

IDENTIVE GROUP, INC.
Form PRE 14A
April 07, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

IDENTIVE GROUP, INC.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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IDENTIVE GROUP, INC.

NOTICE OF

2011 ANNUAL MEETING OF STOCKHOLDERS

June 6, 2011

TO OUR STOCKHOLDERS:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of Identive Group, Inc. (the Company), a Delaware corporation, to be held on June 6, 2011, at 10:00 a.m., local time, at the offices of Greenberg Traurig, LLP, One International Place, Boston, Massachusetts 02110, for the following purposes:

1. To elect three Class I directors to serve until the expiration of the term of the Class I directors or until their successors are duly elected and qualified or until they are removed or resign;
 2. To approve an amendment to the Company's Fourth Amended and Restated Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock from 110,000,000 to 130,000,000 shares;
 3. To approve the Company's 2011 Incentive Compensation Plan;
 4. To approve the Company's 2011 Employee Stock Purchase Plan;
 5. To ratify the appointment of Deloitte & Touche GmbH, an independent registered public accounting firm, as the independent auditor of the Company for the fiscal year ending December 31, 2011; and
 6. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.
- The foregoing items of business are more fully described in the Proxy Statement accompanying this notice.

The Board of Directors of the Company recommends that you vote FOR the approval of each of the proposals outlined above and as more fully described in the accompanying Proxy Statement.

Only stockholders of record at the close of business on April 18, 2011 are entitled to notice of and to vote at the 2011 Annual Meeting of Stockholders and any adjournments or postponements thereof. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection at the U.S. headquarters of the Company.

All stockholders are cordially invited and encouraged to attend the Annual Meeting. Whether or not you plan to attend the meeting in person, it is important that your shares be represented and voted. Accordingly, please review our proxy materials and request a proxy card to sign, date, and return or submit your proxy or voting instruction card, as applicable, by telephone or through the Internet. Instructions for each type of voting are included in the Notice of Internet Availability of Proxy Materials that you received and on the proxy card. If you attend the Annual Meeting and vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

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By Order of the Board of Directors of

Identive Group, Inc.

Melvin Denton-Thompson

Chief Financial Officer and Secretary

Ismaning, Germany

April [], 2011

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. IN ANY EVENT, TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE BY FOLLOWING THE INSTRUCTIONS INCLUDED WITH THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS OR THE PROXY CARD. THANK YOU FOR ACTING PROMPTLY.

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IDENTIVE GROUP, INC.

PROXY STATEMENT

FOR

2011 ANNUAL MEETING OF STOCKHOLDERS

June 6, 2010

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The Board of Directors of the Company is furnishing this Proxy Statement to you in connection with the solicitation of proxies for use at our 2011 Annual Meeting of Stockholders to be held on June 6, 2010, at 10:00 a.m., local time, at the offices of Greenberg Traurig LLP, One International Place, Boston, Massachusetts 02110, or any adjournment(s) or postponement(s) thereof, for the purposes set forth in this Proxy Statement and in the accompanying notice of our 2011 Annual Meeting of Stockholders.

Important Notice Regarding Internet Availability of Proxy Materials and Annual Report

Pursuant to the rules of the SEC, the Company is providing access to our proxy materials, including this Proxy Statement, together with a notice of the meeting and our Annual Report, over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to our stockholders of record and beneficial owners. All stockholders will have the ability to access the proxy materials on a website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found on the Notice. In addition, stockholders may request to receive the proxy materials in printed form by mail or electronically by email on an ongoing basis.

The Notice will provide stockholders with instructions regarding how to:

View the proxy materials for the Annual Meeting over the Internet; and

Instruct the Company to send future proxy materials to stockholders electronically by email.

Choosing to receive the future proxy materials by email will save the Company the cost of printing and mailing documents to our stockholders and will reduce the impact of the Company's annual stockholders' meetings on the environment. If a stockholder chooses to receive future proxy materials by email, the stockholder will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Any stockholder's election to receive the proxy materials by email will remain in effect until such stockholder terminates the request.

We will begin mailing the Notice of Internet Availability of Proxy Materials on or before April [], 2011 to all our stockholders entitled to Notice of and to vote at the Annual Meeting. Our proxy materials, including this Proxy Statement, will also be available on or before April [], 2011 on the website referred to in the Notice of Internet Availability of Proxy Materials.

Record Date

Our Board of Directors has fixed the close of business on April 18, 2011 as the record date (the Record Date) for the determination of our stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment(s) or postponement(s) thereof.

Shares Outstanding

As of April 18, 2011, we had issued and outstanding [48,075,789] shares of Common Stock, par value \$0.001 per share. In the U.S., our Common Stock is listed on the NASDAQ Global Market (symbol: INVE) and in Germany on the Frankfurt Stock Exchange (symbol: INV).

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Quorum

The required quorum for the transaction of business at the Annual Meeting is one-third (1/3) of the shares of our Common Stock issued and outstanding as of the Record Date. Shares voted FOR, AGAINST or WITHHELD from a matter voted upon by the stockholders at the Annual Meeting will be treated as being present at the Annual Meeting for purposes of establishing a quorum for the transaction of business, and will also be treated as shares represented and voting at the Annual Meeting with respect to any such matter.

Voting Rights and Vote Required

Each stockholder of record on the record date will be entitled to one vote per share of Common Stock held on the Record Date on all matters submitted for consideration of, and to be voted upon by, the stockholders at the Annual Meeting.

Assuming that a quorum is present, the affirmative vote of a plurality of the votes cast is required for the election of the nominees for director. The affirmative vote of a majority of the outstanding shares of Common Stock is required to approve the amendment to our Certificate of Incorporation to increase the number of authorized shares of Common Stock. The affirmative vote of a majority of the votes cast is required to approve the adoption of our 2011 Incentive Compensation Plan, to approve our 2011 Employee Stock Purchase Plan, and to ratify the appointment of Deloitte & Touche GmbH, an independent registered public accounting firm, as our independent auditor for the fiscal year ending December 31, 2011.

