

Proto Labs Inc  
Form PRE 14A  
March 23, 2015

---

---

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Proto Labs, Inc.**

---

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Edgar Filing: Proto Labs Inc - Form PRE 14A

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price of other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

---

---

---

**Proto Labs, Inc.**

5540 Pioneer Creek Drive

Maple Plain, Minnesota 55359

(763) 479-3680

Fax: (763) 479-2679

April 7, 2015

Dear Fellow Shareholder:

The Board of Directors of Proto Labs, Inc. joins me in extending a cordial invitation to attend our 2015 Annual Meeting of Shareholders (the "Annual Meeting"), which will be held at the offices of Faegre Baker Daniels LLP, 2200 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402, on Wednesday, May 20, 2015 at 9:00 a.m. local time.

We will be using the "Notice and Access" method of furnishing proxy materials via the Internet to our shareholders. We believe that this process will provide you with a convenient and quick way to access your proxy materials and vote your shares, while allowing us to reduce the environmental impact of our Annual Meeting and the costs of printing and distributing the proxy materials. On or about April 7, 2015, we will mail to our shareholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our Proxy Statement and Annual Report on Form 10-K and vote electronically via the Internet. The Notice also contains instructions on how to receive a paper copy of your proxy materials.

It is important that your shares be represented at the Annual Meeting whether or not you plan to attend in person. Please vote electronically via the Internet or, if you receive a paper copy of the proxy card by mail, you may vote by Internet or telephone or by returning your signed proxy card in the envelope provided. If you do attend the Annual Meeting and desire to vote in person, you may do so by following the procedures described in the Proxy Statement even if you have previously sent a proxy.

We hope that you will be able to attend the Annual Meeting and we look forward to seeing you.

Very truly yours,

Lawrence J. Lukis

*Chairman of the Board*

---

**PROTO LABS, INC.**

**5540 Pioneer Creek Drive**

**Maple Plain, Minnesota 55359**

---

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD MAY 20, 2015**

---

Proto Labs, Inc. will hold its 2015 Annual Meeting of Shareholders at the offices of Faegre Baker Daniels LLP located at 2200 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402, on Wednesday, May 20, 2015. The Annual Meeting will begin at 9:00 a.m. local time. The proxy materials were made available to you via the Internet or mailed to you beginning on or about April 7, 2015. At the Annual Meeting, our shareholders will:

1. Elect seven directors to hold office until the next Annual Meeting of Shareholders or until their successors are duly elected.
2. Vote on the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2015.
3. Vote on an advisory basis to approve the compensation of the officers disclosed in the accompanying Proxy Statement, which we refer to as a “say-on-pay” vote.
4. Vote on the approval of an amendment to our Third Amended and Restated Articles of Incorporation to implement a majority voting standard in uncontested director elections.
5. Act on any other matters that may properly come before the Annual Meeting, or any adjournment or postponement thereof.

The board of directors recommends that shareholders vote **FOR** each of the following:

1. The director nominees named in the accompanying Proxy Statement.
2. The ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2015.
3. The approval of the say-on-pay proposal.
4. The approval of the amendment to our Third Amended and Restated Articles of Incorporation.

Only shareholders of record at the close of business on March 25, 2015 may vote at the Annual Meeting or any adjournment or postponement thereof.

By Order of the Board of Directors

William R. Langton

*Secretary*

---

**YOUR VOTE IS IMPORTANT**

Whether or not you plan to attend the Annual Meeting, we urge you to vote as soon as possible. If you received the Notice of Internet Availability of Proxy Materials (the "Notice"), you may vote via the Internet as described in the Notice. If you received a copy of the proxy card by mail, you may vote by Internet or telephone as instructed on the proxy card, or you may sign, date and mail the proxy card in the envelope provided.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2015 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 20, 2015.**

**Our Proxy Statement for the 2015 Annual Meeting of Shareholders and our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 are available at [www.proxyvote.com](http://www.proxyvote.com).**

