

Willdan Group, Inc.  
Form DEF 14A  
April 19, 2016  
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement  
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material under §240.14a-12

WILLDAN 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:
-

Table of Contents

April 19, 2016

Dear Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders to be held on Friday, June 10, 2016 at 10:00 a.m. Pacific Daylight Time at the Hyatt Regency Orange County, 11999 Harbor Blvd., Garden Grove, California 92840.

We utilize the Internet as our primary means of furnishing proxy materials to our stockholders. Stockholders will receive a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials and voting via the Internet. The Notice of Internet Availability of Proxy Materials also provides information on how stockholders can obtain paper copies of the proxy materials if they so choose. Internet transmission and voting are designed to be efficient, cost-effective and preserve resources.

At the Annual Meeting, you will be asked to (i) elect eight directors; (ii) ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm; (iii) vote on a non-binding advisory resolution approving the Company's executive compensation; (iv) approve the amendment to 2008 Performance Incentive Plan; and (v) transact such other business as may properly come before the meeting. You will note that the Board of Directors of the Company recommends a vote "FOR" the election of each of the eight director nominees, "FOR" the ratification of the appointment of KPMG LLP, "FOR" the approval of the non-binding advisory resolution on the Company's executive compensation, and "FOR" the amendment to 2008 Performance Incentive Plan. The matters to be considered during the Annual Meeting are described in the Notice of Internet Availability of Proxy Materials, the Notice of Annual Meeting of Stockholders and the Proxy Statement.

**YOUR VOTE IS VERY IMPORTANT.** We appreciate you taking the time to vote promptly. After reading the Proxy Statement, please vote by Internet, telephone, or mail at your earliest convenience to assure that your shares will be represented and voted at the Annual Meeting, even if you cannot attend. Instructions regarding all methods of voting are provided in the Notice of Internet Availability of Proxy Materials and on the proxy card. If you decide to attend the Annual Meeting and would prefer to vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares. **YOUR SHARES CANNOT BE VOTED UNLESS YOU VOTE BY INTERNET, TELEPHONE OR MAIL, OR ATTEND THE ANNUAL MEETING AND VOTE IN PERSON.**

Thank you for your continued support of Willdan. We look forward to seeing you at the Annual Meeting.

/s/ Win Westfall  
Win Westfall  
Chairman of the Board

/s/ Thomas D. Brisbin  
Thomas D. Brisbin  
President and Chief Executive Officer

---

Table of Contents

WILLDAN GROUP, INC.

2401 EAST KATELLA AVENUE, SUITE 300

ANAHEIM, CALIFORNIA 92806

---

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 10, 2016

---

NOTICE IS HEREBY GIVEN that the 2016 Annual Meeting of Stockholders (the “Annual Meeting”) of Willdan Group, Inc., a Delaware corporation (the “Company”), will be held on Friday, June 10, 2016 at 10:00 a.m. Pacific Daylight Time at the Hyatt Regency Orange County, 11999 Harbor Blvd., Garden Grove, California 92840, for the following purposes described in this Notice:

- (1) To elect eight members of the Board of Directors, each to serve for a one-year term and until his or her successor is duly elected and qualified;
- (2) To consider and vote upon the ratification of the appointment of KPMG LLP as the independent registered public accounting firm for the Company for the year ending December 30, 2016;
- (3) To vote on a non-binding advisory resolution approving the Company’s executive compensation;
- (4) To approve an amendment to the Company’s 2008 Performance Incentive Plan, including an increase in the number of shares available for grant under the Plan; and
- (5) To consider and act upon any other matter that may properly be brought before the Annual Meeting and at any adjournment or postponement thereof.

Any action may be taken on the foregoing matters at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned or postponed.

The Board of Directors has fixed the close of business on Thursday, April 14, 2016 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. Only stockholders of record of the Company’s common stock, \$0.01 par value per share, at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting and at any adjournment or

postponement thereof.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on June 10, 2016: Our proxy statement is attached. Our financial and other information is contained in our 2015 Annual Report to Stockholders. Pursuant to rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials by notifying you of the availability of our proxy materials on the Internet. You will not receive a printed copy of the proxy materials unless specifically requested. This proxy statement and our 2015 Annual Report to Stockholders, including our Form 10-K for the year ended January 1, 2016, are available on our website at <http://ir.willdangroup.com/annual-proxy.cfm>, which does not have “cookies” that identify visitors to the site. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials. In addition, the Notice of Internet Availability of Proxy Materials provides instructions on how stockholders may request to receive proxy materials for future Annual Meeting materials in printed or email form.

**YOUR VOTE IS VERY IMPORTANT.** Whether or not you plan to attend the Annual Meeting of Stockholders, we urge you to vote and submit your proxy by the Internet, telephone or mail in order to ensure the presence of a quorum. Registered holders may vote:

1. By Internet: go to [www.investorvote.com/WLDN](http://www.investorvote.com/WLDN);
2. By toll-free telephone: call 1-800-652-VOTE (8683); or
3. By mail: mark, sign, date and promptly mail the proxy card when received.

Any Proxy may be revoked by delivery of a later dated Proxy or a written notice of revocation or by attending the Annual Meeting and voting in person.

By Order of the Board of Directors  
/s/ Kate Nguyen  
Kate M. Nguyen  
Secretary

Anaheim, California

April 19, 2016



Table of Contents

Table of Contents

	Page
<u>ABOUT THE ANNUAL MEETING</u>	1
<u>PROPOSAL ELECTION OF</u>	
1: <u>DIRECTORS</u>	5
<u>Information Regarding</u>	
<u>Nominees</u>	5
<u>Vote Required for</u>	
<u>Election of Each</u>	
<u>Nominee</u>	8
<u>PROPOSAL RATIFICATION</u>	
2: <u>OF THE</u>	
<u>APPOINTMENT</u>	
<u>OF KPMG LLP AS</u>	
<u>THE COMPANY'S</u>	
<u>INDEPENDENT</u>	
<u>REGISTERED</u>	
<u>PUBLIC</u>	
<u>ACCOUNTING</u>	
<u>FIRM</u>	9
<u>Audit and Other Fees</u>	10
<u>Audit Committee</u>	
<u>Pre-Approval Policy</u>	11
<u>Vote Required for</u>	
<u>Ratification of the</u>	
<u>Appointment of KPMG</u>	
<u>LLP as the Company's</u>	
<u>Independent Registered</u>	
<u>Public Accounting Firm</u>	11
<u>PROPOSAL VOTE ON</u>	
3: <u>NON-BINDING</u>	
<u>ADVISORY</u>	
<u>RESOLUTION</u>	
<u>APPROVING</u>	
<u>EXECUTIVE</u>	
<u>COMPENSATION</u>	12
<u>Vote Required for</u>	12
<u>Approval of the</u>	
<u>Non-Binding Advisory</u>	
<u>Resolution Approving</u>	



