

INVIVO THERAPEUTICS HOLDINGS CORP.  
Form DEF 14A  
June 13, 2014

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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

**InVivo Therapeutics Holdings Corp.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- 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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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**One Kendall Square, Building 1400 East, 4th Floor  
Cambridge, MA 02139**

June 13, 2014

Dear InVivo Stockholder:

I am pleased to invite you to attend the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of InVivo Therapeutics Holdings Corp., to be held on Wednesday, July 30, 2014 at 10:00 a.m., local time, at the Boston Marriott Cambridge, located at Two Cambridge Center, 50 Broadway, Cambridge, Massachusetts 02142.

Specific details regarding admission to the Annual Meeting and the business to be conducted at the Annual Meeting are included in the Notice of Annual Meeting of Stockholders and Proxy Statement. We encourage you to carefully read these materials, as well as the enclosed Annual Report to Stockholders for the fiscal year ended December 31, 2013, as amended. Our Board of Directors recommends that you vote in favor of the Board's Class III director nominee and for each other proposal set forth in the Notice of Annual Meeting and Proxy Statement.

Your vote is very important! Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. As an alternative to voting in person at the Annual Meeting, you may vote by completing and returning the enclosed proxy card in the enclosed postage-paid envelope, or if applicable, submit your proxy via telephone or the Internet. This will ensure your representation at the Annual Meeting.

Thank you for your continued support.

Sincerely,

John A. McCarthy, Jr.  
*Chairman of the Board*

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**INVIVO THERAPEUTICS HOLDINGS CORP.**

**One Kendall Square, Building 1400 East, 4th Floor  
Cambridge, MA 02139**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On Wednesday, July 30, 2014**

To Our Stockholders:

Notice is hereby given that the 2014 Annual Meeting of Stockholders (the "Annual Meeting") of InVivo Therapeutics Holdings Corp., a Nevada corporation, will be held on Wednesday, July 30, 2014 at 10:00 a.m., local time, at the Boston Marriott Cambridge, located at Two Cambridge Center, 50 Broadway, Cambridge, Massachusetts 02142, for the following purposes:

1. To consider and vote upon a proposal to elect a Class III director of the company to hold office for a three-year term ending at the annual meeting of stockholders in 2017 and until his successor is duly elected and qualified;
2. To consider and vote upon a proposal to ratify the appointment of Wolf & Company, P.C., an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending December 31, 2014; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Only stockholders of record as of the close of business on Thursday, June 12, 2014 are entitled to notice of, and to vote at, the Annual Meeting.

All of our stockholders are cordially invited and encouraged to attend the Annual Meeting in person. To ensure your representation at the Annual Meeting, you are urged to vote your shares of common stock using one of the voting methods set forth in the attached proxy statement. Any stockholder attending the Annual Meeting may vote in person even if he or she previously submitted a proxy card. If your shares of common stock are held by a bank, broker or other agent, please follow the instructions from your bank, broker or other agent to have your shares voted.

By order of the Board of Directors,

John A. McCarthy, Jr.  
*Chairman of the Board*

Cambridge, Massachusetts  
June 13, 2014

**YOUR VOTE IS EXTREMELY IMPORTANT!**

**To ensure your representation at the Annual Meeting, please submit your proxy and voting instructions by completing, signing and dating the proxy card as promptly as possible and returning it in the enclosed envelope (to which no postage needs to be affixed if mailed in the United States), or using one of the voting methods set forth in the attached proxy statement. Please refer to the section entitled "How does the Board recommend that I vote on the proposals?" in the attached proxy statement for a description of the Board's voting recommendations.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** This proxy statement, the Notice of Meeting and our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as amended, are available on the Internet, free of charge, at <http://www.cstproxy.com/invivotherapeutics/2014>. On this web site, you will be able to access this proxy statement, our Annual Report on Form 10-K, as amended, and any amendments or supplements to the foregoing material that is required to be furnished to stockholders.

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## **INVIVO THERAPEUTICS HOLDINGS CORP.**

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### **PROXY STATEMENT**

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#### **FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On Wednesday, July 30, 2014**

#### **INFORMATION ABOUT THE 2014 ANNUAL MEETING**

This proxy statement is being furnished to the stockholders of InVivo Therapeutics Holdings Corp., a Nevada corporation ("we" or "our company"), in connection with the solicitation of proxies by and on behalf of the company's Board of Directors, or the Board, for use at the company's 2014 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Wednesday, July 30, 2014, at 10:00 a.m., local time, at the Boston Marriott Cambridge, located at Two Cambridge Center, 50 Broadway, Cambridge, Massachusetts 02142, or at any adjournment or postponement thereof.

#### **What is the purpose of the Annual Meeting?**

At the Annual Meeting, stockholders will consider and vote upon the following matters:

The election of a Class III director of the company to hold office for a three-year term ending at the annual meeting of stockholders in 2017 and until his successor is duly elected and qualified;

The ratification of the appointment of Wolf & Company, P.C., an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending December 31, 2014; and

To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

We are sending you these proxy materials because the Board is requesting that you allow your shares to be represented at the Annual Meeting by the proxy-holders named on the enclosed proxy card. This proxy statement contains information that we are required to provide you under the rules of the U.S. Securities and Exchange Commission, or SEC, and is designed to provide you with information to assist you in voting your shares. On or about June 17, 2014, we will begin mailing these proxy materials to all of the company's stockholders of record at the close of business on June 12, 2014.

#### **How does the Board recommend that I vote on the proposals?**

If no instructions are indicated on your signed proxy card, the proxy-holders will vote in accordance with the recommendations of the Board. The Board recommends an affirmative vote:

**"FOR"** the election of Mark D. Perrin, the director nominee nominated by our Board, whose name appears on the proxy card and whose biography is listed in this proxy statement below under the caption: "Proposal No. 1 Election of Class III Director"; and

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**"FOR"** the ratification of the appointment of Wolf & Company, P.C. as the independent auditor of our company for the fiscal year ending December 31, 2014.

If any other business is properly brought before the Annual Meeting or any adjournment or postponement thereof, the proxy-holders will vote as recommended by the Board, or if no recommendation is given, in their own discretion, unless you direct otherwise with your proxy instructions.

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**Who is entitled to vote at the Annual Meeting?**

Holders of record of our common stock at the close of business on June 12, 2014 are entitled to vote at the Annual Meeting. As of June 12, 2014, there were 93,022,289 shares of our common stock issued and outstanding. Stockholders are entitled to cast one vote per share on each matter presented for consideration and action at the Annual Meeting.

**How do I vote my shares?**

***Your vote is extremely important!*** Stockholders can vote in person at the Annual Meeting or by proxy. If you vote by proxy, the individuals named on the proxy card as your representatives will vote your shares in the manner you indicate. You may specify whether your shares should be voted "FOR" the nominee for Class III director, or you may indicate that you "WITHHOLD" your vote with respect to the nominee. You may also specify whether your shares should be voted "FOR" or "AGAINST," or whether you "ABSTAIN" from voting on, the proposal to ratify the appointment of Wolf & Company, P.C., an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending December 31, 2014. You may vote your shares of common stock by any of the following methods:

***By Mail*** Stockholders who receive a proxy card may vote by mail and should complete, sign and date their proxy cards and mail them in the pre-addressed envelopes that accompany the delivery of proxy cards. Proxy cards submitted by mail must be mailed by the date shown on the proxy card or the deadline imposed by your bank, broker or other agent for your shares to be voted.

***By Telephone or the Internet*** We have established telephone and Internet voting procedures for shareholders of record. These procedures are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that those instructions have been properly recorded. You can vote by calling the toll-free telephone number on your proxy card. Please have your proxy card handy when you call. Easy-to-follow voice prompts will allow you to vote your shares and confirm that your instructions have been properly recorded. The website for Internet voting is <http://www.cstproxy.com>. Please have your proxy card handy when you go to the website. As with telephone voting, you can confirm that your instructions have been properly recorded. If you vote on the Internet, you also can request electronic delivery of future proxy materials. Telephone and Internet voting facilities for shareholders of record will be available 24 hours a day until 7:00 p.m., Eastern Daylight Time, on July 29, 2014. The availability of telephone and Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. We therefore recommend that you follow the voting instructions in the materials you receive. If you vote by telephone or on the Internet, you do not have to return your proxy or voting instruction card.

***In Person*** Shares held in your name as the stockholder of record may be voted by you in person at the Annual Meeting. Shares held in "street name" may be voted by you in person at the Annual Meeting only if you obtain a "legal proxy" from the bank, broker or other agent that holds your shares, which "legal proxy" grants you the right to vote the shares. You must present that "legal proxy" to attend the Annual Meeting and to be entitled to vote in person shares that are held for you in "street name."

**If my shares are held in "street name" by my broker, will my broker vote my shares for me?**

Brokers, banks and other agents who have record ownership of shares that they hold in "street name" for their clients have the discretion to vote such shares on "routine" matters, such as ratification of independent registered public accounting firms. Brokers, banks and other agents holding shares in "street name" for their clients do not have the ability to cast votes with respect to director elections or other "non-routine" matters unless they have received express instructions from the beneficial owner of

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the shares. It is therefore extremely important that you provide instructions to your broker, bank or other agent if your shares are held by a broker, bank or other agent so that your vote with respect to the election of the Class III director is counted.

**Can I change my vote after I have mailed a signed proxy card?**

You can change your vote at any time before your proxy is voted at the Annual Meeting by the following means:

You can send the company's Secretary a written notice stating that you revoke your earlier-dated proxy.

If you signed and returned a proxy card by mail and want to change your vote, you can complete, sign, date and deliver a new proxy card, dated a later date than the first proxy card.

If you submitted your proxy by telephone or the Internet, you may change your vote or revoke your proxy with a later telephone or Internet proxy, as the case may be.

You can attend the Annual Meeting and vote in person. Your attendance at the Annual Meeting will not, however, by itself revoke your proxy. *Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions or vote by telephone or the Internet so that your vote will be counted if you later decide not to attend the meeting.*

**\*\*\* Only the latest dated proxy card you submit will be counted by the inspectors of election at the Annual Meeting and any proxy card may be revoked at any time prior to its use at the Annual Meeting as described above. \*\*\***

If you hold your shares in "street name" and have instructed your broker, bank or other agent to vote your shares for you, you must follow directions received from your broker, bank or other agent to change those instructions.

**What quorum votes are needed to hold the Annual Meeting?**

The presence, in person or by proxy, of stockholders holding a majority of the shares of our common stock issued and outstanding and entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business at the Annual Meeting. For purposes of determining whether a quorum is present, abstentions and "broker non-votes" (that is, shares held of record in "street name" as to which brokers, banks and other agents do not receive voting instructions from their beneficial owner-clients) are counted as present at the Annual Meeting.

