

Ladder Capital Corp
Form DEF 14A
April 20, 2015
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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 under §240.14a-12

LADDER CAPITAL CORP
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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- (3) Filing Party:
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To the Stockholders of Ladder Capital Corp:

I am pleased to invite you to attend the annual meeting of stockholders of Ladder Capital Corp. The annual meeting will be held on June 4, 2015 at 10:00 a.m., Eastern Time, via live webcast on the internet. You will be able to attend and submit your questions during the meeting at www.virtualshareholdermeeting.com/LADR2015AM.

Information about the meeting, nominees for the election of directors and the other proposals to be voted on by stockholders is presented in the following notice of annual meeting and proxy statement.

Whether or not you plan to attend the annual meeting, please vote using the procedures described on the notice of internet availability of proxy materials or on the proxy card. It is important that your shares be represented. We look forward to speaking with you at the meeting on June 4, 2015.

Sincerely,

/s/ Alan H. Fishman
Alan H. Fishman
Non-Executive Chairman of the Board of Directors

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LADDER CAPITAL CORP

345 Park Avenue, 8th Floor

New York, New York 10154

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 4, 2015

10:00 a.m., Eastern Time

The Annual Meeting of Stockholders of Ladder Capital Corp will be held virtually via a live webcast on June 4, 2015 at 10:00 a.m., Eastern Time, for the following purposes:

Items of Business

(a) To elect two members of the Board of Directors. The Board intends to present for reelection the following two nominees: Howard Park and Douglas Durst;

(b) To approve an amendment to the Second Amended and Restated Certificate of Incorporation to amend the par value of the Class B shares from no par value per share to \$0.001 per share;

(c) To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for 2015;
and

(d) To transact such other business as may properly come before the Annual Meeting and any postponement(s) or adjournment(s) thereof.

Record Date

Close of business on April 8, 2015

Sincerely,

/s/ Alan H. Fishman
Alan H. Fishman
Non-Executive Chairman of the Board of Directors

New York, NY
April 20, 2015

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON June 4, 2015:

The Notice of Internet Availability of Proxy Materials, Notice of Meeting and

Proxy Statement are available free of charge at www.proxyvote.com

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LADDER CAPITAL CORP
345 Park Avenue
New York, New York 10154

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS

April 20, 2015

GENERAL INFORMATION

Why am I receiving these materials?

Ladder Capital Corp (Ladder or the Company) has made these materials available to you on the internet or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the Company s solicitation of proxies for use at the 2015 annual meeting of stockholders (the Annual Meeting) to be held virtually on June 4, 2015 at 10:00 a.m., Eastern Time, and at any postponement(s) or adjournment(s) thereof. The Annual Meeting will be conducted via a live webcast on the internet at www.virtualshareholdermeeting.com/LADR2015AM.

We are providing you this proxy statement (the Proxy Statement), the enclosed proxy card and the attached notice of internet availability of proxy materials (the Notice) because the Company s Board of Directors (the Board) is soliciting your proxy to vote at the Annual Meeting. You are invited to attend the Annual Meeting via the internet to vote on the proposals described in this Proxy Statement. However, you do not need to attend the meeting to vote your shares. Instead, you may complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the internet, by phone or by mail, if you requested printed copies of the proxy materials.

We are first distributing this proxy statement on or about April 20, 2015 to all stockholders of record entitled to vote at the Annual Meeting.

Why did I receive a notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

Pursuant to rules adopted by the Securities and Exchange Commission (the SEC), the Company uses the internet as the primary means of furnishing proxy materials to stockholders. Accordingly, the Company is sending the Notice to the Company's stockholders. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. The Company encourages stockholders to take advantage of the availability of the proxy materials on the internet to help reduce the environmental impact of its annual meeting and the cost to the Company associated with the physical printing and mailing of materials.

What is included in these proxy materials?

These proxy materials include:

- The Notice of 2015 Annual Meeting of Stockholders;
- This Proxy Statement for the 2015 Annual Meeting; and
- The Company's Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the SEC on March 6, 2015 (the Annual Report).

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If you requested printed versions by mail, these proxy materials also include the proxy card or voting instruction form for the Annual Meeting.

What matters will be voted on at the Annual Meeting?

The Company is aware of three matters to be voted on by stockholders of record at the Annual Meeting:

1. Reelection to the Board of the two nominees named in this Proxy Statement (Proposal One);
2. Approval of an amendment to the Second Amended and Restated Certificate of Incorporation (the Charter) to amend the par value of the Class B shares from no par value per share to \$0.001 per share (the Charter Amendment) (Proposal Two); and
3. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2015 (Proposal Three).

Stockholders entitled to vote may vote For or Against any of the proposals or may abstain from voting on any of the proposals.

Will any other business be conducted at the meeting?

Other than the proposals referred to in this Proxy Statement, the Company knows of no other matters to be submitted to the stockholders at the Annual Meeting. If any other matters properly come before the stockholders at the Annual Meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

What are the Board s voting recommendations?

The Board recommends that you vote your shares:

- FOR Proposal One, the reelection to the Board of each of the two nominees named in this Proxy Statement;

- FOR Proposal Two, the amendment to the Charter to amend the par value of the Class B shares from no par value per share to \$0.001 per share; and
- FOR Proposal Three, the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015.

I share an address with another stockholder, and we received only one paper copy of the proxy materials. How can I obtain an additional copy of the proxy materials?

The Company has adopted an SEC-approved procedure called "householding." Under this procedure, the Company may deliver a single copy of the Notice and, if applicable, this Proxy Statement and the Annual Report to multiple stockholders who share the same address unless the Company has received contrary instructions from one or more of the stockholders. This procedure reduces the environmental impact of the Company's annual meetings, and reduces the Company's printing and mailing costs. Stockholders who participate in householding will continue to receive separate proxy cards. Upon written or oral request, the Company will deliver promptly a separate copy of the Notice and, if applicable, this Proxy Statement and the Annual Report to any stockholder at a shared address to which the Company delivered a single copy of any of these documents.

To receive free of charge a separate copy of the Notice and, if applicable, this Proxy Statement or the Annual Report, or separate copies of any future notice, proxy statement or annual report, stockholders may write or call the Company at the following: Investor Relations, Ladder Capital Corp, 345 Park Avenue, 8th Floor, New York, NY 10154, (917) 369-3207.

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If you are receiving more than one copy of the proxy materials at a single address and would like to participate in householding, please contact the Company using the mailing address and phone number above. Stockholders who hold shares in street name (as described below) may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

How can I get electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to use the internet to:

- View the Company's proxy materials for the Annual Meeting; and
- Instruct the Company to send future proxy materials to you by email.

The Company's proxy materials are also available at ir.laddercapital.com. This website address is included for reference only. The information contained on the Company's website is not incorporated by reference into this Proxy Statement.

Choosing to receive future proxy materials by email will reduce the impact of the Company's annual meetings on the environment and will save the Company the cost of printing and mailing documents to you. If you choose to receive future proxy materials by email, you will receive an email message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

Who may vote at the Annual Meeting?

Holders of record of our Class A common stock and Class B common stock at the close of business on April 8, 2015 (the Record Date) are entitled to receive notice of, to attend and to vote in person via webcast at the Annual Meeting as set forth below. As of the Record Date, there were 51,909,888 shares of Class A common stock outstanding and 47,644,872 shares of Class B common stock outstanding.

Proposal One. Each share of Class A common stock and Class B common stock will entitle the holder thereof to one vote for each director nominee named in this Proxy Statement. The reelection of each director will require the affirmative vote of holders of a plurality of our outstanding shares of Class A and Class B common stock present in person via webcast or represented by proxy at the Annual Meeting. The holders of Class A common stock and Class B common stock will vote together on Proposal One as a single class.

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Proposal Two. Each share of Class A common stock and Class B common stock will entitle the holder thereof to one vote on Proposal Two (the approval of the Charter Amendment). Approval of Proposal Two will require (i) the affirmative vote of holders of a majority of our outstanding shares of Class A and Class B common stock, voting together as a single class, and (ii) the affirmative vote of holders of a majority of our outstanding shares of Class B common stock.

Proposal Three. Each share of Class A common stock and Class B common stock will entitle the holder thereof to one vote on Proposal Three (the approval PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2015). Approval of Proposal Three will require the affirmative vote of holders of a majority of votes cast by shares of Class A and Class B common stock present in person via webcast or represented by proxy at the Annual Meeting. The holders of Class A common stock and Class B common stock will vote together on Proposal Three as a single class.

What is the difference between a stockholder of record and a beneficial owner of shares held in street name?

If, on the Record Date, your shares were registered directly in your name with Ladder's transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record. As a stockholder of record, you may cast your vote at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the internet as instructed below to ensure your vote is counted.

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If, on the Record Date, your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares at the Annual Meeting unless you request and obtain a valid proxy from your broker or other agent.

If I am a stockholder of record, how do I vote?

If you are a stockholder of record, you may vote:

- *Via the Internet.* You may vote by proxy via the internet by following the instructions provided in the Notice.
- *By Telephone.* If you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free number found on the proxy card.
- *By Mail.* If you request printed copies of the proxy materials by mail, you will receive a proxy card and you may vote by proxy by filling out the proxy card and returning it in the envelope provided.
- *At the Virtual Annual Meeting.* You may also vote at the Annual Meeting. For more information, see *What do I need to attend the Annual Meeting?*

If I am a beneficial owner of shares held in street name, how do I vote?

If you are a beneficial owner of shares held in street name, you may vote:

- *Via the Internet.* You may vote by proxy via the internet by visiting www.proxyvote.com and entering the control number found in your Notice. The availability of internet voting may depend on the voting process of the organization that holds your shares.
- *By Telephone.* If you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free number found on the voting instruction form. The availability of telephone voting may depend on the voting process of the

organization that holds your shares.

- *By Mail.* If you request printed copies of the proxy materials by mail, you will receive a voting instruction form and you may vote by proxy by filling out the voting instruction form and returning it in the envelope provided.
- *At the Virtual Annual Meeting.* You may also vote at the Annual Meeting if you obtain a legal proxy from the organization that holds your shares. A legal proxy is a written document that will authorize you to vote your shares held in street name at the Annual Meeting. Please contact the organization that holds your shares for instructions regarding obtaining a legal proxy.

What do I need to attend the Annual Meeting?

We will host the Annual Meeting via a live webcast on the internet at www.virtualshareholdermeeting.com/LADR2015AM. ***You will not be able to attend the Annual Meeting in person.*** Stockholders may vote and submit questions while participating in the Annual Meeting via the internet. Instructions on how to connect to and participate in the Annual Meeting are included in the Notice. A summary of the information you need to attend the Annual Meeting online is provided below:

- Instructions on how to attend and participate via the internet, including how to demonstrate proof of stock ownership, are posted at www.proxyvote.com.

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- We encourage you to access the Annual Meeting online prior to its start time.
- The webcast will start at 10:00 a.m., Eastern Time.
- You will need your 16-Digit Control Number to enter the Annual Meeting.
- A webcast replay of the Annual Meeting will be available at www.virtualshareholdermeeting.com/LADR2015AM until 11:59 p.m., Eastern Time, on June 4, 2016.

If I am unable to attend the Annual Meeting on the internet, can I listen to the Annual Meeting by telephone?

Yes. If you are unable to access the Annual Meeting on the internet, you may call 1-800-860-2442 to listen to the Annual Meeting. You will be prompted to provide your control number. Although stockholders accessing the Annual Meeting by telephone will be able to listen to the Annual Meeting and may ask questions during the Annual Meeting, you will not be considered present at the Annual Meeting and will not be able to vote unless you also attend the Annual Meeting via the internet. If you plan to listen to the Annual Meeting by telephone, we encourage you to submit your completed proxy card so your votes may be counted.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority in voting power of our outstanding Class A common stock and Class B common stock entitled to vote at the Annual Meeting are present at the meeting or represented by proxy. In addition, for Proposal Two (the approval of the Charter Amendment) only, stockholders holding a majority in voting power of our outstanding Class B common stock entitled to vote at the Annual Meeting must be present at the meeting or represented by proxy. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, we may adjourn the meeting to another date to solicit additional proxies.

How are proxies voted?

All shares represented by valid proxies received prior to the taking of the vote at the Annual Meeting will be voted and, where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the stockholder's instructions.

What happens if I do not give specific voting instructions?

Stockholders of Record. If you are a stockholder of record and you:

- Indicate when voting on the internet or by telephone that you wish to vote as recommended by the Board; or
- Sign and return a proxy card without giving specific voting instructions,

then the persons named as proxy holders, Marc Fox and Kelly Porcella, will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions then, under applicable rules, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

Broker non-votes and abstentions will, however, be counted towards determining whether or not a quorum is present.

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Which proposals are considered routine or non-routine ?

The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015 (Proposal Three) is considered a routine matter under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected in connection with Proposal Three.

The other proposals, the reelection of two directors (Proposal One) and the Charter Amendment (Proposal Two), are considered non-routine matters under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore broker non-votes may exist in connection with Proposals One and Two.

How many votes are needed to approve each proposal?

Proposal One. To be approved, the Company's amended and restated certificate of incorporation provides that the reelection of each director requires the affirmative vote of a plurality of the shares of Class A and Class B common stock present in person via webcast or represented by proxy and voting at the Annual Meeting.

Proposal Two. To be approved, Proposal Two (the adoption of the Charter Amendment) requires (i) the affirmative vote from stockholders holding a majority of our outstanding Class A and Class B common stock, voting together as a single class, and (ii) the affirmative vote of stockholders holding a majority of our outstanding Class B common stock.

Proposal Three. To be approved, Proposal Three (the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm) requires the affirmative vote of holders of a majority of votes cast by shares of Class A and Class B common stock present in person via webcast or represented by proxy at the Annual Meeting.

How are broker non-votes and abstentions treated?

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Broker non-votes and abstentions will have no effect on determining whether the affirmative vote constitutes a majority of the shares present or represented by proxy and voting at the Annual Meeting and, accordingly, will have no effect on the outcome of the vote for Proposal One or Proposal Three. However, broker non-votes and abstentions from voting on Proposal Two (adoption of the Charter Amendment) will have the same effect as a vote against the adoption of such proposal.

In order to minimize the number of broker non-votes, the Company encourages you to vote or to provide voting instructions with respect to each proposal to the organization that holds your shares by carefully following the instructions provided in the Notice or voting instruction form.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

You may revoke your proxy and change your vote at any time before the taking of the vote at the Annual Meeting. Prior to the applicable cutoff time, you may change your vote using the internet or telephone methods described above, in which case only your latest internet or telephone proxy submitted prior to the Annual Meeting will be counted. You may also revoke your proxy and change your vote by signing and returning a new proxy card or voting instruction form dated as of a later date, or by attending the Annual Meeting and voting in person via webcast. However, your attendance at the Annual Meeting in person via webcast will not automatically revoke your proxy unless you properly vote at the Annual Meeting in person via webcast or specifically request that your prior proxy be revoked by delivering a written notice of revocation to the Company's Secretary at Ladder Capital Corp, 345 Park Avenue, 8th Floor, New York, NY 10154 prior to the Annual Meeting.

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Who will serve as the inspector of election?

A representative from Broadridge Financial Solutions, Inc. (Broadridge) will serve as the inspector of election.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except:

- As necessary to meet applicable legal requirements;
- To allow for the tabulation and certification of votes; and
- To facilitate a successful proxy solicitation.

Occasionally, stockholders provide written comments on their proxy cards, which may be forwarded to the Company's management and the Board.

How will our directors and officers vote on the proposals?

The directors and executive officers of Ladder have informed Ladder that, as of the date of the filing of this proxy statement, they intend to vote all shares of Class A and Class B common stock owned by them For Proposal One, Proposal Two and Proposal Three. As of the Record Date, the directors and executive officers owned, in the aggregate, 1,852,139 shares of Class A common stock and 11,386,884 shares of Class B common stock entitled to vote at the Annual Meeting.

Who is paying for this proxy solicitation?

The Company will pay the entire cost of soliciting proxies. We have engaged Broadridge to assist with the preparation and distribution of the proxy solicitation materials for the Annual Meeting, act as vote tabulator and host the virtual meeting, at a base fee of \$7,000 plus

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reimbursement of reasonable expenses. The Company may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Our directors and employees also may solicit proxies in person, by telephone or by other means of communication. However, they will not receive any compensation for soliciting proxies.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results are expected to be published on a Current Report on Form 8-K filed within four business days after the Annual Meeting.

Where are the Company's principal executive offices located and what is the Company's main telephone number?

The Company's principal executive offices are located at 345 Park Avenue, 8th Floor, New York, NY 10154, and the Company's main telephone number is (212) 715-3170.

Whom may I contact with questions?

If you have any questions or require any assistance with voting your shares, please contact your broker or similar agent, or the Company at (212) 715-3170.

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What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2016 annual meeting of stockholders?

Notice of any proposal that a stockholder intends to present at the 2016 annual meeting of stockholders, as well as any director nominations, must be delivered to the Company's Secretary by mail at 345 Park Avenue, 8th Floor, New York, NY 10154, or by email at investor.relations@laddercapital.com, not earlier than February 5, 2016, and not later than the close of business on March 7, 2016. The notice must be submitted by a stockholder of record and must set forth the information required by the Company's bylaws with respect to each director nomination or other proposal that the stockholder intends to present at the 2016 annual meeting of stockholders. To be included in the Company's proxy statement, all proposals must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act), which lists the requirements for the inclusion of stockholder proposals in company-sponsored proxy materials. If you are a beneficial owner of shares held in street name, you can contact the organization that holds your shares for information about how to register your shares directly in your name as a stockholder of record.