<u>Executive Compensation</u>	
<u>PROPOSAL AMENDMENT TO</u>	
4:	<u>2008</u>
	<u>PERFORMANCE</u>
	<u>INCENTIVE</u>
	<u>PLAN</u> 13
<u>CORPORATE</u>	
<u>GOVERNANCE</u>	23
	<u>The Board of Directors</u> 23
<u>PRINCIPAL</u>	
<u>STOCKHOLDERS</u>	28
<u>MANAGEMENT</u>	31
<u>EXECUTIVE</u>	
<u>COMPENSATION</u>	33
	<u>Compensation,</u>
	<u>Discussion &amp; Analysis</u>
	<u>("CD&amp;A")</u> 33
	<u>Summary Compensation</u>
	<u>Table—Fiscal 2015, Fiscal</u>
	<u>2014, and Fiscal 2013</u> 37
	<u>Grants of Plan-Based</u>
	<u>Awards in Fiscal 2015</u> 38
	<u>Outstanding Equity</u>
	<u>Awards at Fiscal 2015</u>
	<u>Year-End</u> 39
	<u>Option Exercises and</u>
	<u>Stock Vested in Fiscal</u>
	<u>2015</u> 40
	<u>Potential Payments Upon</u>
	<u>Termination or Change</u>
	<u>in Control</u> 40
<u>DIRECTOR</u>	
<u>COMPENSATION</u>	42
	<u>Director Compensation</u>
	<u>for Fiscal 2015</u> 42
<u>EQUITY COMPENSATION</u>	
<u>PLAN INFORMATION</u>	44
<u>CERTAIN RELATIONSHIPS</u>	
<u>AND RELATED PERSON</u>	
<u>TRANSACTIONS</u>	45
	<u>Related Person</u>
	<u>Transactions</u> 45
	<u>Related Person</u>
	<u>Transaction Policy</u> 45
<u>REPORT OF THE AUDIT</u>	
<u>COMMITTEE</u>	46
<u>OTHER INFORMATION</u>	47
	<u>Solicitation of Proxies</u> 47
	<u>Householding of</u>
	<u>Stockholder Materials</u> 47
	47

<u>Annual Report on Form</u>	
<u>10-K</u>	
<u>Stockholder Proposals</u>	47
<u>Section 16(a) Beneficial</u>	
<u>Ownership Reporting</u>	
<u>Compliance</u>	48
<u>Other Matters</u>	48
<u>APPENDIX A—AMENDED</u>	
<u>AND RESTATED 2008</u>	
<u>PERFORMANCE</u>	
<u>INCENTIVE PLAN</u>	49

Table of Contents

WILLDAN GROUP, INC.

2401 EAST KATELLA AVENUE, SUITE 300

ANAHEIM, CALIFORNIA 92806

---

PROXY STATEMENT

FOR 2016 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 10, 2016

---

This Proxy Statement is furnished to you in connection with the solicitation of proxies by the Board of Directors of Willdan Group, Inc., a Delaware corporation (the “Company”), for use at its 2016 Annual Meeting of Stockholders to be held on Friday, June 10, 2016 at 10:00 a.m. Pacific Daylight Time at the Hyatt Regency Orange County, 11999 Harbor Blvd., Garden Grove, California 92840, and at any adjournment or postponement thereof (the “Annual Meeting”). We first made this Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders and proxy card available to stockholders on or about April 19, 2016. The Company’s 2015 Annual Report, including financial statements for the fiscal year ended January 1, 2016, is being made available to stockholders concurrently with this Proxy Statement. The Annual Report, however, is not part of the proxy solicitation material.

The terms “we,” “our,” “us” or the “Company” refer to Willdan Group, Inc. and its subsidiaries.

ABOUT THE ANNUAL MEETING

Why did I receive only a Notice of Internet Availability?

As permitted by the United States Securities and Exchange Commission (the “SEC”), we are furnishing to our stockholders our Notice of Annual Meeting, Proxy Statement and Annual Report for the year ended January 1, 2016 primarily over the Internet. On or prior to April 19, 2016, we will mail to each of our stockholders (other than those who previously requested electronic delivery or to whom we are mailing a paper copy of the proxy materials) a Notice of Internet Availability containing instructions on how to access and review the proxy materials via the Internet and how to submit a proxy electronically using the Internet. The Notice of Internet Availability also contains instructions on how to receive, free of charge, paper copies of the proxy materials. If you received the Notice of Internet Availability, you will not receive a paper copy of the proxy materials unless you request one.

We believe that delivery options that we have chosen will allow us to provide our stockholders with the proxy materials they need, while lowering the cost of the delivery of the materials and reducing the environmental impact of

printing and mailing printed copies.

What is the purpose of the Annual Meeting?

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

- (1) the election of eight directors;
- (2) the ratification of the appointment of the Company's independent registered public accounting firm;
- (3) the non-binding advisory resolution approving the Company's executive compensation; and
- (4) an amendment to the Company's 2008 Performance Incentive Plan (the "Plan"), including an increase in the number of shares available for grant under the Plan.

In addition, our stockholders will transact any other business that properly comes before the meeting. Management of the Company will also respond to any questions from our stockholders.

Who can attend the Annual Meeting?

All stockholders of the Company as of the Record Date, or their duly appointed proxy holders, may attend the Annual Meeting.

## Table of Contents

### Who is entitled to vote?

Only holders of record of the Company's common stock, \$0.01 par value per share (the "Common Stock"), at the close of business on the record date, April 14, 2016 (the "Record Date"), are entitled to notice of and to vote at the Annual Meeting. Holders of Common Stock are entitled to cast one vote for each share held by them on each matter to be voted upon. The Common Stock is the only class of securities of the Company authorized to vote. Under the Company's Certificate of Incorporation and applicable law, a stockholder is not entitled to cumulative voting rights in the election of directors.

### What constitutes a quorum?

The presence, in person or by proxy, of holders entitled to cast at least a majority of all the votes entitled to be cast is necessary to constitute a quorum for the transaction of business at the Annual Meeting. As of the Record Date, 8,199,494 shares of Common Stock were outstanding and entitled to vote. Abstentions and "broker non-votes" will count toward the presence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner returns an executed proxy, but strikes out a particular proposal because the nominee does not have discretionary voting power with respect to that matter and has not received voting instructions from the beneficial owner.

### How do I vote?

If you are a registered stockholder as of the close of business on the Record Date, you may vote in person at the Annual Meeting or by proxy without attending the meeting. Stockholders whose shares are registered in their own names may vote (1) by returning a proxy card, (2) via the Internet, or (3) by telephone. Specific instructions to be followed by any registered stockholder interested in voting via the Internet or by telephone are set forth in the Notice of Internet Availability of Proxy Materials and/or on the proxy card. The Internet and telephone voting procedures are designed to authenticate the stockholder's identity and to allow the stockholder to vote his or her shares and confirm that his or her voting instructions have been properly recorded. If you do not wish to vote via the Internet or telephone, please complete, date, sign, and return the proxy card. If you sign and return the proxy card but do not give any instructions, your shares will be voted by the persons named in the proxy card in accordance with the recommendations of the Board of Directors given below.

If your stock is held in the name of a broker, bank or other nominee, please mark, date, sign, and return the voting instruction form you receive from your broker or nominee with the proxy card.

