

Workhorse Group Inc.
Form DEF 14A
October 09, 2018

**SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT**

SCHEDULE 14A INFORMATION

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

WORKHORSE 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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Workhorse Group Inc.

2018

NOTICE OF ANNUAL MEETING

AND

PROXY STATEMENT

November 8, 2018

at 10:00 a.m. Eastern Time

100 Commerce Drive
Loveland, Ohio 45140

Workhorse Group Inc.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON NOVEMBER 8, 2018

The 2018 Annual Meeting of Stockholders (the “Annual Meeting”) of Workhorse Group Inc. (“Workhorse” or the “Company”) will be held at 100 Commerce Drive, Loveland, Ohio 45140, on November 8, 2018, at 10:00 a.m. Eastern Time, to consider the following proposals:

- (1) To elect the six director nominees named in the Proxy Statement to hold office until the next annual meeting of stockholders and until their successors are duly elected and qualified;
- (2) To ratify the appointment of Grant Thornton LLP as the Company’s independent auditors for the fiscal year ending December 31, 2018;
- (3) To approve, on an advisory basis, the compensation of the Company’s named executive officers;
- (4) To recommend, on an advisory basis, a one, two or three-year frequency with which the Company should conduct future stockholder advisory votes on named executive officer compensation; and
- (5) To act on such other matters as may properly come before the meeting or any adjournment thereof.

BECAUSE OF THE SIGNIFICANCE OF THESE PROPOSALS TO THE COMPANY AND ITS STOCKHOLDERS, IT IS VITAL THAT EVERY STOCKHOLDER VOTE AT THE ANNUAL MEETING IN PERSON OR BY PROXY.

These proposals are fully set forth in the accompanying Proxy Statement which you are urged to read thoroughly. For the reasons set forth in the Proxy Statement, your Board of Directors recommends a vote “FOR” Proposals 1 through 3 and a vote for a three-year frequency with which the Company should conduct future stockholder advisory votes on named executive officer compensation. A list of all stockholders entitled to vote at the Annual Meeting will be available at the principal office of the Company during usual business hours for examination by any stockholder for any purpose germane to the Annual Meeting for 10 days prior to the date thereof. Stockholders are cordially invited to attend the Annual Meeting. If you plan to attend the Annual Meeting in person, please be sure to bring your proxy card and photo identification. However, whether or not you plan to attend the meeting in person, your shares should be represented and voted. After reading the enclosed Proxy Statement, please sign, date, and return promptly the enclosed Proxy in the accompanying postpaid envelope we have provided for your convenience or vote via the Internet as instructed herein to ensure that your shares will be represented.

You may wish to provide your response electronically through the Internet by following the instructions set out on the enclosed Proxy Card. If you do attend the meeting and wish to vote your shares personally, you may revoke your Proxy.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held November 8, 2018. In addition to the copies you have received, the Proxy Statement and our 2017 Annual Report on Form 10-K/A to Stockholders are available at: <https://materials.proxyvote.com/98138J>.

By Order of the Board of Directors

/s/ Raymond Chess
Raymond Chess
Chairman of the Board of Directors

WHETHER OR NOT YOU PLAN ON ATTENDING THE MEETING IN PERSON, PLEASE VOTE AS PROMPTLY AS POSSIBLE TO ENSURE THAT YOUR VOTE IS COUNTED.

Workhorse Group Inc.
100 Commerce Drive

Loveland, Ohio 45140

(513) 297-3640

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Workhorse Group Inc. (“Workhorse” or the “Company”) to be voted at the Annual Meeting of Stockholders (the “Annual Meeting”) which will be held at our corporate offices located at 100 Commerce Drive, Loveland, Ohio 45140 on November 8, 2018, at 10:00 a.m. Eastern Time, and at any postponements or adjournments thereof. The proxy materials will be furnished to stockholders on or about October 5, 2018.

REVOCABILITY OF PROXY AND SOLICITATION

Any stockholder executing a proxy that is solicited hereby has the power to revoke it prior to the voting of the proxy. Revocation may be made by attending the Annual Meeting and voting the shares of stock in person, or by delivering to the Chief Financial Officer of the Company at the principal office of the Company prior to the Annual Meeting a written notice of revocation or a later-dated, properly executed proxy. Solicitation of proxies may be made by directors, officers and other employees of the Company by personal interview, telephone, facsimile transmittal or electronic communications. No additional compensation will be paid for any such services. This solicitation of proxies is being made by the Company, which will bear all costs associated with the mailing of this Proxy Statement and the solicitation of proxies.