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Listed below are the two nominees for reelection as a director, each of whom currently serves on the Board. At the Annual Meeting, proxies cannot be voted for a greater number of individuals than the two nominees named in this Proxy Statement. Each of the directors listed below has consented to serving as a nominee, being named in this Proxy Statement, and serving on the Board if elected. Each director elected at the Annual Meeting will serve a three-year term.

Name	Age as of the Annual Meeting	Position with the Company
Howard Park	53	Director
Douglas Durst	70	Director

The Board and its Nominating and Corporate Governance Committee believe the skills, qualities, attributes and experience of Mr. Park and Mr. Durst provide the Company with business acumen and a diverse range of perspectives to engage each other and management to address effectively the Company's evolving needs and represent the best interests of the Company's stockholders. The biographies below describe the skills, qualities, attributes and experience of the nominees that led the Board and the Nominating Committee to determine that it is appropriate to nominate these directors.

Howard Park. Mr. Park was appointed as a director of Ladder Capital Corp at its formation in May 2013. Previously, Mr. Park had been a director of our operating partnership, Ladder Capital Finance Holdings LLLP (LCFH) since its formation in October 2008. Mr. Park has served as a Managing Director of GI Partners since March 2003. Mr. Park serves or has served on the boards of Logibec Inc., SoftLayer Technologies, Inc., The Planet, Inc., Telx Corporation, Advoserv, Inc., Plum Healthcare Group, LLC and PC Helps Support, LLC. Mr. Park graduated cum laude from Rice University with a B.A. in Economics and earned an M.B.A. from the Amos Tuck School of Business at Dartmouth College. Mr. Park's leadership role at GI Partners and his business experience qualify him to serve as a member of our Board.

Douglas Durst. Mr. Durst was appointed a director of Ladder Capital Corp in January 2014. Mr. Durst is chairman of, and a member of the third generation to lead, the Durst Organization, one of the oldest family-run, commercial and residential real estate companies in New York City. Mr. Durst joined the organization in 1968 and has acted as its chairman since 1994. Mr. Durst serves as a director of the Real Estate Board of New York, The New School, The Trust for Public Land, Project for Public Spaces, The Roundabout Theater and Primary Stages. Mr. Durst is also a trustee of The Old York Foundation, established by his father, which is committed to helping people through education to understand the history and issues facing New York City. In addition, Mr. Durst has been an environmental activist for many years and created one of the largest organic farms in New York State. Mr. Durst earned a B.A. in Economics from the University of California, Berkeley and a Doctor of Humane Letters from each of the City University of New York and Allegheny College. Mr. Durst's extensive experience in the real estate industry qualifies him to serve as a member of our Board.

Directors

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The following sets forth information regarding our current Board of Directors. Biographical information pertaining to Mr. Park and Mr. Durst, who are current nominees for reelection to the Board in this Annual Meeting, can be found in the section above entitled "Nominees for Reelection to the Board."

Name	Age as of the Annual Meeting	Position with the Company
Alan H. Fishman	69	Non-Executive Chairman of the Board of Directors
Brian Harris	54	Chief Executive Officer and Director
Jonathan Bilzin	42	Director
Howard Park	53	Director
Joel C. Peterson	68	Director
Douglas Durst	70	Director

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Alan H. Fishman. Mr. Fishman was appointed as Non-Executive Chairman of Ladder Capital Corp at its formation in May 2013 and previously was Non-Executive Chairman of LCFH since its formation in October 2008. Prior to that, Mr. Fishman was appointed as Chief Executive Officer of Washington Mutual Inc. and its holding company in September 2008 for a brief period immediately preceding the holding company's being placed into receivership and Washington Mutual Inc.'s merger immediately thereafter with J.P. Morgan Chase & Co. Mr. Fishman also previously served as Chairman of Meridian Capital Group from April 2007 to September 2008 and President of Sovereign Bank Corp from June 2006 until December 2006. From March 2001 until its sale to Sovereign Bank Corp in June 2006, Mr. Fishman served as Chief Executive Officer and President of Independence Community Bank. Mr. Fishman also serves as Chairman of the Board of Trustees of the Brooklyn Academy of Music, Chairman of the Brooklyn Community Foundation and on the boards of several other not-for-profit and civic organizations. Mr. Fishman earned a B.S. from Brown University and a Masters in Economics from Columbia University. Mr. Fishman's extensive financial management experience qualifies him to serve as a member of our Board.

Brian Harris. Mr. Harris is a co-founder of Ladder and has served as Chief Executive Officer of Ladder since its formation in October 2008. Mr. Harris has been a director of Ladder Capital Corp since its formation in May 2013 and a director of LCFH since its formation in October 2008. Mr. Harris has over 30 years of experience in the real estate and financial markets. Prior to forming Ladder, Mr. Harris served as a Senior Partner, Managing Director and Head of Global Commercial Real Estate at Dillon Read Capital Management (DRCM), a wholly owned subsidiary of UBS AG, from June 2006 to May 2007, managing over \$500 million of equity capital from UBS AG for DRCM's commercial real estate activities globally. Prior to that, Mr. Harris served as Managing Director and Head of Global Commercial Real Estate at UBS Securities LLC from June 1999 to June 2006, managing UBS's proprietary commercial real estate activities globally. Mr. Harris also served as a member of the board of directors of UBS Investment Bank from April 2003 to September 2005. From March 1996 to April 1999, Mr. Harris served as Head of Commercial Mortgage Trading at Credit Suisse Securities (USA) LLC and was responsible for managing all proprietary commercial real estate investment and trading activities. Prior to that, Mr. Harris also worked in the real estate groups at Smith Barney (from 1994 to 1996), Daiwa Securities Group Inc. (from 1991 to 1994), Lehman Brothers (from 1989 to 1991), Salomon Brothers (from 1986 to 1988) and Chemical Bank (from 1985 to 1986). Mr. Harris earned a B.S. in Biology and an M.B.A. from The State University of New York at Albany. Mr. Harris's real estate and financial experience qualify him to serve as a member of our Board.

Jonathan Bilzin. Mr. Bilzin was appointed as a director of Ladder Capital Corp at its formation in May 2013. Previously, Mr. Bilzin had been a director of LCFH since its formation in October 2008. Mr. Bilzin is a Managing Director of TowerBrook, an investment management firm, where Mr. Bilzin has served since its formation in March 2005. Mr. Bilzin serves on TowerBrook's Management Committee. Mr. Bilzin also serves as a director of Ironshore Inc., Sound Inpatient Physicians, Inc., Unison Site Management LLC, Rave Holdings LLC, Shale-Inland Holdings, LLC and Wilton Industries, Inc. Mr. Bilzin earned a B.B.A. from the University of Michigan and an M.B.A. from the Stanford Graduate School of Business. Mr. Bilzin's senior role at TowerBrook and his business experience qualify him to serve as a member of our Board.

Joel C. Peterson. Mr. Peterson was appointed a director of Ladder Capital Corp in January 2014. Previously, Mr. Peterson had been a director of LCFH since its formation in October 2008. In 1995, Mr. Peterson founded Peterson Partners and remains an active partner of such organization. Between 1973 and 1991, Mr. Peterson was treasurer, chief financial officer, a member of the board of directors and ultimately Managing Partner of Trammell Crow Company, one of the world's largest real estate development firms. In addition, since 1992, Mr. Peterson has been a consulting professor at Stanford's Graduate School of Business, where Mr. Peterson has taught courses in real estate investment, entrepreneurship and leadership. Mr. Peterson serves as director of Franklin Covey, Co., Bonobos, Integra Partners and Packsize. Mr. Peterson also serves as Chairman of JetBlue Airways Corporation and is an Overseer at the Hoover Institute. Mr. Peterson earned a B.S. from Brigham Young University and an M.B.A. from Harvard Business School. Mr. Peterson's extensive experience in the real estate industry and financial management qualify him to serve as a member of our Board.

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Corporate Governance

The Board. The Board of Ladder Capital Corp consists of 6 directors and one vacancy. The authorized number of directors may be changed by resolution of our Board. Vacancies on our Board can be filled by resolution of our Board. The Board is divided into three classes, each serving staggered, three-year terms:

- our Class I directors are Messrs. Park and Durst;
- our Class II directors are Messrs. Bilzin and Fishman; and
- our Class III directors are Messrs. Harris and Peterson.

As a result, only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective terms.

The Board met a total of five times during 2014. The Board has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment, and affiliations, the Board has determined that Messrs. Fishman, Park, Bilzin, Peterson and Durst do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is independent as that term is defined under the applicable rules and regulations of the SEC and the listing standards of the New York Stock Exchange (NYSE). In making these determinations, the Board considered the current and prior relationships that each non-employee director has with the Company and all other facts and circumstances our Board deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director, and the transactions involving them described in the section titled Certain Relationships and Related Transactions and Director Independence.

There are no family relationships among the Company s executive officers and directors.

Board Committees. The Board has a standing Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Risk and Underwriting Committee. The Board has determined that the Chairs and all committee members are independent under applicable NYSE and SEC rules for committee memberships. The members of the committees are shown in the table below.

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Risk and Underwriting Committee
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Alan H. Fishman	Chair	Member	Chair
Brian Harris			Member
Jonathan Bilzin	Member	Chair	Member
Howard Park		Member	Member
Joel C. Peterson	Member		Chair
Douglas Durst			Member

Audit Committee. The Audit Committee provides assistance to the Board in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by our independent registered public accounting firm and reviewing their reports regarding our accounting practices and systems of internal accounting controls. The Audit Committee also oversees the audit efforts of our independent registered public accounting firm and takes those actions as it deems necessary to satisfy itself that the independent registered public accounting firm is independent of management. Our Audit Committee is currently comprised of Messrs. Fishman (Chair), Bilzin and Peterson. We believe that Mr. Fishman meets the definition of Audit Committee Financial Expert and that the composition of our Audit Committee meets the requirements for independence and financial literacy under the applicable requirements of the SEC rules and regulations. The Audit Committee met a total of seven times during 2014. The Audit Committee also prepared the Audit Committee Report included in this Proxy Statement.

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Compensation Committee. The Compensation Committee determines our general compensation policies and the compensation provided to our directors and officers. The Compensation Committee also reviews and determines bonuses for our officers and other employees. In addition, the Compensation Committee reviews and determines equity-based compensation for our directors, officers, employees and consultants and administers our equity incentive plans. Our Compensation Committee also oversees our corporate compensation programs. Our Compensation Committee is currently comprised of Messrs. Fishman, Bilzin (Chair) and Park. We believe that the composition of our Compensation Committee meets the criteria for independence under the applicable requirements of the SEC rules and regulations. The Compensation Committee met a total of two times during 2014.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board regarding candidates for directorships and the size and composition of the board. In addition, the Nominating and Corporate Governance Committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the Board concerning corporate governance matters. Our Nominating and Corporate Governance Committee is currently comprised of Messrs. Peterson (Chair) and Durst. The Nominating and Corporate Governance Committee did not meet during 2014. After the end of the fiscal year, the Nominating and Corporate Governance Committee recommended to the full Board each of the nominees named in this Proxy Statement for reelection to the Board. The Nominating and Corporate Governance Committee is composed entirely of directors who satisfy NYSE director independence standards.

The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee operate under written charters adopted by the Board. These charters and the Company's Corporate Governance Guidelines are available at ir.laddercapital.com. The information on our website is not intended to form a part of or be incorporated by reference into this Proxy Statement.

During 2014, each member of the Board attended or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board (held during the period for which such person has been a director) and (ii) the total number of meetings held by each of the Audit, Compensation and Nominating and Corporate Governance committees of the Board on which such person served (during the periods that such person served).

Risk and Underwriting Committee. The Board also has a Risk and Underwriting Committee, composed of Messrs. Fishman (Chair), Bilzin, Park and Harris. The committee reviews our internal risk reports and evaluates risk management strategies. In addition, it reviews and approves (i) fixed rate loans greater than \$50 million, (ii) floating rate and mezzanine loans greater than \$20 million, (iii) real estate equity investments greater than \$5 million, (iv) AAA rated securities positions greater than \$50 million and (v) all other securities positions greater than \$26 million. This committee meets monthly or more frequently as needed depending on the transaction requirements.

Board Oversight of Risk Management. One of the key functions of the Board is informed oversight of our risk management process. The Board administers this oversight function directly through the Board as a whole, as well as through various standing committees of the Board that address risks inherent in their respective areas of oversight. In particular, the Board is responsible for monitoring and assessing strategic risk exposure, and our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures. The Audit Committee also has the responsibility to review with management the process by which risk assessment and management is undertaken, monitor compliance with legal and regulatory requirements, and review with our independent auditors the adequacy and effectiveness of our internal controls over financial reporting. Our Nominating and Corporate Governance Committee is responsible for periodically evaluating the Company's corporate governance policies and system in light of the governance risks that the Company faces and the adequacy of the Company's policies and procedures designed to address such risks. The Compensation Committee assesses and monitors whether any of our compensation policies and programs are reasonably likely to have a material adverse effect on the Company. Our Risk and Underwriting Committee assesses and monitors our risk management strategies,

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including but not limited to those designed to mitigate credit, interest rate, liquidity and counterparty risk, and investments of material size as described above.

Code of Business Conduct and Ethics. Our Board has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors. The full text of our code of business conduct and ethics is available on our website at ir.laddercapital.com. We intend to disclose future amendments to certain provisions of

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our code of business conduct, or waivers of certain provisions as they relate to our directors and executive officers, at the same location on our website or otherwise as required by applicable law. The information on our website is not intended to form a part of or be incorporated by reference into this Proxy Statement.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors and greater than ten percent stockholders also are required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file. Based solely upon a review of the copies of such forms furnished to the Company, and on written representations from the reporting persons, the Company believes that all Section 16(a) filing requirements applicable to the Company's directors and officers were timely met during 2014.

Review, Approval or Ratification of Transactions with Related Persons. The Board has adopted a written policy for approval of transactions between the Company and its directors, director nominees, executive officers, greater than five percent beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds or is expected to exceed \$120,000 in a single calendar year and the party to the transaction has or will have a direct or indirect interest.

Compensation Committee Interlocks and Insider Participation. Mr. Bilzin, Mr. Fishman and Mr. Park were the members of the Compensation Committee during 2014. None of the members of the Compensation Committee is or has been an executive officer of the Company, nor did they have any relationships requiring disclosure by the Company under Item 404 of Regulation S-K. None of the Company's executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, an executive officer of which served as a director of the Company or member of the Compensation Committee during 2014.

Communications with the Board. Any matter intended for the Board, or for any individual member or members of the Board, should be directed to the Company's Secretary at 345 Park Avenue, 8th Floor, New York, New York 10154, with a request to forward the communication to the intended recipient or recipients. In general, any stockholder communication delivered to the Company for forwarding to the Board or specified Board member or members will be forwarded in accordance with the stockholder's instructions. However, the Company reserves the right not to forward to Board members any abusive, threatening or otherwise inappropriate materials.

Compensation of the Board

The information contained in Executive Compensation Director Compensation is incorporated by reference.

Executive Officers

The following sets forth information regarding executive officers of the Company. Biographical information pertaining to Mr. Harris, who is both a director and an executive officer of the Company, can be found in the section entitled Directors.

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Name	Age as of the Annual Meeting	Position with the Company
Michael Mazzei	54	President
Greta Guggenheim	56	Chief Investment Officer
Marc Fox	55	Chief Financial Officer
Pamela McCormack	44	Chief Strategy Officer and General Counsel
Thomas Harney	53	Head of Merchant Banking and Capital Markets
Robert Perelman	52	Head of Asset Management

Michael Mazzei. Mr. Mazzei was appointed as President of Ladder in June 2012. From September 2009 to June 2012, Mr. Mazzei served as a Managing Director and Global Head of the CMBS and Bank Loan Syndication Group at Bank of America Merrill Lynch. Prior to that, Mr. Mazzei served as Co-Head of CMBS and Commercial Real Estate Debt Markets at Barclays Capital from March 2004 to June 2009. Prior to Barclays Capital, Mr. Mazzei

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spent 20 years at Lehman Brothers, 18 years in commercial real estate finance-related functions. Having started in commercial mortgage trading in 1984, Mr. Mazzei became the head of CMBS in 1991 and served as the Co-Head of Global Real Estate Investment Banking from March 2002 to February 2004. Mr. Mazzei has a total of 28 years of experience in commercial real estate finance. Mr. Mazzei earned a B.S. in Finance from Baruch College CUNY and a J.D. from St. John's University, and is a graduate of the New York University Real Estate Institute.

Greta Guggenheim. Ms. Guggenheim is a co-founder of Ladder and was President of Ladder from its formation in October 2008 through June 2012 and was appointed Chief Investment Officer in June 2012. Prior to forming Ladder, Ms. Guggenheim served as a Managing Director and Head of Origination at DRCM from June 2006 to June 2007. Before joining DRCM, Ms. Guggenheim served as a Managing Director in Originations at UBS from May 2002 to June 2006. Prior to joining UBS, Ms. Guggenheim served as a Managing Director at Bear Stearns & Co. from October 2000 to April 2002 and previously worked in real estate investment banking and commercial real estate lending at Credit Suisse and Credit Suisse First Boston from 1986 to 1999. Ms. Guggenheim has a total of 27 years of experience in commercial real estate finance. Ms. Guggenheim earned a B.A. in Economics and Spanish Literature from Swarthmore College and an M.B.A. from The Wharton School of the University of Pennsylvania.