All votes will be tabulated by the inspector of elections appointed for the Annual Meeting. The inspector of elections will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Voting Procedures

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company LLC, you are considered the stockholder of record with respect to those shares. As the stockholder of record, you have the right to vote in person at the meeting. If you choose to do so, you can bring your proxy card or vote using the ballot provided at the meeting. However, even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

If you hold your shares in street name through a stockbroker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares held in street name. Because a beneficial owner is not a stockholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from the broker, bank or nominee that holds your shares, giving you the right to vote those shares at the meeting. If you wish to attend the Annual Meeting and vote in person, you will need to contact your broker, bank or nominee to obtain a legal proxy.

If any stockholder is unable to attend the Annual Meeting, the stockholder may vote by proxy as follows:

Internet. A stockholder can submit a proxy over the Internet by following the instructions provided in the Notice or on the separate proxy card.

Telephone. A stockholder can submit a proxy over the telephone by following the instructions provided on the separate proxy card if the stockholder received a printed set of the proxy materials.

Mail. A stockholder that received a printed set of the proxy materials can submit a proxy by mail by completing, signing and returning the separate proxy card in the prepaid and addressed envelope included with the proxy materials .

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You are urged to specify your choices on the proxy submitted by Internet, telephone or mail. If you are a stockholder of record and you submit a proxy, whether in person, by mail, by telephone or over the Internet, but do not specify how you want to vote on a proposal, in the absence of contrary instructions, the shares of Common Stock represented by such proxy will be voted FOR all proposals, and will be voted in the proxy holders discretion as to other matters that may properly come before the Annual Meeting. If you hold your shares through a broker, bank or other nominee and you do not provide instructions on how to vote, your broker or other nominee may have authority to vote your shares on your behalf on matters to be considered at the meeting.

Abstentions; Broker Non-Votes

Brokers, banks, or other nominees that hold shares of common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion if permitted by the stock exchange or other organization of which they are members. Brokers, banks, and other nominees are permitted to vote the beneficial owner's proxy in their own discretion as to certain routine proposals when they have not received instructions from the beneficial owner, such as the ratification of the appointment of Deloitte & Touche GmbH as the independent auditor of our company for the fiscal year ending December 31, 2011. If a broker, bank, or other nominee votes such uninstructed shares for or against a routine proposal, those shares will be counted towards determining whether or not a quorum is present and are considered entitled to vote on the routine proposals. However, where a proposal is non-routine, a broker, bank, or other nominee is not permitted to exercise its voting discretion on that proposal without specific instructions from the beneficial owner. These non-voted shares are referred to as broker non-votes when the nominee has voted on other non-routine matters with authorization or voted on routine matters. These shares will be counted towards determining whether or not a quorum is present, but will not be considered entitled to vote on the non-routine proposals.

Please note that this year the rules regarding how brokers, banks, or other nominees may vote your shares have changed. As a result, brokers, banks and other nominees may no longer use discretionary authority to vote shares on the election of directors, the proposed amendment to our Certificate of Incorporation, the proposal to approve our 2011 Incentive Compensation Plan, or the proposal to approve our 2011 Employee Stock Purchase Plan if they have not received specific voting instructions from their clients. For your vote to be counted on these proposals, you now will need to communicate your voting decisions to your broker, bank, or other nominee before the date of the meeting.

As provided in our bylaws, a majority of the votes cast means that the number of votes cast for a proposal exceeds the number of votes cast against that proposal. Because abstentions and broker non-votes do not represent votes cast for or against a proposal, broker non-votes and abstentions will have no effect on the proposal to elect directors, the proposal to approve our 2011 Incentive Compensation Plan, the proposal to approve our 2011 Employee Stock Purchase Plan, or the proposal to ratify Deloitte & Touche GmbH as the Company's independent auditor, as each such proposal is determined by reference to the votes actually cast by the shares present or represented by proxy and entitled to vote. For the proposal to approve an amendment to our Certificate of Incorporation, where the vote required is a majority of the outstanding shares of Common Stock, abstentions and broker non-votes are equivalent to a vote cast against the proposal.

Solicitation of Proxies

The cost of soliciting proxies will be borne by us. We may reimburse brokerage firms, banks and other persons representing the beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Solicitation of proxies by mail may be supplemented by telephone, telegram, facsimile or personal solicitation by our directors, officers or regular employees without additional compensation.

Revocability of Proxies

Your proxy is revocable at any time before it is voted at the Annual Meeting either by delivering to us a written notice of revocation or a duly executed proxy bearing a later date, or by attending the Annual Meeting

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and voting in person. If you have executed and returned a proxy and are present in person at the Annual Meeting and wish to vote at the Annual Meeting, you may elect to do so by notifying the Inspector of Elections, thereby suspending the power of the proxy holders to vote the proxy previously delivered by you. Attendance at the Annual Meeting, however, will not by itself revoke a proxy previously delivered to us.

Annual Report and Other Matters

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was made available to stockholders with or preceding this Proxy Statement, contains financial and other information about our company, but is not incorporated into this Proxy Statement and is not to be considered a part of these proxy soliciting materials or subject to Regulations 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, or Exchange Act.

Through our website, www.identive-group.com, we make available free of charge all of our SEC filings, including our proxy statements (including this Proxy Statement), our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K, as well as Form 3, Form 4, and Form 5 Reports of our directors, officers, and principal stockholders, together with amendments to these reports filed or furnished pursuant to Section 13(a), 15(d), or 16 of the Exchange Act.

We will also provide, without charge to each stockholder of record as of the record date, copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, this Proxy Statement, and the related proxy card. Requests for copies may be made in writing directed to our executive offices at 1900 Carnegie Avenue, Building B, Santa Ana, California 92705, attn: Investor Relations, or by telephone at (949) 553-4251, or by e-mailing us at info@identive-group.com.

