

RCM TECHNOLOGIES INC  
Form DEF 14A  
November 03, 2017  
**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

**RCM  
TECHNOLOGIES,  
INC.**

(Name of Registrant  
as Specified In Its  
Charter)

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

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- (1) Amount Previously Paid:
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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD DECEMBER 8, 2017**

To Our Stockholders:

The RCM Technologies, Inc. 2017 Annual Meeting of Stockholders will be held at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania 19103, on Friday, December 8, 2017, at 4:00 p.m. local time.

The purposes of the meeting are to:

1. Elect six directors to hold office until the Annual Meeting of Stockholders to be held in 2018 and until their successors are duly elected and qualified;
2. Ratify our Audit Committee's selection of EisnerAmper LLP as our independent accountants for our fiscal year ending December 30, 2017;
3. Conduct an advisory vote to approve the compensation of our named executive officers for 2016; and
4. Transact such other business as may properly come before the meeting or any adjournment(s) of the meeting.

We have fixed October 12, 2017 as the record date for determining the stockholders entitled to vote at the meeting. You are not entitled to notice of, or to vote at, the meeting if you were not a stockholder of record at the close of business on that date.

You are cordially invited to attend the meeting. Whether or not you expect to attend the meeting in person, please sign, date and promptly return the enclosed proxy to ensure that your shares will be represented at the meeting. The enclosed envelope requires no postage if mailed within the United States. Most of our stockholders hold their shares in

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“street name” through brokers, banks and other nominees and may choose to vote their shares by telephone instead of using the enclosed proxy card. If you wish to vote by telephone, please follow the instructions on your proxy card. If you attend the meeting, you may revoke your proxy and vote in person.

By Order of the Board of Directors,

Kevin D. Miller  
Secretary

Pennsauken, New Jersey  
November 3, 2017

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**RCM TECHNOLOGIES, INC.**

**2500 McClellan Avenue  
Suite 350  
Pennsauken, New Jersey 08109**

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**PROXY STATEMENT**

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**ANNUAL MEETING OF STOCKHOLDERS**

**DECEMBER 8, 2017**

**About this Proxy Statement**

Our Board of Directors is soliciting proxies to be used at our 2017 Annual Meeting of Stockholders. The meeting will be held at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania 19103 on Friday, December 8, 2017, at 4:00 p.m. local time. This proxy statement, the notice of annual meeting and the form of proxy will be mailed to stockholders beginning on or about November 3, 2017.

**VOTING PROCEDURES**

**Who Can Vote**

Only RCM common stockholders at the close of business on the record date, October 12, 2017, may vote at the annual meeting. You are entitled to cast one vote for each share of RCM common stock that you owned as of the close of business on the record date. At the close of business on the record date, there were 12,011,699 shares of RCM common stock outstanding.

## How You Can Vote

You can vote by:

- marking your proxy card, dating and signing it, and returning it in the postage-paid envelope we have provided,
- phoning in your vote using the information provided on your voting form, or
- attending the meeting and voting in person.

## How You Can Revoke Your Proxy or Change Your Vote

You can revoke your proxy at any time before it is voted at the meeting by:

- sending a written notice that you have revoked your proxy to our Secretary, Kevin D. Miller, at 2500 McClellan Avenue, Suite 350, Pennsauken, New Jersey 08109-4613,
- submitting a later-dated proxy card, or
- attending the meeting, giving our Secretary written notice of your revocation and voting your shares.

If a bank, broker or other holder of record holds your shares in its name, you must obtain a proxy card executed in your favor from the holder of record to be able to vote your shares at the meeting.

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## General Information on Voting

A quorum must exist for voting to take place at the meeting. A quorum exists if holders of a majority of the outstanding shares of our common stock are present at the meeting in person or are represented by proxy at the meeting.

Director nominees are elected by a majority vote, meaning that a nominee for director is elected only if he or she receives the affirmative vote of a majority of the total votes cast for and against such nominee. All other matters to be voted upon at the meeting must be approved by a majority of the votes cast on those matters.

Shares represented by a proxy marked “abstain” on any matter will be considered present at the meeting for purposes of determining whether there is a quorum, but will not be considered as votes cast on that matter. Shares represented by a proxy as to which there is a “broker non-vote” (that is, where a broker holding your shares in “street” or “nominee” name indicates to us on a proxy that you have given the broker the discretionary authority to vote your shares on some but not all matters), will be considered present at the meeting for purposes of determining a quorum but will not be considered as votes cast on matters as to which there is a “broker non-vote.” Abstentions and “broker non-votes” will therefore have no effect on the outcome of any vote taken at the meeting.

Shares that have been properly voted and not revoked will be voted at the meeting in accordance with the instructions on your proxy card. If you sign your proxy card but do not mark your choices, Rocco Campanelli or Kevin D. Miller, the persons named on the enclosed proxy card, will vote the shares represented by your proxy card:

FOR the persons we nominated for election as directors (Proposal No. 1);

FOR the ratification of our Audit Committee’s selection of EisnerAmper LLP as our independent accountants for our fiscal year ending December 30, 2017 (Proposal No. 2); and

FOR approval of an advisory resolution approving the compensation of our named executive officers for 2016 (Proposal No. 3).

If any other matters are properly presented at the meeting for consideration, Mr. Campanelli and Mr. Miller will have the discretion to vote on those matters for you. Currently, we are not aware of any such matters.

**Costs of Solicitation**

We will pay for preparing, assembling and mailing this proxy statement. Our directors, officers and employees may solicit proxies through the mails, direct communication or otherwise. None of our directors, officers or employees will receive additional compensation for soliciting proxies. We may reimburse brokerage firms and other custodians, nominees or fiduciaries for their reasonable expenses for forwarding proxy and solicitation materials to stockholders.

**Important Notice Regarding the Availability of**

**Proxy Materials for the Annual Meeting of Stockholders to be Held on December 8, 2017**

This proxy statement and our 2016 annual report to stockholders are available at

<http://www.astproxyportal.com/ast/08117>



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

**Security Ownership of Certain Beneficial Owners**

The following table lists the persons we know to be beneficial owners of at least five percent of our common stock as of October 20, 2017.

<u>Name and Address of Beneficial Owner</u>	<b>Number of Shares</b>	<b>Approximate Percentage of Outstanding Common Stock</b>
IRS Partners No. 19, L.P. <sup>(1)</sup> 515 S. Figueroa Street, Suite 1050 Los Angeles, CA 90071	2,321,139	19.3%
Heartland Advisors, Inc. <sup>(2)</sup> 789 North Water Street Milwaukee, WI 53202	1,100,000	9.2%
Dimensional Fund Advisors LP <sup>(3)</sup> Building One 6300 Bee Cave Road Austin, TX 78746	1,048,107	8.7%
Renaissance Technologies LLC <sup>(4)</sup> 800 Third Avenue New York, NY 10022	753,900	6.3%

