

CUI Global, Inc.  
Form DEF 14A  
August 23, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Schedule 14A

Proxy Statement pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

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  
 Definitive Proxy Statement        only (as permitted by Rule 14a-6(e)(2))  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-11(c) of §240.14a-12

CUI Global, Inc.

(Name of Registrant as Specified in its Charter)

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

Not applicable

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No Fee Required

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

(3) Filing Party:

(4) Date Filed:

20050 SW 112<sup>th</sup> Avenue

Tualatin, Oregon 97062

Phone (503) 612-2300.

August 22, 2012

Dear Stockholders:

We are pleased to invite you to attend our 2012 Annual Meeting of Stockholders to be held on November 15, 2012 at 9:00 a.m. PST in our corporate offices located at 20050 SW 112th Avenue, Tualatin, Oregon 97062. The Board of Directors has fixed the close of business on September 26, 2011 as the record date for the determination of Stockholders entitled to receive notice of, and to vote at, the 2012 Annual Meeting. For your convenience, we are also pleased to offer a live webcast of our 2012 Annual Meeting to allow you to view the meeting on the Investor Relations section of our web site at [www.cuiglobal.com](http://www.cuiglobal.com).

Details of the business to be conducted are described in the Notice of Internet Availability of Proxy Materials (the "Notice") you received in the mail and in this proxy statement. We have also made available a copy of our 2011 Annual Report to Stockholders with this proxy statement. We encourage you to read our Annual Report. It includes our audited financial statements and provides information about our business and products.

In addition to the proxy statement and the 2011 Annual Report, you might also review our recent press releases, which demonstrate the exciting and successful year we have had thus far in 2012. Among our other accomplishments, we have:

- Completed equity raises with net proceeds to the Company in excess of \$13,000,000;
- Reverse split our common stock that assisted our successful up-list to the Nasdaq Capital Market;
- Signed various distribution and other agreements for our Vergence™ GasPT2 device in Europe, the Middle East, and North America;
- Paid down more than \$8,500,000 in short and long term debt obligations.; and,
- Experienced a historic backlog of open sales orders throughout the Second Quarter and into the Third Quarter

We have elected to provide access to our proxy materials over the internet under the Securities and Exchange Commission's "notice and access" rules. Our management is constantly focused on improving the ways people connect with information and believes that providing our proxy materials over the internet increases the ability of our stockholders to connect with the information they need, while reducing the environmental impact of our 2011 Annual Meeting. If you want more information about the 2012 Annual Meeting, please see the Questions and Answers section of the proxy statement under the heading General Information or visit the Stockholders Meeting section of our Investor Relations website.

Your vote is important. Whether or not you plan to attend the 2012 Annual Meeting, we hope you will vote as soon as possible. You may vote over the internet, as well as by telephone or, if you requested to receive printed proxy materials, by mailing a proxy card or voting instructions. Please review the instructions on each of your voting options described in this proxy statement as well as in the Notice you received in the mail.

Thank you for your ongoing support of CUI Global. We look forward to seeing you at our 2012 Annual Meeting.

Sincerely,

/s/ William J. Clough  
William J. Clough  
President/Chief  
Executive Officer

**CUI Global, Inc.**

**Annual Meeting of Stockholders**

An Annual Meeting of Stockholders will be held on Thursday, November 15, 2012, at 9:00 a.m. PT in our corporate offices located at 20050 SW 112th Avenue, Tualatin, Oregon 97062.

To: The Stockholders of CUI Global, Inc.

We will hold our Annual Meeting of Stockholders on Thursday, November 15, 2012, at 9:00 a.m. PT in our corporate offices located at 20050 SW 112th Avenue, Tualatin, Oregon 97062 (the "Annual Meeting") for the following purposes:

1. The election of three directors to hold office for two years or until the 2014 Annual Meeting of Stockholders or until their respective successors have been duly elected and qualified;
2. Ratification of the appointment of Webb & Company, P.A. as the Company's Independent Auditor for the year ending December 31, 2013;
3. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

These items of business are more fully described in the proxy statement accompanying this notice. The Board of Directors has fixed the close of business on September 26, 2012 as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Annual Meeting of Stockholders. For a period of at least ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be open to examination by any stockholder during ordinary business hours at the offices of the Company, 20050 SW 112th Avenue, Tualatin, Oregon 97062.

Your vote is very important. All stockholders are cordially invited to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, we encourage you to read this proxy statement and submit your proxy or voting instructions as soon as possible. For specific instructions on how to vote your shares, please refer to the instructions on the Notice of Internet Availability of Proxy Materials (the "Notice") you received in the mail, the section entitled General Information about the Annual Meeting beginning on page 3 of the proxy statement or, if you requested to receive printed proxy materials, your enclosed proxy card.

To assure your representation at the Annual Meeting of Stockholders, we ask that you vote as promptly as possible. **Your stock will be voted in accordance with the instructions you give in your proxy. You may revoke your**



**proxy at any time before it is voted by signing and returning a proxy bearing a later date for the same shares, by filing with the Secretary of the Company a written revocation bearing a later date or by attending and voting in person at the Annual Meeting.**

By Order of the Board of Directors

/s/ Matthew M. McKenzie  
Corporate Secretary

Tualatin, Oregon

August 22, 2012

WE URGE YOU TO VOTE AS SOON AS POSSIBLE, EVEN IF YOU ARE CURRENTLY INTENDING TO ATTEND THE MEETING. THIS WILL NOT PREVENT YOU FROM VOTING IN PERSON, BUT WILL ASSURE THAT YOUR VOTE IS COUNTED IF YOU ARE UNABLE TO ATTEND THE MEETING. IT IS IMPORTANT THAT YOUR SHARES ARE REPRESENTED AT THE MEETING IN PERSON OR BY PROXY; IF YOU DO NOT EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE PROXY CARD (WHICH WILL BE MADE AVAILABLE TO YOU SEPARATELY) OR PROVIDE VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET.

## **CUI GLOBAL, INC.**

### **Proxy Statement**

#### **Introduction**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of CUI Global, Inc. (the "Company") for use at the Annual Meeting of Stockholders to be held on Thursday, November 15, 2012, at 9:00 a.m. PT in our corporate offices located at 20050 SW 112th Avenue, Tualatin, Oregon 97062 and for any postponements or adjournments thereof. Please vote your shares of CUI Global, Inc. common stock and preferred stock. Your vote at the Annual Meeting is important to us. Whether or not you plan to attend the Annual Meeting, we encourage you to read this proxy statement and submit your proxy or voting instructions as soon as possible. For specific instructions on how to vote your shares, please refer to the instructions on the Notice of Internet Availability of Proxy Materials (the "Notice") you received in the mail, the section entitled General Information about the Annual Meeting beginning below in this proxy statement or, if you requested to receive printed proxy materials, your enclosed proxy card. The Proxy Statement and the accompanying materials are being made available to the stockholders on or about September 30, 2012.

#### **General Information about the Annual Meeting**

*Q: Why am I receiving these materials?*

A: Our Board of Directors has made these materials available to you on the internet or, upon your request, delivered printed proxy materials to you, in connection with the solicitation of proxies for use at the CUI Global Annual Meeting of Stockholders, which will take place on Thursday, November 15, 2012, at 9:00 a.m. PT in our corporate offices located at 20050 SW 112<sup>th</sup> Avenue, Tualatin, Oregon 97062. As a stockholder, you are invited to attend the Annual Meeting and you are requested to vote on the item(s) of business described in this proxy statement.

*Q: What information is contained in this proxy statement?*

A: The information in this proxy statement relates to the proposal(s) to be voted on at the Annual Meeting, the voting process, the compensation award process of our directors and most highly paid executive officers, corporate governance and information on our Board of Directors and certain other required information.

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

**A:** In accordance with rules adopted by the Securities and Exchange Commission (the “SEC”), we may furnish proxy materials, including this proxy statement and our 2011 Annual Report on Form 10-K, to our stockholders by providing access to such documents on the internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice, which was mailed to most of our stockholders, will instruct you as to how you may access and review all of the proxy materials on the internet. The Notice also instructs you as to how you may submit your proxy on the internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions in the Notice for requesting such materials.

*Q: I share an address with another stockholder and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?*

We have adopted a procedure called “householding” which the SEC has approved. Under this procedure, we deliver a single copy of the Notice and, if applicable, the proxy materials and the 2011 Annual Report to Stockholders to multiple stockholders who share the same address unless we received contrary instructions from one or more of the stockholders. This procedure reduces environmental impact as well as our printing costs, mailing costs and fees. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written request, we will deliver promptly a separate copy of the Notice and, if applicable, the proxy materials and the Annual Report to Stockholders to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy of the Notice and, if applicable, these proxy materials or the Annual Report to Stockholders, stockholders may telephone, write or email us as follows: (503) 612-2300; 20050 SW 112th Avenue, Tualatin, Oregon 97062; investors@CUIGlobal.com.

Stockholders who hold shares in street name (as described below) may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

*Q: How do I get electronic access to the proxy materials?*

A: The Notice will provide you with instructions regarding how to:

- View our proxy materials for the Annual Meeting on our internet website, [www.CUIGlobal.com](http://www.CUIGlobal.com) and
- Instruct us to send our future proxy materials to you electronically by email.

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

*Q: Is the Annual Meeting going to be webcast?*

A: For your convenience, we are pleased to offer a live webcast of our Annual Meeting on the Investor Relations section of our web site at [www.CUIGlobal.com](http://www.CUIGlobal.com).

*Q: Can I participate in the question-and-answer portion of the Annual Meeting without attending the Annual Meeting?*

A: No. The live webcast will be only visual and audio; there will be no opportunity to participate in the question-and-answer portion of the Annual Meeting unless you are present at the meeting.

*Q: What items of business will be voted on at the 2012 Annual Meeting?*

A: The items of business scheduled to be voted on at the Annual Meeting are:

The election of three directors to hold office for two years or until the 2014 Annual Meeting of Stockholders or until their respective successors have been duly elected and qualified;

Ratification of the appointment of Webb & Company, P.A. as the Company's Independent Auditor for the year ending December 31, 2013:

We will also consider any other business that properly comes before the 2012 Annual Meeting.