Marc Fox. Mr. Fox was appointed as Chief Financial Officer of Ladder in November 2008. From January 1999 through 2008, Mr. Fox served as Treasurer of Capmark Financial Group Inc. (Capmark), where Mr. Fox formulated and executed its worldwide funding strategies, including commercial real estate-based financing strategies. From 1994 through 1998, prior to his appointment as Treasurer, Mr. Fox managed a group responsible for the underwriting and closing of large commercial real estate loans. He left Capmark within one year before its filing for bankruptcy in late 2009. Mr. Fox was significantly involved in the formation of Capmark's wholly owned banking platform and debt management of Capmark Bank, a regulated industrial bank subsidiary of Capmark. From 1990 to 1997, Mr. Fox worked as a commercial real estate appraiser and consultant at Herskowitz, Rosen & Walton. Mr. Fox has a total of 24 years of experience in commercial real estate finance. Mr. Fox earned a B.S. in Economics and an M.B.A. from The Wharton School of the University of Pennsylvania.

Pamela McCormack. Ms. McCormack is a co-founder of Ladder and was appointed as General Counsel of Ladder at its formation in October 2008 and was subsequently also appointed as Co-Head of Securitization in 2010 and Chief Strategy Officer in 2014. Prior to forming Ladder, Ms. McCormack served as Executive Director and Head of Transaction Management Global Commercial Real Estate at DRCM from June 2006 to June 2007. Before joining DRCM, Ms. McCormack served as Executive Director and Co-Head of Transaction Management Global Commercial Real Estate and, previously also as Counsel at UBS Securities LLC from October 2003 to June 2006. In that capacity, Ms. McCormack managed a team responsible for the structuring, negotiating and closing of all real estate investments globally. Prior to joining UBS Securities LLC, Ms. McCormack worked as Vice President and Counsel for Real Estate Finance and Securitization and Global Recovery Management at Credit Suisse (from 1999 to 2003) and as a real estate and finance attorney at Stroock, Stroock & Lavan LLP (from 1997 to 1999) and Brown Raysman Millstein Felder & Steiner LLP (from 1996 to 1997). Ms. McCormack has a total of 18 years of experience in commercial real estate finance. Ms. McCormack graduated cum laude with a B.A. in English from the State University of New York at Stony Brook and earned a J.D. from St. John's University School of Law.

Thomas Harney. Mr. Harney was appointed Head of Merchant Banking & Capital Markets of Ladder in October 2010. Prior to joining Ladder, Mr. Harney served as the Head of Real Estate at Tri-Artisan Capital Partners, a private merchant banking group based in New York from 2008 to 2010. Before joining Tri-Artisan, Mr. Harney served as Senior Managing Director of the Real Estate Investment Banking Group at Bear Stearns, where Mr. Harney worked from 1997 to 2008. Prior to that, from 1983 to 1997 Mr. Harney held senior investment banking and principal investment/finance roles related to commercial real estate at Olympia & York, Merrill Lynch, BT Securities and a series of private investment partnerships. Mr. Harney has extensive experience in completing large-scale M&A transactions, as well as a broad range of debt and equity securities transactions in both public and private formats. Mr. Harney has a total of 29 years of experience in commercial real estate finance. Mr. Harney graduated magna cum laude with a B.A. in Urban Studies from the University of Pennsylvania and is a graduate of the New York University Real Estate Finance & Development Program.

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Robert Perelman. Mr. Perelman is a co-founder of Ladder and was appointed as Head of Asset Management of Ladder at its formation in October 2008. Prior to forming Ladder, Mr. Perelman served as a Director and Head of Asset Management at UBS Securities LLC from June 2007 to October 2007 and, previously

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prior to the launch of DRCM, from April 2006 to June 2006. Prior to being re-integrated to UBS Securities LLC, Mr. Perelman served as a Director and Head of Asset Management at DRCM from June 2006 to June 2007. In that capacity, Mr. Perelman managed a team responsible for the portfolio management of all real estate investments globally. Prior to joining DRCM, Mr. Perelman served as a Managing Director and Partner at Hudson Realty Capital LLC, a private equity fund, where Mr. Perelman worked from June 2003 to March 2006 and was responsible for loan origination, real estate investments and asset management. Before joining Hudson Realty, Mr. Perelman served as a Director at Credit Suisse from February 1998 to May 2003. During his tenure at Credit Suisse, Mr. Perelman had significant responsibility for the structuring and closing of a wide variety of real estate investments within the United States and Asia. Prior to that, Mr. Perelman worked as a real estate and finance attorney at each of Brown Raysman Millstein Felder & Steiner LLP (from 1996 to 1998), Hahn & Hessen LLP (from 1991 to 1996) and Kaye Scholer, Fierman, Hays & Handler (from 1988 to 1991). Mr. Perelman has a total of 25 years of experience in commercial real estate finance. Mr. Perelman earned a B.S. in Telecommunications Management from Syracuse University and a J.D. from Fordham University School of Law.

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The following table sets forth information regarding the beneficial ownership of our Class A common stock as of April 8, 2015 for:

- each beneficial owner of more than 5% of any class of our outstanding shares;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with SEC rules. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Except as otherwise indicated, all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws.

Name of Beneficial Owner(4)	Class A common stock(1)(2)(3)	
	Number	Percentage
Principal Stockholders:		
Entities affiliated with GI Partners(5)	16,905,717	17.0
Entities affiliated with TowerBrook(6)	15,971,945	16.0
Entities affiliated with Alberta Investment Management(7)	11,133,793	11.2
OCP LCF Holdings, Inc.(8)	5,503,429	5.5
Executive Officers, Directors:		
Alan H. Fishman(9)	1,036,434	1.0
Brian Harris(10)	4,959,873	5.0
Joel C. Peterson(11)	984,697	*
Douglas Durst(12)	3,139,373	3.2
Jonathan Bilzin(6)		*
Howard Park(5)		*
Michael Mazzei(13)	833,107	*
Pamela McCormack(14)	500,109	*
Executive Officers and Directors as a group (12 persons)	13,239,023	13.3

* Represents less than 1%

(1) The number of shares of our Class A common stock and percentage of beneficial ownership assumes that all the vested and unvested limited partnership units of Series REIT of Ladder Capital Finance Holdings LLLP (Series REIT Units) and limited partnership units of Series TRS of Ladder Capital Finance Holdings LLLP (Series TRS LP Units) (or, in lieu of Series TRS LP Units, limited liability company interests of LC TRS I LLC (TRS I Shares)) outstanding, except those held by Ladder Capital Corp, together with all outstanding Class B common stock, are exchanged into shares of our Class A common stock. We refer to each Series REIT Unit, when paired together with one Series TRS LP Unit (or one TRS I Share in lieu of such Series TRS LP Unit) as an LP Unit.

(2) The number of shares of our Class A common stock and percentage of beneficial ownership assumes that any outstanding options held by such selling stockholder are fully vested and exercised, whether or not they would be deemed to have beneficial ownership of such shares as of the date hereof.

(3) There were 51,909,888 shares of our Class A common stock outstanding and 47,644,872 shares of our Class B common stock outstanding as of April 8, 2015.

(4) Unless otherwise indicated, the address of the beneficial holder is c/o Ladder Capital, 345 Park Avenue, 8th Floor, New York, NY 10154.

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(5) Includes (i) 13,987,509 shares of Class B common stock held by GI Ladder Holdco LLC, (ii) 2,551,749 shares of Class A common stock held by GI Partners Fund III-B L.P. and (iii) 366,459 shares of Class A common stock held by GI Partners Fund III-A L.P. (collectively, the GI Funds), which are affiliates of GI Partners. The natural person having voting or dispositive control over the shares of Class B common stock held by GI Ladder Holdco LLC and the Class A common stock held by GI Partners Fund III-A L.P. and GI Partners Fund III-B L.P. is Howard Park (one of our directors), a managing director of GI Partners. GI Partners may be deemed to be the beneficial owner of the Class A common stock and Class B common stock beneficially owned by the GI Funds, but disclaims such beneficial ownership pursuant to rules under the Exchange Act. Mr. Park may be deemed to be the beneficial owner of the securities beneficially owned by the GI Funds, but disclaims such beneficial ownership (except as to any pecuniary interest therein) pursuant to rules under the Exchange Act. The address of the GI Funds is c/o GI Partners, 188 The Embarcadero, Suite 700, San Francisco, CA 94105, Attn: David Smolen.

(6) Includes 6,027,333 shares of Class A common stock held by TowerBrook Investors II AIV, L.P. and 9,944,612 shares of Class B common stock held by TI II Ladder Holdings, LLC. TI II Ladder Holdings, LLC is owned by TowerBrook Investors II, L.P. and TowerBrook Investors II Executive Fund, L.P. TowerBrook Investors II AIV, L.P., TowerBrook Investors II, L.P. and TowerBrook Investors II Executive Fund, L.P. (collectively, the TowerBrook Funds) are advised by TowerBrook. The natural persons who have voting or dispositive power over the Class A common stock and Class B common stock beneficially owned by TI II Ladder Holdings, LLC and the TowerBrook Funds are Neal Moszkowski and Ramez Sousou. TowerBrook may be deemed to be the beneficial owner of Class A common stock and Class B common stock beneficially owned by TI II Ladder Holdings, LLC and the TowerBrook Funds, but disclaims such beneficial ownership pursuant to rules under the Exchange Act. Jonathan Bilzin is a managing director of TowerBrook and may be deemed to be the beneficial owner of Class A common stock and Class B common stock beneficially owned by the TI II Ladder Holdings, LLC and the TowerBrook Funds, but disclaims such beneficial ownership (except as to any pecuniary interest therein) pursuant to rules under the Exchange Act. The address of TI II Ladder Holdings, LLC and the TowerBrook Funds is c/o TowerBrook Capital Partners L.P., 65 East 55th Street, 27th Floor, New York, New York 10022, Attn: Glenn F. Miller.

(7) Includes (i) 5,856,375 shares of Class A common stock held by GP09 PX (LAPP) Ladder Capital Ltd., (ii) 1,280,386 shares of Class A common stock held by GP09 PX Ladder Capital Ltd. and (iii) 3,997,032 shares of Class A common stock held by GP09 GV Ladder Capital Ltd. (collectively, the AIMCo Funds), which are each directly or indirectly owned by entities advised by Alberta Investment Management Corporation, which may be deemed to have voting and investment power with respect to shares held by the AIMCo Funds. The address for each of the AIMCo Funds is 1100 - 10830 Jasper Avenue, Edmonton, Alberta Canada, T5J 2B3, Attn: James Ridout and Caroline Kowall.

(8) Comprises 5,503,429 shares of Class A common stock held by OCP LCF Holdings Inc., a wholly owned subsidiary of OMERS Administration Corporation. The address for OCP LCF Holdings Inc. is c/o OMERS Private Equity Inc., 200 Bay Street, Suite 2010, Toronto, Ontario, M5J 2J2, Canada, Attn: General Counsel.

(9) Includes 61,478 shares of Class A common stock and 974,956 shares of Class B common stock held by Alan Fishman.

(10) Includes 715,141 shares of Class A common stock held by Brian Harris and 4,244,732 shares of Class B common stock held by Betsy A. Harris 2012 Family Trust. Mr. Harris is a trustee of Betsy A. Harris 2012 Family Trust. The number of Class A common stock excludes 275,128 shares of Class A common stock that can be acquired upon the exercise of options exercisable on February 18, 2016, February 18, 2017 and February 18, 2018.

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(11) Comprises 977,631 shares of Class B common stock held by Peterson Partners V, L.P. and 7,066 shares of Class A common stock held by Joel Peterson. The natural persons having voting or dispositive control over the shares of Class B common stock held by Peterson Partners V, L.P. are the members of the board of Peterson Partners Inc., which is the general partner of Peterson Partners V, L.P. These board members include Joel Peterson, a member of our Board of Directors.

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(12) Comprises 3,132,307 shares of Class B common stock held by Seymour Holding Corporation and 7,066 shares of Class A common stock held by Douglas Durst. The natural persons having voting or dispositive control over the shares of Class B common stock beneficially owned by Seymour Holding Corporation include Douglas Durst, a member of our Board of Directors.

(13) Includes 410,023 shares of Class A common stock and 423,084 shares of Class B common stock held by Michael Mazzei. The number of Class A common stock excludes 138,140 shares of Class A common stock that can be acquired upon the exercise of options exercisable on February 18, 2016, February 18, 2017 and February 18, 2018.

(14) Includes 209,940 shares of Class A common stock and 290,169 shares of Class B common stock held by Pamela McCormack. The number of Class A common stock excludes 73,674 shares of Class A common stock that can be acquired upon the exercise of options exercisable on February 18, 2016, February 18, 2017 and February 18, 2018.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Third Amended and Restated Limited Liability Limited Partnership Agreement of LCFH

Following the IPO and the related transactions, Ladder held limited partnership units in our operating partnership, LCFH, and is the General Partner of LCFH. Accordingly, Ladder operates and controls all of the business and affairs of LCFH and, through LCFH and its operating entity subsidiaries, conducts our business.

Pursuant to the Third Amended and Restated Limited Liability Limited Partnership Agreement of LCFH (the LLLP Agreement) Ladder Capital Corp is the General Partner of LCFH.

On December 15, 2014, the Board unanimously approved a plan to realign our business operations to qualify as a real estate investment trust (a REIT) for U.S. federal income tax purposes under the Internal Revenue Code of 1986, as amended (the Code), commencing with the 2015 tax year (the REIT Election).

In order to implement the proposed REIT Election, we, LCFH and a majority of existing limited partners of LCFH entered into the LLLP Agreement effective as of December 31, 2014, pursuant to which, among other things, (i) all assets and liabilities of LCFH were allocated on our books and records to two series of LCFH, consisting of Series REIT and Series TRS (collectively, the Series), (ii) each outstanding limited partnership interest in LCFH was converted into one limited partnership unit of Series REIT (a Series REIT LP Unit) and one limited partnership unit of Series TRS (a Series TRS LP Unit), and collectively with a Series REIT LP Unit, the Series Units), (iii) outstanding Series TRS LP Units became exchangeable for the same number of limited liability company interests (TRS Shares) of LC TRS I LLC (TRS I), a newly-formed limited liability company that is a U.S. taxable REIT subsidiary of the Company and the general partner of Series TRS, and (iv) in order to effect the exchange of Series Units for shares of Class A common stock of the Company on a one-for-one basis, holders are required to surrender (a) one share of the Company's Class B common stock, (b) one Series REIT LP Unit, and (c) either one Series TRS LP Unit or one TRS Share; and (v) upon effectiveness of the Second Amended and Restated Certificate of Incorporation of Ladder Capital Corp following approval by our stockholders at a special meeting of stockholders held on February 26, 2015, the transfer restrictions in the LLLP Agreement as in effect immediately prior to December 31, 2014 became effective on the Series TRS LP Units and Series REIT Units.

Under the LLLP Agreement, Ladder Capital Corp is the general partner of Series REIT and, accordingly, has the right to appoint the Series Board of Directors of Series REIT and, through Ladder Capital Corp's indirect ownership of a majority of the outstanding TRS Shares, has the right to appoint the Series Board of Directors of Series TRS (together with the Series Board of Directors of Series REIT, the Series Boards). Each Series Board has the right to determine when distributions will be made to Series Units of such Series and the amount of any such distributions. If a distribution is authorized by a Series, such distribution will be made to the holders of Series Units of such Series pro rata in accordance with the percentages of their respective Series Units; provided that one hundred percent of all distributions made by Series REIT in respect of cash or other assets derived from distributions received by Series REIT from TRS I will be distributed only to Ladder Capital Corp.

The unitholders of each Series, including Ladder Capital Corp and TRS I, incur U.S. federal, state and local income taxes on their proportionate share of any taxable income of the respective Series. Net profits and net losses of each Series are generally allocated to their respective unitholders (including Ladder Capital Corp and TRS I) pro rata in accordance with their respective share of the net profits and net losses of the

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respective Series; provided that all profits and losses of Series REIT attributable to profits and losses of TRS I will be allocated one hundred percent to Ladder Capital Corp. The LLLP Agreement provides for cash distributions, which we refer to as tax distributions, to the holders of the Series Units if Ladder Capital Corp, as the General Partner of LCFH and Series REIT, or TRS I, as the General Partner of Series TRS, determines that the taxable income of the relevant unitholder will give rise to taxable income for such holder. Generally, these tax distributions will be computed based on our estimate of the taxable income of the relevant Series allocable to a holder of Series Units multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses and the character of our income). Tax distributions will be made by a Series only to the extent all distributions from such Series for the relevant year were insufficient to cover such tax liabilities. Any distributions will be subject to available cash and applicable law and contractual restrictions (including pursuant to our debt instruments).

The LLLP Agreement also provides that Brian Harris has the right to be a member of the Series Board of Series REIT and the Series Board of Series TRS so long as he is Chief Executive Officer of Series REIT and Series TRS, respectively.

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Employment Agreements

The information contained in Executive Compensation Employment Agreements is incorporated by reference.

Phantom Equity Investment Plan

The information contained in Executive Compensation Phantom Equity Investment Plan is incorporated by reference.

Deferred Compensation Plan

The information contained in Executive Compensation 2014 Deferred Compensation Plan is incorporated by reference.