If you are a registered stockholder and wish to vote in person at the meeting, be sure to bring a form of personal picture identification with you. If your stock is held by a broker, bank or other nominee (in “street name”) and you wish to vote in person at the meeting, in addition to picture identification you should bring an account statement or a letter from the record holder indicating that you owned the shares as of the record date, and obtain from the record holder and bring with you a proxy from the record holder issued in your name.

What is the deadline for voting my shares?

If you are a stockholder of record, your proxy must be received by telephone or the Internet by 1:00 a.m. Pacific time on June 10, 2016 in order for your shares to be voted at the Annual Meeting. However, if you are a stockholder of record and you received a copy of the proxy materials by mail, you may instead mark, sign, date and return the proxy card you received and return it in the accompanying prepaid and addressed envelope so that it is received by us before the Annual Meeting in order for your shares to be voted at the Annual Meeting. If you hold your shares in street name, please provide your voting instructions by the deadline specified by the bank, broker or other nominee who holds your shares.

Can I change my vote after I return my proxy card?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by delivering a duly executed proxy bearing a later date or a written revocation to the Secretary of the Company at the address of the Company set forth above, or by attending the Annual Meeting and voting in person. Any stockholder of record as of the Record Date attending the Annual Meeting may vote in person, whether or not a proxy

Table of Contents

has been previously given, but the presence (without further action) of a stockholder at the Annual Meeting will not constitute revocation of a previously given proxy.

If I return my proxy card without specifying voting instructions on it, will my shares be voted?

Unless you give other instructions on your proxy, the persons named as proxy holders on the proxy will vote in accordance with the recommendations of the Company's Board of Directors. The Board's recommendations are set forth together with the description of each matter in this Proxy Statement. In summary, the Board unanimously recommends a vote: FOR election of each of the eight nominees for director, FOR ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 30, 2016, FOR the approval of the non-binding advisory resolution approving the Company's executive compensation, and FOR an amendment to the Company's 2008 Performance Incentive Plan, including an increase in the number of shares available for grant under the Plan.

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

What vote is required to approve each proposal?

Election of Directors (Proposal No. 1). Once a quorum has been established, the affirmative vote of a plurality of all the votes cast on the matter at the Annual Meeting in person or by proxy will be required for the election of each director nominee, meaning that the persons receiving the highest number of FOR votes, up to the total number of directors to be elected at the meeting, will be elected. Stockholders are not permitted to cumulate their shares for the purpose of electing directors.

Other Items (Proposal Nos. 2, 3 and 4). Once a quorum has been established, pursuant to our Bylaws, approval of each of the other items to be submitted for a vote of stockholders that the Annual Meeting requires the affirmative vote of a majority of all of the votes cast on the item at the meeting. Notwithstanding this vote standard required by our Bylaws, Proposal No. 2 (ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ended December 30, 2016) and Proposal No. 3 (an advisory approval of executive officer compensation) are advisory only and are not binding on us. Our Board of Directors will consider the outcome of the vote on each of these items in considering what action, if any, should be taken in response to the vote by stockholders.

Abstentions are not counted as votes cast and will have no effect on the vote for the election of the directors, the ratification of the appointment of KPMG LLP, the non-binding advisory resolution approving the Company's executive compensation or the approval of amendment to 2008 Performance Incentive Plan.

Who tabulates the votes?

Stockholder votes will be tabulated by the persons appointed to act as inspectors of election for the Annual Meeting.

Could other matters be decided at the meeting?

It is not anticipated that any matter, other than those set forth in this Proxy Statement, will be presented at the Annual Meeting. If other matters are presented, proxies will be voted by the proxy holders in accordance with the recommendation of the Board of Directors or, if no recommendation is given, in the discretion of the proxy holders.

What happens if the Annual Meeting is postponed or adjourned?

Your proxy may be voted at the postponed or adjourned Annual Meeting. You will still be able to change your proxy until it is voted.

How can I receive a copy of the Annual Report?

We will mail you, without charge, a copy of our annual report on Form 10-K for the fiscal year ended January 1, 2016, including the consolidated financial statements, schedules and list of exhibits, upon written request.



Table of Contents

Requests should be sent to: Willdan Group, Inc., 2401 East Katella Avenue, Suite 300, Anaheim, California 92806, ATTN: Investor Relations. The annual report on Form 10-K is also available at [www.willdan.com](http://www.willdan.com).

Where can I find the voting results of the Annual Meeting?

Our intention is to announce the preliminary voting results at the Annual Meeting and to publish the final results within four business days after the Annual Meeting on a Form 8-K to be filed with the SEC and which we will make available on our website at [www.willdan.com](http://www.willdan.com) under “Investors—SEC Filings.”

4

---

Table of Contents

Proposal 1:

## ELECTION OF DIRECTORS

The Bylaws provide that the Board of Directors (the “Board”) consist of nine directors until changed by the Board. On March 23, 2012, the Board passed a resolution decreasing the size of the board to six directors, effective immediately prior to the 2012 Annual Meeting of Stockholders, which was held on June 1, 2012. On April 14, 2015, the Board passed a resolution increasing the size of the board to eight directors, effective immediately. The directors are regularly elected at each annual meeting of the stockholders, and each director holds office until his or her successor has been elected and qualified or until his or her earlier resignation or removal.

The eight nominees, if elected at the Annual Meeting, will hold office until the next annual meeting of stockholders, or until an earlier stockholder meeting at which directors are elected, and until their respective successors are duly elected and qualified. The Board has nominated Win Westfall, Thomas D. Brisbin, Steven, A. Cohen, Raymond W. Holdsworth, Douglas J. McEachern, Keith W. Renken, Mohammed Shahidehpour and John M. Toups to serve as directors of the Company (each a “Nominee” and collectively, the “Nominees”). All of the Nominees are currently serving as directors.

Each Nominee has consented to be nominated and to serve if elected. However, if any Nominee is unavailable for election or unable to serve, the proxy holders may vote for another person nominated by the Board or the Board may amend the Bylaws to reduce the number of directors to be elected at the Annual Meeting.

## Information Regarding Nominees

The following table and biographical descriptions set forth certain information with respect to the Nominees. Unless otherwise specified, each Nominee has continuously served as a director of the Company since he or she was previously elected, based on information furnished to the Company by each Nominee. The following information is as of April 19, 2016, unless otherwise specified.

Name	Age	Director Since	Positions Held with the Company (other than Director)
Win Westfall	82	2001	Chairman of the Board
Thomas D. Brisbin	63	2007	President and Chief Executive Officer
Steven A. Cohen	62	2015	
Raymond W. Holdsworth	73	2009	

Douglas J. McEachern	64	2009
Keith W. Renken	81	2006
Mohammed Shahidehpour	60	2015
John M. Touns	90	2007

The Company believes that the members of its Board should have a range of skills, experience, diversity, and expertise that enables the Board to provide sound guidance with respect to the Company's operations and interests. When considering a candidate, the Board looks at the current composition of the Board and the evolving needs of the Company, in addition to such candidate's background and accomplishments. The Nominating and Corporate Governance Committee identifies new candidates for election to the Board, reviews their qualifications, skills, experience and other characteristics, and can recommend nominees for director to the Board for approval.