**What vote is required to approve each proposal?**

Proposal No. 1 Election of Class III Director: The affirmative vote of a plurality of the shares of common stock present or represented and entitled to vote at the Annual Meeting, in person or by proxy, is required for the election of the Class III director nominee. Thus, assuming a quorum is present at the Annual Meeting, the nominee who receives the most affirmative votes will be elected as a Class III director.

Proposal No. 2 Ratification of the Appointment of Independent Registered Public Accounting Firm: The affirmative vote of the holders of a majority of shares of common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal is required to ratify the appointment of Wolf & Company, P.C., an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending December 31, 2014.



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The affirmative vote of the holders of a majority of shares of common stock present in person or represented by proxy at the Annual Meeting and entitled to vote is required to approve any other proposals properly brought before the Annual Meeting, or any adjournment or postponement thereof.

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

Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote in connection with the election of the Class III director. Abstentions are excluded but, because the ratification of the appointment of an independent auditor is considered a "routine matter," broker non-votes will be counted as votes cast in connection with the ratification of the appointment of Wolf & Company, P.C., an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending December 31, 2014.

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**PROPOSAL NO. 1  
ELECTION OF CLASS III DIRECTOR**

Our Board of Directors currently consists of four directors serving on a classified board, consisting of two Class I directors (term expiring at the 2015 annual meeting), one Class II director (term expiring at the 2016 annual meeting) and one Class III director (term expiring at this Annual Meeting). At each annual meeting of our stockholders, directors are elected for a full term of three years to succeed those whose terms are expiring, unless a director is elected to a class which has a term expiring.

Upon the recommendation of the Governance, Nominating and Compensation Committee of the Board, the Board has nominated Mark D. Perrin for election at the Annual Meeting as a Class III director, to serve a three-year term until the company's 2017 annual meeting of stockholders and until his successor is duly elected and qualified. Unless otherwise instructed, the persons named as proxies in the enclosed proxy card will vote to elect Mr. Perrin as a Class III director. Mr. Perrin has agreed to stand for election and to serve if elected. Assuming Mr. Perrin is elected, following the Annual Meeting, there will be four directors and one Class II director vacancy on our Board of Directors.

Biographical and certain other information concerning Mark D. Perrin, the nominee for Class III director and our other directors is set forth below. Information with respect to the number of shares of common stock beneficially owned by each director, as of May 31, 2014, appears in the section entitled "Security Ownership of Certain Beneficial Owners and Management." No director or executive officer is related by blood, marriage or adoption to any other director or executive officer.

**Information Regarding Directors**

**Nominee for Class III Director**

**Mark D. Perrin**, 57, has served as a director of our company and our Chief Executive Officer since January 2014. Most recently, Mr. Perrin served as President of Dennon Consulting, a biotech consulting firm, from June 2012 to December 2013. From November 2005 to October 2010, Mr. Perrin, was President and Chief Executive Officer of ConjuChem Biotechnologies, Inc., a company developing long-acting conjugated peptide therapeutics. In 2010, ConjuChem filed a voluntary assignment in bankruptcy under the Canadian Bankruptcy and Insolvency Act in order to effect an orderly liquidation of its assets, property and operations. Prior to joining ConjuChem, Mr. Perrin was Executive Vice President and Chief Commercial Officer of Orphan Medical, Inc. from 2002 to 2005, when it was acquired by Jazz Pharmaceuticals. From 1995 to 2001, he was Executive Vice President, Commercial Operations of COR Therapeutics, Inc., where he created and developed sales, marketing, and manufacturing functions for the emerging company. Before that, he served as Vice President of Marketing and Sales for Burroughs Wellcome Company where he headed all commercial operations in the US from 1992 to 1995. Mr. Perrin holds an MBA in Marketing and International Business from the Kellogg Graduate School of Management at Northwestern University and a BS in Economics from Fordham University. In determining to nominate Mr. Perrin for re-election to our Board, the Board considered Mr. Perrin's extensive management experience in the biotechnology industry and that, as our Chief Executive Officer, he provides our Board with insight into the day-to-day operations of our company.

**Class I Directors**

**Richard J. Roberts, Ph.D.**, 70, has been a director of our company since October 2010 and a director of InVivo Therapeutics Corporation, our wholly-owned subsidiary, since November 2008. Dr. Roberts joined InVivo Therapeutics Corporation's Scientific Advisory Board in June 2007. Dr. Roberts has served as Chief Scientific Officer at New England Biolabs since February 2007. He was awarded the 1993 Nobel Prize in Physiology of Medicine along with Phillip Allen Sharp for the

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discovery of introns in eukaryotic DNA and the mechanism of gene-splicing. He holds a B.Sc. in Chemistry and a Ph.D. in Organic Chemistry from the University of Sheffield, U.K. Dr. Roberts brings to our Board his significant experience and understanding of the science and technology involved in our business.

**Kenneth DiPietro**, 55, has been a director of our company since December 2012. Since February 2012, Mr. DiPietro has served as Executive Vice President of Human Resources of Biogen Idec, Inc., a publicly-traded biotechnology company. Mr. DiPietro joined Biogen Idec from Lenovo Group, where he served as Senior Vice President, Human Resources from May 2005 until June 2011. From 2003 to 2005, he served as Corporate Vice President, Human Resources at Microsoft Corporation, and as Vice President, Human Resources at Dell Inc. from 1999 to 2002. Prior to that, he spent 17 years at PepsiCo, serving in a range of human resource and general management positions. Mr. DiPietro holds a B.S. degree in Industrial and Labor Relations from Cornell University. As a human resources senior executive, Mr. DiPietro brings broad cultural transformation, organizational development and corporate re-engineering experience to our Board.

**Class II Director**

**John A. McCarthy, Jr.**, 55, has been a director of our company since April 2013 and non-executive Chairman of the Board since September 2013. Since December 2012, Mr. McCarthy has served as Chief Executive Officer of CryoXtract Instruments, LLC, a developer of unique automation solutions for the global life sciences industry. Prior to joining CryoXtract, Mr. McCarthy served as President and Chief Executive Officer of Qteros, Inc., an alternative energy company, from December 2009 to December 2011. During 2009, he served as Senior Vice President, Chief Financial Officer and Chief Business Officer at Microbia, Inc., a subsidiary of Ironwood Pharmaceuticals. From 2006 to 2008, he served as Executive Vice President and Chief Financial Officer at Verenum Corporation, a publicly traded, alternative energy company. From 2005 to 2006, Mr. McCarthy served as Senior Vice President and Chief Financial Officer of Xanthus Pharmaceuticals, Inc. From 2004 to 2005, he served as Senior Vice President Corporate Development and Chief Financial Officer of Synta Pharmaceuticals Corp., and from 2000 to 2004, he served as Executive Vice President and Chief Financial Officer of Exact Sciences Corporation, a publicly-traded developer of proprietary DNA-based diagnostic assays for the early detection of cancer. He holds an M.B.A. degree from the Harvard Business School and a B.S. degree in finance from Lehigh University. Mr. McCarthy brings to our Board his significant financial and business experience as an executive officer of private and public companies, including biotechnology companies.

**Vote Required**

The affirmative vote of a plurality of the shares of common stock present or represented and entitled to vote at the Annual Meeting, in person or by proxy, is required for the election of the Class III director nominee. Thus, assuming a quorum is present at the Annual Meeting, the nominee who receives the most affirmative votes will be elected as a Class III director.

*Our Board unanimously recommends a vote FOR the election of Mark D. Perrin as a Class III director.*

**Independence of Members of the Board**

We are not currently listed on any national securities exchange or quoted on an inter-dealer quotation system that has a requirement that the Board of Directors be independent. However, in evaluating the independence of the members and the composition of the committees of our Board of Directors, the Board of Directors utilizes the definition of "independence" as that term is defined by the listing standards of the Nasdaq Stock Market and applicable SEC rules, including the rules relating to the independence standards of an audit committee and the non-employee director definition of

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Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Using these standards, the Board of Directors has determined that Dr. Roberts and Messrs. McCarthy and DiPietro are currently "independent" directors. The Board of Directors has determined that Mr. Perrin is not independent as a result of his employment relationship with our company.

**Board Meetings and Attendance**

The Board of Directors held six meetings during fiscal year 2013. All directors then in office attended more than seventy-five percent of the meetings. All directors attended in excess of 75% of the meetings of the committees of our Board of Directors on which they served. Our directors are encouraged, but not required, to attend our annual meeting of stockholders. All of our directors attended our 2013 annual meeting of stockholders, and we expect that all of our directors will attend this Annual Meeting.

**Board Leadership Structure**

The Board of Directors does not have a policy on whether the offices of Chairman and Chief Executive Officer should be separate and, if they are to be separate, whether the Chairman should be selected from among the independent directors or should be an employee of our company. In the event the Chairman is not an independent director, the Board of Directors may designate a lead independent director.

In September 2013, following the resignation of its then Chairman, Frank Reynolds, the Board appointed Mr. McCarthy as non-executive Chairman of the Board. The Chairman of the Board acts as an advisor to our Chief Executive Officer, presides at meetings of the stockholders and the Board of Directors and has such other duties as may be assigned to him from time to time by the Board of Directors. The Board's determination to separate the offices of Chairman of the Board and Chief Executive Officer is expected to enhance board independence and oversight, and to allow the Chief Executive Officer to better focus on his responsibilities of managing the company, enhancing stockholder value and expanding and strengthening our business while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and independent oversight of management.

**Committees of the Board**

The Board has designated two principal standing committees, the Audit Committee and the Governance, Nominating and Compensation Committee.

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***Audit Committee***

Our Board of Directors has a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee assists the Board of Directors in fulfilling its responsibilities to stockholders concerning our financial reporting and internal controls. The Audit Committee facilitates open communication among the Audit Committee, the Board of Directors, our independent auditor and management. The Audit Committee discusses with management and our independent auditor the financial information developed by us, our systems of internal controls and our audit process. The Audit Committee is solely and directly responsible for appointing, evaluating, retaining, and, where necessary, terminating the engagement of our independent auditor. The independent auditor meets with the Audit Committee (both with and without the presence of our management) to review and discuss various matters pertaining to the audit, including our financial statements, the report of the independent registered public accounting firm on the results, scope and terms of their work, and their recommendations concerning the financial practices, controls, procedures and policies employed by us. The current members of our Audit Committee are John A. McCarthy, Jr., Chairman, Kenneth DiPietro and Dr. Richard J. Roberts. The Audit Committee held five meetings in fiscal year 2013.

The Audit Committee pre-approves all audit services to be provided to us by the principal auditor and all other services (including reviewing, attestation and non-audit services) to be provided to us by the independent registered public accounting firm.

The Audit Committee is charged with establishing procedures for (i) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters. The Audit Committee reviews and oversees all related party transactions on an ongoing basis. The Audit Committee is authorized, without further action by the Board of Directors, to engage independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is available in the "Investor Relations" section of our website, [www.invivotherapeutics.com](http://www.invivotherapeutics.com).

