

TRANS LUX Corp  
Form PRE 14A  
May 27, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

TRANS-LUX CORPORATION  
(Name of Registrant as Specified in Its Charter)

(Name of Persons(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.

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(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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TRANS-LUX CORPORATION

445 Park Avenue, Suite 2001  
New York, New York 10022

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders (the "2016 Annual Meeting") of Trans-Lux Corporation, a Delaware corporation (the "Company"), to be held on July 11, 2016, beginning at 10:00 a.m. local time, at Olshan Frome Wolosky LLP, located at 1325 Avenue of the Americas, New York, New York 10019 and at any adjournment or postponement thereof. Proxy materials, which include a Notice of the Meeting, proxy statement and proxy card, are enclosed with this letter. The enclosed proxy statement is first being mailed to the Company's stockholders on or about June [\_\_\_], 2016. We also have enclosed our 2015 Annual Report on Form 10-K.

At the 2016 Annual Meeting, you will be asked to consider and vote on:

1. the election of the three nominees named in the accompanying proxy statement to serve as directors until the 2019 Annual Meeting of Stockholders or until the election and qualification of their successors, or their earlier death, resignation or removal;
2. the approval of an amendment to the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of the Company's "blank check" preferred stock, par value \$0.001 per share, that it may issue from 500,000 shares to 2,000,000 shares, to be designated in such series or class as the board of directors of the Company shall determine;
3. the approval of a non-binding advisory resolution to approve the compensation of the Company's named executive officers;
4. the ratification of the appointment of Marcum LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016; and
5. the transaction of any other business that may properly come before the 2016 Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on May 27, 2016 are entitled to vote at the 2016 Annual Meeting. A list of stockholders entitled to vote at the 2016 Annual Meeting will be available for inspection at our executive offices. The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of common stock entitled to notice of, and to vote at, the meeting, is required for a quorum to transact business.

Your vote is important to us and to our business. Whether or not you plan to attend the 2016 Annual Meeting, we hope that you will vote as soon as possible. You may vote in person by ballot at the 2016 Annual Meeting, over the Internet, by telephone or, if you requested to receive printed proxy materials, by mailing a proxy or voting instruction form. If you would like to attend and your stock is not registered in your own name, please ask the broker, trust, bank or other nominee that holds the stock to provide you with evidence of your stock ownership.

We appreciate your continued support of the Company and look forward to either greeting you personally at the meeting or receiving your proxy.

Sincerely,

Robert J. Conologue  
Senior Vice President  
and Chief Financial  
Officer  
T r a n s - L u x  
Corporation

New York, New York  
June [\_\_\_], 2016

**IMPORTANT**

Whether or not you attend the meeting in person, please vote by telephone or Internet, or, if you receive a paper copy of the proxy materials, please sign, date and promptly mail the enclosed proxy card or use the telephone or Internet voting procedures described on the proxy card. The proxy statement and annual report are also available for your review at <http://proxystatements.trans-lux.com/>.

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TRANS-LUX CORPORATION  
445 Park Avenue, Suite 2001  
New York, New York 10022

PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JULY 11, 2016

GENERAL INFORMATION

The Board of Directors (the “Board”) of Trans-Lux Corporation, a Delaware corporation (“we,” “our,” “Trans-Lux” or the “Company”), is furnishing this proxy statement for use at the 2016 Annual Meeting of Stockholders (the “2016 Annual Meeting”) to be held on Wednesday, July 11, 2016, and any adjournment or postponement thereof. The Annual Meeting will be held at 10:00 a.m. local time at Olshan Frome Wolosky LLP, located at 1325 Avenue of the Americas, New York, New York 10019. This proxy statement and accompanying proxy card and our 2015 Annual Report on Form 10-K (the “2015 Annual Report”) will be made available to our stockholders on or about June [\_\_\_], 2016.

