

ZIX CORP  
Form DEF 14A  
April 27, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**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

**ZIX CORPORATION**

**(Name of registrant as specified in its charter)**

**(Name of person(s) filing proxy statement, if other than the registrant)**

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**ZIX CORPORATION**

2711 North Haskell Avenue

Suite 2200, LB 36

Dallas, Texas 75204-2960

To our Shareholders,

You are cordially invited to attend the Annual Meeting of Shareholders of Zix Corporation, which will take place Wednesday, June 6, 2018, at 10:00 a.m. Central Time at the Cityplace Conference Center, Turtle Creek I Room, 2711 North Haskell Avenue, Dallas, Texas 75204. Details of the business to be conducted at the Annual Meeting are given in the Official Notice of the Meeting, Proxy Statement and form of proxy that accompany this letter.

Even if you intend to join us in person, we encourage you to vote in advance so that we will know that we have a quorum of shareholders for the meeting. When you vote in advance, please indicate your intention to personally attend the Annual Meeting. Please see the Question and Answer section of the enclosed Proxy Statement for instructions if you plan to personally attend the Annual Meeting.

Whether or not you are able to personally attend the Annual Meeting, it is important that your shares be represented and voted. Your prompt vote over the Internet, by telephone via toll-free number, or by written proxy will save us the expense and extra work of additional proxy solicitation. Voting by any of these methods at your earliest convenience will ensure your representation at the Annual Meeting if you choose not to attend in person. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have personally submitted your proxy. Please review the instructions on the proxy card or the information forwarded by your bank, broker, or other holder of record concerning each of these voting options.

We appreciate your continued interest in Zix Corporation.

On behalf of the Board of Directors,

Dallas, Texas  
April 27, 2018

Robert C. Hausmann  
*Chairman of the Board*

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**ZIX CORPORATION**

2711 North Haskell Avenue

Suite 2200, LB 36

Dallas, Texas 75204-2960

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The Annual Meeting of Shareholders of Zix Corporation will take place on Wednesday, June 6, 2018, at 10:00 a.m. Central Time at the Cityplace Conference Center, Turtle Creek I Room, 2711 North Haskell Avenue, Dallas, Texas 75204. Registration will begin at 9:30 a.m.

At the meeting, we will ask shareholders to consider and vote on the following proposals:

1. Elect six members of our Board of Directors for a one-year term;
2. Ratify the appointment of Whitley Penn LLP as our independent registered public accountants for the fiscal year ending December 31, 2018;
3. Approve, on an advisory basis, the compensation of our named executive officers;
4. Approve the Zix Corporation 2018 Omnibus Incentive Plan (the "2018 Plan"); and

5. Any other business properly brought before the meeting or any adjournment or postponement thereof. Only shareholders of record at the close of business on April 13, 2018 will be entitled to vote at the meeting. The stock transfer books will not be closed.

By Order of the Board of Directors,

Dallas, Texas  
April 27, 2018

David E. Rockvam  
*Chief Financial Officer*

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**FOR THE SHAREHOLDER MEETING TO BE HELD ON JUNE 6, 2018**

This Proxy Statement, accompanying proxy card and our Annual Report are available at [investor.zixcorp.com](http://investor.zixcorp.com) in a searchable, readable, and printable format and in a cookie-free environment.

**YOUR VOTE IS IMPORTANT.**

**Whether or not you expect to personally attend the meeting, we urge you to vote your shares at your earliest convenience to ensure the presence of a quorum at the meeting. Promptly voting your shares via the Internet, by telephone via toll-free number, or if you received a paper copy of the proxy card, by signing, dating, and returning the proxy card in the enclosed postage-paid envelope will save us the expense and extra work of additional solicitation. Because your proxy is revocable at your option, submitting your proxy now will not prevent you from voting your shares at the meeting if you desire to do so. Please refer to the voting instructions included on your proxy card or the voting instructions forwarded by your bank, broker, or other holder of record.**

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

This Question and Answer section provides some background information and brief answers to several questions you might have about the enclosed proposals. We encourage you to read this Proxy Statement in its entirety.

**What is a proxy?**

A proxy is your legal designation of another person, called a proxy holder, to vote the shares that you own. If you designate someone as your proxy holder in a written document, that document is called a proxy.

**When I vote my shares, whom am I designating as my proxy?**

We have designated David E. Rockvam, our Chief Financial Officer, and Geoffrey R. Bibby, our Vice President Marketing, to act as proxy holders at the Annual Meeting as to all shares for which proxy cards are returned or voting instructions are provided by Internet or telephonic voting.

**What is a proxy statement?**

A proxy statement is a document that SEC regulations require us to give you when we ask you to sign a proxy card designating the proxy holders described above to vote on your behalf.

**What is the record date?**

The record date for the Annual Meeting is April 13, 2018. The record date is established by our Board of Directors as required by Texas law. Only shareholders of record at the close of business on the record date are entitled to receive notice of the Annual Meeting and to vote their shares at the meeting.

**What is the difference between a shareholder of record and a shareholder who holds stock in street name, also called a beneficial owner ?**

If your shares are registered in your name at our stock registrar and transfer agent, Computershare Trust Company, N.A., you are a shareholder of record.

If your shares are registered at our stock registrar and transfer agent, Computershare Trust Company, N.A., in the name of a broker, bank, trustee, nominee, or other similar shareholder of record, your shares are held in street name and you are the beneficial owner of the shares.

**What methods can I use to vote?**

*By Written Proxy.* All shareholders may vote by mailing the written proxy card.

*By Telephone and Internet Proxy.* All shareholders of record may vote by telephone from the U.S. using the toll-free telephone number on the proxy card, or by the Internet, using the procedures and instructions described on the proxy card and other enclosures. Street name holders may vote by telephone or the Internet if their bank, broker, or other shareholder of record makes those methods available, in which case the bank, broker, or other shareholder of record will enclose the instructions with the Proxy Statement. The telephone and Internet voting procedures, including the use of control numbers, are designed to authenticate shareholders' identities, to allow shareholders to vote their shares, and to confirm that their instructions have been properly recorded.

*By In- Person Ballot.* Shareholders of record and street name holders may vote in person at the Annual Meeting as described in the following question and answer.

**How do I cast a ballot in person at the Annual Meeting?**

*Shareholders of Record.* You will need to bring a government-issued photo identification card to obtain a ballot to vote in person at the Annual Meeting.

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*Street Name Holders.* You will need to ask your broker or bank for a legal proxy and you will need to bring the legal proxy with you to the meeting. You will not be able to vote your shares at the meeting without a legal proxy. You will also need to bring a government-issued photo identification card to obtain a ballot to vote in person at the Annual Meeting. Please note that if you own shares in street name and you are issued a legal proxy, any previously executed proxy will be revoked and your vote will not be counted unless you appear at the meeting and vote in person.

### **What will occur at the Annual Meeting?**

First, we will determine whether we have a quorum of shares represented at the Annual Meeting to conduct business. If a quorum is not present at the Annual Meeting, we will adjourn or reschedule the meeting. If enough shares are represented at the Annual Meeting to conduct business, then we will vote on the proposals described in this Proxy Statement and any other business properly brought before the meeting or any adjournment or postponement thereof. We know of no other matters that will be presented for consideration at the Annual Meeting. If, however, other matters or proposals are presented and properly come before the meeting, the proxy holders intend to vote all proxies in accordance with their best judgment in the interest of Zix Corporation and our shareholders.

A representative of Whitley Penn LLP, our independent registered public accounting firm, is expected to be present at the Annual Meeting and will be afforded the opportunity to make a statement, if that representative so desires, and to respond to appropriate questions. A representative of Broadridge Financial Solutions, Inc. will count the votes and act as the independent inspector of election.

### **What is a quorum?**

The holders of a majority of the shares who are entitled to vote at the Annual Meeting must be represented at the meeting in person or by proxy to have a quorum for the transaction of business at the meeting and to act on the matters specified in the notice. A shareholder will be deemed to be represented at the Annual Meeting if the shareholder:

Is present in person; or

Is not present in person, but has voted by proxy card before the Annual Meeting; or

Is not present in person, but a broker has cast for the shareholder a discretionary vote on Proposal 2. As of the record date, there were 54,248,627 shares outstanding and entitled to vote at the Annual Meeting, held by or through 413 holders of record. Each share of our common stock is entitled to one vote. Our shareholders are entitled to cast an aggregate of 54,248,627 votes at the Annual Meeting, so a quorum equals 27,124,314 shares of our common stock.

### **What proposals are shareholders being asked to consider at the Annual Meeting?**

At the Annual Meeting, we will ask our shareholders to consider and vote on the following:

Proposal 1 is to elect six members of our Board of Directors for a one-year term;

Proposal 2 is to ratify the appointment of Whitley Penn LLP as our independent registered public accountants for the fiscal year ending December 31, 2018;

Proposal 3 is a vote to approve, on an advisory basis, the compensation of our named executive officers;

Proposal 4 is a vote to approve the 2018 Plan; and

Any other business properly brought before the meeting or any adjournment or postponement thereof.

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**What are my voting choices on Proposal 1 for director nominees?**

For the vote on the election of the director nominees, shareholders may:

Vote in favor of all nominees;

Vote to withhold votes from all nominees; or

Vote to withhold votes as to specific nominees, and in favor of the remaining nominees.

*The Board recommends that you vote **FOR Proposal 1 and FOR each of the director nominees.***

**What vote is needed to elect directors?**

The six nominees will be elected who receive a plurality of the FOR votes out of all votes cast (either FOR or WITHHELD) in person or by proxy at the Annual Meeting.

**What is a plurality of the votes?**

In order to be elected, a director nominee does not have to receive a majority of FOR votes cast out of all votes cast either affirmatively or withheld in person or by proxy at the Annual Meeting. Instead, the six nominees who will be elected are those who receive the most FOR votes of all the votes cast on Proposal 1 in person or by proxy at the meeting.