The Board of Directors has determined that all of the members of the Audit Committee are independent (as defined by the listing standards of the Nasdaq Stock Market and the applicable SEC rules), and that the Audit Committee members meet the independence requirements contemplated by Rule 10A-3 under the Exchange Act. The Board has determined that John A. McCarthy, Jr. is an "audit committee financial expert" (as defined in Item 407(d)(5) of Regulation S-K).

***Governance, Nominating and Compensation ("GNC") Committee***

The GNC Committee assists the Board in fulfilling its responsibilities relating to (i) compensation of our Chief Executive Officer, the company's other executive officers and non-employee directors, (ii) overseeing the annual evaluation of our executive officers, (iii) monitoring corporate governance matters, including reviewing and assessing our company's corporate governance guidelines and code of ethics, and (iv) reviewing stockholder proposals and the director nomination process. The Board of Directors has adopted a written charter for the GNC Committee, a copy of which is available in the "Investor Relations" section of our website, [www.invivotherapeutics.com](http://www.invivotherapeutics.com). The Board of Directors has determined that all of the members of the GNC Committee are independent (as defined by the listing standards of the NASDAQ Stock Market and the applicable SEC rules). The current members of our GNC Committee are Kenneth DiPietro, Chairman, John A. McCarthy, Jr. and Dr. Richard J. Roberts. The GNC Committee held seven meetings in fiscal year 2013.



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*Compensation Responsibilities*

The GNC Committee determines salaries, incentives and other forms of compensation for our Chief Executive Officer and our other executive officers, and reviews and makes recommendations to the Board with respect to director compensation. The GNC Committee annually reviews and approves the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the Chief Executive Officer's performance in light of these goals and objectives, and sets the Chief Executive Officer's compensation level based on this evaluation. The GNC Committee meets without the presence of executive officers when approving or deliberating on executive officer compensation, but may invite the Chief Executive Officer to be present during the approval of, or deliberations with respect to, other executive officer compensation. The GNC Committee reviews and approves the terms of any and all offer letters, employment agreements, severance agreements, change-in-control agreements, indemnification agreements and other material agreements between us and our executive officers. In addition, the GNC Committee administers our equity incentive compensation plans, and the GNC Committee may delegate to one or more executive officers the power to grant options or other stock awards pursuant to our equity incentive compensation plans to the extent permitted by the plan or by applicable law. Additionally, the GNC Committee is responsible for overseeing our employee benefit plans and reviewing and discussing with management the annual Compensation and Analysis Disclosure and any other reports required by the SEC.

In carrying out its duties, the GNC Committee may delegate authority to one or more subcommittees and may, in its sole discretion without Board or management approval, retain advice of any consultant, legal counsel (other than in-house counsel) or other advisor as it deems necessary. The GNC Committee is directly responsible for appointment, compensation and oversight of such consultant. In selecting consultants, the GNC Committee must consider (i) whether the consultant's employer provides other services to our company, (ii) fees received by the consultant's employer from our company for the consultant as a percentage of total revenue received by such consultant's employer, (iii) policies and procedures designed to prevent conflicts of interest and (iv) business or personal relationship between the consultant with any members of the GNC Committee or any executive officer.

*Governance and Nominating Responsibilities*

The GNC Committee is responsible for the periodic review and assessment of the adequacy of and compliance with our company's corporate governance guidelines and code of ethics, and the corporate governance requirements of the SEC and any exchange on which our common stock is listed, and for overseeing an annual self-evaluation by the Board and each committee. The GNC Committee also makes recommendations to the Board regarding succession planning, including suggestions for transitional Board or senior executive leadership in the event of an unplanned vacancy. The GNC Committee is also responsible for reviewing any stockholder proposals submitted to our company, including nominations for director as noted below.

The GNC Committee makes recommendations to the Board of Directors concerning all facets of the director nominee selection process. Generally, the GNC Committee identifies candidates for director nominees in consultation with management and the independent members of the Board of Directors, through the use of search firms or other advisers, through the recommendations submitted by stockholders or through such other methods as the GNC Committee deems to be helpful to identify candidates. Once candidates have been identified, the GNC Committee confirms that the candidates meet the independence requirements and qualifications for director nominees established by the Board of Directors. The GNC Committee may gather information about the candidates through interviews, questionnaires, background checks, or any other means that the GNC Committee deems to be helpful in the evaluation process. The GNC Committee meets to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs

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of the Board of Directors. Upon selection of a qualified candidate, the GNC Committee would recommend the candidate for consideration by the full Board of Directors.

In considering whether to include any particular candidate in the slate of recommended director nominees, the Board of Directors will consider the candidate's integrity, education, business acumen, knowledge of our business and industry, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. As a matter of practice, the Board of Directors considers the diversity of the backgrounds and experience of prospective directors as well as their personal characteristics (e.g., gender, ethnicity, age, etc.) in evaluating and making decisions regarding board composition in order to facilitate deliberations that reflect a broad range of perspectives. The Board of Directors does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow our Board of Directors to fulfill its responsibilities.

**Procedure for Recommending Director Candidates**

The GNC Committee will consider director candidates who are recommended by our stockholders. Such recommendation for nomination must be in writing and include the following:

the name and address of the stockholder making the recommendation;

the number of shares of our common stock that such stockholder owns beneficially and holds of record;

the name and address of the individual recommended for consideration as a director nominee;

the principal occupation and experience of the director nominee;

the total number of shares of our common stock that the stockholder making the recommendation will vote for the director nominee;

a written statement from the stockholder making the recommendation stating whether the director nominee has indicated his or her willingness to serve if elected and why such recommended candidate would be able to fulfill the duties of a director; and

any other information regarding the director nominee that is required to be included in a proxy statement filed pursuant to the rules of the SEC.

Nominations must be sent to the GNC Committee by U.S. mail, courier or expedited delivery service to InVivo Therapeutics Holdings Corp., One Kendall Square, Building 1400 East, 4th Floor, Cambridge, Massachusetts 02139, Attn: Secretary. The Secretary will then provide the nomination to the GNC Committee for consideration. Assuming that the required material has been provided on a timely basis, the GNC Committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

**Compensation Committee Interlocks and Insider Participation**

None of the members of the GNC Committee was at any time during 2013 or at any other time an officer or employee of our company. None of our executive officers serves as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or the GNC Committee.



Table of Contents**Our Board's Role in Risk Oversight**

We are a development stage company and as such have not yet developed a risk management policy or procedure. Generally, the entire Board of Directors, the Audit Committee and the GNC Committee are involved in overseeing our major risk exposures and monitor and assess those risks in reviews with management and with our outside advisors and independent registered public accounting firm. The Audit Committee reviews regulatory risk, operational risk and enterprise risk, particularly as they relate to financial reporting, on a regular basis with management and our independent registered public accounting firm. The GNC Committee monitors our governance and succession risk and our compensation policies and such related risks by review with management and outside advisors.

**DIRECTOR COMPENSATION**

The Board of Directors has adopted a compensation policy for non-employee directors. Members of our Board of Directors who are employees of the company do not receive any compensation for their service on our Board of Directors. The policy provides that each non-employee director shall be paid an annual retainer of \$25,000 per year (paid quarterly and delivered at each regularly scheduled quarterly Board meeting). In addition, the policy provides that the lead independent director (if one is selected), chairman of the GNC Committee and the chairman of the Audit Committee shall each receive an additional annual fee of \$5,000 (paid annually and delivered at first regularly scheduled quarterly Board meeting of the year), and that the non-executive Chairman of the Board receive an additional annual fee of \$5,000 (paid quarterly). Each non-employee director shall also receive \$1,000 for each in-person board meeting attended, \$500 for each telephonic board meeting attended, and \$500 for each board committee meeting attended. Each non-employee director will also receive an annual grant, on December 10 of each calendar year, of a nonqualified stock option under our 2010 Equity Incentive Plan to purchase up to 50,000 shares of our common stock at an exercise price equal to the closing price of our common stock on the date of grant, and that such option shall be exercisable as to 1/12 of the original number of shares subject to the option on the one-month anniversary of the grant date and shall be exercisable as to an additional 1/12 of the original number of shares subject to the option each monthly anniversary thereafter until fully vested on the 12-month anniversary of the grant date, provided that such director remains a director of our company on each such vesting date.

The following table sets forth compensation earned and paid to each individual who served as a non-employee director during 2013.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)(1)(2)	All Other Compensation (\$)	Total (\$)
Kenneth DiPietro	\$ 38,000		\$ 70,610		\$ 108,610
John A. McCarthy, Jr.(3)	\$ 34,250		\$ 190,610		\$ 224,860
George Nolen(4)	\$ 28,500				\$ 28,500
Dr. Richard J. Roberts	\$ 38,000		\$ 70,610		\$ 108,610
Adam Stern(5)	\$ 14,000				\$ 14,000

(1)

The amounts shown in this column represent the aggregate grant date fair value of the awards computed in accordance with Financial Accounting Standards Board Accounting Standards Codification 718, not the actual amounts paid to or realized by the director during 2013. The assumptions used in determining grant date fair value of these awards are set forth in Note 13 to our Consolidated Financial Statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on March 17, 2014.

(2)

As of December 31, 2013, the aggregate number of vested and unvested options to purchase shares of our common stock outstanding for each current and former director listed above was as follows:

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Mr. DiPietro, 100,000 shares; Mr. McCarthy, 100,000 shares; Mr. Nolen, 273,935 shares; Dr. Roberts, 1,067,547 shares; and Mr. Stern, 150,000 shares.

- (3) Mr. McCarthy joined the Board of Directors in April 2013 and was appointed non-executive Chairman of the Board in September 2013.
- (4) Mr. Nolen's term as a director expired on May 23, 2013.
- (5) Mr. Stern's term as a director expired on May 23, 2013.

**Scientific Advisory Board**

In addition to our executive officers and directors, we also have a Scientific Advisory Board that provides guidance to our company. The Scientific Advisory Board reviews the progress of our company's product development and provides input to management regarding scientific issues relating to our product and potential markets. The Scientific Advisory Board is advisory only and does not have the power to make decisions on behalf of our company, and may but is not required to include officers, directors or employees of our company. We do not pay members of our advisory board any cash compensation and have compensated members of the advisory board through the issuance of stock options.

The following persons are the current members of our Scientific Advisory Board.

**Richard J. Roberts, PhD**, has been a director of our company since October 2010 and joined the Scientific Advisory Board of InVivo Therapeutics Corporation, our wholly-owned subsidiary, in June 2007. Additional biographical information concerning Dr. Roberts may be found above under "Information Regarding Directors."