VOTING PROCEDURES

**Who Can Vote.** Record holders of our common stock, par value \$0.001 per share (the “Common Stock”) at the close of business on May 27, 2016 (the “Record Date”), are entitled to vote. At the close of business on the Record Date, [1,710,671] shares of Common Stock were issued and outstanding. Each share of Common Stock owned on the Record Date is entitled to one vote. In addition, the holders of our Series B Convertible Preferred Stock could vote an additional 330,240 votes. Each share of the Series B Convertible Preferred Stock is entitled to twenty (20) votes per share.

**Quorum.** A quorum will be present at the 2016 Annual Meeting if the holders of a majority of the eligible shares as of the Record Date are present in person or by proxy. With respect to Proposal 2, the holders of the shares of Common Stock vote as a separate class and the holders of the Series B Convertible Preferred Stock vote as a separate class. A majority of the outstanding shares of Common Stock as a separate class and a majority of the outstanding shares of the Series B Convertible Preferred Stock as a separate class, in each case present in person or by proxy, constitutes a quorum. Shares of Common Stock and Series B Convertible Preferred Stock that are represented by a proxy marked “withhold” or “abstain” will be considered present at the 2016 Annual Meeting for purposes of determining a quorum.

**How to Vote.** If your shares are held in a brokerage account, by a trustee or by another nominee (typically referred to as being held in “street name”), you may receive a separate voting instruction form with this proxy statement, or you may need to contact your broker, bank or other stockholder of record to determine whether you will be able to vote electronically via the Internet or by telephone.

If you are a stockholder of record, you may vote in person at the 2016 Annual Meeting or by proxy without attending the 2016 Annual Meeting. You may vote by proxy in one of three convenient ways:

- By mail: sign, date and return the proxy card in the enclosed prepaid envelope;
- By Internet: visit the website shown on your proxy card and follow the instructions; or

- By telephone: call the toll-free telephone number shown on your proxy card and follow the instructions.

If you sign and return the enclosed proxy card but do not indicate your vote, the designated proxy holders will vote your shares in accordance with the recommendations of the Board as follows: “FOR” each of the nominees for election as directors; “FOR” the approval of an amendment to the Company’s Amended and Restated Certificate of Incorporation to increase the number of shares of “blank check” preferred stock that the Company can issue from 500,000 shares to 2,000,000 shares (the “Blank Check Preferred Stock Proposal”); “FOR” the approval of a non-binding advisory resolution to approve the compensation of the Company’s named executive officers; and “FOR” the ratification of the appointment of Marcum LLP as our independent registered public accounting firm. We are not aware of any other business to be acted upon at the 2016 Annual Meeting other than as set forth herein. If you grant a proxy, the persons named as proxy holders will have the discretion to vote your shares on any additional matters properly presented for a vote at the 2016 Annual Meeting.



If your shares are held in a brokerage account, by a trustee or by another nominee, you are considered the “beneficial owner” of those shares. As the beneficial owner of those shares, you have the right to direct your broker, trustee or nominee how to vote and you also are invited to attend the 2016 Annual Meeting. However, because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the 2016 Annual Meeting unless you obtain a “legal proxy” from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the 2016 Annual Meeting.

#### Vote Required to Adopt Proposals.

**Proposal 1: Election of Directors.** Directors are elected by a plurality of the votes cast at the 2016 Annual Meeting, either in person or by proxy. The three nominees receiving the greatest number of votes at this Annual Meeting will be elected to our Board, even if they receive less than a majority of such shares. Broker non-votes and abstentions will not be counted in determining the number of votes cast and will have no effect on the election of directors.

**Proposal 2: Blank Check Preferred Stock Proposal.** The affirmative vote of the holders of a majority of the outstanding shares of the Common Stock as a separate and distinct class, whether in person or by proxy, as well as the affirmative vote of a majority of the voting power of the outstanding shares of the Common Stock and Series B Convertible Preferred Stock voting together as one class and on an as-converted basis, as well as the affirmative vote of a majority of the shares of Series B Convertible Preferred Stock outstanding voting as a separate and distinct class, at the 2016 Annual Meeting will be required to approve an amendment to the Company’s Amended and Restated Certificate of Incorporation to effect an increase in the number of shares of “blank check” preferred stock, par value \$0.001 per share, from 500,000 shares to 2,000,000 shares that can be issued. Broker non-votes and abstentions, if any, will have the effect of votes “AGAINST” this proposal.

