

Neonode, Inc  
Form PRE 14A  
April 16, 2018

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

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**NEONODE INC.**

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**NEONODE INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JUNE 7, 2018**

Stockholders of Neonode Inc.:

Notice is hereby given that the 2018 Annual Meeting (the “Meeting”) of Stockholders of Neonode Inc., a Delaware corporation (“Neonode”), will be held on June 7, 2018 at 3:00 p.m. local time at Neonode’s principal executive office located at Storgatan 23C, 11455 Stockholm, Sweden, to conduct the following business:

1. To elect one Class I director to serve on the Board of Directors of Neonode for a term of three years and until the election and qualification of a successor;
2. To approve, on an advisory basis, the compensation of Neonode’s named executive officers;
3. To approve, on an advisory basis, the frequency of the advisory vote on executive compensation;
4. To ratify the appointment of KMJ Corbin and Company LLP as Neonode’s independent registered public accounting firm for the fiscal year ending December 31, 2018;
5. To approve an amendment to the Certificate of Incorporation of Neonode to effect a reverse stock split of our common stock at a ratio in the range of 1-for-5 to 1-for-15 in the discretion of the Board of Directors of Neonode and to reduce the number of authorized shares of our common stock in a corresponding proportion to the reverse stock split;
6. To authorize an adjournment of the Meeting, if necessary, to solicit additional proxies if there are not sufficient votes in favor of Proposal 5; and
7. To transact any other business that may properly come before the Meeting.

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The record date for the Meeting is April 11, 2018. Only stockholders of record, or their proxies, at the close of business on that date may vote at the Meeting or any adjournment thereof.

By Order of the Board of Directors

**Lars Lindqvist**

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

April , 2018

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of  
Stockholders to be Held on Thursday, June 7, 2018:**

**This notice, the proxy statement, the proxy card, and Neonode's annual report  
are available at <http://www.astproxyportal.com/ast/16987>**

**NEONODE INC.**

**PROXY STATEMENT FOR THE 2018 ANNUAL MEETING**

This proxy statement is furnished by and on behalf of the Board of Directors of Neonode Inc., a Delaware corporation (“we”, “us”, “our”, “company,” or “Neonode”), in connection with the Annual Meeting of Stockholders of Neonode (the “2018 Annual Meeting”) to be held on June 7, 2018 at 3:00 p.m. local time at Neonode’s principal executive office located at Storgatan 23C, 11455 Stockholm, Sweden.

This proxy statement and accompanying materials are first being sent or given to stockholders on approximately April , 2018.

**Questions and Answers About the 2018 Annual Meeting**

What is the purpose of the 2018 Annual Meeting? At the 2018 Annual Meeting, stockholders will be asked to:

elect one Class I director to Neonode’s Board of Directors for a term of three years;

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

hold an advisory vote on the frequency of the say-on-pay vote (the “say-on-frequency” vote);

ratify the appointment of KMJ Corbin and Company LLP as Neonode’s independent registered public accounting firm for the fiscal year ending December 31, 2018;

To amend the Certificate of Incorporation of Neonode to (i) effect a reverse stock split of our common stock at a ratio in the range of 1-for-5 to 1-for-15, with such ratio to be determined in the discretion of the Board of Directors of Neonode and with such reverse stock split to be effected at such time and date, if at all, as determined by the Board in its discretion, and (ii) reduce the number of authorized shares of our common stock in a corresponding proportion to the reverse stock split, rounded to the nearest whole share; and

To approve the adjournment of the 2018 Annual Meeting if there are insufficient votes at the time of the meeting to approve the reverse stock split proposal described above.

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

Who is entitled to vote? The record date for the 2018 Annual Meeting is April 11, 2018. Only stockholders of record at the close of business on that date are entitled to vote at the meeting. Each share of common stock and Series B Preferred Stock entitles the holder thereof to one vote on each matter properly brought before the meeting. As of the record date, 58,594,503 shares of our common stock were issued and outstanding and 83 shares of Series B Preferred Stock were issued and outstanding.