**Robert S. Langer, ScD**, is the David H. Koch Institute Professor at the Massachusetts Institute of Technology (MIT). Dr. Langer has written over 1,250 articles. He also has approximately 2,050 issued and pending patents worldwide. Dr. Langer's patents have been licensed or sublicensed to over 250 pharmaceutical, chemical, biotechnology and medical device companies. He received his Bachelor's Degree from Cornell University in 1970 and his Sc.D. from the Massachusetts Institute of Technology in 1974, both in Chemical Engineering. He served as a member of the United States Food and Drug Administration's SCIENCE Board from 1995 - 2002 and as its Chairman from 1999-2002. Dr. Langer has received over 220 major awards including the 2006 United States National Medal of Science, the Charles Stark Draper Prize and the 2008 Millennium Prize. In 1989, Dr. Langer was elected to the Institute of Medicine of the National Academy of Sciences, and in 1992, he was elected to both the National Academy of Engineering and to the National Academy of Sciences. Dr. Langer has received honorary doctorates from 22 national and international universities.

**V. Reggie Edgerton, PhD**, has been the Director of U.C.L.A.'s Edgerton Neuromuscular Research Lab since 1968 and is a professor in the Departments of Physiological Sciences, Neurobiology and Neurosurgery at U.C.L.A. His research is focused on neural control of movement and how this neural control adapts to altered use and after spinal cord injury. He completed his Ph.D. under the direction of Drs. Wayne Van Huss, Rex Carrow, and William Heusner at Michigan State University. Dr. Edgerton served on the Scientific Advisory Board of The Christopher Reeves Foundation (CDRF) and his laboratory is one of eight laboratories in the world receiving funding from the CDRF. Dr. Edgerton has co-authored two books and is the author of approximately 400 research papers. He is the recent recipient of the 2012 J. Allyn Taylor International Prize in Medicine and the Reeve-Irvine Research Award for his work in spinal cord injury.

**Jonathan R. Slotkin, MD**, is a clinical neurosurgeon and research scientist. Clinically, Dr. Slotkin has expertise in complex spinal surgery, minimally invasive spinal surgery, spinal oncology surgery and brain tumor surgery. Dr. Slotkin completed residency training in neurosurgery at Harvard Medical

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School, Brigham and Women's Hospital. He performed a fellowship in complex spinal surgery with Dr. Eric J. Woodard. He is the co-editor of a two-volume publication on spinal surgery. Dr. Slotkin is currently the Director of Spinal Surgery, Geisinger Neurosurgeries Institute, and Director of Spinal Cord Research at Geisinger Health System. Dr. Slotkin has authored or co-authored several peer-reviewed scientific publications in the areas of repair after spinal cord injury in animal models, and in vivo quantum dot labeling of neural stem cells.

**Eric J. Woodard, MD**, is a clinical neurosurgeon and research scientist. Dr. Woodard is currently Chief of the Section of Neurosurgery at New England Baptist Hospital. Dr. Woodard received his medical degree from Pennsylvania State University and completed his residency in neurological surgery at Emory University. Following residency, Dr. Woodard completed a fellowship in complex spinal surgery at the Medical College of Wisconsin under Dr. Sanford Larsen. He is a member of numerous professional societies including the American Association of Neurological Surgeons, the Congress of Neurological Surgeons, and the joint section of the AANS/CNS for spine and peripheral nerve. He has also served extensively over the last 18 years as faculty, Board member, foundation trustee, and Chairman of the board of AOSpine North America. Dr. Woodard has been a member of the editorial board for the Journal of Spinal Disorders & Techniques and Spine Universe, and is a reviewer for The New England Journal of Medicine and Neurosurgery.

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**EXECUTIVE OFFICERS AND COMPENSATION**

**Executive Officers**

**Mark D. Perrin** is our Chief Executive Officer and President. Please see "Proposal No. 1 Election of Class III Director" above for biographical information regarding Mr. Perrin.

**Steven F. McAllister**, 56, has served as our Interim Chief Financial Officer since December 2013. Prior to joining our company, Mr. McAllister served as Vice President of Finance and Administration for the Spine and Bone Healing Technologies division of Biomet, Inc. from September 2007 to March 2013. While at Biomet, he was responsible for all accounting, finance, IT, facilities and insurance operations activities in addition to leading the company's strategic planning initiatives. Previous to Biomet, Mr. McAllister worked for DePuy, Inc., a Johnson & Johnson Company, from 1999 to 2007, in various capacities of increasing responsibility including Controller Marketing Finance, Director of Finance Worldwide Spine, and Director of Finance Worldwide Operations. Prior to DePuy, Mr. McAllister held various financial roles with Pfizer's medical device business from 1984 to 1999. Mr. McAllister holds a BS in Accounting from Fairleigh Dickinson University.

**Tamara Joseph**, 51, has served as our Senior Vice President, General Counsel and Chief Compliance Officer since March 2014, after beginning to work as an independent consultant to our company in September 2013. Ms. Joseph was appointed as an independent director of the public health non-profit PHFE in February 2013. She is the incoming Vice Chair of PHFE's Board of Directors and is a member of its Audit Committee and its Governance and Nominating Committee. She previously served as Senior Vice President, General Counsel of Cubist Pharmaceuticals, Inc. from April 2008 to October 2012, where she was responsible for the law, compliance, risk management and government affairs departments. Prior to that, she served as Executive Vice President, General Counsel of Mayne Pharma Ltd., from 2006 to 2008. **RESOLVED**, that the Shareholders recommend that the Board promptly initiate a self-tender offer under which the Fund shall repurchase 50% of its issued Shares at a price equivalent to 98% of net asset value per Share.

**Supporting statement of the Shareholder**

Fellow shareholders:

Our fund's prospectus said:

Because shares of closed-end management investment companies frequently trade at a discount to their net asset values, the Board of Directors has determined that from time to time it may be in the interest of Common Stock Shareholders for the Fund to take corrective actions. The Board of Directors, in consultation with SAAMCo, will review at least annually the possibility of open market repurchases and/or tender offers for the Common Stock.

This proposal aims to remind the Board that they need to act. [Cefconnect.com](http://www.cefconnect.com) shows FGF traded at an average discount of -17.1% for the past year and -13.4% for the last three years, as of 10/31/09. This is a deadweight loss for investors, yet so far there is no evidence of corrective measures being implemented.

Our fund's multi-manager experiment does not seem to have been particularly successful. FGF's cumulative market price return since inception four years ago has lagged its Russell Growth-3000 benchmark by about 8% overall. [Morningstar.com](http://www.morningstar.com), which considers risk as well as returns, gives our fund only two stars out of a possible five.

I hope you will agree that the benefit to shareholders from a self-tender greatly outweighs any costs. Suppose, for example, you own 1000 shares, worth \$11,920 at today's market price. If half were repurchased at 98% of today's net asset value, you would then have shares valued at \$5,960 and cash of \$6,791 - an immediate gain of \$831, even if the repurchase didn't reduce the size of the discount afterwards. And while expense ratios may increase when repurchases reduce fund size, a recent Claymore Group study found that the median change was just 7 basis points. See: <http://www.claymore.com/docs/CEFs/TenderOfferSurvey.pdf> In our example, your share of fund expenses would increase less than \$5 per year, which is greatly outweighed by that \$831 immediate gain. Nor should capital gains taxes be much of a problem: any long-term holder who bought FGF before September 2008 is still underwater, and the fund's latest semiannual report shows \$27.7 million of capital loss carryforwards are available to offset any potential gain from selling portfolio securities.

This proposal gives shareholders the opportunity to tell the Board what action will best serve their interests. I hope the Board's response will not be opposition, which could skew the result, but instead be an open-minded and fair presentation of both sides of the question. If the Board does not follow thru on the promises in the prospectus if considering and reviewing are not followed by action then FGF shareholders will be justified in choosing new Directors next year, or in voting to terminate SunAmerica's management contract.

Thank you for your consideration.

**Opposing Statement of the Board**

**The Board of FGF unanimously recommends that Shareholders of FGF vote AGAINST the proposal.**

*Reasons for the Board's recommendation.* The Board of FGF has reviewed and considered the Shareholder proposal but believes that it is not in the best interests of FGF and its Shareholders.



**1. The Shareholder Proposal is not consistent with the Fund's long-term interests and those of its Shareholders.** When considering actions to address the discount in FGF's market price, the Board has been and continues to be mindful of the fundamental characteristics of the Fund as a closed-end fund. Given the Fund's long-term investment focus, the Board believes strongly in providing Shareholders with a solid investment program that produces a competitive long term investment record. Accordingly, FGF is managed by accomplished subadvisers who bring a long-term investment focus to their management of the Fund's portfolio. The Board believes that allowing the subadvisers to invest the Fund's assets for the long-term is the best way to achieve the Fund's investment objective, thereby enhancing Shareholder value.

**2. The Board has taken, and continues to take, action to address the Fund's discount.** FGF's Board regularly evaluates the difference between the Fund's market price per share and its net asset value ( NAV ) per share (i.e., the discount or premium, as applicable) and considers whether measures to reduce the Fund's discount, such as share repurchases in the open market or in private transactions, one-time or periodic tender offers, conversion to an open-end or interval fund or other measures would be in the best interests of the Fund and its Shareholders. As part of this process, the Board regularly reviews materials prepared by closed-end fund experts and discusses possible discount reduction techniques and their short- and long-term impact on closed-end funds. Shareholders should note that, while some measures may temporarily narrow a fund's trading discount, any resulting reduction in the trading discount may be short-lived, and a fund's discount may well return and persist. When considering any potential action on behalf of the Fund, each Board is also mindful that some discount reduction measures may benefit short-term shareholders more than and sometimes to the detriment of long-term shareholders.

The Shareholder's proposal argues that the Board does not take action in favor of FGF. This is far from true. In fact, over the years, the Board has taken a variety of actions to reduce FGF's trading discount when such actions have been in the best interests of Shareholders, including the following:

**Dividend distribution policy.** The Board has implemented a dividend distribution policy for FGF pursuant to which FGF makes a level dividend distribution each quarter to Shareholders at a rate that is based on a fixed amount per share as determined by the Board. The dividend distribution policy provides for a regular source of cash flow to Shareholders. Closed-end fund literature has shown that distribution policies of this type can contribute to the reduction of a fund's trading discount.

**Establishment of a Special Committee of Independent Directors to consider the Discount.** On March 16, 2010, as part of its continuing efforts to enhance Shareholder value, the Board established a Special Committee ( Committee ) to examine and explore ways to address FGF's trading discount. The Committee, which is composed solely of Independent Directors, will consider the effectiveness of each of the discount reduction measures discussed above, as well as other possible avenues for reducing or eliminating the discount. The Committee will make recommendations to the Board at the conclusion of its evaluation process, which is expected to conclude in 2010.

**3. The Cash Tender Offer proposed by the shareholder would not be in the best interests of FGF and all of its Shareholders.** The Fund's Board has carefully considered the impact of the proposed tender offer on FGF and its Shareholders. The Board believes that a cash tender offer for 50% of outstanding Shares would not best serve the interests of FGF and its Shareholders.

