Group Limited, the predecessor of Vector Group, Ltd. (NYSE: VGR) and served in various executive capacities at VGR and its subsidiaries. Prior to VGR, Mr. Ressler was with Drexel Burnham Lambert, Inc., where he focused on merger and acquisition transactions and the financing needs of middle-market companies. Mr. Ressler began his career in 1983 with Cravath, Swaine and Moore, working on public offerings, private placements, and merger and acquisition transactions. Mr. Ressler holds a B.A. from Brown University, and J.D. and M.B.A. degrees from Columbia University. Mr. Ressler has in-depth knowledge of CIM Urban's business and operations and has extensive experience with, and knowledge of, business management and finance as a result of his experience with CIM, including as Co-Founder thereof.

Avi Shemesh has served as a director of the Company since March 2014. Mr. Shemesh, Co-Founder and a Principal of CIM Group, L.P., has been an active real asset owner and operator for over 26 years. Since co-founding CIM Group, L.P. in 1994, Mr. Shemesh has been instrumental in building CIM Group, L.P.'s real estate and infrastructure platforms which own and operate \$27.5 billion of assets.⁽¹⁾ As a Principal and Head of CIM Group, L.P.'s Investments Group, he is actively involved in the acquisition process and provides guidance on the diverse ideas across CIM Group, L.P.'s platforms. He serves on CIM Group, L.P.'s Investment Committee and Asset Management Committee. Additionally, Mr. Shemesh is responsible for the day-to-day operations of CIM Group, L.P., including strategic initiatives, asset management and leasing and partner & co-investor relations and product management. Since February, 2018, Mr. Shemesh has served as the Chief Executive Officer and a director of Cole Office & Industrial REIT (CCIT II), Inc. (CCIT II), which invests primarily in single-tenant, income-producing, necessity office and industrial properties that are leased to creditworthy tenants under long-term leases, and the Chief Executive Officer of Cole Credit Property Trust V, Inc. (CCPT V), which invests primarily in income-producing, single-tenant necessity retail and anchored shopping centers subject to long-term net leases with national or regional creditworthy tenants. In addition, Mr. Shemesh was appointed to the board of directors of CCPT V effective March 12, 2018. Each of CCIT II and CCPT V is a public, non-listed REIT that is operated by an affiliate of CIM. Prior to CIM Group, L.P., Mr. Shemesh was involved in a number of successful entrepreneurial real estate activities, including co-founding Dekel Development, which developed a variety of commercial and residential properties in Los Angeles. Mr. Shemesh has in-depth knowledge of CIM Urban's business and operations and has significant experience with the real estate operating process and strategic planning as a result of his experience with CIM Group, L.P., including as Co-Founder thereof.

(1) Assets Owned and Operated represents (i) (a) for real assets, the aggregate total gross assets (GAV) at fair value, including the shares of such assets owned by joint venture partners and co-investments, owned and operated by CIM on behalf of partners (including where CIM invests alongside for its own account) and co-investors, whether or not CIM has investment discretion or (b) for operating companies, the aggregate GAV less debt, including the shares of such assets owned by joint venture partners and co-investments, owned and operated by CIM on behalf of partners (including where CIM

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

invests alongside for its own account) and co-investors, whether or not CIM has investment discretion (not in duplication of the assets described in (i)(a)), plus (ii) the aggregate unfunded commitments, as of December 31, 2017 (the Report Date). The GAV is calculated in accordance with U.S. generally accepted accounting principles on a fair value basis (the Book Value) and generally represents the investment's third-party appraised value as reported within the applicable fund's unaudited financial statements as of the Report Date, but in the case of CIM's Cole Net-Lease Asset strategy described below GAV or Book Value generally represents undepreciated cost (as reflected in SEC-filed financial statements) as of September 30, 2017. The only investment currently held by CIM REIT consists of Common Stock of CMCT; the Book Value of CIM REIT is determined by assuming the underlying assets of CMCT are liquidated based upon the third-party appraised value. CIM does not presently view the price of CMCT's Common Stock to be a meaningful indication of the fair value of CIM REIT's interest in CMCT due to the fact that the publicly-traded shares of CMCT's Common Stock represents less than 4% of the outstanding CMCT Common Stock and are thinly-traded. Assets Owned and Operated also includes the assets owned/operated by CIM's Cole Net-Lease Asset strategy (formerly Cole Capital), which was under contract to be acquired by a CIM affiliate as of the Report Date and subsequently closed on February 1, 2018. The assets owned/operated by CIM's Cole Net-Lease Asset strategy represent approximately \$7.6 billion of CIM's reported Assets Owned and Operated of \$27.5 billion. Equity Owned and Operated, representing the NAV (as defined below) before incentive fee allocation, plus binding unfunded commitments, is \$15.5 billion as of the Report Date. NAV is based upon the aggregate amounts that would be distributable assuming a hypothetical liquidation on the date of determination, assuming that: (x) assets are sold at their Book Value (as defined above); (y) debts are paid and other assets are collected; and (z) appropriate adjustments and/or allocations between equity holders are made in accordance with applicable documents, in each case as determined in accordance with applicable accounting guidance. Assets Owned and Operated for CMMT Partners, L.P. (which represents assets under management), a perpetual-life real estate debt fund, is \$0.3 billion as of the Report Date and Equity Owned and Operated for CMMT Partners, L.P. (which represents equity under management) is \$0.3 billion as of the Report Date.

Executive Officers

Set forth below are the names of the persons who are our executive officers as of the date of this proxy statement, their ages and their positions with the Company.

Name	Age	Position
Charles E. Garner II	55	Chief Executive Officer
Jan F. Salit	67	President and Secretary
David Thompson	54	Chief Financial Officer

Charles E. Garner II has been Chief Executive Officer of the Company since August 20, 2014. Mr. Garner serves as a Principal, Investments of CIM Group, L.P. As a Principal, Investments, he is involved in the acquisition and asset management process across CIM Group, L.P.'s platforms, and serves on CIM Group, L.P.'s Investment and Asset Management Committees. Prior to joining CIM Group, L.P. in 2003, Mr. Garner worked closely with CIM Group, L.P. in various capacities since 1996, including originating Federal Realty Investment Trust's partnership with CIM Group, L.P. and managing that relationship for Federal Realty Investment Trust. Mr. Garner has been involved in billions of dollars of real estate transactions including the acquisition, joint venture, disposition and equity and debt financing of more than 100 properties. He began his career as a C.P.A. in the Washington, D.C. office of PricewaterhouseCoopers and has held various transactional positions with Federal Realty, Walker & Dunlop and The Stout & Teague Companies. Mr. Garner received a B.S. degree in Management with a concentration in Accounting from Tulane University's A.B. Freeman School of Business.

Jan F. Salit has been President and Secretary of the Company since March 2014. Mr. Salit serves on CIM Group, L.P.'s Credit Committee. Mr. Salit was Chief Executive Officer, Chairman of the Board and Secretary of PMC Commercial Trust from October 2012 to March 2014, Treasurer of PMC Commercial Trust from October 2008 to March 2014, Chief Operating Officer of PMC Commercial Trust from October 2008 to October 2012, Executive Vice President of PMC Commercial Trust from June 1993 to October 2012, and Chief Investment Officer and Assistant Secretary of PMC Commercial Trust from January 1994 to October 2012. He was also Executive Vice President of PMC Capital, Inc. (an affiliate of PMC Commercial Trust that merged into PMC Commercial Trust in February 2004) from May 1993 to February 2004 and Chief Investment Officer and Assistant Secretary of PMC Capital, Inc. from March 1994 to February 2004. From 1979 to 1992, Mr. Salit was employed by Glenfed Financial Corporation and its predecessor company Armco Financial Corporation, a commercial finance company.

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

holding various positions, including Executive Vice President and Chief Financial Officer. Mr. Salit began his career in the Investment Department of Mutual Benefit Life from 1972 to 1979. In addition, he was an adjunct professor at Montclair State University and Fairleigh Dickinson University from 1976 to 1979. Mr. Salit received his B.A. degree from Michigan State University and his MBA degree from New York University.

David Thompson has been Chief Financial Officer of the Company since March 2014. Mr. Thompson is also a Principal, Chief Financial Officer of CIM Group, L.P. and serves on CIM Group, L.P.'s Investment Committee. He joined CIM Group, L.P. in 2009. Prior to joining CIM Group, L.P. in 2009, Mr. Thompson spent fifteen years with Hilton Hotels Corporation, most recently as Senior Vice President and Controller, where he was responsible for worldwide financial reporting, financial planning and analysis, internal control and technical accounting compliance. Mr. Thompson's experience includes billions of dollars of real estate acquisitions and dispositions, as well as significant capital markets experience. He began his career as a C.P.A. in the Los Angeles office of Arthur Andersen & Co. Mr. Thompson received a B.S. degree in Accounting from the University of Southern California.

AUDIT COMMITTEE REPORT

The information contained in this Report of the Audit Committee shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing (except to the extent that we specifically incorporate this information by reference) and shall not otherwise be deemed soliciting material or filed with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act (except to the extent that we specifically incorporate this information by reference).

The Audit Committee operates under a written charter adopted by the Board. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. The Audit Committee charter is available on the corporate governance section of the Company's website at <http://shareholders.cimcommercial.com/corporate-overview/corporate-governance>.

During 2017, the Audit Committee, either through separate private sessions or during its regularly scheduled meetings with the independent registered public accounting firm and the director of internal audit, had candid discussions regarding financial management, legal, accounting, auditing and internal control issues.

The Audit Committee has been provided with updates on management's process to assess the adequacy of the Company's system of internal control over financial reporting, the framework used to make the assessment and management's conclusions on the effectiveness of the Company's internal control over financial reporting. The updates include discussions with the independent registered public accounting firm about the Company's internal control assessment process and the independent registered public accounting firm's evaluation of the Company's system of internal control over financial reporting.

The Audit Committee reviewed with executive management and the director of internal audit the Company's policies and procedures with respect to risk assessment and risk management.

The Audit Committee recommended to the Board the engagement of BDO as the independent registered public accounting firm for the year ended December 31, 2017, and reviewed (with senior members of the Company's financial management team and the independent registered public accounting firm) the overall audit scope and plans, the results of internal and external audit examinations, evaluations by management and the independent registered public accounting firm of the Company's internal controls over financial reporting and the quality of the Company's financial reporting. The Audit Committee has the sole authority to appoint the independent registered public accounting firm.

The Audit Committee has reviewed and discussed the audited financial statements included in our Annual Report on Form 10-K with management including a discussion of the accounting principles, the reasonableness of significant accounting judgments and estimates, and the clarity of disclosures in the financial statements.

The Audit Committee also discussed with the independent registered public accounting firm, who is engaged to audit and report on the consolidated financial statements of the Company and subsidiaries and the effectiveness of the Company's internal control over financial reporting, those matters required to be discussed by the auditors with the Audit Committee in accordance with the Public Company Accounting Oversight Board (the PCAOB's) Auditing Standard No. 61, Communication with Audit Committees, as currently in effect. The Audit Committee

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

has received the written disclosures and the letter from the independent accountant required by the applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence for 2017.

In performing all of these functions, the Audit Committee acts in an oversight capacity. The Audit Committee reviews the Company's quarterly and annual reports on Form 10-Q and Form 10-K prior to filing with the SEC. In its oversight role, the Audit Committee relies on the work and assurances of the Company's management, which has the primary responsibility for establishing and maintaining adequate internal control over financial reporting and for preparing the financial statements, and other reports.

In reliance on these reviews and discussions, and the reports of the independent registered public accounting firm, the Audit Committee has recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, for filing with the SEC.

This report is submitted by the following members of the Audit Committee:

Robert Cresci (chairman)

Douglas Bech

Frank Golay, Jr.

EXECUTIVE COMPENSATION

Compensation Committee

The Board is not required to have (and does not have) a compensation committee, based on its status as a controlled company, but may decide to have such a committee (or other committees) in the future.

Compensation Discussion and Analysis

Background

This Compensation Discussion and Analysis relates to compensation paid to the Company's named executive officers during fiscal year 2017.

2017 Named Executive Officers

The following individuals were our named executive officers for 2017:

Name	Title
Charles E. Garner II	Chief Executive Officer
Jan F. Salit	President and Secretary
David Thompson	Chief Financial Officer

The Company is externally operated by the Operator, an affiliate of CIM REIT and CIM Group, L.P. In addition, the Administrator, a subsidiary of CIM Group, provides certain administrative services to the Company and its subsidiaries. Mr. Garner and Mr. Thompson are employed by an affiliate of the Operator and the Administrator and their compensation is determined by, and paid to them directly by, such affiliate. The Company did not pay Mr. Garner, our Chief Executive Officer, and Mr. Thompson, our Chief Financial Officer, any compensation in 2017. Therefore, their compensation is not discussed in this Compensation Discussion and Analysis. Mr. Salit was jointly employed by the Company and CIM SBA Staffing, LLC ("CIM SBA") during the fiscal year ended December 31, 2017. As discussed in Related Person Transactions Transactions with Related Persons, his cash compensation was paid by CIM SBA, which in turn was partially reimbursed by the Company. Accordingly, his 2017 compensation is described in this Compensation Discussion and Analysis and accompanying tables.

Role of Management in the Compensation-Setting Process

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

The Chairman of the Board discussed historical compensation practices and the Company's annual incentive compensation history with Mr. Salit. The Chairman considered Mr. Salit's input and made recommendations to the Board with respect to the amounts of Mr. Salit's 2017 annual incentive compensation and the Board made the final determination of those amounts.

Stockholder Advisory Vote

Because stockholders expressed support for the Company's executive compensation programs in 2017 by approving, on an advisory basis, the Company's 2016 executive compensation and because Mr. Salit's terms of employment are governed by the terms of his existing employment agreement, the Board did not make any changes to the Company's executive compensation programs in 2017.

Compensation Policies and Practices In Relation to Risk Management

As of December 31, 2017, the Company had two employees. One such employee, Mr. Salit, is jointly employed by the Company and CIM SBA, and the terms of his employment are governed by his existing employment agreement with the Company. The other employee is an officer. Accordingly, the Board does not believe that the Company's compensation policies and practices are reasonably likely to have a material adverse effect on the Company.

Use of Independent Compensation Consultant

The Board did not engage the services of an independent compensation consultant in 2017 when determining Mr. Salit's 2017 compensation.

Determining 2017 Executive Compensation

As described above, Messrs. Garner and Thompson are employed and paid by an affiliate of the Operator and the Administrator and, therefore, their 2017 compensation is not discussed in this proxy statement. The Board determined the amounts of Mr. Salit's 2017 annual incentive compensation.