(1)Based on Amendment No. 13 to Schedule 13D, dated August 24, 2015 (the “Amendment”), filed with the Commission by IRS Partnership No. 19, L.P. (“IRS 19”), The Leonetti/O’Connell Family Foundation (the “Foundation”), M2O, Inc. (“M2O”), The Michael F. O’Connell and Margo L. O’Connell Revocable Trust (the “Trust”), Michael O’Connell (“Mr. O’Connell” and, collectively with IRS 19, the Foundation, M2O and the Trust, the “O’Connell Entities”), Legion Partners Asset Management LLC (“Legion Partners”), Christopher Kiper (“Mr. Kiper”) and Bradley Vizi (“Mr. Vizi”). The Amendment states that IRS 19, M2O, the Trust and Mr. O’Connell may be deemed to have the shared voting and dispositive power over the 1,991,375 shares owned by IRS 19 and that the Foundation and Mr. O’Connell may be deemed to have shared voting and dispositive power over 266,074 shares owned by the Foundation. The Amendment also states that Legion Partners exclusively manages IRS 19’s and the Foundation’s

investment in the Common Shares pursuant to which Mr. Kiper and Mr. Vizi on behalf of Legion Partners manage such investments. In addition to the Schedule 13D, this amount reflects certain additional information known to the Company regarding Mr. Vizi's share ownership. As a result, Legion Partners, Mr. Kiper and Mr. Vizi may be deemed to have shared dispositive power with respect to the 2,257,449 shares held by IRS 19 and the Foundation. Mr. Kiper and Mr. Vizi, respectively, also have sole voting and dispositive power over 22,000 and 25,250 shares. The shares beneficially owned by Mr. Vizi include 6,289 shares issuable upon the vesting of restricted stock units on December 1, 2017.

(2) Based on Amendment No. 19 to Schedule 13G, dated February 2, 2017, filed with the Commission. The Amendment states that Heartland Advisors, Inc., a registered investment advisor, and William J. Nasgovitz have shared voting and dispositive power as to all of these shares. The Heartland Value Fund, an account managed by Heartland Advisors, Inc., owns all of these shares.

**Security Ownership of Certain Beneficial Owners**

Based on Amendment No. 15 to Schedule 13G, dated February 9, 2017, filed with the Commission. The  
(3) Amendment states that Dimensional Fund Advisors LP, a registered investment advisor, has sole voting power over 1,044,753 of these shares and sole dispositive power as to all of these shares.

Based on Schedule 13G, filed with the Commission on February 14, 2017. The Schedule 13G states that  
(4) Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation both have sole voting power over 687,378 of these shares, sole dispositive power over 702,480 of these shares and shared dispositive power over 51,420 of these shares.

- 4 -

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**Security Ownership of Management**

The following table lists the number of shares of our common stock beneficially owned, as of October 20, 2017, by each director and director nominee, each of our executive officers, certain members of our senior management, and by our directors, nominees and executive officers as a group. In general, beneficial ownership includes those shares a person has the power to vote or transfer, as well as shares owned by immediate family members who live with that person.

<b><u>Name</u></b>	<b>Number of Shares</b>	<b>Approximate Percentage of Outstanding Common Stock</b>
Roger H. Ballou <sup>(1)</sup>	47,539	*
Maier O. Fein <sup>(2)</sup>	30,289	*
Leon Kopyt <sup>(3)</sup>	566,895	4.7%
Richard D. Machon <sup>(4)</sup>	44,289	*
S. Gary Snodgrass <sup>(5)</sup>	38,801	*
Bradley S. Vizi <sup>(6)</sup>	31,539	*
Rocco Campanelli <sup>(7)</sup>	164,269	1.4%
Kevin D. Miller <sup>(8)</sup>	451,231	3.7%
Other executive officers <sup>(9)</sup>	157,831	1.3%
All directors and executive officers as a group (10 persons)	1,532,683	12.7%

\*Represents less than one percent of our outstanding common stock.

(1)Includes 6,289 shares issuable upon the vesting of restricted stock units on December 1, 2017.

(2)Includes 6,289 shares issuable upon the vesting of restricted stock units on December 1, 2017.

(3)Includes 6,289 shares issuable upon the vesting of restricted stock units on December 1, 2017.

(4)Includes 6,289 shares issuable upon the vesting of restricted stock units on December 1, 2017.

(5)Includes 6,289 shares issuable upon the vesting of restricted stock units on December 1, 2017.

(6)Includes 6,289 shares issuable upon the vesting of restricted stock units on December 1, 2017.

(7)Includes 20,000 shares issuable upon the vesting of restricted stock units on December 11, 2017.

(8)Includes 15,000 shares issuable upon the vesting of restricted stock units on December 11, 2017.

(9)Includes 20,000 shares issuable upon the vesting of restricted stock units on December 11, 2017.

## PROPOSAL 1

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### ELECTION OF DIRECTORS

Stockholders are being asked to elect six (6) directors at the Annual Meeting, each to serve until their successors are duly elected at the 2018 annual meeting and qualified. Your Board has nominated for election as director Roger H. Ballou, Maier O. Fein, Leon Kopyt, Richard D. Machon, S. Gary Snodgrass and Bradley S. Vizi, each of whom is a current member of the Board.

Messrs. Ballou, Fein, Kopyt, Machon, Snodgrass and Vizi have consented to serve a term on our Board of Directors, and the persons named as proxy holders on the enclosed proxy card, Mr. Campanelli and Mr. Miller, intend to vote FOR the election of Messrs. Ballou, Fein, Kopyt, Machon, Snodgrass and Vizi unless you mark a contrary instruction on your proxy card. Unless you indicate otherwise on your proxy card, if any of Messrs. Ballou, Fein, Kopyt, Machon, Snodgrass or Vizi is unable to serve as a director at the time of the Annual Meeting, Mr. Campanelli or Mr. Miller will vote FOR the election of another person that the Board may nominate in their place.

Set forth below are brief descriptions of the nominees for election as director and of the continuing directors. The descriptions for the directors set forth the experience, qualifications, attributes and skills that have led the Board's Nominating and Governance Committee and the Board to conclude that these individuals should serve as directors.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ROGER H. BALLOU, MAIER O. FEIN, LEON KOPYT, RICHARD D. MACHON, S. GARY SNODGRASS AND BRADLEY S. VIZI AS MEMBERS OF OUR BOARD OF DIRECTORS.**

#### Nominees for Election as Directors

**Roger H. Ballou**, Director since 2013, age 66

Mr. Ballou currently serves as a director of Univest Corporation of Pennsylvania (NASDAQ: UVSP), a Pennsylvania bank and Alliance Data Systems Corporation (NYSE: ADS), a provider of transaction-based, data-driven marketing and loyalty solutions. Mr. Ballou previously served as the Chief Executive Officer and a director of CDI Corporation, a company that offers engineering, information technology and professional staffing solutions, from 2001 until 2011. Mr. Ballou had served as Chairman and Chief Executive Officer of Global Vacation Group, Inc. from 1998 to 2000.

He was a senior advisor for Thayer Capital Partners from 1997 to 1998. From 1995 to 1997, Mr. Ballou served as Vice-Chairman and Chief Marketing Officer, then as President and Chief Operating Officer, of Alamo Rent A Car, Inc. Before joining Alamo, for more than 16 years, he held several positions with American Express, culminating in his appointment as President of the Travel Services Group.

Mr. Ballou's extensive public board and executive management experience and personal knowledge of the Company's business segments, in particular, its Engineering and Information Technology segments, allow him to make significant contributions in all facets of the business.