Stockholder Proposals for 2012 Annual Meeting of Stockholders

Pursuant to Rule 14a-8 under the Exchange Act, stockholder proposals for inclusion in our proxy materials for the 2012 Annual Meeting must be received at Identive Group, 1900 Carnegie Avenue, Building B, Santa Ana, California 92705, Attention: Secretary, by December 27, 2011, before we begin to print and send our proxy materials for the 2012 Annual Meeting.

In addition, our bylaws establish an advance notice procedure with regard to nominations for the election of directors and business proposals to be brought before an Annual Meeting of stockholders by any stockholder (other than matters included in our proxy materials in accordance with Rule 14a-8 under the Exchange Act). Such a proposal will be considered at the 2012 Annual Meeting if we receive notice of such proposal at Identive Group, Inc., 1900 Carnegie Avenue, Building B, Santa Ana, California 92705, Attention: Secretary, not later than February 25, 2012 nor earlier than January 26, 2012, except that if the date of the Annual Meeting for 2012 is changed by more than 30 calendar days from the anniversary date of this Annual Meeting statement, or in the event of a special meeting, notice by the stockholder to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. A stockholder's notice to the Secretary must set forth as to each matter (other than with notices regarding nominations for the election of directors) the stockholder proposes to bring before the 2012 Annual Meeting: (i) a brief description of the business desired to be brought before the 2012 Annual Meeting, (ii) the name and address, as they appear on the Company's books, of the stockholder proposing such business, (iii) the class and number of shares of the Company which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business. For a description of the notice requirements regarding nominations for the election of directors, see the section entitled "Policy for Director Recommendations and Nominations" below.

Table of Contents**PROPOSAL NO. 1****ELECTION OF CLASS I DIRECTORS**

Our Board of Directors is divided into three director classes with staggered three-year terms. Currently there are seven directors and one vacancy on the Board of Directors. Three directors serve in Class I (whose terms expire at this Annual Meeting), three directors serve in Class II (whose terms expire at the 2012 Annual Meeting) and one director serves in Class III (whose term expires at the 2013 Annual Meeting).

The nominees elected at the Annual Meeting will serve for a term ending on the date of the third Annual Meeting after their election when their successors have been elected and duly qualified, or upon the date of their earlier resignation or removal.

Set forth below is information about directors nominated for election at the Annual Meeting and each of the other incumbent directors:

Name	Age(1)	Position	Director Since
CLASS I DIRECTORS			
Steven Humphreys	50	Lead Independent Director	1996
Dr. Hans Liebler	41	Director	2008
Daniel S. Wenzel	32	Director	2010
CLASS II DIRECTORS			
Ayman S. Ashour	50	Chief Executive Officer and Chairman of the Board	2010
Lawrence Midland	68	Executive Vice President and Director	2009
Simon Turner	58	Director	2000
CLASS III DIRECTORS			
Bernard C. Bailey	57	Director	2011

(1) Ages shown are as of April 30, 2011

NOMINEES

The Nominating Committee of the Board of Directors has recommended, and the Board of Directors has proposed, that Steven Humphreys, Dr. Hans Liebler and Daniel S. Wenzel be elected as Class I directors at the Annual Meeting. Unless otherwise instructed, the proxy holders named in the enclosed proxy will vote the proxies received by them for Messrs. Humphreys, Liebler and Wenzel, who currently serve as Class I directors of the Company. In the event that any of the nominees is unable or declines to serve as a director at the time of the Annual Meeting, the proxies received by the proxy holders named in the enclosed proxy will be voted for any nominee who is subsequently designated by the Board of Directors to fill the vacancy. We do not expect, however, that Mr. Humphreys, Dr. Liebler or Mr. Wenzel will decline to serve as a director at the Annual Meeting, as each has agreed to serve if elected.

BUSINESS EXPERIENCE OF DIRECTORS**Class I Directors Nominated for Election at the 2011 Meeting**

Steven Humphreys has served as a director of the Company since July 1996 and as Lead Director since May 2010. Currently Mr. Humphreys serves as a member of the Audit and Compensation Committees of the Board. Previously he also served as Chairman of the Board of Directors from April 2000 to March 2007 and from July 1996 to December 1996. Mr. Humphreys also has served as an executive officer of the Company, as President

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from July 1996 to December 1996 and as President and Chief Executive Officer from December 1996 to April 2000. From October 2008 until its acquisition by SMSC in February 2010, Mr. Humphreys served as Chief Executive Officer and President of Kleer Corporation, a maker of wire audio technology. From October 2001 to October 2003, he served as Chairman of the Board and Chief Executive Officer of ActivCard Corporation (now called ActivIdentity), a publicly-listed company until December 2010 and a provider of digital identity solutions, for which he also served as a director from March 2008 until December 2010. Previously, Mr. Humphreys was President of Caere Corporation, an optical character recognition software and systems company. Prior to Caere, he spent ten years with General Electric Company in a variety of positions. Since October 2003, Mr. Humphreys also has served as Chairman of Industrial Wonders, Inc., an acquirer and developer of technologies for broad-based applications of robotics, service automation, security and biotechnology. Currently, Mr. Humphreys also serves as a director of Giraff Technologies AB, a communications robotics device company, and is Chairman of Organ-I, Inc, a developer of biomarker-based diagnostics. He also is a limited partner and advisor to several venture capital firms. Additionally, Mr. Humphreys was elected to the school board of the Portola Valley Public School District in 2007, and has served on the board of Summit Preparatory Public Charter High School since 2003. Mr. Humphreys holds a B.S. degree from Yale University and M.S. and M.B.A. degrees from Stanford University. He brings his experience as an executive officer at several technology companies and his knowledge of the U.S. investment markets to the Board.