**Proposal 3: Advisory Vote on Executive Compensation.** The affirmative vote of a majority of the votes cast at the 2016 Annual Meeting, either in person or by proxy, will be required for approval of a non-binding advisory resolution to approve the compensation of the Company’s named executive officers. Broker non-votes will not be counted in determining the number of votes cast and will have no effect on the approval of this proposal. Abstentions will have the effect of votes “AGAINST” this proposal.

**Proposal 4: Ratification of Independent Registered Public Accounting Firm.** The affirmative vote of a majority of the votes cast at the 2016 Annual Meeting, either in person or by proxy, will be required to ratify the selection of our independent registered public accounting firm at the 2016 Annual Meeting. Broker non-votes, if any, will not be counted in determining the number of votes cast and will have no effect on the approval of this proposal. Abstentions will have the effect of votes “AGAINST” this proposal.

**How Your Shares Will Be Voted if You do Not Provide Voting Instructions.** If your broker holds your shares in street name, your broker, as the registered holder, must vote your shares in accordance with your instructions. If you do not provide voting instructions, your broker has the discretion to vote those shares with respect to routine proposals but not with respect to non-routine proposals. Shares for which brokers do not receive instructions, sometimes called “broker non-votes,” will be counted as present for determining a quorum at the meeting. The proposal to ratify the selection of our independent public accounting firm is considered a routine proposal and accordingly, we do not anticipate broker non-votes in this matter. Broker non-votes will not be included in determining the number of votes cast for this proposal. The proposals for the election of directors and the advisory resolution on compensation of the Company’s named executive officers will not include broker non-votes in determining the number of votes cast for these proposals. The Blank Check Preferred Stock Proposal will include broker non-votes in determining the number of votes cast for such proposal.



What to do if You Wish to Change Your Voting Instructions. If you wish to change or revoke your voting instructions after you have submitted your proxy, you may do so at any time before the proxies are voted at the 2016 Annual Meeting by:

- notifying the Corporate Secretary of the Company in writing at the address on the first page of this proxy statement that you wish to revoke your proxy;
- delivering a subsequent proxy bearing a date after the date of the proxy being revoked and relating to the same shares; or
- voting in person at the 2016 Annual Meeting if you are the stockholder of record.

Please note that your attendance at the 2016 Annual Meeting will not, by itself, revoke your proxy.

If you hold your shares in “street name,” please contact your bank, broker or other nominee for instructions on how to change your voting instructions.

Householding of Proxy Materials. In an effort to reduce printing costs and postage fees, we have adopted a practice approved by the Securities and Exchange Commission (the “SEC”) called “householding.” Under this practice, stockholders who have the same address and last name will receive only one copy of our proxy materials, unless one or more of these stockholders notifies us that he or she wishes to continue receiving individual copies. Stockholders who participate in householding will continue to receive separate proxy cards. If you share an address with another stockholder, received only one set of proxy materials and would like to request a separate paper copy of these materials, please contact our Corporate Secretary by mail at the address on the first page of this proxy statement, by telephone at (800) 243-5544 or by email at [rconologue@trans-lux.com](mailto:rconologue@trans-lux.com), and we will promptly deliver a separate copy. Stockholders sharing an address can request delivery of a single copy of annual reports on Form 10-K and proxy statements if they are receiving multiple copies of these materials by contacting our Chief Financial Officer by mail at the address on the first page of this proxy statement, by telephone at (800) 243-5544 or by email at [rconologue@trans-lux.com](mailto:rconologue@trans-lux.com).

We Will Bear Solicitation Expenses. We will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this proxy statement, the proxy and any additional solicitation materials furnished to the stockholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, we may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by telephone or other means by our directors, officers or employees. No additional compensation will be paid to these individuals for any such services.