2017 Base Salary

The Board did not make any adjustments to Mr. Salit's base salary of \$450,000 for 2017.

2017 Annual Cash Incentive

The Board did not award any cash incentive to Mr. Salit for 2017. This determination did not reflect the Company's performance or the performance of the lending division or Mr. Salit. Rather, in 2017 (as in 2016), Mr. Salit devoted part of his time to matters relating to CIM (from which the Company has received and will receive reimbursement). Based on an allocation of Mr. Salit's time spent between matters for the Company and CIM, it was determined that Mr. Salit's base salary adequately compensated him for his time and effort with respect to the Company. Mr. Salit's aggregate salary in 2017 from the Company and CIM SBA was \$650,000 (including a bonus from CIM SBA but excluding All Other Compensation as described in the Summary Compensation Table below); aggregate reimbursable costs due the Company was \$227,362 for Mr. Salit's time spent on matters relating to CIM during the year ended December 31, 2017.

Severance and Change in Control Agreements

Mr. Salit's employment agreement with the Company provides for a severance payment as specified therein. The employment agreement is discussed in greater detail below in the section entitled "Executive Compensation Potential Payments Upon Termination or Change in Control."

Other Compensation Plans

A subsidiary of the Company maintained a defined contribution plan that included a defined contribution component and a discretionary contribution component (the 401(k) and Defined Contribution Plan) that was intended to satisfy the tax qualification requirements of Section 401(a) of the Internal Revenue Code. This plan was transferred to CIM SBA effective January 1, 2015. CIM SBA's full time employees, including Mr. Salit, were eligible to participate in the 401(k) and Defined Contribution Plan and were permitted to contribute a portion of their eligible compensation (subject to the applicable statutory limits of \$18,000, or \$24,000 for eligible participants who are 50 or older, in calendar year 2017). While CIM SBA may (but is not required to) make matching contributions under the 401(k) and Defined Contribution Plan, none were made during fiscal 2017. In lieu of matching contributions, CIM SBA elected to make a discretionary contribution of \$260,000 in the aggregate, during the year ended December 31, 2017, which amount was paid by the Company and of which approximately \$46,000 was reimbursed and will be reimbursed by CIM Group on behalf of CIM SBA. Contributions to the 401(k) and Defined Contribution Plan are available to all full-time employees of CIM SBA who meet the eligibility requirements of the plan. In general, vesting in the Defined

Contribution Plan occurs ratably between the second and sixth year of employment.

Tax Considerations

Internal Revenue Code Section 162(m) places a limit of \$1,000,000 on the amount of compensation that the Company may deduct for federal income tax purposes in any one year with respect to the Company's Chief Executive Officer, and the next three highest paid executives (other than the Chief Financial Officer). However, in 2017 and prior years, performance-based compensation that meets certain requirements is excluded from the \$1,000,000 limitation. In 2017, the Board was aware of this tax law, but believed that our named executive officer did not receive compensation at or near the \$1,000,000 maximum (as determined under the Internal Revenue Code). The Board is cognizant of and will continue to consider the impact of the Tax Cuts and Jobs Act of 2017, which was passed in December 2017 and which expanded the number of individuals covered by Internal Revenue Code Section 162(m) and eliminated the exception for performance-based compensation (generally effective for the 2018 tax year). As in the past, the Board reserves the right to make compensation payments that are nondeductible.

Anti-Pledging/ Anti-Hedging Restrictions

The Company believes it is inappropriate for any director, officer or employee to enter into speculative transactions in the Company's equity securities and, therefore, prohibits all hedging transactions. The Company's Trading Policy prohibits all hedging transactions and only permits pledging of Company securities with the approval of the attorney designated under the insider trading policy as the legal representative for purposes of the policy.

Compensation Committee Interlocks and Insider Participation

Following the Merger, the Board decided not to establish a separate compensation committee, but rather determined that the full Board would assume the responsibilities that were historically carried out by the compensation committee of the Board prior to the Merger. During the year ended December 31, 2017, no officer or employee of the Company participated in deliberations of the Board concerning executive officer compensation.

Compensation Committee Report

The Board has reviewed and discussed the Compensation Discussion and Analysis with management. Based upon that review and discussion, the Board determined that the Compensation Discussion and Analysis be included in this proxy statement.

Board of Directors

Douglas Bech

Robert Cresci

Kelly Eppich

Frank Golay, Jr.

Shaul Kuba

Richard Ressler

Avi Shemesh

Summary Compensation Table

The table below sets forth information concerning compensation earned for services rendered to the Company by each of our named executive officers for the years ended December 31, 2017, 2016 and 2015, respectively. As described in the Compensation Discussion and Analysis, Messrs. Garner and Thompson are employed by an affiliate of the Operator and the Administrator and their compensation is determined by, and paid to them directly by, such affiliate. The Company did not pay Messrs. Garner and Thompson any compensation in 2017. The Company has entered into an employment agreement with Mr. Salit, which is described below under Executive Employment Agreement. As described in the Compensation Discussion and Analysis, Mr. Salit's cash compensation was paid by CIM SBA in 2017, and the Company reimbursed CIM SBA for such compensation. As described above, of the compensation paid to CIM SBA, approximately \$227,362, which relates to services that Mr. Salit performed for CIM, has been or will be reimbursed to the Company.

Name and Principal Position	Year	Salary(1)	Bonus(2)	Stock Awards(3)(4)	All Other Compensation(5)	Total(6)
Charles E. Garner	2017	\$	\$	\$	\$	\$
<i>Chief Executive Officer</i>	2016					
	2015					
David Thompson	2017					
<i>Chief Financial Officer</i>	2016					
	2015					
Jan F. Salit	2017	450,000	200,000		54,777	704,777
<i>President and Secretary</i>	2016	450,000	150,000	679,626	306,810	1,586,436
	2015	450,000	950,000	16,980	54,085	1,471,065

(1) Mr. Salit performed services for CIM from time to time in 2017 and 2016. CIM SBA will reimburse or has reimbursed the Company in an amount of approximately \$227,362 and \$90,000, for the years ended December 31, 2017 and December 31, 2016, respectively, for the time that Mr. Salit spent on matters relating to CIM.

(2) Mr. Salit's 2015 annual incentive included a special bonus equal to \$800,000 in connection with his work on the sale of substantially all of our commercial mortgage loans. Mr. Salit did not receive any cash incentive for 2017 as described in Compensation Discussion and Analysis Determining 2017 Executive Compensation 2017 Annual Cash Incentive. The bonus of \$200,000 for 2017 included in the table was paid by CIM SBA, but was not reimbursed by the Company.

(3) On January 4, 2016, pursuant to Mr. Salit's employment agreement, which became effective on the closing date of the Merger, the Company issued Mr. Salit 43,734 shares of common stock under the 2015 Equity Incentive Plan as a retention bonus (as Mr. Salit was not entitled to any disability, death or severance payment on such date). The closing price of the common stock was \$15.54 on the day prior to the issuance, and the shares vested immediately. With respect to annual equity awards, as described in the Compensation Discussion and Analysis, the Board has granted long-term incentive awards in the form of restricted stock awards to Mr. Salit on a discretionary basis, and did not grant any such awards to Mr. Salit in 2016 and 2017. The terms of the restricted share awards granted to Mr. Salit in 2015 provide for dividends on non-vested restricted shares to be paid to the holder.

(4) Represents the grant date fair value of stock awards for the applicable fiscal year in accordance with Accounting Standards Codification Topic 718, Compensation Stock Compensation.

(5) See table below for a breakdown of all other compensation.

(6) Mr. Salit's total compensation for 2017 reflects a bonus in the amount of \$200,000 that was paid by CIM SBA, but was not reimbursed by the Company.

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

All other compensation paid to the Company's named executive officers in the table above consisted of the following:

Name	Year	Unused Vacation Pay	Tax Qualified 401(k) Plan	Car Allowance	Other	Total
Jan F. Salit	2017	\$ 21,635	\$ 26,542(1)	\$ 6,600		\$ 54,777
	2016	21,635	25,801	6,600	\$ 252,774(2)	306,810
	2015	21,635	25,850	6,600		54,085

(1) CIM Group, on behalf of CIM SBA, has reimbursed and will reimburse the Company for a portion of the amounts for the years ended December 31, 2017 and 2016 for the time that Mr. Salit spent on matters relating to CIM. The reimbursable amount is included as part of the amounts identified in Note 1 to the Summary Compensation Table above.

(2) The Company paid \$252,774 for payroll taxes on Mr. Salit's behalf in January 2016.

Grants of Plan-Based Awards

There were no grants of equity awards to our named executive officers during 2017.

Outstanding Equity Awards at Fiscal Year End

There were no outstanding equity awards as of December 31, 2017.

Option Exercises and Shares Vested in 2017

The following table sets forth, for each of our named executive officers, information regarding the value of restricted share awards that vested during the fiscal year ended December 31, 2017.

Name	Share Awards	
	Number of Shares Acquired on Vesting (1)	Value Realized on Vesting (2)
Jan F. Salit	334	\$ 5,210

(1) Based on 334 restricted shares granted on March 6, 2015, which vested on March 6, 2017.

(2) Calculated as the aggregate market value on the date of vesting of the restricted stock with respect to which restrictions lapsed (or restricted shares became vested) during 2017 (calculated before payment of any applicable withholding or other income taxes). The per share market price of the restricted shares at the close of business on the last business day prior to vesting was \$15.60 on March 3, 2017.

Potential Payments Upon Termination or Change in Control

Mr. Salit is party to an executive employment agreement (an Executive Employment Agreement) with the Company, which amended and restated his previous employment agreement and became effective upon the consummation of the Merger on March 11, 2014. The Executive Employment Agreement continues to govern the terms of employment for Mr. Salit following the Merger. Under the Executive Employment Agreement, Mr. Salit is entitled to a minimum annual salary of \$425,000. The Company's Board may, in its discretion, increase the annual base salary and may also consider bonus compensation. The Executive Employment Agreement also entitles Mr. Salit to health insurance coverage for himself, his wife and his dependent children, and a monthly automobile allowance of \$550.

If Mr. Salit is unable to perform his services due to illness or total incapacity (to be determined based on standards similar to those utilized by the U.S. Social Security Administration), the Executive Employment Agreement entitles Mr. Salit to receive his full salary for up to one year of such incapacity, reduced by any amounts paid by any Company-provided insurance. If Mr. Salit's total incapacity continues beyond one year and he is not thereafter able to devote full time to his employment with the Company, then his employment and his Executive Employment Agreement will terminate.

If Mr. Salit dies during his employment with the Company before reaching the age of seventy, his estate will be entitled to a payment of two times his annual salary plus unused vacation pay. The Company-paid amount of such death benefits will be made over the course of twelve months, offset by any amounts paid under any group life insurance issued by the Company.

In the event that Mr. Salit's employment is terminated by the Company for Cause, or if Mr. Salit resigns his employment with the Company, he will be entitled to receive only his base salary then in effect, prorated to the date of termination, and all benefits accrued through the date of termination. If the Company terminates Mr. Salit's employment without Cause, Mr. Salit will be entitled to receive a severance payment in an amount equal to his annual base salary then in effect, to be paid out in a lump sum on the 60th day following his termination date, conditioned upon the execution of a general release of claims.

For purposes of the Executive Employment Agreement, Cause means (1) the intentional, unapproved material misuse of corporate funds, (2) professional incompetence or (3) acts or omissions constituting gross negligence or willful misconduct of executive's obligations or otherwise relating to the business of the Company.

Assuming all vacation days are taken and all reasonable business expenses have been reimbursed, based on the Company's best estimate, assuming the applicable scenario occurred on December 31, 2017, the Company would have owed Mr. Salit \$900,000 (representing two times his annual base salary) if he died, \$450,000 (representing his annual base salary) if he became disabled or if the Company terminated his employment without cause.

Equity Incentive Plan Compensation and Awards

The equity awards that have been granted to Mr. Salit at the discretion of the Board were not governed by the employment agreements, but rather through our 2005 Equity Incentive Plan, which terminated during 2015.

Board Compensation

The Company uses a combination of cash and share-based compensation to attract and retain qualified candidates to serve on the Board. In setting directors' compensation, the Board considers, among other things, the substantial time commitment on the part of the Board in fulfilling their duties as well as the skill level it requires of directors. In addition, directors are reimbursed by the Company for their expenses related to attending board or committee meetings.

The independent directors are compensated according to the following schedule:

Annual board retainer	\$	50,000
Annual audit committee chairman retainer	\$	20,000

The annual board retainer and the annual audit committee chairman retainer are payable quarterly in advance.

The compensation arrangement for the independent directors in 2018 is expected to be substantially the same as the compensation arrangement for the independent directors in 2017, which is set forth in the table below:

Director Compensation in 2017

Name	Fees Earned or Paid in Cash	Share Awards(1)	Total
Robert Cresci	\$ 70,000	\$ 50,002	\$ 120,002
Douglas Bech	50,000	50,002	100,002
Frank Golay, Jr.	50,000	50,002	100,002

(1) Represents the grant date fair value of the restricted shares or share options, as the case may be, for purposes of ASC Topic 718, Compensation - Stock Compensation. Each of the independent directors received a grant of 3,195 restricted shares of Common Stock on June 9, 2017, which shares will vest one year from the date of grant. The grant date fair value of the restricted shares is based on the per share closing price of our Common Stock on June 9, 2017, which was \$15.65.

RELATED PERSON TRANSACTIONS

Transactions with Related Persons

Affiliates of CIM Group (collectively, the CIM Management Entities) provide property management, leasing, and development services to CIM Urban. The CIM Management Entities earned property management fees, which are included in rental and other property operating expenses, totaling \$5,034,000 and \$5,630,000 for the years ended December 31, 2017 and 2016, respectively. CIM Urban also reimbursed the CIM Management Entities \$8,465,000 and \$8,630,000 during the years ended December 31, 2017 and 2016, respectively, for the cost of on-site personnel incurred on behalf of CIM Urban, which is included in rental and other property operating expenses. The CIM Management Entities earned leasing commissions of \$982,000 and \$2,522,000 for the years ended December 31, 2017 and 2016, respectively, which were capitalized to deferred charges. In addition, the CIM Management Entities earned construction management fees of \$1,654,000 and \$942,000 for the years ended December 31, 2017 and 2016, respectively, which were capitalized to investments in real estate.