---

**TABLE OF CONTENTS**

<b><i>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING</i></b>	<b><i>1</i></b>
<b><i>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</i></b>	<b><i>6</i></b>
<b><i>CORPORATE GOVERNANCE</i></b>	<b><i>8</i></b>
Board Leadership Structure	8
Risk Oversight	8
Nominating Process and Board Diversity	8
Director Independence	9
Code of Business Conduct and Ethics	9
Communications with the Board and Corporate Governance Guidelines	9
Board Meetings	10
Committees of the Board	10
Certain Relationships and Related Party Transactions	11
Compensation Committee Interlocks and Insider Participation	12
Section 16(a) Beneficial Ownership Reporting Compliance	12
<b><i>PROPOSAL 1 ELECTION OF DIRECTORS</i></b>	<b><i>13</i></b>
General Information	13
Nominees	13
Voting Agreement	15
Voting Information and Board Voting Recommendation	15
<b><i>COMPENSATION DISCUSSION AND ANALYSIS</i></b>	<b><i>16</i></b>
Named Executive Officers	16
Executive Transitions and Leadership Reorganization	16
Executive Compensation Philosophy and Objectives	17
Compensation Decisions and Processes	17
Peer Group	18
Other Compensation and Equity-Related Policies	19
Elements of Executive Compensation	20
Severance and Change in Control Benefits	26
Summary Compensation Table	27
Grants of Plan-Based Awards	28
Outstanding Equity Awards at 2014 Year-End	29
Option Exercises and Stock Vested in 2014	30
Pension Benefits	30
Nonqualified Deferred Compensation	30
Potential Payments Upon Termination or Change in Control	30
<b><i>COMPENSATION COMMITTEE REPORT</i></b>	<b><i>37</i></b>
Compensation Risk Assessment	37
Conflict of Interest Analysis	37
<b><i>DIRECTOR COMPENSATION</i></b>	<b><i>37</i></b>
Non-Employee Director Compensation for 2014	38
Non-Employee Directors – Outstanding Equity Awards at 2014 Fiscal Year-End	39
<b><i>PROPOSAL 2 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</i></b>	<b><i>40</i></b>
<b><i>AUDIT COMMITTEE REPORT</i></b>	<b><i>41</i></b>



<b><i>FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</i></b>	<b><i>42</i></b>
<b><i>PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</i></b>	<b><i>43</i></b>
<b><i>PROPOSAL 4 APPROVAL OF AMENDMENT TO THE THIRD AMENDED AND RESTATED ARTICLES OF INCORPORATION TO REQUIRE A MAJORITY VOTE FOR THE ELECTION OF DIRECTORS</i></b>	<b><i>44</i></b>
<b><i>OTHER MATTERS</i></b>	<b><i>45</i></b>
<b><i>SUBMISSION OF SHAREHOLDER PROPOSALS AND NOMINATIONS</i></b>	<b><i>45</i></b>
Proposals Included in the Proxy Statement	45
Proposals Not Included in the Proxy Statement	45
<b><i>ADDITIONAL INFORMATION</i></b>	<b><i>45</i></b>
<b><i>APPENDIX I – AMENDMENT TO ARTICLES OF INCORPORATION</i></b>	<b><i>I-1</i></b>

---

**PROTO LABS, INC.**

**5540 Pioneer Creek Drive**

**Maple Plain, Minnesota 55359**

---

**PROXY STATEMENT**

---

The board of directors of Proto Labs, Inc. is soliciting proxies for use at the Annual Meeting to be held on May 20, 2015, and at any adjournment or postponement of the meeting.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**Q: Who can vote?**

A: You can vote if you were a shareholder at the close of business on the record date of March 25, 2015 (the "Record Date"). There were a total of \_\_\_\_\_ shares of our common stock outstanding on the Record Date. The Notice of Internet Availability of Proxy Materials (the "Notice"), notice of annual meeting, this Proxy Statement and accompanying proxy card and the Annual Report on Form 10-K for 2014 were first mailed or made available to you beginning on or about April 7, 2015. This Proxy Statement summarizes the information you need to vote at the Annual Meeting.

**Q: Who can attend the Annual Meeting?**

A: All shareholders as of the Record Date, or their duly appointed proxies, may attend the Annual Meeting. If you hold your shares in street name, then you must request a legal proxy from your broker or nominee to attend and vote at the Annual Meeting.