Director Agreement with Alan Fishman

Ladder Capital Finance LLC (LCF) has entered into a director agreement with Alan Fishman, which provides Alan Fishman with a \$300,000 fee per year for being Non-Executive Chairman of Ladder. The director agreement may terminate upon written notice of termination by Mr. Fishman or the Board of Directors or upon sale of the Company.

2014 Omnibus Incentive Plan and 2014 Grants

The information contained in Executive Compensation Grants Made Pursuant to the 2014 Omnibus Incentive Plan is incorporated by reference.

Meridian Loan Referral Agreement

LCF and Meridian Capital Group LLC were parties to a Loan Referral Agreement pursuant to which Meridian Capital Group LLC was entitled to receive from LCF certain fees for commercial real estate loans originated by LCF as a result of a referral of a prospective commercial real estate loan from Meridian Capital Group LLC. The Company incurred fees of \$0.4 million during 2014 for loans originated in accordance with this agreement. LCF exercised its right to terminate the agreement effective April 2, 2014.

Registration Rights Agreement

We entered into an amended and restated registration rights agreement pursuant to which we may be required to register the sale of shares of our Class A common stock held by certain of our existing investors and/or our Class A common stock that may be issued to certain Continuing LCFH Limited Partners upon exchange of Series Units held by them. The registration rights agreement also requires us to make available and keep effective shelf registration statements permitting sales of shares into the market from time to time over an extended period. In addition, certain of our existing investors and certain Continuing LCFH Limited Partners will have the ability to exercise certain piggyback registration rights in connection with registered offerings requested by any of such holders or initiated by us. On January 28, 2015, we amended certain provisions of the registration rights agreement relating to Demand Registrations and Piggyback Registrations (each as defined therein) and procedures relating to cutbacks.

Amended and Restated Tax Receivable Agreement

The Continuing LCFH Limited Partners may from time to time (subject to the terms of the LLLP Agreement regarding exchange rights) cause LCFH to exchange an equal number of Series Units and shares of Class B common stock for shares of Class A common stock of Ladder Capital Corp on a one-for-one basis. LCFH (and each of its subsidiaries classified as a partnership for federal income tax purposes) intends to make an election under Section 754 of the Code effective for the taxable year in which the initial purchase occurs and each subsequent taxable year in which an exchange of Series Units and shares of Class B common stock for shares of Class A common stock occurs; LCFH made such an election for the year ended December 31, 2014. The exchanges of Series Units and shares of Class B common stock for shares of Class A common stock are expected to result, with respect to Ladder Capital Corp, in increases in the tax basis of the assets of LCFH that

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otherwise would not have been available. These increases in tax basis may reduce the amount of tax that Ladder Capital Corp would otherwise be required to pay in the future. These increases in tax basis may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets.

On December 31, 2014, in connection with the REIT Election, Ladder Capital Corp entered into the Amended and Restated Tax Receivable Agreement (the "Tax Receivable Agreement") with LCFH, Series TRS, TRS I and each of the Continuing LCFH Limited Partners, which amended and restated the prior tax receivable agreement to provide that, in lieu of the existing tax benefit payments under the prior tax receivable agreement for the 2015 taxable year and beyond, TRS I will pay to the Continuing LCFH Limited Partners 85% of the amount of the benefits, if any, that TRS I realizes or under certain circumstances (such as a change of control) is deemed to realize as a result of (i) the increases in tax basis resulting from the exchange of Series TRS LP Units for an equal number of TRS Shares by the Continuing LCFH Limited Partners, (ii) any incremental tax basis adjustments attributable to payments made pursuant to the TRA Amendment, and (iii) any deemed interest deductions arising from payments made by TRS I under the TRA Amendment. Ladder Capital Corp will no longer be directly obliged to make any payments under the TRA Amendment, save those for taxable year 2014. However, subject to certain limitations as set forth in the Tax Receivable Agreement as to the maintenance of its REIT status, Ladder Capital Corp will guarantee the obligations of TRS I thereunder. The Tax Receivable Agreement was approved by our stockholders at a special meeting of stockholders in February 2015. For purposes of the Tax Receivable Agreement, subject to certain exceptions noted below, the benefit deemed realized by TRS I generally will be computed by comparing the actual income tax liability of TRS I (calculated with certain assumptions) to the amount of such taxes that TRS I would have been required to pay had there been no increase to the tax basis of the assets of LCFH as a result of the purchases or exchanges of Series TRS LP Units and had TRS I not derived any tax benefits in respect of payments made under the Tax Receivable Agreement. The term of the Tax Receivable Agreement will continue until all such tax benefits have been utilized or expired, unless TRS I exercises its right to terminate the Tax Receivable Agreement for an amount based on the present value of the agreed payments remaining to be made under the agreement. Estimating the amount of payments that may be made under the Tax Receivable Agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including:

- the timing of any subsequent exchanges of Series TRS LP Units for instance, the increase in any tax deductions will vary depending on the fair value, which may fluctuate over time, of the depreciable or amortizable assets of LCFH at the time of each exchange;
- the price of shares of our Class A common stock at or around the time of the exchange the increase in any tax deductions, as well as the tax basis increase in other assets, of LCFH is affected by the price of shares of our Class A common stock at the time of the exchange;
- the extent to which such exchanges are taxable if an exchange is not taxable for any reason, increased deductions will not be available;
- the amount and timing of our income TRS I generally will be required to pay 85% of the deemed benefits as and when deemed realized; and
- the allocation of basis increases among the assets of LCFH and certain tax elections affecting depreciation.

If TRS I does not have taxable income, TRS I generally is not required (absent circumstances requiring an early termination payment) to make payments under the Tax Receivable Agreement for that taxable year because no benefit actually will have been realized. Nevertheless, any tax benefits that do not result in realized benefits in a given tax year likely will generate tax attributes that may be utilized to generate benefits in previous or future tax years and the utilization of such tax attributes will result in payments under the Tax Receivable Agreement. We expect that the payments that we may make under the Tax Receivable Agreement will be substantial. TRS I will have the right to terminate the Tax Receivable Agreement by making payments to the existing owners of LCFH calculated by reference to the present value of all future payments that the existing owners of LCFH would have been entitled to receive under the Tax Receivable Agreement using certain valuation assumptions, including assumptions that any Series TRS LP Units that have not been exchanged are deemed exchanged for the market value of the TRS Shares at the time of termination and that LCFH will have sufficient taxable income in each future taxable year to fully realize all potential tax savings. There may be a material negative effect on our liquidity if, as a result of timing discrepancies or otherwise, (a) the payments under the Tax Receivable Agreement exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement and/or (b) distributions to TRS I by LCFH are not sufficient to permit TRS I

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to make payments under the Tax Receivable Agreement after it has paid its taxes and other obligations. TRS I Corp's obligations pursuant to the Tax Receivable Agreement will rank pari passu with its other general trade creditors. The payments under the Tax Receivable Agreement are not conditioned upon any recipient's continued ownership of us or LCFH. An existing owner that exchanges its Series TRS LP Units and shares of Class B common stock for our Class A common stock will receive payments under the Tax Receivable Agreement until such time that it validly assigns or otherwise transfers its right to receive such payments.

The effects of the Tax Receivable Agreement on our consolidated balance sheet upon exchange of Series TRS LP Units are as follows:

- We will record an increase in deferred tax assets for the estimated income tax effects of the increase in the tax basis of the assets owned by Ladder Capital Corp based on enacted federal, state and local income tax rates at the date of the transaction. To the extent we estimate that we will not realize the full benefit represented by the deferred tax asset, based on an analysis of expected future earnings, we will reduce the deferred tax asset with a valuation allowance;
- We will record an increase in liabilities for 85% of the estimated realizable tax benefit resulting from (i) the increase in the tax basis of the purchased interests as noted above and (ii) certain other tax benefits related to entering into the Tax Receivable Agreement; and
- We will record an increase to additional paid-in capital in an amount equal to the difference between the increase in deferred tax assets and the increase in liability due to the existing owners of LCFH under the Tax Receivable Agreement. The amounts to be recorded for both the deferred tax assets and the liability for our obligations under the Tax Receivable Agreement have been estimated. All of the effects of changes in any of our estimates after the date of the purchase will be included in our net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

In certain instances, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement. The Tax Receivable Agreement will provide that upon certain changes of control, or if, at any time, TRS I elects an early termination of the Tax Receivable Agreement, the amount of TRS I's (or its successor's) obligations with respect to exchanged or acquired Series TRS LP Units (whether exchanged or acquired before or after such transaction) would be based on certain assumptions. These assumptions will include the assumptions that (a) TRS I will have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the Tax Receivable Agreement and (b) that the subsidiaries of LCFH will sell certain nonamortizable assets (and realize certain related tax benefits) no later than a specified date. Accordingly, payments under the Tax Receivable Agreement may be made years in advance of the actual realization, if any, of the anticipated future tax benefits and may be significantly greater than the actual benefits TRS I realizes in respect of the tax attributes subject to the Tax Receivable Agreement. In case of an early termination, TRS I's obligations under the Tax Receivable Agreement could have a substantial negative impact on its liquidity and there is no assurance that we will be able to finance these obligations. Moreover, payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine in accordance with the Tax Receivable Agreement. Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, TRS I will not be reimbursed for any payments previously made under the Tax Receivable Agreement if the IRS subsequently disallows part or all of the tax benefits that gave rise to such prior payments, although future payments under the Tax Receivable Agreement will be reduced on account of such disallowances. As a result, in certain circumstances, payments could be made under the Tax Receivable Agreement that are significantly in excess of the benefits that TRS I actually realizes in respect of (a) the increases in tax basis resulting from TRS I's purchases or exchanges of Series TRS LP Units, (b) any incremental tax basis adjustments attributable to payments made pursuant to the Tax Receivable Agreement, and (c) any deemed interest deductions arising from our payments under the Tax Receivable Agreement. Decisions made by the existing owners of LCFH in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that TRS I is required to make under the Tax Receivable Agreement. For example, the earlier

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disposition of assets following an exchange or acquisition transaction generally will accelerate payments under the Tax Receivable Agreement and increase the present value of such payments, and the disposition of assets before an exchange or acquisition

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transaction will increase LCFH's existing owners' tax liability without giving rise to any obligations to make payments under the Tax Receivable Agreement. Payments generally are due under the Tax Receivable Agreement within a specified period of time following the filing of TRS I's tax return for the taxable year with respect to which the payment obligation arises, although interest on such payments will begin to accrue at a rate of LIBOR plus 200 basis points from the due date (without extensions) of such tax return.

Conflict of Interest Policy

We have adopted a Related Parties Transaction Policy, which, among other things, requires directors to disclose personal or business interests that involve an actual or potential conflict of interest. The Audit Committee and Risk and Underwriting Committee review transactions subject to the policy and decide whether or not to approve or ratify those transactions. In doing so, the Committees determine whether the transaction is in the best interests of the Company. In addition, our Nominating and Corporate Governance Committee also determines the impact or potential impact on a director's independence in the event the related party is a director, an immediate family member of a director, or an entity in which a director is a partner, stockholder or executive officer. We cannot assure you that these policies will be successful in eliminating the influence of conflicts of interest. These policies may be amended from time to time at the discretion of our Board, without a vote of our stockholders.

Director Independence

Our Board has determined that five of our directors, including Messrs. Fishman, Park, Bilzin, Peterson and Durst, satisfy the listing standards for independence of the New York Stock Exchange and Rule 10A-3 under the Exchange Act.

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EXECUTIVE COMPENSATION

The following discussion and tabular disclosure describes the material elements of compensation for our most highly compensated executive officers as of December 31, 2014 (collectively our Named Executive Officers). Our Named Executive Officers for 2014 were:

- Brian Harris, Chief Executive Officer;

- Michael Mazzei, President; and

- Pamela McCormack, Chief Strategy Officer and General Counsel.

Compensation Philosophy and Objectives

Our compensation philosophy is to align executive compensation with the interests of our stockholders and, therefore, to financial objectives that our Board of Directors believes are primary determinants of long-term equity value. The primary goal of our executive compensation program is to ensure that we hire and retain talented and experienced executives who are motivated to achieve or exceed our short-term and long-term company goals. Our executive compensation programs are designed to reinforce a strong pay-for-performance orientation and to serve the following purposes:

- to reward our Named Executive Officers for sustained financial and operating performance and leadership excellence;

- to align the interests of our executives with those of our stockholders; and

- to encourage our Named Executive Officers to remain with us for the long-term.

Elements of Compensation

Base Salary

We pay our Named Executive Officers a base salary based on the experience, skills, knowledge and responsibilities required of each officer. We believe base salaries are an important element in our overall compensation program because base salaries provide a fixed element of compensation that reflects job responsibilities and value to us.

Annual Cash Bonuses

Prior to our IPO, our Board of Directors had not adopted a formal plan or set of formal guidelines with respect to annual cash bonus payments and instead relied on an annual assessment of the performance of our executives during the preceding year to make annual bonus determinations. In connection with our IPO, we adopted guidelines to determine annual cash bonuses (the Bonus Guidelines) for our Named Executive Officers and other senior executive officers, as set forth in the Second Amended and Restated Employment Agreement entered by LCF and Mr. Harris, dated January 23, 2014 (the Harris Employment Agreement), which became effective upon the closing of our IPO. Employees outside of our senior executive officers receive annual bonuses at the discretion of our Board of Directors. For 2014, the target bonuses for our Named Executive Officers and other senior executive officers were set forth in their respective employment agreements. Future target annual cash bonuses for Mr. Harris are set forth in the Harris Employment Agreement and future target annual cash bonuses for our other Named Executive Officers and other senior executive officers, including Mr. Mazzei and Ms. McCormack, will be reasonably determined by our Compensation Committee or our Board of Directors and in consultation with our Chief Executive Officer, based on the Bonus Guidelines. Our Compensation Committee and Board of Directors determines the annual cash bonuses payable to our Named Executive Officers and other senior executive officers based on the achievement by the Company, LCFH and LCF of applicable financial targets using the Bonus Guidelines. See the section captioned Employment Agreements for a description of the Bonus Guidelines and the target bonuses of our Named Executive Officers for 2014.

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Long-Term Equity Compensation

Prior to our IPO, we provided our Named Executive Officers with long-term equity compensation pursuant to our 2008 Incentive Equity Plan, as amended. See the section captioned "Grants Made Pursuant to the 2008 Incentive Equity Plan" for a description of the long-term equity compensation granted to our Named Executive Officers pursuant to the 2008 Incentive Equity Plan.

In connection with our IPO, we adopted the 2014 Ladder Capital Corp Incentive Equity Plan, or the "2014 Omnibus Incentive Plan." See the section captioned "Grants Made Pursuant to the 2014 Incentive Equity Plan" for a description of the terms of the long-term equity compensation granted to our Named Executive Officers and other employees pursuant to the 2014 Omnibus Incentive Plan. See the section captioned "Employee Benefit Plans - 2014 Omnibus Incentive Plan" for a description of the material terms of this plan.

We believe that providing our Named Executive Officers with an equity interest brings their interests in line with those of our partners and that including a vesting component to those equity interests encourages our Named Executive Officers to remain with us over the applicable vesting period. All future equity compensation to our Named Executive Officers will be granted under the 2014 Omnibus Incentive Plan.

Other Supplemental Benefits

Our Named Executive Officers are eligible for the following benefits on a similar basis as other eligible employees:

- health, dental and vision insurance;
- vacation and sick days;
- life insurance;
- short-term and long-term disability insurance; and
- 401(k) plan.

Summary Compensation Table

The following table sets forth information concerning the total compensation received by, or earned, or, in the case of Stock Awards and Options Awards, targeted to be earned for 2014, by each of our named executive officers during the past two fiscal years, except in the case of Pamela McCormack, who was not a named executive officer in 2013. See Footnotes 3 and 4 to the Summary Compensation Table for a disclosure of the actual grant date fair values of the Stock Awards and Option Awards granted to our Named Executive Officers on February 18, 2015, based on the actual achievement of a certain pre-tax return on equity threshold, as described in the Bonus Guidelines, in 2014.

Brian Harris	2014	945,833		14,408,393	597,500	8,050,000	1,766	24,003,492
<i>Chief Executive Officer</i>	2013	500,000	1,935,000				1,766	2,436,766
Pamela McCormack								
<i>Chief Strategy Officer and General Counsel</i>	2014	578,333		3,951,410	160,000	2,325,000	1,220	7,015,963

(1) For 2013, the compensation information set forth in the Summary Compensation Table with regard to the Named Executive Officers is based on agreements and arrangements entered into prior to January 2014. For 2014, the information set forth in the Summary Compensation Table with regard to the Named Executive Officers for compensation provided during the period prior to the closing of our IPO is based on agreements and arrangements that were effective prior to the closing of our IPO and for compensation provided during the period on or after the closing of our IPO is based on agreements and arrangements that became effective on or after the closing of our IPO.

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(2) For 2013, discretionary bonus payments were provided to the Named Executive Officers at the discretion of our Chief Executive Officer and the boards of directors of LCFH and Ladder Capital Corp with respect to the performance of LCFH and its subsidiaries. For 2014, no discretionary bonus payments were provided to the Named Executive Officers.