On March 11, 2014, CIM Commercial and its subsidiaries entered into the Master Services Agreement with the Administrator pursuant to which the Administrator agrees to provide or arrange for other service providers to provide management and administrative services to CIM Commercial and its subsidiaries. Pursuant to the Master Services Agreement, we appointed an affiliate of CIM Group as the administrator of Urban Partners GP, LLC. Under the Master Services Agreement, CIM Commercial pays a base service fee (the Base Service Fee) to the Administrator initially set at \$1,000,000 per year (subject to an annual escalation by a specified inflation factor beginning on January 1, 2015), payable quarterly in arrears. For the years ended December 31, 2017 and 2016, the Administrator earned a Base Service Fee of \$1,060,000 and \$1,043,000, respectively. In addition, pursuant to the terms of the Master Services Agreement, the Administrator may receive compensation and/or reimbursement for performing certain services for CIM Commercial and its subsidiaries that are not covered under the Base Service Fee. During the years ended December 31, 2017 and 2016, such services performed by the Administrator included accounting, tax, reporting, internal audit, legal, compliance, risk management, IT, human resources and corporate communications. The Administrator's compensation is based on the salaries and benefits of the employees of the Administrator and/or its affiliates who performed these services (allocated based on the percentage of time spent on the affairs of CIM Commercial and its subsidiaries). For the years ended December 31, 2017 and 2016, we expensed \$3,065,000 and \$3,120,000, respectively, for such services, which are included in asset management and other fees to related parties.

In May 2005, CIM Urban and CIM Urban REIT Management, L.P., each an affiliate of CIM REIT and CIM Group, entered into an Investment Management Agreement, pursuant to which CIM Urban engaged CIM Urban REIT Management L.P. to provide certain services to CIM Urban. CIM Investment Advisors, LLC, an affiliate of CIM REIT and CIM Group, registered with the SEC as an investment adviser and, in connection with such registration, CIM Urban entered into a new Investment Management Agreement with CIM Investment Advisors, LLC, in December 2015, on terms and in scope substantially similar to those in the previous Investment Management Agreement and the previous Investment Management Agreement was terminated. The Operator operates CIM Urban's real estate and other assets and has the power and authority to determine, and with full discretion to purchase, retain and dispose of such assets and to execute agreements relating thereto in accordance with the objectives, policies and restrictions set forth in the CIM Urban's partnership agreement. For the years ended December 31, 2017 and 2016, the Operator earned asset management fees of \$22,229,000 and \$25,753,000, respectively.

On March 11, 2014, CIM Commercial entered into a Registration Rights and Lockup Agreement with Urban II pursuant to which Urban II is entitled to registration rights, subject to certain limitations, with respect to Common Stock it received in the Merger and the Common Stock issued upon conversion of the Preferred Shares it received in the Merger. Specifically, Urban II has eight demand registration rights (rights to require CIM Commercial to file a registration statement with the SEC). It also has certain piggyback and incidental registration rights. In accordance with such registration rights agreement, CIM Commercial filed a registration statement that was declared effective in May 2015. CIM Commercial bore the expenses incurred in connection with the filing of such registration statement in accordance with such registration rights agreement.

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

On January 1, 2015, CIM Commercial entered into a Staffing and Reimbursement Agreement with CIM SBA, an affiliate of CIM Group, and our subsidiary, PMC Commercial Lending, LLC. The agreement provides that CIM SBA will provide personnel and resources to the Company and the Company will reimburse CIM SBA for the costs and expenses of providing such personnel and resources. For the years ended December 31, 2017 and 2016, the Company incurred expenses related to services subject to reimbursement by the Company under the agreement of \$3,464,000 and \$3,555,000, respectively, included as asset management and other fees to related parties for lending segment costs included in continuing operations, \$433,000 and \$411,000, respectively, for corporate services, which are included in asset management and other fees to related parties, and \$0 and \$55,000, respectively, which are included in discontinued operations. In addition, for the years ended December 31, 2017 and 2016, the Company deferred personnel costs of \$429,000 and \$249,000, respectively, associated with services provided for originating loans.

On October 1, 2015, an affiliate of CIM Group entered into a 5-year lease renewal with respect to a property owned by the Company. For the years ended December 31, 2017 and 2016, the Company recorded rental and other property income related to this tenant of \$108,000 and \$108,000, respectively.

On May 16, 2016, the Company commenced a cash tender offer to purchase up to 10,000,000 shares of Common Stock at a price of \$21.00 per share. In connection with the tender offer, the Company repurchased, canceled and retired 10,000,000 shares of Common Stock for an aggregate purchase price of \$210,000,000, excluding fees and expenses related to the tender offer, which were \$301,000. Based on the actual total number of shares tendered, Urban II received \$208,140,000 of the aggregate purchase price paid.

On September 14, 2016, the Company repurchased, in a privately negotiated transaction, and canceled and retired 3,628,116 shares of Common Stock from Urban II. The aggregate purchase price was \$79,819,000, or \$22.00 per share.

On June 12, 2017, we repurchased, in a privately negotiated transaction, canceled and retired 26,181,818 shares of Common Stock from Urban II. The aggregate purchase price was \$576,000,000, or \$22.00 per share.

On December 18, 2017, we repurchased, in a privately negotiated transaction, canceled and retired 14,090,909 shares of Common Stock from Urban II. The aggregate purchase price was \$310,000,000, or \$22.00 per share.

On November 21, 2016, Charles E. Garner II, the Company's Chief Executive Officer, purchased 20,000 shares of Series A Preferred Stock at \$25.00 per share.

On December 29, 2016, the Company sold its commercial real estate lending subsidiary, which was classified as held for sale and had a carrying value of \$27,567,000, which was equal to management's estimate of fair value, to a fund operated by an affiliate of CIM Group. The Company did not recognize any gain or loss in connection with the transaction. Management's estimate of fair value was determined with assistance from an independent third party valuation firm.

Review, Approval and Ratification of Transactions with Related Persons

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

The Board has adopted a written related person transaction policy. Under the policy, a Related Person Transaction includes certain transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant, and in which a related person had, has or will have a direct or indirect material interest.

A Related Person is:

Any person who was in any of the following categories during the applicable period:

- a director or nominee for director;
- any executive officer; or
- any immediate family member of a director or executive officer, or of any nominee for director, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, or nominee for director and any person (other than a tenant or employee) sharing the household of such security holder.

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Any person who was in any of the following categories when a transaction in which such person had a direct or indirect material interest occurred or existed:

- any person who is known to the Company to be the beneficial owner of more than 5% of our shares; and
- any immediate family member of any such security holder, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such security holder and any person (other than a tenant or employee) sharing the household of such security holder.

A person who has a position or relationship within a firm, corporation or other entity that engages in a transaction with the Company will not be deemed to have an indirect material interest within the meaning of Related Person Transaction when:

The interest arises only:

- from such person's position as a director of another corporation or organization that is a party to the transaction; or
- from the direct or indirect ownership by such person and all other persons specified in the definition of Related Person in the aggregate of less than 10% equity interest in another person (other than a partnership) which is a party to the transaction; or
- from both such position and ownership; or
- from such person's position as a limited partner in a partnership in which the person and all other persons specified in the definition of Related Person have an interest of less than 10%, and the person is not a general partner of and does not hold another position in the partnership.

Each of the Company's executive officers is encouraged to help identify any potential Related Person Transaction.

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

If a new Related Person Transaction is identified, it will initially be brought to the attention of the Chief Financial Officer, who will then prepare a recommendation to the Board and/or a committee thereof regarding whether the proposed transaction is reasonable and fair to the Company.

A committee comprised solely of independent directors, who are also independent of the Related Person Transaction in question, will determine whether to approve a Related Person Transaction. In general, the committee will only approve or ratify a Related Person Transaction if it determines, among other things, that the Related Person Transaction is reasonable and fair to the Company.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file reports of holdings and transactions in our securities with the SEC. Executive officers, directors and any person who beneficially owns 10% or more of the shares of any class of our equity securities are required by applicable regulations to furnish us with copies of all Section 16(a) forms they file with the SEC.

Based solely upon a review of these reports, we believe that all SEC filing requirements applicable to our directors, executive officers and beneficial owners of more than 10% of our Common Stock were satisfied on a timely basis during the fiscal year ended December 31, 2017.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BDO was appointed to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2018. Although ratification of the appointment of BDO by our stockholders is not required, the Board is submitting the selection of BDO to our stockholders for ratification as a matter of good corporate governance. If the selection is not ratified, the Audit Committee will consider whether it is appropriate to select another independent registered public accounting firm.

We expect representatives of BDO to be present at the Annual Meeting, and they will have an opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions by stockholders.

Principal Accounting Firm Fees

Aggregate fees for services rendered to the Company for the years ended December 31, 2017 and 2016 by the Company's principal accounting firm for such years, BDO, were as follows:

	2017	2016
Audit Fees(1)	\$ 1,073,511	\$ 916,884
Audit-Related Fees		
Tax Fees		
All Other Fees		
Total	\$ 1,073,511	\$ 916,884

(1) Audit fees consisted of professional services performed in connection with (i) the audit of the Company's annual financial statements and internal control over financial reporting, (ii) the statutory audit of the financial statements of a subsidiary of the Company, (iii) the review of financial statements included in its quarterly reports on Form 10-Q (iv) procedures related to consents and assistance with and review of documents filed with the SEC and (v) other services related to (and necessary for) the audit of the Company's financial statements.

Pre-Approval Policies

The Audit Committee's charter requires review and pre-approval by the Audit Committee of all audit and permissible non-audit services provided by our outside auditors. The Audit Committee pre-approved all audit services provided by our outside auditors during fiscal years 2017 and 2016 and the fees paid for such services. The Audit Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting.

OTHER MATTERS

Management does not intend to present any business at the Annual Meeting not mentioned in this proxy statement, and at the time of preparation of this proxy statement knows of no other business to be presented. If any other matters are properly brought before the Annual Meeting, the appointed proxies will vote all proxies on such matters in their discretion.

STOCKHOLDER PROPOSALS FOR THE 2019 ANNUAL MEETING

The deadline for submission of stockholder proposals in our proxy statement and form of proxy for the annual meeting of stockholders of the Company to be held in 2019 (the 2019 Annual Meeting) calculated in accordance with Rule 14a-8 under the Exchange Act is December 6, 2018.

Under our Bylaws, a stockholder is eligible to submit a stockholder proposal outside the processes of Rule 14a-8 if the stockholder is (1) a stockholder of record both at the time of giving notice and at the time of the 2019 Annual Meeting, (2) is entitled to vote at the 2019 Annual Meeting, and (3) satisfies the requirements in our Bylaws with respect to such proposal. The stockholder also must provide timely notice in proper written form of the proposal to the Company, addressed to Mr. Jan F. Salit, Secretary of the Company, 17950 Preston Road, Suite 600, Dallas, Texas 75252. To be timely under our Bylaws, we must receive advance notice of the proposal no earlier than November 6, 2018 and no later than 5:00 p.m., Eastern Time, on December 6, 2018.

AVAILABILITY OF DOCUMENTS

We have provided without charge a copy of the annual report to stockholders for fiscal year 2017, which includes a copy of the Form 10-K as filed with the SEC (excluding exhibits), to each person being solicited by this proxy statement. Upon the written request by any person being solicited by this proxy statement, we will provide without charge a printed or e-mailed copy of this Proxy Statement, the proxy card and/or the Annual Report on Form 10-K as filed with the SEC (excluding exhibits, for which a reasonable charge shall be imposed) relating to the 2017 Annual Meeting. All requests should be directed to the Company's Shareholder Relations Department by writing to 17950 Preston Road, Suite 600, Dallas, Texas 75252 or e-mailing shareholders@cimcommercial.com. Any such request must be received no later than April 23, 2018 in order to facilitate timely delivery.

REDUCE DUPLICATE MAILINGS

The SEC has adopted rules that permit companies and intermediaries (for example, brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. A number of brokers with account holders who are stockholders of the Company household the Company's proxy materials in this manner. If you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or annual statement, or if you currently receive multiple copies of the proxy statement at your address and would like to request householding of your communications, please follow the instructions described below and notify your broker or the Company's transfer agent in writing or by telephone.

Stockholders of record should contact our transfer agent, American Stock Transfer and Trust, at:

6201 15th Avenue

Brooklyn, NY 11219

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

(800) 937-5449

Stockholders who hold their shares in street name should contact their broker.

WHERE YOU CAN FIND MORE INFORMATION

CIM Commercial is subject to the information and periodic reporting requirements of the Exchange Act and files annual, quarterly and current reports, proxy statements and other information with the SEC as required by the Exchange Act. You can read CIM Commercial's SEC filings, including CIM Commercial's proxy statement, over the internet at the SEC's website at www.sec.gov.

If you would like additional copies of this proxy statement or if you have questions about the proposals to be presented at the Annual Meeting, you should contact CIM Commercial by telephone or in writing:

CIM Commercial Trust Corporation

4700 Wilshire Blvd.

Los Angeles, California 90010

Attn: Shareholder Relations

(323) 860-4900

BY ORDER OF THE BOARD OF DIRECTORS

Charles E. Garner II
Chief Executive Officer

Dated: April 5, 2018

gn="left">

Note 3 Business Segments and Geographic Data

JAKKS Pacific is a worldwide producer and marketer of children's toys and related products, principally engaged in the design, development, production and marketing of traditional toys, including boys action figures, vehicles and playsets, craft and activity products, writing instruments, compounds, girls toys, and infant and preschool toys. The Company's reportable segments are North America Toys, International and Other.

The North America Toys segment, which includes the United States and Canada, and the International toy segment, which includes sales to non-North American markets, include the design, development, production and marketing of children's toys and related products. The Company also has an additional segment classified as Other, which sells various products to the specialty markets in the United States.

Segment performance is measured at the operating income level. All sales are made to external customers, and general corporate expenses have been attributed to the North America Toy segment, which is a dominant segment. Segment assets are comprised of accounts receivable and inventories, net of applicable reserves and allowances.

The accounting policies of the segments are described in Note 2.