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

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

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

Who can attend the 2018 Annual Meeting? All of our stockholders of record as of the close of business on April 11, 2018 may attend the 2018 Annual Meeting. “Street name” holders also are invited to attend the meeting; however, if you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or bank.

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

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

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

by signing and delivering another proxy with a later date;

by giving written notice of such revocation to our corporation secretary prior to or at the meeting; or

by voting in person at the meeting.

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

How are votes counted? Votes will be counted by the inspector of election appointed for the 2018 Annual Meeting, who will separately count “for” and “against” votes, abstentions, and broker non-votes.

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

How will abstentions be treated? Under the Bylaws of our company, abstained shares are excluded from the votes cast, so they will not be counted for or against a proposal.

What is a broker non-vote? If you are a “street name” beneficial owner but do not provide voting instructions to your broker record holder, then under applicable rules your broker may only exercise discretionary authority to vote on routine matters. Of the items described in this proxy statement, it is our understanding that routine matters consist of Proposals 4, 5, and 6. A broker may not exercise discretionary authority to vote on non-routine matters. This lack of discretionary authority is called a “broker non-vote.” Of the items described in this proxy statement, it is our understanding that non-routine matters consist of Proposals 1, 2, and 3.

How will broker non-votes be treated? Broker non-votes will be treated as shares present for quorum purposes, but not considered entitled to vote on that matter.

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

FOR the election to the Board of Directors of the Class I nominee named in this proxy statement;

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

FOR the approval, on an advisory basis, of a one-year frequency of the advisory vote on executive compensation;

FOR the ratification of KMJ Corbin and Company LLP as independent registered public accounting firm for the fiscal year ending December 31, 2018;

FOR the approval of the amendment to the Certificate of Incorporation to (i) effect a reverse stock split of our common stock at a ratio in the range of 1-for-5 to 1-for-15, with such ratio to be determined in the discretion of the Board and with such reverse stock split to be effected at such time and date, if at all, as determined by the Board in its discretion, and (ii) reduce the number of authorized shares of our common stock in a corresponding proportion to the reverse stock split, rounded to the nearest whole share; and

FOR the approval of the adjournment of annual meeting to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the reverse stock split proposal described immediately above.



How many votes are required to elect the director nominee? The affirmative vote of a plurality of the shares cast at the 2018 Annual Meeting is required to elect the Class I director. This means that the nominee who receives more affirmative votes than any other person will be elected director.

How many votes are required to approve the amendment to our Certificate of Incorporation? The affirmative vote of a majority of the shares of our stock entitled to vote at the 2018 Annual Meeting is required to approve the amendment to our Certificate of Incorporation for a reverse stock split and corresponding reduction in authorized common stock.

How many votes are required for the remaining proposals? The affirmative vote by the shares constituting a majority of the votes cast at the 2018 Annual Meeting is required to approve each remaining proposal other than Proposal 4, for which a choice of frequency rather than approval is requested.

Will any other business be conducted at the 2018 Annual Meeting? We know of no other matter that will be presented at the meeting. However, if any other matter properly comes before the stockholders for a vote at the meeting, the proxy holder(s) will vote your shares in accordance with the recommendations of the Board of Directors or otherwise at the discretion of the proxy holder(s).

Where can I find the voting results of the 2018 Annual Meeting? We intend to announce preliminary voting results at the 2018 Annual Meeting and file final results in a Current Report on Form 8-K with the Securities and Exchange Commission (the "SEC") within four days of the meeting.

## **Proxy Solicitation**

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

## **Notice and Access**

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

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

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

*It is important that your shares be represented at the 2018 Annual Meeting and voted in accordance with your wishes. Whether or not you plan to attend the meeting, please complete a proxy as promptly as possible so that your shares will be voted at the 2018 Annual Meeting. This will not limit your right to vote in person or to attend the meeting.*

## **PROPOSAL 1 — ELECTION OF CLASS I DIRECTOR**

One person will be elected at the 2018 Annual Meeting of Stockholders to serve as Class I director of the Board of Directors of our company. The elected Class I director is expected to serve until the 2021 Annual Meeting of Stockholders or until a successor is duly elected and qualified, or until earlier death, resignation, or removal.