Dr. Hans Liebler has served as a director of the Company since June 2008 and currently he serves as a member of the Audit and Nominating Committees of the Board. Since July 2006, Dr. Liebler has served as a partner of Lincoln Vale European Partners, an investment management company that he helped found which is focused on strategic long-term investments in European small- and mid-cap companies, and which currently is a large stockholder of the Company. Currently, he also serves on the investment committee of Lincoln Vale and is Vice Chairman of the supervisory board of Augusta AG and of Investunity AG, as well as a member of the supervisory board of Mercatura Cosmetics AG and autowerkstattgroup N.V. From September 2002 to July 2006, Dr. Liebler managed an investment fund he had conceived for Allianz AG, applying a private equity approach to European publicly listed companies. Previous to this, from September 1996 to September 2002, he worked as a management consultant for McKinsey & Company, initially in the company's Madrid and New York offices and subsequently as co-leader of McKinsey's German Corporate Finance practice. From 1993 to 1995, Dr. Liebler was an investment banker for S.G. Warburg in London. Since 1998, Dr. Liebler has also served as an adjunct professor at the European Business School in Germany. He holds a Master's degree in Business Administration from the University of Munich in Germany and a Ph.D in Finance from the University of St. Gallen in Switzerland. Mr. Liebler's experience as a professional investment manager provides the Board with financial expertise and an investor's perspective.

Daniel S. Wenzel has served as a director of the Company since January 2010 and currently he serves as chairman of the Nominating Committee and as a member of the Compensation Committee of the Board. He was appointed to the Board of Directors following the completion of the Company's business combination with Bluehill ID AG (Bluehill ID). He is a founding partner of Bluehill ID and previously served on the board of directors of Bluehill ID since the company's founding in March 2007. Mr. Wenzel has served since September 2005 as a delegate and member of the board of Mountain Partners AG, a German-Swiss investment group that he co-founded in September 2005 and for which he is responsible for strategic direction and expansion. Mountain Partners AG currently is the largest stockholder of the Company. Previously, Mr. Wenzel was Chief of Staff responsible for all strategy projects and merger and acquisition transactions and financing at ACG AG from 2001 to September 2005, during which time he successfully achieved the spin-off and the sale of a significant division of the technology group. Prior to this, he worked with Dresdner Bank Latin America in 1998, BNP Paribas in 1999 and Bain & Company in 2000. Currently Mr. Wenzel also serves on the board of several European investment firms. Mr. Wenzel completed his studies at the WHU, Otto Beisheim Graduate School of Business Management, the Helsinki School of Economics, Finland and the Universidad Adolfo Ibañez, Chile, where he obtained a master's degree (Diplom-Kaufmann) in business administration. Because of his experience as an investment professional, Mr. Wenzel brings significant knowledge of the capital markets and technology trends to the Board.

Table of Contents**Class II Directors Whose Terms Expire in 2012**

Ayman S. Ashour has served as Chief Executive Officer and Chairman of the Board of Directors since March 1, 2010. He joined the Company as Executive Chairman of the Board in January 2010 following the completion of the Company's business combination with Bluehill ID, a Swiss technology firm that he founded in March 2007 and for which he served as CEO and President of the Board of Directors, responsible for executing Bluehill ID's acquisition growth strategy, until the combination with the Company. Prior to this, from July 2000 to December 2009, Mr. Ashour was the founder and Principal of Newton International Management LLC, a strategy consulting firm focused on the security and identification technology industry, where he provided strategy consulting to business clients. From February 2001 to October 2005, Mr. Ashour was a consultant and later COO and CEO of the Identification Technology business of ASSA ABLOY AB, where he was responsible for the worldwide development of one of the largest and most successful RFID companies, comprised of well known brands such as Sokymat, HID and Indala. From 1997 to 2000, he served as Divisional Managing Director, Williams Plc in the Asia Pacific region where he was responsible for Chubb Security, Kidde & Yale brands and managed the global operations of Guardforce International and the Chubb Physical Security Group. From 1990 to 1997, Mr. Ashour was with Williams Plc, where he served as Marketing Director of Kidde Group, Senior Vice President of Kidde-Fenwal, Inc. and as President of Kidde Fire Fighting, Inc. Mr. Ashour holds a bachelor's degree in Electronic and Electrical Engineering from the University of Manchester in the U.K. He serves on the Board of Directors of Advanced Digital Security Solutions Inc. In addition, Mr. Ashour is currently a partner in the following private companies, each based in Newton, Massachusetts: Newton International Management, LLC., Trade-3, LLC. and tSecu LLC; as well as Verifier Security, based in Florida. He is currently an Adjunct Lecturer for the MBA program at the Sawyer Business School at Suffolk University in Boston. Mr. Ashour brings to the Board his many years of experience in the RFID and secure ID industry, his intimate knowledge of the technologies, markets and operations of the Company as well as a track record of success in combining organic and acquisitive growth in a growing technology market.

Lawrence W. Midland has served as a director of the Company since May 2009. He was appointed to the Board of Directors and as an Executive Vice President of the Company and President of the Hirsch subsidiary following the completion of the merger of the Company and Hirsch. Previously, Mr. Midland was President of Hirsch Electronics Corporation, which he helped found in August 1981, and for which he served as a director. Mr. Midland became President and Chairman of the Board of Hirsch in March 1986 and held those positions continuously until the completion of the merger. Mr. Midland previously served as president of several companies, including Retirement Inns of America, Pension Properties Trust, a California REIT, and Pension Administrative Services. Previously Mr. Midland also held various sales positions in investment related activities following his employment as a field engineer with Shell Oil Company. He holds a B.S. degree in Physics (With Distinction) from the University of Oklahoma and an M.B.A. degree from Pepperdine University. Mr. Midland brings an intimate understanding of the Hirsch business and the overall U.S. government market to the Board.