The Board seeks directors with strong reputations and experience in areas relevant to the strategy and operations of the Company's businesses, particularly in engineering, consulting and finance. All of the Nominees hold or have held senior executive positions in large, complex organizations and have operating experience that meets these objectives, as described below. In these positions, they have gained experience in core management skills, strategic and financial planning, public company financial reporting, corporate governance, risk management, and leadership development. Additionally, a number of our directors have experience serving on the boards of directors of other public companies, which increases their knowledge of effective corporate governance.

The Board also believes that each of the Nominees and current directors has other key attributes that are important to an effective board, including integrity and demonstrated high ethical standards, sound judgment, analytical skills, the ability to engage management and each other in a constructive and collaborative fashion, diversity of

Table of Contents

background, experience, and thought, and the commitment to devote significant time and energy to service on the Board and its Committees. The following biographies provide further qualifications, attributes and other information with respect to the Nominees.

Win Westfall has served as our Chairman of the Board since May 2006, and has been a member of our board of directors since 2001. Mr. Westfall was our President and Chief Executive Officer from May 2006 to February 2007, our Senior Vice President of Corporate Relations from January 2004 to May 2006, and a regional manager in northern California from 1998 through January 2004. Mr. Westfall has over 35 years experience as a line manager for consulting engineering firms, and has served as city engineer for seven California cities. Mr. Westfall received his B.S. in Civil Engineering from the University of Southern California in 1962 and an M.B.A. from Pepperdine University in 1980. Mr. Westfall is a fellow of The Society of American Military Engineers and has been active in numerous other professional associations. During 1997, he served as the National President for The American Public Works Association, or APWA, the first private consultant to hold this position. Mr. Westfall has served on and chaired national committees for the American Council of Engineering Companies, and in 2004 was made an Honorary CLOD (past president) of the County Engineers Association of California, the first private consultant to be accorded this honor. He is currently a registered engineer in California and has been a registered civil engineer in Hawaii, Idaho, Nevada and Washington. Mr. Westfall also has served as the trustee of the APWA Education Endowment Fund since 1999 and was on the California Transportation Foundation board of directors from 2005 to 2012. Mr. Westfall, as a former executive officer and regional manager of the Company with significant engineering experience, brings his in-depth knowledge of our Company and its industry, operations and business to the Board, providing valuable insight to the Board as it reviews our operations, growth and financial prospects. In addition, we believe that his experience as an engineer for California cities benefits our Board by providing increased understanding of the needs of our clients.

Thomas D. Brisbin joined our Board of Directors in April 2007, when he was also appointed our President and Chief Executive Officer. Dr. Brisbin previously was vice president of and consultant for AECOM Technology Corporation, or AECOM, since spring 2004. At AECOM, a company focused on infrastructure, environment and facilities engineering contracts, Dr. Brisbin was responsible for developing the company's environmental business. Prior to joining AECOM, Dr. Brisbin was chief operating officer and executive vice president of Tetra Tech, Inc., or Tetra Tech, a leading provider of consulting, engineering and technical services, for five years. Prior to that, he was employed by Planning Research Corporation, or PRC, a systems analysis and management consulting company and wholly-owned subsidiary of The Black & Decker Corporation, from 1978 to 1995 and was co-founder and President of PRC Environmental Management, Inc. During his tenure at PRC, he was involved in all aspects of operations, marketing and finance. Before joining PRC, he was a research associate at Argonne National Laboratory. He has also served as an adjunct professor at the Illinois Institute of Technology. Dr. Brisbin holds a B.S. degree from Northern Illinois University and a Ph.D. in Environmental Engineering from Illinois Institute of Technology. He also completed Harvard Business School's Advanced Management Program in 1988. Dr. Brisbin, as our current President and Chief Executive Officer, brings his in-depth knowledge of the day-to-day operations of the Company and its industry to the Board, providing valuable insight to the Board as it reviews our operations, growth and financial prospects. In addition, we believe that his experience as an executive officer at Tetra Tech, a publicly traded engineering and consulting company, benefits our Board by increasing his knowledge of our industry and effective public company corporate governance.

Steven A. Cohen joined our Board of Directors in 2015. He is Executive Director of Columbia University's Earth Institute, where he is responsible for managing the education, research, outreach and operational programs that address sustainable development throughout the world. The Earth Institute is the largest institute at Columbia with over 799 full-time employees and an annual budget of over \$135 million. Dr. Cohen is also a Public Affairs Professor at Columbia's School of International and Public Affairs and Director of its Master of Public Administration Program in Environmental Science and Policy. From 1985 to 1998, he served as Director of Columbia's Graduate Program in Public Policy and Administration. Dr. Cohen began his career at Columbia in 1981 after working as a policy analyst for the U.S. Environmental Protection Agency for two years. Over the past three decades, he has served at different times as a consultant to the U.S. Environmental Protection Agency, the most recent being from 2005 to 2010. From 2001 to 2004, he also served on the United States Environmental Protection Agency's Advisory Council on Environmental Policy and Technology. Throughout his career, Dr. Cohen has written numerous articles on public management innovation, sustainability and environmental management. Dr. Cohen has also been a senior advisor to Willdan Energy Solutions since November 2008. He received a B.A. in Political Science from Franklin College of Indiana in 1974 and an M.A. in Political Science from State University of New York at Buffalo in 1977 and a Ph.D in Political Science with a concentration in environmental policy and management from State University of New York at Buffalo in 1979. We

Table of Contents

believe Dr. Cohen's extensive background in government policy, environmental sciences as well as his substantial knowledge of our company though his role as a senior advisor to Willdan Energy Solutions will provide our board strategic insight to shape our growth strategy.

Raymond W. Holdsworth joined our Board of Directors in 2009. He serves as the chairperson of our Nominating and Corporate Governance Committee and is a member of our Compensation and Strategy, Mergers and Acquisitions Committees. Mr. Holdsworth previously served as Vice Chairman of Corporate Development for AECOM from October 2005 through March 2009. Mr. Holdsworth joined AECOM in 1992 and held a number of positions, including President, before being named Vice Chairman in 2005. During his tenure at AECOM, he led a variety of outreach, growth and diversification activities. Mr. Holdsworth began his career at Peat Marwick Mitchell and worked in California's Office of Transportation Planning and Research. He has also held senior management positions, including president, with DMJM, an engineering/architectural firm in the transportation and infrastructure industry which is now a major operating subsidiary of AECOM. He worked for International Technology Corp. and Parsons Brinckerhoff Quade & Douglas Inc., a company that provides strategic consulting, planning, engineering, and program and construction management services relating to infrastructure. Mr. Holdsworth received a B.A. in English in 1964 from Lake Forest College and an M.B.A. in 1969 from the University of Pennsylvania, Wharton School of Business. He is a director of the California Chamber of Commerce and the Los Angeles Economic Development Corporation and a former Vice Chairman of the Civil Engineering Research Foundation/International Institute. As a past trustee of the California State University system, he chaired the Audit committee for three consecutive years. We believe that Mr. Holdsworth's background in engineering and experience as the Vice Chairman of Corporate Development for AECOM during the time when it became a public company provides useful insight to the Board with regard to our growth strategy and strategic initiatives.