(3) The values provided in this column include, for 2014, actual IPO Restricted Stock Awards and targeted Annual Restricted Stock Awards, as defined in this Footnote 3 (see Footnote 4 for a tabular breakdown of such Stock Awards and the actual 2014 Annual Restricted Stock Awards):

(i) the following values, each of which was computed in accordance with FASB ASC Topic 718, based on the closing price of the Company's Class A common stock on the trading day immediately preceding the date of grant of \$17.25 per share, assuming the highest level of performance conditions will be achieved: \$9,030,893, which is the grant date fair value of Mr. Harris' IPO Restricted Stock Award (as defined in the section captioned "Grants Made Pursuant to the 2014 Omnibus Incentive Plan - IPO Restricted Stock Awards"); \$5,022,803 which is the grant date fair value of Mr. Mazzei's IPO Restricted Stock Award; and \$2,511,410, which is the grant date fair value of Ms. McCormack's IPO Restricted Stock Award. The IPO Restricted Stock Awards were one-time awards granted in part to adjust for the change in compensation and ownership structure of the Company from the preferred and common equity format existing prior to our IPO into the format of all common equity, subject to certain vesting conditions, following our IPO; and

(ii) the following values, assuming the highest achievement of a certain pre-tax return on equity threshold in 2014, as described in the Bonus Guidelines, with respect to the Annual Restricted Stock Awards (as defined in the section captioned "Grants Made Pursuant to the 2014 Omnibus Incentive Plan - Annual Incentive Awards Granted With Respect to 2014") granted with respect to 2014: \$5,377,500, which was the target grant date fair value of Mr. Harris' Annual Restricted Stock Award, as provided in the Harris Employment Agreement (see the section captioned "Employment Agreements - Brian Harris"); \$2,700,000, which was the target grant date fair value of Mr. Mazzei's Annual Restricted Stock Award, as provided in the Mazzei Employment Agreement (see the section captioned "Employment Agreements - Michael Mazzei"); and \$1,440,000, which was the target grant date fair value of Ms. McCormack's Annual Restricted Stock Award, as provided in the McCormack Employment Agreement (see the section captioned "Employment Agreements - Pamela McCormack"). The actual grant date fair values for the Annual Restricted Stock Awards, which were granted on February 18, 2015 and based on actual achievement of a certain pre-tax return on equity threshold in 2014, as described in the Bonus Guidelines, are as follows for Mr. Harris, Mr. Mazzei and Ms. McCormack: \$5,323,732, \$2,673,000 and \$1,425,604, respectively.

We did not grant our Named Executive Officers stock awards in 2013 or with respect to the 2013 fiscal year. For a discussion of the vesting schedule of the IPO Restricted Stock Awards and the Annual Restricted Stock Awards granted to our Named Executive Officers in 2014 or with respect to actual achievement of a certain pre-tax return on equity threshold in 2014, as described in the Bonus Guidelines, please see the section captioned "Grants Made Pursuant to the 2014 Omnibus Incentive Plan." For a discussion of the assumptions made in the valuation of the IPO Restricted Stock Awards, see Note 14 to the notes to consolidated financial statements set forth in the Company's Annual Report on Form 10-K for the fiscal year that ended December 31, 2014 for the assumptions made in determining ASC 718 grant date fair values.

(4) The values provided in this column, assuming the highest achievement of a certain pre-tax return on equity threshold in 2014, as described in the Bonus Guidelines, with respect to the Annual Option Awards (as defined in the section captioned "Grants Made Pursuant to the 2014 Omnibus Incentive Plan - Annual Incentive Awards Granted With Respect to 2014") granted with respect to 2014 are as follows: \$597,500, which was the target grant date fair value of Mr. Harris' Annual Option Award, as provided in the Harris Employment Agreement; \$300,000, which was the target grant date fair value of Mr. Mazzei's Annual Option Award, as provided in the Mazzei Employment Agreement; and \$160,000, which was the target grant date fair value of Ms. McCormack's Annual Option Award, as provided in the McCormack

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Employment Agreement. The actual grant date fair values of the Annual Option Awards granted to our Named Executive Officers, which were computed in accordance with FASB ASC Topic 718 using the Black Scholes model based on the following assumptions: (1) risk-free rate of 1.79%, (2) dividend yield of 5.3%, (3) expected life of six years and (4) volatility of 24.0%, and granted on February 18, 2015, are as follows for Mr. Harris, Mr. Mazzei and Ms. McCormack: \$591,525, \$297,000 and \$158,400, respectively.

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We did not grant our Named Executive Officers option awards in 2013 or with respect to the 2013 fiscal year. For a discussion of the vesting schedule of the Annual Option Awards granted to our Named Executive Officers in 2014 or with respect to actual achievement of a certain pre-tax return on equity threshold in 2014, as described in the Bonus Guidelines, please see the section captioned "Grants Made Pursuant to the 2014 Omnibus Incentive Plan - Annual Incentive Awards Granted With Respect to 2014."

The following table provides a breakdown of the grant date fair values discussed in Footnote 3 above and this Footnote 4, with respect to the IPO Restricted Stock Awards granted to our Named Executive Officers on February 18, 2014 and the Annual Restricted Stock Awards and Annual Option Awards granted to our Named Executive Officers on February 18, 2015 in respect of our achievement of a certain pre-tax return on equity threshold in 2014, as specified in the Bonus Guidelines:

Name	Grant date fair value of IPO Restricted Stock Award(\$)	Grant date fair value of Annual Restricted Stock Award at target(\$)	Grant date fair value of Annual Restricted Stock Award actually granted on February 18, 2015(\$)	Grant date fair value of Annual Option Award at target(\$)	Grant date fair value of Annual Option Award actually granted on February 18, 2015(\$)	Non-Equity Incentive Compensation		
						Stock Awards (\$)	Option Award (\$)(2)	All Other Compensation (\$)(4)
Brian Harris	9,030,893	5,377,500	5,323,732	Bonus (\$)(1)				
Roger L. Hawley		2011	431,340				831,000	143,154
Chief Executive Officer		2010	415,000				1,795,707	120,750
		2009	381,667		100,000		156,223	
Stephen J. Farr, Ph.D.		2011	347,955				692,500	108,687
President and Chief Operating Officer		2010	337,225				1,197,138	88,311
		2009	310,104		81,250		110,658	
Ann D. Rhoads(5)		2011	332,556				498,600	104,216
Vice President and Chief Financial Officer		2010	270,833				2,035,135	84,094
Cynthia Robinson, Ph.D.		2011	278,120				304,700	77,935
Chief Development Officer		2010	269,000				383,084	54,740
		2009	248,083		65,000		26,037	

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- (1) For 2009, represents amounts paid under a retention bonus program.
- (2) Represents the grant date fair value of the awards granted in the relevant fiscal year as computed in accordance with ASC Topic 718. For a discussion of the valuation assumptions, see Note 8 to our consolidated financial statements for the year ended December 31, 2011 included in our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on March 12, 2012.
- (3) These amounts represent performance bonuses earned for 2011 and 2010 under our executive bonus program, which is described above under Compensation Discussion and Analysis Performance Bonuses. No bonuses were earned for 2009 performance under the executive bonus program due to the need to conserve cash.
- (4) Reflects premiums paid by the company for term life insurance for our named executive officers.
- (5) For 2010, reflects a pro-rated salary for Ms. Rhoads due to the fact the Ms. Rhoads was appointed Executive Vice President and Chief Financial Officer in March 2010.

2011 Grants of Plan-Based Awards

The following table sets forth summary information regarding grants of plan-based awards made to our named executive officers during the year ended December 31, 2011.

Name	Grant Date(1)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards Target (\$)(2)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)(3)	Grant Date Fair Value of Stock and Option Awards\$(4)
Roger L. Hawley	3/1/2011	217,500	300,000	4.24	831,000
Stephen J. Farr, Ph.D.	3/1/2011	157,500	250,000	4.24	692,500
Ann D. Rhoads	3/1/2011	150,750	180,000	4.24	498,600
Cynthia Robinson, Ph.D.	3/1/2011	98,000	110,000	4.24	304,700

- (1) The options vest in equal monthly installments over the four-year period of continuous service following the grant date and all options have a 10-year term from the date of grant.

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- (2) These amounts represent the target 2011 performance bonuses under our executive bonus program, which is described above under Compensation Discussion and Analysis Performance Bonuses.
- (3) Reflects the fair market value per share of our common stock on the grant date as determined by our board of directors.
- (4) Represents the grant date fair value of the awards as computed in accordance with ASC Topic 718. For a discussion of the valuation assumptions, see Note 8 to our consolidated financial statements for the year ended December 31, 2011 included in our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on March 12, 2012.

Discussion of Summary Compensation and Grants Plan-Based Awards Tables

Our executive compensation policies and practices, pursuant to which the compensation set forth in the Summary Compensation Table and the 2011 Grants of Plan-Based Awards table was paid or awarded, are described above under Compensation Discussion and Analysis. A summary of certain material terms of our employment agreements and compensation plans and arrangements is set forth below.

Employment Agreements

In May 2008, our board of directors approved our entering into employment agreements with each of our named executive officers. In March 2010, we entered into an employment agreement with Ms. Rhoads in connection with her commencement of employment as our Executive Vice President, Chief Financial Officer, Treasurer and Secretary.

Pursuant to each of the employment agreements, if we terminate such officer's employment without cause (as defined below) or such officer resigns for good reason (as defined below) or such officer's employment is terminated as a result of his or her death or following his or her permanent disability, the executive officer or his or her estate, as applicable, is entitled to the following payments and benefits: (1) his or her fully earned but unpaid base salary through the date of termination at the rate then in effect, plus all other benefits, if any, under any group retirement plan, nonqualified deferred compensation plan, equity award or agreement, health benefits plan or other group benefit plan to which he or she may be entitled to under the terms of such plans or agreements; (2) a lump sum cash payment in an amount equal to 12 months of his or her base salary as in effect immediately prior to the date of termination; (3) continuation of health benefits for a period of 12 months following the date of termination; and (4) the automatic acceleration of the vesting and exercisability of outstanding unvested stock awards as to the number of stock awards that would have vested over the 12-month period following termination had such officer remained continuously employed by us during such period.

If a named executive officer is terminated without cause or resigns for good reason during the period commencing 60 days prior to a change in control (as defined below) or 12 months following a change in control, such officer shall be entitled to receive, in addition to the severance benefits described above, the following payments and benefits: (1) a lump sum cash payment in an amount equal to his or her bonus (as defined below) for the year in which the termination of employment occurs; and (2) in the case of Mr. Hawley, an additional lump sum cash payment in an amount equal to six months of his base salary as in effect immediately prior to the date of termination. In addition, in the event of a change in control, the vesting and exercisability of 50% of the executive officer's outstanding unvested stock awards shall be automatically accelerated and, in the event an executive officer is terminated without cause or resigns for good reason within three months prior to or 12 months following a change in control, the vesting and exercisability of 100% of the executive officer's outstanding unvested stock awards shall be automatically accelerated. For a further description of the potential compensation payable to our named executive officers under their employment agreements, please see Potential Payments Upon Termination or Change in Control below.

For purposes of the employment agreements, cause generally means an executive officer's (1) commission of an act of fraud, embezzlement or dishonesty or some other illegal act that has a material adverse impact on us or any successor or affiliate of ours, (2) conviction of, or entry into a plea of guilty or no

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contest to, a felony, (3) unauthorized use or disclosure of our confidential information or trade secrets or any successor or affiliate of ours that has, or may reasonably be expected to have, a material adverse impact on any such entity, (4) gross negligence, insubordination or material violation of any duty of loyalty to us or any successor or affiliate of ours, or any other material misconduct on the part of the executive officer, (5) ongoing and repeated failure or refusal to perform or neglect of his or her duties as required by his or her employment agreement, which failure, refusal or neglect continues for 15 days following his or receipt of written notice from our board of directors, Chief Executive Officer or supervising officer, as applicable, stating with specificity the nature of such failure, refusal or neglect, or (6) breach of any policy of ours or any material provision of his or her employment agreement.

For purposes of the employment agreements, "good reason" generally means (1) a material diminution in the executive officer's authority, duties or responsibilities, (2) a material diminution in the executive officer's base compensation, unless such a reduction is imposed across-the-board to senior management of the company, (3) a material change in the geographic location at which the executive officer must perform his or her duties, or (4) any other action or inaction that constitutes a material breach by us or any successor or affiliate of ours of its obligations to the executive officer under his or her employment agreement.

For purposes of the employment agreements, "bonus" generally means an amount equal to the average of the bonuses awarded to the named executive officer for each of the three fiscal years prior to the date of his or her termination of employment, or such lesser number of years as may be applicable if the executive officer has not been employed for three full years on the date of termination of employment. However, to the extent the executive officer has not received any bonus prior to the date of his or her termination of employment due to the fact that his or her employment commenced during the fiscal year in which the termination occurs, "bonus" means an amount equal to his or her target bonus for the fiscal year in which such termination occurs (calculated by reference to the target bonus level in effect on the date of termination) multiplied by the corporate performance achievement percentage approved by the board of directors or its designee with respect to the payment of executive bonuses for the preceding fiscal year.

For purposes of the employment agreements, "change in control" has the same meaning as such term is given under the terms of our 2010 Equity Incentive Award Plan, as described in Proposal 3.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth specified information concerning unexercised stock options and unvested stock awards for each of the named executive officers outstanding as of December 31, 2011.

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Awards	Option Exercise Price (\$)	Option Expiration Date
			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)		
Roger L. Hawley	56,250(1)	243,750(1)		4.24	3/1/2021
	150,000(2)			4.00	5/24/2020
	60,000(3)			2.50	8/30/2019
	90,000(2)			3.50	10/20/2018
Stephen J. Farr, Ph.D.	46,875(1)	203,125(1)		4.24	3/1/2021
	100,000(2)			4.00	5/24/2020
	42,500(3)			2.50	8/30/2019
	7,500(2)			3.50	10/20/2018
Ann D. Rhoads	33,750(1)	146,250(1)		4.24	3/1/2021
	133,000(1)			4.00	5/24/2020
	20,000(2)			4.00	5/24/2020
Cynthia Robinson, Ph.D.	20,625(1)	89,375(1)		4.24	3/1/2021
	32,000(2)			4.00	5/24/2020
	10,000(3)			2.50	8/30/2019
	48,000(2)			3.50	10/20/2018

- (1) The options vest on a monthly basis over a four-year period of continuous service following the grant date and have a 10-year term from the date of grant.
- (2) 25% of the shares underlying options vest on the first anniversary of the vesting commencement date and the remaining options vest on a monthly basis over the subsequent three-year period of continuous service and all options have a 10-year term from the date of grant. All options are immediately exercisable. Unvested options are subject to a right of repurchase within 90 days of termination of employment.
- (3) The options vest on a monthly basis over a two-year period of continuous service and have a 10-year term from the date of grant.

Option Exercises and Stock Vested

None of our named executive officers exercised any stock awards or vested in any stock awards during 2011.

Table of Contents**Potential Payments Upon Termination or Change in Control**

The following table summarizes the potential payments to our named executive officers in four scenarios: (1) upon termination by us without cause or the executive's resignation for good reason apart from a change in control; (2) upon termination by us following the executive's permanent disability or as a result of the executive's death; (3) upon termination by us without cause or the executive's resignation for good reason within 60 days prior to or 12 months following a change in control; or (4) in the event of a change in control without a termination of employment. The table assumes that the termination of employment or change in control, as applicable, occurred on December 31, 2011. The definitions of cause, good reason and bonus are contained in the applicable employment agreement for each of our named executive officers, which are described above under the heading Employment Agreements.

Name and Position	Benefit Type	Payment in the Event of a Termination by the Company Without Cause or by Executive for Good Reason Apart from a Change in Control(1)(2)	Payment in the Event of a Termination by the Company following Executive's Permanent Disability or as a Result of Executive's Death(1)(2)	Payment in the Event of a Termination by the Company Without Cause or by Executive for Good Reason Within 60 Days Prior to or 12 Months Following a Change in Control(3)(4)	Payment in the Event of a Change in Control Without Termination(5)
Roger L. Hawley <i>Chief Executive Officer</i>	Severance	\$ 435,000	\$ 435,000	\$ 784,452	
	Benefits(6)	11,066	11,066	11,066	
	Equity Awards				
Stephen J. Farr, Ph.D. <i>President and Chief Operating Officer</i>	Severance	350,000	350,000	448,499	
	Benefits(6)	16,328	16,328	16,328	
	Equity Awards				
Ann D. Rhoads <i>Executive Vice Pres. and Chief Financial Officer</i>	Severance	335,000	335,000	429,155	
	Benefits(6)	5,448	5,448	5,448	
	Equity Awards				
Cynthia Y. Robinson, Ph.D. <i>Chief Development Officer</i>	Severance	280,000	280,000	346,338	
	Benefits(6)	5,930	5,930	5,930	
	Equity Awards				

- (1) Cash severance represents 12 months of base salary for each named executive officer, payable in cash in a lump sum.
- (2) Value of equity award acceleration represents the value of those options and restricted stock issued upon the early exercise of stock options that would immediately vest and/or be released from the company's repurchase option, respectively, as a result of the named executive officer's termination or as a result of the named executive officer's death or disability. The value attributable to stock options not previously exercised that would vest in such event is the difference between the fair market value per share of our common stock on December 31, 2011 (\$2.22) less the exercise price per share of such stock option multiplied by the number of shares that would vest. The value attributable to shares of restricted stock issued upon the early exercise of stock options that would be released from our repurchase option in such event equals the fair market value per share of our common stock on December 31, 2011 (\$2.22) multiplied by the number of shares that would be released.
- (3) Cash severance represents the sum of the following, payable in a lump sum cash payment: (1) 12 months of base salary for each executive officer (18 months in the case of Mr. Hawley) payable in a lump sum cash payment, plus (2) the average of the bonuses awarded to the executive officer for the fiscal years 2011, 2010 and 2009 (in this case, this amount is equal to the average of the bonuses paid to the named executive officer

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- in 2011 and 2010, as there were no bonuses paid for 2009 under the company's executive bonus program). Please see the definition of "bonus" under the heading "Employment Agreements" above.
- (4) A named executive officer's equity awards will vest in full in the event he or she is terminated without cause or he or she resigns for good reason within three months prior to or 12 months following a change in control, which is a slightly different trigger than applies to eligibility for cash severance. Value of equity award acceleration represents the value of those options and restricted stock that would immediately vest and/or be released from the company's repurchase option, respectively, as a result of the named executive officer's termination. The value attributable to stock options not previously exercised that would vest in such event is the difference between the fair market value per share of our common stock on December 31, 2011 (\$2.22) less the exercise price per share of such stock option multiplied by the number of shares that would vest. The value attributable to shares of restricted stock issued upon the early exercise of stock options that would be released from our repurchase option in such event equals the fair market value per share of our common stock on December 31, 2011 (\$2.22) multiplied by the number of shares that would be released.
- (5) Value of equity award acceleration represents the value of those options and restricted stock issued upon the early exercise of stock options that would immediately vest and/or be released from the company's repurchase option, respectively, upon a change in control without a termination of employment. The value attributable to stock options not previously exercised that would vest in such event is the difference between the fair market value per share of our common stock on December 31, 2011 (\$2.22) less the exercise price per share of such stock option multiplied by the number of shares that would vest. The value attributable to shares of restricted stock issued to the named executive officer upon the early exercise of stock options that would be released from our repurchase option in such event equals the fair market value per share of our common stock on December 31, 2011 (\$2.22) multiplied by the number of shares that would be released.
- (6) Represents the value of the continuation of health benefits for a period of 12 months following the date of the named executive officer's termination.