The Board of Directors has nominated Andreas Bunge for election as Class I director of the Board of Directors.

Mr. Bunge has expressed willingness to continue to serve as a member of the Board. If he becomes unavailable to serve as a director for any reason (which event is not anticipated), the shares represented by proxy may (unless such proxy contains instructions to the contrary) be voted for such other person as may be determined by the proxy holder(s).

Biographical information about Mr. Bunge is provided under “Composition of the Board of Directors” in the Board Matters and Corporate Governance section below.

### **Required Vote and Recommendation**

Directors are elected by a plurality of the votes of the holders of common stock and Series B Preferred Stock present in person or by proxy and entitled to vote at the meeting. Provided a quorum is present, the nominee receiving the highest number of affirmative votes will be elected as Class I director.

Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will count towards the presence of a quorum. Properly executed and unrevoked proxies will be voted “FOR” the nominee of the Board of Directors unless contrary instructions are indicated in the proxy.

*The Board of Directors recommends that you vote “FOR” the election of the Board of Directors’ nominee for Class I director.*

## **BOARD MATTERS AND CORPORATE GOVERNANCE**

### **Composition of the Board of Directors**

In accordance with our Certificate of Incorporation, the Board of Directors exclusively determines the number of directors that compose the Board. By resolution in connection with preparation for the 2018 Annual Meeting, the Board of Directors fixed the size of the Board at five members.

Also in accordance with our Certificate of Incorporation, the Board of Directors is divided into three classes. Each class has a three-year term. Currently, one member of the Board serves in Class I, one member serves in Class II, and three members serve in Class III.

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

### **Continuing Directors and Nominees**

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

#### Class I Nominee for Election with Term Expiring at the 2021 Annual Meeting:

**Andreas Bunge**, age 57, since 2015 has been Chief Executive Officer of Merkatura AB, a private holding company, and provides business consulting for technology companies. Between January 1, 2018 and March 31, 2018, he served as our interim Chief Executive Officer. Between 2012 and 2015, he served as Chief Executive Officer of Spago Nanomedical AB (formerly Spago Imaging AB) until its public listing on Nasdaq Nordic. Between 2005 and 2012, Mr. Bunge founded and served as Chief Executive Officer of Accelerator Nordic AB, which spun-off Spago Imaging in 2012. Prior to Accelerator Nordic, he founded and served as Chief Executive Officer of Applied Sensor AB and held various managerial positions at Intentia AB. He also has served as a member of the boards of directors of numerous companies during the past 15 years. Mr. Bunge has an MSc in Engineering and Management from Linköping University.



The Board of Directors has concluded that Mr. Bunge should serve as director because of his executive experience, including as former interim chief executive officer of our company, and his understanding of engineering and technology.

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

**Ulf Rosberg**, age 52, currently serves as Chief Executive Officer of UMR Invest AB, a private holding company, and as Chairman of Payair Technologies AB. He previously served in various leadership positions at Nordic Capital AB from 1994 until June 2017, including as investment manager, director, partner, and most recently as senior advisor since 2012. Prior to joining Nordic Capital, Mr. Rosberg held corporate finance positions with SEB Investment Banking and Leimdörfer & Partners. He has an M.Sc. in Economics from the Stockholm School of Economics and a degree with a major in finance from New York University, Stern School of Business in New York.

The Board of Directors has concluded that Mr. Rosberg should serve as director because he was designated as a director in accordance with the Securities Purchase Agreement our company entered into as of August 2, 2017.

Class III Directors Continuing in Office with Terms Expiring at the 2020 Annual Meeting:

**Åsa Hedin**, age 55, has served as a non-executive board member and business advisor to Elekta AB since April 2015. She previously served as Executive Vice President Marketing and Corporate Development at Elekta between January 2013 and April 2015 and, prior to that, served as Executive Vice President for Elekta Neuroscience and President of Elekta Instrument between August 2007 and January 2013. Ms. Hedin also has held executive positions at Gambro and Siemens Healthcare. She currently serves on the Boards of Directors of Tobii AB, Nolato AB, Immunova AB, Cellavision AB, Fingerprint Cards AB, and E. Öhman J:or Fonder AB.