**What happens if a director nominee does not receive a majority of FOR votes?**

Under our Director Nomination and Election Policies, each director nominee in an uncontested election tenders his or her conditional resignation to the Corporate Secretary before the Annual Meeting. That resignation offer becomes effective automatically if the tendering director nominee fails to receive a majority of FOR votes cast out of all votes cast either affirmatively or withheld in person or by proxy at the Annual Meeting ( Majority WITHHELD Vote ). The Nominating and Corporate Governance Committee of the Board (the Nominating and Corporate Governance Committee ) then recommends to the Board whether to accept the offered resignation. The Board will, within 90 days after the certification of voting results, decide whether or not to accept the offered resignation. In general, any director nominee who receives a Majority WITHHELD Vote will not participate in the Nominating and Corporate Governance Committee recommendation or the Board decision regarding an offered resignation. If all members of the Nominating and Corporate Governance Committee received a Majority WITHHELD Vote, then the independent directors who did not receive a Majority WITHHELD Vote will appoint a committee among themselves to consider and make a recommendation to the Board with respect to the offered resignations. If three or fewer directors receive a majority of FOR votes cast out of all votes cast either affirmatively or withheld in person or by proxy at the Annual Meeting, then all directors (including those who received a Majority WITHHELD Vote) may participate in the Board's decision whether to accept or not to accept the offered resignations. The Company will promptly disclose the Board's decision in a Current Report on Form 8-K, including the reasons a resignation is not accepted.

**What are my voting choices on Proposal 2, the ratification of the appointment of Whitley Penn LLP as the Company's independent registered public accounting firm?**

For the vote on the ratification of the appointment of our independent registered public accounting firm, shareholders may:

Vote in favor of the ratification;

Vote against the ratification; or

Abstain from voting on the ratification.

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*Our Board recommends that you vote FOR Proposal 2.*

**What vote is required to ratify the appointment of the Company's independent registered public accounting firm?**

The proposal to ratify the appointment of our independent registered public accounting firm requires the FOR vote of the holders of a majority of the shares entitled to vote on the proposal and represented in person or by proxy at the Annual Meeting.

**What are my voting choices on Proposal 3, the advisory vote to approve our executive compensation?**

For the advisory vote on executive compensation, shareholders may:

Vote to approve, on an advisory basis, our executive compensation;

Vote against the approval, on an advisory basis, of our executive compensation; or

Abstain from voting on the advisory proposal.

*Our Board recommends that you vote FOR Proposal 3.*

**What vote is required for the advisory approval of the Company's executive compensation?**

The Company's executive compensation will be approved by the shareholders, on an advisory basis, if the votes cast FOR the proposal are a majority of the shares entitled to vote on the proposal and represented in person or by proxy at the Annual Meeting and entitled to vote thereon.

**How often will the Company hold an advisory vote to approve executive compensation?**

At our 2017 Annual Meeting of Shareholders, our shareholders voted, in an advisory vote, on various frequencies for conducting future advisory votes with respect to compensation of our named executive officers, with an annual frequency receiving the most advisory votes that were cast. After considering those voting results and other factors, our Board determined that the Company would hold an annual advisory vote on the compensation of our named executive officers until (a) the next required vote on the frequency of shareholder votes on the compensation of our named executive officers or (b) the Board otherwise determines that a different frequency for such advisory votes is in the best interests of our shareholders.

**What are my voting choices on Proposal 4, the approval of the 2018 Plan?**

For the vote on the approval of the 2018 Plan, shareholders may:

vote to approve the 2018 Plan;

vote against the 2018 Plan; or

abstain from voting on the proposal.

***Our Board recommends that you vote FOR Proposal 4.***

**What vote is required for the approval of the 2018 Plan?**

The proposal to approve the 2018 Plan requires the FOR vote of the holders of a majority of the shares entitled to vote on the proposal and represented in person or by proxy at the Annual Meeting and entitled to vote thereon.

**What if a shareholder does not specify a choice for a matter when returning a proxy?**

Shareholders should specify their choice for each proposal described on the enclosed proxy card. Proxy cards that are signed and returned will be voted FOR proposals described in this proxy statement for which no specific instructions are given.

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### **How are withheld votes, abstentions and broker non-votes counted?**

Both abstentions and broker non-votes are counted as present for purposes of determining the existence of a quorum at the Annual Meeting. Shares voted WITHHELD as to a director nominee on Proposal 1 will have no effect on the election of the nominees, but, for purposes of the Majority WITHHELD Vote and the effectiveness of a nominee's conditional resignation, will count as votes against the indicated nominee. Shares voted ABSTAIN on any of Proposals 2, 3 and 4 will have the same effect as votes cast AGAINST that proposal. Broker non-votes will not be included in vote totals and will not affect the outcome of the vote on the proposals.

### **Why did I receive more than one Proxy Statement?**

If you received more than one Proxy Statement, your shares are probably registered in different names or are in more than one account. Please vote each proxy card that you receive.

### **What if I want to change my vote?**

You may revoke your vote on any proposal at any time before the Annual Meeting for any reason. To revoke your proxy before the meeting, write to Zix Corporation, Attention: Corporate Secretary, 2711 North Haskell Avenue, Suite 2200, LB 36, Dallas, Texas 75204-2960. You will need to include a copy of your earlier voted proxy and may be required to provide other information to facilitate the administrative steps actually required to properly revoke your prior proxy and properly record the revocation. You may also come to the Annual Meeting and change your vote in writing. You will need to bring a copy of your earlier voted proxy and may be required to provide other information to facilitate the administrative steps actually required to properly revoke your prior proxy and properly record the revocation.

### **Where will I find the voting results of the Annual Meeting?**

We will announce the preliminary voting results at the Annual Meeting and will publish the preliminary or final voting results in a Current Report on Form 8-K that we will file with the SEC within four business days after the Annual Meeting. If the voting results are not final when that Current Report is filed, we will publish the final voting results in a Current Report on Form 8-K that we will file with the SEC within four business days after the final voting results are determined. You may request a copy of either Current Report at [investor.zixcorp.com](http://investor.zixcorp.com) or by contacting our Investor Relations office at (214) 515-7357.

### **Where can I find additional information? Who can help answer my questions?**

You should carefully review the entire Proxy Statement, which contains important information regarding the proposals, before voting. The section titled WHERE YOU CAN FIND MORE INFORMATION describes additional sources from which to obtain this Proxy Statement, our public filings under the Securities Exchange Act of 1934 and other information about our Company. Additionally, a copy of this Proxy Statement is available on our Company's website at [investor.zixcorp.com](http://investor.zixcorp.com).

If you would like additional copies of this Proxy Statement or other documents that we have filed with the SEC that are incorporated by reference into this Proxy Statement, free of charge, or if you have questions about the proposals or the procedures for voting your shares, please contact: Zix Corporation, Attention: Corporate Secretary, 2711 North Haskell Avenue, Suite 2200, LB 36, Dallas, Texas 75204-2960, Telephone: (214) 370-2000.



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**ZIX CORPORATION**

2711 North Haskell Avenue

Suite 2200, LB 36

Dallas, Texas 75204-2960

**PROXY STATEMENT**

**Annual Meeting of Shareholders**

**June 6, 2018**

**Information Concerning Solicitation And Voting**

**General**

This Proxy Statement is furnished on behalf of the Board of Directors (the Board) of Zix Corporation (we, us, our or the Company) to solicit proxies to be voted at the Annual Meeting of our Shareholders to be held on Wednesday, June 6, 2018, at 10:00 a.m. Central Time, and at any adjournment or postponement of the Annual Meeting for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Shareholders.

Whether or not you personally attend, it is important that your shares be represented and voted at the Annual Meeting. Most shareholders have a choice of voting over the Internet, by using a toll-free telephone number, or by completing a proxy card and mailing it in the postage-paid envelope provided. Check your proxy card or the information forwarded by your bank, broker, or other shareholder of record to determine which voting options are available to you. Please be aware that if you vote over the Internet, you may incur costs such as telecommunication and Internet access charges for which you will be responsible. The Internet voting and telephone voting facilities for shareholders of record will be available until 11:59 p.m., Eastern Time, on June 5, 2018. This Proxy Statement and the accompanying proxy card were first mailed on or about April 27, 2018.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, THE INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS PROXY STATEMENT SHALL, UNDER NO CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS SINCE THE DATE OF THIS PROXY STATEMENT.

**Solicitation of Proxies**

The Company is making this solicitation on behalf of our Board. The Company will bear the expense of the preparation, printing and distribution of the enclosed proxy card, Notice of Annual Meeting of Shareholders and this Proxy Statement, and any additional material relating to the Annual Meeting that may be furnished to our shareholders by our Board related to the furnishing of this Proxy Statement. We have engaged Georgeson Inc. to assist in the solicitation of proxy materials from shareholders at a fee of approximately \$7,500 plus reimbursement of reasonable out-of-pocket expenses. Proxies may also be solicited without additional compensation by our officers or employees by telephone, fax, e-mail, or personal interview. We will reimburse banks and brokers who hold shares in their name

or custody, or in the name of nominees for others, for their out-of-pocket expenses incurred in forwarding copies of the proxy materials to those persons for whom they hold those shares. To obtain the necessary representation of shareholders at the Annual Meeting, supplementary solicitations may be made by mail, telephone, fax, e-mail, or personal interview by our officers or employees, without additional compensation, or by selected securities dealers. We anticipate that the cost of those supplementary solicitations, if any, will not be material.

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### **Purpose of Annual Meeting**

The purpose of the Annual Meeting is to obtain approval for the proposals described in this Proxy Statement and to consider any other business properly brought before the Annual Meeting or any adjournment or postponement thereof. At the meeting, we will ask shareholders to consider and vote on the following proposals:

Proposal 1: elect six members of our Board for a one-year term;

Proposal 2: ratify the appointment of Whitley Penn LLP as our independent registered public accountants for the fiscal year ending December 31, 2018;

Proposal 3: approve, on an advisory basis, the compensation of our named executive officers; and

Proposal 4: approve the Zix Corporation 2018 Omnibus Incentive Plan (the 2018 Plan ).

### **Record Date and Shares Outstanding**

Only shareholders who owned shares of our common stock at the close of business on April 13, 2018, referred to in this Proxy Statement as the Record Date, are entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, 54,248,627 shares of our common stock were outstanding and entitled to vote at the Annual Meeting. Shareholders are entitled to one vote, in person or by proxy, for each share of common stock held in their name on the Record Date.