Simon Turner has served as a director of the Company since July 2000 and currently he serves as chairman of the Audit and Compensation Committees and as a member of the Nominating Committee of the Board. Since his retirement from DSG international plc in December 2008, Mr. Turner has provided consultancy services to large retail companies, including PC manufacturer ACER Group. From January 2006 to December 2008, Mr. Turner served as Group Sourcing Director for consumer electronics retailer DSG international plc. From January 2002 to January 2006, Mr. Turner was Managing Director of the PC World Group of DSG, responsible for operations at PC World, PC World Business and Genesis Communications in the UK and PC City in Europe. From February 1999 to January 2002, Mr. Turner was Managing Director of PC World, a large UK reseller of PCs and PC-related equipment. From December 1996 to February 1999, Mr. Turner was Managing Director of Philips Consumer Electronics, UK and Ireland. Prior to that, he also served as Senior Vice President of Philips Media, Commercial Director of Belling and Company and Group Marketing Manager at Philips Consumer Electronics. Since October 2007, Mr. Turner also has served as a non-executive director of Yorkshire Building Society, the UK's third largest member-owned savings and loan institution. Since June 2009 he has served as a director of NetRetail Holding B.V., an Internet retailing company of which he currently is Chairman. Currently

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he also serves as a non-executive director of TradeDoubler AB, a Swedish Internet marketing firm. Mr. Turner holds a B.S. degree from the University of Surrey. Mr. Turner's background in management with large technology retailers provides the Board with financial expertise and insight into the global retail sales environment.

Class III Directors Whose Terms Expire in 2013

Bernard C. Bailey was appointed as a director of the Company in March 2011. Since 2006, Mr. Bailey has served as President and Chief Executive Officer of Parakis Solutions, LLC, a company he founded that provides governance, strategy and organizational consulting to companies in the technology, federal government and security industries. From 2002 to 2006, Mr. Bailey was President and Chief Executive Officer of L-1 Identity Solutions, Inc. (previously Viisage Technology, Inc.), a developer of advanced technology identity solutions for governments, law enforcement agencies and corporations. Prior to this he served as Chief Operating Officer of Art Technology Group, a publicly-listed developer and marketer of e-commerce software solutions that now is part of Oracle Corporation, and held various executive positions during a seventeen-year career at IBM Corporation. Since September 2010, Mr. Bailey has served as a director of Analogic Corporation, a publicly-listed provider of medical imaging and aviation security technology. Since 2006, he has served as a director of Telos Corporation, a publicly-listed defense security solutions firm and since 2008, he has served as a director of Spectrum Control, Inc., a publicly-listed designer and manufacturer of electromagnetic interference (EMI) suppression products. From 2006 until its acquisition in January 2011 by ASSA ABLOY, Mr. Bailey also was a director of Lasercard Corporation, a provider of secure ID solutions and formerly publicly-listed company, where he served most recently as Chairman. Additionally, Mr. Bailey previously served on the boards of Viisage Technology, Inc. (2002-2006), Point Blank Solutions, Inc. (2008-2009), and EF Johnson Technology, Inc. (2009-2010). Mr. Bailey is currently a doctoral candidate in management at Case Western Reserve University, focusing on corporate governance. He is a graduate of the United States Naval Academy and holds graduate degrees in engineering and business from the University of California, Berkeley, the University of Southern California and the George Washington University. Mr. Bailey's qualifications to serve as director include his extensive experience in the security and identification technology markets, his experience as a public-company CEO and director and his strong understanding of, and commitment to corporate governance.

To our knowledge, there are no family relationships between any of our directors and any other of our directors or executive officers.

Director Independence

Our Board of Directors has reviewed the independence of each of our directors and each director nominee and considered whether any director or nominee has had a material relationship with the Company or our management that could compromise his ability to exercise independent judgment in carrying out his duties and responsibilities. As a result of this review, our Board of Directors affirmatively determined that each non-employee director nominee and all of our non-employee directors who served in 2010 are independent under the corporate governance standards of the Marketplace Rules of the NASDAQ Stock Market and Rule 10A-3 of the Exchange Act.

In connection with the determination of independence of Daniel S. Wenzel, the Board of Directors considered Mr. Wenzel's relationship with the Company's largest stockholder, Mountain Partners AG, of which Mr. Wenzel is a co-founder and partner. The Board of Directors determined that such relationship would not compromise Mr. Wenzel's ability to exercise independent judgment in carrying out his duties and responsibilities. In agreeing to serve as a member of our Board of Directors, Mr. Wenzel must act independently of Mountain Partners AG in discharging his fiduciary duties to stockholders of the Company and also is obligated not to disclose to Mountain Partners AG or use for his own benefit any confidential information that he may obtain during his service on the Board of Directors. Mr. Wenzel disclaims shared voting or dispositive power over any securities held by Mountain Partners AG.

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In connection with the determination of independence of Dr. Hans Liebler, the Board of Directors considered Dr. Liebler's relationship with one of the Company's largest stockholders, Lincoln Vale European Partners, of which Dr. Liebler is a founder and member of the investment committee. The Board of Directors determined that such relationship would not compromise Dr. Liebler's ability to exercise independent judgment in carrying out his duties and responsibilities. In agreeing to serve as a member of our Board of Directors, Dr. Liebler must act independently of Lincoln Vale European Partners in discharging his fiduciary duties to stockholders of the Company and also is obligated not to disclose to Lincoln Vale European Partners or use for his own benefit any confidential information that he may obtain during his service on the Board of Directors. Dr. Liebler disclaims shared voting or dispositive power over any securities held by Lincoln Vale.