*Q: How can I vote my shares in person at the Annual Meeting?*

A: Shares held in your name as the stockholder of record may be voted by you in person at the Annual Meeting. Shares held beneficially in street name may be voted by you in person at the Annual Meeting only if you obtain a legal proxy from the broker, bank, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions as described herein so that your vote will be counted if you later decide not to attend the meeting.

*Q: How shall I sign my name on the proxy card?*

A: The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense to CUI Global in validating your vote if you fail to sign your proxy card properly.

Individual Accounts: Sign your name exactly as it appears in the registration on the proxy card.

Joint Accounts: Either party may sign, but the name of the party signing should conform exactly to a name shown in the registration on the proxy card.

All Other Accounts: The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration.

*Q: How can I vote my shares without attending the Annual Meeting?*

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by proxy. You can vote by proxy over the internet by following the instructions provided in the Notice or, if you requested to receive printed proxy materials, you can also vote by mail or telephone pursuant to instructions provided on the proxy card. If you hold shares beneficially in street name, you may also vote by proxy over the internet by following the instructions provided in the Notice or, if you requested to receive printed proxy materials, you can also vote by telephone or mail by following the voting instruction card provided to you by your broker, bank, trustee or nominee.

*Q: May I change my vote?*

A: You may change your vote at any time prior to the taking of the vote at the Annual Meeting. If you are the stockholder of record, you may change your vote by: (1) granting a new proxy bearing a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method), (2) providing a written notice of revocation to CUI Global's Corporate Secretary at CUI Global Inc., 20050 SW 112th Avenue, Tualatin, Oregon 97062 prior to your shares being voted or (3) attending the Annual Meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, bank, trustee or nominee following the instructions they provided or, if you have obtained a legal proxy from your broker, bank, trustee or nominee giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

*Q: Is my vote confidential?*

A: Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within CUI Global or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the votes and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide on their proxy card written comments, which are then forwarded to CUI Global management.



*Q: How many shares must be present or represented to conduct business at the Annual Meeting?*

A: The presence at the Annual Meeting, in person or by proxy, of the holders of one third of the aggregate voting power of the Common and Preferred Stock outstanding on the record date will constitute a quorum. Each share of common stock and each share of Series A Convertible Preferred Stock is entitled to one vote. As of the Record Date for this Annual Meeting, 10,834,632 shares of common stock and no shares of Series A, Series B and Series C Convertible Preferred Stock were outstanding and entitled to vote at the Annual Meeting. Both abstentions and broker non-votes (described below) are counted for the purpose of determining the presence of a quorum. Unless otherwise indicated, all references herein to percentages of outstanding shares of stock are based on such numbers of shares outstanding. Shares entitled to vote are referred to hereafter as "Voting Shares".

*Q: What shares can I vote?*

A: Each share of CUI Global common stock issued and outstanding as of the close of business on the Record Date for the Annual Meeting is entitled to be voted on all items being voted on at the Annual Meeting. You may vote all shares owned by you as of the Record Date, including: (1) shares held directly in your name as the stockholder of record and (2) shares held for you as the beneficial owner in street name through a broker, bank, trustee or other nominee. As of the Record Date, we had 10,834,632 shares of common stock and no shares of preferred stock issued and outstanding.

*Q: How many votes am I entitled to per share?*

A: Each holder of shares of common stock is entitled to one vote for each share held as of the Record Date.

*Q: How may I vote?*

A: Regarding the election of directors, you may vote "FOR" all or some of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees.

Regarding the ratification of the appointment of Webb & Company, P.A. as the Company's Independent Auditor for the year ending December 31, 2013, you may vote "FOR" or "AGAINST" or "ABSTAIN" from voting on this proposal.

*Q: What vote is required to approve each item?*

*A: Election of Directors*

The affirmative vote (FOR) of a simple majority of the votes cast at the Annual Meeting is required for the election of each director and ratification of the Webb & Company appointment. A properly executed proxy marked "Withhold"

with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. Voting Shares represented by properly executed proxies for which no instruction is given will be voted "FOR" election of the nominee for director and Webb & Company appointment.

*Q: Is cumulative voting permitted for the election of directors?*

A: No. You may not cumulate your votes for the election of directors.

*Q: What is cumulative voting?*

*A: A system of voting in which each voter is given as many votes as there are positions to be filled and allowed to cast those votes for one candidate or distribute them in any way among the candidates.*

*Q: What happens if additional matters are presented at the Annual Meeting?*

A: Other than the proposed election of three directors and the appointment of Webb & Company, P.A. as the Company's Independent Auditor for the year ending December 31, 2013 as described in this proxy statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxy will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting.

*Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?*

A: Many CUI Global stockholders hold their shares as a beneficial owner through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

#### Stockholder of Record

If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the *stockholder of record*, and the Notice was sent directly to you by CUI Global. As the *stockholder of record*, you have the right to grant your voting proxy directly to CUI Global or to vote in person at the Special Meeting. If you requested to receive printed proxy materials, CUI Global has enclosed or sent a proxy card for you to use. You may also vote on the internet or by telephone, as described in the Notice and below under the heading "How can I vote my shares without attending the Special Meeting?"

#### Beneficial Owner

If your shares are held in an account at a brokerage firm, bank, broker-dealer, trust or other similar organization, like the majority of our stockholders, you are considered the *beneficial owner* of shares held *in street name*, and the Notice was forwarded to you by that organization. As the beneficial owner, you have the right to direct your broker, bank, trustee or nominee how to vote your shares and you are also invited to attend the Special Meeting.

Since a beneficial owner is not the *stockholder of record*, you may not vote your shares in person at the Special Meeting unless you obtain a "legal proxy" from the broker, bank, trustee or nominee that holds your shares giving you the right to vote the shares at the meeting. If you do not wish to vote in person or you will not be attending the Special Meeting, you may vote by proxy. You may vote by proxy over the internet or by telephone, as described in the Notice

and below under the heading "How can I vote my shares without attending the Special Meeting?"

If you hold your shares in "street name" through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such "broker non-votes" will, however, be counted in determining whether there is a quorum.

*Q: Who will bear the cost of soliciting votes for the Special Meeting?*

A: CUI Global will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. If you choose to access the proxy materials and/or vote over the internet, you are responsible for internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities.

*Q: Where can I find the voting results of the Special Meeting?*

A: We intend to announce preliminary voting results at the Special Meeting and publish final results in our Annual Report on Form 10-K for the year ending December 31, 2012. We also plan to disclose the vote results on our website at [www.CUIGlobal.com](http://www.CUIGlobal.com) as soon as possible after the Special Meeting.

## OUR CURRENT DIRECTORS AND OFFICERS

The Company's Bylaws provide that the number of directors shall be fixed from time to time by resolution of the Board of Directors, but in no instance shall there be less than one director. All directors shall be elected at the annual meeting of shareholders to serve two-year terms and shall hold office until his or her successor shall have been elected and qualified. Currently our Board of Directors authorized eight directors of which six directors currently hold office, three of whom have been nominated for election this year and have agreed to serve if elected. The Board of Directors set the directors' two year terms staggered in order to maintain continuity on the Board of Directors. In order to implement this staggered term strategy, the eight board seats are numbered consecutively, 1 through 8. Odd numbered seats (seats 1, 3, 5 and 7) will be elected at the annual shareholder meetings held on even numbered years; even numbered seats (seats 2, 4, 6 and 8) will be elected at the annual shareholder meetings held on odd numbered years. The following are Company directors, the director seats and terms for which they were elected or appointed and the current nominees for their respective seats:

**Director Seat #1, William J. Clough**, age 61. Mr. Clough was elected for two year terms at the 2006, 2008 and 2010 Annual Meeting of Stockholders. Mr. Clough was appointed President and Chief Executive Officer of CUI Global, Inc. September 13, 2007 at which time Mr. Clough stepped down as Executive Vice President of Corporate Development. Effective May 16, 2008, Mr. Clough was appointed Chief Executive Officer of CUI, Inc. **William J. Clough is nominated for election to a two year term at the 2012 Annual Meeting of Shareholders.**

**Director Seat #2, Thomas A. Price**, age 68. Mr. Price was elected to a one year term at the 2008 Annual Meeting of Stockholders and was elected to two year terms at the 2009 and 2011 Annual Meeting of Stockholders. Mr. Price is an "independent director" as defined in Rule 5605(a)(2) of the Nasdaq Stock Market. Mr. Price serves as Deputy Chairman of the Audit Committee.

**Director Seat #3, Matthew M. McKenzie**, age 32. Mr. McKenzie was elected to two year terms at the 2008 and 2010 Annual Meeting of Stockholders. Mr. McKenzie serves as President of CUI, Inc. and Chief Operating Officer and Corporate Secretary of CUI Global, Inc. **Matthew M. McKenzie is nominated for election to a two year term at the 2012 Annual Meeting of Shareholders.**

**Director Seat #4, Sean P. Rooney**, age 41. Mr. Rooney was elected to a one year term at the 2008 Annual Meeting of Stockholders and was elected to two year terms at the 2009 and 2011 Annual Meeting of Stockholders. Mr. Rooney is an "independent director" as defined in Rule 5605(a)(2) of the Nasdaq Stock Market. Mr. Rooney serves as Chairman of the Audit Committee.

**Director Seat #5, vacant.**

**Director Seat #6, Corey A. Lambrecht**, age 43. Mr. Lambrecht was elected to two year terms at the 2007, 2009 and 2011 Annual Meeting of Stockholders. Mr. Lambrecht is an "independent director" as defined in Rule 5605(a)(2) of the

Nasdaq Stock Market. Mr. Lambrecht serves as Chairman of the Compensation Committee.

**Director Seat #7, Colton R. Melby, age 54.** Mr. Melby was elected to two year terms at the 2008 and 2010 Annual Meeting of Stockholders. Mr. Melby is an “independent director” as defined in Rule 5605(a)(2) of the Nasdaq Stock Market. Mr. Melby is the Chairman of the Board of Directors and serves on the Compensation and Audit Committees. **Colton R Melby is nominated for election to a two year term at the 2012 Annual Meeting of Shareholders.**

**Director Seat #8, Vacant.**

**Chief Financial Officer, Daniel N. Ford,** effective May 15, 2008, the Company appointed Daniel N. Ford as Chief Financial Officer of CUI Global, Inc. and its wholly owned subsidiary, CUI, Inc.