RECORD DATE

Stockholders of record at the close of business on September 21, 2018, will be entitled to receive notice of, attend and vote at the Annual Meeting.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Why am I receiving these materials?

Workhorse Group Inc. has furnished these materials to you by mail, in connection with the Company's solicitation of proxies for use at the Annual Meeting of Stockholders to be held on November 8, 2018, at 10:00 a.m. local time at our corporate office located at 100 Commerce Drive, Loveland, Ohio 45140. These materials have also been made available to you on the Internet. These materials describe the proposals on which the Company would like you to vote and also give you information on these proposals so that you can make an informed decision. We are furnishing our proxy materials on or about October 5, 2018 to all stockholders of record entitled to vote at the Annual Meeting.

What is included in these materials?

These materials include:

this Proxy Statement for the Annual Meeting; and

the Company's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2017.

What is the proxy card?

The proxy card enables you to appoint Stephen S. Burns, our Chief Executive Officer, and Paul Gaitan, our Chief Financial Officer, as your representatives at the Annual Meeting. By completing and returning a proxy card, you are authorizing these individuals to vote your shares at the Annual Meeting in accordance with your instructions on the proxy card. This way, your shares will be voted whether or not you attend the Annual Meeting.

What is the purpose of the Annual Meeting?

At our Annual Meeting, stockholders will act upon the matters outlined in the Notice of Annual Meeting on the cover page of this Proxy Statement, including (i) the election of six persons named herein as nominees for directors of the Company, to hold office subject to the provisions of the bylaws of the Company, until the next annual meeting of stockholders and until their successors are duly elected and qualified; (ii) ratification of the appointment of Grant Thornton LLP as the Company's independent auditors for the fiscal year ending December 31, 2018; (iii) to approve, on an advisory basis, the compensation of the Company's named executive officers and (iv) to recommend, on an advisory basis, a one, two or three-year frequency with which the Company should conduct future stockholder advisory votes on named executive officer compensation. In addition, management will report on the performance of the Company during fiscal year 2017 and respond to questions from stockholders.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the number of shares of common stock issued and outstanding on the record date will constitute a quorum permitting the meeting to conduct its business. As of the record date, there were 56,270,934 shares of Workhorse common stock issued and outstanding. Thus, the presence of the holders of common stock representing at least 28,191,738 votes will be required to establish a quorum.

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

Most of our stockholders hold their shares in an account at a brokerage firm, bank or other nominee holder, rather than holding share certificates in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially in street name.

How can I get electronic access to the proxy materials?

The Notice provides you with instructions regarding how to:

view the Company's proxy materials for the Annual Meeting on the Internet;

request hard copies of the materials; and

instruct the Company to send future proxy materials to you electronically by email.

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

Stockholder of Record

If on September 21, 2018, your shares were registered directly in your name with our transfer agent, Empire Stock Transfer, Inc., you are considered a stockholder of record with respect to those shares, and the Notice of Annual Meeting and Proxy Statement was sent directly to you by the Company. As the stockholder of record, you have the right to direct the voting of your shares by returning the proxy card to us. Whether or not you plan to attend the Annual Meeting, if you do not vote over the Internet, please complete, date, sign and return a proxy card to ensure that your vote is counted.

Beneficial Owner of Shares Held in Street Name

If on September 21, 2018, your shares were held in an account at a brokerage firm, bank, broker-dealer, or other nominee holder, then you are considered the beneficial owner of shares held in “street name,” and the Notice of Annual Meeting & Proxy statement was forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. However, since you are not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you receive a valid proxy from the organization.

How do I vote?

Stockholders of Record. If you are a stockholder of record, you may vote by any of the following methods:

Via the Internet. You may vote by proxy via the Internet by following the instructions provided on the enclosed Proxy Card.

By Mail. You may vote by completing, signing, dating and returning your proxy card in the pre-addressed, postage-paid envelope provided.

In Person. You may attend and vote at the Annual Meeting. The Company will give you a ballot when you arrive. You must bring valid photo identification such as your driver’s license or passport and may be requested to provide proof of stock ownership as of the record date.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name, you may vote by any of the following methods:

Via the Internet. You may vote by proxy via the Internet by following the instructions provided on the enclosed Proxy Card.