Risk Assessment of Compensation Program

In March 2012, management assessed our compensation program for the purpose of reviewing and considering any risks presented by our compensation policies and practices that are reasonably likely to have a material adverse effect on us. As part of that assessment, management reviewed the primary elements of our compensation program, including base salary, short-term incentive compensation and long-term incentive compensation. Management's risk assessment included a review of the overall design of each primary element of our compensation program, and an analysis of the various design features, controls and approval rights in place with respect to compensation paid to management and other employees that mitigate potential risks to us that could arise from our compensation program. Following the assessment, management determined that our compensation policies and practices did not create risks that were reasonably likely to have a material adverse effect on us and reported the results of the assessment to our compensation committee.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a summary of transactions and series of similar transactions, since the beginning of fiscal year 2011, to which we were a party or will be a party, in which:

the amounts involved exceeded or will exceed \$120,000; and

a director, executive officer, holder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

We also describe below certain other transactions with our directors, executive officers and stockholders. We have a written policy which requires that any transaction with a related party required to be reported under applicable SEC rules, other than compensation-related matters, be reviewed and approved by our audit committee. We have not and will not adopt written procedures for review of, or standards for approval of, these transactions, but instead we intend to review such transactions on a case by case basis. In addition, our compensation committee will approve all compensation-related policies.

Investors Rights Agreement

We have entered into an amended and restated investors rights agreement with certain of our stockholders who purchased shares of our preferred stock and convertible promissory notes prior to our initial public offering, or IPO, and holders of our warrants. This agreement provides for certain rights relating to the registration of the shares of common stock issued to them upon the conversion of their preferred stock and convertible promissory notes in connection with our IPO in November 2010, and upon the exercise of their warrants. These rights will terminate upon the earlier of November 2015 or for any particular holder with registration rights, at such time when all securities held by that stockholder that are subject to such registration rights may be sold in a transaction or series of transactions within one trading day pursuant to Rule 144 under the Securities Act of 1933, as amended. All holders of our preferred stock immediately prior to our initial public offering are parties to this agreement.

Participation in our Follow-On Public Offering

Entities affiliated with Clarus Lifesciences I, L.P., Domain Associates, L.L.C. and Scale Venture Partners II, LP., each of which is a current stockholder, purchased \$7,000,000, \$7,000,000 and \$2,500,000 of shares of our common stock in our follow-on public offering completed in September 2011, respectively, at the public offering price of \$2.00 per share.

Employment and Release Agreements

We have entered into employment agreements with the following named executive officers: Roger L. Hawley, our Chief Executive Officer; Stephen J. Farr, Ph.D., our President and Chief Operating Officer; Ann D. Rhoads, our Executive Vice President, Chief Financial Officer, Treasurer and Secretary and Cynthia Y. Robinson, Ph.D., our Chief Development Officer. For further information, see Compensation Discussion and Analysis Employment Agreements.

Indemnification of Officers and Directors

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we will indemnify each of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Further, we have entered into indemnification agreements with each of our directors and officers, and we have purchased a policy of directors and officers liability insurance that insures our directors and officers against the cost of defense, settlement or payment of a judgment under certain circumstances.

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SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under Section 16(a) of the Exchange Act, directors, executive officers and beneficial owners of 10% or more of our common stock, or reporting persons, are required to report to the SEC on a timely basis the initiation of their status as a reporting person and any changes with respect to their beneficial ownership of our common stock. Based solely on our review of copies of such forms that we have received, or written representations from reporting persons, we believe that during the fiscal year ended December 31, 2011, all executive officers, directors and greater than 10% stockholders complied with all applicable filing requirements, except that Kim Kamdar, a managing member of Domain Associates, L.L.C., filed a Form 3 on January 17, 2012 for an event that occurred on January 1, 2011.

STOCKHOLDER PROPOSALS

Proposals of stockholders intended to be presented at our annual meeting of stockholders to be held in 2013 must be received by us no later than December 28, 2012, which is 120 days prior to the first anniversary of the mailing date of this proxy, in order to be included in our proxy statement and form of proxy relating to that meeting. These proposals must comply with the requirements as to form and substance established by the SEC for such proposals in order to be included in the proxy statement. In addition, our amended and restated bylaws establish an advance notice procedure with regard to certain matters, including stockholder proposals not included in our proxy statement, to be brought before an annual meeting of stockholders. In general, notice must be received at our principal executive offices not less than 90 calendar days before nor more than 120 calendar days before the one year anniversary of the date on which we first mailed our proxy statement to stockholders in connection with the previous year's annual meeting of stockholders. Therefore, to be presented at our 2013 annual meeting of stockholders, such a proposal must be received by us no earlier than December 28, 2012 and no later than January 27, 2013. However, if the date of the annual meeting is more than 30 days earlier or more than 30 days later than such anniversary date, notice must be received not later than the close of business on the later of 120 calendar days in advance of such annual meeting or ten calendar days following the date on which public announcement of the date of the meeting is first made. If the stockholder fails to give notice by these dates, then the persons named as proxies in the proxies solicited by the board of directors for the 2013 annual meeting may exercise discretionary voting power regarding any such proposal. Stockholders are advised to review our amended and restated bylaws which also specify requirements as to the form and content of a stockholder's notice.

ANNUAL REPORT

Our annual report for the fiscal year ended December 31, 2011 will be mailed to stockholders of record on or about April 27, 2012. Our annual report does not constitute, and should not be considered, a part of this proxy solicitation material.

Any person who was a beneficial owner of our common stock on the record date may request a copy of our annual report, and it will be furnished without charge upon receipt of a written request identifying the person so requesting a report as a stockholder of our company at such date. Requests should be directed to Zogenix, Inc., 12400 High Bluff Drive, Suite 650, San Diego, California 92130, Attention: Corporate Secretary.

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OTHER MATTERS

We do not know of any business other than that described in this proxy statement that will be presented for consideration or action by the stockholders at the annual meeting. If, however, any other business is properly brought before the meeting, shares represented by proxies will be voted in accordance with the best judgment of the persons named in the proxies or their substitutes. All stockholders are urged to complete, sign and return the accompanying proxy card in the enclosed envelope.

By Order of the Board of Directors

Roger L. Hawley
Chief Executive Officer and Director

San Diego, California

April , 2012

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APPENDIX A

2012 AMENDMENT AND RESTATEMENT OF THE

ZOGENIX, INC.

2010 EQUITY INCENTIVE AWARD PLAN

ARTICLE 1

PURPOSE

The purpose of the Zogenix, Inc. 2010 Equity Incentive Award Plan, as amended and restated (the *Plan*) is to promote the success and enhance the value of Zogenix, Inc. (the *Company*) by linking the personal interests of the members of the Board, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for performance to generate returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent. This Plan constitutes an amendment and restatement of the Zogenix, Inc. 2010 Equity Incentive Award Plan (the *Original 2010 Plan*), which was approved by the Company's stockholders on November 2, 2010. In the event that the Company's stockholders do not approve the Plan, the Original 2010 Plan will continue in full force and effect on its terms and conditions as in effect immediately prior to the date the Plan is approved by the Board.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 **Administrator** means the entity or person that conducts the general administration of the Plan as provided herein. With reference to the administration of the Plan with respect to Awards granted to Independent Directors, the term Administrator shall refer to the Board. With reference to the administration of the Plan with respect to any other Award, the term Administrator shall refer to the Committee unless the Board has assumed the authority for administration of the Plan generally as provided in Section 12.1. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 12.5 of the Plan, the term Administrator shall refer to such person(s) unless the Committee or the Board has revoked such delegation.

2.2 **Applicable Accounting Standards** shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

2.3 **Award** means an Option, a Restricted Stock award, a Stock Appreciation Right award, a Dividend Equivalents award, a Stock Payment award, a Restricted Stock Unit award, an Other Incentive Award or a Performance Bonus Award granted to a Participant pursuant to the Plan.

2.4 **Award Agreement** means any written notice, agreement, terms and conditions, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.5 **Board** means the Board of Directors of the Company.

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2.6 ***Change in Control*** means and includes each of the following:

(a) A transaction or series of transactions (other than an offering of Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any person or related group of persons (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a person that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.6(a) or Section 2.6(c)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the ***Successor Entity***)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; *provided, however*, that no person or group shall be treated for purposes of this Section 2.6(c)(ii) as beneficially owning 50% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

In addition, if a Change in Control constitutes a payment event with respect to any Award which provides for the deferral of compensation and is subject to Section 409A of the Code, the transaction or event described in subsection (a), (b) or (c) with respect to such Award must also constitute a change in control event, as defined in Treasury Regulation §1.409A-3(i)(5) to the extent required by Section 409A.

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.7 ***Code*** means the Internal Revenue Code of 1986, as amended from time to time, and the regulations issued thereunder.

2.8 ***Committee*** means the committee of the Board described in Article 12.

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- 2.9 **Consultant** means any consultant or adviser engaged to provide services to the Company or any Parent or Subsidiary that qualifies as a consultant under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement.
- 2.10 **Covered Employee** means an Employee who is, or could be, a covered employee within the meaning of Section 162(m) of the Code.
- 2.11 **Director** means a member of the Board, as constituted from time to time.
- 2.12 **Disability** means disability, as such term is defined in Section 22(e)(3) of the Code.
- 2.13 **Dividend Equivalent** means a right granted to a Participant pursuant to Section 8.1 to receive the equivalent value (in cash or Stock) of dividends paid on Stock.
- 2.14 **DRO** means a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.
- 2.15 **Effective Date** has the meaning set forth in Section 13.1.
- 2.16 **Eligible Individual** means any person who is an Employee, a Consultant or a Director, as determined by the Administrator.
- 2.17 **Employee** means any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or of any Parent or Subsidiary.
- 2.18 **Equity Restructuring** means a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Stock (or other securities of the Company) or the share price of Stock (or other securities) and causes a change in the per share value of the Stock underlying outstanding Awards.
- 2.19 **Exchange Act** means the Securities Exchange Act of 1934, as amended from time to time.
- 2.20 **Expiration Date** has the meaning set forth in Section 13.2.
- 2.21 **Fair Market Value** means, as of any given date, the fair market value of a share of Stock on the date determined as follows:
- (a) If the Stock is listed on any (i) established securities exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) national market system or (iii) automated quotation system on which the Stock is listed, quoted or traded, its Fair Market Value shall be the closing sales price for a share of Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Stock on the date in question, the closing sales price for a share of Stock on the last preceding date for which such quotation exists, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;
- (b) If the Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Stock on such date, the high bid and low asked prices for a share of Stock on the last preceding date for which such information exists, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

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(c) If the Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith, as of any given date, the fair market value of a share of Stock on the date determined by such methods or procedures as may be established from time to time by the Administrator.

2.22 **Incentive Stock Option** means an Option that is intended to be an incentive stock option and meets the requirements of Section 422 of the Code or any successor provision thereto.

2.23 **Independent Director** means a Director of the Company who is not an Employee.

2.24 **Misconduct** means the occurrence of any of, but not limited to, the following: (i) conviction of the Participant of any felony or any crime involving fraud or dishonesty; (ii) the Participant's participation (whether by affirmative act or omission) in a fraud, act or dishonesty or other act of misconduct against the Company and/or any Parent or Subsidiary; (iii) conduct by the Participant which, based upon a good faith and reasonable factual investigation by the Company (or, if the Participant is an executive officer, by the Board), demonstrates the Participant's unfitness to serve; (iv) the Participant's violation of any statutory or fiduciary duty, or duty of loyalty owed to the Company and/or any Parent or Subsidiary; (v) the Participant's violation of state or federal law in connection with the Participant's performance of his or her job which has an adverse effect on the Company and/or any Parent or Subsidiary; and (vi) the Participant's violation of Company policy which has a material adverse effect on the Company and/or any Parent or Subsidiary. Notwithstanding the foregoing, the Participant's Disability shall not constitute Misconduct as set forth herein. The determination that a termination is for Misconduct shall be by the Administrator in its sole and exclusive judgment and discretion. Notwithstanding the foregoing, if a Participant is a party to an employment or severance agreement with the Company, the Partnership or any Subsidiary in effect as of the date of grant of an Award which defines Misconduct or Cause or a similar term, Misconduct for purposes of the Plan and such Award shall have the meaning given to such term in such employment or severance agreement.

2.25 **Non-Employee Director** means a Director of the Company who qualifies as a Non-Employee Director as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition.

2.26 **Non-Qualified Stock Option** means an Option that is not intended to be or otherwise does not qualify as an Incentive Stock Option.

2.27 **Option** means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of shares of Stock at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

2.28 **Original 2010 Plan** shall have the meaning set forth in Article 1.

2.29 **Original Effective Date** has the meaning set forth in Section 13.1.

2.30 **Other Incentive Award** means an Award granted or denominated in Stock or units of Stock pursuant to Section 8.4 hereof.

2.31 **Parent** means any parent corporation, as defined in Section 424(e) of the Code and any applicable regulations promulgated thereunder, of the Company or any other entity which beneficially owns, directly or indirectly, a majority of the outstanding voting stock or voting power of the Company.

2.32 **Participant** means any Eligible Individual who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

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2.33 **Performance-Based Award** means an Award granted to selected Covered Employees pursuant to Articles 6 and 8, but which is subject to the terms and conditions set forth in Article 9.

2.34 **Performance Bonus Award** has the meaning set forth in Section 8.5.

2.35 **Performance Criteria** means the criteria (and adjustments) that the Administrator selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period, determined as follows:

(a) The Performance Criteria that shall be used to establish Performance Goals are limited to the following: (i) net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation and (D) amortization); (ii) gross or net sales or revenue; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings; (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital; (ix) return on stockholders' equity; (x) return on sales; (xi) gross or net profit or operating margin; (xii) operating or other costs and expenses; (xiii) improvements in expense levels; (xiv) working capital; (xv) earnings per share; (xvi) adjusted earnings per share; (xvii) price per share of Stock; (xviii) implementation or completion of critical projects; (xix) comparisons with various stock market indices; (xx) capital raised in financing transactions or other financing milestones; (xxi) stockholders' equity; (xxii) market recognition (including but not limited to awards and analyst ratings); (xxiii) financial ratios; and (xxiv) implementation, completion or attainment of objectively determinable objectives relating to research, development, regulatory, commercial or strategic milestones or developments; in each case as determined in accordance with Applicable Accounting Standards, if applicable, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices. The Administrator shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.

(b) The Administrator may, in its sole discretion, provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include one or more of the following: (i) items related to a change in accounting principle; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the disposal of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items relating to changes in tax laws; (xv) items relating to gains or losses for litigation, arbitration and contractual settlements; or (xvi) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions. For all Awards intended to qualify as Qualified Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

(c) To the extent an Award is intended to be Qualified Performance-Based Compensation, the Administrator shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.

2.36 **Performance Goals** means, for a Performance Period, the goals established in writing by the Administrator for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a Subsidiary, division or other operational unit, or an individual.