**Nominees for Election as Directors (Continued)**

**Maier O. Fein**, Director since 2012, age 75

Mr. Fein is a distinguished professional with an extensive and diversified background in technology and science. He was employed by the Naval Undersea Warfare Center (“NUWC”) and its predecessor organizations. He began his career as a research physicist in New London, CT and advanced to the position of Engineering Manager in Newport, RI, responsible for major operations and organizational functions while maintaining liaison with the financial, facilities, security and human resource departments.

Mr. Fein’s strong science, engineering, management skills and extensive knowledge of Federal programs and procurements are particularly valuable to the Company’s Aerospace and Defense Engineering Division.

**Leon Kopyt**, Director since 1991, age 72

Mr. Kopyt has been our Founder and Chairman Emeritus since September 1, 2015. Previously, Mr. Kopyt served as our Chairman of the Board since 1992, as our President & Chief Executive Officer from 1994 to February 2014, as our Chief Financial Officer and Treasurer from 1992 to 1994, and as our Chief Operating Officer from 1990 to 1992. Prior to joining RCM, Mr. Kopyt was President and CEO of a European-based industrial corporation involved in the design and manufacture of a broad range of transportation and defense products for domestic and international markets as well as related services in international trade and finance. His previous professional experiences include engineering, management and executive positions with Crane Company, Pennsalt Chemicals, Budd Company, General Electric and Metropolitan Transportation Authority in New York.

Mr. Kopyt’s extensive experience in leading the Company in an executive capacity for 25 years makes Mr. Kopyt a valuable member of our Board.

**Richard D. Machon**, Director since 2010, age 71

Mr. Machon has been providing independent consulting services to major utilities through Machon & Associates since 2000. Prior to his employment as an independent consultant, Mr. Machon held a number of key management positions at Tennessee Valley Authority, Portland General Electric, Impell and Boston Edison. Mr. Machon has also served as

Senior Vice President of Operations at PSEG from 2008 to 2010 and as Nuclear Chief Operating Officer at Ontario Power Generation from 1997 to 2000.

Mr. Machon's extensive experience as an executive in the Power Systems industry facilitates his valuable insight in general and, more specifically, his contributions regarding industry contacts, project proposals, contract negotiations, project management and related matters.

**S. Gary Snodgrass**, Director since 2010, age 66

Mr. Snodgrass retired from Exelon Corporation in 2007 after ten years of employment as Executive Vice President and Chief Human Resources and Security Officer. Prior to joining Exelon, Mr. Snodgrass was employed by USG Corporation as Vice President of Human Resources from 1973 to 1997. Since 2008, Mr. Snodgrass has been Managing Director of Snodgrass and Associates and Co-Founder and President of the Snodgrass Family Foundation. He served as Mayor of the City of St. Augustine Beach, FL in 2012 and 2013, and since 2014 has been a City Commissioner. Mr. Snodgrass is also an Adjunct Professor of Business for Flagler College in St. Augustine, FL.

Mr. Snodgrass's extensive experience as a human resources executive facilitates his valuable insights in general and, more specifically, his contributions regarding human resources operational initiatives and issues.



**Nominees for Election as Directors (Continued)**

**Bradley S. Vizi**, Director since 2013, age 33

Mr. Vizi has served as our Chairman of the Board since September 1, 2015. Previously Mr. Vizi served as a board member since December 5, 2013. Since February 12, 2016, Mr. Vizi has served as a member of the Board of Directors at L.B. Foster (NASDAQ: FSTR), a leading manufacturer, fabricator, and distributor of products and services for the rail, construction, energy and utility markets with locations in North America and Europe. Mr. Vizi is a founder of Legion Partners Asset Management, LLC, and has served as Managing Director since 2012. Mr. Vizi founded Legion Partners Management in 2010. From 2007 to 2010, Mr. Vizi was an investment professional at Shamrock Capital Advisors, Inc. (“Shamrock”), the alternative investment vehicle of the Disney Family. Prior to Shamrock, from 2006 to 2007, Mr. Vizi was an investment professional with the private equity group at Kayne Anderson Capital Advisors L.P.

Mr. Vizi’s significant financial and investment experience are particularly valuable in the areas of capital allocation, compensation planning, corporate governance and marketing the Company to the investment community.

**OUR EXECUTIVE OFFICERS**

The following table lists our executive officers. Our Board elects our executive officers annually for terms of one year and may remove any of our executive officers with or without cause.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Rocco Campanelli	67	President & CEO
Kevin D. Miller	51	Chief Financial Officer, Treasurer and Secretary
Timothy Brandt	56	Group Senior Vice President
Michael Saks	61	Senior Vice President
Danny A. White	66	Senior Vice President

**Rocco Campanelli** has served as our President and Chief Executive Officer since March 1, 2014. From June 1999 through February 2014, Mr. Campanelli served as Executive Vice President of RCM. From September 1995 until June 1999, Mr. Campanelli served as a Senior Vice President of RCM and our General Manager of Professional Engineering. Previously, Mr. Campanelli was a Senior Vice President of Operations and Marketing for Cataract, Inc., a business we acquired in August 1995. From the time he joined Cataract in 1988 until August 1995, Mr. Campanelli held the position of Northeast Regional Manager and Vice President of Operations.

**Kevin D. Miller** has served as our Chief Financial Officer, Secretary and Treasurer since October 2008. From July 1997 until September 2008, he was Senior Vice President of RCM. From 1996 until July 1997, Mr. Miller served as an Associate in the corporate finance department of Legg Mason Wood Walker, Incorporated. From 1995 to 1996, Mr. Miller was a business consultant for the Wharton Small Business Development Center. Mr. Miller previously served as a member of both the audit and corporate finance groups at Ernst & Young LLP.

- 8 -

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## OUR EXECUTIVE OFFICERS (CONTINUED)

**Timothy Brandt** has served as our Group Senior Vice President of RCM's IT Consulting and Solutions Division since October 2011. From December 2002 until joining RCM, Mr. Brandt held positions of increasing responsibility for Kforce and Pinkerton Computer Consultants (acquired by Kforce in 2006), ending his tenure in the position of Market President. Mr. Brandt has 20 years of senior leadership experience in IT consulting and solutions including positions with FYI Systems, Paragon Computer Professionals and Computer Systems Development. Mr. Brandt's professional experience started at Xerox Corporation, where he held positions in Sales, Sales Training and Sales Management over a nine year period starting in 1984.

**Michael Saks** has served as Senior Vice President and General Manager of RCM's Health Care Services Division since May 2007. From January 1994 until May 2007 he was the Vice President and GM of RCM Health Care. Prior to joining RCM, Mr. Saks served as a corporate executive at MS Executive Resources, MA Management and Group 4 Executive Search. Mr. Saks has over 32 years of executive management, sales and recruiting experience.

**Danny A. White** has served as Senior Vice President since 2003 and among other responsibilities, leads our Canadian Engineering Group. From 1999 to 2003, Mr. White served as Vice President of Operations and General Manager. Previously, Mr. White was a Vice President at the Fulcrum Group, a business the Company acquired in February 1999. While at the Fulcrum Group, Mr. White also served as Engineering Division Manager and until his promotion to Vice President in 1997. Mr. White has over 37 years of experience in the power industry.

## EXECUTIVE COMPENSATION

The Compensation Committee of the Board has responsibility for establishing, implementing and continually monitoring adherence with the Company's compensation philosophy. The Compensation Committee seeks to ensure that the total compensation paid to the executives is fair, reasonable and competitive. Generally, the types of compensation and benefits provided to our executives, including the named executive officers, are similar to those provided to other executive officers.