BOARD MEETINGS AND COMMITTEES

Board Leadership Structure

In accordance with the Company's Bylaws, the Board of Directors elects all officers of the Company, including our Chief Executive Officer and our Chairman, and each of these positions may be held by the same person or may be held by two persons. Currently, Ayman S. Ashour serves as the Company's Chairman and Chief Executive Officer of the Company. The Board of Directors believes that combining the Chairman and Chief Executive Officer roles fosters clear accountability, effective decision-making, and alignment on corporate strategy and provides an effective leadership model for the Company. In May 2010, the Board of Directors determined that a Lead Independent Director should be elected when the roles of the Chairman of the Board and the Chief Executive Officer are filled by the same person. The Lead Independent Director shall be an independent director as defined by applicable NASDAQ rules and the Company's Corporate Governance Guidelines. The Lead Independent Director shall be elected annually by the independent directors and is responsible for coordinating the activities of the independent directors. In addition, the Lead Independent Director will advise the Chairman of the Board as to the information provided by Company management to the independent directors, manage executive sessions of the Board's independent directors, and act as principal liaison between the independent directors and the Chairman of the Board. Steven Humphreys currently serves as Lead Independent Director of the Board of Directors. The Board of Directors believes that the current structure of the Board of Directors is appropriate to effectively manage the affairs of the Company.

The Board of Directors Role in Risk Oversight

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board regularly reviews information regarding the Company's credit, liquidity and operations, as well as the risks associated with each. The Company's Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee oversees management of financial risks. The Nominating Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed through committee reports about such risks.

Board Meeting Attendance

Our Board of Directors held six meetings in 2010, of which five were telephonic meetings and one was a physical meeting. During 2010, we had three standing committees: an Audit Committee, a Compensation Committee and a Nominating Committee. Each committee has a written charter which is available on the Corporate Governance page within the Investor Relations section of our website at www.identive-group.com. The Board of Directors may choose to amend its committee charters from time to time. All members of our Board committees are appointed by the Board of Directors and are non-employee directors. From time to time the Board of Directors may choose to create additional committees. Each of our current directors attended at least 75% of the meetings of the Board of Directors and applicable committee meetings during 2010.

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During each physical Board of Directors meeting and additionally as needed, our independent directors meet in executive session without Company management present to address any issues they determine to be appropriate. The Lead Director presides at such executive sessions.

Communications with the Board of Directors

Although we do not have a formal policy regarding communications between our stockholders and our Board of Directors, stockholders may communicate with the Board of Directors by sending an email to info@identive-group.com or by writing to the Board of Directors at: Identive Group, Inc., 1900 Carnegie Avenue, Building B, Santa Ana, California 92705, Attention: Investor Relations. The Investor Relations staff will forward such communication to the Board of Directors or to any individual director or directors to whom the communication is directed as applicable, if the communication is relevant to the Company's business and financial operations, policies or corporate philosophy. If the communication is unduly hostile, threatening, illegal or similarly inappropriate, or advertisements, solicitations for periodicals or other subscriptions, and other similar communications are received, the Investor Relations staff has the authority to discard the communication or take appropriate legal action regarding the communication.

Director Attendance at Stockholder Meetings

We do not have a policy regarding director attendance at stockholder meetings. One director attended the 2010 Annual Meeting of Stockholders.

Committees of the Board of Directors

The Board of Directors currently has Audit, Compensation and Nominating Committees. All members of these committees are appointed by the Board of Directors and are non-employee directors. From time to time the Board of Directors may choose to create additional committees. The charters of each of our committees are available on the Corporate Governance page within the Investor Relations section of our website at www.identive-group.com.

The following table sets forth the current composition of our standing Board committees :

Name of Director	Audit Committee	Compensation Committee	Nominating Committee
Steven Humphreys	Member	Member	
Dr. Hans Liebler	Member		Member
Simon Turner	Chair	Chair	Member
Daniel Wenzel		Member	Chair

Audit Committee. The Audit Committee of our Board of Directors, established in accordance with Section 3(a)(58)(A) of the Exchange Act, assists our Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of our financial reporting processes, system of internal control, process for monitoring compliance with laws and regulations, audit process and standards of business conduct. The internal audit and Sarbanes-Oxley compliance personnel of the Company report directly to the Audit Committee. Currently, the Audit Committee consists of Messrs. Humphreys, Liebler and Turner. Mr. Turner has served as Chairman of the Audit Committee since April 2004. Mr. Douglas Morgan, a former director, also served on the Audit Committee until his resignation from the Board of Directors on February 27, 2010.

Our Board of Directors has determined that each member of the Audit Committee is an independent director within the rules of the NASDAQ Stock Market and the requirements set forth in Rule 10A-3(b)(1) of the Exchange Act. Our Board of Directors has further determined that at least two members of the Audit Committee, Steven Humphreys and Simon Turner, are audit committee financial experts as defined by Item 407(d)(5) of Regulation S-K under the Exchange Act. The Audit Committee held three telephonic meetings and one physical meeting during 2010.

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In discharging its duties, our Audit Committee, among its other duties:

Recommends to the Board of Directors the selection of the independent auditors and their compensation, evaluates the independent auditors and, where appropriate, recommends the replacement of the independent auditors;

Meets with management and the independent auditors to review and discuss the annual financial statements and the report of the independent auditors thereon and, to the extent the independent auditors or management brings any such matters to the attention of the Audit Committee, to discuss significant issues encountered in the course of the audit work, if any, such as restrictions on the scope of activities or access to required information;

Meets quarterly with management and the independent auditors to review and discuss the quarterly financial statements;

Meets at least quarterly with the auditors in order to ensure sufficient independence is maintained from management and to provide the opportunity for the auditors to brief the members of the Audit Committee in confidence;

Reviews significant changes to our accounting principles and practices proposed by the independent auditors or management;

Meets with management and the independent auditors to review and discuss reports on the adequacy and effectiveness of our internal controls;

Meets annually with management to review the risk assessment of the Company prepared by Management; and

Reviews all related party transactions for potential conflicts of interest.

See Report of the Audit Committee of the Board of Directors below for more information.