In order to carry out a substantial cash tender offer such as the one proposed, it would be necessary for FGF's subadvisers to liquidate portfolio holdings in an amount sufficient to pay cash proceeds to tendering Shareholders. The conversion of a potentially significant portion of FGF's portfolio to cash would cause FGF's total assets to decrease significantly, resulting in a higher level of expenses to be borne by the remaining Shareholders and reducing the amount of assets available for investment in accordance with the Fund's investment policies. Each of these results could adversely affect long-term management and performance.

The conversion of a potentially significant portion of FGF's portfolio would also be a complicated, lengthy and costly process. The Fund could incur significant transaction costs in selling portfolio holdings to pay for

tendered Shares. These transaction costs would be borne by all Shareholders, including those who do not tender their Shares. In addition, the timing of any cash tender offer could force the Fund's subadvisers to sell portfolio securities at an inopportune time, or at unfavorable prices, in order to generate the necessary cash. The Fund's subadvisers could also be obligated to sell the more liquid securities in the portfolio, given the short time frame within which the sales would have to occur in order to pay tendering Shareholders. As a result, following the cash tender offer, the Fund could be left holding less valuable and/or less liquid portfolio securities. Do not be fooled by the suggestion of an immediate gain.

**4. FGF's discount has narrowed recently and is in-line with other equity closed-end funds.** While FGF's Shares have traded at a discount, this pattern is not uncommon among closed-end funds. The average discount of FGF was approximately 14.17% and 13.11% during the 1- and 3-year periods ended February 26, 2010, respectively. The current discount of FGF as of March 9, 2010 is 9.18%. As of February 26, 2010, the average discount for equity closed-end funds was 9.62% (Source: Morningstar/Bloomberg).

**5. FGF's recent performance has been strong.** The Board believes that FGF's investment approach and recent performance have benefited Shareholders. In particular, for the 1-year period ended February 26, 2010, FGF has returned 51.71% (based on NAV) and 67.66% (based on market price); for the 3-month period ended February 26, 2010, FGF has returned 2.97% (based on NAV) and 5.08% (based on market price). With respect to the Shareholder's assertion regarding FGF's performance versus its Russell 3000 benchmark, please note that FGF's performance relative to this benchmark has been competitive, as illustrated in the table below:

**FGF as of February 26, 2010**

Average Annual Total Return <sup>(1)</sup>	1-Year	3-Year	Since Inception (7-28-05)
Fund Return Based on Market Price <sup>(2)</sup>	67.66%	-2.59%	-0.11%
Fund Return Based on Net Asset Value <sup>(3)</sup>	51.71%	-3.88%	2.06%
Russell 3000 <sup>®</sup> Growth Index	54.73%	-2.62%	0.68%

- (1) Total return calculations represent the average annual changes in the value of an investment over the periods indicated.
- (2) The Fund's market price returns assume that all dividends and other distributions, if any, were reinvested at prices obtained under the Fund's dividend reinvestment plan.
- (3) The Fund's NAV returns assume, for illustration only, that dividends and other distributions, if any, were reinvested at the NAV on the payable dates.

*Performance data represents past performance, which does not guarantee future results. Investment return and net asset and market values will fluctuate, and you may have a gain or loss when you sell your Shares. Future performance may differ from figures shown.*

Based on the above performance figures and FGF's current discount, the Board believes that a cash tender offer of the size and structure proposed by the Shareholder would not be in the best interests of FGF and all of its Shareholders. Specifically, a cash tender offer for 50% of outstanding Shares would significantly reduce the size of the Fund, increase its expense ratio, and interfere with the investment process that has brought about positive results for Shareholders.

**The Board of FGF, including the Independent Directors, unanimously recommends that  
shareholders vote AGAINST the Shareholder proposal.**

## ADDITIONAL INFORMATION ABOUT THE BOARDS

### Board Leadership Structure

Overall responsibility for oversight of the Funds rests with the Boards. The Funds have engaged SunAmerica and the subadvisers to manage the Funds on a day-to day basis. The Boards are responsible for overseeing SunAmerica and the subadvisers and any other service providers in the operations of the Funds in accordance with the provisions of the 1940 Act, applicable provisions of state and other laws, the Funds' Articles of Incorporation and By-laws, and each Fund's investment objectives and strategies. Each Board is presently composed of seven members, six of whom are Independent Directors. Each Board currently conducts regular in-person meetings at least quarterly and holds special in-person or telephonic meetings, or informal conference calls, to discuss specific matters that may arise or require action between regular Board meetings. The Independent Directors also meet at least quarterly in executive session, at which no directors who are interested persons of the Funds are present. The Independent Directors have engaged independent legal counsel to assist them in performing their oversight responsibilities.

Each Board has appointed Mr. Eisenstat, an Independent Director, to serve as Chairman of the respective Board. The Chairman's role is to preside at all meetings of the Board and to act as a liaison with service providers, including SunAmerica, officers, attorneys, and other Directors generally, between meetings. The Chairman may also perform such other functions as may be delegated by the Board from time to time. The Boards have each established four committees, *i.e.*, Audit Committee, Nomination and Compensation Committee, Ethics Committee, and Governance Committee (each, a Committee) to assist them in the oversight and direction of the business and affairs of the Funds, and from time to time may establish informal working groups to review and address the policies and practices of the Funds with respect to certain specified matters. The Committee system facilitates the timely and efficient consideration of matters by the Directors, and facilitates effective oversight of compliance with legal and regulatory requirements and of the Funds' activities and associated risks. The standing Committees currently conduct an annual review of their charters, which includes a review of their responsibilities and operations. The Governance Committee and each Board as a whole also conduct an annual evaluation of the performance of the Board, including consideration of the effectiveness of the Board's committee structure. Each Board has determined that the Board's leadership structure is appropriate because it allows the Board to exercise informed and independent judgment over the matters under its purview and it allocates areas of responsibility among the Committees and the full Board in a manner that enhances efficient and effective oversight.

### Board Oversight of Risk Management

The Funds are subject to a number of risks, including, among others, investment, compliance, operational and valuation risks. Risk oversight forms part of the Boards' general oversight of the Funds and is addressed as part of various Board and Committee activities. Day-to-day risk management functions are subsumed within the responsibilities of SunAmerica, which carries out the Funds' investment management and business affairs, and also by the Funds' subadvisers and other service providers in connection with the services they provide to the Funds. Each of SunAmerica, the subadvisers and other service providers have their own, independent interest in risk management, and their policies and methods of risk management will depend on their functions and business models. As part of its regular oversight of the Funds, the Boards, directly and/or through a Committee, interact with and review reports from, among others, SunAmerica, the subadvisers and the Funds' other service providers (including the Funds' custodian and transfer agent), the Funds' Chief Compliance Officer, the independent registered public accounting firm for the Funds, legal counsel to the Funds, and internal auditors for SunAmerica or its affiliates, as appropriate, relating to the operations of the Funds. The Boards recognize that it may not be possible to identify all of the risks that may affect the Funds or to develop processes and controls to eliminate or mitigate their occurrence or effects. The Boards may, at any time and in its discretion, change the manner in which they conduct risk oversight.

## Committees of the Board

### *Current Committees and Members*

The Board of each Fund has established four committees, *i.e.*, Audit, Nomination and Compensation, Ethics and Governance. Each committee is composed entirely of Independent Directors.

### *Audit Committee*

Each Fund's Board has established an Audit Committee, which is charged with selecting, overseeing and setting the compensation of the Fund's independent registered public accounting firm. The Audit Committee is responsible for pre-approving all audit and non-audit services performed by the independent registered public accounting firm for each Fund and for pre-approving certain non-audit services performed by the independent registered public accounting firm for SunAmerica and certain control persons of SunAmerica. The Audit Committee is also responsible for reviewing with the independent registered public accounting firm the audit plan and results of the audit along with other matters. The members of each Fund's Audit Committee are Messrs. Burum, Devin, Eisenstat, Gutman and Shea and Dr. Craven, each of whom is an Independent Director. Mr. Shea serves as Chairman of the Audit Committee and is the Audit Committee Financial Expert, as such term is defined in Item 407(d)(5)(ii) of Regulation S-K.

The Audit Committee presents the following report:

In fulfilling its duties, each Fund's Audit Committee has: (a) reviewed and discussed the Fund's audited financial statements with management; (b) discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 280), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; (c) received certain written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and discussed the independent registered public accounting firm's independence with them; and (d) based upon its review of the above, recommended to the applicable Board that the Fund's audited financial statements be included in the Fund's annual report to Shareholders for the fiscal year.

The Board of each Fund has adopted an Audit Committee Charter. A copy of the Audit Committee Charter is available on the Funds' website, [www.sunamericafunds.com](http://www.sunamericafunds.com).

### *Nomination and Compensation Committee*

Each Fund's Board has established a Nomination and Compensation Committee (the Nominating Committee), which is responsible for, among other things, interviewing, evaluating and recommending candidates for board membership and reviewing the compensation of the Board and its committee members. The members of the Nominating Committee are Messrs. Devin, Gutman and Shea.

Each Nominating Committee will consider nominees recommended by Shareholders if required by law to do so. Any such recommendation must contain sufficient background information concerning the candidate to enable the Nominating Committee to make a proper judgment as to the candidate's qualifications. The Nominating Committee, however, will not be required to solicit recommendations from a Fund's shareholders. In order to recommend a nominee, a Shareholder should send a letter to the chairperson of each Fund's Nominating Committee, Mr. Stephen J. Gutman, c/o the Secretary of the Fund at SunAmerica, Harborside Financial Center, 3200 Plaza 5, Jersey City, New Jersey 07311 and indicate on the envelope Nomination and Compensation Committee. The Shareholder's letter should state the nominee's name and should include the nominee's resume or curriculum vitae, and must be accompanied by a written consent of the individual to stand for election if nominated by the Board and to serve if elected by Shareholders. In addition, such letter shall set forth (i) the age, business address and residence address of such nominee (ii) the class, series and number of any Shares of stock of the Fund that are beneficially owned by such nominee, (iii) the date such Shares were acquired and the

investment intent of such acquisition, (iv) whether such Shareholder believes any such nominee is, or is not, an interested person of the Fund, as defined in the 1940 Act, and the rules promulgated thereunder and information regarding such nominee that is sufficient, in the discretion of the Board or the Nominating Committee or any authorized officer of each of the Funds, to make such determination and (v) all other information relating to such nominee that is required to be disclosed in solicitations of proxies for election of Directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the 1934 Act ) and the rules adopted thereunder (including such individual s written consent to being named in the proxy statement as a nominee and to serving as a Director if elected).