**Q: What am I voting on?**

A: You are voting on:

- Election of seven nominees as directors to hold office until the next Annual Meeting of Shareholders or until their successors are duly elected.

- Ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2015.
- Approval on an advisory basis of the compensation of our officers disclosed in this Proxy Statement, which we refer to as a “say-on-pay” vote.
- Approval of an amendment to our Third Amended and Restated Articles of Incorporation to implement a majority voting standard in uncontested director elections.

**Q: How does the board of directors recommend I vote on the proposals?**

**A:** The board is soliciting your proxy and recommends you vote:

- **FOR** the director nominees;
- **FOR** the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2015;
- **FOR** the say-on-pay proposal; and
- **FOR** the amendment to our Third Amended and Restated Articles of Incorporation.

**Q: Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a paper copy of the proxy materials?**

“Notice and Access” rules adopted by the United States Securities and Exchange Commission (the “SEC”) permit us to furnish proxy materials, including this Proxy Statement and our Annual Report on Form 10-K for 2014, to our shareholders by providing access to such documents on the Internet instead of mailing printed copies.

**A:** Shareholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice. Any request to receive proxy materials by mail will remain in effect until you revoke it.

**Q: How many shares must be voted to approve each proposal?**

*Quorum.* A majority of the shares entitled to vote, represented in person or by proxy, is necessary to constitute a quorum for the transaction of business at the Annual Meeting. As of the Record Date, \_\_\_\_\_ shares of our

**A:** common stock were issued and outstanding. A majority of those shares will constitute a quorum for the purpose of electing directors and adopting proposals at the Annual Meeting. If you submit a valid proxy or attend the Annual Meeting, your shares will be counted to determine whether there is a quorum.

*Vote Required.* Currently, directors are elected by a plurality of the shares present in person or by proxy at the Annual Meeting and entitled to vote on the election of directors. A plurality means that the nominees with the greatest number of votes are elected as directors up to the maximum number of directors to be chosen at the Annual Meeting. The proposal to ratify the selection of our independent registered public accounting firm, the proposal to amend our Third Amended and Restated Articles of Incorporation and, other than the say-on-pay proposal, all other items that are properly presented at the Annual Meeting, will be determined by the affirmative vote of the greater of (a) the holders of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote or (b) a majority of the minimum number of shares of common stock entitled to vote that would constitute a quorum. If the advisory say-on-pay resolution in this Proxy Statement receives more votes “for” than “against,” then it will be deemed to be approved. The say-on-pay vote is advisory and is not binding on the board of directors.

**Q: What is the effect of broker non-votes and abstentions?**

A “broker non-vote” occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have or does not exercise discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner. If a broker returns a “non-vote” proxy indicating a lack of authority to vote on a proposal, then the shares covered by such a “non-vote” proxy will be deemed present at the Annual Meeting for purposes of determining a quorum, but not present for purposes of

**A:** calculating the vote with respect to any non-discretionary proposals. Nominees will not have discretionary voting power with respect to any matter to be voted upon at the Annual Meeting, other than the ratification of the selection of our independent registered public accounting firm. Broker non-votes will have no effect on the election of directors, the ratification of the independent registered accounting firm, approval of the advisory say-on-pay resolution, approval of the amendment to our Third Amended and Restated Articles of Incorporation, or any other item properly presented at the Annual Meeting.

A properly executed proxy marked “ABSTAIN” with respect to a proposal will be counted for purposes of determining whether there is a quorum and will be considered present in person or by proxy and entitled to vote,

but will not be deemed to have been voted in favor of such proposal. Abstentions will have no effect on the voting for the election of directors or approval of the advisory say-on-pay resolution. Abstentions will have the same effect as voting against the proposal to ratify the selection of our independent registered public accounting firm, the proposal to amend our Third Amended and Restated Articles of Incorporation and any other item properly presented at the Annual Meeting.