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

Results are not necessarily those that would be achieved were each segment an unaffiliated business enterprise. Information by segment and a reconciliation to reported amounts for the twelve months ended December 31, 1999, 2000 and 2001 are as follows:

	Year Ended December 31,		
	1999	2000	2001
Net Sales			
North America Toys	\$ 168,927,636	\$ 235,136,139	\$ 250,627,160
International	13,056,000	15,567,118	32,870,718
Other	1,701,488	1,584,686	811,143
	<u>\$ 183,685,124</u>	<u>\$ 252,287,943</u>	<u>\$ 284,309,021</u>

	Year Ended December 31,		
	1999	2000	2001
Operating Income			
North America Toys	\$ 22,926,043	\$ 19,109,540	\$ 25,827,227
International	1,771,897	1,265,141	3,387,340
Other	230,918	128,788	83,589
	<u>\$ 24,928,858</u>	<u>\$ 20,503,469</u>	<u>\$ 29,298,156</u>

	December 31,	
	2000	2001
Assets		
North America Toys	\$ 72,313,667	\$ 74,852,907
International	4,787,505	9,817,247
Other	487,353	242,258
	<u>\$ 77,588,525</u>	<u>\$ 84,912,412</u>

The following tables present information about the Company by geographic area as of and for the three years ended December 31, 2001:

	Year Ended December 31,		
	1999	2000	2001

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Long-lived Assets			
United States	\$61,203,122	\$ 92,737,874	\$ 93,154,559
Hong Kong	10,376,339	13,705,700	24,556,935
Europe			497,381
	<u>\$71,581,461</u>	<u>\$106,443,574</u>	<u>\$118,208,875</u>

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

	Year Ended December 31,		
	1999	2000	2001
Sales by Geographic Area			
United States	\$ 166,276,804	\$ 229,792,943	\$ 244,317,186
Europe	7,153,391	8,323,132	19,124,607
Canada	4,352,320	6,133,948	7,121,117
Hong Kong	3,303,144	5,397,135	9,905,052
Other	2,599,465	2,640,785	3,841,059
	<u>\$ 183,685,124</u>	<u>\$ 252,287,943</u>	<u>\$ 284,309,021</u>

Note 4 Acquisitions and Joint Venture

The Company owns a fifty percent interest in a joint venture with a company that develops, publishes and distributes interactive entertainment software for the leading hardware game platforms in the home video game market. The joint venture has entered into a license agreement under which it acquired the exclusive worldwide right to publish video games on all hardware platforms. Our investment is accounted for using the cost method due to the financial and operating structure of the venture and our lack of control over the joint venture. The Company's basis consists primarily of organizational costs and recoupable advances. The joint venture agreement provides for the Company to receive guaranteed preferred returns through June 30, 2006, subject to an annual minimum payments of \$2,600,000 through December 31, 2003, at varying rates of the joint venture's net sales depending on the cumulative unit sales and platform of each particular game. For periods after June 30, 2006, the amount of the preferred return will be subject to renegotiation between the parties. The preferred return is accrued in the quarter in which the licensed games are sold and the preferred return is earned. Our joint venture partner retains the financial risk of the joint venture and is responsible for the day-to-day operations, including development, sales and distribution, for which they are entitled to any remaining profits. During 1999, 2000 and 2001, the Company earned \$3,604,487, \$15,905,860 and \$6,675,428, respectively, in profit from the joint venture.

In June 1999, the Company purchased all of the outstanding shares of Berk Corporation (Berk) for \$3,269,450 in cash paid at closing.

The assets acquired and liabilities assumed from Berk were as follows:

Cash	\$ 478,972
Accounts receivable	869,050
Inventory	549,720
Prepays and deposits	73,367
Property and equipment	31,186
Goodwill	4,365,208
Liabilities assumed	(3,098,053)
	<u>\$ 3,269,450</u>

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

In October 1999, the Company acquired all of the stock of Flying Colors Toys, Inc. (Flying Colors) for \$52,879,182 in cash paid at closing. Contingent consideration includes an earn-out in an amount of up to \$4,500,000 in each of the three 12-month periods following the closing, if gross profits of Flying Colors branded products achieve certain prescribed levels in each of such periods. The maximum earn-out of \$4,500,000 was earned by the sellers in each of the earn-out periods ended September 30, 2000 and 2001. Of the \$4,500,000 earned in 2000, the amount of \$464,938 was deemed to be compensation and has been expensed in 2000. The remaining balance of \$4,035,062 and the 2001 earn-out has been recorded as goodwill.

The assets acquired and liabilities assumed from Flying Colors were as follows:

Cash	\$ 23,534
Accounts receivable, net of reserve of \$686,222	12,816,573
Inventory, net of reserve of \$2,774,017	11,052,983
Prepaid expenses	194,840
Property and equipment	1,943,025
Deferred income taxes	1,460,000
Non-compete agreement	1,000,000
Goodwill	32,081,192
Liabilities assumed	(7,692,965)
	<u>\$ 52,879,182</u>

In July 2000, the Company acquired all of the outstanding capital stock of Pentech International Inc. (Pentech) for an aggregate purchase price of approximately \$20.6 million, which was paid in cash on the closing of the transaction. In addition, the Company paid on the closing \$10.0 million to pay down certain indebtedness of Pentech, assumed liabilities of approximately \$25.5 million and incurred estimated legal and other acquisition costs of approximately \$1.2 million. Pentech designs, produces and markets licensed pens, markers, pencils, and other writing instruments, craft and activity kits, and related stationery products.

On December 27, 2001, the Company acquired all the outstanding stock of Kidz Biz Ltd., a United Kingdom company, and Kidz Biz Far East Limited, a Hong Kong corporation, for an aggregate purchase price of approximately \$12.4 million, which was paid by the issuance of 308,992 shares of the Company's common stock at a value of \$6.0 million and cash of \$6.4 million. The Company acquired operating assets of \$12.2 million and assumed liabilities of approximately \$13.2 million. Both the United Kingdom and Hong Kong based companies are distributors of toys and related products in the United Kingdom, Ireland and the Channel Islands.

The following unaudited pro forma information represents the Company's consolidated results of operations as if the acquisitions of Berk, Flying Colors and Pentech had occurred on January 1, 1999 and after giving effect to certain adjustments including the elimination of other income and expense items not attributable to on-going operations, interest and depreciation expense, and related tax effects. Such pro forma information does not purport to be indicative of operating results that

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

would have been reported had the acquisitions of Berk, Flying Colors and Pentech occurred on January 1, 1999 or future operating results.

	Year Ended December 31,	
	1999	2000
Net Sales	\$278,745,264	\$291,578,787
Net income	\$ 22,196,794	\$ 24,390,573
Basic earnings per share	\$ 1.60	\$ 1.28
Weighted average shares outstanding	13,879,304	19,059,544
Diluted earnings per share	\$ 1.40	\$ 1.20
Weighted average shares and equivalents outstanding	15,839,679	20,281,475

Note 5 Concentration of credit risk

Financial instruments that subject the Company to concentration of credit risk are cash and cash equivalents, marketable securities and accounts receivables. Cash equivalents consist principally of short-term money market funds. These instruments are short-term in nature and bear minimal risk. To date, the Company has not experienced losses on these instruments.

The Company performs on-going credit evaluations of its customers' financial condition, but does not require collateral to support domestic customer accounts receivables. Most goods shipped FOB Hong Kong or China are sold on irrevocable letter of credit basis.

Note 6 Accrued expenses

Accrued expenses consist of the following:

	2000	2001
Bonuses	\$ 2,230,563	\$ 2,381,698
Royalties and sales commissions	3,713,634	4,787,099
Hong Kong subsidiaries accruals	3,886,757	6,193,354
Other	2,708,336	4,706,574
	\$12,539,290	\$18,068,725

Note 7 Related party transactions

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

A director of the Company is a partner in the law firm that acts as counsel to the Company. The Company incurred legal fees and expenses to the law firm in the amount of approximately \$1,037,000 in 1999, \$975,000 in 2000 and \$1,129,000 in 2001.

As of December 31, 2001, there were two notes receivable from officers totaling \$1,974,000 issued at interest rates of 6.5% each, with interest payable on each April 28 and October 28 of each year, and principal payable at a maturity date of April 28, 2003. Additionally, there is a third note

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

receivable from an officer for \$250,000 issued at an interest rate of 7.0%, with interest and principal payable at a maturity date of May 12, 2002, except that all indebtedness under the loan will be forgiven if employment continues through such date.

Note 8 Long-term debt

Long-term debt consists of the following:

	2000	2001
Note Payable due in twenty-six quarterly payments with the final payment due April 1, 2004, with interest at 7% per annum	\$ 1,400,000	\$
Loan payable, due in sixty monthly payments with the final payment due December 4, 2006, with interest at 6.7% per annum		95,070
	<u>1,400,000</u>	<u>95,070</u>
Less current portion of long-term debt	<u>400,000</u>	<u>22,560</u>
Long-term debt, net of current portion	<u>\$ 1,000,000</u>	<u>\$ 72,510</u>

The following is a schedule of payments for the loan payable:

2002	\$ 22,560
2003	17,805
2004	19,036
2005	20,350
Thereafter	15,319
	<u>\$ 95,070</u>

Note 9 Income taxes

The provision differs from the expense that would result from applying Federal statutory rates to income before taxes because of the inclusion of a provision for state income taxes and the income of the Company's foreign subsidiaries is taxed at a rate of 16.5% applicable in Hong Kong. In addition, the provision includes deferred income taxes resulting from adjustments in the amount of temporary differences. Temporary differences arise primarily from differences in timing in the deduction of state income taxes and the use of the straight-line method of depreciation for financial reporting purposes and accelerated methods of depreciation for tax purposes.

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

The Company does not file a consolidated return with its foreign subsidiaries. The Company files Federal and state returns and its foreign subsidiaries file Hong Kong and United Kingdom returns. Income taxes reflected in the accompanying consolidated statements of operations are comprised of the following:

	1999	2000	2001
Federal	\$4,280,650	\$ 4,979,188	\$2,595,989
State and local	1,350,000	1,112,798	1,064,843
Foreign	1,834,065	5,161,994	5,336,377
	<u>7,464,715</u>	<u>11,253,980</u>	<u>8,997,209</u>
Deferred	869,129	442,983	800,000
	<u>\$8,333,844</u>	<u>\$11,696,963</u>	<u>\$9,797,209</u>

	2000	2001
Deferred tax assets resulting from deductible temporary differences from loss carry-forwards, noncurrent	\$ 351,761	\$ 351,761
Deferred tax liabilities resulting from taxable temporary differences, noncurrent	(1,808,578)	(2,608,578)
	<u>\$ (1,456,817)</u>	<u>\$ (2,256,817)</u>

The Company's management concluded that a deferred tax asset valuation allowance as of December 31, 2000 and 2001 was not necessary.

A reconciliation of the statutory United States Federal income tax rate to the Company's effective income tax rate is as follows:

	1999	2000	2001
Statutory income tax rate	35%	35%	35%
State and local income taxes, net of Federal income tax effect	4	3	3
Effect of temporary differences and Hong Kong's lower tax rate	(28)	(25)	(28)
Income taxes on foreign earnings at rates other than the United States			
Statutory rate not subject to United States income taxes	16	16	16
	<u>27%</u>	<u>29%</u>	<u>26%</u>

The components of income before provision for income taxes are as follows:

	1999	2000	2001
Domestic	\$13,105,423	\$ 8,480,038	4,677,721
Foreign	17,198,270	31,854,320	33,352,389

	\$30,303,693	\$40,334,358	\$38,030,110
	<u> </u>	<u> </u>	<u> </u>

Note 10 Credit Facility

On October 12, 2001, the Company entered into a Loan Agreement with a consortium of banks led by Bank of America, N.A. This agreement expires on October 12, 2004 and permits the

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

Company to borrow (and maintain obligations under outstanding letters of credit) up to an aggregate of \$50,000,000. Available borrowings under the facility are determined by applying specified advance rates to eligible domestic accounts receivable and inventory.

The Company is required to not have any outstanding borrowings in excess of \$30.0 million for a period of at least 30 consecutive days during the first fiscal quarter of each year of the agreement.

This Credit facility is secured by a lien on substantially all of our assets and contains customary financial and non-financial covenants which limit the ability for us to incur additional indebtedness, pay dividends or make other distributions, sell assets and enter into certain mergers or acquisitions. Amounts outstanding under this credit facility bears interest at 0.25% plus the greater of the Prime Rate or Federal Funds Rate plus 0.5%, and is subject to change based on certain financial ratios. As of December 31, 2001, the Company has no outstanding borrowings.

Note 11 Leases

The Company leases office, warehouse and showroom facilities and certain equipment under operating leases. Rent expense for the years ended December 31, 1999, 2000 and 2001 totaled \$737,340, \$769,070, and \$2,495,390, respectively. The following is a schedule of minimum annual lease payments.

2002	\$ 3,157,600
2003	3,005,262
2004	2,997,047
2005	2,946,910
2006	2,884,663
Thereafter	1,729,557
	<hr/>
	\$ 16,721,039
	<hr/>

Note 12 Common stock and preferred stock

The Company has 26,000,000 authorized shares of stock consisting of 25,000,000 shares of \$.001 par value common stock and 1,000,000 shares of \$.001 par value preferred stock.

During 2001, the Company issued 525,780 shares of common stock on exercise of options and warrants for a total of \$3,069,745 and 308,992 shares of common stock at a value of \$6,000,000 in connection with the Kidz Biz acquisition. As of December 31, 2001, 166,875 shares were reserved for issuance upon exercise of outstanding warrants granted in connection with a certain license agreement at an exercise price of \$6.67 per share.

During 2000, the Company issued 212,890 shares of common stock on exercise of options and warrants for a total of \$1,171,243. The Company repurchased 1,493,600 shares of common stock for a total of \$12,911,483.

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

Warrant activity is summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 1998	952,500	\$6.02
Exercised	(434,368)	5.16
Canceled	(225,000)	6.67
	<hr/>	<hr/>
Outstanding, December 31, 1999	293,132	5.92
Exercised	(36,777)	5.79
	<hr/>	<hr/>
Outstanding, December 31, 2000	256,355	5.94
Exercised	(82,118)	4.48
Canceled	(7,362)	5.63
	<hr/>	<hr/>
Outstanding, December 31, 2001	166,875	\$6.67
	<hr/>	<hr/>

During 1999, 6,810,955 shares of the Company's stock were issued in two separate offerings for a total of \$117,792,115. Additionally, the Company issued 1,019,469 shares of common stock on the exercise of stock options and warrants for a total of \$4,749,126 and 1,565,218 shares of common stock upon the conversion of convertible debentures totaling \$5,600,250. Certain common stockholders received an aggregate of \$570 in lieu of fractional shares relating to the 1999 common stock dividend.

In 1998, the Company sold 1,000 shares of its Series A 7% cumulative convertible preferred stock to two investors for \$4,731,152, net of issuance costs. In 1999, the holders of these shares converted such shares into 837,987 shares of common stock. Preferred stockholders received cumulative cash dividends of \$437,500 in 1999.

Note 13 Commitments

The Company has entered into various license agreements whereby the Company may use certain characters and properties in conjunction with its products. Such license agreements call for royalties to be paid at 1% to 12% of net sales with minimum guarantees and advance payments. Additionally, under one such license, the Company has committed to spend 12.5% of related net sales, not to exceed \$1,000,000, on advertising per year.