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

**Per Eriksson**, age 56, has served as President and Chief Executive Officer of NetEnt, AB since 2012. NetEnt is a digital entertainment company listed on Nasdaq Nordic. Prior to joining NetEnt, Mr. Eriksson served as President and Chief Executive Officer of Dustin Group and, prior to that, as head of Dell EMC EMEA for Dell Ltd. and Chief Executive Officer for Dell Sweden and the Nordics.

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

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

*Per Löfgren*, age 54, has served as Vice President Global Sales and Chief Financial Officer for Segment Global Services of Ericsson AB since January 2015. He also has served as President of Ericsson AB since January 2015. From 2011 to 2014, he served as Executive Vice President and Chief Financial Officer of Ericsson North America. From 2008 until 2011, Mr. Löfgren served as President of Ericsson Sweden AB. Prior to 2008, he served in various Ericsson business units globally as a division chief financial officer, controller, marketing and other management positions.

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

### **Leadership of the Board of Directors**

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

## Committees of the Board of Directors

The Board of Directors has established three committees: the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee.

In 2017, the Audit Committee met four times, the Compensation Committee met once, and the Nominating and Governance Committee met once. All of the directors attended at least 75% of the meetings of each committee on which he or she was then serving. In addition, the independent directors of the Board of Directors regularly meet in executive sessions.

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

The Board of Directors has determined that each of our current directors meet applicable SEC and Nasdaq rules and regulations regarding “independence” and are able to exercise independent judgment with respect to our company. The Board also has determined that each director on the respective committee meets the independence requirements of each charter of the Audit Committee, Compensation Committee, and Nominating and Governance Committee. While he served as interim Chief Executive Officer of our company between January 1, 2018 and March 31, 2018, however, Mr. Bunge was precluded from being independent and did participate or vote in any committee meetings.

*Audit Committee.* The current members of the Audit Committee are Åsa Hedin, Per Löfgren, and Ulf Rosberg. Mr. Löfgren is Chairman of the Audit Committee. Ms. Hedin was appointed to the Audit Committee in 2017 following the expiration of Mats Dahlin’s service on the Board upon the 2017 Annual Meeting of Stockholders. Mr. Rosberg was appointed to the Audit Committee in 2018 following the resignation of John Reardon from the Board effective December 31, 2017. The Board of Directors has determined that Mr. Löfgren qualifies as an “audit committee financial expert”, as defined in SEC rules.

The Audit Committee, which was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), oversees our company’s corporate accounting and financial reporting process, the audits of our company’s financial statements, and the integrity of financial reports and other financial



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

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

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

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

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

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

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

Compensation Committee. The current members of the Compensation Committee are Andreas Bunge, Åsa Hedin, and Ulf Rosberg. Ms. Hedin is Chairman of the Compensation Committee. Each of the current members were appointed to the Compensation Committee following the 2017 Annual Meeting of Stockholders. Prior to then, the members of the Compensation Committee were Mats Dahlin, Per Löfgren, and John Reardon.

The Compensation Committee reviews all components of executive officer and director compensation. The Compensation Committee's authority and responsibilities are specified in its charter and include the following:

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

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

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

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

In addition, the Compensation Committee considers matters related to individual compensation, such as compensation for new executive hires, as well as various compensation policy issues throughout the year. For executives other than the chief executive officer, the Compensation Committee receives and considers performance evaluations and compensation recommendations submitted to the Compensation Committee by the chief executive officer. In the case of the chief executive officer, the evaluation of his performance is conducted by the Compensation Committee, which determines any adjustments to his compensation as well as awards to be granted. The agenda for meetings of the Compensation Committee typically is determined by its chairman, with the assistance