Compensation Committee. The Compensation Committee has responsibility for and authority to (i) review and approve corporate goals and objectives relevant to chief executive officer compensation, evaluate the chief executive officer's performance in light of those goals and objectives, and set the chief executive officer's compensation level based on this evaluation; (ii) develop, review and approve compensation policies and practices applicable to the Company's officers who are deemed to be executive officers of the Company for SEC reporting purposes, including the criteria upon which executive compensation is based, the specific relationship of corporate performance to executive compensation and the composition of benefits; (iii) make recommendations to the Board of Directors with respect to the Company's incentive compensation and equity-based compensation plans; (iv) review the compensation and benefits offered to non-employee directors and recommend changes to the Board of Directors as appropriate; and (v) administer and evaluate the Company's incentive, equity-based and other executive compensation programs, including approving guidelines, making grants and awards and establishing annual award levels for employee stock options, units, restricted shares and other incentive and equity-based awards under such programs, interpreting and promulgating rules relating to the plans, modifying or canceling grants or awards, designating eligible participants and imposing limitations and conditions on grants or awards. Mr. Morgan also served on the Compensation Committee until his resignation from the Board of Directors on February 27, 2010.

The Compensation Committee is authorized to delegate any portion of its authority to subcommittees. Currently, the Compensation Committee consists of Messrs. Humphreys, Turner and Wenzel, and Mr. Turner serves as Chairman. The Board of Directors has determined that each member of the Compensation Committee is independent within the meaning of the SEC and NASDAQ Stock Market director independence standards. The Compensation Committee held three telephonic meetings during 2010.

Nominating Committee. The Nominating Committee assists in identifying individuals qualified to become members of the Board of Directors. Currently, the Nominating Committee consists of Messrs. Liebler, Turner

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and Wenzel, with Mr. Wenzel serving as the committee's Chairman. The Board of Directors has determined that each of the members of the Nominating Committee is independent within the meaning of the NASDAQ Stock Market, Inc. director independence standards. The Nominating Committee held one telephonic meeting and one physical meeting during fiscal 2010.

POLICY FOR DIRECTOR RECOMMENDATIONS AND NOMINATIONS

The primary role of the Nominating Committee is to develop and recommend to the Board of Directors criteria for identifying and evaluating director candidates and to establish a procedure for consideration of director candidates recommended by our stockholders. The Nominating Committee periodically assesses the appropriate size of the Board of Directors and whether any vacancies are expected due to retirement or otherwise. In the event that vacancies are anticipated, the Nominating Committee seeks to identify and evaluate potential candidates at meetings of the Nominating Committee, which can take place at any point during the year.

Candidates may come to the attention of the Board of Directors through current Board members, professional search firms, stockholders or other parties. All candidates are evaluated based on a review of the individual's qualifications, skills, independence and expertise. The Nominating Committee will consider candidates submitted by stockholders as nominees for election as directors of the Company. Stockholders wishing to have the Nominating Committee consider a candidate should submit the name(s) and supporting information to Corporate Secretary, c/o Identive Group, Inc., at 1900 Carnegie Avenue, Building B, Santa Ana, California 92705 or at Oskar-Messter-Strasse 13, 85737 Ismaning, Germany, and should include the following information: (a) the name(s) and address(es) of the stockholder(s) making the recommendation and of the persons to be nominated; (b) a representation that the stockholder is a record holder of stock of the Company entitled to vote for the election of Directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in the Proxy Statement filed pursuant to the proxy rules of the SEC, had the nominee been nominated, or intended to be nominated, by the Board of Directors; (e) the consent of each nominee to serve as a director of the Company if so elected; and (f) appropriate biographical information and a statement as to the qualifications of the candidate. Written notice of a nomination must be received by us within the timeframe described under "Stockholder Proposals for 2012 Annual Meeting of Stockholders" above.

As part of its selection process, the Nominating Committee may consider recommendations of director candidates with diverse backgrounds and experience who are expected to enhance the quality of the Board of Directors, serve stockholders' long-term interests and contribute to our overall corporate goals. Pursuant to our Corporate Governance Guidelines, we endeavor to have a Board of Directors representing diverse experience at policy-making levels in various areas that are relevant to our global activities. While the Nominating Committee has not established specific minimum criteria for candidates, the philosophy of the committee is that directors should possess the highest personal and professional ethics, integrity and values, informed judgment, and sound business experience and be committed to representing the long-term interests of our stockholders. Candidates must also have an inquisitive and objective perspective, the ability to make independent analytical inquiries, practical wisdom and mature judgment. In evaluating candidates, the Nominating Committee may consider a candidate's work experience related to our business, general professional experience and overall expected contributions to the Board of Directors in relation to other directors already serving on the Board of Directors. When evaluating existing directors for nomination for re-election, the Nominating Committee may also consider the directors' past Board of Directors and committee meeting attendance and participation.

The Nominating Committee evaluates stockholder-recommended candidates using the same process and the same criteria it uses to evaluate candidates from other sources.

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The Nominating Committee has the authority to retain outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions, including sole authority to retain and terminate any search firm used to identify director candidates, and to approve the search firm's fees and other retention terms.

CORPORATE GOVERNANCE

The Company and our Board of Directors regularly review and evaluate the Company's corporate governance practices. The Company's corporate governance documents are posted on the investor relations page of our website at www.identive-group.com.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that include, without limitation, guidelines relating to board composition, director qualifications and selection process, director independence, board committees and auditor independence. The Corporate Governance Guidelines are available on the Corporate Governance page within the Investor Relations section of our website at www.identive-group.com. The Nominating Committee and the Board of Directors review the Corporate Governance Guidelines annually and the Board of Directors may amend the Corporate Governance Guidelines at any time.

Code of Conduct and Ethics

The Board of Directors has adopted a Code of Conduct and Ethics for all of our employees, including our Chief Executive Officer, Chief Financial Officer and any other principal accounting officer, and for the members of our Board of Directors. Our Code of Conduct and Ethics is posted on the Corporate Governance page within the Investor Relations section of our website, at www.identive-group.com. The Board of Directors may amend the Code of Conduct and Ethics at any time and has the sole authority to approve any waiver of the Code of Conduct and Ethics relating to the activities of any of our senior financial officers, other executive officers and directors.