### **Quorum**

A majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting must be represented, in person or by proxy, at the Annual Meeting to constitute a quorum to conduct business at the meeting. As of the Record Date, there were 54,248,627 shares outstanding and entitled to vote at the Annual Meeting, so we will require a quorum of at least 27,124,314 shares represented at the Annual Meeting in order to conduct business at the meeting.

### **Revocability of Proxies**

You may revoke your proxy at any time before it is exercised. Execution of the proxy will not affect your right to attend the Annual Meeting in person. Revocation may be made before the Annual Meeting by written revocation or through a duly executed proxy bearing a later date sent to Zix Corporation, Attention: Corporate Secretary, 2711 North Haskell Avenue, Suite 2200, LB 36, Dallas, Texas 75204-2960; or your proxy may be revoked personally at the Annual Meeting by written notice to the Secretary at the Annual Meeting before the voting of the proxy. Any revocation sent to the Company must include the shareholder's name and must be received before the Annual Meeting to be effective.

### **How Your Proxy Will Be Voted**

In the absence of specific instructions to the contrary, shares represented by properly executed proxies received by the Company, including unmarked signed proxies, will be voted FOR each of the proposals that will be considered at the

Annual Meeting. In addition, if any other matters properly come before the Annual Meeting the persons named as proxy holders in the enclosed proxy card will have discretion as to how they will vote the shares they represent. Other than the proposals described in this Proxy Statement, we have not received notice of any matters that may properly be presented at the Annual Meeting.

**Dissenters Rights**

Under Texas law, shareholders are not entitled to dissenters rights with respect to any of the proposals that will be considered at the Annual Meeting.



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### **Tabulation of Votes**

Votes cast at the Annual Meeting will be tabulated by a representative of Broadridge Financial Solutions, Inc. as the independent inspector of election.

### **Vote Required to Approve Proposals**

#### ***Proposal 1***

On Proposal 1, shares may either be voted FOR an individual director nominee or voted WITHHELD as to an individual director nominee. If a quorum is represented at the Annual Meeting, the six nominees who receive the greatest number of FOR votes (also called a plurality of FOR votes) will be elected as directors. Brokers cannot cast discretionary votes in the election of directors, so you must instruct your broker how to vote your shares on Proposal 1. Broker non-votes will not be included in vote totals and will not affect the outcome of the vote on this proposal. A vote WITHHELD as to any director will have no effect on the election of the nominees, but, for purposes of the Majority WITHHELD Vote (as described in the Question and Answer section of this Proxy Statement) and the effectiveness of a nominee's conditional resignation, will be counted as a vote against the election of that director. In the election of directors, shareholders are not entitled to cumulate their votes or to vote for a greater number of persons than the number of nominees named in this Proxy Statement.

#### ***Proposal 2***

On Proposal 2, shares may either be voted FOR the ratification of the appointment of Whitley Penn LLP as the Company's independent auditors for the fiscal year ending December 31, 2018, or voted AGAINST that ratification, or voted to ABSTAIN. If a quorum is represented at the Annual Meeting, the approval of Proposal 2 would require the FOR vote of the holders of a majority of the shares entitled to vote on the proposal and represented in person or by proxy at the Annual Meeting. Because votes to ABSTAIN are counted as shares represented at the meeting, they will have the same effect as votes AGAINST Proposal 2.

#### ***Proposal 3***

On Proposal 3, shares may either be voted FOR the approval, on an advisory basis, of the compensation of our named executive officers, or voted AGAINST that advisory approval, or voted to ABSTAIN. If a quorum is represented at the Annual Meeting, approval of Proposal 3 requires the FOR vote of the holders of a majority of the shares entitled to vote on the proposal and represented in person or by proxy at the Annual Meeting. Broker non-votes will not be included in vote totals and will not affect the outcome of the vote on this proposal. Because votes to ABSTAIN are counted as shares represented at the meeting, they will have the same effect as votes AGAINST Proposal 3.

#### ***Proposal 4***

On Proposal 4, shares may either be voted FOR the approval of the 2018 Plan, or voted AGAINST the approval of that plan, or voted to ABSTAIN. If a quorum is represented at the Annual Meeting, the approval of Proposal 4 would require the FOR vote of the holders of a majority of the shares entitled to vote on the proposal and represented in person or by proxy at the Annual Meeting. Because votes to ABSTAIN are counted as shares represented at the meeting, they will have the same effect as votes AGAINST Proposal 4.

#### ***Other Matters***

An affirmative vote of a majority of the shares represented at the Annual Meeting is generally required for action on any other matters that may properly come before the Annual Meeting. Our bylaws require the affirmative vote of a majority of the shares outstanding (as opposed to a mere majority of shares represented at a meeting) in order to remove a director or amend our bylaws.

**Effect of Broker Non-Votes**

If your shares are held in a brokerage account and you do not instruct your broker how to vote on a particular proposal, your brokerage firm could either:

Vote your shares on that proposal in the broker's discretion, if the rules permit; or

Leave your shares unvoted on that proposal.

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A broker non-vote occurs when a broker or nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have the discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner. Brokers do not have discretionary authority to vote on Proposals 1, 3 or 4, but they do have the discretionary authority to vote on Proposal 2.

## **Shareholders Proposals**

If you would like to submit a proposal to be included in the Proxy Statement for our 2019 Annual Meeting of Shareholders to be held next year, the submission must be in writing and received by us no later than December 28, 2018. Submissions of shareholder proposals after that date will be considered untimely for inclusion in the Proxy Statement and form of proxy for our 2019 Annual Meeting. A shareholder proposal that does not qualify under SEC Rule 14a-8 for inclusion in our Proxy Statement must be received by the Corporate Secretary at the principal executive offices of the Company no earlier than February 6, 2019 and no later than March 8, 2019.

All notices of proposals, whether or not to be included in our proxy materials, should be sent to our principal executive offices at Zix Corporation, Attention: Corporate Secretary, 2711 North Haskell Avenue, Suite 2200, LB 36, Dallas, Texas 75204-2960.

## **Reducing the Costs of Proxy Solicitation**

To reduce the expenses of delivering duplicate copies of our annual report to shareholders, this proxy statement and the notice of internet availability of proxy materials, we take advantage of the SEC's householding rules that permit us to deliver only one set of such proxy materials to shareholders who share an address, unless otherwise requested. If you share an address with another shareholder and have received only one set of proxy materials, you may request, and we undertake to deliver promptly upon such request, a separate copy of these materials at no cost to you by contacting Zix Corporation, Attention: Corporate Secretary, 2711 North Haskell Avenue, Suite 2200, LB 36, Dallas, Texas 75204-2960 or (214) 370-2000. For future Annual Meetings, you may request separate voting materials, or request that we send only one set of proxy materials to you if you are receiving multiple copies, by calling or writing to us at the phone number and address given above.

*Shareholders of Record:* If you vote on the Internet at [www.proxyvote.com](http://www.proxyvote.com), simply follow the prompts for enrolling in the electronic proxy delivery service.

*Beneficial Owners:* If you hold your shares in a brokerage account, you also may have the opportunity to receive copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by your bank, broker or other holder of record regarding the availability of this service.

**Table of Contents****Proposals****PROPOSAL 1 ELECTION OF DIRECTORS**

Our shareholders will vote on the election of six members of our Board at the Annual Meeting. Each director will serve until the next Annual Meeting of Shareholders and until the director's successor is duly elected and qualified, unless earlier removed in accordance with our bylaws.

The nominees for election to our Board are:

<b>Name</b>	<b>Principal Occupation</b>	<b>Director Since</b>
Mark J. Bonney	Consultant	January 2013
Taher A. Elgamel	Chief Technology Officer of Security, Salesforce.com Inc.	July 2011
Robert C. Hausmann	Operating Partner, Thoma Bravo	November 2005
Maribess L. Miller	Consultant	April 2010
Richard D. Spurr	Retired CEO, Zix Corporation	May 2005
David J. Wagner	Chief Executive Officer, Zix Corporation	January 2016

For biographical and other information regarding the nominees for director, please see **OTHER INFORMATION YOU NEED TO MAKE AN INFORMED DECISION** Directors. For information on our directors' compensation, please see **INFORMATION ON THE COMPENSATION OF DIRECTORS**.

Each of the persons nominated for election to our Board has agreed to stand for election. Our Board has no reason to believe that any of the nominees will be unable or unwilling to serve if elected, and to the knowledge of the Board, each of the nominees intends to serve the entire term for which election is sought. Our bylaws provide that the Board may reduce the number of positions on our Board. In addition, our bylaws provide that the Board may fill any vacancy in the Board by the affirmative vote of a majority of the remaining directors.

The six nominees who receive the greatest number of FOR votes (also called a plurality of FOR votes) will be elected as directors. Broker non-votes will not be included in vote totals and will not affect the outcome of the vote on this proposal. A vote WITHHELD as to any director will have no effect on the election of the nominees, but, for purposes of the Majority WITHHELD Vote (as described in the Question and Answer section of this Proxy Statement) and the effectiveness of a nominee's conditional resignation, will be counted as a vote against the election of that director.

**OUR BOARD RECOMMENDS THAT YOU VOTE****FOR PROPOSAL 1 AND FOR EACH DIRECTOR NOMINEE NAMED ABOVE.**

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**PROPOSAL 2 RATIFICATION OF APPOINTMENT OF ACCOUNTANTS**

The Audit Committee of the Board (the Audit Committee ) has recommended, and the Board has appointed, Whitley Penn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018. Services provided to the Company and its subsidiaries by Whitley Penn LLP in fiscal 2017 are described under INDEPENDENT PUBLIC ACCOUNTANTS.

We are asking our shareholders to ratify the appointment of Whitley Penn LLP as our independent registered public accounting firm for the 2018 fiscal year. Although ratification is not required by our bylaws or otherwise, the Board is submitting the appointment of Whitley Penn LLP to our shareholders for ratification as a matter of good corporate practice.

A representative of Whitley Penn LLP will be present at the Annual Meeting to respond to appropriate questions and to make any statements that the firm may desire.

Votes cast FOR Proposal 2 by a majority of the shares of our common stock represented at the Annual Meeting is required to approve Proposal 2. Shares voted to ABSTAIN as to Proposal 2 will be counted as represented at the meeting and will have the same effect as a vote against Proposal 2.