Future annual minimum royalty guarantees as of December 31, 2001 are as follows:

2002	\$ 3,208,095
2003	1,287,500
2004	1,096,000
2005	972,500
2006	970,000
Thereafter	3,999,000
	<hr/>
	\$ 11,533,095

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

Note 14 Stock option plan

Under its Third Amended and Restated 1995 Stock Option Plan (the Plan), the Company has reserved 3,725,000 shares of its common stock for issuance upon exercise of options granted under the Plan. Included in the reserved shares are 450,000 shares relating to the 2001 increase approved by the Company's stockholders. Under the Plan, employees (including officers), non-employee directors and independent consultants may be granted options to purchase shares of common stock. In 1999, 2000 and 2001 the fair value of each employee option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used: risk-free rate of interest of 6%; dividend yield of 0%; and expected lives of five years.

As of December 31, 2001, 470,426 shares were available for future grant. Additional shares may become available to the extent that options presently outstanding under the Plan terminate or expire unexercised. Stock option activity pursuant to the Plan is summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 1998	1,365,300	\$ 5.86
Granted	1,198,125	16.07
Exercised	(374,608)	5.20
Canceled	(50,499)	5.50
	<hr/>	<hr/>
Outstanding, December 31, 1999	2,138,318	11.70
Granted	2,036,497	10.49
Exercised	(91,177)	6.88
Canceled	(1,880,898)	15.82
	<hr/>	<hr/>
Outstanding, December 31, 2000	2,202,740	7.15
Granted	724,125	15.73
Exercised	(427,536)	6.21
Canceled	(185,773)	7.98
	<hr/>	<hr/>
Outstanding, December 31, 2001	2,313,556	\$ 9.97
	<hr/>	<hr/>

Stock option activity outside of the Plan is summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 1998	311,587	\$ 2.98
Exercised	(210,525)	2.64
	<hr/>	<hr/>
Outstanding, December 31, 1999	101,062	3.69
Exercised	(84,936)	3.96
	<hr/>	<hr/>

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Outstanding, December 31, 2000	16,126	2.24
Exercised	(16,126)	2.24
	<u> </u>	<u> </u>
Outstanding, December 31, 2001	<u> </u>	<u> </u>

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

The weighted average fair value of options granted to employees in 1999, 2000 and 2001 was \$9.12, \$7.23 and \$16.24 per share, respectively.

The following table summarizes information about stock options outstanding and exercisable at December 31, 2001:

Option Price Range		Outstanding			Exercisable	
		Number of Shares	Weighted Average Life	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
\$3.00	\$26.00	2,313,556	4.11 years	\$9.97	849,613	\$7.08

Had the compensation cost for the Company's Plan been determined on a basis consistent with SFAS No. 123, the Company's net income and earnings per share (EPS) for 1999, 2000 and 2001 would approximate the pro forma amounts below, which are not indicative of future amounts:

	Years Ended December 31,					
	1999		2000		2001	
	As Reported	Pro Forma	As Reported	Pro Forma	As Reported	Pro Forma
SFAS No. 123 charge, net of tax	\$	\$ 1,178,025	\$	\$ 1,806,108	\$	\$ 1,498,495
Net income	21,969,849	20,791,824	28,637,395	26,831,287	28,232,901	26,734,406
Basic EPS	1.55	1.47	1.50	1.41	1.55	1.47
Diluted EPS	\$ 1.39	\$ 1.32	\$ 1.41	\$ 1.32	\$ 1.45	\$ 1.38

Note 15 Employee Pension Plan

The Company sponsors for its U.S. employees, a defined contribution plan under Section 401(k) of the Internal Revenue Code. The plan provides that employees may defer up to 15% of annual compensation, and that the Company will make a matching contribution equal to 50% of each employee's deferral, up to 5% of compensation. Employees may be eligible to participate in the Plan after they have completed three months of service. The Company may also make discretionary contributions to the Plan each year. Participants are immediately 100% vested in their salary reduction amounts contributed to the Plan, and vesting of the Company contributions is based on years of service, as follows:

Years of Service	Cumulative Percent Vested
1	20%
2	40
3	60
4	80
5	100

As of December 31, 2001, the Plan had not been qualified under the provisions of the Internal Revenue Code, and for the year then ended, the Company contributed \$227,390 in matching contributions to the Plan.

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

Note 16 Major customers and international sales

Net sales to major customers, which are part of our North American Toys segment, were approximately as follows:

1999		2000		2001	
Amount	Percentage	Amount	Percentage	Amount	Percentage
\$ 45,270,000	24.6%	\$ 43,505,000	17.2%	\$ 44,646,000	15.7%
27,684,000	15.1	36,321,000	14.4	36,024,000	12.7
22,739,000	12.4	30,481,000	12.1	34,319,000	12.1
17,938,000	9.8	27,338,000	10.8	20,972,000	7.4
15,229,000	8.3	21,875,000	8.7	19,425,000	6.8
<u>\$ 128,860,000</u>	<u>70.2%</u>	<u>\$ 159,520,000</u>	<u>63.2%</u>	<u>\$ 155,386,000</u>	<u>54.7%</u>

Net sales to international customers totaled approximately \$17,408,000, \$22,495,000 and \$39,992,000 in 1999, 2000 and 2001, respectively.

Note 17 Supplemental information to consolidated statements of cash flows

In 2001, 308,992 shares of common stock valued at \$6,000,000 were issued in connection with the acquisition of Kidz Biz (note 4).

In 1999, the holders of the Company's 9% convertible debentures converted all \$6,000,000 principal amount of the debentures into 1,565,218 shares of the Company's common stock. Additionally, all 1,000 outstanding shares of 7% cumulative convertible preferred stock with a total stockholders' equity value of \$4,731,152 were converted into an aggregate of 837,987 shares of the Company's common stock.

Note 18 Selected Quarterly Financial Data (Unaudited)

Selected unaudited quarterly financial data for the years 2000 and 2001 are summarized below:

	2000				2001			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share data)							
Net sales	\$ 50,782	\$ 50,578	\$ 91,838	\$ 59,090	\$ 59,962	\$ 70,141	\$ 92,768	\$ 61,438
Gross profit	\$ 20,104	\$ 21,748	\$ 37,672	\$ 22,883	\$ 24,468	\$ 32,609	\$ 39,056	\$ 23,953
Income (loss) from operations	\$ 3,552	\$ 6,095	\$ 11,201	\$ (345)	\$ 7,267	\$ 8,879	\$ 14,562	\$ (1,410)
Income before income taxes	\$ 9,715	\$ 8,877	\$ 13,615	\$ 8,127	\$ 8,480	\$ 9,478	\$ 15,250	\$ 4,822
Net income	\$ 6,603	\$ 6,237	\$ 9,769	\$ 6,028	\$ 6,021	\$ 6,873	\$ 10,949	\$ 4,390
Basic earnings per share	\$ 0.34	\$ 0.32	\$ 0.50	\$ 0.33	\$ 0.33	\$ 0.38	\$ 0.60	\$ 0.24
Weighted average shares outstanding	19,290	19,379	19,389	18,178	18,008	18,048	18,273	18,463
Diluted earnings per share	\$ 0.32	\$ 0.31	\$ 0.48	\$ 0.32	\$ 0.32	\$ 0.36	\$ 0.56	\$ 0.22
Weighted average shares and equivalents outstanding	20,374	20,371	20,330	18,621	18,920	19,259	19,586	19,763

Table of Contents

JAKKS PACIFIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2001

Note 19 Recent Accounting Pronouncements

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 141, Business Combinations (SFAS 141) and Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS 142). SFAS 141 is effective for business combinations initiated after June 30, 2001. SFAS 141 requires that all business combinations completed after its adoption be accounted for under the purchase method of accounting and establishes specific criteria for the recognition of intangible assets separately from goodwill. SFAS 142 will be effective for the Company on January 1, 2002 and primarily addresses the accounting for goodwill and intangible assets subsequent to their acquisition. Upon adoption of SFAS 142, goodwill and other intangible assets will no longer be amortized and will be tested for impairment at least annually at the reporting unit level.

Based on current levels of amortization expense, the Company estimates that the elimination of amortization expense will positively impact net income by approximately \$2.5 million, or approximately \$0.13 per common share (diluted), on an annual basis.

Note 20 Litigation

On or about March 26, 2001, Rose Art Industries, Inc. and Licensing International, Ltd. commenced an action against the Company in the United States District Court for the District of New Jersey in which they allege the Company's willful infringement of a patent owned by Licensing International and licensed to Rose Art through the Company's production and sale of Zyrofoam modeling compound. The plaintiffs seek injunctive relief, monetary damages in an unspecified amount, together with interest thereon, and reasonable attorneys' fees. The Company believes that their claims are without merit and intends vigorously to defend against their action. At this state in these proceedings, the Company is unable to predict the likely outcome of the action or its impact on its business, financial condition or results of operations. The Company is a party to, and certain property is the subject of, various pending claims and legal proceedings that routinely arise in the ordinary course of business, but the Company does not believe that any of these claims or proceedings will have a material effect on its business, financial condition or results of operations.

Note 21 Subsequent Event

On March 11, 2002, the Company acquired approximately 8,100,000 shares of common stock of Toymax International, Inc. (Toymax), representing approximately 64% of its outstanding shares. Consideration paid for the stock was approximately \$3.00 in cash and .0798 shares of the Company's common stock per share of Toymax International, Inc. stock, for an aggregate purchase price of approximately \$24,300,000 million in cash and 646,384 shares of the Company's common stock. The second phase of the acquisition is expected to be completed by the end of the second quarter of 2002, when the Company will purchase the remaining 4,100,000 outstanding shares of Toymax in a merger transaction. Consideration to be paid will be \$3.00 in cash and .0798 shares of the Company's common stock, subject to adjustment based on the average closing price of the Company's common stock for a 10-day period prior to the closing date of the merger.

Table of Contents**JAKKS PACIFIC, INC. AND SUBSIDIARIES****SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED DECEMBER 31, 1999, 2000 AND 2001**

Allowances are deducted from the assets to which they apply, except for sales returns and allowances.

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Year ended December 31, 1999:					
Allowance for:					
Uncollectible accounts	\$ 133,986	\$ 1,287,208	\$ 686,222	\$ 220,042	\$ 1,887,374
Reserve for potential product obsolescence	464,133	2,775,340		296,867	2,942,606
Reserve for sales returns and allowances	5,341,517	17,036,875	334,464	\$ 7,394,855	15,318,001
	<u>\$ 5,939,636</u>	<u>\$ 21,099,423</u>	<u>\$ 1,020,686</u>	<u>\$ 7,911,764</u>	<u>\$ 20,147,981</u>
Year ended December 31, 2000:					
Allowance for:					
Uncollectible accounts	\$ 1,887,374	\$ 2,270,611	\$ 2,773,744(a)	\$ 3,920,027	\$ 3,011,702
Reserve for potential product obsolescence	2,942,606	1,318,730	4,095,771(b)	1,035,470	7,321,637
Reserve for sales returns and allowances	15,318,001	17,296,039	1,360,000(c)	27,420,809	6,553,231
	<u>\$ 20,147,981</u>	<u>\$ 20,885,380</u>	<u>\$ 8,229,515</u>	<u>\$ 32,376,306</u>	<u>\$ 16,886,570</u>
Year ended December 31, 2001:					
Allowance for:					
Uncollectible accounts	\$ 3,011,702	\$ 6,320,940	\$	\$ 2,059,145	\$ 7,273,497
Reserve for potential product obsolescence	7,321,637	1,039,005		5,770,543	2,590,099
Reserve for sales returns and allowances	6,553,231	25,190,259		26,790,611	4,952,879
	<u>\$ 16,886,570</u>	<u>\$ 32,550,204</u>	<u>\$</u>	<u>\$ 34,620,299</u>	<u>\$ 14,816,475</u>

(a) Obligations assumed in conjunction with the acquisitions of Flying Colors and Pentech.

(b) Fair market value adjustment for inventory acquired in connection with the acquisition of Pentech.

(c) Obligation assumed in conjunction with the acquisition of Pentech.

47

Table of Contents**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

PART III**Item 10. Directors and Executive Officers of the Registrant
Directors and Executive Officers**

Our directors and executive officers are as follows:

Name	Age	Positions with the Company
Jack Friedman	63	Chairman and Chief Executive Officer
Stephen G. Berman	36	Chief Operating Officer, President, Secretary and Director
Joel M. Bennett	40	Executive Vice President and Chief Financial Officer
Michael Bianco, Jr.	44	Executive Vice President and Chief Merchandising Officer
David C. Blatte	37	Director
Robert E. Glick	55	Director
Michael G. Miller	53	Director
Murray L. Skala	55	Director

Jack Friedman has been our Chairman and Chief Executive Officer since co-founding JAKKS with Mr. Berman in January 1995. Until December 31, 1998, he was also our President. From January 1989 until January 1995, Mr. Friedman was Chief Executive Officer, President and a director of THQ. From 1970 to 1989, Mr. Friedman was President and Chief Operating Officer of LJN Toys, Ltd., a toy and software company. After LJN was acquired by MCA/ Universal, Inc. in 1986, Mr. Friedman continued as President until his departure in late 1988. Mr. Friedman is a director of Toymax International, Inc.

Stephen G. Berman has been our Chief Operating Officer and Secretary and one of our directors since co-founding JAKKS with Mr. Friedman in January 1995. Since January 1, 1999, he has also served as our President. From our inception until December 31, 1998, Mr. Berman was also our Executive Vice President. From October 1991 to August 1995, Mr. Berman was a Vice President and Managing Director of THQ International, Inc., a subsidiary of THQ. From 1988 to 1991, he was President and an owner of Balanced Approach, Inc., a distributor of personal fitness products and services. Mr. Berman is a director of Toymax International, Inc.

Joel M. Bennett joined us in September 1995 as Chief Financial Officer and was given the additional title of Executive Vice President in May 2000. From August 1993 to September 1995, he served in several financial management capacities at Time Warner Entertainment Company, L.P., including as Controller of Warner Brothers Consumer Products Worldwide Merchandising and Interactive Entertainment. From June 1991 to August 1993, Mr. Bennett was Vice President and Chief Financial Officer of TTI Technologies, Inc., a direct-mail computer hardware and software distribution company. From 1986 to June 1991, Mr. Bennett held various financial management positions at The Walt Disney Company, including Senior Manager of Finance for its international television syndication and production division. Mr. Bennett holds a Master of Business Administration degree and is a Certified Public Accountant.

Table of Contents

Michael Bianco, Jr. has been an Executive Vice President since July 2001 and was given the additional title of Chief Merchandising Officer in February 2001. Until July 2001, he had served as a Senior Vice President of our Flying Colors division since joining us in October 1999, when we acquired Flying Colors Toys, where he had been President and a principal shareholder since July 1996. From 1994 to 1996, Mr. Bianco served as Executive Vice President of Rose Art Industries, Inc., a manufacturer of craft and activity products, and from 1976 to 1993, he served in various capacities, including Vice President of Merchandising, at toy retailer Kay Bee Toys.