Each Fund s Nominating Committee has not established specific, minimum qualifications that must be met by an individual for the Nominating Committee to recommend that individual for nomination as a director. In seeking candidates to consider for nomination to fill a vacancy on the Boards, or when each Fund s Nominating Committee deems it desirable to select a new or additional director, each Nominating Committee expects to seek referrals from a variety of sources, including current directors, management of the Funds and counsel to the Funds. Each Nominating Committee may also engage a search firm to identify or evaluate or assist in identifying or evaluating candidates.

In evaluating candidates for a position on the Board, each Fund s Nominating Committee considers a variety of factors, including, as appropriate:

- (i) the candidate s knowledge in matters relating to the mutual fund industry;
- (ii) any experience possessed by the candidate as a director or senior officer of public companies;
- (iii) the candidate s educational background;
- (iv) the candidate s reputation for high ethical standards and personal and professional integrity;
- (v) any specific financial, technical or other expertise possessed by the candidate, and the extent to which such expertise would complement the Board s existing mix of skills and qualifications;
- (vi) the candidate s perceived ability to contribute to the ongoing functions of the Board, including the candidate s ability and commitment to attend meetings regularly and work collaboratively with other members of the Board;
- (vii) the candidate s ability to qualify as an Independent Director for purposes of the 1940 Act, the candidate s independence from Fund service providers and the existence of any other relationships that might give rise to conflict of interest or the appearance of a conflict of interest;
- (viii) the candidate s age relative to any Fund age limitation on nominations; and
- (ix) such other factors as the Nominating Committee determines to be relevant in light of the existing composition of the Board and any anticipated vacancies or other transitions (e.g., whether or not a candidate is an audit committee financial expert under the federal securities laws).

In addition, each Nominating Committee will, in evaluating candidates for a position on the Board, consider and act in accordance with the Board s policy that prohibits Board members from simultaneously serving on the board of directors or trustees of another registered investment company (other than on the boards of directors or trustees of funds within the Fund Complex) while serving on the Board of a Fund.

Overall, each Fund s Nominating Committee will seek to identify the most qualified candidates, and in doing so may consider the above factors, or such others factors as it may identify from time to time, as it deems appropriate in its sole discretion. For example, each Fund s Board, in its sole discretion, may consider how the candidate would complement the existing diversity of the Board, and would contribute to the Board as a

whole, both in terms of viewpoint, professional experience, education, skills and other individual qualities and attributes,

as well as in terms of race, gender, national origin, culture and geography. Prior to making a final recommendation to the Board, the Nominating Committee may conduct personal interviews with the candidates it concludes are the most qualified. Any candidates recommended by shareholders will be evaluated in the same manner.

The Board of each Fund has adopted a Nominating Committee Charter. A copy of the Nominating Committee Charter is not available on the Funds' website, but is attached as Exhibit D to this proxy statement.

**Ethics Committee**

Each Fund's Board has established an Ethics Committee, which is responsible for, among other things, applying the Code of Ethics applicable to the Fund's Principal Executive Officer and Principal Accounting Officer (the Code) to specific situations in which questions are presented to it and has the authority to interpret the Code in any particular situation. The Ethics Committee will inform the Board of violations or waivers to the Code, as appropriate. The members of the Ethics Committee are Dr. Craven and Messrs. Burum, Gutman and Shea.

**Governance Committee**

Each Fund's Board has established a Governance Committee, which is responsible for, among other things, reviewing and making recommendations with respect to the size and composition of the Board and its committees and monitoring and evaluating the functioning of the committees of the Board. The members of the Governance Committee are Messrs. Burum, Devin and Gutman and Shea.

**Board and Committee Meetings**

Each Fund's Board and each committee met several times during its last fiscal year as set forth on Exhibit B. Each Director attended at least 75% of the Board and committee meetings on which that Director serves held during each Fund's last fiscal year. The Funds do not have a policy regarding Board members' attendance at annual shareholder meetings or special meetings and no Directors attended the 2009 Annual Shareholder Meetings.

**Compensation of Directors and Officers**

The following table sets forth certain information regarding the compensation of each Fund's Independent Directors for the fiscal year ending December 31, 2009. Each Fund pays the fees and expenses of the Independent Directors. The Interested Directors receive no compensation from the Funds. Independent Directors receive an annual amount of \$5,250 (\$7,875 for the Chairman of the Fund) for serving as an Independent Director for each Fund. The Independent Directors also receive fees for attending meetings of the Audit Committee and special meetings of each Board. Officers of a Fund receive no direct remuneration in such capacity from the Fund.

Name of Person, Position	Aggregate		Aggregate Compensation From the Fund Complex Paid to Directors
	Compensation from each Fund		
Jeffrey S. Burum <sup>(1)</sup>	\$8,291	FGF	\$105,167
	\$7,339	FGI	
Samuel M. Eisenstat	\$11,764	FGF	\$196,300
	\$10,360	FGI	
Stephen J. Gutman	\$8,260	FGF	\$139,400
	\$7,324	FGI	

Name of Person, Position	Aggregate Compensation from		Aggregate Compensation From the Fund Complex Paid to Directors
	each Fund		
William F. Devin <sup>(1)</sup>	\$8,284	FGF	\$266,800
	\$7,336	FGI	
Dr. Judith L. Craven <sup>(1)</sup>	\$8,284	FGF	\$238,592
	\$7,336	FGI	
William J. Shea	\$8,260	FGF	\$140,700
	\$7,324	FGI	

(1) Mr. Devin and Dr. Craven are also Trustees of VALIC Company I and VALIC Company II. Mr. Burum, Mr. Devin and Dr. Craven are not Trustees of Anchor Series Trust. Mr. Burum is not a Director of SunAmerica Senior Floating Rate Fund, Inc.

**OFFICERS OF THE FUNDS**

Officers of each Fund are appointed by its respective Board and serve at the pleasure of the Board. None of the Funds' Officers currently receive any compensation from the Funds. The names of the Officers of each Fund who are not Directors, their ages and principal occupations during the past five years are provided in the table below. Unless otherwise noted, the address of each Officer is Harborside Financial Center, 3200 Plaza 5, Jersey City, New Jersey 07311.

Name, Age & Address	Positions (s)	Term of Office	Principal Occupation(s) During Past 5 Years
	Held with Fund	and Length of Time Served	
<b>EXECUTIVE OFFICERS</b> John T. Genoy	President	2007 to Present	Chief Financial Officer, SunAmerica (2002 to Present); Senior Vice President, SunAmerica (2003 to Present); Chief Operating Officer, SunAmerica (2006 to Present).
DOB:  November 8, 1968			
Gregory N. Bressler	Secretary and Chief Legal Officer	2005 to Present	Senior Vice President and General Counsel, SunAmerica (June 2005 to Present); Vice President and Director of U.S. Asset Management Compliance, Goldman Sachs Asset Management (2004 to 2005).
DOB:  November 17, 1966			
Donna M. Handel	Treasurer	2005 to Present	Senior Vice President, SunAmerica (2004 to Present).
DOB:  June 25, 1966			
James Nichols	Vice President	2006 to present	Director, President and CEO, SACS (2006 to present); Senior Vice President, SACS (2002 to 2006).
DOB:  April 7, 1966			



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Cynthia A. Skrehot	Vice President and Chief Compliance Officer	2005 to present	Vice President, SunAmerica (August 2007 to present); Chief Compliance Officer, SunAmerica (2002 to 2006).
DOB:			
December 6, 1967			
Gregory R. Kingston		2002 to Present	Vice President, SunAmerica (2001-Present).
DOB:			
January 18, 1966	Vice President and Assistant Treasurer		
Nori L. Gabert	Vice President and Assistant Secretary	2005 to present	Vice President and Deputy General Counsel, SunAmerica (2005 to present); Vice President and Senior Counsel, SunAmerica (2002 to 2005).
DOB:			
August 15, 1953			

**BENEFICIAL OWNERSHIP OF FUND SHARES**

As of March 17, 2010, based upon the Funds' review of public filings, to the knowledge of each Fund, the following persons beneficially owned more than 5% of either Fund's Shares:

<b>Fund</b>	<b>Title of Class</b>	<b>Name and address of beneficial owner</b>	<b>Amount and nature of beneficial ownership</b>	<b>Percent of Class*</b>
SunAmerica Focused Alpha Growth Fund, Inc.	Common Stock	Bulldog Investors, Phillip Goldstein, Andrew Dakos and Brooklyn Capital Management LLC  Park 80 West, Saddle Brook, NJ 07663**	3,104,656	15.25%
	Common Stock	Karpus Management, Inc., d/b/a Karpus Investment Management  183 Sully's Trail, Pittsford, New York 14534***	1,324,108	6.50%
SunAmerica Focused Alpha Large-Cap Fund, Inc.	Common Stock	Bulldog Investors, Phillip Goldstein, Andrew Dakos and Brooklyn Capital Management LLC  Park 80 West, Saddle Brook, NJ 07663****	1,700,705	17.61%
	Common Stock	Lazard Asset Management LLC  30 Rockefeller Plaza  New York, New York 10112*****	1,052,930	10.91%

\* Percentage of class is based on the number of Shares outstanding as of March 17, 2010.

\*\* Based on a Schedule 13D/A filed with the SEC on March 17, 2010 by Bulldog Investors, Phillip Goldstein, Andrew Dakos and Brooklyn Capital Management LLC.

\*\*\* Based on a Schedule 13G filed with the SEC on February 5, 2010 by Karpus Management, Inc.

\*\*\*\* Based on a Schedule 13D/A filed with the SEC on March 17, 2010 by Bulldog Investors, Phillip Goldstein, Andrew Dakos and Brooklyn Capital Management LLC.

\*\*\*\*\* Based on a Schedule 13G/A filed with the SEC on February 5, 2010 by Lazard Asset Management LLC.

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**INFORMATION CONCERNING THE FUNDS INDEPENDENT**

**REGISTERED PUBLIC ACCOUNTING FIRM**

Each Fund's financial statements for its last-completed fiscal year were audited by PricewaterhouseCoopers LLP ( PwC ), independent registered public accounting firm. In addition, PwC prepares each Fund's federal and state annual income tax returns and provides certain non-audit services. Each Audit Committee has selected PwC as the Fund's independent registered public accounting firm and such selection has been ratified by each Fund's Board. PwC has served as the independent registered public accounting firm to each Fund for the fiscal years ended December 31, 2008 and December 31, 2009. PwC has informed each Fund that it has no material direct or indirect financial interest in the Fund.

Representatives of PwC are not expected to be present at the Annual Meetings, but have been given the opportunity to make a statement if they so desire and will be available should any matter arise requiring their presence.

**Audit Fees**

The aggregate fees billed by PwC for professional services rendered to each Fund for professional services rendered for the audit of its annual financial statements for the fiscal year ended December 31, 2009 were \$27,184. For the fiscal year ended December 31, 2008, such audit fees for each Fund were \$27,453. Fees included in the audit fees category are those associated with the annual audits of financial statements and services that are normally provided in connection with statutory and regulatory filings.