## **PROPOSALS TO BE CONSIDERED**

### **Proposal I**

#### **ELECTION OF DIRECTORS**

Issued and outstanding shares of our Common Stock and Series A Preferred Stock are entitled to one vote per share for each Director. Cumulative voting is not permitted.

Unless stated to be voted otherwise, each proxy will be voted for the election of the nominees named. The nominees have consented to serve as director if elected. If any nominee becomes unavailable for election before the 2012 Annual Meeting of Shareholders, the Board of Directors may name a substitute nominee and proxies will be voted for such substitute nominee unless an instruction to the contrary is written on the proxy card.

#### **INFORMATION ABOUT DIRECTOR NOMINEES**

##### **Board of Directors Independence**

The board of directors has determined that each of the director nominees standing for election has no relationship that, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Additionally, Colton R. Melby is an "independent director" as defined in the Rules of The Nasdaq Stock Market ("Nasdaq"). In determining the independence of our directors, the board of directors has adopted independence standards that mirror exactly the criteria specified by applicable laws and regulations of the SEC and the Rules of Nasdaq Stock Market. In determining the independence of our directors, the board of directors considered all transactions in which CUI Global and any director had any interest, including those discussed below under "Certain Relationships and Related Transactions".

##### **Colton R. Melby, Chairman of the Board of Directors**

Effective June 11, 2008, Colton R. Melby was appointed as Chairman of the Board of Directors of CUI Global, Inc. to serve a two-year term. At the 2010 and 2012 Annual Meeting of Shareholders, Mr. Melby was re-elected and continues to serve as Chairman. Mr. Melby is an "Independent Director" as defined in rule 4200(a) of the Nasdaq stock market.

Mr. Melby has a 20 year background in aerospace manufacturing. He spent 15 years as owner and Chief Executive Officer of Metal-Form, Inc. where, under his leadership, the company grew to serve worldwide customers including Boeing, Bombardier, Nippi, Kawasaki Heavy Industries, Korean Air, B.F. Goodrich, Rockwell Grumman and others. From 1990 to 1999 the company was the recipient of numerous Awards of Excellence including Boeing's "Presidents Award" and three consecutive "Supplier of the Year" awards. Mr. Melby and his family sold the company in 1999.

In 2001, Mr. Melby financed the purchase of famed firearm's maker, Smith & Wesson, from London based Tompkins, PLC and successfully returned ownership of the American icon back to the United States. Mr. Melby served as the President, COO and Director of Smith & Wesson Holding Corporation (NASDAQ: SWHC).

In 2004 Mr. Melby was part of the team that acquired Earth911, Inc. Mr. Melby currently serves as the Vice Chairman of the Board of Directors. A 20 year-old company and leader in recycling management, Earth911, Inc. is an innovative provider of recycling solutions, services and information. Earth911, Inc. owns 50% of Quest Resource Management Group, a single point of contact solution provider for blue chip corporate clients. Quest Resource Management Group manages and maximizes the value of recyclables and disposables across its clients entire waste streams. Quest Resource Management Group has more than 9,500 client locations in all 50 states including Canada, Puerto Rico and the Virgin Islands. In 2011, Quest Resource Management Group recycled over 1 billion pounds of waste through landfill diversion.

In 2008, Mr. Melby was instrumental in the asset acquisition and financing of CUI, Inc. by CUI Global, Inc. CUI, Inc. is a wholly-owned subsidiary of CUI Global.

Mr. Melby has a beneficial interest in a limited liability company which owns 427,471 shares of common stock and vested options to purchase 11,150 common shares. The member of the limited liability company is a limited partnership in which Mr. Melby owns an indirect interest.

**· Colton Melby is nominated for election to a two year term at the 2012 Annual Meeting of Stockholders.**

**William J. Clough, Esq., President/Chief Executive Officer, Director and General Counsel of Waytronx, Inc. and Chief Executive Officer of CUI, Inc.**

Mr. Clough was elected at the 2006 and 2008 Annual Meeting of Shareholders to serve two year terms on the Board of Directors and was reelected at the 2010 Annual Meeting of Shareholders to serve a third two year term.

Mr. Clough was appointed President and Chief Executive Officer September 13, 2007 at which time Mr. Clough stepped down as Executive Vice President of Corporate Development. Effective May 16, 2008, Mr. Clough was appointed Chief Executive Officer of our wholly owned subsidiary, CUI, Inc. Mr. Clough was a police officer for 16 years, working at the local, state and federal levels. After working as a Federal Air Marshall in Southern Europe and the Middle East, in 1987 Mr. Clough attended law school; he received his Juris Doctorate, cum laude, from the University of California, Hastings College of the Law in 1990. He was in the private practice of law with his law firm for 12 years with offices in Los Angeles, San Francisco and Honolulu. He is certified to practice law in state and federal courts in California, Illinois, Hawaii, and before the United States Supreme Court. Mr. Clough has represented large manufacturing and entertainment entities, including work with MGM Studios, 20th Century Fox, News Corp., Lions Gate Films, Artisan Pictures, Sony and Mediacycopy.

Mr. Clough owns a beneficial interest in 114,036 shares of common stock that includes vested options to purchase 67,303 common shares.

**· William J. Clough is nominated for election to a two year term at the 2012 Annual Meeting of Stockholders.**

**Matthew M. McKenzie, President and Chief Operational Officer of CUI, Inc., Chief Operational Officer of CUI Global, Inc., Chief Operating Officer CUI Japan, Ltd., Director and Corporate Secretary**

Matt McKenzie was elected to the Board of Directors at the 2008 and 2010 Annual Meeting of Shareholders to serve a two year terms.

Matt McKenzie has been working in various functions for CUI for over 10 years (including serving as president for over 4 years), gaining him intimate knowledge of the business, its operations and its opportunities for growth. Over the past several years, Mr. McKenzie has worked tirelessly to position CUI for growth through sales and operation expansion as well as channel development. Among many other things he has facilitated ISO 9001 certification, a quality management system, provided structure to global logistics, including CUI's Chinese partners, and implemented CUI's ERP system, which allows for more visibility and analysis opportunities than ever in CUI's history.

Mr. McKenzie brings a background in leadership from a variety of fields, giving him valuable insight into leadership in 21st century. He also brings an MBA from George Fox University, a program that is diverse and well-connected to the community.

Mr. McKenzie owns a beneficial interest in 44,181 shares of common stock that includes vested options to purchase 36,754 common shares of which 2,796 of the vested options are owned by his spouse.

**Matthew M. McKenzie is nominated for election to a two year term at the 2012 Annual Meeting of Stockholders.**

**The Board of Directors recommends that Stockholders vote "FOR" election of the nominees for director named above.**

## **PROPOSAL NUMBER II**

### **Ratification of the Appointment of Webb & Company, P.A. as the Company's**

### **Independent Auditor for the Year Ending December 31, 2012**

At the Annual Meeting, stockholders will be asked to ratify the appointment of Webb & Company, P.A. as the Company's Independent Auditor for the year ending December 31, 2013. Webb & Company, P. A. has been our auditor since 2007

### **Other Business**

Management does not presently know of any matter that may be presented for action at this Special Meeting other than as set forth herein. However, if any other matters properly come before this Special Meeting, it is the intention of the persons named in the proxies solicited by management to exercise their discretionary authority to vote the shares represented by all effective proxies on such matters in accordance with their best judgment

## **Corporate Governance and Board of Directors Matters**

We are committed to maintaining the highest standards of business conduct and corporate governance, which we believe are essential to running our business efficiently, serving our stockholders well and maintaining our integrity in the marketplace. We have adopted a Corporate Code of Ethics and Business Conduct, a code of business conduct and ethics for employees, directors and officers (including our principal executive officer and principal financial and accounting officer). We have also adopted the following governance guides: Charter of the Audit Committee, Charter of the Compensation Committee, Compensation Discussion and Analysis, policy for Director Independence, reference for Shareholder Communications and Nominating Committee guide all of which, in conjunction with our certificate of incorporation and bylaws, form the framework for our corporate governance. These corporate governance documents are available on the internet and our website at [www.CUIGlobal.com](http://www.CUIGlobal.com).

### **Our Corporate Governance Practices**

We have always believed in strong and effective corporate governance procedures and practices. In that spirit, we have summarized several of our corporate governance practices below.

#### *Adopting Governance Guidelines*

Our Board of Directors has adopted a set of corporate governance guidelines to establish a framework within which it will conduct its business and to guide management in its running of your Company. The governance guidelines can be found on our website at [www.CUIGlobal.com](http://www.CUIGlobal.com) and are summarized below.

#### *Monitoring Board Effectiveness*

It is important that our Board of Directors and its committees are performing effectively and in the best interest of the Company and its stockholders. The Board of Directors and each committee are responsible for annually assessing their effectiveness in fulfilling their obligations.

#### *Conducting Formal Independent Director Sessions*

On a regular basis, at the conclusion of regularly scheduled board meeting, the independent directors are encouraged to meet privately, without our management or any non-independent directors.

#### *Hiring Outside Advisors*

The board and each of its committees may retain outside advisors and consultants of their choosing at our expense, without management's consent.

*Avoiding Conflicts of Interest*

We expect our directors, executives and employees to conduct themselves with the highest degree of integrity, ethics and honesty. Our credibility and reputation depend upon the good judgment, ethical standards and personal integrity of each director, executive and employee. In order to provide assurances to the Company and its stockholders, we have implemented standards of business conduct which provide clear conflict of interest guidelines to its employees and directors, as well as an explanation of reporting and investigatory procedures.

*Providing Transparency*

We believe that it is important that stockholders understand our governance practices. In order to help ensure transparency of our practices, we have posted information regarding our corporate governance procedures on our website at [www.CUIGlobal.com](http://www.CUIGlobal.com).



Communications with the Board of Directors

Stockholders may communicate with the Board of Directors by writing to the Company at CUI Global, Inc., 20050 SW 112th Avenue, Tualatin, Oregon 97062, phone (503) 612-2300. Stockholders who would like their submission directed to a member of the board may so specify and the communication will be forwarded as appropriate.