By Mail. You may vote by proxy by filling out the vote instruction form and returning it in the pre-addressed, postage-paid envelope provided.

In Person. If you are a beneficial owner of shares held in street name and you wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the organization that holds your shares. You must bring valid photo identification such as your driver's license or passport.

What are abstentions and broker non-votes?

While the inspector of elections will treat shares represented by proxies that reflect abstentions or include "broker non-votes" as shares that are present and entitled to vote for purposes of determining the presence of a quorum, abstentions or "broker non-votes" do not constitute a vote "for" or "against" any matter and thus will be disregarded in any calculation of "votes cast." However, abstentions and "broker non-votes" will have the effect of a negative vote if an item requires the approval of a majority of a quorum or of a specified proportion of all issued and outstanding shares.

Brokers holding shares of record for customers generally are not entitled to vote on "non-routine" matters, unless they receive voting instructions from their customers (*see What happens if I do not give specific voting instructions*). As used herein, "uninstructed shares" means shares held by a broker who has not received voting instructions from its customers on a proposal. A "broker non-vote" occurs when a nominee holding uninstructed shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that non-routine matter.

What happens if I do not give specific voting instructions?

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

indicate when voting on the Internet that you wish to vote as recommended by the Board of Directors, or

sign and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by the Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters, but not on non-routine matters. Under New York Stock Exchange (“NYSE”) rules, if your shares are held by a member organization, as that term is defined under NYSE rules, responsibility for making a final determination as to whether a specific proposal constitutes a routine or non-routine matter rests with that organization, or third parties acting on its behalf.

What are the Board’s recommendations?

The Board’s recommendation is set forth together with the description of each item in this Proxy Statement. In summary, the Board recommends a vote:

for election of the six director nominees named in the Proxy Statement to hold office until the next annual meeting of stockholders and until their successors are duly elected and qualified;

for ratification of the appointment of Grant Thornton LLP as the Company’s independent auditors for the fiscal year ending December 31, 2018;

to approve, on an advisory basis, the compensation of the Company’s named executive officers; and

to recommend, on an advisory basis, a three-year frequency with which the Company should conduct future stockholder advisory votes on named executive officer compensation

With respect to any other matter that properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

How are proxy materials delivered to households?

Only one copy of the Company's Annual Report on Form 10-K/A for the fiscal year ending December 31, 2017 and this Proxy Statement will be delivered to an address where two or more stockholders reside with the same last name or who otherwise reasonably appear to be members of the same family based on the stockholders' prior express or implied consent.

We will deliver promptly upon written or oral request a separate copy of the Company's Annual Report on Form 10-K/A for the fiscal year ending December 31, 2017 and this Proxy Statement. If you share an address with at least one other stockholder, currently receive one copy of our Annual Report on Form 10-K/A and Proxy Statement at your residence, and would like to receive a separate copy of our Annual Report on Form 10-K/A and Proxy Statement for future stockholder meetings of the Company, please specify such request in writing and send such written request to Workhorse Group Inc., 100 Commerce Drive, Loveland, Ohio 45140; Attention: Chief Financial Officer.

Interest of Officers and Directors in matters to be acted upon

Except for the election to our Board of the six nominees and Proposals 3 and 4, to the extent such proposals are on a non-binding advisory basis, as set forth herein, none of our officers or directors has any interest in any of the matters to be acted upon at the Annual Meeting.

How much stock is owned by 5% stockholders, directors, and executive officers?

The following table sets forth the number of shares known to be beneficially owned by all persons who own at least 5% of Workhorse's outstanding common stock, the Company's directors, the Company's executive officers, and the directors and executive officers as a group as of September 21, 2018, unless otherwise noted. Unless otherwise indicated, the stockholders listed in the table have sole voting and investment power with respect to the shares indicated.

Name of Beneficial Owner (1)		Common Stock Beneficially Owned	Percentage of Common stock (2)	
Joseph T. Lukens 2558 Western Row Rd. Maineville, Ohio 45039	(3)	8,779,439	15.3	%
Stephen D. Baksa 2 Wood Lane Chatham, New Jersey 07928	(4)	3,389,442	6.0	%
Stephen S. Burns	(5)	2,454,244	4.2	%
Benjamin Samuels	(6)	1,223,800	2.2	%
Julio Rodriguez	(7)	492,271	*	
Duane Hughes	(8)	467,000	*	
Paul Gaitan	(9)	200,000	*	
Raymond Chess	(10)	180,000	*	
Gerald Budde	(11)	153,382	*	
Harry DeMott	(12)	50,000	*	
Michael Clark	(13)	50,000	*	

* Less than 1%.