Douglas J. McEachern joined our Board of Directors in 2009 and serves as the chairperson of our Compensation Committee. He is also a member of our Audit and Nominating and Corporate Governance committees. He was an Audit Partner at Deloitte & Touche, LLP, or Deloitte, from August 1985 until May 2009. Mr. McEachern was a staff member and manager at Deloitte's predecessor, Touche Ross & Co., from 1976 to 1983. From 1983 to 1985, he was the Professional Accounting Fellow with the Federal Home Loan Bank Board in Washington D.C. Mr. McEachern was Chairman of the Board of Directors of Community Bank in Pasadena, California and a member of its Nominating and Governance and Audit Committees until his resignation in October 2015. In addition, Mr. McEachern joined the Board of Directors of Reading International in May 2012 and is chairman of its Audit and Conflicts Committee. He is also a member of the Finance Committee of the Methodist Hospital of Arcadia. Mr. McEachern was an auditing and accountancy instructor at Claremont McKenna College until his retirement in December 2015, and he has taught accounting at California State Polytechnic University at Pomona. Additionally, Mr. McEachern is a member of the American Institute of Certified Public Accountants, or AICPA. Mr. McEachern received a B.S in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California. We believe that Mr. McEachern's significant audit experience at Deloitte makes him an important contributor to our Board and its committees, including the Audit Committee.

Keith W. Renken joined our Board of Directors in September 2006. He is the chairperson of our Audit Committee and a member of our Compensation and Strategy, Mergers and Acquisitions Committees. Mr. Renken retired in 1992 as Senior Partner and Chairman, Executive Committee of Southern California, for the public accounting firm Deloitte & Touche. From 1992 through 2006, he was an adjunct professor (executive in residence) in the Marshall School of

Business at the University of Southern California. He is currently the Managing Partner of Renken Enterprises, a family business providing consulting services to growth companies and real estate operations. Mr. Renken is on the board of directors and audit committees of two other publicly held companies, East West Bancorp, Inc., since 2000, and Limoneira Company, an integrated agribusiness, since 2009, and one investment management company, Whittier Trust Company, since September 2008. He is also on East West Bancorp, Inc.'s nominating and corporate governance committee. Mr. Renken was also a member of the board of directors of 21st Century Insurance Group from 2002 until 2007, and he serves on the boards of directors and/or audit committees of several other private companies and non-profit organizations. Mr. Renken is a Certified Public Accountant in the states of Arizona (inactive) and California (inactive). He received a B.S. in Business Administration in 1957 from the University of Arizona and an M.S. in Business Administration from the University of Arizona in 1959. We believe that Mr. Renken's considerable knowledge of financial and operational issues facing large companies and his accounting and finance experience at Deloitte makes him a valuable member of our Board and its committees, including the Audit Committee. In addition, we believe that Mr. Renken's extensive experience on the boards and audit committees of diverse public and private

Table of Contents

companies, including financial services companies, provides him with increased knowledge of effective corporate governance that benefits the Board and its committees.

Mohammad Shahidehpour joined our Board of Directors in 2015. He is the Bodine Chair Professor in the Electrical and Computer Engineering Department at the Illinois Institute of Technology (IIT) in Chicago, where he also serves as Director of the Robert W. Galvin Center for Electricity Innovation. He has been a faculty member at IIT since 1983 and is a recipient of IIT's Excellence in Teaching Award. Dr. Shahidehpour is the author of six books and 400 technical papers on electric power systems and has been awarded over \$50 million in federal research and development grants on electricity grid modernization issues. Dr. Shahidehpour is the founding chair of the Institute of Electrical and Electronics Engineers (IEEE) Great Lakes Symposium on Smart Grid and the New Energy Economy. He has served as Editor-in-Chief of the IEEE Transactions on Smart Grid journal since 2009. Dr. Shahidehpour is an IEEE Distinguished Lecturer and has delivered over 100 invited lectures in several countries on electricity restructuring and smart grid issues. He has been a keynote speaker in 20 International Conferences since 2007 and counseled governments on electricity grid modernization bills throughout the world. Dr. Shahidehpour received a B.S. in Electrical Engineering 1977 from Iran's Sharif University of Technology, and an M.S. in Electrical Engineering in 1978 and a Ph.D in 1981 from University of Missouri. We believe that Dr. Shahidehpour's more than 35 years of work with government agencies and electric power companies provides the board valuable insight to guide our growth strategy and strategic vision.

John M. Toups joined our Board of Directors in April 2007. Mr. Toups serves as chairperson of our Strategy, Mergers and Acquisitions Committee and he is a member of our Audit and Compensation Committees. Mr. Toups served as President and Chief Executive Officer of PRC from 1977 until 1987. Prior to that, Mr. Toups served in various executive positions with PRC. For a short period of time in 1990, he served as interim Chairman of the Board of Directors and Chief Executive Officer of the National Bank of Washington and Washington Bancorp. Mr. Toups serves as a director of one other public company, NVR, Inc., a homebuilding and mortgage banking company. In addition, Mr. Toups serves as a director of one privately held company, Dewberry & Davis, an engineering services firm, and serves on Dewberry's audit and compensation committees. Mr. Toups also served as a director of Halifax Corporation, a publicly held electronic services company, from 1993 until 2010, when Halifax Corporation was acquired and ceased to be a publicly traded company. In addition, he served on the board of directors for GTSI Corp., a reseller of software and hardware, from October 1997 until it was sold in October 2012. He also is currently the Chair Emeritus for the Inova Health System Board of Trustees. Mr. Toups received his B.S. in Civil Engineering from the University of California, Berkeley in 1949. He is a registered civil engineer in California and Maryland and a fellow of the American Society of Civil Engineers. We believe that Mr. Toups' extensive experience as an officer and as a director of a broad range of both public and private companies, including engineering and financial services companies, allows him to provide strong leadership and oversight on our strategic and financial plans. In particular, we believe Mr. Toups' experience as President and Chief Executive Officer of PRC and his extensive experience serving on the boards and committees of publicly traded companies provides valuable insight on our industry and effective corporate governance to our Board and its committees.

Vote Required for Election of Each Nominee



Election of each Nominee requires the affirmative vote of a plurality of all of the votes cast on the election of directors at the Annual Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES. PROXIES RECEIVED WILL BE VOTED "FOR" EACH OF THE NOMINEES UNLESS STOCKHOLDERS SPECIFY OTHERWISE IN THE PROXY.