Standards of Business Conduct

The Board of Directors has adopted a Code of Ethics and Business Conduct for all of our employees and directors, including the Company's principal executive and senior financial officers. You can obtain a copy of these documents on our website at [www.CUIGlobal.com](http://www.CUIGlobal.com) or by making a written request to the Company at CUI Global, Inc., 20050 SW 112th Avenue, Tualatin, Oregon 97062, phone (503) 612-2300. We will disclose any amendments to the Code of Ethics and Business Conduct or waiver of a provision therefrom on our website at [www.CUIGlobal.com](http://www.CUIGlobal.com).

Ensuring Auditor Independence

We have taken a number of steps to ensure the continued independence of our independent registered public accounting firm. That firm reports directly to the Audit Committee, which also has the ability to pre-approve or reject any non-audit services proposed to be conducted by our independent registered public accounting firm.

**Committees of the Board and Meetings**

Presently, our Board of Directors consists of six directors. Four of our six directors are “independent” as defined in Rule 5605(a)(2) of the Nasdaq Stock Market. Our Board of Directors has the following standing committees: Audit Committee, Nominating Committee and Compensation Committee. Each of the committees operates under a written charter adopted by the Board of Directors. All of the committee charters are available on our website at [www.CUIGlobal.com](http://www.CUIGlobal.com).

**Audit Committee**

The Audit Committee is established pursuant to the Sarbanes-Oxley Act of 2002 for the purposes of overseeing the company's accounts and financial reporting processes and audits of its financial statements. The Audit Committee reviews the financial information that will be provided to the Stockholders and others, the systems of internal controls established by management and the board and the independence and performance of the Company's audit process. The Audit Committee is directly responsible for, among other things, the appointment, compensation, retention and oversight of our independent Registered Public Accounting firm, review of financial reporting, internal company processes of business/financial risk and applicable legal, ethical and regulatory requirements.

The Audit Committee is currently comprised of Sean P. Rooney, Chairman, and Thomas A. Price, Deputy Chairman and Colton Melby, committee member. Messers Rooney, Price and Melby are independent in accordance with Rule 10A-3 under the Securities Exchange Act of 1934 and Rule 5605(a)(2) of the Nasdaq Stock Market.

*Audit Committee Report*

THE FOLLOWING REPORT OF THE AUDIT COMMITTEE DOES NOT CONSTITUTE SOLICITING MATERIAL AND SHOULD NOT BE DEEMED FILED OR INCORPORATED BY REFERENCE INTO ANY OTHER COMPANY FILING UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES EXCHANGE ACT OF 1934, EXCEPT TO THE EXTENT THE COMPANY SPECIFICALLY INCORPORATES THIS REPORT BY REFERENCE THEREIN.

## **Audit Committee Report**

The Audit Committee reviews the financial information that will be provided to the stockholders and others, the systems of internal controls established by management and the board and the independence and performance of the Company's audit process.

The Audit Committee has:

1. Reviewed and discussed with management the audited financial statements included in the Company's Annual Report on Form 10-K and Quarterly Report on Form 10-Q;  
Discussed with Webb & Company, P.A., the Company's independent auditors, the matters required to be discussed
2. by statement of Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380) as adopted by the Public Company Accounting Oversight Board in Rule 3200T;
3. Received the written disclosures and letter from Webb & Company, P.A. as required by Independence Standards Board Standard No. 1 and
4. Discussed with Webb & Company, P.A. its independence.

Based on these reviews and discussions, the Audit Committee has recommended that the audited financial statements are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011. The Audit Committee has also considered whether the amount and nature of non-audit services provided by Webb & Company, P.A. is compatible with the auditor's independence.

Submitted by: Sean P. Rooney  
Thomas A. Price  
Colton Melby,  
Audit Committee

### *Independent Registered Public Accounting Firm*

The financial statements of the Company, which are furnished herewith as of December 31, 2011, have been audited by Webb & Company, P. A., Independent Registered Public Accounting Firm and the Company's Quarterly Reports on Form 10-Q for the most recent quarter of the current fiscal year has been reviewed by Webb & Company, P. A. Representatives of Webb & Company, P. A. will be present via teleconference at the Special Stockholder Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions via teleconference.

### *Compensation of Independent Registered Public Accounting Firm*

The financial statements of the Company, for the years December 31, 2011 and 2010, appearing in this registration statement have been audited by Webb & Company, P. A., Independent Registered Public Accounting Firm. Webb &

Company, P. A. billed the Company an aggregate of \$134,968 in fees and expenses for professional services rendered in connection with the audit of the Company's financial statements for the fiscal year ended December 31, 2011 and the reviews of the financial statements included in each of the Company's Quarterly Reports on Form 10-Q during the fiscal year ended December 31, 2011. Webb & Company, P. A. billed the Company an aggregate of \$99,585 in fees and expenses for professional services rendered in connection with the audit of the Company's financial statements for the fiscal year ended December 31, 2010 and the reviews of the financial statements included in each of the Company's Quarterly Reports on Form 10-Q during the fiscal year ended December 31, 2010. Webb & Company, P.A. did not bill any audit related fees, tax fees, or other fees during the years ended December 31, 2011 and 2010.

In accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder, the Audit Committee has adopted an informal approval policy that it believes will result in an effective and efficient procedure to pre-approve services performed by the independent registered public accounting firm.

### **Nominating Committee**

The nominating committee consists of all of the members of the Board of Directors who are "independent directors" within the meaning of Rule 5605(a)(2) of the Nasdaq Stock Market. The nominating committee is responsible for the evaluation of nominees for election as director, the nomination of director candidates for election by the stockholders and evaluation of sitting directors. The board has developed a formal policy for the identification and evaluation of nominees, *Charter of the Nominating Committee of the Board of Directors* which can be seen on our website at [www.CUIGlobal.com](http://www.CUIGlobal.com). In general, when the board determines that expansion of the board or replacement of a director is necessary or appropriate, the nominating committee will review, through candidate interviews with members of the board and management, consultation with the candidate's associates and through other means, a candidate's honesty, integrity, reputation in and commitment to the community, judgment, personality and thinking style, willingness to invest in the Company, residence, willingness to devote the necessary time, potential conflicts of interest, independence, understanding of financial statements and issues, and the willingness and ability to engage in meaningful and constructive discussion regarding Company issues. The committee reviews any special expertise, for example, that qualifies a person as an audit committee financial expert, membership or influence in a particular geographic or business target market, or other relevant business experience. To date the Company has not paid any fee to any third party to identify or evaluate, or to assist it in identifying or evaluating, potential director candidates.

The nominating committee considers director candidates nominated by stockholders during such times as the Company is actively considering obtaining new directors. Candidates recommended by stockholders will be evaluated based on the same criteria described above. Stockholders desiring to suggest a candidate for consideration should send a letter to the Company's secretary and include: (a) a statement that the writer is a shareholder (providing evidence if the person's shares are held in street name) and is proposing a candidate for consideration; (b) the name and contact information for the candidate; (c) a statement of the candidate's business and educational experience; (d) information regarding the candidate's qualifications to be director, including but not limited to an evaluation of the factors discussed above which the board would consider in evaluating a candidate; (e) information regarding any relationship or understanding between the proposing shareholder and the candidate; (f) information regarding potential conflicts of interest and (g) a statement that the candidate is willing to be considered and willing to serve as director if nominated and elected. Because of the small size of the Company and the limited need to seek additional directors, there is no assurance that all shareholder proposed candidates will be fully considered, that all candidates will be considered equally or that the proponent of any candidate or the proposed candidate will be contacted by the Company or the board and no undertaking to do so is implied by the willingness to consider candidates proposed by stockholders.

## Compensation Committee

The Compensation Committee discharges the board's responsibilities relating to general compensation policies and practices and compensation of our executives. In discharging its responsibilities, the Compensation Committee establishes principles and procedures in order to ensure to the board and the stockholders that the compensation practices of the Company are appropriately designed and implemented to attract, retain and reward high quality executives, and are in accordance with all applicable legal and regulatory requirements. The Board of Directors adopted a charter, *Charter of the Compensation Committee of the Board of Directors* that defines the Company's compensation policy and procedure. This charter may be seen at the company's website, [www.CUIGlobal.com](http://www.CUIGlobal.com). In this context, the Compensation Committee's authority, duties and responsibilities are:

- To annually review the Company's philosophy regarding executive compensation.

- To periodically review market and industry data to assess the Company's competitive position, and to retain any compensation consultant to be used to assist in the evaluation of directors' and executive officers' compensation.

- To establish and approve the Company goals and objectives, and associated measurement metrics relevant to compensation of the Company's executive officers.

- To establish and approve incentive levels and targets relevant to compensation of the executive officers.

- To annually review and make recommendations to the board to approve, for all principal executives and officers, the base and incentive compensation, taking into consideration the judgment and recommendation of the Chief Executive Officer for the compensation of the principal executives and officers.

- To separately review, determine and approve the Chief Executive Officer's applicable compensation levels based on the Committee's evaluation of the Chief Executive Officer's performance in light of the Company's and the individual goals and objectives.

- To periodically review and make recommendations to the board with respect to the compensation of directors, including board and committee retainers, meeting fees, equity-based compensation and such other forms of compensation as the Compensation Committee may consider appropriate.

- To administer and annually review the Company's incentive compensation plans and equity-based plans.

- To review and make recommendations to the board regarding any executive employment agreements, any proposed severance arrangements or change in control and similar agreements/provisions, and any amendments, supplements or waivers to the foregoing agreements, and any perquisites, special or supplemental benefits.

- To review and discuss with management, the Compensation Disclosure and Analysis (CD&A), and determine the Committee's recommendation for the CD&A's inclusion in the Company's annual report filed on Form 10-K with the SEC.

### Compensation Committee Members

The Compensation Committee of the Board of Directors is appointed by the Board of Directors to discharge the board's responsibilities with respect to all forms of compensation of the Company's executive officers, to administer the Company's equity incentive plans, and to produce an annual report on executive compensation for use in the Company's Form 10-K. The Compensation Committee, currently and during the preceding fiscal year, consists of two independent board members, Colton Melby and Chairman, Corey Lambrecht. During fiscal years 2011 and 2010, both members were non-employee directors within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code. The board has determined that during fiscal year 2011, both members were "independent" within the meaning of Rule 5605(a)(2) of the Nasdaq Stock Market.