How to Request a Copy of the Proxy Materials. For the 2016 Annual Meeting or any future annual meeting of stockholders, if you would like to request a copy of the proxy materials, including the proxy statement and form of proxy and the 2015 Annual Report, please contact our Chief Financial Officer by mail at the address on the first page of this proxy statement, by telephone at (800) 243-5544 or by email at [rconologue@trans-lux.com](mailto:rconologue@trans-lux.com), and we will promptly deliver a copy to you. You may also request a paper copy of the proxy materials at [www.trans-lux.com](http://www.trans-lux.com).

Important Notice Regarding the Availability of Proxy Materials for the  
Stockholder Meeting to be Held on July 6, 2016

The proxy statement and 2015 Annual Report are available at <http://proxystatements.trans-lux.com/>



## PROPOSAL 1

### ELECTION OF DIRECTORS

Pursuant to the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, the Board is divided into three separate classes of directors. At each Annual Meeting of Stockholders, one class of directors is elected to a term of three years. Alan K. Greene, Ryan J. Morris and Yaozhong Shi have been nominated by the Board, upon the recommendation of the Nominating Committee, for election as directors at the 2016 Annual Meeting. Those elected will serve a three year term until the 2019 annual meeting of stockholders (the "2019 Annual Meeting") or until the election and qualification of their successors, or their earlier death, resignation or removal. The Amended and Restated Certificate of Incorporation of the Company allows for the Board to consist of a minimum of five and a maximum of fifteen members.

Alan K. Greene is a current director who was elected at the 2013 annual meeting of stockholders. Yaozhong Shi is a current director who was selected by the Board to serve as a director on June 29, 2014. Ryan J. Morris is a current director who was selected by the Board to serve as an independent director on April 25, 2016. Two of the nominees, Alan K. Greene and Ryan J. Morris are independent pursuant to the listing requirements of the NYSE MKT Company Guide. There are no family relationships among any of the directors, director nominees and executive officers.

Each nominee has agreed to serve if elected. If a nominee becomes unavailable for election or cannot serve, an event that we do not expect, the Board may substitute another nominee or reduce the number of nominees. The enclosed proxy will be voted for such substitute, if any, as shall be designated by the Board.

Each of the director nominees receiving a plurality of the votes cast at the 2016 Annual Meeting will be elected as a director. You may withhold votes from any or all nominees. Broker non-votes will have no effect on the result of this vote.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE NOMINEES.**

#### Director Qualifications

The following paragraphs provide information as of the date of this proxy statement about each nominee and current director. The information presented includes information each nominee and director has given us about his age, all positions he holds, his principal occupation and business experience for the past five years and the names of other publicly-held companies for which he currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each director and director nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he should serve as a director, we also believe that all of our director nominees have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment.

#### Director Nominees

Alan K. Greene, 76, has served as an independent director since October 2, 2013. Mr. Greene has previously served as a Partner of Price Waterhouse from 1974 to 1995, acting at various times as Managing Partner for cross border transactions and as National Director of tax services for M&A, and in connection with foreign banks and mutual funds with respect to acquisition and investment strategies. Currently, Mr. Greene serves on the board of directors of Intellicorp, Inc. (since 2001) and RAVE, Inc. (since 2005). Previously, he was a director of Connecticut Innovations, Inc. from 2005 until 2015, the Connecticut Clean Energy Fund from 2007 until 2011, Metromedia International Group, Inc. from 2007 until 2011, Enduro Medical Technologies LLC from 2005 until 2013 and Greene Rees

Technologies, LLC from 1995 until 2013. Mr. Greene has also held prior board positions at Fortistar Capital, Oswego Hydro, Access Shipping and various other public and private companies through the years. Mr. Greene's experience serving as chairman of various audit committees of many of these organizations and strong aptitude for technologies allow him to provide valuable contributions to the Board.