**Q: How will the proxies vote on any other business brought up at the Annual Meeting?**

**A:** By submitting your proxy, you authorize the proxies to use their judgment to determine how to vote on any other matter brought before the Annual Meeting, or any adjournments or postponements thereof. We do not know of any other business to be considered at the Annual Meeting. The proxies' authority to vote according to their judgment applies only to shares you own as the shareholder of record.

**Q: How do I cast my vote?**

**A:** If you are a shareholder whose shares are registered in your name, you may vote using any of the following methods:

- **Internet.** You may vote by going to the web address [www.proxyvote.com](http://www.proxyvote.com) 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on May 19, 2015 and following the instructions for Internet voting shown on your proxy card.
- **Telephone.** You may vote by dialing 1-800-690-6903 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on May 19, 2015 and following the instructions for telephone voting shown on your proxy card.
- **Mail.** If you requested printed proxy materials and you receive a paper copy of the proxy card, then you may vote by completing, signing, dating and mailing the proxy card in the envelope provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. If you vote by Internet or telephone, please do not mail your proxy card.
- **In person at the Annual Meeting.** If you are a shareholder whose shares are registered in your name, you may vote in person at the Annual Meeting.

If your shares are held on account at a brokerage firm, bank or similar organization you will receive voting instructions from your bank, broker or other nominee describing how to vote your shares. You must follow those instructions to vote your shares. You will receive the Notice that will tell you how to access our proxy materials on the Internet and vote your shares via the Internet. It will also tell you how to request a paper copy of our proxy materials.

Proxies that are voted via the Internet or by telephone in accordance with the voting instructions provided, and proxy cards that are properly signed, dated and returned, will be voted in the manner specified.

**Q: Can I vote my shares by filling out and returning the Notice?**

No. The Notice identifies the items to be voted on at the Annual Meeting, but you cannot vote by marking the Notice and returning it. The Notice provides instructions on how to vote by Internet, by requesting and returning a paper proxy card or voting instruction card, or by submitting a ballot in person at the Annual Meeting.

**Q: Can I revoke or change my vote?**

**A:** You can revoke your proxy at any time before it is voted at the Annual Meeting by:

- submitting a new proxy with a more recent date than that of the first proxy given before 11:59 P.M. Eastern Time on May 19, 2015 by (1) following the Internet voting instructions or (2) following the telephone voting

instructions;

- completing, signing, dating and returning a new proxy card to us, which must be received by us before the time of the Annual Meeting; or
- if you are a registered shareholder, by attending the Annual Meeting in person and delivering a proper written notice of revocation of your proxy.

Attendance at the Annual Meeting will not by itself revoke a previously granted proxy. Unless you decide to vote your shares in person, you should revoke your prior proxy in the same way you initially submitted it –that is, by Internet, telephone or mail.

**Q: Who will count the votes?**

**A:** Broadridge Financial Solutions, Inc., our independent proxy tabulator, will count the votes. John Way, our Chief Financial Officer, will act as inspector of election for the Annual Meeting.

**Q: Is my vote confidential?**

**A:** All proxies and all vote tabulations that identify an individual shareholder are confidential. Your vote will not be disclosed except:

- To allow Broadridge Financial Solutions, Inc. to tabulate the vote;
- To allow John Way to certify the results of the vote; and
- To meet applicable legal requirements.

**Q: What shares are included on my proxy?**

**A:** Your proxy will represent all shares registered to your account in the same social security number and address.

**Q: What happens if I don't vote shares that I own?**

**A:** *For shares registered in your name.* If you do not vote shares that are registered in your name by voting in person at the Annual Meeting or by proxy through the Internet, telephone or mail, your shares will *not* be counted in determining the presence of a quorum or in determining the outcome of the vote on the proposals presented at the Annual Meeting.

*For shares held in street name.* If you hold shares through a broker, you will receive voting instructions from your broker. If you do not submit voting instructions to your broker and your broker does not have discretion to vote your shares on a particular matter, then your shares will *not* be counted in determining the outcome of the vote on that matter at the Annual Meeting. See “What is the effect of broker non-votes and abstentions?” as described above. Your broker will not have discretion to vote your shares for any matter to be voted upon at the Annual Meeting other than the ratification of the selection of our indep