### Committee Meetings

Our Compensation Committee meets as often as necessary to perform its duties and responsibilities. The Compensation Committee held two informal meetings during fiscal 2011. On an as requested basis, our Compensation Committee receives and reviews materials prepared by management, consultants, or committee members, in advance of each meeting. Depending on the agenda for the particular meeting, these materials may include:

- Minutes and materials from the previous meeting(s);
- Reports on year-to-date Company financial performance versus budget;
- Reports on progress and levels of performance of individual and Company performance objectives;
- Reports on the Company's financial and stock performance versus a peer group of companies;
- Reports from the Committee's compensation consultant regarding market and industry data relevant to executive officer compensation;
- Reports and executive compensation summary worksheets, which sets forth for each executive officer: current total compensation and incentive compensation target percentages, current equity ownership holdings and general partner ownership interest, and current and projected value of each and all such compensation elements, including distributions and dividends there from, over a five year period.

### **Compensation Philosophy**

#### General Philosophy

Our compensation philosophy is based on the premise of attracting, retaining and motivating exceptional leaders, setting high goals, working toward the common objectives of meeting the expectations of customers and stockholders, and rewarding outstanding performance. Following this philosophy, in determining executive compensation, we consider all relevant factors, such as the competition for talent, our desire to link pay with performance, the use of equity to align executive interests with those of our stockholders, individual contributions, teamwork and performance, each executive's total compensation package and internal pay equity. We strive to accomplish these objectives by compensating all employees with total compensation packages consisting of a combination of competitive base salary and incentive compensation.

#### Pay for Performance

At the core of our compensation philosophy is our strong belief that pay should be directly linked to performance. We believe in a pay for performance culture that places a significant portion of executive officer total compensation as contingent upon, or variable with, individual performance, Company performance and achievement of strategic goals including increasing shareholder value.

The performance based compensation for our executives may be in the form of (i) annual cash incentives to promote achievement of, and accountability for, shorter term performance plans and strategic goals and (ii) equity grants, designed to align the long-term interests of our executive officers with those of our stockholders, by creating a strong and direct link between executive compensation and shareholder return over a multiple year performance cycle. Long term incentive equity awards are granted in restricted stock. These shares/units generally vest over a two-year to



four-year period. This opportunity for share ownership was provided in order to provide incentive and retain key employees and align their interests with our long term strategic goals.

Base Compensation to be Competitive within Industry

A key component of an executive's total compensation base salary is designed to compensate executives commensurate with their respective level of experience, scope of responsibilities, sustained individual performance and future potential. The goal has been to provide for base salaries that are sufficiently competitive with other similar-sized companies, both regionally and nationally, in order to attract and retain talented leaders.

**Compensation Setting Process**

Management's Role in the Compensation Setting Process.

Management plays a significant role in the compensation-setting process. The most significant aspects of management's role are:

- Assisting in establishing business performance goals and objectives;
- Evaluating employee and company performance;
- CEO recommending compensation levels and awards for executive officers;
- Implementing the board approved compensation plans; and
- Assistance in preparing agenda and materials for the committee meetings.

The Chief Executive Officer generally attends the Committee meetings; however, the Committee also regularly meets in executive session. The Chief Executive Officer makes recommendations with respect to financial and corporate goals and objectives and makes non CEO executive compensation recommendations to the Compensation Committee based on company performance, individual performance and the peer group compensation market analysis. The Compensation Committee considers and deliberates on this information and in turn makes recommendations to the Board of Directors, for the board's determination and approval of the executives' and other members of senior management's compensation, including base compensation, short-term cash incentives and long-term equity incentives. The Chief Executive Officer's performance and compensation is reviewed, evaluated and established separately by the Compensation Committee and ratified and approved by the Board of Directors.

Setting Compensation Levels

To evaluate our total compensation is competitive and provides appropriate rewards to attract and retain talented leaders, as discussed above, we may rely on analyses of peer companies performed by independent compensation consultants and on other industry and occupation specific survey data available to us. Our general benchmark is to establish both base salary and total compensation for the executive officers not in excess of the 50<sup>th</sup> percentile of the peer group data, recognizing that a significant portion of executive officer total compensation should be contingent upon, or consistent with, achievement of individual and Company performance objectives and strategic goals, as well as being consistent with stockholder value. Further, while the objective for base salary is up to the 50<sup>th</sup> percentile of the peer group data, executives' base salaries are designed to reward core competencies and contributions to the Company and may be increased above this general benchmark based on (i) the individual's increased contribution over the preceding year; (ii) the individual's increased responsibilities over the preceding year and (iii) any increase in median competitive pay levels.



### Setting Performance Objectives

The Company's business plans and strategic objectives are generally presented by management at the Company's annual board meeting. The board engages in an active discussion concerning the financial targets, the appropriateness of the strategic objectives and the difficulty in achieving same. In establishing the compensation plan, our Compensation Committee then utilizes the primary financial objectives from the adopted business plan, operating cash flow, as the primary targets for determining the executive officers' short-term cash incentives and long term equity incentive compensation. The Committee also establishes additional non-financial performance goals and objectives, the achievement of which is required for funding of a significant portion, twenty five percent, of the executive officers' incentive compensation. In 2011, these non financial performance goals and objectives included achieving accurate financial reporting and timely SEC filings; demonstrating full compliance and superior performance in the Company's environmental, health and safety practices; performing appropriate SOX/404 remediation activities and achieving successful testing of and compliance with SOX requirements; performing all necessary and required actions required to list the company's common stock on a National Exchange; and general and administrative expense management.

### Special Evaluation

The Chief Executive Officer recommends the actual incentive award amounts for all other executives based on actual company performance relative to the targets as well as on individual performance and recommends the executives' base salaries levels for the coming year. The Compensation Committee considers these recommendations generally at the end of each fiscal year in determining its recommendations to the Board of Directors for the final short-term cash incentive and long-term equity award amounts for each executive and for the executive's base salary levels. The actual incentive amounts awarded to each executive are ultimately subject to the discretion of the Compensation Committee and the Board of Directors.

Additional equity-based awards may be also granted to executives, as well as other employees, upon commencement of employment, for promotions or special performance recognition, or for retention purposes, based on the recommendation of the Chief Executive Officer. In determining whether to recommend additional grants to an executive, the Chief Executive Officer typically considers the individual's performance and any planned change in functional responsibility.

## **Elements of Executive Compensation**

### Total Compensation

Total compensation for our executives consists of three elements: (i) base salary; (ii) incentive cash award based on achieving specific performance targets as measured by cash flow and other objectives and (iii) equity incentive award, which is also performance based and paid out over a future period in the form of restricted stock or options. Base salaries are the value upon which both the incentive compensation percentage targets are measured against. For evaluation and comparison of overall compensation of the executives, and to assist it in making its compensation decisions, the Compensation Committee reviews an executive compensation summary, which sets forth for each executive: current compensation and current equity ownership holdings as well as the projected value of each and all

such compensation elements, including distributions and dividends therefrom.

*Base Salaries*

Base salaries are designed to compensate executives commensurate with their respective level of experience, scope of responsibilities, and to reward sustained individual performance and future potential. The goal has been to provide for base salaries that are sufficiently competitive with other similar-sized companies, both regionally and nationally, in order to attract and retain talented leaders.

*Incentive Compensation*

Incentive compensation is intended to align compensation with business objectives and performance and enable the company to attract, retain and reward high quality executive officers whose contributions are critical to short and long-term success of the Company. The executives' incentive awards are based upon three key performance metrics: 1) the Company's operating cash flow; 2) achievement of agreed-upon strategic and corporate performance goals and 3) each executive's departmental and individual goals and performance. The actual incentive amounts awarded to each executive are ultimately subject to the discretion of the Compensation Committee and the Board of Directors

*Incentive Plan Compensation*

Incentive awards are paid out in cash, restricted common stock or option awards. The incentive award targets for the executives are established at the beginning of the year generally as a percentage of their base salary and the actual awards are determined at the following year's Annual Board of Directors meetings based on actual company performance relative to established goals and objectives, as well as on evaluation of the executive's relevant departmental and individual performance during the past year. The award of restricted common stock generally vests over a two to four year term in equal three to six months tranches. The award of restricted common stock purchased through options generally vests immediately upon issuance of the option which generally has a validity of three to ten years and a per share purchase price of the fair market value of our common stock on the date of grant. The awards are intended to serve as a means of incentive compensation for performance.

*Retirement Plans*

The Company has no retirement plan for our employees or executives. Our wholly owned subsidiary, CUI, Inc., maintains a 401(k) plan.

*Change in Control Agreements*

Our executives are awarded protection upon a change in control.

*Perquisites*

The Company does not provide for any perquisites or any other benefits for its senior executives that are not generally available to all employees.

*2009 Equity Incentive Plan (Executive)*

On January 5, 2009 the Company Board of Directors received and approved a written report and recommendations of the Compensation Committee which included a detailed executive equity compensation report and market analysis and recommendations of Compensia, Inc., a management consulting firm that provides executive compensation advisory services to compensation committees and senior management of knowledge-based companies. The Compensation Committee used the report and analysis as a basis for its formal written recommendation to the board. Pursuant to January 8, 2009 and October 11, 2010 board resolutions, the 2009 Equity Incentive Plan (Executive), a Non-Qualified Stock Option Plan, was created and funded with 4,200,000 shares and 3,060,382 shares, respectively, of \$0.001 par value common stock. The Compensation Committee was appointed as the Plan Administrator to manage the plan.

The 2009 Equity Incentive Plan (Executive) provides for the issuance of Incentive Non Statutory Options to attract, retain and motivate executive and management employees and directors and to encourage these individuals to acquire an equity interest in the Company, to make monetary payments to certain management employees and directors based upon the value of the Company's stock and to provide these individuals with an incentive to maximize the success of the Company and further the interest of the shareholders. The Administrator of the plan is authorized to determine the exercise price per share at the time the option is granted, but under the terms of the 2009 Plan, the exercise price shall not be less than the fair market value on the date the option is granted. Stock options granted under the 2009 Plan have a maximum duration of 10 years.

### Summary Compensation Table

The following table sets forth the compensation paid and accrued to be paid by the Company for the fiscal years 2011, 2010 and 2009 to the Company's Chief Executive Officer and two most highly compensated executive officers of the Company.

### Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Options (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Other Compensation Earnings (\$)	Total (\$)
William J. Clough, CEO / President / Counsel / Director (1)	2011	325,000	124,792	(2)	-	-	6,110	455,902
	2010	282,500	90,000	(2)	-	-	5,687	378,187
	2009	240,000	-	-	-	-	23,948	263,948
Daniel N. Ford, CFO (3)	2011	195,000	62,500	(4)	-	-	33,186	290,686
	2010	157,500	90,000	(4)	-	-	25,943	273,443
	2009	120,000	-	-	-	-	24,249	144,249
Matthew M. McKenzie, COO / President of CUI Inc. / Director (5)	2011	205,000	114,583	(6)	-	-	32,475	352,058
	2010	162,500	90,000	(6)	-	-	21,848	274,348
	2009	120,000	-	-	-	-	17,298	137,298

<sup>1</sup> Mr. Clough joined the Company on September 1, 2005. Effective September 13, 2007, Mr. Clough was appointed CEO/President of CUI Global and Chief Executive Officer of CUI, Inc., a wholly owned subsidiary of the Company.  
<sup>2</sup> Mr. Clough is employed under a three year employment contract with the company, which was recently extended to run to and through May 15, 2014. Said contract provides, in relevant part, for an annual salary of \$325,000 and



bonus provisions for each calendar year, beginning with 2010, in which the CUI Global year end Statement of Operations shows the Gross Revenue equal to or in excess of fifteen percent (15%), but less than thirty percent (30%) of the immediate preceding calendar year, Mr. Clough shall be entitled to receive a cash bonus in an amount equal to fifty percent (50%) of his prior year base salary in addition to any other compensation to which he may be entitled; provided, however, that he shall be entitled to the bonus only if he has been employed during that entire calendar year. In substitution of the bonus percentages described in the prior sentence, he shall be entitled to receive, in any year in which annual Gross Revenue exceeds by 30% of the prior calendar year gross revenue, a sum equal to one hundred percent (100%) of his prior year base salary. Bonuses are approved quarterly based on the above factors and an evaluation of current performance. All such bonus payments shall be paid to Mr. Clough in equal monthly installments following the quarter in which the bonus is earned and shall be paid on the 15<sup>th</sup> day of each month. At December 31, 2011 and 2010, there was an accrual of \$13,542 and \$30,000, respectively, for compensation owed to Mr. Clough.

3 Mr. Ford joined the Company May 15, 2008 as Chief Financial Officer of CUI Global and CUI, Inc., a wholly owned subsidiary of the Company.

Mr. Ford is employed under a three year employment contract with the company, which was recently extended to May 15, 2014 and provides, in relevant part, for an annual salary of \$195,000 and bonus provisions for each calendar year, beginning with 2010, in which the CUI Global yearend Statement of Operations shows a Net Profit and the Gross Revenue equal to or that exceeds fifteen percent (15%), but less than thirty percent (30%), of the immediate preceding calendar year, he shall be entitled to receive a cash bonus in an amount equal to fifty percent (50%) of his prior year base salary in addition to any other compensation to which he may be entitled; provided, however, that he 4 shall be entitled to the bonus only if he has been employed by the Company during that entire calendar year. In substitution of the bonus percentages described above, he shall be entitled to receive, in any year in which annual Gross Revenue exceeds by 30% of the prior calendar year gross revenue, a sum equal to 100% of his prior year base salary. Bonuses are approved quarterly based on the above factors and an evaluation of current performance. All such bonus payments shall be paid to Mr. Ford in equal monthly installments following the quarter in which the bonus is earned and shall be paid on the 15<sup>th</sup> day of each month. At December 31, 2011 and 2010 there was an accrual of \$0 and \$67,500, respectively, for compensation owed to Mr. Ford.

5 Mr. McKenzie joined the Company May 15, 2008 as Chief Operating Officer of CUI Global and President and Chief Operating Officer of CUI, Inc., a wholly owned subsidiary of the Company.

Mr. McKenzie is employed under a three year employment contract with the company, which was recently extended to May 15, 2014 and provides, in relevant part, for an annual salary of \$205,000 and bonus provisions for each calendar year, beginning with 2008, in which the CUI Global yearend Statement of Operations shows a Net Profit and the Gross Revenue equal to or that exceeds fifteen percent (15%), but less than thirty percent (30%), of the immediate preceding calendar year, he shall be entitled to receive a cash bonus in an amount equal to fifty percent (50%) of his prior year base salary in addition to any other compensation to which he may be entitled; provided, 6 however, that he shall be entitled to the bonus only if he has been employed by the Company during that entire calendar year. In substitution of the bonus percentages described above, he shall be entitled to receive, in any year in which annual Gross Revenue exceeds by 30% of the prior calendar year gross revenue, a sum equal to 100% of his prior year base salary. Bonuses are approved quarterly based on the above factors and an evaluation of current performance. All such bonus payments shall be paid to Mr. McKenzie in equal monthly installments following the quarter in which the bonus is earned and shall be paid on the 15<sup>th</sup> day of each month. At December 31, 2011 and 2010 there was an accrual of \$12,083 and \$30,000, respectively, for compensation owed to Mr. McKenzie.

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

The following table sets forth the outstanding equity awards at December 31, 2011 to each of the named executive officers:

Name	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan	Equity Incentive Plan
			Awards: Number of Securities Underlying Unexercised Options (#)					Awards: Number of Shares, Units or Rights That Have Not Vested (#)	Awards: Market Payout Value of Unearned Shares, Units or Rights That Have Not Vested (1) (\$)
William J. Clough (2)	-	-	37,177	7.50	1/1/2019	-	-	-	-
Matthew M. McKenzie (3)	-	-	15,100	7.50	1/1/2019	-	-	-	-
Daniel N. Ford (4)	-	-	12,598	7.50	1/1/2019	-	-	-	-
William J. Clough (5)	-	-	37,177	9.00	10/11/2020	-	-	25,559	-
Matthew M. McKenzie (6)	-	-	15,100	9.00	10/11/2020	-	-	10,381	-
Daniel N. Ford (7)	-	-	12,598	9.00	10/11/2020	-	-	8,661	-

## Footnotes:

1 Calculated using the closing market price (\$5.70) as of December 31, 2011.

2 Effective January 1, 2009, Mr. Clough received a fully vested bonus option to purchase 37,177 common shares, within ten years from date of issuance, at a price of \$7.50 per share.

3 Effective January 1, 2009, Mr. McKenzie received a fully vested bonus option to purchase 15,100 common shares, within ten years from date of issuance, at a price of \$7.50 per share.

4

Effective January 1, 2009, Mr. Ford received a fully vested bonus option to purchase 12,598 common shares, within ten years from date of issuance, at a price of \$7.50 per share.

Effective October 11, 2010, Mr. Clough received a bonus option to purchase 37,177 common shares, within ten 5 years from date of issuance, at a price of \$9.00 per share that vests over 4 years: 25% at year one and thereafter in equal monthly installments.

Effective October 11, 2010, Mr. McKenzie received a bonus option to purchase 15,100 common shares, within ten 6 years from date of issuance, at a price of \$9.00 per share that vests over 4 years: 25% at year one and thereafter in equal monthly installments.

Effective October 11, 2010, Mr. Ford received a bonus option to purchase 12,598 common shares, within ten years 7 from date of issuance, at a price of \$9.00 per share that vests over 4 years: 25% at year one and thereafter in equal monthly installments.

## **DIRECTOR COMPENSATION**

The written report and recommendations of Compensia, Inc., as noted above in the section, *2009 Equity Incentive Plan (Executive)*, upon which the Compensation Committee relied, also included a detailed director and committee compensation report and market analysis. The 2009 Equity Incentive Plan (Executive) provides for the issuance of stock options to attract, retain and motivate directors as well as other management personnel.

The Compensation Committee concluded that, after giving consideration to the directors' obligation in representation of the shareholders, the high standard of ethics and talent required, increasing workloads, greater exposure, more stringent director independence standards and the SEC's disclosure rules, directors and committee members should be compensated fairly for time and value delivered and the compensation should be sufficient to attract and retain qualified competent individuals to serve on our board. The Compensation Committee adopted the recommendations of Compensia and approved a director and committee compensation plan.

The Compensation Committee concluded that the appropriate compensation for calendar year 2009 should be in the form of options granted in an amount equal to the 50<sup>th</sup> percentile for similar companies, but discounted by a factor of 10% at an option strike price of \$7.50 per share. This price reflected the true value of the directors' work, provides adequate incentive to each director and does not unfairly penalize the directors for current market conditions. Moreover, the \$7.50 strike price reflects the price at which much of the underlying funding and CUI transaction was originally priced.

In keeping with this original compensation structure, the Compensation Committee concluded that the appropriate compensation for calendar year 2010 should continue to be in the form of options granted in an amount equal to the 50th percentile for similar companies, but discounted by a factor of 10% at an option strike price of \$9.00 per share. In furtherance of this compensation plan, October 11, 2010, the Board of Directors authorized an additional 3,060,382 options under the 2009 Equity Incentive Plan (Executive). All options granted are presented at post-reverse quantities. On October 11, 2010, 3,300 options (number of options represents post reverse of 30:1) were granted to each director of the Company with an exercise price of \$9.00 per share and that vest one year after the October 11, 2010 date of grant. The \$9.00 option price reflects a stock price fair to both the director and the Company.

Effective July 1, 2011 the director compensation plan, in summary, provides:

*Board of Directors Members*

· Cash Retainer - \$23,750 annually for board members and \$33,750 for the Chairman.

· Initial, one time only, option to purchase 4,800 common shares at an exercise price that is not less than the fair market value per share. The option vests over four years, 25% after the first year, thereafter equally each month for the balance of the four year term.

· Annual Option to purchase 3,300 common shares at an exercise price that is not less than the fair market value per share. The option vests in full after one year.

· No options were granted in 2011 to the directors.

· Meeting fee: none.

**Director Compensation Table**

The following table sets forth the compensation of the directors for the fiscal year ending December 31, 2011.