If our shareholders do not approve Proposal 2, the appointment of Whitley Penn LLP will be reconsidered by our Audit Committee and our Board. Even if Proposal 2 is approved, the Audit Committee in its discretion may select a different independent registered public accounting firm if it determines that a change would be in the best interests of the Company and our shareholders and otherwise complies with all regulations of the SEC regarding a change in public accounting firms.

**OUR BOARD RECOMMENDS**

**THAT YOU VOTE FOR PROPOSAL 2.**

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**PROPOSAL 3 APPROVE, OMN ADVISORY BASIS, THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

The Dodd-Frank Wall Street Reform and Consumer Protection Act enables the Company's shareholders to vote to approve, on an advisory (nonbinding) basis, the compensation of the Company's named executive officers. The Company seeks your advisory vote and asks that you support the compensation of the named executive officers as disclosed in this proxy statement. Our Board intends to conduct an annual advisory vote on the compensation of the Company's named executive officers, subject to consideration of any alternative outcome with respect to Proposal 4 below.

As described in detail under COMPENSATION DISCUSSION AND ANALYSIS, our compensation program is designed to attract, retain and motivate our executives and drive overall Company performance. We believe that our compensation program, with its balance of short-term incentives and long-term incentives (including both time-based and performance-based equity awards that vest over multiple years), rewards sustained performance that is aligned with long-term shareholder interests.

This proposal, commonly known as a say on pay proposal, gives the Company's shareholders the opportunity to express their views on the compensation of our named executive officers. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company's named executive officers described in this proxy statement.

Accordingly, the Board invites you to review carefully the Compensation Discussion and Analysis beginning on page 33 and the tabular and other disclosures on compensation under Executive Compensation beginning on page 44 and to cast a vote to approve the compensation of the Company's named executive officers through the following resolution:

Resolved, that shareholders approve the compensation of the Company's named executive officers, as discussed and disclosed in the Compensation Discussion and Analysis, the executive compensation tables, and any narrative executive compensation disclosure contained in this proxy statement.

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee of the Board (the Compensation Committee) or the Board. The Board and Compensation Committee value the opinions of the Company's shareholders and to the extent there is any significant vote against the named executive officers compensation as disclosed in this proxy statement, the Board will consider the shareholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

At our 2017 Annual Meeting of Shareholders, our shareholders voted, in an advisory vote, on various frequencies for conducting future advisory votes with respect to compensation of our named executive officers, with an annual frequency receiving the most advisory votes that were cast. After considering those voting results and other factors, our Board determined that the Company would hold an annual advisory vote on the compensation of our named executive officers until (a) the next required vote on the frequency of shareholder votes on the compensation of our named executive officers or (b) the Board otherwise determines that a different frequency for such advisory votes is in the best interests of our shareholders.

**OUR BOARD RECOMMENDS**

**THAT YOU VOTE FOR PROPOSAL 3.**



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### **PROPOSAL 4 APPROVAL OF 2018 PLAN**

The Board has unanimously approved the Zix Corporation 2018 Omnibus Incentive Plan (the 2018 Plan ) to replace the Zix Corporation Amended and Restated 2012 Incentive Plan (the Prior Incentive Plan ), subject to shareholder approval at the Annual Meeting, and recommends that the Company s shareholders approve and adopt the 2018 Plan. We intend to reserve 6,000,000 of shares of our common stock for issuance pursuant to awards under the 2018 Plan.

The Company considers the 2018 Plan an essential element of total compensation and believes the 2018 Plan promotes its interests and the interests of its shareholders by: (i) attracting and retaining the services of employees, officers, directors and consultants upon whose judgment, interest and special effort the successful conduct of the Company s operation is largely dependent; and (ii) encouraging the active interest of those persons in the development and financial success of the Company by granting awards designed to provide participants in the 2018 Plan with proprietary interest in the growth and performance of the Company.

A total of 6,300,000 shares of our common stock were authorized for grant under the Prior Incentive Plan. As of March 31, 2018, 482,998 shares remained available for grant under the Prior Incentive Plan. See also Compensation Discussion and Analysis Equity Compensation Plan Information for additional information concerning our equity compensation plan.

If our shareholders approve the 2018 Plan, it will replace the Prior Incentive Plan, such that, (i) no additional grants will be made pursuant to the Prior Incentive Plan, and (ii) any previously granted awards that are outstanding under the Prior Incentive Plan will remain outstanding in accordance with their terms. If our shareholders should fail to approve the 2018 Plan, it will not become effective and the Prior Incentive Plan will continue in force and effect. However, if the 2018 Plan is not approved by our shareholders, we may not be able to continue our equity-based long-term incentive program, and we may be required to increase the cash component of our executive compensation program in order to remain competitive and adequately compensate our employees.

Shareholder approval of the 2018 Plan would also constitute approval for purposes of satisfying the shareholder approval requirements under Section 422 of the Code so that the Compensation Committee or such other committee of our Board that may be designated to administer the 2018 Plan (the Committee ) may grant incentive stock options, or ISOs.

### **Best Practices**

*Independent Oversight.* The Committee, composed solely of independent directors, will approve all grants made under the 2018 Plan other than grants made to non-employee directors which will be approved by our Board. Additionally, the Committee may delegate to other committees of the Board, to the Chief Executive Officer and to our other senior officers its duties under the 2018 Plan pursuant to such conditions or limitations as the Committee may establish; provided, however, that such delegation will not extend to the authority to make awards to participants who are subject to Section 16 of the Exchange Act.

*No Repricing of Options or SARs.* The 2018 Plan prohibits repricing, replacement and regranting of stock options or stock appreciation rights ( SARs ) at lower prices unless approved by our shareholders.

*No Discounted Options or SARs.* Stock options and SARs may not be granted with an exercise price below the closing price of our common stock on the date of grant.



*No Dividends on Options or SARs.* Dividends and dividend equivalents may not be paid or accrued on stock options or SARs.

*Limited Terms for Options and SARs.* Stock options and SARs granted under the 2018 Plan are limited to 10-year terms.

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*No Liberal Share Counting with Respect to Options or SARs.* Shares of our common stock that are (i) not issued or delivered as a result of the net settlement of a stock-settled SAR or option, (ii) withheld or delivered to satisfy the applicable withholding taxes related to an award, (iii) used to satisfy the exercise price related to an option or SAR, or (iv) repurchased on the open market with the proceeds of an option's exercise price will not become available again for awards under the 2018 Plan.

*No Dividends or Dividend Equivalents on Unvested Awards.* The right to receive payment of dividends or dividend equivalents will be forfeited to the extent that an underlying award of restricted stock or restricted stock units do not vest, are forfeited or are otherwise cancelled.

*Annual Limitation on Director Awards and Compensation.* The aggregate grant value of awards and cash compensation paid to any individual non-employee director may not exceed \$1,000,000 in any calendar year. The extent to which such awards may be granted may be further limited pursuant to the terms, conditions and parameters of a plan, program or policy for the compensation of nonemployee directors as in effect from time to time.

*Clawback or Recoupment.* Awards granted under the 2018 Plan will be subject to any clawback policy implemented by the Company.

*No Transferability.* Awards generally may not be transferred, except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order, unless otherwise provided in the applicable award agreement.

*No Evergreen Provision.* Shares of our common stock authorized for issuance under the 2018 Plan will not be replenished automatically. Any additional shares to be issued over and above the amount for which we are seeking authorization must be approved by our shareholders.

*No Automatic Grants.* There are no automatic grants to new participants or reload grants when outstanding awards are exercised, expire or are forfeited.

*No Tax Gross-Ups.* Participants do not receive tax gross-ups under the 2018 Plan.

## **Summary of the 2018 Plan**

A description of the 2018 Plan is set forth below. Because the description of the 2018 Plan in this proxy statement is a summary, it may not contain all the information that may be important to you. The summary is qualified by reference to the 2018 Plan. You should carefully read the 2018 Plan. A copy of the full text of the 2018 Plan is attached hereto as Appendix A to this proxy statement.

### *Eligibility*

Persons eligible for Awards (as defined in the 2018 Plan) are (i) all employees of the Company and its subsidiaries, (ii) non-employee directors and (iii) certain independent contractors. As of March 31, 2018, approximately 239 employees and non-employee directors would be eligible for grants of Awards under the 2018 Plan.

### *Shares Available for Awards*

The aggregate number of shares of our common stock reserved and available for issuance pursuant to Awards granted under the 2018 Plan will be 6,000,000, all of which may be issued as incentive stock options under Section 422 of the Code. The closing price per share of our common stock on March 29, 2018 was \$4.27.

Each share of our common stock subject to an Award granted under the 2018 Plan is counted against the above share reserve as one share. If an Award expires or is terminated, cancelled or forfeited, the shares associated with the expired, terminated, cancelled or forfeited Awards immediately become available for additional Awards under the 2018 Plan, it being understood that no increase or decrease in the above share reserve occurs with respect to an Award that can only be settled in cash. Moreover, the number of shares of common stock reserved for issuance

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under the 2018 Plan is not increased by (i) shares not issued or delivered as a result of the net settlement of a stock-settled SAR or option, (ii) shares that are withheld or delivered to satisfy the applicable withholding taxes related to an Award, (iii) shares that are used to satisfy the exercise price related to an option or SAR, and (iv) shares repurchased on the open market with the proceeds of an option's exercise price.

### *Administration*

The Committee administers the 2018 Plan with respect to Awards to employees and independent contractors and has broad power to take actions thereunder, to interpret the 2018 Plan and to adopt rules, regulations and guidelines for carrying out its purposes. The Board has the sole authority to grant Awards under the 2018 Plan with respect to non-employee directors. The Committee may, in its discretion, among other things: (i) extend the exercisability of an Award in a manner consistent with applicable law or (ii) accelerate the vesting of or eliminate or make less restrictive any restrictions contained in any Award, waive any restrictions or other provision of the 2018 Plan or in any Award or otherwise amend or modify any Award in a manner that is consistent with the minimum vesting periods set forth in the 2018 Plan, and, in each case, that is (x) not adverse to that participant holding the Award or (y) consented to by that participant.