David C. Blatte has been one of our directors since January 2001. From January 1993 to May 2000, Mr. Blatte was a Senior Vice President in the specialty retail group of the investment banking division of Donaldson, Lufkin and Jenrette Securities Corporation. Since May 2000, Mr. Blatte has been a principal in Catterton Partners, a private equity fund. Mr. Blatte is a director of Toymax International, Inc. and Case Logic, Inc., a privately-held consumer products company.

Robert E. Glick has been one of our directors since October 1996. For more than 20 years, Mr. Glick has been an officer, director and principal stockholder in a number of privately-held companies which manufacture and market women's apparel. Mr. Glick is a director of Toymax International, Inc.

Michael G. Miller has been one of our directors since February 1996. From 1979 until May 1998, Mr. Miller was President and a director of several privately-held affiliated companies, including a list brokerage and list management consulting firm, a database management consulting firm, and a direct mail graphic and creative design firm. Mr. Miller's interests in such companies were sold in May 1998. Since 1991, he has been President of an advertising company. Mr. Miller is a director of Toymax International, Inc.

Murray L. Skala has been one of our directors since October 1995. Since 1976, Mr. Skala has been a partner of the law firm Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP, our general counsel. Mr. Skala is a director of Toymax International, Inc. and Traffix, Inc., a publicly-held company in the business of telecommunications services and entertainment.

Our directors hold office until the next annual meeting of stockholders and until their successors are elected and qualified.

Committees of the Board of Directors

We have an Audit Committee, a Compensation Committee and a Stock Option Committee. The Board does not have a Nominating Committee and performs the functions of a Nominating Committee itself.

Audit Committee. The primary functions of the Audit Committee are to select or to recommend to our Board the selection of outside auditors; to monitor our relationships with our outside auditors and their interaction with our management in order to ensure their independence and objectivity; to review, and to assess the scope and quality of, our outside auditor's services, including the audit of our annual financial statements; to review our financial management and accounting procedures; and to review our financial statements with our management and outside auditors. Messrs. Blatte, Glick and Miller are the current members of the Audit Committee.

Compensation Committee. The functions of the Compensation Committee are to make recommendations to the Board regarding compensation of management employees and to administer plans and programs relating to employee benefits, incentives and compensation, other than our Third Amended and Restated 1995 Stock Option Plan (the Option Plan). Messrs. Friedman, Miller and Skala are the current members of the Compensation Committee.

Table of Contents

Stock Option Committee. The function of the Stock Option Committee is to determine the recipients of and the size of awards granted under the Option Plan. Messrs. Glick and Miller, both of whom are non-employee directors, are the current members of the Stock Option Committee.

Section 16(a) Beneficial Ownership Reporting Compliance

To the best of our knowledge, all Forms 3, 4 or 5 required to be filed pursuant to Section 16(a) of the Exchange Act during or with respect to the fiscal year ended December 31, 2001 were filed on a timely basis.

Item 11. Executive Compensation

The following table sets forth the compensation we paid for our fiscal years ended December 31, 1999, 2000 and 2001 to our Chief Executive Officer and to each of our other executive officers whose compensation exceeded \$100,000 on an annual basis (collectively, the *Named Officers*).

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Awards	
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Awards (\$)	Options (#)
Jack Friedman	2001	821,000	1,706,390			175,000
Chairman and Chief	2000	771,000	1,613,401			207,254(1)
Executive Officer	1999	521,000	1,750,000			232,500
Stephen G. Berman	2001	796,000	1,706,390			175,000
Chief Operating Officer,	2000	746,000	1,613,401			346,024(2)
President and Secretary	1999	496,000	1,750,000			394,500
Joel M. Bennett	2001	247,500	160,000			20,000
Executive Vice President and	2000	225,000	140,000			211,700(3)
Chief Financial Officer	1999	155,000	130,000			42,500
Michael Bianco, Jr.	2001	550,000	450,000			150,000
Executive Vice President and Chief	2000	450,000	300,000			75,263
Merchandising Officer	1999	75,000				15,000

- (1) Includes options to purchase 182,254 shares issued in replacement of options to purchase 257,500 shares pursuant to a reset in the price of those options.
- (2) Includes options to purchase 321,024 shares issued in replacement of options to purchase 419,500 shares pursuant to a reset in the price of those options.
- (3) Includes options to purchase 110,874 shares issued in replacement of options to purchase 143,326 shares pursuant to a reset in the price of those options.

Employment Agreements

On July 1, 1999, we entered into 10-year employment agreements with Jack Friedman and Stephen G. Berman,

respectively, pursuant to which Mr. Friedman serves as our Chairman and Chief Executive Officer and Mr. Berman serves as our President and Chief Operating Officer.

Table of Contents

Mr. Friedman's annual base salary in 2002 is \$846,000 and Mr. Berman's is \$821,000. Their annual base salaries are subject to annual increases in an amount, not less than \$25,000, determined by our Board of Directors. Each of them is also entitled to receive an annual bonus equal to 4% of our pre-tax income, but not more than \$2,000,000, if our pre-tax income is at least \$2,000,000.

On May 8, 2000, we entered into an employment agreement with Joel M. Bennett pursuant to which Mr. Bennett serves as an Executive Vice President and our Chief Financial Officer during a four-year term from January 1, 2000 to December 31, 2003. Mr. Bennett's annual base salary in 2002 is \$272,500. His annual base salary is subject to annual increases in an amount determined by our Board of Directors. He is also entitled to receive an annual bonus equal to the product of his base salary and the percentage year-over-year increase in our pre-tax income, but not less than \$75,000 nor more than his base salary.

On July 12, 2001, we amended and restated our employment agreement with Michael L. Bianco, Jr. The new agreement provides for Mr. Bianco to serve as an Executive Vice President during a term ending on December 31, 2007. Mr. Bianco's annual base salary in 2002 is \$575,000. His annual base salary is subject to annual increases, in an amount not less than \$25,000, determined by our Board of Directors. He is also entitled to receive an annual bonus equal to 2% of our pre-tax income, but not more than \$2,000,000, if our pre-tax income is at least \$2,000,000. In February 2002, we appointed Mr. Bianco to serve as our Chief Merchandising Officer.

If we terminate Mr. Friedman's, Mr. Berman's, Mr. Bianco's or Mr. Bennett's employment other than for cause or if he resigns because of our material breach of the employment agreement or because we cause a material change in his employment, we are required to make a lump-sum severance payment in an amount equal to his base salary and bonus during the balance of the term of the employment agreement, based on his then applicable annual base salary and bonus. In the event of the termination of his employment under certain circumstances after a Change of Control (as defined in the employment agreement), we are required to make to him a one-time payment of an amount equal to 2.99 times his base amount determined in accordance with the applicable provisions of the Internal Revenue Code.

Third Amended and Restated 1995 Stock Option Plan

Our Third Amended and Restated 1995 Stock Option Plan (the Option Plan) was originally adopted and approved by the stockholders and directors in July 1998 and amended in August 1999. Options to purchase, in the aggregate, up to 3,725,000 shares of our common stock may be granted under the Option Plan. The Option Plan allows us to grant options that are intended to qualify as incentive stock options (Incentive Stock Options) within the meaning of Section 422 of the Internal Revenue Code or as options that are not intended to meet the requirements of such section (Nonstatutory Stock Options). Under the Option Plan, Incentive Stock Options may only be granted to our employees (including officers), while Nonstatutory Stock Options may be granted to employees (including officers), non-employee directors, consultants or advisors.

The Option Plan is administered by the Stock Option Committee, whose members are non-employee directors chosen by our Board. Subject to the restrictions prescribed in the Option Plan, this committee has discretionary authority to select the persons to whom, the number of shares for which, the times and the exercise price at which options will be granted.

Options granted to an employee expire immediately upon the termination of employment voluntarily by such employee or for cause. Employee options may be exercised up to one year after

Table of Contents

the termination of employment due to death or disability, or up to three months after termination for any other reason.

Upon the occurrence of a merger, consolidation or other reorganization, or a sale of all or substantially all of the assets, of JAKKS, or a transaction giving any person the right to elect a majority of our Board, as a result of which a distribution of cash, securities or other property is to be made to our stockholders, the options held by any consultant or any person who shall have been an employee for at least one year will vest and become immediately exercisable by such holder, even if such options would not otherwise then be exercisable under any applicable vesting schedule or other condition to the exercise thereof.

Incentive Stock Options must have an exercise price greater than or equal to the fair market value of the shares underlying the option on the date of grant (or, if granted to a holder of 10% or more of our common stock, an exercise price of at least 110% of the underlying shares fair market value on the date of grant). The maximum exercise period of Incentive Stock Options is 10 years from the date of grant (or five years in the case of a holder of 10% or more of our common stock). The aggregate fair market value (determined at the date the option is granted) of shares with respect to which Incentive Stock Options are exercisable for the first time by the holder of the option during any calendar year may not exceed \$100,000. If that amount exceeds \$100,000, our Board or the Stock Option Committee may designate those shares that will be treated as Nonstatutory Stock Options.

The Option Plan provides for the inclusion in any grant of options to one of our employees of a provision requiring the optionee, for a period of one year after the optionee's employment is terminated, not to disclose certain of our confidential information and, under certain circumstances, not to compete with us or be employed by an individual or entity that competes with us.

As of July 8, 2002, options to purchase 1,361,149 shares of our common stock under the Option Plan have been exercised, and options to purchase 2,005,925 shares of our common stock under the Option Plan remain outstanding. All the shares issuable upon exercise of outstanding options granted under the Option Plan are currently registered under the Securities Act.

The following table sets forth certain information regarding options granted to the Named Officers in 2001.

Option/ SAR Grants in Last Fiscal Year

Individual Grants

Name	Number of Securities Underlying Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal Year(1)	Exercise or Base Price (\$/Share)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Appreciation for Option Term	
					5%(\$)	10%(\$)
Jack Friedman	175,000	26.6%	16.25	7/11/07	967,146	2,194,133
Stephen G. Berman	175,000	26.6%	16.25	7/11/07	967,146	2,194,133
Joel M. Bennett	20,000	3.0%	16.25	7/11/07	110,531	250,758
Michael L. Bianco, Jr.	150,000	22.8%	16.25	7/11/07	828,983	1,880,685

- (1) Options to purchase a total of 658,500 shares of our common stock were granted to our employees, including the Named Officers, during 2001.

Table of Contents

The following table sets forth certain information regarding options exercised and exercisable during 2001, and the value of options held as of December 31, 2001 by the Named Officers:

Aggregated Option/SAR Exercises in Last Fiscal Year**and Fiscal Year End Option/SAR Values**

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year End		Value of Unexercised In-the-Money Options/SARs at Fiscal Year End(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Jack Friedman			426,835	305,419	5,360,010	1,916,890
Stephen G. Berman	145,000	1,851,111	198,481	402,557	2,430,946	2,992,694
Joel M. Bennett	40,489	520,692	1,330	109,057	14,730	1,040,306
Michael Bianco, Jr.	12,756	162,781	1,466	220,813	16,236	1,189,254

- (1) The difference between (x) the product of the number of exercised options and the average sale price per share of the common stock sold on the exercise dates and (y) the aggregate exercise price of such options.
- (2) The difference between (x) the product of the number of unexercised options and \$18.95 (the closing sale price of the common stock on December 31, 2001) and (y) the aggregate exercise price of such options.

Compensation of Directors

Directors currently receive an annual cash stipend in the amount of \$10,000 for serving on the Board, and are reimbursed for reasonable expenses incurred in attending meetings. In addition, our Option Plan provides for each newly elected non-employee director to receive at the commencement of his term an option to purchase 37,500 shares of our common stock at their then current fair market value, and for grants to our non-employee directors on January 1 and July 1 of each year of an option to purchase 7,500 shares of our common stock at their then current fair market value. Options granted to a non-employee director expire upon the termination of the director's services for cause, but may be exercised at any time during a one-year period after such person ceases to serve as a director for any other reason.

Compensation Committee Interlocks and Insider Participation

Mr. Jack Friedman, our Chairman and Chief Executive Officer, is the only member of our Compensation Committee who is or formerly was an officer or employee of JAKKS or any of its subsidiaries. Our Board believes that Mr. Friedman's assessment of the performance and contribution of our other employees and his views on the appropriate manner and level of compensation for their services are essential to the Compensation Committee's ability to evaluate and make determinations with respect to compensation matters. However, Mr. Friedman does not participate in any deliberations or determinations by the Compensation Committee or our Board with respect to his own compensation.

None of our executive officers has served as a director or member of a compensation committee (or other board committee performing equivalent functions) of any other entity, one of whose executive officers served as a director or a member of our Compensation Committee.

Table of Contents**Item 12. Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information as of July 8, 2002 with respect to the beneficial ownership of our common stock by (1) each person known by us to own beneficially more than 5% of the outstanding shares of our common stock, (2) each of our directors, (3) each Named Officer, and (4) all our directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(2)	Percent of Outstanding Shares
Kern Capital Management LLC (1)	1,183,800	5.0%
Jack Friedman	468,717(3)	1.9
Stephen G. Berman	98,387(4)	*
Joel M. Bennett	41,698(5)	*
Michael Bianco, Jr.	75,306(6)	*
David C. Blatte	37,500(7)	*
Robert E. Glick	54,019(8)	*
Michael G. Miller	44,644(9)	*
Murray L. Skala	56,657(10)	*
All directors and executive officers as a group (8 persons)	863,981(11)	3.6%

* Less than 1% of our outstanding shares.

- (1) Mr. Robert E. Kern, Jr. and Mr. David G. Kern (Messrs. Kern), principals and controlling members of Kern Capital Management LLC (KCM), have also reported beneficial ownership of these shares. The address of KCM and Messrs. Kern is 114 West 47th Street, Suite 1926, New York, New York 10036. All the information presented in this Item with respect to these beneficial owners was extracted solely from their Schedule 13G jointly filed on February 14, 2002.
- (2) Exercises sole voting power and sole investment power with respect to such shares.
- (3) Includes 455,770 shares which Mr. Friedman may purchase upon the exercise of certain stock options and 12,947 shares held in trusts for the benefit of children of Mr. Friedman.
- (4) Represents shares which Mr. Berman may purchase upon the exercise of certain stock options.
- (5) Includes 14,448 shares which Mr. Bennett may purchase upon the exercise of certain stock options.
- (6) Includes 35,256 shares which Mr. Bianco may purchase upon the exercise of certain stock options.
- (7) Represents shares which Mr. Blatte may purchase upon the exercise of certain stock options.
- (8) Represents shares which Mr. Glick may purchase upon the exercise of certain stock options.
- (9) Represents shares which Mr. Miller may purchase upon the exercise of certain stock options.
- (10)

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Includes 52,771 shares which Mr. Skala may purchase upon the exercise of certain stock options and 3,186 shares held by Mr. Skala as trustee under trusts for the benefit of children of Mr. Friedman.