During 2015, as part of our ongoing effort to better align our leadership, corporate governance structure and compensation methodologies with the interests and perspectives of our stockholders, members of our Board of Directors and management team spoke with stockholders representing a majority of our ownership. Mindful of the input of these stockholders and motivated by our commitment to the implementation of best practices in corporate governance and compensation, the Compensation Committee and our Board have undertaken over the last two years a series of efforts with respect to compensation reform, including the following steps:

Limiting executive severance cash pay-outs to no more than 24 months base salary and bonus;

Prohibiting tax gross-ups in all future employment agreements;

Requiring future employment agreements to contain a "double trigger" with respect to executive change-in-control payments; and

Adopting an incentive payment claw back policy for named executive officers.

Developed the conceptual framework for a long term incentive plan containing performance-based stock units for the Company's Chief Executive Officer and Chief Financial Officer, which, as discussed below, was initially implemented in fiscal year 2016.

## EXECUTIVE COMPENSATION (CONTINUED)

Since the implementation of the new long term incentive plan structure for the Company's Chief Executive Officer and Chief Financial Officer, two grants have been made under this program. On each of March 20, 2016 and March 24, 2017, the Compensation Committee made grants of 120,000 performance stock units ("PSUs") to Mr. Campanelli and 80,000 PSUs to Mr. Miller. The number of PSUs that will ultimately be earned and vested under these grants shall be determined based on the level of achievement of certain performance goals tied to operating earnings and stockholder return performance during performance periods beginning on January 3, 2016 and ending on December 29, 2018, with respect to the 2016 grant, and beginning on January 1, 2017 and ending on December 28, 2019, with respect to the 2017 grant; provided, that if a Change in Control (as defined in the Company's 2014 Omnibus Equity Compensation Plan (the "2014 Plan")) occurs prior to the end of any performance period set forth above, then the last day of such performance period shall be the last day of the Company's fiscal quarter that immediately precedes the date of the Change in Control.

For 2016, Mr. Campanelli's and Mr. Miller's non-equity incentive plan compensation was payable in cash, and was paid based on achievement of targets set for operating income growth and year-over-year reduction of our average days sales outstanding. Mr. Campanelli and Mr. Miller earned cash bonuses for fiscal 2016 of \$25,000 and \$37,500, respectively.

In addition to this restructuring of our executive compensation, our Compensation Committee has adopted the following policies:

An incentive reward recoupment (i.e., "clawback") policy that allows the Company to recoup incentive awards paid to the executive officers and certain other senior employees of the Company in the event of a material restatement of the Company's financial results. Incentive awards consist of any compensation intended to provide an incentive for performance over a specified period, whether measured based upon financial performance of the Company or a subsidiary, the Company's stock price, or any other performance measure, or in connection with the completion of a specified transaction, as well as any stock award, stock option, stock appreciation right, stock unit or other stock-based award. The clawback policy requires that the terms and conditions of any incentive award program and/or equity award grant under which an incentive award may be paid or awarded, as applicable, by the Company or a subsidiary to a covered individual must include a provision incorporating the requirements of the clawback policy as a condition of such award.

Limiting executive severance cash pay-outs to no more than 24 months base salary and bonus;

Prohibiting tax gross-ups in all future employment agreements; and

Requiring future employment agreements to contain a “double trigger” with respect to executive change-in-control payments.

- 10 -

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**Summary Compensation Table**

The following table lists, for our fiscal years ended December 31, 2016 and January 2, 2016, cash and other compensation paid to, or accrued by us, for our chief executive officer during our fiscal year ended December 31, 2016 and each of the persons who, based upon total annual salary, annual incentive compensation and bonus, was one of our other two most highly compensated executives during the fiscal year ended December 31, 2016.

Name and <u>Principal Position</u>	Year	Non-Equity			All Other Compensation <sup>(2)</sup>	Total
		Salary	Incentive Plan Compensation	Equity Awards <sup>(1)</sup>		
Rocco Campanelli President and CEO	2016	\$ 400,000	\$ 25,000	\$ -	\$ 36,538	\$ 461,538
	2015	\$ 400,000	\$ -	\$ 77,250	\$ 34,735	\$ 511,985
Kevin D. Miller CFO, Treasurer and Secretary	2016	\$ 370,000	\$ 37,500	\$ -	\$ 54,814	\$ 462,314
	2015	\$ 370,000	\$ -	\$ 51,500	\$ 52,806	\$ 474,306
Michael Saks Sr. VP Health Care Services	2016	\$ 250,000	\$ 145,574	\$ -	\$ 29,270	\$ 424,844
	2015	\$ 202,692	\$ 220,443	\$ -	\$ 27,682	\$ 450,817

These amounts are based upon the grant date fair value of the stock option awards and restricted share awards calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”)

(1) Topic 718. The assumptions used in determining the amounts in the column are set forth in note 11 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the Commission.

This amount represents (i) premiums we paid during 2016 for medical, dental, vision, life and disability insurance on each of the officers named in this table as follows: Rocco Campanelli: \$23,684; Kevin Miller: \$38,963; and Michael Saks: \$17,220 (ii) matching contributions in the amount of \$1,250 that were made for the 2016 fiscal year (2) for each of the officers named in this table, in accordance with RCM’s retirement savings plan adopted pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended; and (iii) the following approximated amounts for Company leased automobiles or monthly automobile allowances and related expenses: Rocco Campanelli: \$11,600, Kevin Miller: \$14,600; and Michael Saks: \$10,800.

During our 2016 and 2015 fiscal years, certain of the officers named in this table received personal benefits not reflected in the amounts of their respective annual salaries or bonuses. The dollar amount of these benefits did not, for any individual in any fiscal year, exceed \$10,000.





**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information concerning unvested restricted share units as of December 31, 2016. No options to purchase common stock were outstanding on such date.

Name	Number of Shares or Units of Stock That Have Not Vested(1)	Market Value of Shares or Units of Stock That Have Not Vested	Equity	
			Equity Incentive Plan Awards: Market or	Equity Incentive Plan Awards: Market or
			Number of Unearned Shares, Units or Other Rights That Have Not Vested	Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
Rocco Campanelli	20,000	\$127,200	--	--
Kevin D. Miller	15,000	\$95,400	--	--
Michael Saks	5,000	\$31,800	--	--

(1) Consists of time-based restricted share units. The above table does not include performance-based restricted share units the Company deems unlikely to vest.



## Compensation of Directors

Our employee directors, if any, do not receive any compensation for serving on our Board or its committees, other than the compensation they receive for serving as employees of RCM. The Company has had employee directors in the past but as of December 31, 2016, the Company did not have any employee directors.

In 2014, the Compensation Committee engaged Towers Watson as an independent consultant to assist it in altering the structure of compensation to the Board's non-employee members. Ultimately, the Compensation Committee recommended to the Board, and the Board adopted, the following revised compensation structure for non-employee members of the Board, which was implemented beginning with the 2015 fiscal year:

Annual cash retainer of \$40,000, payable in equal monthly installments.

No meeting fees for up to five Board meetings in each calendar year. For each meeting in calendar year in excess of five, each Board member shall receive a cash payment of \$1,500 for an in-person Board meeting and \$750 for a telephonic meeting.