Except in connection with a transaction involving the Company or its capitalization, the terms of outstanding Awards may not be amended without approval of the shareholders of the Company to (i) reduce the exercise price of outstanding options or SARs, (ii) cancel, exchange, substitute, buyout or surrender outstanding options or SARs in exchange for cash or other Awards, (iii) take any other action with respect to a stock option or SAR that would be treated as a repricing under the rules and regulations of the principal national securities exchange on which the shares of our common stock are listed or (iv) permit the grant of any stock options or SARs that contain a so-called reload feature under which additional stock options, SARs or other Awards are granted automatically to the participant upon exercise of the original stock option or SAR.

The Committee also may delegate to other committees of the Board, to the Chief Executive Officer and to our other senior officers its duties under the 2018 Plan to the extent allowed by applicable law.

The Committee will determine the employees and independent contractors to receive Awards and the terms, conditions and limitations applicable to each such Award, which terms, conditions and limitations may, but need not, include continuous service with the Company, achievement of specific business objectives, attainment of specified growth rates, increases in specified indices or other comparable measures of performance.

### *Amendment; Termination*

The Board may amend, modify, suspend or terminate the 2018 Plan for the purpose of addressing any changes in legal requirements or for any other lawful purpose, except that no amendment that would adversely affect the rights of any participant under any Award previously granted to such participant may be made without the consent of such participant unless the amendment is reasonably necessary for such Award to comply with applicable law. In addition, no amendment will be effective prior to its approval by the shareholders of the Company to the extent such approval is required pursuant to Rule 16b-3 in order to preserve the applicability of any exemption provided by such rule to any Award then outstanding (unless the holder of such Award consents) or to the extent shareholder approval is otherwise required by applicable law.

### *Adjustments*

Depending on the transaction described below, the Board either will or may make certain adjustments, including changes to the shares of our common stock subject to outstanding Awards and shares available for grant under the 2018 Plan, in the event of any subdivision, split or consolidation of outstanding shares, any declaration of a stock dividend payable in shares, any recapitalization or capital reorganization of the Company, any consolidation or merger of the Company with another corporation or entity, any adoption by the Company of any plan of exchange affecting the common stock or any distribution to holders of common stock of securities or property (other than normal cash dividends).

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**Table of Contents***Vesting*

In general, a minimum vesting or restriction period of one year will apply with respect any Award (or any portion thereof) granted under the 2018 Plan; provided an Award granted to a non-employee Director may vest on the earlier of the one-year anniversary of the date of grant or the next annual meeting of the Company's shareholders (as long as the vesting period is not less than fifty (50) weeks after the date of grant). However, the minimum vesting or restriction period may end in connection with a participant's death or termination of employment due to disability or in connection with a Change in Control (as described and defined below). In addition, the minimum vesting or restriction period will not apply to up to 5% of the shares of our common stock (i.e., 300,000 shares) that are reserved for issuance under the 2018 Plan, so long as the award certificate or other contemporaneous writing as of the date of grant designates such shares as not being subject to such minimum vesting or restriction period.

*Change in Control*

A Change in Control generally occurs upon the occurrence of any of the following: (i) during any consecutive 12-month period, individuals who at the beginning of such period were members of the Board ( Incumbent Directors ) cease for any reason to constitute at least a majority thereof, unless the election of each new director was approved by a vote of at least a majority of Incumbent Directors or was a result of an actual or threatened election contest or proxy contest; (ii) any person or group (that is unaffiliated with the Company) becomes the beneficial owner of either 30% or more of the then-outstanding shares of our common stock or securities of the Company representing 25% or more of the combined voting power; (iii) the consummation of a reorganization, merger, sale of substantially all of the Company's assets or similar transaction, unless (x) substantially all beneficial owners of the Company prior to the transaction continue to hold more than 50% of the surviving entity's common stock and total voting power, (y) a majority of the directors of the surviving entity are Incumbent Directors, and (z) no person or group (that is unaffiliated with the Company) is the beneficial owner of either 30% or more of the surviving entity's common stock or securities of the surviving entity representing 25% or more of the total voting power.

Unless otherwise provided in the award certificate or other agreement with a participant, the treatment of a participant's Awards in connection with a Change in Control will depend on (i) whether Awards are assumed by the surviving entity or are otherwise equitably converted or substituted in connection with the Change in Control in a manner approved by the Committee or the Board (a Qualifying Conversion/Assumption ), and (ii) whether a participant's employment is terminated without cause or the participant resigns for good reason with the one-year period after the effective date of the Change in Control (a Qualifying Termination ). In the event a Qualifying Conversion/Substitution does not occur in connection with a Change in Control, then: (x) options and SARs will become fully exercisable immediately prior to the Change in Control, (y) time-based vesting requirements on outstanding Awards will be deemed to be satisfied in full immediately prior to the Change in Control, and (z) all performance-based vesting requirements on outstanding Awards will be deemed to be satisfied on a pro-rata basis at 100% of the target level immediately prior to the Change in Control. In the event a Qualifying Conversion/Substitution occurs in connection with a Change in Control, but a participant incurs a Qualifying Termination, then: (A) such participant's options and SARs will become fully exercisable, (B) time-based vesting requirements on such participant's outstanding Awards will be deemed to be satisfied in full, and (C) all performance-based vesting requirements on such participant's outstanding Awards will be deemed to be satisfied on a pro-rata basis at 100% of the target level.

*Clawback*

Awards under the 2018 Plan will be subject to the provisions of any clawback policy required by applicable law and implemented by the Company, which clawback policy may provide for forfeiture, repurchase and/or recoupment of

Awards and amounts paid or payable pursuant to or with respect to Awards.

*Awards*

At the discretion of the Committee or the Board, as applicable, employees, independent contractors or non-employee directors may be granted Awards under the 2018 Plan in the form of stock options, SARs, restricted stock, restricted stock units, cash awards, performance awards, or any other right or interest relating to shares of our common stock or cash. Such Awards may be granted singly, in combination, or in tandem.

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**Table of Contents***Options*

Awards may be in the form of options, which are rights to purchase a specified number of shares of our common stock at a specified price not less than that of the fair market value of a share of common stock on the date of grant. An option may be either an incentive stock option ( ISO ) that is intended to comply, or a nonqualified stock option ( NSO ) that is not intended to comply, with the requirements of Section 422 of the Code; provided that independent contractors and non-employee directors cannot be awarded ISOs. The Committee will determine the participants to receive options and the terms, conditions and limitations applicable to each such option. The term of each option may not be longer than a period of 10 years from the date of grant. Except as otherwise provided in an award certificate, any option (i) that remains outstanding as of the last day of its term, (ii) has an exercise price per share that is less than the fair market value of a share of common stock as of such day and (iii) whose exercise is prohibited as of such day pursuant to the operation of the Company's insider trading policy, will be automatically exercised (without any action on the part of the participant holding such option) by (x) foregoing the delivery of shares otherwise deliverable upon the exercise of the option in an amount sufficient to pay the exercise price of the option and (y) satisfying tax withholding obligations by withholding from the shares otherwise deliverable upon the exercise of the option using the minimum tax rate applicable to the participant.

*Stock Appreciation Rights*

Awards may also be in the form of SARs, which are rights to receive a payment, in cash or shares of our common stock, equal to the fair market value or other specified value of a number of shares on the rights exercise date over a specified strike price not less than the fair market value of a share of common stock on the date of grant. The term of each SAR may not be longer than a period of ten (10) years from the date of grant. Except as otherwise provided in an award certificate, any SAR (i) that remains outstanding as of the last day of its term, (ii) has a strike price per share that is less than the fair market value of a share of common stock as of such day and (iii) whose exercise is prohibited as of such day pursuant to the operation of the Company's insider trading policy, will be automatically exercised (without any action on the part of the participant holding such SAR) and any tax withholding obligations will be satisfied by withholding from the cash or shares otherwise deliverable upon the exercise of the SAR using the minimum tax rate applicable to the participant.

*Stock Awards*

Awards may also be in the form of grants of common stock or units denominated in common stock, including restricted stock and restricted stock units ( Stock Awards ). The terms, conditions and limitations applicable to any Stock Award will be determined by the Committee. At the discretion of the Committee, the terms of a Stock Award may include rights to receive dividends or dividend equivalents, which will only be paid if the underlying shares subject to the Award vest pursuant to the terms of the Stock Award.

*Cash Awards*

Awards may also be in the form of grants denominated in cash. The terms, conditions and limitations applicable to any cash awards granted pursuant to the 2018 Plan will be determined by the Committee.

*Performance Awards*

At the discretion of the Committee, any of the above-described Awards may be made in the form of a performance award. A performance award will be paid, vested or otherwise deliverable solely on account of the attainment of one or more performance goals, either individually or in any combination, established by the Committee and specified in



the award certificate.

A performance goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). The amount of cash or shares of our common stock payable or vested pursuant to performance awards may be adjusted upward or downward, either on a formula or discretionary basis or any combination, as the Committee determines.

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**Table of Contents***Director Award Limits*

No non-employee director may be granted during any calendar year Awards (in his or her capacity as a director) having a fair value determined on the date of grant when added to all cash compensation paid to the non-employee director during the same calendar year in excess of \$1,000,000. The extent to which such Awards may be granted may be further limited pursuant to the terms, conditions and parameters of a plan, program or policy for the compensation of non-employee directors as in effect from time to time.

**U.S. Federal Income Tax Consequences**

The following is a summary of the general rules of current U.S. Federal income tax law relating to the tax treatment of Awards that may be issued under the 2018 Plan. The discussion is general in nature and does not take into account a number of considerations which may apply in light of the particular circumstances of a participant. This summary is not complete and does not attempt to describe any tax consequences arising in the context of the participant's death or the income tax laws of any local, state or foreign country in which the participant's income or gain may be taxable.

*Stock Awards*

**Restricted Stock.** A participant generally recognizes no taxable income at the time of an Award of restricted stock. A participant may, however, make an election under Section 83(b) of the Code to have the grant taxed as compensation income at the date of receipt, with the result that any future appreciation or depreciation in the value of the shares of stock granted may be taxed as capital gain or loss on a subsequent sale of the shares. If the participant does not make a Section 83(b) election, the grant will be taxed as compensation income at the full fair market value on the date the restrictions imposed on the shares expire. Unless a participant makes a Section 83(b) election, any dividends paid to the participant on the shares of restricted stock will generally be compensation income to the participant and deductible by us as compensation expense. In general, we will receive a deduction for U.S. Federal income tax purposes for any compensation income taxed to the participant. To the extent a participant realizes capital gains, as described above, we will not be entitled to any deduction for federal income tax purposes.