8

---

Table of Contents

Proposal 2:

**RATIFICATION OF THE APPOINTMENT OF KPMG LLP  
AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

KPMG LLP served as the Company's independent registered public accountants during the fiscal year ended January 1, 2016 and, in that capacity, audited the Company's consolidated financial statements for the fiscal year ended January 1, 2016. Although ratification by stockholders is not required by law, the Board has determined that it is desirable to request approval of the appointment of KPMG LLP as the Company's independent registered public accountants for the fiscal year ending December 30, 2016 by the stockholders. If the stockholders do not ratify this appointment, the Audit Committee will reconsider whether or not to retain KPMG LLP, and may decide to retain them notwithstanding the vote. Even if the appointment is ratified, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders. In addition, if KPMG LLP should decline to act or otherwise become incapable of acting, or if the employment should be discontinued, the Audit Committee will appoint a substitute independent public registered public accounting firm. A representative of KPMG LLP will be present at the Annual Meeting, will be given the opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions from stockholders.

**Change in Independent Registered Public Accounting Firm**

On April 14, 2015, after being recommended by the Audit Committee and approved by our Board of Directors, we dismissed Ernst & Young LLP, an independent registered public accounting firm, as our principal accountant. Following the recommendation of the Audit Committee, our Board of Directors approved the engagement of KPMG LLP, an independent registered public accounting firm, on April 14, 2015 as our principal accountant with respect to the audit of our financial statements for the fiscal year ended January 1, 2016, which was subsequently ratified by the stockholders.

The reports of Ernst & Young LLP on our consolidated financial statements for the fiscal year ended January 2, 2015 and December 27, 2013 did not contain an adverse opinion or disclaimer of opinion, and such reports were not qualified or modified as to uncertainty, audit scope, or accounting principle.

During our fiscal years ended January 2, 2015 and December 27, 2013, and the interim period from January 3, 2015, through and including April 14, 2015, the date of Ernst & Young LLP's dismissal, (i) there were no disagreements (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between us and Ernst & Young LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of Ernst & Young LLP, would have caused Ernst & Young LLP to

make reference to the subject matter of the disagreement in connection with its reports on our consolidated financial statements for such years or any subsequent interim period through the date of dismissal, and (ii) there were no “reportable events” (as defined in Item 304(a)(1)(v) of Regulation S-K).

We provided Ernst & Young LLP and KPMG LLP with a copy of the disclosures required by Item 304(a) of Regulation S-K prior to the time this proxy statement was filed with the SEC.

We do not expect representatives of Ernst & Young LLP to attend the annual meeting.

Table of Contents

Audit and Other Fees

KPMG LLP

The following is a summary of the fees billed to us by KPMG LLP for professional services for the fiscal year ended January 1, 2016.

Fee Category	Fiscal 2015 Fees
Audit Fees	\$ 1,067,000
Audit-Related Fees	—
Tax Fees	—
All Other Fees	—
Total Fees	\$ 1,067,000

**Audit Fees.** Fees for audit services provided by KPMG LLP for fiscal 2015 consisted of professional services for the annual audit of our consolidated financial statements and for review of our interim condensed consolidated financial statements including quarterly reports.

**Audit-Related Fees.** No fees for audit-related services were billed by KPMG LLP in fiscal 2015.

**Tax Fees.** No fees for tax services, including tax return preparation, tax compliance, tax advice and tax planning, were billed by KPMG LLP in fiscal 2015.

**All Other Fees.** There were no fees paid for any other services not described above in fiscal 2015.

The Company has been advised by KPMG LLP that KPMG LLP, nor any member of KPMG LLP, has any financial interest, direct or indirect, in any capacity in the Company or its subsidiaries.

Ernst & Young LLP

The following is a summary of the fees billed to us by Ernst & Young LLP for professional services for the fiscal year ended January 1, 2016.

Fee Category	Fiscal 2015 Fees	Fiscal 2014 Fees
Audit Fees	\$ 11,250	\$ 380,000
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	\$ 11,250	\$ 380,000

Ernst & Young LLP was dismissed as the Company's independent registered public accounting firm on April 14, 2015, upon the recommendation of the Audit Committee and approval by our Board of Directors.

**Audit Fees.** Fees for audit services provided by Ernst & Young LLP for fiscal 2015 consisted of payments for consents of Ernst & Young LLP to issue its audit opinion on previous fiscal periods. Fees for audit services provided by Ernst & Young LLP for fiscal 2014 consisted of professional services for the annual audit of our consolidated financial statements and for review of our interim condensed consolidated financial statements including quarterly reports.

**Audit-Related Fees.** No fees for audit-related services were billed by Ernst & Young LLP in fiscal 2015 or 2014.

**Tax Fees.** No fees for tax services, including tax return preparation, tax compliance, tax advice and tax planning, were billed by Ernst & Young LLP in fiscal 2015 or 2014.

**All Other Fees.** There were no fees paid for any other services not described above in fiscal 2015 or 2014.

Table of Contents

The Company has been advised by Ernst & Young LLP that Ernst & Young LLP, nor any member of Ernst & Young LLP, has any financial interest, direct or indirect, in any capacity in the Company or its subsidiaries.

Audit Committee Pre-Approval Policy

Consistent with SEC policies regarding independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm, including audit services, audit-related services, tax services, and other services. In some cases, the full Audit Committee provides pre-approval for up to a year, related to a particular defined task or scope of work and subject to a specific budget. During the year, circumstances may arise when it becomes necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval categories. In those instances, the Audit Committee requires specific preapproval before engaging the independent registered public accounting firm. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next regularly scheduled meeting.

Vote Required for Ratification of the Appointment of KPMG LLP as the Company's Independent Registered Public Accounting Firm

Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 30, 2016, requires the affirmative vote of a majority of all the votes cast on the matter at the Annual Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE PROPOSAL TO RATIFY THE APPOINTMENT OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 30, 2016. PROXIES RECEIVED WILL BE VOTED "FOR" RATIFICATION UNLESS STOCKHOLDERS SPECIFY OTHERWISE IN THE PROXY.

Table of Contents

PROPOSAL 3:

VOTE ON NON-BINDING ADVISORY RESOLUTION APPROVING EXECUTIVE COMPENSATION

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which was amended pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), we are asking stockholders to approve a non-binding advisory resolution approving our executive compensation as reported in this Proxy Statement.

Our executive compensation decisions are made in the context of our executive compensation plan statement.

Under our executive compensation plan statement, our executive compensation philosophy is to:

- Ø Align the interests of our executives with those of the stockholders;
- Ø Attract, motivate, reward and retain the top contributors upon whom, in large part, our success depends;
- Ø Be competitive with compensation programs for companies of similar size and complexity with whom we compete for talent, including direct competitors;
- Ø Provide compensation based upon the short-term and long-term performance of both the individual executive and the Company; and
- Ø Strengthen the relationship between pay and performance by emphasizing variable, at-risk compensation that is dependent upon the successful achievement of specified corporate and individual goals.

We urge stockholders to read the “Executive Compensation” section beginning on page 33 of this Proxy Statement, including the Compensation Discussion and Analysis, which describes in more detail our executive compensation plan statement and the key elements of our executive compensation program. The Compensation Committee and the Board believe that our executive compensation program is appropriately designed to achieve the objectives of our executive compensation philosophy.

We are asking stockholders to approve the following advisory resolution at the Annual Meeting:

RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the Company's Named Executive Officers set forth under "Executive Compensation," including the Compensation Discussion and Analysis, Summary Compensation Table and the related compensation tables and narratives in the Proxy Statement for the 2016 Annual Meeting of Stockholders.