Annual equity grants of \$40,000, in the form of RSUs with 1-year vesting feature (subject to acceleration upon Change in Control or separation from service in the same manner as the RSU grants made in December 2014), with delivery of the shares of common stock underlying to such RSUs to be made upon vesting; provided that, except for sales of shares in an amount no greater than required to generate an amount equal to the income tax on such shares, non-employee directors shall be required to retain shares delivered upon vesting unless, immediately following any such sale, such director would comply with the Company's ownership guidelines.

Payment of the following additional annual retainers: Chairman of the Board \$10,000; Lead Independent Director \$10,000 (who shall serve only at such time as the Board does not have an independent chair); Audit Committee chair \$10,000; Compensation Committee chair \$7,500.

No other committee fees, for service or for meetings.

**Compensation of Directors (Continued)**

The following table lists cash and other compensation paid to, or accrued by us for, our Board of Directors for our fiscal year ended December 31, 2016.

**Director Compensation Table**

<b>Name and Principal Position</b>	<b>Fees</b>		<b>All Other Compensation</b>	<b>Total</b>
	<b>Earned Or Paid</b>	<b>Equity Awards<sup>(1)</sup></b>		
Roger H. Ballou	\$54,500	\$ 39,998	--	\$94,498
Maier O. Fein	\$44,500	\$ 39,998	--	\$84,498
Leon Kopyt	\$44,500	\$ 39,998	--	\$84,498
Richard D. Machon	\$44,500	\$ 39,998	--	\$84,498
S. Gary Snodgrass	\$51,250	\$ 39,998	--	\$91,248
Bradley S. Vizi	\$54,500	\$ 39,998	--	\$94,498

These amounts are based upon the grant date fair value of the option awards calculated in accordance with ASC Topic 718. The assumptions used in determining the amounts in the column are set forth in Note 11 to our (1) consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the Commission. As of December 31, 2016, each director had 6,289 unvested restricted share units outstanding.

## **Executive Severance Agreements and Change in Control Agreements**

The Company is a party to Executive Severance Agreements (the “Executive Severance Agreements”) with Rocco Campanelli, the Company’s President and Chief Executive Officer as of February 28, 2014, and Kevin Miller, the Company’s Chief Financial Officer, which set forth the terms and conditions of certain payments to be made by the Company to each executive in the event, while employed by the Company, such executive experiences (a) a termination of employment unrelated to a “Change in Control” (as defined therein) or (b) there occurs a Change in Control and either (i) the executive’s employment is terminated for a reason related to the Change in Control or (ii) the executive remains continuously employed with the Company for a specified period of time following the Change in Control (i.e., twelve months for Mr. Campanelli and three months for Mr. Miller).

Under the terms of the Executive Severance Agreements, if either (a) the executive is involuntarily terminated by the Company for any reason other than “Cause” (as defined therein), “Disability” (as defined therein) or death, or (b) the executive resigns for “Good Reason” (as defined therein), and, in each case, the termination is not a “Termination Related to a Change in Control” (as defined below), the executive will receive the following severance payments: (i) an amount equal to 1.5 times the sum of (a) the executive’s annual base salary as in effect immediately prior to the termination date (before taking into account any reduction that constitutes Good Reason) (“Annual Base Salary”) and (b) the highest annual bonus paid to the executive in any of the three fiscal years immediately preceding the executive’s termination date (“Bonus”), to be paid in installments over the twelve month period following the executive’s termination date; and (ii) for a period of eighteen months following the executive’s termination date, a monthly payment equal to the monthly COBRA premium that the executive is required to pay to continue medical, vision, and dental coverage, for himself and, where applicable, his spouse and eligible dependents.

Notwithstanding the above, if the executive has a termination as described above and can reasonably demonstrate that such termination would constitute a Termination Related to a Change in Control, and a Change in Control occurs within 120 days following the executive’s termination date, the executive will be entitled to receive the payments set forth below for a Termination Related to a Change in Control, less any amounts already paid to the executive, upon consummation of the Change in Control.

Under the terms of the Executive Severance Agreements, if a Change in Control occurs and (a) the executive experiences a Termination Related to a Change in Control on account of (i) an involuntary termination by the Company for any reason other than Cause, death, or Disability, (ii) an involuntary termination by the Company within a specified period of time following a Change in Control (i.e., twelve months for Mr. Campanelli and three months for Mr. Miller) on account of Disability or death, or (iii) a resignation by the executive with Good Reason; or (b) a resignation by the executive, with or without Good Reason, which results in a termination date that is the last day of the specified period (i.e., twelve months for Mr. Campanelli and three months for Mr. Miller) following a Change in Control, then the executive will receive the following severance payments: (1) a lump sum payment equal to two times the sum of the executive’s (a) Annual Base Salary and (b) Bonus; and (2) a lump sum payment equal to twenty-four multiplied by the monthly COBRA premium cost, as in effect immediately prior to the executive’s termination date, for the executive to continue medical, dental and vision coverage, as applicable, in such Company

plans for himself and, if applicable, his spouse and eligible dependents. Upon the occurrence of a Change in Control, the Company shall establish an irrevocable rabbi trust and contribute to the rabbi trust the applicable amounts due under the Executive Severance Agreements.

- 15 -

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### **Executive Severance Agreements and Change in Control Agreements (Continued)**

The Executive Severance Agreements provide that if the executive remains continuously employed for a specified period of time following a Change in Control (i.e., twelve months for Mr. Campanelli and three months for Mr. Miller) and is employed by the Company on the last day of such specified period, the executive will receive a lump sum payment equal to two times the sum of the executive's (a) Annual Base Salary and (b) Bonus (the "Change in Control Payment"). If the executive receives the Change in Control Payment, the executive will not be eligible to receive any severance payments under his Executive Severance Agreement.

Mr. Saks, along with several other members of the Company's senior management (not including Messrs. Campanelli and Miller), is covered by our Change in Control Plan for Selected Executive Management (the "CIC Plan").

The CIC Plan sets forth the terms and conditions of severance and benefits to be provided to a covered employee in the event (a) the covered employee experiences a covered termination of employment after a "Potential Change in Control" (as defined in the CIC Plan), but prior to a "Change in Control" (as defined in the CIC Plan), and a Change in Control that relates to the Potential Change in Control occurs within the six month period following the covered employee's termination, or (b) the covered employee is employed by the Company on the date of a Change in Control. The CIC Plan also sets forth the terms and conditions of severance payments to be made to a covered employee in the event such employee is employed on the date of a Change in Control and is subsequently terminated on account of a covered termination during his "Designated Severance Period" (a period specified by the Company for each covered employee that is measured from the date of an applicable Change in Control, which is 18 months for Mr. Saks).

Under the terms of the CIC Plan, if a covered employee is (a) employed on the date of a Potential Change in Control, (b) terminated by the Company for a reason other than "Cause" (as defined in the CIC Plan), death, or disability, and (c) a Change in Control to which the Potential Change in Control relates occurs within the six month period following the covered employee's covered termination, the covered employee will receive, if the covered employee executes and does not revoke a release of claims, severance payments at the covered employee's annual base salary rate in regular payroll installments for the duration of the covered employee's Designated Severance Period. If the covered employee dies before receiving the entire amount that is owed, the remaining portion will be paid to the covered employee's estate. Severance payments will be discontinued if it is determined that the covered employee has engaged in any actions constituting Cause.