**Restricted Stock Units.** A participant who is granted restricted stock units will recognize no income upon grant of the restricted stock units. At the time the underlying shares of common stock (or cash in lieu thereof) are delivered to a participant, the participant will recognize compensation income equal to the full fair market value of the shares received. We will generally be entitled to a deduction for U.S. Federal income tax purposes that corresponds to the compensation income recognized by the participant.

*Options; Stock Appreciation Rights*

Options granted under the 2018 Plan may constitute ISOs within the meaning of Section 422 of the Code, while other options granted under the 2018 Plan may constitute NSOs. Grants of options to non-employee directors and independent contractors are NSOs. The Code provides for tax treatment of options qualifying as ISOs that may be more favorable to participants than the tax treatment accorded NSOs. Generally, upon the exercise of an ISO, the optionee will recognize no taxable income for U.S. Federal income tax purposes, although the difference between the exercise price of the ISO and the fair market value of the stock at the date of exercise is an addition to income in determining alternative minimum taxable income and such amount may be sufficient in amount to subject the optionee to the alternative minimum tax. On the sale of shares acquired by exercise of an ISO (assuming that the sale does not occur within two years of the grant date or within one year of the exercise date), any gain will be taxed to the optionee as long-term capital gain. Except with respect to death or disability, an optionee has three months after termination of employment in which to exercise an ISO and retain favorable tax treatment at exercise. No deduction is

available to the Company upon the grant or exercise of an ISO (although a deduction may be available if the participant disposes of the shares so purchased before the applicable holding periods expire).

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In contrast, upon the exercise of an NSO, the optionee recognizes ordinary taxable income on the exercise date in an amount equal to the excess of the fair market value of the shares purchased over the exercise price. Upon the sale of such shares by the optionee, any difference between the fair market value at the date of sale and the fair market value at the date of exercise will be treated generally as capital gain or loss. Subject to the limitations discussed below, upon exercise of an NSO, the Company is entitled to a tax deduction in an amount equal to the ordinary taxable income recognized by the participant.

Participants do not recognize taxable income upon the grant of a SAR. Upon the exercise of a SAR, the participant will recognize ordinary income in an amount equal to the cash or fair market value of the shares received at the date of exercise of the SAR. The participant's tax basis in any shares received on the exercise of a SAR will generally equal the fair market value of such shares on the date of exercise. Subject to the limitations discussed below, the Company will be entitled to a deduction for U.S. Federal income tax purposes that corresponds as to timing and amount with the taxable income recognized by the participant under the foregoing rules.

***Deductibility; Excise Taxes***

*Code Section 162(m)*. In general, a U.S. Federal income tax deduction is allowed to the Company in an amount equal to the ordinary taxable income recognized by a participant with respect to Awards granted under the 2018 Plan, provided that such amount constitutes an ordinary and necessary business expense of the Company, that such amount is reasonable and that the Company satisfies any withholding obligations with respect to the participant's ordinary taxable income. Following the enactment of the Tax Cuts and Jobs Act, beginning with the 2018 calendar year, the \$1 million annual deduction limitation under Section 162(m) applies to compensation paid to any individual who serves as the Chief Executive Officer, Chief Financial Officer or qualifies as one of the other three most highly compensated executive officers in 2017 or any later calendar year. See also Compensation Discussion and Analysis Impact of Accounting and Tax Treatments of Compensation for a more robust discussion of Section 162(m) of the Internal Revenue Code.

*Change in Control*. The acceleration of the exercisability or the vesting of an Award upon the occurrence of a change in control may result in an excess parachute payment within the meaning of Section 280G of the Code. A parachute payment occurs when an employee receives payments contingent upon a change in control that exceed an amount equal to three times his or her base amount. The term base amount generally means the average annual compensation paid to such employee during the five calendar years preceding calendar year in which the change in control occurs. An excess parachute payment is the excess of all parachute payments made to the employee on account of a change in control over the employee's base amount. If any amount received by an employee is characterized as an excess parachute payment, the employee is subject to a 20% excise tax on the amount of the excess, and the Company is denied a tax deduction with respect to such excess.

*Code Section 409A*. Section 409A of the Code generally provides that any deferred compensation arrangement must satisfy specific requirements, both in operation and in form, regarding (i) the timing of payment, (ii) the advance election of deferrals, and (iii) restrictions on the acceleration of payment. Failure to comply with Section 409A of the Code may result in the early taxation (plus interest) to the participant of deferred compensation and the imposition of a 20% penalty on the participant on such deferred amounts included in the participant's taxable income. The Company intends to structure Awards under the 2018 Plan in a manner that is designed to be exempt from or comply with Section 409A of the Code.

**Future Benefits Under the 2018 Plan**

The allocation of some of the shares that would become available for issuance under the 2018 Plan is not currently determinable as such allocation depends on future decisions to be made by the Committee or the Board in their sole discretion, subject to applicable provisions of the 2018 Plan. No Awards have been granted that are contingent on the approval of the 2018 Plan. Therefore, it is not possible to determine the benefits that will be received in the future by participants in the 2018 Plan or the benefits that would have been received by such participants if the 2018 Plan had been in effect in the year ended December 31, 2017. Certain tables in this proxy statement set forth information with respect to prior awards granted to our named executive officers under the Prior Incentive Plan currently in effect.

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In 2018, the Company currently expects to award each non-employee director restricted stock units as described in more detail under Director Compensation. Because future Awards are in the discretion of the Board and the Committee, the number of shares subject to future Awards could increase or decrease and the type and terms of future Awards could change as well, all without the need for future shareholder approval.

The Board believes that the approval of the 2018 Plan is in the best interest of the Company and its shareholders. The Board therefore recommends a vote for the 2018 Plan, and it is intended that the proxies not marked to the contrary will be so voted. Because approval of the 2018 Plan will increase the number of shares available for issuance to all directors and executive officers of the Company, each of the directors and executive officers of the Company has an interest and may benefit from the approval of the 2018 Plan.

**OUR BOARD RECOMMENDS**

**THAT YOU VOTE FOR PROPOSAL 4**

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**Table of Contents****OTHER INFORMATION YOU NEED TO MAKE AN INFORMED DECISION****Directors**

The following table indicates the names of our director nominees and their ages and positions:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mark J. Bonney <sup>(4)(6)</sup>	64	Independent Director
Taher A. Elgamal <sup>(1)(5)</sup>	62	Independent Director
Robert C. Hausmann <sup>(2)(6)</sup>	55	Chairman of the Board; Independent Director
Maribess L. Miller <sup>(3)(5)</sup>	65	Independent Director
Richard D. Spurr	64	Non-Employee Director
David J. Wagner	53	Chief Executive Officer

- (1) Chair of the Nominating and Corporate Governance Committee
- (2) Chair of the Compensation Committee
- (3) Chair of the Audit Committee
- (4) Member of the Nominating and Corporate Governance Committee
- (5) Member of the Compensation Committee
- (6) Member of the Audit Committee

**Mark J. Bonney** joined our Board in January 2013. He currently serves as President and CEO of On Board Advisors, LLC, a strategic advisory firm. Until its sale in August 2017, he served as President and CEO and a director of MRV Communications, Inc., a supplier of network equipment to the telecommunications industry. Mr. Bonney served as an independent director of MRV from April 2013 until joining the management team in August 2014. Since August 2017, he has served as a director of SeaChange International, Inc., a provider of products and services that enable the aggregation, licensing, distribution and management of video across multiple platforms for the global cable, telecommunications, mobile and media markets. He also served as a director of Sigma Designs, Inc., a provider of high performance system-on-a-chip semiconductor solutions enabling the convergence of the smart home, from August 2012 through August 2015. He was executive vice president and CFO of Direct Brands, Inc., a direct to consumer media company from 2010 to 2012, vice president and general manager of the Authentication Solutions Group of JDS Uniphase Corporation ( JDSU ) an optical technologies and telecommunications firm, from 2008 to 2010 and executive vice president and CFO of American Bank Note Holographics, Inc., ( ABNH ) an optical security device company from 2005 to 2008, before the company's sale to JDSU. Mr. Bonney also served as an outside director and chairman of the audit committee of ABNH from 2003 until 2005. Mr. Bonney has also held executive roles with technology companies, including president, COO and a director of Axsys Technologies, Inc., a manufacturer of components and subsystems for aerospace, defense, data storage, medical and other high technology applications from 1999 to 2002 and CFO of Zygo Corporation, a manufacturer of metrology measurement and control systems and optical components for semiconductor, data storage and industrial markets from 1993 to 1999. He received a master's degree from the University of Hartford and a bachelor's degree from Central Connecticut State University.

Our Board selected Mr. Bonney to serve as a director because of his experience as a Chief Executive Officer, Chief Operating Officer and a Chief Financial Officer of several middle market publicly-traded companies. This experience and his experience as a director of four publicly traded technology companies allow Mr. Bonney to contribute to the Board's deliberations across a broad array of issues as well as providing the Board with meaningful experience in discharging its oversight of corporate governance, operations and financial performance.

**Taher A. Elgamal** was elected to our Board in July 2011. Dr. Elgamal currently serves as CTO Security at Salesforce.com, Inc., a provider of enterprise cloud computing solutions. He is also co-founder and Chairman of IdentityMind, Inc. and serves as a director of Intelligent Fiber Optic Systems Corporation and Vindicia, Inc. Dr. Elgamal



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has also held executive roles at technology and security companies, including as CEO of First Information Security (data security) from 2012 to 2013, CSO of Axway, Inc. (data security) from 2008 to 2011, CTO of Tumbleweed Communications (email encryption) from 2006 to 2008, CTO of Securify, Inc. from 2001 to 2004, CEO and president of Securify, Inc. from 1998 to 2001 and chief scientist of Netscape Communications from 1995 to 1998. Dr. Elgamal is a recipient of the RSA Conference 2009 Lifetime Achievement Award, and he is recognized as the father of SSL, the Internet security standard Secure Sockets Layer. Dr. Elgamal was issued several patents in online security, payments and data compression. He received a bachelor's degree in electrical engineering from Cairo University, a master's degree in electrical engineering from Stanford University and a doctorate in electrical engineering from Stanford University.