Ryan J. Morris, 36, was appointed as an independent director on April 25, 2016. Mr. Morris serves as President of Meson Capital Partners LLC, a San Francisco-based investment partnership, which he founded in February 2009. Mr. Morris currently serves on the board of directors of InfuSystem Holdings, Inc. since April 2012 (and served as Executive Chairman from April 2012 to May 2015) and Sevcon, Inc. since December 2013. Previously, Mr. Morris served as a director of Lucas Energy, Inc. from October 2012 to October 2014 (and was Chairman of the Board from December 2012 to November 2013). From June 2011 to July 2012, Mr. Morris served as a member of the equity committee of HearUSA, Inc., responsible for maximizing value to the stockholders. Mr. Morris' extensive knowledge of finance and his service to other boards of directors allow him to make valuable contributions to the Board.

Yaozhong Shi, 47, has served as a director since June 29, 2014. Mr. Shi was appointed as a director of the Company pursuant to the terms of that certain Securities Purchase Agreement dated as of June 27, 2014 between the Company and Transtech LED Company Limited ("Transtech"). Mr. Shi has been an employee of the Company since July 2015. Mr. Shi has over 25 years of experience in the LED industry. Mr. Shi's contributions to Transtech have resulted in a successful, well-known brand in the LED display total solution industry that provides solutions for multiple indoor & outdoor applications primarily in the media, entertainment and sports sectors. Mr. Shi's strong business knowledge and extensive history and resources in the LED display arena allow him to provide valuable contributions to the Board.

#### Other Company Directors

J.M. Allain, 46, became the President and CEO of the Company on February 16, 2010 and has served as a director since June 2011. Mr. Allain served as President of Panasonic Solutions Company from July 2008 through October 2009; Vice President of Duos Technologies from August 2007 through June 2008; General Manager of Netversant Solutions from October 2004 through June 2005; and Vice President of Adesta, LLC from May 2002 through September 2004. Mr. Allain has familiarity with the operational requirements of complex organizations and has experience dealing with reorganizations and turnarounds. Mr. Allain's experience and deep understanding of the operations of the Company allow him to make valuable contributions to the Board.

Marco M. Elser, 57, has served as a director since May 25, 2012. Since 2015, Mr. Elser currently serves as a partner with Lonsin Capital, a London-based investment banking firm. Mr. Elser also serves on the Board of Directors of Protalex, a Florham Park, NY-based biotechnology company, since 2014. He is also one of the independent directors of North Hills Signal Processing Corporation, a Long Island, NY based technology company. Mr. Elser previously had been a partner with AdviCorp Plc, a London-based investment banking firm; served as International Vice President of Northeast Securities, managing distressed funds for family offices and small institutions from 1994 to 2001; and served as a first Vice President of Merrill Lynch Capital Markets in Rome and London until 1994. Mr. Elser was formerly Chairman of the Board of Pine Brook Capital, a Shelton, CT based engineering company. Mr. Elser was also the president of the Harvard Club of Italy until 2014, an association he founded in 2002 with other Alumni in Italy where he has been living since 1984. He received his BA in Economics from Harvard College in 1981. Mr. Elser's extensive knowledge of international finance and commerce allows him to make valuable contributions to the Board.

George W. Schiele, 84, has served as a director since 2009. Mr. Schiele was elected Chairman of the Board (a non-executive position) of the Company on September 29, 2010. Mr. Schiele currently serves as President of George W. Schiele, Inc., a trust management and private investment company and has held such position since 1974. He is also President of four other private companies; from 2003 until 2013 he was a Director of Connecticut Innovations, Inc., one of the nation's five most active venture capital firms, and was Chairman of its Investment Advisory and Investment Committees from 2004 until 2013, responsible during his tenure for more than 200 VC investments. Mr. Schiele additionally serves as Trustee of ten private trusts since 1974 through the present. Mr. Schiele serves as an officer of two charitable foundations since 2006 and is Managing Partner of two investment partnerships since 2008,

and as a Director of The Yankee Institute since 1998. Mr. Schiele's long experience in previous start-ups and corporate restructurings and his service to other boards of directors allow him to make valuable contributions to the Board.