Under the terms of the CIC Plan, if a covered employee is employed on the date of a Change in Control and the covered employee executes and does not revoke a release of claims:

all outstanding Company equity-based awards granted to the covered employee prior to the date of the Change in Control will be immediately fully vested;

the Compensation Committee may, in its sole discretion, determine that the covered employee will receive a pro-rated annual bonus if (a) the Committee determines that the Change in Control is an asset sale with respect to an entity in which the covered employee is associated, (b) the covered employee's employment with the Company terminates in connection with such asset sale, and (c) the covered employee was eligible to participate in the Company's annual bonus plan at the time of the Change in Control; any such pro-rated annual bonus will be determined based on the level of achievement under the annual bonus plan at the time of the Change in Control; and

the Committee may, in its sole discretion, determine that the covered employee will receive a discretionary bonus upon a Change in Control.



### **Executive Severance Agreements and Change in Control Agreements (Continued)**

Any bonuses paid under the CIC Plan upon a Change in Control will be paid in a single lump sum following the Change in Control.

Under the terms of the Plan, if a covered employee's employment with the "Employer" (as defined in the CIC Plan) is terminated during the covered employee's Designated Severance Period following the occurrence of a Change in Control (a) by the Employer for any reason other than Cause, death, or disability, or (b) by the covered employee for "Good Reason" (as defined in the CIC Plan), and the covered employee executes and does not revoke a release of claims, the Employer will continue to pay to the covered employee his annual base salary in regular payroll installments for the remainder of the covered employee's Designated Severance Period. A covered employee is not eligible for severance benefits from the Company after a Change in Control if the Change in Control is an asset sale with respect to the covered employee and the successor to the Company offers the covered employee employment with a level of compensation and benefits that in the aggregate are at least as favorable as the level of the covered employee's compensation and benefits with the Company prior to the Change in Control. If the covered employee dies before receiving the entire amount that is owed, the remaining portion will be paid to the covered employee's estate. Severance payments will be discontinued if the Employer determines that the covered employee has engaged in any actions constituting Cause.

### **COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

We believe that, during our fiscal year ended December 31, 2016, our executive officers and directors made all required filings under Section 16(a) of the Securities Exchange Act on a timely basis. Our belief is based solely on:

our review of copies of forms filed pursuant to Section 16(a) and submitted to us during and with respect to our fiscal year ended December 31, 2016 and

representations from the Company's directors, executive officers and beneficial owners of more than 10% of our Common Stock that they have complied with all Section 16(a) filing requirements with respect to 2016.

## CORPORATE GOVERNANCE MATTERS

*Commitment to Best Practices.* As discussed above with respect to executive compensation, RCM's leadership takes its fiduciary responsibility seriously and is similarly committed to the implementation of best practices in corporate governance. This has led to several developments in our corporate governance:

Communications with Stockholders: In an ongoing effort to better align its leadership, corporate governance structure and compensation methodologies with the interests and perspectives of its stockholders, during the last year members of our Board and management team have spoken with stockholders representing a majority of RCM's ownership.

Robust Stock Ownership Guidelines: Our Board has adopted robust stock ownership guidelines, which require covered persons to have a stock ownership position in the Company in an amount no less than the applicable multiple of their base salary, by increasing the applicable multiples. The revised multiples are:

- o Chief Executive Officer – 6.0 times
- o Chief Financial Officer – 6.0 times
- o Executive Vice President – 2.0 times
- o Group Senior Vice President (where covered) – 2.0 times
- o Senior Vice President (where covered) – 2.0 times
- o Non-Employee Director – 5.0 times

Succession Planning: Our Board has engaged in succession planning during the past year, and has identified potential successors for all of our executive officers and for the leaders of each of the Company's major business units.

*Board Independence.* The Board of Directors has determined that Roger H. Ballou, Maier O. Fein, Leon Kopyt, Richard D. Machon, S. Gary Snodgrass and Bradley S. Vizi are "independent directors" as defined in Marketplace Rule 4200(a)(15) of the NASDAQ Stock Market LLC. In this Proxy, these six directors are referred to individually as an "Independent Director" and collectively as the "Independent Directors."

*Stockholder Communications with the Board.* Stockholders may send communications to the Board of Directors in writing, addressed to the full Board of Directors, individual directors or a specific committee of the Board of Directors, care of Kevin D. Miller, Secretary, RCM Technologies, Inc., 2500 McClellan Avenue, Suite 350, Pennsauken, New Jersey 08109. In general, all stockholder communications sent to our Secretary for forwarding to the Board of Directors, or to specified Board members, will be forwarded in accordance with the sender's instructions. However, our Secretary reserves the right to not forward to Board members any abusive, threatening or otherwise inappropriate materials.

*Director Attendance at Annual Meetings.* The Company encourages all of the directors to attend the annual meeting of stockholders. The 2016 Annual Meeting of Stockholders was attended by all of the directors.

*Code of Conduct and Code of Ethics.* We have adopted a Code of Conduct applicable to all of our directors, officers and employees. In addition, we have adopted a Code of Ethics, within the meaning of applicable Commission rules, applicable to our Chief Executive Officer, Chief Financial Officer and Controller. If we make any amendments to either of these Codes (other than technical, administrative, or other non-substantive amendments), or waive (explicitly or implicitly) any provision of the Code of Ethics to the benefit of our Chief Executive Officer, Chief Financial Officer or Controller, we will disclose the nature of the amendment or waiver, its effective date and to whom it applies in the investor relations portion of our website at [www.rcmt.com](http://www.rcmt.com), or in a report on Form 8-K that we file with the Commission.

*Related Party Transaction Approval Policy.* Our Code of Conduct mandates that officers and directors bring promptly to the attention of our Compliance Officer, currently our Chief Financial Officer, any transaction or series of transactions that may result in a conflict of interest between that person and the Company. Furthermore, our Audit Committee must review and approve any “related party” transaction as defined in Item 404(a) of Regulation S-K, promulgated by the Securities and Exchange Commission, before it is consummated. Following any disclosure to our Compliance Officer, the Compliance Officer will then typically review with the Chairman of our Audit Committee the relevant facts disclosed by the officer or director in question. After this review, the Chairman of the Audit Committee and the Compliance Officer determine whether the matter should be brought to the Audit Committee or the full Board of Directors for approval. In considering any such transaction, the Audit Committee or the Board of Directors, as the case may be, will consider various relevant factors, including, among others, the reasoning for the Company to engage in the transaction, whether the terms of the transaction are at arm’s length and the overall fairness of the transaction to the Company. If a member of the Audit Committee or the Board is involved in the transaction, he or she will not participate in any of the discussions or decisions about the transaction. The transaction must be approved in advance whenever practicable, and if not practicable, must be ratified as promptly as practicable.

*Risk Oversight by the Board.* The role of our Board of Directors in our risk oversight process includes receiving regular reports from members of management on areas of material risk to us, including operational, financial, legal and strategic risks.

In particular, our Audit Committee is tasked pursuant to its charter to “discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures.” As appropriate, the Chairman of the Audit Committee reports to the full Board of Directors on the activities of the Audit Committee in this regard, allowing the Audit Committee and the full Board to coordinate their risk oversight activities.