**Director Compensation – Equity Incentive Plan**

Director	Total Underlying Common Shares (1)	Exercise Price Per Share	Option Term From Grant Date	Vesting	Total Underlying Common Vested at 1/1/2011	Total Underlying Common Vested at 1/1/2012	Total Underlying Common Vested at 1/1/2013	Total Underlying Common Vested at 1/1/2014	2011 Fees Earned or Paid in Cash (4)	2010 Fees Earned or Paid in Cash (4)
Colton Melby, Chmn	3,300	\$ 9.00	10 years	1 year (3)	-	3,300	3,300	3,300	\$32,875	\$32,000
Colton Melby, Chmn	4,800	\$ 7.50	10 years	4 years (2)	2,400	3,600	4,800	4,800	\$-	\$-
Colton Melby, Chmn	3,300	\$ 7.50	10 years	1 year (3)	3,300	3,300	3,300	3,300	\$-	\$-
William J. Clough	3,300	\$ 9.00	10 years	1 year (3)	-	3,300	3,300	3,300	\$-	\$-
William J. Clough	4,800	\$ 7.50	10 years	4 years (2)	2,400	3,600	4,800	4,800	\$-	\$-
William J. Clough	3,300	\$ 7.50	10 years	1 year (3)	3,300	3,300	3,300	3,300	\$-	\$-
Matthes M. McKenzie	3,300	\$ 9.00	10 years	1 year (3)	-	3,300	3,300	3,300	\$-	\$-
Matthes M. McKenzie	4,800	\$ 7.50	10 years	4 years (2)	2,400	3,600	4,800	4,800	\$-	\$-
Matthes M. McKenzie	3,300	\$ 7.50	10 years	1 year (3)	3,300	3,300	3,300	3,300	\$-	\$-
Thonas A. Price	3,300	\$ 9.00	10 years	1 year (3)	-	3,300	3,300	3,300	\$23,375	\$23,000
Thonas A. Price	4,800	\$ 7.50	10 years	4 years (2)	2,400	3,600	4,800	4,800	\$-	\$-
Thonas A. Price	3,300	\$ 7.50	10 years	1 year (3)	3,300	3,300	3,300	3,300	\$-	\$-
Sean P. Rooney	3,300	\$ 9.00	10 years	1 year (3)	-	3,300	3,300	3,300	\$24,625	\$25,500
Sean P. Rooney	4,800	\$ 7.50	10 years	4 years (2)	2,400	3,600	4,800	4,800	\$-	\$-
Sean P. Rooney	3,300	\$ 7.50	10 years	1 year (3)	3,300	3,300	3,300	3,300	\$-	\$-
Corey A. Lambrecht	3,300	\$ 9.00	10 years	1 year (3)	-	3,300	3,300	3,300	\$24,1250	\$24,500

Corey A. Lambrecht	4,800	\$ 7.50	10 years	4 years (2)	2,400	3,600	4,800	4,800	\$-	\$-
Corey A. Lambrecht	3,300	\$ 7.50	10 years	1 year (3)	3,300	3,300	3,300	3,300	\$-	\$-

**Footnotes:**

- Effective January 1, 2009, each director received an option to purchase 4,800 common shares at a price of \$7.50 per share within ten years from date of issuance that vests over four years, 25% after the first year and in equal monthly installments over the balance of the four year term. Also, effective January 1, 2009, each director received an option to purchase 3,300 common shares at a price of \$7.50 per share that vests one year after issuance.
- (1) Additionally, effective October 11, 2010, each director received an option to purchase 3,300 common shares at a price of \$9.00 per share that vests one year after issuance. Directors are to receive a grant of 3,300 options annually. Options fully vest after one year. During the calendar ended 2011 directors did not receive a grant of options.
- (2) Vests over four years, 25% after the first year and in equal monthly installments over the balance of the four year term.
- (3) Options fully vest after one year.
- During 2009, 2010 and pro rata through June 30, 2011, each director received an annual cash retainer of \$20,000, no meeting fee, Board Chair receives additional \$10,000 annually; Audit Committee members received \$3,000 annually, Audit Committee Chair received \$5,500 annually, Compensation Committee members received \$2,000 annually, Compensation Committee Chair received \$4,500 annually. Effective July 1, 2011, each director receives a cash retainer of \$23,750 annually paid pro rata from the July 1, 2011 effective date, no meeting fee and the Chairman receives a cash retainer of \$33,750 annually paid pro rata from the July 1, 2011 effective date, with no meeting fee.
- (4)

## Employment Agreements

During fiscal year 2011, three executive officers and two key employees were employed under employment agreements. One of the key employee agreements was discontinued in 2011.

Those executive officers are:

- Chief Executive Officer and General Counsel  
President/Chief Operating Officer of CUI, Inc., a wholly owned subsidiary of CUI Global, Inc. and Chief Operating Officer of CUI Global, Inc.
- Chief Financial Officer of CUI Global, Inc. and CUI, Inc., a wholly owned subsidiary of CUI Global, Inc.

To see the material terms of each named executive officer's employment agreement, please see the footnotes to the Summary Compensation Table.

Those key employees are:

- Chief Technical Officer  
Senior Vice President (This office was discontinued in 2011)

## Compensation Committee Report

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Submitted by: Compensation Committee  
Corey Lambrecht, Chairman  
Colton R. Melby



## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Except as set forth herein, none of the Company's directors or officers nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to its outstanding shares, nor any relative or spouse of any of the foregoing persons, since the beginning of fiscal year 2011, has any material interest, direct or indirect, in any transaction or in any presently proposed transaction where the amount involved exceeds \$120,000 which has or will materially affect the Company.

### *Financing of the CUI Asset Acquisition and Related Matters*

The 2008 acquisition of the CUI, Inc. assets was financed through the following obligations:

- \$6,000,000 cash loan from Commerce Bank of Oregon that was satisfied in full in 2010.
- \$14,000,000 promissory note to International Electronic Devices, Inc. (IED). Matthew McKenzie, COO and Daniel Ford, CFO each were partial owners in CUI, Inc. prior to the acquisition and they each, along with James McKenzie, are shareholders in IED. Effective September 1, 2010, the Company and the holder of the promissory note agreed to reduce balance of the note principal and accrued interest and to restructure the interest rate and payment terms. With this amendment, the Company agreed to pay \$1,200,000 of the principal balance during the fourth quarter of 2010 and an additional \$487,208 of the principal balance during the first quarter of 2011. The new terms set the interest rate at 6% per annum with monthly interest payments and a May 15, 2018 balloon payment. During the first quarter of 2012, the Company paid to IED \$3,000,000 in principal. As of June 30, 2012, the balance on this note is \$7,303,683.
- \$17,500,000 convertible promissory note to IED. On April 1, 2010, the Company satisfied this promissory note for a one-time payment of \$50,000 and the conversion of \$70,000 of the principal into 33,333 shares of the company's common stock at the stated conversion rate of \$2.10 per share.

### *IED and Other Affiliates Related Matters*

During 2011 and 2010, \$1,110,809 and \$1,616,180, respectively, in principal and interest payments were made in relation to the promissory notes issued to IED. The 2011 payment includes a note receivable balance of \$192,508 held by CUI Global that was conveyed to IED, Inc. and applied towards the promissory note balance in accordance with a settlement agreement. Also, during 2010, \$70,000 of principal was converted to 33,333 shares of CUI Global common stock at \$2.10 per share in accordance with the convertible note terms and \$200,000 of principal was converted to 33,333 shares of CUI Global common stock at \$6.00 per share in accordance with a settlement agreement.

In May 2010 two corporate officers, one of whom is also a director, Daniel N. Ford and Matthew M. McKenzie, as shareholders in IED, an entity that owns Company promissory notes, received 1,010 shares of common stock in a negotiated satisfaction of a promissory note and in December 2010 these two individuals also received 1,020 shares of common stock at \$6.00 per share as their portion of the conversion of an additional \$200,000 of Company debt owed to IED.



As a part of the CUI asset acquisition, the CUI Global, Inc. corporate offices were relocated to the CUI location at 20050 SW 112th Avenue, Tualatin, Oregon 97062. CUI and CUI Global occupy the 61,380 square feet of offices and warehouse premises under a ten year non-cancelable lease agreement beginning September 1, 2006 with Barakel, LLC at a base monthly rent subject to periodic base payment increases plus real property taxes, utilities, insurance and common area maintenance charges. During the period January 1 through August 31, 2011, the monthly base rent was \$40,000 and increased in accordance with the lease schedule to \$40,250 for the period September 1 through December 31, 2011. Barakel, LLC is controlled by James McKenzie, majority owner of CUI, Inc. prior to acquisition, majority owner of IED, Inc. and Matt McKenzie, COO and Director of the Company.

#### Common Stock Sold to Affiliates

In October 2010, 33,333 shares of common stock were issued to a director, Thomas A. Price, at \$6.00 per share in consideration for a cash payment of \$200,000.

In December 2010, 14,167 shares of common stock were issued to a limited liability company, Central Finance, LLC, at \$6.00 per share in consideration for a cash payment of \$85,000. A former officer of the Company, Clifford Melby, is a part owner in the limited liability company.

#### Short Term Convertible Loan

In July 2011, a CUI Global officer, Daniel N. Ford, provided a short term convertible loan of \$35,000 to the Company which accrues interest at 6% per annum, convertible at \$5.10 per common share. The balance of this short term convertible loan was paid in full during 2012.

### **Security Ownership of Beneficial Owners and Management**

The following table sets forth certain information regarding beneficial ownership of our Voting Shares as of the date of this report by: (i) each shareholder known by us to be the beneficial owner of 5% or more of the outstanding voting shares, (ii) each of our directors and executives and (iii) all directors and executive officers as a group. Except as otherwise indicated, we believe that the beneficial owners of the Voting Shares listed below, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Shares of common stock issuable upon exercise of options and warrants that are currently exercisable or that will become exercisable within 60 days of filing this document have been included in the table.

As of the Record Date for this Annual Meeting, 10,834,632 shares of common stock and no shares of Series A, Series B and Series C Convertible Preferred Stock were issued and outstanding.