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- 2.37 **Performance Period** means the one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance-Based Award.
- 2.38 **Permitted Transferee** means, with respect to a Participant, any family member of the Participant, as defined under the instructions to use of the Form S-8 Registration Statement under the Securities Act or any other transferee specifically approved by the Administrator.
- 2.39 **Plan** means this amended and restated Zogenix, Inc. 2010 Incentive Award Plan, as it may be amended from time to time.
- 2.40 **Prior Plan** has the meaning set forth in Section 3.1.
- 2.41 **Qualified Performance-Based Compensation** means any compensation that is intended to qualify as qualified performance-based compensation as described in Section 162(m)(4)(C) of the Code.
- 2.42 **Restricted Stock** means Stock awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.
- 2.43 **Restricted Stock Unit** means a right to receive a share of Stock during specified time periods granted pursuant to Section 8.3.
- 2.44 **Securities Act** means the Securities Act of 1933, as amended.
- 2.45 **Stock** means the common stock of the Company, par value \$0.001 per share, and such other securities of the Company that may be substituted for such common stock pursuant to Article 11.
- 2.46 **Stock Appreciation Right** means a stock appreciation right granted pursuant to Article 7.
- 2.47 **Stock Payment** means (a) a payment in the form of shares of Stock, or (b) an option or other right to purchase shares of Stock, as part of any bonus, deferred compensation or other arrangement, made in lieu of all or any portion of the compensation, granted pursuant to Section 8.2.
- 2.48 **Subsidiary** means (a) any subsidiary corporation of the Company as defined in Section 424(f) of the Code and any applicable regulations promulgated thereunder, (b) any other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company, or (c) any partnership or limited liability company of which 50% or more of the capital and profits interest is owned, directly or indirectly, by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries.
- 2.49 **Substitute Award** shall mean an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity that is a party to such transaction; *provided, however*, that in no event shall the term Substitute Award be construed to refer to an award made in connection with the cancellation and repricing of an Option or Stock Appreciation Right.
- 2.50 **Successor Entity** has the meaning set forth in Section 2.6.

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2.51 **Termination of Consultancy** means the time when the engagement of a Participant as a Consultant to the Company or to a Parent or Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, by resignation, discharge, death or retirement, but excluding: (a) terminations where there is a simultaneous employment or continuing employment of the Participant by the Company or any Parent or Subsidiary, and (b) terminations where there is a simultaneous reestablishment of a consulting relationship or continuing consulting relationship between the Participant and the Company or any Parent or Subsidiary. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Consultancy, including, but not by way of limitation, the question of whether a particular leave of absence constitutes a Termination of Consultancy. Notwithstanding any other provision of the Plan, the Company or any Parent or Subsidiary has an absolute and unrestricted right to terminate a Consultant's service at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in writing.

2.52 **Termination of Directorship** means the time when a Participant, if he or she is or becomes an Independent Director, ceases to be a Director for any reason, including, but not by way of limitation, a termination by resignation, failure to be elected, death or retirement. The Board, in its sole and absolute discretion, shall determine the effect of all matters and questions relating to Termination of Directorship with respect to Independent Directors.

2.53 **Termination of Employment** means the time when the employee-employer relationship between a Participant and the Company or any Parent or Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, Disability or retirement; but excluding: (a) terminations where there is a simultaneous reemployment or continuing employment of the Participant by the Company or any Parent or Subsidiary, and (b) terminations where there is a simultaneous establishment of a consulting relationship or continuing consulting relationship between the Participant and the Company or any Parent or Subsidiary. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a particular leave of absence constitutes a Termination of Employment.

2.54 **Termination of Service** shall mean the last to occur of a Participant's Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable. A Participant shall not be deemed to have a Termination of Service merely because of a change in the capacity in which the Participant renders service to the Company or any Parent or Subsidiary (i.e., a Participant who is an Employee becomes a Consultant) or a change in the entity for which the Participant renders such service (i.e., an Employee of the Company becomes an Employee of a Subsidiary), unless following such change in capacity or service the Participant is no longer serving as an Employee, Independent Director or Consultant of the Company or any Parent or Subsidiary. In addition, if a Termination of Service constitutes a payment event with respect to any Award which provides for the deferral of compensation and is subject to Section 409A of the Code, the Termination of Service must also constitute a separation from service, as defined in Treasury Regulation Section 1.409A-1(h), to the extent required by Section 409A of the Code.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 **Number of Shares.**

(a) Subject to Article 11 and Section 3.1(b), the aggregate number of shares of Stock which may be issued or transferred pursuant to Awards under the Plan shall be the sum of: (i) 9,300,000 shares of Stock; plus (ii) with respect to awards granted on or before the Original Effective Date under the Zogenix, Inc. 2006 Equity Incentive Award Plan (the **Prior Plan**) that expire or are canceled after the Effective Date without having been exercised in full or shares of Stock that are forfeited or repurchased after the Effective Date pursuant to the terms

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of awards granted under the Prior Plan, the number of shares of Stock subject to each such award as to which such award was not exercised prior to its expiration or cancellation or which are forfeited or repurchased by the Company. The aggregate number of shares of Stock subject to awards granted on or before the Original Effective Date under the Prior Plan and outstanding as of the Effective Date was 1,327,835 shares of Stock and, accordingly, the total number of shares of Stock under clause (ii) in the preceding sentence shall not exceed 1,327,835 shares of Stock. In addition, subject to Article 11, commencing on the first January 1 following the Effective Date and on each January 1 thereafter during the term of the Plan, the number of shares of Stock which shall be made available for sale under the Plan shall be increased by that number of shares of Stock equal to the lesser of: (i) 4% of the Company's outstanding shares of Stock on the applicable January 1; and (ii) a lesser number of shares of Stock as determined by the Board. Accordingly, the number of shares of Stock which shall be available for sale under the Plan shall be subject to increase under the preceding sentence only on the first January 1 following the Effective Date and on each subsequent January 1 through and including January 1, 2022. Notwithstanding anything in this Section 3.1(a) to the contrary, the number of shares of Stock that may be issued or transferred pursuant to Awards under the Plan shall not exceed an aggregate of 60,000,000 shares of Stock, subject to Article 11. In order that the applicable regulations under the Code relating to Incentive Stock Options be satisfied, the maximum number of shares of Stock that may be delivered upon exercise of Incentive Stock Options shall be the number specified in the preceding sentence, and, if necessary to satisfy such regulations, such maximum limit shall apply to the number of shares of Stock that may be delivered in connection with each other type of Award under the Plan (applicable separately to each type of Award).

(b) If any shares of Stock subject to an Award are forfeited or expire or such Award is settled for cash (in whole or in part), the shares of Stock subject to such Award shall, to the extent of such forfeiture, expiration or cash settlement, again be available for future grants of Awards under the Plan and shall be added back to the share limit set forth in this Section 3.1(b) in the same number of shares as were debited from the share limit in respect of the grant of such Award (as may be adjusted in accordance with Section 11.1 hereof). Additionally, any shares of Stock tendered or withheld by the Company in payment of the grant or exercise price or tax withholding obligation pursuant to any Award shall again be available for the grant of an Award pursuant to the Plan. If any shares of Restricted Stock are forfeited by a Participant or repurchased by the Company pursuant to Article 6 hereof, such shares shall again be available for the grant of an Award pursuant to the Plan. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares of Stock available for issuance under the Plan.

(c) Substitute Awards shall not reduce the shares of Stock authorized for grant under the Plan. Additionally, in the event that a company acquired by the Company or any Parent or Subsidiary or with which the Company or any Parent or Subsidiary combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the shares of Stock authorized for grant under the Plan; *provided*, that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or any Parent or Subsidiary immediately prior to such acquisition or combination.

(d) Notwithstanding the provisions of this Section 3.1, no shares of Stock may again be optioned, granted or awarded if such action would cause an Incentive Stock Option that is to be granted (as opposed to those that were already granted) to fail to qualify as an incentive stock option under Section 422 of the Code.

3.2 Stock Distributed. Any shares of Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Stock, treasury Stock or Stock purchased on the open market.

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3.3 **Limitation on Number of Shares and Values Subject to Awards.** Notwithstanding any provision in the Plan to the contrary, and subject to Article 11, the maximum number of shares of Stock with respect to one or more Awards that may be granted to any one Participant during any calendar year shall be 2,000,000, and the maximum amount that may be paid in cash during any calendar year with respect to any Performance-Based Award (including, without limitation, any Performance Bonus Award) shall be \$2,000,000.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 **Eligibility.** Each Eligible Individual shall be eligible to be granted one or more Awards pursuant to the Plan.

4.2 **Participation.** Subject to the provisions of the Plan, the Administrator may, from time to time, select from among all Eligible Individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No Eligible Individual shall have any right to be granted an Award pursuant to this Plan.

4.3 **Stand-Alone and Tandem Awards.** Awards granted pursuant to the Plan may, in the discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

4.4 **Award Agreement.** Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

4.5 **Foreign Participants.** Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have Eligible Individuals, or in order to comply with the requirements of any foreign securities exchange, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws or listing requirements of any such foreign securities exchange; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to the Plan as appendices); *provided, however,* that no such subplans and/or modifications shall increase the share limitations contained in Sections 3.1 and 3.3; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any such foreign securities exchange. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Code, the Exchange Act, the Securities Act, any other securities law or governing statute, the rules of the securities exchange or automated quotation system on which the Stock is listed, quoted or traded or any other applicable law.

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ARTICLE 5

STOCK OPTIONS

5.1 General. The Administrator is authorized to grant Options to Eligible Individuals on the following terms and conditions:

(a) Exercise Price. The exercise price per share of Stock subject to an Option shall be determined by the Administrator and set forth in the Award Agreement; *provided* that, subject to Section 5.2(d), the exercise price for any Option shall not be less than 100% of the Fair Market Value of a share of Stock on the date the Option is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code).

(b) Time and Conditions of Exercise. The Administrator shall determine the time or times at which an Option may be exercised in whole or in part. The Administrator shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(i) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Participant or other person then entitled to exercise the Option or such portion of the Option;

(ii) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations, the rules of any securities exchange or automated quotation system on which the shares of Stock are listed, quoted or traded or any other applicable law. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(iii) In the event that the Option shall be exercised pursuant to Section 10.3 by any person or persons other than the Participant, appropriate proof of the right of such person or persons to exercise the Option, as determined in the sole discretion of the Administrator; and

(iv) Full payment of the exercise price and applicable withholding taxes to the stock administrator of the Company for the shares of Stock with respect to which the Option, or portion thereof, is exercised, in a manner permitted by Section 10.1 and 10.2.

5.2 Incentive Stock Options. The terms of any Incentive Stock Options granted pursuant to the Plan must comply with the conditions and limitations contained in this Section 5.2.

(a) Eligibility. Incentive Stock Options may be granted only to employees (as defined in accordance with Section 3401(c) of the Code) of the Company or a Subsidiary which constitutes a subsidiary corporation of the Company within the meaning of Section 424(f) of the Code or a Parent which constitutes a parent corporation of the Company within the meaning of Section 424(e) of the Code.

(b) Exercise Price. The exercise price per share of Stock shall be set by the Administrator; *provided* that subject to Section 5.2(e) the exercise price for any Incentive Stock Option shall not be less than 100% of the Fair Market Value on the date of grant.

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(c) **Expiration.** Subject to Section 5.2(e), an Incentive Stock Option may not be exercised to any extent by anyone after the tenth anniversary of the date it is granted, unless an earlier time is set in the Award Agreement.

(d) **Individual Dollar Limitation.** The aggregate Fair Market Value (determined as of the time the Option is granted) of all shares of Stock with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Stock Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Stock Options.

(e) **Ten Percent Owners.** An Incentive Stock Option shall be granted to any individual who, at the date of grant, owns stock possessing more than ten percent of the total combined voting power of all classes of Stock of the Company or any subsidiary corporation of the Company or parent corporation of the Company (each within the meaning of Section 424 of the Code) only if such Option is granted at an exercise price per share that is not less than 110% of the Fair Market Value per share of the Stock on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(f) **Notice of Disposition.** The Participant shall give the Company prompt notice of any disposition of shares of Stock acquired by exercise of an Incentive Stock Option within (i) two years from the date of grant of such Incentive Stock Option or (ii) one year after the transfer of such shares of Stock to the Participant.

(g) **Transferability; Right to Exercise.** An Incentive Stock Option shall not be transferable by the Participant other than by will or by the laws of descent or distribution, or pursuant to a DRO. During a Participant's lifetime, unless such Incentive Stock Option is transferred pursuant to a DRO, an Incentive Stock Option may be exercised only by the Participant.

(h) **Failure to Meet Requirements.** Any Option (or portion thereof) purported to be an Incentive Stock Option, which, for any reason, fails to meet the requirements of Section 422 of the Code shall be considered a Non-Qualified Stock Option.

5.3 **Substitute Awards.** Notwithstanding the foregoing provisions of this Article 5 to the contrary, in the case of an Option that is a Substitute Award, the price per share of the shares subject to such Option may be less than the Fair Market Value per share on the date of grant, *provided, however,* that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate exercise price thereof does not exceed the excess of (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Administrator) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate exercise price of such shares.

5.4 **Substitution of Stock Appreciation Rights.** The Administrator may provide in the Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option, subject to the provisions of Section 7.2 hereof; *provided* that such Stock Appreciation Right shall be exercisable with respect to the same number of shares of Stock for which such substituted Option would have been exercisable.

ARTICLE 6

RESTRICTED STOCK AWARDS

6.1 **Grant of Restricted Stock.** The Administrator is authorized to make Awards of Restricted Stock to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator.

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6.2 **Issuance and Restrictions.** Restricted Stock shall be subject to such repurchase restrictions, forfeiture restrictions, restrictions on transferability and other restrictions as the Administrator may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter.

6.3 **Repurchase or Forfeiture.** Except as otherwise determined by the Administrator at the time of the grant of the Award or thereafter, upon Termination of Service during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited or subject to repurchase by the Company (or its assignee) under such terms as the Administrator shall determine; *provided, however*, that the Administrator may (a) provide in any Award Agreement that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of a Participant's Termination of Service under certain circumstances, and (b) in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

6.4 **Certificates or Book Entries for Restricted Stock.** Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. Certificates or book entries evidencing shares of Restricted Stock must include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, at its discretion, retain physical possession of any stock certificate until such time as all applicable restrictions lapse or the Award Agreement may provide that the shares shall be held in escrow by an escrow agent designated by the Company.

6.5 **Section 83(b) Election.** If a Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

ARTICLE 7

STOCK APPRECIATION RIGHTS

7.1 **Grant of Stock Appreciation Rights.** A Stock Appreciation Right may be granted to any Eligible Individual selected by the Administrator. A Stock Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Administrator shall impose and shall be evidenced by an Award Agreement.

7.2 **Stock Appreciation Rights.**

(a) A Stock Appreciation Right shall have a term set by the Administrator. A Stock Appreciation Right shall be exercisable in such installments as the Administrator may determine. A Stock Appreciation Right shall cover such number of shares of Stock as the Administrator may determine. The exercise price per share of Stock subject to each Stock Appreciation Right shall be set by the Administrator.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying (i) the amount (if any) by which the Fair Market Value of a share of Stock on the date of exercise of the Stock Appreciation Right exceeds the exercise price per share of the Stock Appreciation Right, by (ii) the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Administrator may impose.

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7.3 Payment and Limitations on Exercise.

(a) Payment of the amounts determined under Section 7.2(b) above shall be in cash, in Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised) or a combination of both, as determined by the Administrator.

(b) To the extent any payment under Section 7.2(b) is effected in Stock it shall be made subject to satisfaction of all provisions of Article 5 above pertaining to Options.

ARTICLE 8

OTHER TYPES OF AWARDS

8.1 Dividend Equivalents.

(a) Any Eligible Individual selected by the Administrator may be granted Dividend Equivalents based on the dividends on the shares of Stock that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional shares of Stock by such formula and at such time and subject to such limitations as may be determined by the Administrator.

(b) Unless otherwise determined by the Administrator, Dividend Equivalents with respect to an Award with performance-based vesting that are based on dividends paid prior to the vesting of such Award shall only be paid out to the Participant to the extent that the performance-based vesting conditions are satisfied and the Award vests.

(c) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

8.2 Stock Payments. Any Eligible Individual selected by the Administrator may receive Stock Payments in the manner determined from time to time by the Administrator. The number of shares of Stock or the number of options or other rights to purchase shares of Stock subject to a Stock Payment shall be determined by the Administrator and may be based upon the attainment of Performance Goals that are established by the Administrator and relate to one or more of the Performance Criteria or other specific performance goals determined appropriate by the Administrator.

8.3 Restricted Stock Units. The Administrator is authorized to make Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Eligible Individual to whom the Award is granted. On the maturity date, the Company shall, subject to Section 10.5(b), transfer to the Participant one unrestricted, fully transferable share of Stock for each Restricted Stock Unit that is vested and scheduled to be distributed on such date and not previously forfeited. The Administrator shall specify the purchase price, if any, to be paid by the Participant to the Company for such shares of Stock.

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8.4 **Other Incentive Awards.** Any Eligible Individual selected by the Administrator may be granted one or more Awards that provide Participants with shares of Stock or the right to purchase shares of Stock or that have a value derived from the value of, or an exercise or conversion privilege at a price related to, or that are otherwise payable in shares of Stock and which may be linked to the attainment of Performance Goals that are established by the Administrator and relate to one or more of the any one or more of the Performance Criteria or other specific performance goals determined appropriate by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. In making such determinations, the Administrator shall consider (among such other factors as it deems relevant in light of the specific type of Award) the contributions, responsibilities and other compensation of the particular Participant.

8.5 **Performance Bonus Awards.** Any Eligible Individual selected by the Administrator may be granted one or more Awards in the form of a cash bonus (a ***Performance Bonus Award***) payable upon the attainment of Performance Goals that are established by the Administrator and relate to one or more of the Performance Criteria or other specific performance goals determined appropriate by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. Any such Performance Bonus Award paid to a Covered Employee shall be based upon objectively determinable bonus formulas established in accordance with Article 9.