(1) Except as otherwise indicated, the address of each beneficial owner is c/o Workhorse Group Inc, 100 Commerce Drive, Loveland, Ohio 45140.

Applicable percentage ownership is based on 56,270,934 shares of common stock outstanding as of September 21, 2018. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common (2) stock that are currently exercisable or exercisable within 60 days of September 21, 2018 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Represents (i) 7,417,203 shares of common stock held by the New Era Capital Fund, L.P. (“New Era”) for which New Era Capital LLC (“NEC”) is the general partner (Mr. Lukens is the managing member of NEC); (ii) 154,871 shares of common stock held directly by The Joe & Kim Lukens Foundation; (iii) 25,000 shares of common stock (3) held directly by the Joseph T. Lukens, Jr. Irrevocable Trust for Nathan J. Lukens; (iv) 25,000 shares of common stock held directly by the Joseph T. Lukens, Jr. Irrevocable Trust for Roman E. Lukens; (v) 585,936 shares of common stock underlying warrants held by the New Era and (vi) 571,429 shares of common stock underlying warrants.

- (4) Represents (i) 3,358,421 shares of common stock held directly by the Mr. Baksa; and (ii) 31,000 shares of common stock held by the Stephen D. Baksa 2012 Trust F/B/O Sarah E. Marra, F/B/O Brian S. Baksa.

Represents (i) 812,804 shares of common stock held by Mr. Burns, (ii) 50,000 shares of common stock held by Mr. Burns' wife, (iii) a stock option to acquire 10,000 shares of common stock at \$7.21 per share, (iv) a stock option to acquire 40,000 shares of common stock at \$4.99 per share, (v) a stock option to acquire 50,000 shares of common stock at \$1.75 per share, (vi) a stock option to acquire 50,000 shares of common stock at \$1.40 per share, (vii) a (5) stock option to acquire 281,440 shares of common stock at \$0.10 per share, (viii) a stock option to acquire 40,000 shares of common stock at \$2.90 per share, (ix) a stock option to acquire 30,000 shares of common stock at \$1.10 per share, (x) a stock option to acquire 30,000 shares of common stock at \$7.20 per share, (xi) a stock option to acquire 60,000 shares of common stock at \$4.00 per share and (xii) a common stock purchase to acquire 1,000,000 shares of common stock at \$5.28 per share.

- Represents (i) 765,094 shares of common stock held by Samuel 2012 Children's Trust UAD 10/28/12 (the "Trust"), (ii) 18,382 shares held personally, (iii) a common stock purchase warrant to acquire 237,467 shares of common stock at an exercise price of \$5.28 per share held by the Trust, (iv) a common stock purchase warrant to acquire (6) 142,857 shares of common stock at an exercise price of \$5.28 per share held by the Trust, (v) a stock option to acquire 50,000 shares of common stock at \$7.01 per share and (vi) a stock option to acquire 10,000 shares of common stock at \$7.21 per share. Mr. Samuels is a trustee of the Trust.

Represents (i) a stock option to acquire 300,000 shares of common stock at \$5.28 per share, (ii) a stock option to acquire 22,000 shares of common stock at \$7.21 per share, (iii) a stock option to acquire 25,000 shares of common stock at \$4.99 per share, (iv) a stock option to acquire 25,000 shares of common stock at \$1.75 per share, (v) a (7) stock option to acquire 15,000 shares of common stock at \$1.40 per share, (vi) a stock option to acquire 49,323 shares of common stock at \$0.10 per share, (vii) a stock option to acquire 4,110 shares of common stock at \$0.10 per share, (viii) a stock option to acquire 20,000 shares of common stock at \$0.10 per share, and (ix) a stock option to acquire 30,000 shares of common stock at \$4.00 per share.

- Represents (i) a stock option to acquire 67,000 shares of common stock at \$4.75 per share, (ii) a stock option to acquire 400,000 shares of common stock at \$5.28 per share, (iii) a stock option to acquire 22,000 shares of (8) common stock at \$7.21 per share, (iv) a stock option to acquire 25,000 shares of common stock at \$4.99 per share and (v) a stock option to acquire 20,000 shares of common stock at \$1.75 per share.