**Audit-Related Fees**

There were no audit-related fees billed by PwC for services rendered to FGF and FGI that were reasonably related to the performance of the audits of the financial statements, but not reported as audit fees, for the fiscal year ended December 31, 2009 or for the fiscal year ended December 31, 2008.

With respect to Rule 2-01(c)(7)(i)(C) of Regulation S-X, there were no audit-related fees that were approved by the Audit Committee pursuant to the *de minimis* exception for the Funds' fiscal years ended December 31, 2009 and December 31, 2008 on behalf of (i) the Funds' investment adviser and any entity controlling, controlled by, or under common control with the investment adviser ( Adviser Affiliates ) that provides ongoing services to the Funds, or (ii) the Funds themselves. There were no audit-related fees required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X (services provided by PwC to Service Affiliates that require pre-approval of the Funds' Audit Committees) during the fiscal years indicated above.

**Tax Fees**

The aggregate tax fees billed by PwC to each Fund for services rendered for the fiscal year ended December 31, 2009 were \$13,900. For the fiscal year ended December 31, 2008, such aggregate tax fees for each Fund were \$14,029. This category comprises fees for tax compliance, tax advice, tax planning and tax return preparation.

With respect to Rule 2-01(c)(7)(i)(C) of Regulation S-X, there were no tax fees that were approved by the Audit Committee pursuant to the *de minimis* exception for the Funds' fiscal years ended December 31, 2009 and December 31, 2008 on behalf of (i) Adviser Affiliates, or (ii) the Funds themselves. There were no tax fees required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the fiscal years indicated above.

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**All Other Fees**

For the Funds' fiscal years ended December 31, 2009 and December 31, 2008, there were no fees billed by PwC for other services provided to any Fund.

With respect to Rule 2-01(c)(7)(i)(C) of Regulation S-X, there were no fees within this category that were approved by the Audit Committee pursuant to the *de minimis* exception for the Funds' fiscal years ended December 31, 2009 and December 31, 2008 on behalf of (i) Adviser Affiliates, or (ii) the Funds themselves. There were no all other fees required to be approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X during the fiscal years indicated above.

Each Fund's Audit Committee Charter contains pre-approval policies and procedures. Reproduced below is an excerpt from the Audit Committee Charter regarding pre-approval policies and procedures:

The Audit Committee shall carry out the following functions:

To approve prior to appointment the engagement of the Independent Auditor to provide other audit services to the Fund or to provide non-audit services to the Fund,<sup>2</sup> its investment adviser, subadviser (not including a subadviser whose role is primarily portfolio management and is sub-contracted or overseen by another investment adviser) or any entity controlling, controlled by, or under common control with the investment adviser (control affiliate) that provides ongoing services to the Fund, if the engagement relates directly to the operations and financial reporting of the Fund.<sup>3</sup> The Committee may delegate to one or more of its members (Delegates) authority to pre-approve permissible non-audit services to be provided to the Fund. Any pre-approval determination of a Delegate shall be presented to the full Committee at its next meeting. The Committee may also, to the extent deemed appropriate, adopt policies and procedures for pre-approval of the engagement of the Fund's Independent Auditor to provide any services described in this paragraph 2.

**Aggregate Non-Audit Fees**

The aggregate non-audit fees billed by PwC for services rendered to the Funds for each of the last two fiscal years are set forth in Exhibit C. No Fund's Audit Committee was required to consider whether the provision of non-audit services that were rendered to the Fund's investment adviser (not including any subadviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the Fund that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X, was compatible with maintaining PwC's independence.

<sup>2</sup> The Independent Auditor is prohibited from providing certain non-audit services to the Fund at any point during the audit and professional engagement period. The prohibited non-audit services include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services; (ix) expert services unrelated to the audit; and (x) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

<sup>3</sup> Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided constitutes not more than 5% of the total amount of revenues paid to the Independent Auditor by the Fund, its investment adviser and control affiliate during the fiscal year in which the services are provided; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee or its delegate(s) prior to the completion of the audit for the year in which the services were rendered.

### **ADDITIONAL INFORMATION REGARDING THE SOLICITATION**

Your vote is being solicited by each of the Boards. The solicitation of proxies will be made primarily by mail, but solicitations may also be made by telephone or in person by regular employees of SunAmerica who will not receive any compensation from the Funds. All costs of a Fund's solicitation, including (a) printing and mailing of this Proxy Statement and accompanying material and (b) the reimbursement of brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of the Fund's Shares will be borne by such Fund. The Funds have engaged Okapi Partners LLC, 780 Third Ave., 30<sup>th</sup> Floor, New York, New York 10017, to assist in the solicitation of proxies and tabulation for a fee of \$22,500 plus expenses for FGF and \$17,500 plus expenses for FGI.

### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the 1934 Act, and Section 30(h) of the 1940 Act, as applied to the Funds, require each Fund's officers, Directors, SunAmerica, affiliates of SunAmerica and persons who beneficially own more than 10% of the Fund's outstanding securities ( Reporting Persons ), to electronically file reports of ownership of the Fund's securities and changes in such ownership with the SEC and the NYSE. Such persons are required by SEC regulations to furnish the Fund with copies of all such filings.

Based solely on its review of the copies of such forms received by it and written representations from certain Reporting Persons that no year-end reports were required for those persons, each Fund believes that during the fiscal year ended December 31, 2009, the Reporting Persons complied with all applicable filing requirements.

### **SHAREHOLDER PROPOSALS**

Each Fund has an annual meeting of shareholders. Shareholders of a Fund who wish to submit proposals for the nomination of individuals for election to the Board and other business to be considered at such Fund's next annual meeting of shareholders should send such proposals to the Secretary of the Fund at SunAmerica, Harborside Financial Center, 3200 Plaza 5, Jersey City, New Jersey 07311. In order to be considered at the next annual meeting, shareholder proposals must be received by a Fund no later than December 17, 2010. All nominations and proposals must be in writing.

Shareholder proposals that are submitted in a timely manner will not necessarily be included in a Fund's proxy materials. Inclusion of such proposals is subject to limitations under the federal securities laws and must be submitted in accordance with each Fund's Bylaws.

### **SHAREHOLDER COMMUNICATION WITH THE BOARD OF DIRECTORS**

Shareholders wishing to communicate with members of each Board may submit a written communication directed to each Board c/o the Secretary of each Fund at Harborside Financial Center, 3200 Plaza 5, Jersey City, New Jersey 07311.

**OTHER BUSINESS**

The Board of each Fund knows of no business that will be presented for consideration at the Annual Meetings other than as set forth above. If any other matter is properly presented, it is the intention of the persons named on the enclosed proxy card to vote in accordance with their discretion.

By Order of Each Fund's Board,

/s/ Gregory N. Bressler

\_\_\_\_\_  
Gregory N. Bressler

*Secretary*

SunAmerica Focused Alpha

Growth Fund, Inc.

SunAmerica Focused Alpha

Large-Cap Fund, Inc.

April 16, 2010

**EXHIBIT INDEX**

Exhibit A	State of Organization, Fiscal Year End and Shares Outstanding as of Record Date	A-1
Exhibit B	Schedule of Board and Committee Meetings	B-1
Exhibit C	Aggregate Non-Audit Fees Paid to Fund Auditors	C-1
Exhibit D	Nomination and Compensation Committee Charter	D-1

**STATE OF ORGANIZATION, FISCAL YEAR END AND  
SHARES OUTSTANDING AS OF RECORD DATE**

<b>Fund Name</b>	<b>Fiscal Year End</b>	<b>State of Organization</b>	<b>Shares Outstanding as of Record Date</b>
SunAmerica Focused Alpha Growth Fund, Inc.	12/31	Maryland	20,355,235
SunAmerica Focused Alpha Large-Cap Fund, Inc.	12/31	Maryland	9,655,235

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**SCHEDULE OF BOARD AND COMMITTEE MEETINGS**

<b>Fund</b>	<b>Number of Meetings Over the Fund's Fiscal Year*</b>
SunAmerica Focused Alpha Growth Fund, Inc.	
Board	9
Audit	5
Nomination and Compensation	2
Ethics	2
Governance	1
SunAmerica Focused Alpha Large-Cap Fund, Inc.	
Board	9
Audit	5
Nomination and Compensation	2
Ethics	2
Governance	1

\* The fiscal year end for each Fund is December 31.

## AGGREGATE NON-AUDIT FEES PAID TO FUND AUDITORS

## Aggregate Non-Audit Fees Paid For Two Most Recent Fiscal Years\*

Fund	On Behalf of the Fund's Investment Adviser and any entity controlling, controlled by, or under common control with the Investment Adviser that provides ongoing services to the Fund			
	On Behalf of the Fund			
	2008	2009	2008	2009
SunAmerica Focused Alpha Growth Fund, Inc.	\$ 14,029	\$ 13,900	\$ 0	\$ 102,925
SunAmerica Focused Alpha Large-Cap Fund, Inc.	\$ 14,029	\$ 13,900	\$ 0	\$ 102,925

\* The fiscal year end for each Fund is December 31.

**ANCHOR SERIES TRUST**

**SUNAMERICA EQUITY FUNDS**

**SUNAMERICA FOCUSED ALPHA GROWTH FUND, INC.**

**SUNAMERICA FOCUSED ALPHA LARGE-CAP FUND, INC.**

**SUNAMERICA FOCUSED SERIES, INC.**

**SUNAMERICA INCOME FUNDS**

**SUNAMERICA MONEY MARKET FUNDS, INC.**

**SUNAMERICA SENIOR FLOATING RATE FUND, INC.**

**SUNAMERICA SPECIALTY SERIES**

**(each a Fund and collectively, the Funds )**

**NOMINATION AND COMPENSATION COMMITTEE CHARTER**

**I. The Committee.**

The Nomination and Compensation Committee (the Committee ) is a committee of, and established by, the Board of Directors/Trustees of each Fund (the Board ). The Committee consists of such number of members as set by the Board from time to time and its members shall be selected by the Board. The Committee shall be comprised entirely of independent directors/trustees ( independent directors ). For purposes of this Charter, independent directors shall mean directors/trustees ( directors ) who are not interested persons of the Funds as defined in the Investment Company Act of 1940, as amended (the 1940 Act ). The Chairman of the Board of the Funds shall be an ex-officio member of the Committee so long as the Chairman is an independent director.