Our Board selected Dr. Elgamal to serve as a director because of his expertise in cybersecurity and encryption technologies. In addition, his experience working with data security firms contributes to the Board's oversight of the Company's cybersecurity risks as well as its marketing strategy. His experience as an executive and director at public and private information technology companies adds to the Board's understanding of many matters facing the Company, including personnel management, business operations and corporate governance.

**Robert C. Hausmann** was elected to our Board in November 2005, was elected Lead Independent Director in December 2012 and non-executive Chairman of the Board in December 2014. In October 2017, Mr. Hausmann became an Operating Partner with Thoma Bravo, a private equity investment firm. Since April 2018, Mr. Hausmann has served as a member of the board of directors and member of the audit and compensation committees of Nintex Global Ltd., a developer of workflow automation software. Since January 2018, Mr. Hausmann has served as a member of the board of directors and member of the audit committee of Motus, LLC, a developer of a cloud-based platform for the automation of mobile workforce activities. Since June 2017, Mr. Hausmann has served as a member of the board of directors and a member of the audit committee of Riskconnect, Inc., a global provider of integrated risk management technology solutions. Since September 2016, Mr. Hausmann has served as a member of the board of directors and member of the audit committee of T2 Systems, Inc., a technology-focused parking management systems provider. Mr. Hausmann was co-founder, a director and Chief Financial Officer of TetraSun, Inc., a solar cell R&D and Manufacturing company that was sold to First Solar, Inc. in 2013. Prior to co-founding TetraSun, Mr. Hausmann was a consultant to public and private companies with respect to operational and financial management matters, including Sarbanes-Oxley and systems and process re-engineering. He also served as Vice President and Chief Financial Officer of Securify, Inc. (computer security monitoring) from September 2002 through June 2005. From September 1999 through September 2002, Mr. Hausmann served as Vice President and Chief Financial Officer of Resonate, Inc. (network traffic management) and managed that company's initial public offering. Prior to these positions, he served as Operations Partner and Chief Financial Officer of Mohr, Davidow Ventures, a Silicon Valley-based venture capital partnership; and as the Chief Financial Officer of Red Brick Systems, Inc., where Mr. Hausmann managed the company's initial public offering. Mr. Hausmann earned a Master of Business Administration degree from Santa Clara University and a Bachelors of Arts degree in Finance and Accounting from Bethel University.

Our Board selected Mr. Hausmann to serve as a director because of his experience as Chief Financial Officer of two publicly-traded companies and two private companies and as Chief Financial Officer of one of Silicon Valley's premiere venture capital firms, which contributes to the Board's resources in overseeing the Company's financial and accounting matters, including public company reporting and disclosure. His consulting work at public and private companies, principally in the information technology industry, brings to the Board valuable experience and perspective on a variety of matters facing the Company, including financial markets, operations, corporate governance, compliance and systems and process re-engineering.

**Maribess L. Miller** was elected to our Board in April 2010. Ms. Miller was a member of the public accounting firm PricewaterhouseCoopers LLP from 1975 until 2009, including serving as the North Texas Market Managing Partner from 2001 until 2009; as Southwest Region Consumer, Industrial Products and Services Leader from 1998 until 2001; and as Managing Partner of that firm's U.S. Healthcare Audit Practice from 1995 to 1998. Since July 2014, Ms. Miller has served as a member of the board of directors for Triumph Bancorp, Inc. (NASDAQ: TBK) and is currently chair of the Nominating and Governance committee and member of the audit committee. Ms. Miller is also a member of the board of directors and chair of the audit committee for Midmark Corporation, a privately-held medical supply company. She served on the Texas State Board of Public Accountancy from 2009 until 2015, is past Board Chair for the Texas Health Institute and serves on the boards of the TCU Neeley School of Business and the North Texas Chapter of the National Association of Corporate Directors. She graduated cum laude with a Bachelor's degree in Accounting from Texas Christian University. Ms. Miller is a Certified Public Accountant.

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Our Board selected Ms. Miller to serve as a director because of her extensive experience in auditing and consulting with companies in various fields, including healthcare and technology companies, which allows her to contribute valuable perspective and insights about the Company's operations. In addition, Ms. Miller has special expertise in public company accounting and financial reporting. She brings to our Board and the Audit Committee invaluable technical understanding of public company accounting and internal control over financial reporting.

**Richard D. Spurr** was elected to our Board in May 2005 and served as Chairman of the Board from February 2006 until December 2014. He joined our Company in January 2004 as President and Chief Operating Officer. In March 2005, Mr. Spurr was promoted to Chief Executive Officer and he served in that position until his retirement from the Company in January of 2016. Prior to joining the Company, he served as Senior Vice President, Worldwide Sales, Marketing and Business Development for Securify, Inc. (information security). From 1997 to 2001 he served in several senior executive positions at Entrust, Inc. (information technology security) including VP of Sales, Marketing, Business Development and Professional Services, helping to take this technology company from an early stage to and beyond the initial public offering. From 1991 to 1996, he served in several senior executive positions at SEER Technologies, Inc. (information technology) and from 1974 to 1990, he worked for IBM Corporation (information technology) where, as Regional Manager, he was responsible for over 1,000 employees, and as group director in Tokyo, where he managed a \$1.2 billion Asia Pacific business. Mr. Spurr earned a Bachelor of Arts degree from the University of Notre Dame.

Our Board selected Mr. Spurr to serve as a director because, as the Company's former Chief Executive Officer, he has extensive knowledge of our business, thus providing our Board with important insights. In addition, he brings over 30 years of experience in building and managing sales, marketing, business development and service operations in global information technology businesses.

**David J. Wagner** was elected to our Board in January 2016. He joined our Company in January 2016 as President and Chief Executive Officer (CEO). Prior to joining the Company, Mr. Wagner held leadership roles at Entrust for 20 years. From 2013 through 2015, Mr. Wagner served as President of Entrust, where he led the successful integration of Entrust after its acquisition by Datacard. Mr. Wagner delivered revenue growth and led the re-investment strategy to move Entrust solutions to the cloud. He also served as Chief Financial Officer of Entrust from 2003 to 2013. Before joining Entrust, Mr. Wagner held various finance and accounting positions at Nortel Networks from 1991 through 1995 and at Raytheon Systems from 1986 to 1991. Mr. Wagner is a graduate of The Pennsylvania State University where he received an undergraduate degree in accounting and a master's of business administration.

Our Board selected Mr. Wagner to serve as a director because, as the Company's Chief Executive Officer, his direct, day-to-day knowledge of and interaction with all aspects of our business, including shareholders, employees and customers, is unique among the directors and provides our Board with important insights into our Company's business. In addition, he brings his sales, marketing and strategy development and implementation experience gained through his executive experience in the global security industry.

**Table of Contents****Executive Officers**

The following table indicates the names of our Executive Officers and their ages and positions. Officers serve at the discretion of our Board.

<b>Name</b>	<b>Age</b>	<b>Position</b>
David J. Wagner	53	Chief Executive Officer and President
David E. Rockvam	49	Vice President and Chief Financial Officer
Justin K. Ferguson <sup>1</sup>	40	Vice President, General Counsel and Corporate Secretary
Kelly P. Haggerty	51	Vice President, Product Management and Strategy
David J. Robertson	59	Vice President, Engineering

**David J. Wagner** was elected to our Board in January 2016. He joined our Company in January 2016 as President and CEO. Prior to joining the Company, Mr. Wagner held leadership roles at Entrust for 20 years. From 2013 through 2015, Mr. Wagner served as President of Entrust, where he led the successful integration of Entrust after its acquisition by Datacard. Mr. Wagner delivered revenue growth and led the re-investment strategy to move Entrust solutions to the cloud. He also served as Chief Financial Officer of Entrust from 2003 to 2013. Before joining Entrust, Mr. Wagner held various finance and accounting positions at Nortel Networks from 1991 through 1995 and at Raytheon Systems from 1986 to 1991. Mr. Wagner is a graduate of The Pennsylvania State University where he received an undergraduate degree in accounting and a master's of business administration.

**David E. Rockvam** has served as our Chief Financial Officer ( CFO ) since June 27, 2016. Mr. Rockvam brings a wealth of experience in the data security market and more than 20 years of experience in investor relations, financial planning, and business and corporate development. Prior to his role at Zix, he served in several executive roles during 18 years with Entrust, including Chief Investor Relations Officer and CFO of Asia Digital Media, an Entrust joint venture. He also held executive roles at Entrust such as General Manager of Entrust Certificate Services, Chief Marketing Officer, and SVP of Product Marketing. Mr. Rockvam began his career at Nortel Networks, where he served in various financial leadership positions. He earned a master of business administration from The University of Texas at Dallas and an undergraduate degree from Texas Tech University.

**Justin K. Ferguson** served as Vice President, General Counsel and Corporate Secretary from November 2015 until March 2018. From August 2011 until joining the Company, Mr. Ferguson served in various executive capacities at GENBAND including Senior Vice President, Director of Legal and Corporate Secretary. He was previously an attorney at the law firms Weil, Gotshal & Manges LLP and Baker Botts L.L.P. Mr. Ferguson received a Juris Doctorate degree, summa cum laude, from Texas Tech University School of Law and a Bachelor of Business Administration degree, magna cum laude, from Texas Tech University. He is a member of the State Bar of Texas and received the highest score on the Texas Bar Examination in the year that he was licensed.

**Kelly P. Haggerty** has served as Vice President, Product Management and Strategy since April 12, 2016. Mr. Haggerty has more than 20 years of experience in the software security market. Prior to his role at Zix, he served as Chief Product Officer for, and consultant to, IID, a Software as a Service (SaaS) Security company. For eight years, he held several leadership roles for McAfee (now Intel Security), including Vice President of Product Management for the Security Management Business Unit from 2010 to 2014 and Vice President of the SaaS Business Unit from 2008 to 2010. In addition, he held leadership roles in product management and product marketing at SurfControl (acquired by Websense) and Elron Software. He earned his bachelor's degree in economics from Christopher Newport University with an emphasis on international business.