As one component of our risk oversight and anti-fraud program, our Audit Committee has established complaint reporting procedures described under “Compliance Policy” in the “Investors” section of our website at [www.rcmt.com](http://www.rcmt.com). These procedures indicate how to submit complaints to our Audit Committee regarding concerns about our accounting practices, our adherence to financial policies and procedures, or our compliance with the Sarbanes-Oxley Act of 2002. Once received, grievances are reviewed by the Chairman of the Audit Committee for consideration.

*Board Leadership Structure.* Our governance documents provide the Board with flexibility to select the appropriate leadership structure for the Company. In making leadership structure determinations, the Board may consider many factors, including the specific needs of our business and what is in the best interests of our stockholders. Our Chairman: (i) presides at all meetings of the Board including presiding at executive sessions of the Board (without management present) at every regularly scheduled Board meeting, (ii) serves as a liaison between the management and the independent directors, (iii) approves meeting agendas, time schedules and other information provided to the Board, and (iv) is available for direct communication and consultation with major stockholders upon request.



**BOARD MEETINGS AND COMMITTEES**

Our Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The committees report their actions to the full Board at the Board's next regular meeting. The following table shows on which of our Board's committees each of our directors served.

Our Board of Directors held nine meetings in the fiscal year ended December 31, 2016. The Company does not have a specific written policy with regard to attendance of directors at our annual meetings of stockholders, although board member attendance is strongly encouraged. Each of our six directors attended at least 75% of the total number of meetings held by the Board and all committees on which the director served. At each meeting of the Board of Directors, there was an executive session attended only by the Independent Directors.

<b><u>Board Member</u></b>	<b>Committee</b>		<b>Nominating &amp; Corporate Governance</b>
	<b>Audit</b>	<b>Compensation</b>	
Roger H. Ballou	X		X
Maier O. Fein	X	X	
Leon Kopyt			
Richard D. Machon			X
S. Gary Snodgrass	X	X	
Bradley S. Vizi		X	X

**General Duties of Each Committee**

The general duties of each committee are as follows:

***Audit Committee***

The Board of Directors has adopted a written Audit Committee Charter. A copy of the Audit Committee Charter is posted on our website under "Investors - Corporate Governance."

Reviews our financial and accounting practices, controls and results, reviews the scope and services of our auditors and appoints our independent auditors.

Met four times during our fiscal year ended December 31, 2016.

See “Report of the Audit Committee” below.

Review and approve related parties transactions.

***Compensation Committee***

Determines the compensation of our officers and employees.

Administers our stock option plans.

Met one time during our fiscal year ended December 31, 2016.

### *Nominating and Corporate Governance Committee*

The Board of Directors has adopted a written Nominating and Corporate Governance Committee Charter. A copy of the Nominating and Corporate Governance Committee Charter is posted on our website under "Investors - Corporate Governance."

Oversees the Board's review and consideration of shareholder recommendations for Director candidates.

Oversees the Board's annual self-evaluation.

Met one time during our fiscal year ended December 31, 2016.

### **Independence of Committees**

The Board of Directors has determined each member of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee of the Board meets the independence requirements applicable to members of those committees as prescribed by the NASDAQ Stock Market, LLC, the Commission and the Internal Revenue Service. The Board of Directors has further determined that Roger H. Ballou, Chair of the Audit Committee, is an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K promulgated by the Commission.

### **Director Nominations**

The Nominating and Corporate Governance Committee's charter does not include formal requirements for the nominating process. The Nominating and Corporate Governance Committee believes that candidates for director should meet certain minimum qualifications, including being able to read and understand financial statements, having substantial business experience, having high moral character and personal integrity, and having sufficient time to attend to their duties and responsibilities to RCM. Exceptional candidates who do not meet all of these criteria may still be considered. The Nominating and Corporate Governance Committee will also consider the potential director's independence, whether the member would be considered an "Audit Committee Financial Expert" as described in the applicable SEC standards, and the diversity that the potential director would add to the Board of Directors in terms of gender, ethnic background, and professional experience. With respect to their consideration of diversity of background, the Nominating and Corporate Governance Committee does not have a formal policy of assessing diversity with respect to any particular qualities or attributes.



The Nominating and Corporate Governance Committee identifies potential candidates through its members' networks of contacts, by soliciting recommendations from other directors or executive officers, major stockholders and, as appropriate, engaging search firms to identify and screen suitable director nominees. After the Nominating and Corporate Governance Committee has identified a potential candidate, publicly available information about the person is collected and reviewed. If the Nominating and Corporate Governance Committee decides to further pursue the potential candidate after this initial review, contact is made with the person. If the potential candidate expresses a willingness to serve on the Board of Directors, interviews are conducted with the potential candidate and additional information is requested. Candidates are chosen by a majority vote of the members of the Nominating and Corporate Governance Committee for recommendation to the Board of Directors.

### **Director Nominations (Continued)**

The Nominating and Corporate Governance Committee will consider stockholder recommendations for director candidates on the same basis as other candidates, provided that the following procedures are followed in submitting recommendations. All such stockholder recommendations for the 2018 meeting of stockholders should be submitted in writing to the attention of Kevin D. Miller, Secretary, RCM Technologies, Inc., 2500 McClellan Avenue, Suite 350, Pennsauken, New Jersey 08109 no earlier than August 10, 2018 and no later than September 9, 2018 and should be accompanied by (i) the potential candidate's five-year employment history with employer names and a description of the employer's business, the candidate's experience with financial statements, and the candidate's other board membership(s); (ii) a written consent of the director candidate to stand for election if nominated by the Nominating and Corporate Governance Committee and approved by the Board of Directors, and to serve if elected by the stockholders; and (iii) proof of ownership of RCM's common stock by the person submitting the recommendation.

### **Communications with the Board**

Stockholders may send communications to the Board of Directors in writing, addressed to the full Board of Directors, individual directors or a specific committee of the Board of Directors, in care of Kevin D. Miller, Secretary, RCM Technologies, Inc., 2500 McClellan Avenue, Suite 350, Pennsauken, New Jersey 08109. In general, all stockholder communications sent to our Secretary for forwarding to the Board of Directors or to specified Board members will be forwarded in accordance with the sender's instructions. However, our Secretary reserves the right not to forward any personally abusive, threatening or otherwise inappropriate materials.

## PROPOSAL 2

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### **RATIFICATION OF THE SELECTION OF INDEPENDENT ACCOUNTANTS**

Our Audit Committee has selected EisnerAmper LLP (“EisnerAmper”) to act in the capacity of independent accountants for the current fiscal year ending December 30, 2017. Ratification and approval by the stockholders will be sought by the Board of Directors for the selection of EisnerAmper as independent accountants to audit our accounts and records for the fiscal year ending December 30, 2017, and to perform other appropriate services. The affirmative vote of a majority of the votes cast on this proposal at the Annual Meeting is required to approve it. In the event that a majority of the shares voted at the Annual Meeting do not vote for ratification of the selection of EisnerAmper, the Audit Committee will reconsider such selection.

Representatives of EisnerAmper will be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and to respond to questions by stockholders.