Alberto Shaio, 68, became the Chief Operating Officer of the Company on October 6, 2014 and has served as a director since October 2, 2013. He also serves on the Board of Advisors of Scorpion Capital. Previously, Mr. Shaio served as President and CEO of Craftsmen Industries from January 1, 2011 through September 1, 2013. Previously he held various posts with Farrel Corporation (Ansonia CT and Rochdale England) from 1986 until December 31, 2010, including the role of President and CEO since 2003. Mr. Shaio was a Director of the HF Mixing Group (Germany) from 2002 until 2010. From 1970 through 1986, Mr. Shaio was General Manager, Vice President or President of various companies such as Pavco, Filmtex (Columbia SA), and the Interamerican Investment Group. He has served on the board of directors of New Energy Corporation, Farrel Corporation, Interactive Systems, Polifilm, Filmtex, PAVCO SA, and Harburg Freudenberg Maschinenbau GmbH (Germany). Mr. Shaio's extensive international experience and service to numerous other boards of directors allow him to provide valuable contributions to the Board.

Salvatore J. Zizza, 70, has served as an independent director since 2009. Mr. Zizza was elected Vice Chairman of the Board (a non-executive position) of the Company on September 29, 2010. Mr. Zizza has previously served as Chief Executive Officer and Chairman of the Board of General Employment Enterprises Inc. from December 23, 2009 until December 26, 2012. Mr. Zizza had served as President and Chief Operating Officer of Bion Environmental Technologies Inc. from January 13, 2003 until December 31, 2005, and has served as Non Executive Chairman of Harbor BioSciences, Inc. since March 27, 2009. He currently serves as the Chairman of Zizza & Associates, LLC. Mr. Zizza serves as the Chairman of Bethlehem Advanced Materials. Additionally, Mr. Zizza serves as a Director of GAMCO Westwood Funds. He has been an Independent Trustee of GAMCO Global Gold, Natural Resources & Income Trust by Gabelli since November 2005 and serves as a Director/trustee of 26 funds in the fund complex of Gabelli Funds. He has been Director of General Employment Enterprises Inc. since January 8, 2010 and has been an Independent Trustee of Gabelli Dividend & Income Trust since 2003. Mr. Zizza has been Independent Director of Gabelli Convertible & Income Securities Fund Inc. since April 24, 1991 and has been a Director of Gabelli Equity Trust, Inc. since 1986 and a Trustee of Gabelli Utility Trust since 1999. He served as Lead Independent Director of Hollis-Eden Pharmaceuticals from March 2006 to March 2009 and as a Director of Earl Scheib Inc. from March 1, 2004 to April 2009. As previously disclosed in the Company's Prospectus filed on October 14, 2015, the SEC issued a cease and desist order which provides that Mr. Zizza violated Rule 13b2.2 of the Securities Exchange Act of 1934 and in connection therewith Mr. Zizza agreed to pay a \$150,000 fine. Mr. Zizza received his Bachelor of Arts in Political Science and his Master of Business Administration in Finance from St. John's University, which also has awarded him an Honorary Doctorate in Commercial Sciences. Mr. Zizza's extensive experience and service to numerous other boards of directors allow him to provide valuable contributions to the Board. In addition, Mr. Zizza also serves as Chairman of the Audit Committee and is the "audit committee financial expert" as required under the rules of the SEC.

## CORPORATE GOVERNANCE AND RELATED MATTERS

### Board of Directors

#### Board Composition and Election of Directors

We operate under the direction of our Board. Our Board is responsible for the management of our business and affairs. Our Certificate of Incorporation provides that the number of directors may be determined pursuant to our Amended and Restated Bylaws, which provide that such number may be determined from time to time by our Board. However, under our Amended and Restated Bylaws, the Board shall consist of a minimum of five and a maximum of fifteen directors. Our directors are divided into three separate classes of directors. At each Annual Meeting of Stockholders, one class of directors is elected to a term of three years or until the election and qualification of their successors, or their earlier death, resignation or removal. There are no family relationships among any of our directors or executive officers.