8.6 **Term.** Except as otherwise provided herein, the term of any Award of Dividend Equivalents, Stock Payments, Restricted Stock Units or Other Incentive Award shall be set by the Administrator in its discretion.

8.7 **Exercise or Purchase Price.** The Administrator may establish the exercise or purchase price, if any, of any Award of any Stock Payments, Restricted Stock Units or Other Incentive Awards; *provided, however*, that such price shall not be less than the par value of a share of Stock on the date of grant, unless otherwise permitted by applicable state law.

ARTICLE 9

PERFORMANCE-BASED AWARDS

9.1 **Purpose.** The purpose of this Article 9 is to provide the Administrator the ability to qualify Awards other than Options and Stock Appreciation Rights and that are granted pursuant to Articles 6 and 8 as Qualified Performance-Based Compensation. If the Administrator, in its discretion, decides to grant a Performance-Based Award to a Covered Employee, the provisions of this Article 9 shall control over any contrary provision contained in Article 6 or 8; *provided, however*, that the Administrator may in its discretion grant Awards to Covered Employees that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Article 9 and that are not intended to qualify as Qualified Performance-Based Compensation. Unless otherwise specified by the Administrator at the time of grant, the Performance Criteria with respect to an Award intended to be Performance-Based Compensation payable to a Covered Employee shall be determined on the basis of Applicable Accounting Standards.

9.2 **Applicability.** This Article 9 shall apply only to those Covered Employees selected by the Administrator to receive Performance-Based Awards. The designation of a Covered Employee as a Participant for a Performance Period shall not in any manner entitle the Participant to receive an Award for the period. Moreover, designation of a Covered Employee as a Participant for a particular Performance Period shall not require designation of such Covered Employee as a Participant in any subsequent Performance Period and designation of one Covered Employee as a Participant shall not require designation of any other Covered Employees as a Participant in such period or in any other period.

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9.3 **Procedures with Respect to Performance-Based Awards.** To the extent necessary to comply with the Qualified Performance-Based Compensation requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted under Article 6 and 8 which may be granted to one or more Covered Employees, no later than ninety (90) days following the commencement of any Performance Period or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m) of the Code), the Administrator shall, in writing, (a) designate one or more Covered Employees, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Administrator shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned by a Covered Employee, the Administrator shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period.

9.4 **Payment of Performance-Based Awards.** Unless otherwise provided in the applicable Award Agreement and only to the extent otherwise permitted by Section 162(m)(4)(C) of the Code, as to an Award that is intended to qualify as Qualified Performance-Based Compensation, a Participant must be employed by the Company or a Parent or Subsidiary on the day a Performance-Based Award for such Performance Period is paid. Furthermore, a Participant shall be eligible to receive payment pursuant to a Performance-Based Award for a Performance Period only if and to the extent the Performance Goals for such period are achieved.

9.5 **Additional Limitations.** Notwithstanding any other provision of the Plan, any Award which is granted to a Covered Employee and is intended to constitute Qualified Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code or any regulations or rulings issued thereunder that are requirements for qualification as Qualified Performance-Based Compensation, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 10

PROVISIONS APPLICABLE TO AWARDS

10.1 **Payment.** The Administrator shall determine the methods by which payments by any Participant with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) shares of Stock (including, in the case of payment of the exercise price of an Award, shares of Stock issuable pursuant to the exercise of the Award) or shares of Stock held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a written or electronic notice that the Participant has placed a market sell order with a broker with respect to shares of Stock then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (d) other form of legal consideration acceptable to the Administrator. The Administrator shall also determine the methods by which shares of Stock shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an executive officer of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

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10.2 Tax Withholding. The Company or any Parent or Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or such Parent or Subsidiary an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's employment tax obligations) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Administrator may in its discretion and in satisfaction of the foregoing requirement elect to have the Company or any Parent or Subsidiary, as applicable, withhold shares of Stock otherwise issuable under an Award (or allow the return of shares of Stock) having a Fair Market Value equal to the sums required to be withheld (or allow the Participant to make such an election). Notwithstanding any other provision of the Plan, the number of shares of Stock which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award within six months (or such other period as may be determined by the Administrator) after such shares of Stock were acquired by the Participant) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares of Stock which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The Administrator shall determine the fair market value of the Stock, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless Option or Stock Appreciation Right exercise involving the sale of shares of Stock to pay the exercise price or any tax withholding obligation.

10.3 Limits on Transfer.

(a) Except as otherwise provided in Section 10.3(b):

(i) No right or interest of a Participant in any Award may be sold, pledged, assigned, or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised, or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed;

(ii) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by Section 10.3(a)(i); and

(iii) During the lifetime of the Participant, only the Participant may exercise an Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Participant, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

(b) Notwithstanding Section 10.3(a), the Administrator, in its sole discretion, may determine to permit a Participant to transfer an Award other than an Incentive Stock Option to any one or more Permitted Transferees, subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) any Award which is transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Participant (other than the ability to further transfer the Award); and (iii) the Participant and the Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal, state and foreign securities laws and (C) evidence the transfer.

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10.4 Beneficiaries. Notwithstanding Section 10.3(a), a Participant may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written or electronic consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Administrator prior to the Participant's death.

10.5 Stock Certificates; Book Entry Procedures.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed or traded. All Stock certificates delivered pursuant to the Plan and all shares issued pursuant to book-entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state, or foreign jurisdiction, securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Administrator may place legends on any Stock certificate or book-entry to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

(b) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable law, rule or regulation, the Company shall not deliver to any Participant certificates evidencing shares of Stock issued in connection with any Award and instead such shares of Stock shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.6 Paperless Administration. In the event that the Company establishes for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

10.7 Forfeiture Provisions. Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in the terms of Awards made under the Plan, or to require a Participant to agree by separate written or electronic instrument, that: (a)(i) any proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of the Award, or upon the receipt or resale of any shares of Stock underlying the Award, must be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (b)(i) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (ii) the Participant at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Administrator or (iii) the Participant incurs a Termination of Service for Misconduct.

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ARTICLE 11

CHANGES IN CAPITAL STRUCTURE

11.1 Adjustments.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, distribution of Company assets to stockholders (other than normal cash dividends), or any other corporate event affecting the Stock or the share price of the Stock other than an Equity Restructuring, the Administrator shall make equitable adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such changes with respect to (i) the aggregate number and type of shares of Stock that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3); (ii) the number and type of shares of Stock subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iv) the grant or exercise price per share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Qualified Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code.

(b) In the event of any transaction or event described in Section 11.1(a) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate (including without limitation any Change in Control), or of changes in applicable laws, regulations or accounting principles, the Administrator, in its sole discretion and on such terms and conditions as it deems appropriate, either by amendment of the terms of any outstanding Awards or by action taken prior to the occurrence of such transaction or event, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been received upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 11.1(b) the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion; and

(ii) To provide that such Award be assumed by the successor or survivor entity, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; and

(iii) To make adjustments in the number and type of shares of Stock (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock or Restricted Stock Unit Awards and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future; and

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

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(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 11.1(a) and 11.1(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, will be proportionately adjusted. The adjustments provided under this Section 11.1(c)(i) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

(ii) The Administrator shall make such proportionate adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3).

11.2 Acceleration Upon a Change in Control. Notwithstanding Section 11.1, and except as may otherwise be provided in any applicable Award Agreement or other written agreement entered into between the Company, a Parent, a Subsidiary, or other Company affiliate and a Participant, if a Change in Control occurs and a Participant's Awards are not continued, converted, assumed, or replaced by (i) the Company or a Parent or Subsidiary of the Company, or (ii) a Successor Entity, then immediately prior to the Change in Control such Awards shall become fully exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change in Control, the Administrator may cause any and all Awards outstanding hereunder to terminate at a specific time in the future, including but not limited to the date of such Change in Control, and shall give each Participant the right to exercise such Awards during a period of time as the Administrator, in its sole and absolute discretion, shall determine.

11.3 Adjustments of Qualified Performance-Based Compensation. With respect to Awards which are granted to Covered Employees and are intended to qualify as Qualified Performance-Based Compensation, no adjustment or action described in this Article 11 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause such Award to fail to so qualify as Qualified Performance-Based Compensation, unless the Administrator determines that the Award should not so qualify. No adjustment or action described in this Article 11 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized with respect to any Award to the extent such adjustment or action would result in short-swing profits liability under Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions.

11.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to an Award or the grant or exercise price of any Award.

11.5 Restrictions on Exercise. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Stock or the share price of the Stock including any Equity Restructuring, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of 30 days prior to the consummation of any such transaction.

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ARTICLE 12

ADMINISTRATION

12.1 **Administrator.** The Administrator of the Plan shall be a Committee of the Board, which shall consist solely of two or more members of the Board each of whom is a Non-Employee Director, and with respect to awards that are intended to be Performance-Based Awards, an outside director within the meaning of Section 162(m) of the Code; *provided* that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or otherwise provided in any charter of the Committee. Notwithstanding the foregoing: (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to all Awards granted to Independent Directors and for purposes of such Awards the term Administrator as used in this Plan shall be deemed to refer to the Board and (b) the Board or the Committee may delegate its authority hereunder to the extent permitted by Section 12.5. In addition, in its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan except with respect to matters which are required to be determined in the sole discretion of the Committee under Rule 16b-3 of the Exchange Act or Section 162(m) of the Code, or any regulations or rules issued thereunder. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment; Committee members may resign at any time by delivering written notice to the Board; and vacancies in the Committee may only be filled by the Board.

12.2 **Action by the Administrator.** Unless otherwise established by the Board or in any charter of the Company or the Committee, a majority of the Administrator shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or of any Parent or Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company or any Parent or Subsidiary to assist in the administration of the Plan.

12.3 **Authority of Administrator.** Subject to any specific designation in the Plan, the Administrator has the exclusive power, authority and discretion to:

- (a) Designate Eligible Individuals to receive Awards;
- (b) Determine the type or types of Awards to be granted to each Participant;
- (c) Determine the number of Awards to be granted and the number of shares of Stock to which an Award will relate;
- (d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any reload provision, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;
- (e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Stock, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

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- (f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;
- (i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and
- (j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

12.4 **Decisions Binding.** The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

12.5 **Delegation of Authority.** To the extent permitted by applicable law, the Board or the Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards to Participants other than (a) Employees who are subject to Section 16 of the Exchange Act, (b) Covered Employees, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Board or the Committee specifies at the time of such delegation, and the Board or the Committee may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.5 shall serve in such capacity at the pleasure of the Board or the Committee.

12.6 **Amendment or Exchange of Awards.** The Administrator may, without stockholder approval, (a) amend any Award to reduce the per share exercise price of such an Award below the per share exercise price as of the date the Award is granted and (b) grant an Award in exchange for, or in connection with, the cancellation or surrender of an Award having a higher per share exercise price.

ARTICLE 13

EFFECTIVE AND EXPIRATION DATE

13.1 **Effective Date.** The Original 2010 Plan was effective as of November 21, 2010 (the ***Original Effective Date***). This amended and restated Plan shall be effective on the date it is approved by the Board, subject to approval of the Plan by a majority of the Company's stockholders at a duly held meeting in 2012 (the ***Effective Date***).

13.2 **Expiration Date.** The Plan will expire on, and no Award may be granted pursuant to the Plan on or after, the tenth anniversary of the Effective Date (the ***Expiration Date***). Any Awards that are outstanding on the Expiration Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

13.3 **Approval of Plan by Stockholders.** The Plan will be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan. Awards may be granted or awarded prior to such stockholder approval; *provided* that such Awards shall not be exercisable nor shall such Awards vest prior to the time when the Plan is approved by the stockholders; and, *provided further*, that if such approval has not been obtained at the end of said twelve-month period, all Awards previously granted or awarded under the Plan shall thereupon be canceled and become null and void. If the Plan is not approved by the Company's stockholders, it will not become effective and the Original 2010 Plan will continue in full force.

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and effect in accordance with its terms. Upon the approval of the Plan by the Company's stockholders, any awards outstanding under the Original 2010 Plan as of the date of such approval shall remain outstanding and, if applicable, exercisable pursuant to the terms of such individual grants. In addition, if the Board determines that Awards other than Options and Stock Appreciation Rights which may be granted to Covered Employees should continue to be eligible to qualify as performance-based compensation under Section 162(m)(4)(C) of the Code, the Performance Criteria must be disclosed to and approved by the Company's stockholders no later than the first stockholder meeting that occurs in the fifth year following the year in which the Company's stockholders previously approved by the Plan.

ARTICLE 14

AMENDMENT, MODIFICATION, AND TERMINATION

14.1 **Amendment, Modification, And Termination.** The Board may terminate, amend or modify the Plan at any time and from time to time; *provided, however*, that (a) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) stockholder approval shall be required for any amendment to the Plan that increases the number of shares of Stock available under the Plan.

14.2 **Awards Previously Granted.** No termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 15

GENERAL PROVISIONS

15.1 **No Rights to Awards.** No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Participants or any other persons uniformly.

15.2 **No Stockholders Rights.** Except as otherwise provided herein, a Participant shall have none of the rights of a stockholder with respect to shares of Stock covered by any Award until the Participant becomes the record owner of such shares of Stock.

15.3 **No Right to Employment or Services.** Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Company or any Parent or Subsidiary to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of the Company or any Parent or Subsidiary.

15.4 **Unfunded Status of Awards.** The Plan is intended to be an unfunded plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Parent or Subsidiary.

15.5 **Indemnification.** To the extent allowable pursuant to applicable law, each member of the Administrator or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him

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or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

15.6 Relationship to Other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Parent or Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

15.7 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

15.8 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

15.9 Fractional Shares. No fractional shares of Stock shall be issued and the Administrator shall determine, in its discretion, whether cash shall be given in lieu of fractional shares of Stock or whether such fractional shares of Stock shall be eliminated by rounding up or down as appropriate.

15.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

15.11 Government and Other Regulations. The obligation of the Company to make payment of awards in Stock or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register pursuant to the Securities Act any of the shares of Stock paid pursuant to the Plan. If the shares of Stock paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act, the Company may restrict the transfer of such shares of Stock in such manner as it deems advisable to ensure the availability of any such exemption.

15.12 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the adoption of the Plan. Notwithstanding any provision of the Plan to the contrary, in the event that following the adoption of the Plan the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the adoption of the Plan), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

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15.13 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of California, without regard to the conflicts of law principles thereof.

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ZOGENIX, INC.

Proxy for Annual Meeting of Stockholders on June 6, 2012

Solicited on Behalf of the Board of Directors

The undersigned stockholder(s) of ZOGENIX, INC. hereby constitutes and appoints Roger L. Hawley and Ann D. Rhoads, and each of them, attorneys and proxies of the undersigned, each with power of substitution, to attend, vote and act for the undersigned at the Annual Meeting of Stockholders of Zogenix, Inc. to be held on June 6, 2012 at 8:30 a.m., local time, at the San Diego Marriott Del Mar, 11966 El Camino Real, San Diego, California 92130, and at any adjournment or postponement of the meeting, according to the number of shares of common stock of Zogenix, Inc. that the undersigned may be entitled to vote, and with all powers that the undersigned would possess if personally present, as follows:

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR THE NOMINEES FOR DIRECTOR LISTED IN PROPOSAL 1 AND FOR PROPOSALS 2, 3 AND 4.

(Continued and to be signed on the reverse side.)

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ANNUAL MEETING OF STOCKHOLDERS OF

ZOGENIX, INC.

June 6, 2012

PROXY VOTING INSTRUCTIONS

INTERNET - Access **www.voteproxy.com** and follow the on-screen instructions. Have your proxy card available when you access the web page, and use the Company Number and Account Number shown on your proxy card.

TELEPHONE - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call and use the Company Number and Account Number shown on your proxy card.

COMPANY NUMBER

ACCOUNT NUMBER

Vote online/phone until 11:59 PM EST the day before the meeting.

MAIL - Sign, date and mail your proxy card in the envelope provided as soon as possible.

IN PERSON - You may vote your shares in person by attending the Annual Meeting.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL: The Notice of Meeting, proxy statement and proxy card are available at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=40052>

i Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone or the Internet. i

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS, FOR PROPOSALS 2, 3 AND 4. PLEASE SIGN,

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DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

- | | | |
|--|---|---------------------------------|
| 1. Election of three (3) directors for a three-year term to expire at the 2015 annual meeting of stockholders: | 2. Ratification of the selection of Ernst & Young LLP as Zogenix's independent registered public accounting firm for the fiscal year ending December 31, 2012: | FOR AGAINST ABSTAIN
.. |
| | 3. Approval of the amendment and restatement of the Company's 2010 Equity Incentive Award Plan: | FOR AGAINST ABSTAIN
.. |
| | 4. Approval of an amendment to the Company's Amended and Restated Certificate of Incorporation to increase the authorized number of shares of common stock from 100,000,000 to 200,000,000: | FOR AGAINST ABSTAIN
.. |

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: 1

In their discretion, the proxies are authorized to vote upon such other business as may be properly brought before the meeting or any adjournment or postponement thereof.

The undersigned revokes any prior proxy at the meeting and ratifies all that said attorneys and proxies, or any of them, may lawfully do by virtue hereof. Receipt of the Notice of Annual Meeting of Stockholders and proxy statement is hereby acknowledged.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. ..

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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