**II. Board Nomination Functions.**

1. The Committee shall make recommendations for nominations for independent director membership on the Board to (a) the incumbent independent director members, if all independent directors do not currently serve on the Committee, and (b) the full Board. The selection and nomination of independent directors shall be committed solely to the discretion of the independent directors. The Committee shall evaluate candidates qualifications for Board membership and the independence of such candidates from the Funds investment manager and other principal service providers. Persons selected must be independent in terms of both the letter and the spirit of the 1940 Act. The Committee shall also consider the effect of any relationships beyond those delineated in the 1940 Act that might impair independence, e.g., business, financial or family relationships with investment managers or service providers.
2. The Committee also shall evaluate candidates qualifications and make recommendations for interested members on the Board to the full Board.
3. The Committee may, but shall not be required to, adopt from time to time specific, minimum qualifications that the Committee believes a candidate must meet before being considered as a candidate for Board membership. The Committee shall comply with any rules adopted from time to time by the Securities and Exchange Commission, any stock exchange (the Exchange ), if applicable, and any applicable state and other laws, regarding investment company nominating committees and the nomination of persons to be considered as candidates for Board membership.
4. The Committee shall review shareholder recommendations for nominations to fill vacancies on the Board if the Committee is required by law or any Exchange to do so. Any such recommendations must be submitted in writing and addressed to the Committee at the Funds offices. The Committee s policy regarding its procedures for considering candidates for the Board, including any recommended by shareholders, is attached hereto as Appendix A.

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**III. Committee Nomination Functions.**

The Committee shall make recommendations to the full Board for nomination for membership on all committees of the Board.

**IV. Compensation and Board Education Functions.**

The Committee shall review the compensation of the independent directors and committee members including any expense reimbursement policies, as appropriate. Director compensation recommendations may take into account the size of the Funds, the demands placed on the independent directors, the practices of other mutual fund groups, the need to attract and retain qualified independent directors, any relevant regulatory or judicial developments, and any other considerations deemed appropriate by the Committee.

**V. Other Powers and Responsibilities.**

1. The Committee shall meet at least once each year or more frequently in open or executive sessions. The Committee may invite members of management, counsel, advisers and others to attend its meetings as it deems appropriate. The Committee shall have separate sessions with management and others, as and when it deems appropriate.
2. The Committee shall have the resources and authority appropriate to discharge its responsibilities, including authority to retain special counsel and other experts or consultants at the expense of the Funds.
3. The Committee shall report its activities to the Board and make such recommendations as the Committee may deem necessary or appropriate.
4. A majority of the members of the Committee shall constitute a quorum for the transaction of business at any meeting of the Committee. The action of a majority of the members of the Committee present at a meeting at which a quorum is present shall be the action of the Committee. The Committee may meet in person or by telephone, or other communication method by means of which all persons participating in the meeting can hear each other at the same time.
5. The Committee shall review this Charter at least annually and recommend any changes to the full Board.

Revised: March 2, 2010

**APPENDIX A**

**NOMINATION AND COMPENSATION COMMITTEE POLICY**

**REGARDING SELECTION OF DIRECTOR NOMINEES**

When a vacancy on the Board exists or is anticipated, or when the Nomination and Compensation Committee ( Committee ) deems it desirable to select a new or additional director, the Committee will consider any candidate for director recommended by a current shareholder if the Committee is required by law to do so. Any such recommendation must contain sufficient background information concerning the candidate to enable the Committee to make a proper judgment as to the candidate's qualifications. The Committee, however, will not be required to solicit recommendations from a Fund's shareholders.

The Committee has not established specific, minimum qualifications that must be met by an individual for the Committee to recommend that individual for nomination as a director. In seeking candidates to consider for nomination to fill a vacancy on the Board, or when the Committee deems it desirable to select a new or additional director, the Committee expects to seek referrals from a variety of sources, including current directors, management of the Funds and counsel to the Funds. The Committee may also engage a search firm to identify or evaluate or assist in identifying or evaluating candidates.

In evaluating candidates for a position on the Board, the Committee considers a variety of factors, including, as appropriate:

- (i) the candidate's knowledge in matters relating to the mutual fund industry;
- (ii) any experience possessed by the candidate as a director or senior officer of public companies;
- (iii) the candidate's educational background;
- (iv) the candidate's reputation for high ethical standards and personal and professional integrity;
- (v) any specific financial, technical or other expertise possessed by the candidate, and the extent to which such expertise would complement the Board's existing mix of skills and qualifications;
- (vi) the candidate's perceived ability to contribute to the ongoing functions of the Board, including the candidate's ability and commitment to attend meetings regularly and work collaboratively with other members of the Board;
- (vii) the candidate's ability to qualify as an independent director for purposes of the 1940 Act, the candidate's independence from Fund service providers and the existence of any other relationships that might give rise to conflict of interest or the appearance of a conflict of interest;
- (viii) the candidate's age relative to any Fund age limitation on nominations; and
- (ix) such other factors as the Committee determines to be relevant in light of the existing composition of the Board and any anticipated vacancies or other transitions (e.g., whether or not a candidate is an audit committee financial expert under the federal securities laws).

In addition, each Nominating Committee will, in evaluating candidates for a position on the Board, consider and act in accordance with the Board's policy that prohibits Board members from simultaneously serving on the board of directors or trustees of another registered investment

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company (other than on the boards of directors or trustees of funds within the Fund Complex, as that term is defined in Instruction 1(b) to Item 17 of Form N-1A) while serving on the Board of a Fund.

Overall, the Committee will seek to identify the most qualified candidates, and in doing so may consider the above factors, or such others factors as it may identify from time to time, as it deems appropriate in its sole discretion. For example, the Board, in its sole discretion, may consider how the candidate would complement the existing diversity of the Board, and would contribute to the Board as a whole, both in terms of viewpoint, professional experience, education, skills and other individual qualities and attributes, as well as in terms of race, gender, national origin, culture and geography. Prior to making a final recommendation to the Board, the Committee may conduct personal interviews with the candidates it concludes are the most qualified. Any candidates recommended by shareholders will be evaluated in the same manner.

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Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. X

**Annual Meeting Proxy Card**

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**A Proposals** The Board of Directors recommends a vote **FOR** the listed nominees and **AGAINST** Proposal 2B.

1. To elect as Class II directors: For Withhold For Withhold

01 - Dr. Judith L. Craven " " 02 - William J. Shea " "

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For Against Abstain

2B. To approve a shareholder proposal recommending that the Board promptly initiate a self-tender offer under which the Fund shall repurchase 50% of its issued Shares at a price equivalent to 98% of net asset value per Share. " " "

3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

**B Non-Voting Items**

**Change of Address** Please print new address below.

**C Authorized Signatures** This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. If shares are held by an individual, sign your name exactly as it appears on this card. If shares are held jointly, either party may sign, but the name of the party signing should conform exactly to the name shown on this proxy card. If shares are held by a corporation, partnership or similar account, the name and capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example: ABC Corp., John Doe, Treasurer

Date (mm/dd/yyyy) Please print date below.

/ /

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

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q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**Proxy SunAmerica Focused Alpha Growth Fund, Inc.**

**Annual Meeting of Shareholders May 18, 2010**

**This proxy is solicited on behalf of the Board of Directors**

The undersigned shareholder of the SunAmerica Focused Alpha Growth Fund, Inc. (the Fund ), hereby appoints Kathleen Fuentes, John E. McLean and Joseph Duronio or any of them, as proxies for the undersigned, with full power of substitution in each of them, to attend the Annual Meeting of Shareholders of the Fund (the Meeting ) to be held on May 18, 2010 at 9:00 a.m., Eastern time, at the offices of the Fund, Harborside Financial Center, Jersey City, New Jersey 07311 and any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such Meeting and otherwise to represent the undersigned at the Meeting with all powers possessed by the undersigned if personally present at the Meeting. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Shareholders and of the accompanying Proxy Statement (the terms of each of which are incorporated by reference herein) and revokes any proxy

heretofore given with respect to such Meeting.

**The votes entitled to be cast by the undersigned will be cast as instructed on the reverse hereof. If this proxy is executed but no instruction is given, the votes entitled to be cast by the undersigned will be cast FOR each of the listed nominees for director and AGAINST Proposal 2B. Additionally, the votes entitled to be cast by the undersigned will be cast in the discretion of the Proxy holder on any other matter that may properly come before the Meeting or any adjournment or postponement thereof.**

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 18, 2010. This proxy statement is available at <http://www.myproxyonline.com/SunAmerica>**

**YOUR VOTE IS IMPORTANT.** Please date and sign this proxy and return it promptly in the enclosed envelope.

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. x

**Annual Meeting Proxy Card**

**q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q**

**A Proposals The Board of Directors recommends a vote FOR the listed nominees and AGAINST Proposal 2A.**

1. To elect as Class II directors:	<b>For</b> <b>Withhold</b>	<b>For</b> <b>Withhold</b>
01 - Dr. Judith L. Craven	" "	02 - William J. Shea

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**For Against Abstain**

2A. To approve a shareholder proposal requesting that the Board promptly authorize a self-tender offer for all the outstanding shares of the Fund at a price equal to net asset value, and if more than 50% of the Fund's outstanding shares are tendered, then the tender offer should be cancelled and the Fund should be liquidated.

" " "

3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

**B Non-Voting Items**

**Change of Address** Please print new address below.

**C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below**

Please sign exactly as name(s) appears hereon. If shares are held by an individual, sign your name exactly as it appears on this card. If shares are held jointly, either party may sign, but the name of the party signing should conform exactly to the name shown on this proxy card. If shares are held by a corporation, partnership or similar account, the name and capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example: ABC Corp., John Doe, Treasurer .

Date (mm/dd/yyyy) Please print date below.

/ /

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

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q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**Proxy SunAmerica Focused Alpha Large-Cap Fund, Inc.**

**Annual Meeting of Shareholders May 18, 2010**

**This proxy is solicited on behalf of the Board of Directors.**

The undersigned shareholder of the SunAmerica Focused Alpha Large-Cap Fund, Inc. (the Fund ) hereby appoints Kathleen Fuentes, John E. McLean and Joseph Duronio or any of them, as proxies for the undersigned, with full power of substitution in each of them, to attend the Annual Meeting of Shareholders of the Fund (the Meeting ) to be held on May 18, 2010 at 9:30 a.m., Eastern time, at the offices of the Fund, Harborside Financial Center, Jersey City, New Jersey 07311 and any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such Meeting and otherwise to represent the undersigned at the Meeting with all powers possessed by the undersigned if personally present at the Meeting. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Shareholders and of the accompanying Proxy Statement (the terms of each of which are incorporated by reference herein) and revokes any proxy

heretofore given with respect to such Meeting.

**The votes entitled to be cast by the undersigned will be cast as instructed on the reverse hereof. If this proxy is executed but no instruction is given, the votes entitled to be cast by the undersigned will be cast FOR each of the listed nominees for director and AGAINST Proposal 2A. Additionally, the votes entitled to be cast by the undersigned will be cast in the discretion of the Proxy holder on any other matter that may properly come before the Meeting or any adjournment or postponement thereof.**

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 18, 2010. This proxy statement is available at <http://www.myproxyonline.com/SunAmerica>**

**YOUR VOTE IS IMPORTANT.** Please date and sign this proxy and return it promptly in the enclosed envelope.

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**