#### Independent Directors

While the Company's common stock is traded on the OTCQB, the Company follows the NYSE MKT Company Guide regarding the determination of independence of the Company's directors. A director is considered independent if the Board determines that the director does not have any direct or indirect material relationship with the Company. Mr. Allain and Mr. Shaio are employees of the Company and therefore have been determined by the Board to fall outside the definition of "independent director." Messrs. Elser, Greene, Morris, Schiele, Shi and Zizza are non-employee directors of the Company. Mr. Elser, via Carlisle Investments, Inc. ("Carlisle") over which he exercised voting and dispositive power as investment manager, and Mr. Schiele have made loans to the Company and therefore have been determined by the Board to fall outside the definition of "independent director." Mr. Shi is a Director of Transtech, which is the Company's main supplier of LED modules and therefore has been determined by the Board to fall outside the definition of "independent director."

The Board has determined that Messrs. Greene, Morris and Zizza are "independent directors" because they had no relationship with the Company other than their capacities as members of the Board and committees thereof. The Board has determined that its two Audit Committee members, Messrs. Greene and Zizza, are "independent directors". In addition, our Board has made a subjective determination as to each independent director and independent director nominee that no relationships exist which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our Board reviewed and discussed information provided by the directors, the director nominees and us with regard to each director and director nominee's business and personal activities and relationships as they may relate to us and to our management. In addition, our Board has concluded that each of Messrs. Greene and Zizza satisfies the heightened audit committee independence standards set forth in Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

#### Board Committees

Our Board has established a standing Audit Committee, Compensation Committee, Executive Committee and Nominating Committee. Each committee operates under a charter approved by our Board. Copies of each committee's charter are posted on the Investor Relations section of our website at [www.trans-lux.com](http://www.trans-lux.com).

#### Audit Committee

Our Audit Committee consists of Messrs. Greene and Zizza, with Mr. Zizza serving as chairman. Our Board has determined that Mr. Zizza is an “audit committee financial expert” as defined in applicable SEC rules. Our Audit Committee’s responsibilities include:

• appointing, compensating, retaining and overseeing the work of any public accounting firm engaged by us for the purpose of preparing or issuing an audit report or performing other audit, review or attest services;

- reviewing and discussing with management and the external auditors our audited financial statements;

- considering the effectiveness of our internal control system;
- reviewing and discussing with management the Company's major financial risk exposures and steps management has taken to monitor and control such exposures and liabilities;
- establishing our policy regarding our hiring of employees or former employees of the external auditors and procedures for the receipt, retention and treatment of accounting related complaints and concerns;
- meeting independently with our external auditors and management;
- reviewing and updating the Audit Committee Charter; and
- preparing the Audit Committee report required by the proxy rules of the SEC.

#### Compensation Committee

Our Compensation Committee consists of Messrs. Elser, Greene and Zizza, with Mr. Greene serving as chairman. Our Compensation Committee's responsibilities include:

- providing guidance and periodic monitoring for all of our corporate compensation;
- considering the effectiveness of our employee equity programs;
- administering our stock incentive plans with respect to our executive officers and employee Board members, including the adjustment of base salary each year;
- implementing and administering our incentive compensation programs and authorizing all awards under these incentive programs;
- administering our employee benefit plans; and
- approving all perquisites, equity incentive awards, special cash payments or loans made or paid to executive officers and employee Board members and assisting the Board of Directors in succession planning for executive officers.

At the end of each fiscal year, the Compensation Committee meets to review the performance of executive officers and employee Board members subject to the short-swing profit restrictions of Section 16 of the Exchange Act under those programs and award bonuses thereunder. At that time, the Compensation Committee may also adjust base salary levels for executive officers and employee Board members subject to the short-swing profit restrictions of Section 16 of the Exchange Act and review the overall performance of our employee benefit plans. The Compensation Committee also meets when necessary to administer our stock incentive plan.

The Compensation Committee has determined and reviewed the value and forms of compensation for our named executive officers and other officers based on the committee members' knowledge and experience, competitive proxy and market compensation information and management