- (11) Includes 12,947 shares held in trusts for the benefit of children of Mr. Friedman and an aggregate of 792,795 shares which the directors and executive officers may purchase upon the exercise of certain stock options.

Table of Contents

Item 13. *Certain Relationships and Related Transactions*

One of our directors, Murray L. Skala, is a partner in the law firm of Feder, Kaszovitz, Isaacson, Weber, Skala, Bass & Rhine LLP, which has performed, and is expected to continue to perform, legal services for us. In 2001, we incurred approximately \$1,129,000 for legal fees and reimbursable expenses payable to that firm.

In April 2000, we loaned \$1,500,000 to each of Jack Friedman and Stephen G. Berman. The entire principal amount of each loan is due on April 28, 2003 and, until repaid, interest thereon is payable semi-annually at the rate of 6.5% per annum. Mr. Berman's indebtedness to us under his loan is secured by a deed of trust on certain real property. As of April 16, 2002, the outstanding principal balances of Mr. Friedman's and Mr. Berman's loans were \$975,000 and \$999,000, respectively. In May 2000, we loaned \$250,000 to Joel M. Bennett. The entire principal amount of his loan, together with interest accrued thereon at the rate of 7.0% per annum, was originally due on May 12, 2002, except that, since he continued to be employed by us through such date, we forgave all \$285,000 of his indebtedness to us under his loan including accrued interest of \$35,000. All three loans were made to assist our executive officers in meeting certain personal financial obligations.

Michael L. Bianco, Jr., an Executive Vice President and our Chief Merchandising Officer, was one of the selling shareholders from whom we acquired Flying Colors Toys in October 1999. In connection with that acquisition, we agreed to pay an earn-out, in an amount not less than \$2.5 million nor more than \$4.5 million, in each of the three twelve-month periods following the closing if the gross profit of *Flying Colors* products achieve certain targeted levels during these periods. In 2001, we paid \$1,850,000 to Mr. Bianco on account of the earn-out for the twelve-month period ended September 30, 2001.

PART IV

Item 14. *Exhibits, Financial Statement Schedules, and Reports on Form 8-K*

(a) The following documents are filed as part of this Annual Report on Form 10-K/A:

(1) Financial Statements (included in Item 8):

Independent Auditors' Report

Consolidated Balance Sheets as of December 31, 2000 and 2001

Consolidated Statements of Operations for the years ended December 31, 1999, 2000 and 2001

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1999, 2000 and 2001

Consolidated Statements of Cash Flows for the years ended December 31, 1999, 2000 and 2001

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules (included in Item 8)

Schedule II Valuation and Qualifying Accounts

Table of Contents**(3) Exhibits**

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Company (1)
3.1.1	Certificate of Designation of 4% Redeemable Convertible Preferred Stock of the Company (4)
3.1.2	Certificate of Designation and Preferences of Series A Cumulative Convertible Preferred Stock of the Company (4)
3.1.3	Certificate of Elimination of All Shares of 4% Redeemable Convertible Preferred Stock of the Company (5)
3.1.4	Certificate of Amendment of Restated Certificate of Incorporation of the Company (11)
3.2	By-Laws of the Company (1)
3.2.1	Amendment to By-Laws of the Company (2)
10.1	Third Amended and Restated 1995 Stock Option Plan (7)(*)
10.1A	1999 Amendment to Third Amended and Restated 1995 Stock Option Plan (12)(*)
10.1B	2000 Amendment to Third Amended and Restated 1995 Stock Option Plan (15)(*)
10.1C	2001 Amendment to Third Amended and Restated 1995 Stock Option Plan (26)(*)
10.2	Employment Agreement between the Company and David A. Lipman dated December 27, 2001 (50)(*)
10.3	[RESERVED]
10.4	Employment Agreement between the Company and Jack Friedman dated as of July 1, 1999 (13)(*)
10.4.1	Amendment, dated as of February 7, 2000, to Employment Agreement between the Company and Jack Friedman (14)
10.5	Employment Agreement between the Company and Stephen G. Berman dated as of July 1, 1999 (13)(*)
10.5.1	Amendment, dated as of February 7, 2000, to Employment Agreement between the Company and Stephen G. Berman (14)
10.6	License Agreement with Titan Sports, Inc. dated October 24, 1995 (1)
10.6.1	Amendment to License Agreement with Titan Sports, Inc. dated April 22, 1996 (3)
10.6.2	Amendment to License Agreement with Titan Sports, Inc. dated January 21, 1997 (3)
10.6.3	Amendment to License Agreement with Titan Sports, Inc. dated December 3, 1997 (6)
10.6.4	Amendment to License Agreement with Titan Sports, Inc. dated January 29, 1998 (6)
10.6.5	Amendment to License Agreement with Titan Sports, Inc. dated June 24, 1998 (9)
10.6.6	Amendment to License Agreement with Titan Sports, Inc. dated February 11, 1999 (9)
10.7	International License Agreement with Titan Sports, Inc. dated February 10, 1997 (3)
10.7.1	Amendment to International License Agreement with Titan Sports, Inc. dated December 3, 1997 (6)
10.7.2	Amendment to International License Agreement with Titan Sports, Inc. dated January 29, 1998 (6)
10.8	Amended and Restated Employment Agreement dated July 12, 2001 between the Company and Michael Bianco (27)(*)
10.9	Office Lease dated November 18, 1999 between the Company and Winco Maliview Partners (14)

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Table of Contents

Exhibit Number	Description
10.10	Stock Purchase Agreement dated as of September 22, 1999 among the Company, Flying Colors Toys, Inc. and its Shareholders (11)
10.10.1	First Amendment dated as of September 30, 1999 to Stock Purchase Agreement (11)
10.11	Escrow Agreement dated as of September 30, 1999 among Joshua H. Pokempner, as agent, the Company and Bank One Trust Company, NA, as escrow agent (11)
10.12	Stock Purchase Warrant for 111,250 shares issued to Titan Sports, Inc. (10)
10.13	Agreement of Merger dated as of May 22, 2000 among the Company, JAKKS Acquisition II, Inc. and Pentech International Inc. (16)
10.14	First Amendment dated as of July 13, 2000 to Agreement of Merger (17)
10.15	Voting and Lock-Up Agreement dated May 22, 2000 among the Company and certain stockholders of Pentech International Inc. (18)
10.16	Term Note dated April 13, 2000 in the principal amount of \$1,500,000 made by Jack Friedman payable to the order of the Company (19)
10.17	Installment Note dated April 26, 2000 in the principal amount of \$1,500,000 made by Stephen Berman and Ana Berman payable to the order of the Company (20)
10.18	Deed of Trust dated April 26, 2000 made by Stephen Berman and Ana Berman in favor of First American Title Insurance Company, as Trustee (21)
10.19	Term Note dated May 12, 2000 in the principal amount of \$250,000 made by Joel M. Bennett payable to the Company (22)
10.20	Employment Agreement dated as of January 1, 2000 between the Company and Joel M. Bennett (23)(*)
10.21	Second Amendment effective May 1, 2000 to Stock Purchase Agreement dated as of September 22, 1999 among the Company, Flying Colors Toys, Inc. and the former shareholders thereof (24)
10.22	Lease dated as of November 21, 2000 between Grand Avenue Venture, LLC and JP Ferrero Parkway, Inc. (25)
10.23	Loan Agreement dated as of October 12, 2001 among JAKKS, certain other Borrowers, the Lenders named therein and Bank of America, N.A., as Administrative Agent (28)
10.24	First Amendment to Loan Agreement and Consent and Waiver dated as of March 8, 2002 (29)
10.25	Security Agreement (Borrowers) dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein (30)
10.26	Trademark Security Agreement dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein (31)
10.27	Patent Security Agreement dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein (32)
10.28	Pledge Agreement dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein (33)
10.29	Lock Box Agreement dated as of October 12, 2001 among JAKKS, certain other Customers, Bank of America, as Administrative Agent, and the Lenders referred to therein (34)
10.30	Guaranty dated as of October 12, 2001 among the Domestic Subsidiaries named therein, Bank of America, as Administrative Agent, and the Lenders referred to therein (35)
10.31	Security Agreement dated as of October 12, 2001 among the Grantors named therein, Bank of America, N.A., as Administrative Agent, and the Lenders referred to therein (36)

Table of Contents

Exhibit Number	Description
10.32	Stock Purchase Agreement dated as of December 27, 2001 among the Company and the shareholders of Kidz Biz Limited and Kiz Biz Far East Limited (50)
10.33	Registration Rights Agreement dated as of December 27, 2001 among the Company, David S. Lipman, Marilyn Lipman and John Nimno (50)
10.34	Share Transfer Agreement dated as of December 30, 2001 between the Company and JAKKS Pacific (HK) Limited (50)
10.35	Amendment No. 1 to Share Transfer Agreement dated as of December 30, 2001 between the Company and JAKKS Pacific (HK) Limited (50)
10.36	Stock Purchase Agreement dated as of February 10, 2002 among JAKKS, Toymax and the Shareholders named therein (37)
10.37	Agreement of Merger dated as of February 10, 2002 among JAKKS, JP/TII Acquisition Corp. and Toymax (38)
10.38	Letter Agreement dated March 11, 2002 among Toymax, JAKKS and the selling stockholders named therein (39)
10.39	Termination and Replacement of Manufacturing Agreement dated March 11, 2002 among Toymax, Toymax (H.K.) Limited, Jauntiway Investments Limited, et al. (40)
10.40	Termination of Agency Agreements and Stock Options dated March 11, 2002 among Tai Nam Industrial Company Limited, David Ki Kwan Chu, Frances Shuk Kuen Leung, Toymax, et al. (41)
10.41	Registration Rights Agreement dated as of March 11, 2002 among JAKKS, Best Phase Limited, Hargo (Barbados) Limited, Harvey Goldberg and Steven A. Lebensfeld (42)
10.42	Termination of Employment Agreement dated March 11, 2002 among Steven Lebensfeld, Toymax and JAKKS (43)(*)
10.43	Employment Agreement dated as of March 11, 2002 between JAKKS and Steven Lebensfeld (44)(*)
10.44	Termination of Employment Agreement dated March 11, 2002 among Harvey Goldberg, 1515037 Ontario Ltd., Toymax and JAKKS (45)(*)
10.45	Consulting Agreement dated as of March 11, 2002 among JAKKS, 1515037 Ontario Ltd. and Harvey Goldberg (46)(*)
10.46	Agreement of Lease, dated April 7, 1997 for Toymax's offices at 125E Bethpage Road, Plainview, New York(47)
10.46(A)	Amendment to Lease for Toymax's offices at 125E Bethpage Road, Plainview, New York(48)
10.47	Toymax Amended and Restated Stock Option Plan(49)
21	Subsidiaries of the Company(**)
23	Consent of Pannell Kerr Forster, Certified Public Accountants, A Professional Corporation, Los Angeles, California(**)

- (1) Filed previously as an exhibit to the Company's Registration Statement on Form SB-2 (Reg. No. 333-2048-LA), effective May 1, 1996, and incorporated herein by reference.
- (2) Filed previously as an exhibit to the Company's Registration Statement on Form SB-2 (Reg. No. 333-22583), effective May 1, 1997, and incorporated herein by reference.
- (3) Filed previously as an exhibit to the Company's Annual Report on Form 10-KSB for its fiscal year ended December 31, 1996, and incorporated herein by reference.

Table of Contents

- (4) Filed previously as an exhibit to the Company's Current Report on Form 8-K, filed November 7, 1997, and incorporated herein by reference.
- (5) Filed previously as an exhibit to the Company's Current Report on Form 8-K, filed April 7, 1998, and incorporated herein by reference.
- (6) Filed previously as an exhibit to the Company's Annual Report on Form 10-KSB for its fiscal year ended December 31, 1997, and incorporated herein by reference.
- (7) Filed previously as Appendix A to the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, filed June 23, 1998, and incorporated herein by reference.
- (8) Filed previously as exhibit 4.1.2 to the Company's Registration Statement on Form S-3 (Reg. No. 333-74717), filed March 19, 1999, and incorporated herein by reference.
- (9) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, filed April 22, 1999, and incorporated herein by reference.
- (10) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, filed August 9, 1999, and incorporated herein by reference.
- (11) Filed previously as an exhibit to the Company's Current Report on Form 8-K, filed October 19, 1999, and incorporated herein by reference.
- (12) Filed previously as an exhibit to the Company's Registration Statement on Form S-8 (Reg. No. 333-90055), filed November 1, 1999, and incorporated herein by reference.
- (13) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999, filed November 3, 1999, and incorporated herein by reference.
- (14) Filed previously as an exhibit to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 1999, filed March 30, 2000, and incorporated herein by reference.
- (15) Filed previously as exhibit 4.1 to the Company's Registration Statement on Form S-8 (Reg. No. 333-40392), filed June 29, 2000, and incorporated herein by reference.
- (16) Incorporated by reference to exhibit 2.1 of the Company's Current Report on Form 8-K, filed August 11, 2000.
- (17) Incorporated by reference to exhibit 2.2 of the Company's Current Report on Form 8-K, filed August 11, 2000.
- (18) Incorporated by reference to exhibit 2.3 of the Company's Current Report on Form 8-K, filed August 11, 2000.
- (19) Incorporated by reference to exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.
- (20) Incorporated by reference to exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.
- (21)

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Incorporated by reference to exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.

(22) Incorporated by reference to exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.

(23) Incorporated by reference to exhibit 10.5 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.

Table of Contents

- (24) Incorporated by reference to exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.
- (25) Incorporated by reference to exhibit 10.58 of the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2000, filed April 2, 2001.
- (26) Incorporated by reference to Appendix B to the Company's Schedule 14A Proxy Statement, filed June 11, 2001.
- (27) Incorporated by reference to exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001, filed November 14, 2001.
- (28) Incorporated by reference to exhibit 15(A) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (29) Incorporated by reference to exhibit 15(B) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (30) Incorporated by reference to exhibit 15(C) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (31) Incorporated by reference to exhibit 15(D) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (32) Incorporated by reference to exhibit 15(E) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (33) Incorporated by reference to exhibit 15(F) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (34) Incorporated by reference to exhibit 15(G) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (35) Incorporated by reference to exhibit 15(H) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (36) Incorporated by reference to exhibit 15(I) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (37) Incorporated by reference to exhibit 1 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (38) Incorporated by reference to exhibit 2 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (39) Incorporated by reference to exhibit 3 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (40) Incorporated by reference to exhibit 4 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.