(9) Represents a stock option to acquire 200,000 shares of common stock at \$2.74 per share.

- (10) Represents (i) a stock option to acquire 10,000 shares of common stock at \$2.50 per share, (ii) a stock option to acquire 10,000 shares of common stock at \$7.21 per share, (iii) a stock option to acquire 10,000 shares of common stock at \$4.99 per share, (iv) a stock option to acquire 10,000 shares of common stock at \$1.75 per share, (v) a stock option to acquire 10,000 shares of common stock at \$1.40 per share, (vi) a stock option to acquire 40,000 shares of common stock at \$0.10 per share, (vii) a stock option to acquire 30,000 shares of common stock at \$0.10 per share, (viii) a stock option to acquire 50,000 shares of common stock at \$2.60 per

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share and (ix) a stock option to acquire 10,000 shares of common stock at \$2.50 per share.

Represents (i) 93,382 shares of common stock held by the Gerald B. Budde Living Trust dated 9/8/2004, (ii) (11) stock option to acquire 50,000 shares of common stock at an exercise price of \$7.01 per share and (iii) a common stock purchase warrant to acquire 10,000 shares of common stock at \$7.21 per share.

(12) Represents a stock option to acquire 50,000 shares of common stock at \$8.20 per share.

(13) Represents a stock option to acquire 50,000 shares of common stock at \$1.10 per share.

INFORMATION ABOUT THE BOARD OF DIRECTORS

The Board of Directors oversees our business and affairs and monitors the performance of management. In accordance with corporate governance principles, the Board does not involve itself in day-to-day operations. The directors keep themselves informed through discussions with the Chief Executive Officer and other key executives, visits to the Company's facilities, by reading the reports and other materials that we send them and by participating in Board and committee meetings. Each director's term will continue until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. Biographical information about our directors is provided in "Proposal No. 1 — Proposal for the Election of Five Directors" on page 23. Except as set forth in this Proxy Statement, none of our directors held directorships in other reporting companies or registered investment companies at any time during the past five years. Our Board currently consists of six persons, all of whom have been nominated by the Company to stand for re-election.

Name	Age	Position
Raymond J. Chess (1)(2*)	59	Director, Chairman
Harry DeMott (2)(3*)	50	Director
H. Benjamin Samuels (1)(3)	51	Director
Gerald B. Budde (1*)(2)(3)	57	Director
Stephen S. Burns	59	Director, Chief Executive Officer, and Treasurer
Michael L. Clark	47	Director

(1) Audit Committee

(2) Nominating and Corporate Governance Committee

(3) Compensation Committee

* Committee Chair

Involvement in Certain Legal Proceedings

There are currently no legal proceedings, and during the past 10 years there have been no legal proceedings, that are material to the evaluation of the ability or integrity of any of our directors or director nominees.

Board meetings during fiscal 2017

During 2017, the Board of Directors held six meetings. Each director attended all of the meetings of the Board and the all of the meetings held by all committees on which such director served. The Board also approved certain actions by unanimous written consent.

Committees established by the Board

The Board of Directors has standing Audit, Compensation, and Nominating and Corporate Governance Committees. Information concerning the function of each Board committee follows.

Audit Committee

We have a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Our board of directors has determined that the members are all “independent directors” as defined by the rules of The NASDAQ Stock Market, Inc. applicable to members of an audit committee and Rule 10A-3(b)(i) under the Exchange Act. In addition, Mr. Budde is an “audit committee financial expert” as defined in Item 407(d)(5) of Regulation S-K and demonstrates “financial sophistication” as defined by the rules of The NASDAQ Stock Market, Inc. The Audit Committee is appointed by our board of directors to assist our board of directors in monitoring (1) the integrity of our financial statements, (2) our compliance with legal and regulatory requirements, and (3) the independence and performance of our internal and external auditors. The Audit Committee’s principal functions include:

reviewing our annual audited financial statements with management and our independent auditors, including major issues regarding accounting and auditing principles and practices and financial reporting that could significantly affect our financial statements;

reviewing our quarterly financial statements with management and our independent auditor prior to the filing of our Quarterly Reports on Form 10-Q, including the results of the independent auditors' reviews of the quarterly financial statements;

recommending to the board of directors the appointment of, and continued evaluation of the performance of, our independent auditor;