- <sup>1</sup> Mr. Ferguson submitted his resignation as Vice President, General Counsel and Corporate Secretary of the Company. Mr. Ferguson's resignation became effective as of March 23, 2018. Mr. Ferguson resigned from the Company in order to take a similar position at a larger company in the Dallas area.

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*David J. Robertson* has served as our Vice President, Engineering since March 2002. Mr. Robertson has over 35 years of experience in the internet and telecommunications industries, with specific expertise in hosted network architecture, security technology, communication protocols, software systems and wireless infrastructure. From 1981 through 2000, he was employed by Nortel Networks (telecommunications), where he held technology Vice President positions in the Wireless, Carrier and Enterprise Divisions. From 2001 to 2002, he participated in creating technology startup companies with STARTech Early Ventures (venture capital). He has been a participant in several industry standards-setting groups and serves with the City of Richardson Chamber of Commerce. He holds a Bachelor of Science degree in Electrical Engineering from the University of Waterloo, Canada, and a Master's degree in Engineering from Carleton University, Canada.

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**SECURITY OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN  
BENEFICIAL OWNERS**

The following table sets forth as of March 31, 2018 (unless otherwise indicated) the shares of our common stock that were beneficially owned by each director, by each executive officer, by all of our directors and executive officers as a group, and by all persons known by us to beneficially own more than 5% of our outstanding common stock. We do have equity ownership guidelines for our directors and executive officers as described in the section of this Proxy Statement titled Equity Ownership Guidelines .

<b>Beneficial Owner<sup>(2)</sup></b>	<b>Amount and Nature of Beneficial Ownership<sup>(1)</sup></b>	
	<b>Total Beneficial Ownership</b>	<b>Percent of Class<sup>(3)</sup></b>
Mark J. Bonney <sup>(4)</sup>	98,623	*
Taher A. Elgamal <sup>(5)</sup>	80,495	*
Robert C. Hausmann <sup>(6)</sup>	124,602	*
Maribess L. Miller <sup>(7)</sup>	76,026	*
Richard D. Spurr <sup>(8)</sup>	126,865	*
David J. Wagner <sup>(9)</sup>	600,198	1.1%
David E. Rockvam <sup>(10)</sup>	262,429	*
Justin K. Ferguson <sup>(11)</sup>	45,704	*
Kelly P. Haggerty <sup>(12)</sup>	184,311	*
David J. Robertson <sup>(13)</sup>	433,404	*
BlackRock Inc. <sup>(14)</sup>	4,158,359	7.5%
Renaissance Technologies <sup>(15)</sup>	3,617,591	6.5%
<b>TOTAL</b>	<b>9,808,607</b>	<b>18.1%</b>
All directors and executive officers as a group (10 persons)	2,032,657	3.7%

\* Denotes ownership of less than 1%.

(1) Reported in accordance with the beneficial ownership rules of the SEC. Unless otherwise noted, each shareholder listed in the table has both sole voting and sole investment power over the common stock shown as beneficially owned, subject to community property laws where applicable.

(2) Unless otherwise noted, the address for each beneficial owner is c/o Zix Corporation, 2711 North Haskell Avenue, Suite 2200, LB 36, Dallas, Texas 75204-2960.

(3) Percentages are based on the total number of shares of our common stock outstanding at March 31, 2018, which was 54,258,295 shares. Shares of our common stock that were not outstanding but could be acquired upon exercise of an option or other convertible security within 60 days of March 31, 2018 are deemed outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by a particular person. However, those shares are not deemed to be outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by any other person.

(4)

- Includes purchased shares and shares that Mr. Bonney has the right to acquire under outstanding stock options that are currently exercisable or that become exercisable within 60 days of March 31, 2018.
- (5) Includes restricted stock and shares that Dr. Elgamal has the right to acquire under outstanding stock options that are currently exercisable or that become exercisable within 60 days of March 31, 2018.
  - (6) Includes purchased shares, restricted stock and shares that Mr. Hausmann has the right to acquire under outstanding stock options that are currently exercisable or that become exercisable within 60 days of March 31, 2018.



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- (7) Includes purchased shares, restricted stock and shares that Ms. Miller has the right to acquire under outstanding stock options that are currently exercisable or that become exercisable within 60 days of March 31, 2018.
- (8) Includes purchased shares and shares that Mr. Spurr has the right to acquire under outstanding stock options that are currently exercisable or that become exercisable within 60 days of March 31, 2018.
- (9) Includes purchased shares, restricted stock and 112,500 shares that Mr. Wagner has the right to acquire under outstanding stock options that are currently exercisable or that become exercisable within 60 days of March 31, 2018.
- (10) Includes restricted stock and 43,750 shares that Mr. Rockvam has the right to acquire under outstanding stock options that are currently exercisable or that become exercisable within 60 days of March 31, 2018.
- (11) Consists of shares of restricted stock held by Mr. Ferguson as of March 31, 2018. Mr. Ferguson resigned as Vice President, General Counsel and Corporate Secretary on March 23, 2018.
- (12) Includes restricted stock and 25,000 shares that Mr. Haggerty has the right to acquire under outstanding stock options that are currently exercisable or that become exercisable within 60 days of March 31, 2018.
- (13) Includes purchased shares, restricted stock and 260,000 shares that Mr. Robertson has the right to acquire under outstanding stock options that are currently exercisable or that become exercisable within 60 days of March 31, 2018.
- (14) As reported in Schedule 13G filed on January 23, 2018, Blackrock, Inc., 55 East 52nd Street, New York, New York 10055, has sole voting power with respect to 4,039,159 shares and sole dispositive power with respect to 4,158,359 shares.
- (15) As reported in Schedule 13G filed on February 14, 2018, Renaissance Technologies LLC, 800 Third Avenue, New York, New York 10022, has sole voting power with respect to 3,388,900 shares, sole dispositive power with respect to 3,414,298 shares and shared dispositive power with respect to 203,293 shares.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires that our directors and executive officers, and certain persons who beneficially own more than 10% of a registered class of our equity securities, file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other securities. Directors, executive officers, and 10%-or-greater shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file with the SEC.

Based solely on a review of the forms filed during or with respect to fiscal year 2017 and written representations from the reporting persons, the Company believes that its executive officers and directors filed all required reports on a timely basis.

## **Corporate Governance**

### **Board of Directors**

Our business is managed under the direction of our Board. As of April 27, 2018 our Board consists of six members. The names of our six current Board members, their professional experience and attributes are described in this Proxy Statement and in our 2017 Annual Report on Form 10-K.

### **Corporate Governance**

Our principal corporate governance documents are available on our website at [www.zixcorp.com/corporate-governance](http://www.zixcorp.com/corporate-governance). We are in compliance with applicable corporate governance requirements, including those of the Sarbanes-Oxley Act of 2002, the Dodd Frank Wall Street Reform and Consumer Protection Act, and the NASDAQ Listing Rules. We will continue to monitor our policies and procedures to ensure compliance with

developing

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standards in the corporate governance area. Our Board has also designated our Corporate Secretary as the Company's Chief Governance Officer and looks to this officer to keep the Board informed of both developing and current corporate governance matters.

## **Director Independence**

Our Board has determined that all of our Board members other than Richard D. Spurr and David J. Wagner are independent as defined in the NASDAQ Listing Rules. The NASDAQ independence definition includes a series of objective tests, that the subject director is not an employee of the Company and has not engaged in various types of business dealings with the Company. In addition, as further required by the NASDAQ Listing Rules, our Board has made a subjective determination as to each independent director 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.

## **Board Leadership Structure**

The Board believes that the independent oversight of management is an important function of an effective board of directors. The independent members of our Board have determined that the most effective Board leadership structure for our Company at the present time is to have separate individuals in the roles of Chairman of the Board and CEO. Accordingly, Mr. Hausmann currently serves as non-executive Chairman of the Board and Mr. Wagner currently serves as CEO. Our Board believes this structure has strong investor support and demonstrates the Company's commitment to sound corporate governance. The Board retains the authority to modify this structure. The Board elected Mr. Hausmann as non-executive Chairman of the Board in December 2014. Among other roles, the non-executive Chairman advises the CEO about his relationship and communication with the Board, acts as the principal liaison between the independent members of the Board and the CEO, sets the agendas (in consultation with the CEO) and serves as the chairman at meetings of the Board and private sessions of the independent Board members and coordinates the work of the Board's committees. The Board believes this governance structure allows the CEO to focus his time and energy on operating and managing the Company, leverages the experience and perspectives of the Chairman and promotes balance between the independent Directors' oversight of our Company and the CEO's management of the business on a day-to-day basis.

## **Risk Oversight by the Board**

Our management is responsible for assessing and managing the various risks our Company faces. Our Board is responsible for overseeing management in this effort. For example, the Board as a whole oversees management's plans and strategies for dealing with strategic business risks and cybersecurity risks. In exercising its oversight responsibilities, our Board allocates some areas of focus to its standing committees. Specifically, our Audit Committee has oversight responsibility for financial and compliance risks, such as accounting, finance, internal controls, tax, legal and other compliance matters, in addition to overseeing compliance with our Code of Conduct and Code of Ethics. Our Nominating and Corporate Governance Committee oversees succession planning and compliance with our corporate governance principles. Our Compensation Committee is responsible for overseeing and monitoring our executive compensation programs and monitoring and assessing the interplay between those programs and risks in our business.

Throughout the year, our CEO, CFO and General Counsel and other officers review and discuss various risks with the Board and its committees. Our Board has also designated our General Counsel as the Company's Chief Compliance Officer and looks to this officer to keep the Board apprised of material developments with respect to the compliance-related risks that the Company faces, as well as the Company's efforts to manage those risks.

**Political Activities and Contributions**

The Company provides to policymakers, directly and by participating in business and industry associations, information and opinions on matters related to its business. The Company's activity in this respect is principally to offer comments on legislative or regulatory initiatives dealing with privacy or cyber security. The Company has no intention to directly use shareholder funds for advocacy in elections for any public office or to contribute shareholder funds to any third party for that purpose.

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**Attendance at Board Meetings and Annual Meeting**