- (41) Incorporated by reference to exhibit 5 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (42) Incorporated by reference to exhibit 6 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (43) Incorporated by reference to exhibit 7 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (44) Incorporated by reference to exhibit 8 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.

Table of Contents

- (45) Incorporated by reference to exhibit 9 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (46) Incorporated by reference to exhibit 10 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (47) Incorporated by reference to Toymax's Registration Statement on Form S-1 (No. 333-54522).
- (48) Incorporated by reference to Toymax's Annual Report on Form 10-K for the year ended March 31, 1999.
- (49) Incorporated by reference to Toymax's Registration Statement on Form S-8 (No. 333-54522).
- (*) Management contract or compensatory plan, contract or arrangement.
- (**) Previously Filed.
 - (b) *Reports on Form 8-K*

We did not file any Current Reports on Form 8-K during the fourth quarter of 2001.

Table of Contents**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: July 11, 2002

JAKKS PACIFIC, INC.

By: /s/ JACK FRIEDMAN

Jack Friedman
Chairman and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JACK FRIEDMAN</u>	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	July 11, 2002
Jack Friedman		
<u>/s/ JOEL M. BENNETT</u>	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	July 11, 2002
Joel M. Bennett		
<u>/s/ STEPHEN G. BERMAN</u>	Director	July 11, 2002
Stephen G. Berman		
<u>/s/ DAVID C. BLATTE</u>	Director	July 11, 2002
David C. Blatte		
<u>/s/ ROBERT E. GLICK</u>	Director	July 11, 2002
Robert E. Glick		
<u>/s/ MICHAEL G. MILLER</u>	Director	July 11, 2002
Michael G. Miller		
<u>/s/ MURRAY L. SKALA</u>	Director	July 11, 2002
Murray L. Skala		

Table of Contents**EXHIBIT INDEX**

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Company (1)
3.1.1	Certificate of Designation of 4% Redeemable Convertible Preferred Stock of the Company (4)
3.1.2	Certificate of Designation and Preferences of Series A Cumulative Convertible Preferred Stock of the Company (4)
3.1.3	Certificate of Elimination of All Shares of 4% Redeemable Convertible Preferred Stock of the Company (5)
3.1.4	Certificate of Amendment of Restated Certificate of Incorporation of the Company (11)
3.2	By-Laws of the Company (1)
3.2.1	Amendment to By-Laws of the Company (2)
10.1	Third Amended and Restated 1995 Stock Option Plan (7)(*)
10.1A	1999 Amendment to Third Amended and Restated 1995 Stock Option Plan (12)(*)
10.1B	2000 Amendment to Third Amended and Restated 1995 Stock Option Plan (15)(*)
10.1C	2001 Amendment to Third Amended and Restated 1995 Stock Option Plan (26)(*)
10.2	Employment Agreement between the Company and David A. Lipman dated December 27, 2001 (50)(*)
10.3	[RESERVED]
10.4	Employment Agreement between the Company and Jack Friedman dated as of July 1, 1999 (13)(*)
10.4.1	Amendment, dated as of February 7, 2000, to Employment Agreement between the Company and Jack Friedman (14)
10.5	Employment Agreement between the Company and Stephen G. Berman dated as of July 1, 1999 (13)(*)
10.5.1	Amendment, dated as of February 7, 2000, to Employment Agreement between the Company and Stephen G. Berman (14)
10.6	License Agreement with Titan Sports, Inc. dated October 24, 1995 (1)
10.6.1	Amendment to License Agreement with Titan Sports, Inc. dated April 22, 1996 (3)
10.6.2	Amendment to License Agreement with Titan Sports, Inc. dated January 21, 1997 (3)
10.6.3	Amendment to License Agreement with Titan Sports, Inc. dated December 3, 1997 (6)
10.6.4	Amendment to License Agreement with Titan Sports, Inc. dated January 29, 1998 (6)
10.6.5	Amendment to License Agreement with Titan Sports, Inc. dated June 24, 1998 (9)
10.6.6	Amendment to License Agreement with Titan Sports, Inc. dated February 11, 1999 (9)
10.7	International License Agreement with Titan Sports, Inc. dated February 10, 1997 (3)
10.7.1	Amendment to International License Agreement with Titan Sports, Inc. dated December 3, 1997 (6)
10.7.2	Amendment to International License Agreement with Titan Sports, Inc. dated January 29, 1998 (6)
10.8	Amended and Restated Employment Agreement dated July 12, 2001 between the Company and Michael Bianco (27)(*)
10.9	Office Lease dated November 18, 1999 between the Company and Winco Maliview Partners (14)

Table of Contents

Exhibit Number	Description
10.10	Stock Purchase Agreement dated as of September 22, 1999 among the Company, Flying Colors Toys, Inc. and its Shareholders (11)
10.10.1	First Amendment dated as of September 30, 1999 to Stock Purchase Agreement (11)
10.11	Escrow Agreement dated as of September 30, 1999 among Joshua H. Pokempner, as agent, the Company and Bank One Trust Company, NA, as escrow agent (11)
10.12	Stock Purchase Warrant for 111,250 shares issued to Titan Sports, Inc. (10)
10.13	Agreement of Merger dated as of May 22, 2000 among the Company, JAKKS Acquisition II, Inc. and Pentech International Inc. (16)
10.14	First Amendment dated as of July 13, 2000 to Agreement of Merger (17)
10.15	Voting and Lock-Up Agreement dated May 22, 2000 among the Company and certain stockholders of Pentech International Inc. (18)
10.16	Term Note dated April 13, 2000 in the principal amount of \$1,500,000 made by Jack Friedman payable to the order of the Company (19)
10.17	Installment Note dated April 26, 2000 in the principal amount of \$1,500,000 made by Stephen Berman and Ana Berman payable to the order of the Company (20)
10.18	Deed of Trust dated April 26, 2000 made by Stephen Berman and Ana Berman in favor of First American Title Insurance Company, as Trustee (21)
10.19	Term Note dated May 12, 2000 in the principal amount of \$250,000 made by Joel M. Bennett payable to the Company (22)
10.20	Employment Agreement dated as of January 1, 2000 between the Company and Joel M. Bennett (23)(*)
10.21	Second Amendment effective May 1, 2000 to Stock Purchase Agreement dated as of September 22, 1999 among the Company, Flying Colors Toys, Inc. and the former shareholders thereof (24)
10.22	Lease dated as of November 21, 2000 between Grand Avenue Venture, LLC and JP Ferrero Parkway, Inc. (25)
10.23	Loan Agreement dated as of October 12, 2001 among JAKKS, certain other Borrowers, the Lenders named therein and Bank of America, N.A., as Administrative Agent (28)
10.24	First Amendment to Loan Agreement and Consent and Waiver dated as of March 8, 2002 (29)
10.25	Security Agreement (Borrowers) dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein (30)
10.26	Trademark Security Agreement dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein (31)
10.27	Patent Security Agreement dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein (32)
10.28	Pledge Agreement dated as of October 12, 2001 among JAKKS, certain other Grantors, Bank of America, as Administrative Agent, and the Lenders referred to therein (33)
10.29	Lock Box Agreement dated as of October 12, 2001 among JAKKS, certain other Customers, Bank of America, as Administrative Agent, and the Lenders referred to therein (34)
10.30	Guaranty dated as of October 12, 2001 among the Domestic Subsidiaries named therein, Bank of America, as Administrative Agent, and the Lenders referred to therein (35)
10.31	Security Agreement dated as of October 12, 2001 among the Grantors named therein, Bank of America, N.A., as Administrative Agent, and the Lenders referred to therein (36)

Table of Contents

Exhibit Number	Description
10.32	Stock Purchase Agreement dated as of December 27, 2001 among the Company and the shareholders of Kidz Biz Limited and Kiz Biz Far East Limited (50)
10.33	Registration Rights Agreement dated as of December 27, 2001 among the Company, David S. Lipman, Marilyn Lipman and John Nimno (50)
10.34	Share Transfer Agreement dated as of December 30, 2001 between the Company and JAKKS Pacific (HK) Limited (50)
10.35	Amendment No. 1 to Share Transfer Agreement dated as of December 30, 2001 between the Company and JAKKS Pacific (HK) Limited (50)
10.36	Stock Purchase Agreement dated as of February 10, 2002 among JAKKS, Toymax and the Shareholders named therein (37)
10.37	Agreement of Merger dated as of February 10, 2002 among JAKKS, JP/TII Acquisition Corp. and Toymax (38)
10.38	Letter Agreement dated March 11, 2002 among Toymax, JAKKS and the selling stockholders named therein (39)
10.39	Termination and Replacement of Manufacturing Agreement dated March 11, 2002 among Toymax, Toymax (H.K.) Limited, Jauntiway Investments Limited, et al. (40)
10.40	Termination of Agency Agreements and Stock Options dated March 11, 2002 among Tai Nam Industrial Company Limited, David Ki Kwan Chu, Frances Shuk Kuen Leung, Toymax, et al. (41)
10.41	Registration Rights Agreement dated as of March 11, 2002 among JAKKS, Best Phase Limited, Hargo (Barbados) Limited, Harvey Goldberg and Steven A. Lebensfeld (42)
10.42	Termination of Employment Agreement dated March 11, 2002 among Steven Lebensfeld, Toymax and JAKKS (43)(*)
10.43	Employment Agreement dated as of March 11, 2002 between JAKKS and Steven Lebensfeld (44)(*)
10.44	Termination of Employment Agreement dated March 11, 2002 among Harvey Goldberg, 1515037 Ontario Ltd., Toymax and JAKKS (45)(*)
10.45	Consulting Agreement dated as of March 11, 2002 among JAKKS, 1515037 Ontario Ltd. and Harvey Goldberg (46)(*)
10.46	Agreement of Lease, dated April 7, 1997 for Toymax's offices at 125E Bethpage Road, Plainview, New York(47)
10.46(A)	Amendment to Lease for Toymax's offices at 125E Bethpage Road, Plainview, New York(48)
10.47	Toymax Amended and Restated Stock Option Plan(49)
21	Subsidiaries of the Company(**)
23	Consent of Pannell Kerr Forster, Certified Public Accountants, A Professional Corporation, Los Angeles, California(**)

- (1) Filed previously as an exhibit to the Company's Registration Statement on Form SB-2 (Reg. No. 333-2048-LA), effective May 1, 1996, and incorporated herein by reference.
- (2) Filed previously as an exhibit to the Company's Registration Statement on Form SB-2 (Reg. No. 333-22583), effective May 1, 1997, and incorporated herein by reference.
- (3) Filed previously as an exhibit to the Company's Annual Report on Form 10-KSB for its fiscal year ended December 31, 1996, and incorporated herein by reference.

Table of Contents

- (4) Filed previously as an exhibit to the Company's Current Report on Form 8-K, filed November 7, 1997, and incorporated herein by reference.
- (5) Filed previously as an exhibit to the Company's Current Report on Form 8-K, filed April 7, 1998, and incorporated herein by reference.
- (6) Filed previously as an exhibit to the Company's Annual Report on Form 10-KSB for its fiscal year ended December 31, 1997, and incorporated herein by reference.
- (7) Filed previously as Appendix A to the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, filed June 23, 1998, and incorporated herein by reference.
- (8) Filed previously as exhibit 4.1.2 to the Company's Registration Statement on Form S-3 (Reg. No. 333-74717), filed March 19, 1999, and incorporated herein by reference.
- (9) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, filed April 22, 1999, and incorporated herein by reference.
- (10) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, filed August 9, 1999, and incorporated herein by reference.
- (11) Filed previously as an exhibit to the Company's Current Report on Form 8-K, filed October 19, 1999, and incorporated herein by reference.
- (12) Filed previously as an exhibit to the Company's Registration Statement on Form S-8 (Reg. No. 333-90055), filed November 1, 1999, and incorporated herein by reference.
- (13) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999, filed November 3, 1999, and incorporated herein by reference.
- (14) Filed previously as an exhibit to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 1999, filed March 30, 2000, and incorporated herein by reference.
- (15) Filed previously as exhibit 4.1 to the Company's Registration Statement on Form S-8 (Reg. No. 333-40392), filed June 29, 2000, and incorporated herein by reference.
- (16) Incorporated by reference to exhibit 2.1 of the Company's Current Report on Form 8-K, filed August 11, 2000.
- (17) Incorporated by reference to exhibit 2.2 of the Company's Current Report on Form 8-K, filed August 11, 2000.
- (18) Incorporated by reference to exhibit 2.3 of the Company's Current Report on Form 8-K, filed August 11, 2000.
- (19) Incorporated by reference to exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.
- (20) Incorporated by reference to exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.
- (21)

Edgar Filing: CIM Commercial Trust Corp - Form DEF 14A

Incorporated by reference to exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.

(22) Incorporated by reference to exhibit 10.4 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.

(23) Incorporated by reference to exhibit 10.5 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.

Table of Contents

- (24) Incorporated by reference to exhibit 10.16 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed August 14, 2000.
- (25) Incorporated by reference to exhibit 10.58 of the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2000, filed April 2, 2001.
- (26) Incorporated by reference to Appendix B to the Company's Schedule 14A Proxy Statement, filed June 11, 2001.
- (27) Incorporated by reference to exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001, filed November 14, 2001.
- (28) Incorporated by reference to exhibit 15(A) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (29) Incorporated by reference to exhibit 15(B) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (30) Incorporated by reference to exhibit 15(C) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (31) Incorporated by reference to exhibit 15(D) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (32) Incorporated by reference to exhibit 15(E) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (33) Incorporated by reference to exhibit 15(F) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (34) Incorporated by reference to exhibit 15(G) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (35) Incorporated by reference to exhibit 15(H) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (36) Incorporated by reference to exhibit 15(I) of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (37) Incorporated by reference to exhibit 1 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (38) Incorporated by reference to exhibit 2 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (39) Incorporated by reference to exhibit 3 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (40) Incorporated by reference to exhibit 4 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.

- (41) Incorporated by reference to exhibit 5 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (42) Incorporated by reference to exhibit 6 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (43) Incorporated by reference to exhibit 7 of the Company's Statement on Schedule 13D relating to Toymax International, Inc, filed March 20, 2002.
- (44) Incorporated by reference to exhibit 8 of the Company's Statement on Schedule 13D relating to Toymax International, Inc. filed March 20, 2002.

67