### **Fees Billed by EisnerAmper during fiscal 2016 and 2015**

*Audit Fees.* Fees billed to the Company by EisnerAmper for audit services rendered by EisnerAmper for the audit of the Company's 2016 annual financial statements, for the review of those financial statements included in the Company's Quarterly Reports on Form 10-Q, and for services that are normally provided by EisnerAmper in connection with statutory and regulatory filings or engagements, totaled approximately \$178,500. Fees billed to the Company by EisnerAmper for audit services rendered by EisnerAmper for the audit of the Company's 2015 annual financial statements, for the review of those financial statements included in the Company's Quarterly Reports on Form 10-Q, and for services that are normally provided by EisnerAmper in connection with statutory and regulatory filings or engagements, totaled approximately \$177,990.

*Audit-Related Fees.* Fees billed to the Company by EisnerAmper during 2016 and 2015 for audit-related services that were reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under the preceding paragraph totaled \$0 in both fiscal years.

*Tax Fees.* Fees billed to the Company by EisnerAmper during 2016 and 2015 for professional services rendered for tax compliance, tax advice and tax planning totaled \$0 in both fiscal years.

*All Other Fees.* Fees billed to the Company by EisnerAmper during 2016 and 2015 for all other services totaled \$0 in both fiscal years. EisnerAmper does not audit the Company's 401(k) plan.

The Audit Committee has considered whether EisnerAmper's provision of services other than professional services rendered for the audit and review of our financial statements is compatible with maintaining EisnerAmper's independence, and has determined that it is so compatible.

All audit, audit-related, tax and other services were pre-approved by the Audit Committee pursuant to applicable regulations. The Audit Committee currently pre-approves all engagements of the Company's accountants to provide both audit and non-audit services, and has not established formal pre-approval policies or procedures. The Audit Committee did not approve any non-audit services pursuant to Rule 2-01 (c) (7) (i) (C) of Regulation S-X during 2016.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION AND APPROVAL OF THE SELECTION BY OUR AUDIT COMMITTEE OF EISNERAMPER LLP AS OUR INDEPENDENT ACCOUNTANTS FOR FISCAL 2017.**

## REPORT OF THE AUDIT COMMITTEE

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.*

As part of its oversight of the Company's financial statements, the Audit Committee reviewed and discussed with both management and the Company's outside auditors all financial statements prior to their issuance. Management advised the Committee in each case that all financial statements were prepared in accordance with generally accepted accounting principles, and reviewed significant accounting issues with the Committee. These reviews included discussion with the outside auditors of matters required to be discussed pursuant to *Public Company Accounting Oversight Board Auditing Standard No. 16*.

The Committee also discussed with EisnerAmper LLP matters relating to its independence, including a review of audit and non-audit fees and the written disclosures made and letter given to the Committee pursuant to the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence.

In addition, the Committee reviewed major initiatives and programs aimed at strengthening the effectiveness of the Company's internal control structure. As part of this process, the Committee continued to monitor the scope and adequacy of the Company's internal auditing program, reviewing staffing levels and steps taken to implement recommended improvements in internal procedures and controls.

Taking all of these reviews and discussions into account, the Committee recommended to the Board of Directors that the Board approve the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for filing with the Securities and Exchange Commission.

### **Audit Committee**

Roger H. Ballou (Chair)

Maier O. Fein

S. Gary Snodgrass



### PROPOSAL 3

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#### ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and Section 14A of the Exchange Act, our stockholders are entitled to vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the rules of the Securities and Exchange Commission (the “SEC”). This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement.

The compensation of our named executive officers subject to the vote is disclosed in the Compensation Discussion and Analysis, the compensation tables, and the related narrative disclosure contained in this proxy statement. As discussed in the Compensation Discussion and Analysis, we believe that our compensation policies and decisions are designed to reward strong annual operating performance by the Company.

Accordingly, your Board is asking stockholders to indicate their support for the compensation of our named executive officers as described in this proxy statement by casting a non-binding, advisory vote “FOR” the following resolution:

“RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, in the Company’s Proxy Statement for the 2017 Annual Meeting of Stockholders.

Because the vote on this proposal is advisory in nature, it will not affect any compensation already paid or awarded to any named executive officer and will not be binding on or overrule any decisions by the Compensation Committee or the Board. Nevertheless, the views expressed by stockholders, whether through this vote or otherwise, are important to Company management and your Board and, accordingly, your Board and the Compensation Committee intend to consider the results of this vote in making determinations in the future regarding executive compensation arrangements. Your advisory vote serves as an additional tool to guide the Compensation Committee and your Board in continuing to align the Company’s executive compensation program with the interests of the Company and its stockholders and is consistent with our commitment to high standards of corporate governance.

This vote is not intended to express a view on any specific element of pay, but rather the overall compensation program and philosophy for our named executive officers described in the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure as set forth in the “Executive Compensation” section of this proxy statement. We encourage you to carefully review these disclosures and to indicate your support for our named executive officer compensation program.

**YOUR BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS PRESENTED IN THIS PROXY STATEMENT.**

- 25 -

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## **STOCKHOLDER PROPOSALS**

We have two separate and distinct processes concerning the submission of stockholder proposals:

### **Proposals to be Included in Our Proxy Statement**

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, proposals by stockholders that are intended for inclusion in our proxy statement and proxy card and to be presented at our next annual meeting must be received by us by July 6, 2018, in order to be considered for inclusion in our proxy materials. Such proposals should be addressed to our Secretary and may be included in next year's proxy materials if they comply with certain rules and regulations of the SEC governing stockholder proposals.

### **Advance Notice Procedures**

If a stockholder desires to make a proposal for consideration at an annual meeting of our stockholders or nominate someone for election to your Board, the stockholder must follow the applicable procedures under law or as outlined in our Bylaws. Our Bylaws provide that in order to make a proposal or nominate someone for election to your Board at an annual meeting of stockholders, written notice of the proposal or nomination must be received by the Corporate Secretary of RCM not more than 120 days or less than 90 days prior to that year's annual meeting of stockholders. The notice must contain information required by our Bylaws regarding the stockholder and the proposal or nominee, as well as information required to be included in a proxy statement by SEC rules and regulations.

Stockholders are also advised to review our Bylaws, which contain additional requirements about advance notice of proposals and director nominations, including the information that must accompany any such stockholder notice.

Accordingly, in order for a stockholder proposal or nomination to be considered at the 2018 annual meeting of stockholders, a written notice of the proposal or the nomination, which includes the information required by our bylaws, must be received by the Corporate Secretary of RCM at the principal executive offices of RCM no earlier than August 10, 2018 and no later than September 9, 2018 (assuming that the 2018 annual meeting of stockholders is held on December 8, 2018, the anniversary of the 2017 Annual Meeting).

In addition, if we do not receive notice of your stockholder proposal by September 9, 2018, the proposal will be deemed “untimely” for purposes of Rule 14a-4(c) of the Securities Exchange Act of 1934 and the persons named as proxies in next year's proxy materials will be entitled to vote in their discretion with respect to the proposal.

A copy of the full text of our Bylaw provisions may be obtained upon written request to the Corporate Secretary of RCM at our principal place of business.

## **OTHER MATTERS**

Your Board does not intend to present any business at the 2017 Annual Meeting other than the matters described in this proxy statement. If any other matters are properly presented for action at the 2017 Annual Meeting, it is intended that the proxy will be voted with respect thereto by the proxy holders in accordance with the instructions and at the discretion of your Board or a properly authorized committee thereof.

By Order of the Board of Directors,

Kevin D. Miller  
Secretary

November 3, 2017