**Beneficial Interest Table**

Name and Address of Beneficial Owner	Common Stock		Convertible Preferred Stock						Percent of All Voting Securities (4)
	Number of Securities	Percent of Class (2)	Series A	Series B	Series C	Percent of Class	Percent of Class	Percent of Class	
Colton Melby (5)	427,471	3.95 %	-	*	-	*	-	*	3.95 %
William J. Clough (6)	114,036	1.05 %	-	*	-	*	-	*	1.05 %
Thomas A. Price (7)	67,817	*	-	*	-	*	-	*	*
Sean P. Rooney (8)	16,923	*	-	*	-	*	-	*	*
Corey Lambrecht (9)	11,150	*	-	*	-	*	-	*	*
Matthew M McKenzie (10)	44,181	*	-	*	-	*	-	*	*
Daniel N. Ford (11)	31,032	*	-	*	-	*	-	*	*
Kjell Qvale (12)	840,770	7.77 %	-	*	-	*	-	*	7.77 %
Officers, Directors, Executives as Group	712,610	6.48 %	-	*	-	*	-	*	6.48 %

\* Less than 1 percent

1. Except as otherwise indicated, the address of each beneficial owner is c/o CUI Global, Inc., 20050 SW 112th Avenue, Tualatin, Oregon 97062.

2. Calculated on the basis of 10,821,132 shares of common stock issued and outstanding at July 31, 2012 except that shares of common stock underlying options and warrants exercisable within 60 days of the date hereof are deemed to be outstanding for purposes of calculating the beneficial ownership of securities of such holder of options or warrants.

3. No shares of Series A, Series B and Series C Convertible Preferred Stock were issued and outstanding as of the date of this filing.

4. Calculated on the basis of an aggregate of 10,821,132 shares of common stock with one vote per share issued and outstanding at July 31, 2012; shares of common stock underlying options and warrants exercisable within 60 days of the date hereof are deemed to be outstanding for purposes of calculating the beneficial ownership of securities of such holder of options or warrants; shares of common stock underlying convertible debt, options and warrants do not have voting privileges and are not included herein. .

5. Colton Melby controls the investment decisions of a limited liability company that owns the securities. The limited liability company is owned by a limited partnership in which Mr. Melby owns an indirect interest. Mr. Melby's common stock includes vested options to purchase 11,150 common shares. Mr. Melby is Chairman of the Board of Directors.

6. Mr. Clough's common stock includes vested options to purchase 67,303 common shares. Mr. Clough is a Director and Chief Executive Officer/President of CUI Global, Inc.

7. Mr. Price's shares included vested options to purchase 11,150 common shares. Mr. Price is a Director.

8. Mr. Rooney's shares include vested options to purchase 11,150 common shares. Mr. Rooney is a Director.

9. Mr. Lambrecht's shares include vested options to purchase 11,150 common shares. Mr. Lambrecht is a Director.  
Mr. McKenzie's shares include vested options to purchase 36,754 common shares. Mr. McKenzie is a Director,
10. Chief Operating Officer of CUI Global, Inc. Mr. McKenzie's securities include an option to purchase 2,796 shares owned by his spouse.

11. Mr. Ford's shares include vested options to purchase 19,028 common shares. Mr. Ford is the Chief Financial Officer of CUI Global, Inc.
12. All securities are owned by a trust controlled by Mr. Qvale.

We relied upon Section 4(2) of the Securities Act of 1933 as the basis for an exemption from registration for the issuance of the above securities.

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

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers, directors and persons owning more than 10% of our common stock to file reports of ownership and reports of changes of ownership with the Securities and Exchange Commission. These reporting persons are required to furnish us with copies of all Section 16(a) forms that they file. Based solely upon a review of copies of these filings received, we believe that all filing requirements were complied with during the fiscal year ended December 31, 2011 and as noted in the Form 10-K filed with the Commission on March 31, 2011. We have made all officers and directors aware of their reporting obligations and have appointed an employee to oversee Section 16 compliance for future filings

### **Legal Proceedings**

The Company is not involved in any legal proceedings. No director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

### **Expenses of Issuance and Distribution**

The following table sets forth an estimate of the various expenses, which will be incurred in connection with the issuance and distribution of this proxy statement:

Printing and Distribution Expenses	\$1,000
Legal Fees and Expenses	\$5,000
Accounting Fees and Expenses	\$1,000
Miscellaneous expenses	\$1,000

TOTAL \$10,000

**Where You Can Find Additional Information**

The Company will provide to each person to whom a proxy statement is delivered

a copy of any or all of the information that has been incorporated by reference in the proxy statement, but not delivered with the proxy statement;

- we will provide this information upon written or oral request;
- we will provide this information at no cost to the requester.

Contact us at: CUI Global, Inc., 20050 SW 112th Avenue, Tualatin, Oregon 97062; phone us at (503) 612-2300; email us at [investors@CUIGlobal.com](mailto:investors@CUIGlobal.com) or view copies online at [www.CUIGlobal.com](http://www.CUIGlobal.com).



You may read and copy all or any portion of the proxy statement or any other information, which we filed at the SEC's public reference rooms in Washington, D.C., New York City and Chicago, Illinois. The address for the SEC's public reference room in Washington, D.C. is U.S. Securities and Exchange Commission, 100 "F" Street, N.E., Washington, DC 20549. You may request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Our SEC filings are also available to you free of charge at the SEC's web site at <http://www.sec.gov> and our Company website at [www.CUIGlobal.com](http://www.CUIGlobal.com).

### **Shareholder Proposals for the 2013 Annual Meeting of Stockholders**

Under the Security and Exchange Commission's proxy rules, shareholder proposals that meet certain conditions may be included in our proxy statement and form of proxy for a particular annual meeting. Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at the next annual meeting of stockholders by submitting their proposals in writing to CUI Global's Corporate Secretary in a timely manner. For a stockholder proposal to be considered for inclusion in our proxy statement for our 2013 Annual Meeting of Stockholders, the Corporate Secretary of CUI Global must receive the written proposal at our principal executive offices no later than June 1, 2013; provided, however, that in the event that we hold our 2013 Annual Meeting of stockholders more than 30 days before or after the one-year anniversary date of the Annual Meeting, we will disclose the new deadline by which stockholders proposals must be received under Item 5 of our earliest possible Quarterly Report on Form 10-Q or, if impracticable, by any means reasonably calculated to inform stockholders. In addition, stockholder proposals must otherwise comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

CUI Global, Inc.  
Attn: Corporate Secretary  
20050 SW 112th Avenue

Tualatin, Oregon 97062

Our receipt of any such proposal from a qualified shareholder in a timely manner will not guarantee its inclusion in our proxy materials or its presentation at the 2013 Annual Meeting because there are other requirements in the proxy rules.

### **Annual Report**

A COPY OF OUR ANNUAL REPORT TO STOCKHOLDERS WHICH INCLUDES OUR ANNUAL REPORT ON FORM 10-K AND QUARTERLY FORM 10-Q AND THIS PROXY STATEMENT ARE AVAILABLE TO YOU ON THE INTERNET OR, UPON YOUR REQUEST, WILL BE PROMPTLY MAILED TO EACH STOCKHOLDER ENTITLED TO VOTE AT THE ANNUAL MEETING. THE NOTICE, WHICH WAS MAILED TO YOU, INSTRUCTS YOU AS TO HOW YOU MAY ACCESS AND REVIEW ALL OF THE PROXY MATERIALS ON THE INTERNET. IF YOU WOULD LIKE TO RECEIVE A PAPER OR EMAIL COPY OF OUR PROXY MATERIALS, YOU SHOULD FOLLOW THE INSTRUCTIONS FOR REQUESTING SUCH MATERIALS IN THE NOTICE.

By Order of the Board of Directors

Matthew M. McKenzie,

Corporate Secretary

### **Documents Incorporated by Reference**

The SEC allows us to incorporate by reference into this proxy statement the information that we file with the SEC in other documents. This means that we may disclose important information to you by referring to other documents that contain that information. The information may include documents filed after the date of this prospectus which update and supersede the information you read in this prospectus. We incorporate by reference the following documents listed below, except to the extent information in those documents is different from the information contained in this proxy statement, and all future documents filed with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act. The Company filed with the Commission:

- (a) Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed with the Commission March 26, 2012 and First Amendment on Form 10-K/A filed with the Commission April, 4, 2012.
- (b) A quarterly report on Form 10-Q for the second quarter of 2012 filed with the Commission August 7, 2012.

**Proxy Solicited on Behalf of the**

**Board of Directors**

**for the Annual Shareholder Meeting of the**

**CUI Global, Inc. Stockholders**

The undersigned, revoking all previous proxies, appoints Matthew M. McKenzie, Corporate Secretary, attorney and proxy of the undersigned, with power of substitution, to represent the undersigned at the Annual Meeting of Stockholders of CUI Global, Inc. to be held Thursday, December 15, 2011, at 9:00 a.m. PT in our corporate offices located at 20050 SW 112th Avenue, Tualatin, Oregon 97062 and for any adjournments thereof and to vote all shares of Voting Stock of the Company which the undersigned is entitled to vote on all matters coming before said meeting.

S Please mark your votes with an "X" as in this example.

**The Board of Directors recommends a vote FOR the following proposals:**

**PROPOSAL I**

**ELECTION OF DIRECTORS**

The Board of Directors recommends a vote **FOR** the following Directors:

Nominee: Board of Directors, Seat #1, **William J. Clough**, (2 year term)

“ FOR                      “ WITHHOLD

Nominee: Board of Directors, Seat #3, **Matthew M. McKenzie**, (2 year term)

“ FOR                      “ WITHHOLD

Nominee: Board of Directors, Seat #7, **Colton R. Melby**, (2 year term)

FOR

WITHHOLD

**PROPOSAL II**

**Ratification of the Appointment of**

**Webb & Company, P.A. as the Company's Independent Auditor for the**

**Year Ending December 31, 2013**

FOR

AGAINST

ABSTAIN

**PLEASE SIGN, DATE AND RETURN THIS PROXY CARD USING THE ENCLOSED ENVELOPE. THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE PROPOSALS TO ELECT THE THREE NOMINEE DIRECTORS AND RATIFICATION OF THE APPOINTMENT OF WEBB & COMPANY, P.A. AS THE COMPANY'S INDEPENDENT AUDITOR FOR THE YEAR ENDING DECEMBER 31, 2013.**

Date 2012

Signature

Signature of joint holder, if any

Please sign exactly as your name appears on your stock certificate or account. Executors, administrators, trustees, etc. should give full title as such. If the signer is a corporation, please sign full corporate name by a duly authorized officer. If a partnership, please sign in partnership name by authorized person.

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