COMPENSATION OF DIRECTORS

During 2010, each non-employee member of our Board of Directors was eligible to receive compensation consisting of cash and options awards, which are further described below. To support the cost reduction efforts of the Company, in February 2010, Mr. Wenzel elected not to accept any compensation for his service on the Board of Directors during 2010. Additionally, Mr. Humphreys and Dr. Liebler elected not to accept any compensation for their service on the Board of Directors for the period April 1, 2010 to December 31, 2010. Messrs. Boersch and Morgan resigned from the Board in February 2010, and prior to his resignation Dr. Boersch also elected not to receive any cash compensation for his service on the Board in 2010. Because of his significant responsibilities as chairman of the Audit and Compensation Committees, the Board determined that Mr. Turner should continue to receive cash and equity compensation for his services during 2010.

Annual Cash Compensation

During 2010, each non-employee member of our Board of Directors was eligible to receive the following cash compensation:

an annual retainer of \$20,000 for each member of the Board of Directors;

an additional annual retainer of \$5,000 for service on the Audit Committee of the Board of Directors, except for the committee Chairman, who is eligible to receive an annual retainer of \$10,000;

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an additional annual retainer of \$2,000 for service on the Compensation or Nominating Committees of the Board of Directors, except for the Chairman of such committees, who are each eligible to receive an annual retainer of \$4,000; and

meeting fees of \$1,000 for physical attendance at each Board of Directors meeting and \$500 for attendance at telephonic board meetings lasting more than 60 minutes.

During 2010, the Company's non-employee directors were paid in the currency of the country of their residence, using a fixed exchange rate of 0.93 per U.S. dollar for our European-based directors and £0.63 per U.S. dollar for our UK-based director. Additionally, Identive reimburses its non-employee directors for all reasonable out-of-pocket expenses incurred in the performance of their duties as directors, which in practice primarily consist of travel expenses associated with Board of Directors or committee meetings or with committee assignments. As indicated above, Messrs. Boersch and Wenzel did not receive any cash compensation for their service during 2010 and Messrs. Humphreys, Liebler and Morgan received cash payments only for the first quarter of 2010.

Equity Compensation

During 2010, each of Identive's non-employee directors was eligible to receive option awards under the terms of the Company's 2007 Stock Option Plan. Under this plan, new members of the Board of Directors receive an initial option grant to purchase 10,000 shares of Common Stock, or such other number of shares as determined by the Board of Directors in its sole discretion. Continuing members of the Board of Directors who have served for at least six months receive an annual option grant to purchase 5,000 shares of Common Stock, awarded on the date of our Annual Meeting of stockholders. Both of these option grants vest 1/12th per month over the one-year period following the date of grant.

Upon their respective appointments to the Board on January 4, 2010, Messrs. Boersch, Morgan and Wenzel each received an initial option grant to purchase 10,000 shares of Common Stock at an exercise price of \$2.26 per share, which was the NASDAQ closing price on that day. The options awarded to Dr. Boersch and Mr. Morgan subsequently were cancelled following their resignations from the Board in February 2010.

As indicated above, during 2010, each of our eligible non-employee directors except Mr. Turner elected not to receive an annual option grant in order to support the Company's efforts to reduce costs. Because of his responsibilities on all three committees of the Board as detailed above, the Board determined that Mr. Turner should continue to receive equity compensation in the form of stock option grants for his service in 2010. Mr. Turner received an option grant to purchase 5,000 shares of Common Stock on June 16, 2010, the date of the Company's 2010 Annual Meeting of Stockholders, at an exercise price of \$1.67 per share, which was the NASDAQ closing price on that day.

Director Compensation for 2011

In February 2011, the Compensation Committee of the Board of Directors recommended, and the Board approved, changes to the annual compensation of non-executive directors, with effect from January 1, 2011. In making its recommendation, the Compensation Committee considered that the existing level of service fees for non-executive directors was inadequate given the increased requirement on directors' time resulting from the Company's continuing growth and complexity. The Compensation Committee also considered the Company's ability to attract qualified directors to the Board consistent with the growth in its market capitalization, public reporting obligations and industry sector. Based on these factors, the Board has approved the following compensation for non-executive directors in 2011:

Each non-executive director is eligible to receive an annual fee of \$25,000 payable quarterly in cash; however, a director may elect to take, in lieu of cash, restricted stock units or stock in an amount not to exceed \$30,000 annually;

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Directors serving on the Audit Committee of the Board of Directors are eligible to receive an additional annual retainer of \$5,000, except for the committee Chairman, who is eligible to receive an annual retainer of \$10,000;

Directors serving on the Compensation or Nominating Committees of the Board of Directors are eligible to receive an additional annual retainer of \$2,000, except for the Chairman of each such committee, who is eligible to receive an annual retainer of \$4,000; and

Each non-executive director is eligible to receive an annual option grant to purchase 20,000 shares of the Company's Common Stock, which vest 1/12th per month over the one-year period following the date of grant. Directors would not be entitled to sell any shares received as compensation during their service on the Board except in exceptional circumstances and subject to the prior approval of the Compensation Committee.

The provision permitting non-executive directors to elect to receive restricted stock units or shares of stock in lieu of annual fees is subject to the approval by our stockholders of our 2011 Incentive Compensation Plan, which is included within this Proxy Statement as Proposal 3.

Director Compensation for Fiscal 2010

The following Director Compensation Table sets forth summary information concerning the compensation paid to our current and former non-employee directors for their services to the Company in fiscal 2010:

Name	Fees Earned or Paid in Cash	Option Awards (1)	Total (\$)
Dr. Cornelius Boersch (2)			
Steven Humphreys (3)			