This vote is an advisory vote only and will not be binding on us, our Board of Directors or the Compensation Committee, and will not be construed as overruling a decision by, or creating or implying any additional fiduciary duty for, the Board of Directors or the Compensation Committee. However, the Compensation Committee, which is responsible for designing and administering our executive compensation program, values the opinions expressed by stockholders in their vote on this proposal, and will consider the outcome of the vote when making future compensation decisions for Named Executive Officers.

The Company's current policy is to provide stockholders with an opportunity to approve the compensation of the Named Executive Officers each year at the annual meeting of stockholders. It is expected that the next such vote will occur at the 2017 Annual Meeting of Stockholders.

#### Vote Required for Approval of the Non-Binding Advisory Resolution Approving Executive Compensation

Approval of the non-binding advisory resolution approving our executive compensation requires the affirmative vote of a majority of all the votes cast on the matter at the Annual Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE NON-BINDING ADVISORY RESOLUTION APPROVING THE COMPANY'S EXECUTIVE COMPENSATION. PROXIES RECEIVED WILL BE VOTED "FOR" APPROVAL UNLESS STOCKHOLDERS SPECIFY OTHERWISE IN THE PROXY.



Table of Contents

proposal 4:

AMENDMENT TO 2008 PERFORMANCE INCENTIVE PLAN

General

The Company's long-term incentive compensation program is implemented under the Willdan Group, Inc. 2008 Performance Incentive Plan (the "2008 Plan"). The 2008 Plan emphasizes achievement of long-term performance and stockholder value creation.

On March 9, 2016, the Company's Board of Directors approved amending and restating the 2008 Plan, subject to approval by our stockholders. At the Annual Meeting, our stockholders will be asked to approve the following amendments set forth in the amended and restated 2008 Plan:

- Increase in Aggregate Share Limits. The 2008 Plan currently limits the aggregate number of shares of Common Stock that may be delivered pursuant to all awards granted under the 2008 Plan to 1,336,167 shares (plus shares subject to options granted under the Willdan Group, Inc. 2006 Stock Incentive Plan (the "2006 Plan") which expire or are cancelled or terminated). The proposed amendments would increase this limit by an additional 500,000 shares so that the new aggregate share limit for the 2008 Plan would be 1,836,167 shares (plus shares subject to options granted under the 2006 Plan which expire or are cancelled or terminated). The proposed amendments would also increase (1) the limit on the number of shares that may be delivered pursuant to "incentive stock options" granted under the 2008 Plan by 500,000 shares for a new limit of 2,100,000 incentive stock options, (2) the limit on the number of shares that may be granted subject to stock options and stock appreciation rights to any one employee in any one calendar year from 100,000 shares to 200,000 shares, and (3) the limit on the maximum number of shares that may be delivered pursuant to "full value" awards other than stock options and stock appreciation rights from 750,000 shares to 1,250,000 shares. For purposes of clarity, any shares that are delivered pursuant to incentive stock options also count against (and are not in addition to) the aggregate 2008 Plan share limit described above.
- Approval of Director Award Limit. The proposed amendments would add new limits on awards that may be granted to non-employee directors under the 2008 Plan for their service as directors. The maximum grant date fair value of equity awards granted to a non-employee director under the plan during any one calendar year will be \$200,000, except that as to any non-employee director serving as our Independent Chair of the Board or Lead Independent Director at the time of grant or any new non-employee director for the calendar year in which the non-employee director is first elected or appointed to the Board, the maximum grant date fair value of equity awards granted to such non-employee director under the plan will be \$400,000.

Extension of Performance-Based Award Feature. One element of the 2008 Plan is the flexibility to grant certain performance-based awards designed to satisfy the requirements for deductibility of compensation under Section 162(m) of the U.S. Internal Revenue Code (the “Code”). If stockholders approve the proposed amendments to the 2008 Plan, the administrator’s authority to grant performance-based awards (other than options or stock appreciation rights) will be extended through the first annual meeting of shareholders that occurs in 2021 (this expiration time is earlier than the general expiration date of the 2008 Plan and is required under applicable tax rules). If stockholders approve the proposed amendments to the 2008 Plan, the maximum number of shares subject to performance-based awards (other than stock options and stock appreciation rights, which are subject to the separate limit above) granted to any one employee in any one calendar year will be increased from 100,00 shares to 200,000 shares.

- Extension of Plan Term. The 2008 Plan is currently scheduled to expire on March 9, 2018. The proposed amendments provide for the term of the 2008 Plan to be extended until March 8, 2026, ten years from the date the plan was approved by the Board.

As of April 1, 2016 a total of 1,035,017 shares of the Company’s Common Stock were then subject to outstanding awards granted under the 2008 Plan, and only 178,900 shares of the Company’s Common Stock were then available for new award grants under the 2008 Plan. The proposed amendments would increase the reserved shares under the plan by 500,000 shares. Based solely on the closing price of the Company’s common stock as reported by the

Table of Contents

NASDAQ Stock Market on April 1, 2016, the maximum aggregate market value of the additional 500,000 new shares that could be issued under the 2008 Plan is \$5,240,000 million.

The Company believes that incentives and stock-based awards focus employees on the objective of creating stockholder value and promoting the success of the Company, and that incentive compensation plans like the 2008 Plan are an important attraction, retention and motivation tool for participants in the plan. The Board believes that the number of shares currently available under the 2008 Plan does not give the Company sufficient authority and flexibility to adequately provide for future incentives. The Board believes that the additional shares give the Company greater flexibility to structure future incentives and better attract, retain, and award key employees.

If stockholders do not approve this 2008 Plan proposal, the current share limits under the 2008 Plan will continue in effect, there will be no limit on the value of equity awards that may be granted to non-employee directors in any calendar year, the performance-based award feature described above will not be extended, and the 2008 Plan term will not be extended.

Summary Description of the 2008 Performance Incentive Plan

The principal terms of the 2008 Plan are summarized below. The following summary is qualified in its entirety by the full text of the 2008 Plan, which appears as Exhibit A to this Proxy Statement.

**Purpose.** The purpose of the 2008 Plan is to promote the success of the Company and to increase stockholder value by providing an additional means for us to attract, motivate, retain and reward selected employees and other eligible persons through the grant of awards. Equity-based awards are also intended to further align the interests of award recipients and our stockholders.

**Administration.** Our Board or one or more committees appointed by our Board will administer the 2008 Plan. Our Board of Directors has delegated general administrative authority for the 2008 Plan to the Compensation Committee. A committee may delegate some or all of its authority with respect to the 2008 Plan to another committee of directors, and certain limited authority to grant awards to employees may be delegated to one or more officers of the Company. (The appropriate acting body, be it the Board of Directors, a committee within its delegated authority, or an officer within his or her delegated authority, is referred to in this proposal as the “Administrator”).

The Administrator has broad authority under the 2008 Plan, including, without limitation, the authority:

- to select eligible participants and determine the type(s) of award(s) that they are to receive;
- to grant awards and determine the terms and conditions of awards, including the price (if any) to be paid for the shares or the award and, in the case of share-based awards, the number of shares to be offered or awarded;
- to determine any applicable vesting and exercise conditions for awards (including any applicable performance-based targets) and the extent to which such conditions have been satisfied, or determine that no delayed vesting or exercise is required, and to accelerate or extend the vesting or exercisability or extend the term of any or all outstanding awards;
- to cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding awards, subject to any required consents;
- subject to the other provisions of the 2008 Plan, to make certain adjustments to an outstanding award and to authorize the conversion, succession or substitution of an award;
- to determine the method of payment of any purchase price for an award or shares of the Company's common stock delivered under the 2008 Plan, as well as any tax-related items with respect to an award, which may be in the form of cash, check, or electronic funds transfer, by the delivery of already-owned shares of the Company's common stock or by a reduction of the number of shares deliverable pursuant to the award, by services rendered by the recipient of the award, by notice and third party payment or cashless exercise on such terms as the Administrator may authorize, or any other form permitted by law;

Table of Contents

- to modify the terms and conditions of any award, establish sub-plans and agreements and determine different terms and conditions that the Administrator deems necessary or advisable to comply with laws in the countries where the Company or one of its subsidiaries operates or where one or more eligible participants reside or provide services;
- to approve the form of any award agreements used under the 2008 Plan; and
- to construe and interpret the 2008 Plan, make rules for the administration of the 2008 Plan, and make all other determinations necessary or advisable for the administration of the 2008 Plan.

No Repricing. In no case (except due to an adjustment to reflect a stock split or other event referred to under “Adjustments” below, or any repricing that may be approved by stockholders) will the Administrator (1) amend an outstanding stock option or stock appreciation right to reduce the exercise price or base price of the award, (2) cancel, exchange, or surrender an outstanding stock option or stock appreciation right in exchange for cash or other awards for the purpose of repricing the award, or (3) cancel, exchange, or surrender an outstanding stock option or stock appreciation right in exchange for an option or stock appreciation right with an exercise or base price that is less than the exercise or base price of the original award.

Eligibility. Persons eligible to receive awards under the 2008 Plan include officers or employees of the Company or any of its subsidiaries, directors of the Company, and certain consultants and advisors to the Company or any of its subsidiaries. Currently, approximately 551 officers and employees of the Company and its subsidiaries (including all of the Company’s Named Executive Officers), and each of the Company’s seven non-employee directors, are considered eligible under the 2008 Plan.

Authorized Shares; Limits on Awards. The maximum number of shares of the Company’s common stock that may be issued or transferred pursuant to awards under the 2008 Plan equals the sum of: (1) 1,336,167 shares, plus (2) the number of any shares subject to stock options granted under the 2006 Plan and outstanding as of June 9, 2008 which expire, or for any reason are cancelled or terminated, after June 9, 2008 without being exercised. If stockholders approve this 2008 Plan proposal, the maximum number of shares of the Company’s common stock that may be issued or transferred pursuant to awards under the 2008 Plan will equal the sum of: (1) 1,836,167 shares, plus (2) the number of any shares subject to stock options granted under the 2006 Plan and outstanding as of June 9, 2008 which expire, or for any reason are cancelled or terminated, after June 9, 2008 without being exercised.

The following other limits are also contained in the 2008 Plan:

- The maximum number of shares that may be delivered pursuant to options qualified as incentive stock options granted under the plan is 1,600,000 shares, however if stockholders approve this 2008 Plan proposal, the maximum number of shares that may be delivered pursuant to options qualified as incentive stock options granted under the plan will be 2,100,000 shares.

- The maximum number of shares subject to those options and stock appreciation rights that are granted under the plan during any one calendar year to any one individual is 100,000 shares, however if stockholders approve this 2008 Plan proposal, the maximum number of shares subject to those options and stock appreciation rights that are granted during any one calendar year to any one individual will be 200,000 shares.
- The maximum number of shares that may be delivered pursuant to awards granted under the plan, other than in the circumstances described in the next sentence, is 750,000 shares. This limit on so-called "full-value awards" does not apply, however, to (1) shares delivered in respect of compensation earned but deferred or (2) shares delivered in respect of options or stock appreciation rights. If stockholders approve this 2008 Plan proposal, the limit on full-value awards will be increased to 1,250,000 shares.
- The maximum grant date fair value for awards granted to a non-employee director under the 2008 Plan during any one calendar year is \$200,000 except that this limit will be \$400,000 as to (1) a non-employee director who is serving as the Independent Chair of the Board or the Lead Independent Director at the time the applicable grant is made or (2) any new non-employee director for the calendar year in which the non-employee director is first elected or appointed to the Board. For purposes of this limit, the "grant date fair

Table of Contents

value" of an award means the value of the award on the date of grant of the award determined using the equity award valuation principles applied in the Company's financial reporting. This limit does not apply to, and will be determined without taking into account, any award granted to an individual who, on the grant date of the award, is an officer or employee of the Company or one of its subsidiaries. This limit applies on an individual basis and not on an aggregate basis to all non-employee directors as a group.

- The maximum number of shares subject to "Qualified Performance-Based Awards" under Section 5.2 of the 2008 Plan (as described in more detail below) granted during any one calendar year to any one participant is 100,000 shares. If stockholders approve this 2008 Plan proposal, the maximum number of shares subject to "Qualified Performance-Based Awards" will be increased to 200,000 shares.

Shares that are subject to or underlie awards which expire or for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered under the 2008 Plan will not be counted against the share limit and will again be available for subsequent awards under the 2008 Plan. To the extent that shares are delivered pursuant to the exercise of an option or stock appreciation right granted under the 2008 Plan, the number of underlying shares as to which the exercise related will be counted against the share limit. (For purposes of clarity, if a stock appreciation right relates to 100,000 shares and is exercised at a time when the payment due to the participant is 15,000 shares, 100,000 shares shall be charged against the share limit with respect to such exercise.) Shares that are exchanged by a participant or withheld by the Company as full or partial payment in connection with any award granted under the 2008 Plan, as well as any shares exchanged or withheld to satisfy the tax withholding obligations related to any award, will be counted against the share limit and will not be available for subsequent awards under the 2008 Plan. To the extent that an award is settled in cash or a form other than shares, the shares that would have been delivered had there been no such cash or other settlement will not be counted against the share limit and will again be available for subsequent awards under the 2008 Plan. In the event that shares are delivered in respect of a dividend equivalent right, the actual number of shares delivered with respect to the award shall be counted against the share limit. (For purposes of clarity, if 1,000 dividend equivalent rights are granted and outstanding when the Company pays a dividend, and 50 shares are delivered in payment of those rights with respect to that dividend, 50 shares shall be counted against the share limit.) In addition, the 2008 Plan generally provides that shares issued in connection with awards that are granted by or become obligations of the Company through the assumption of awards (or in substitution for awards) in connection with an acquisition of another company will not count against the shares available for issuance under the 2008 Plan. The Company may not increase the applicable share limits of the 2008 Plan by repurchasing shares of common stock on the market (by using cash received through the exercise of stock options or otherwise).

**Types of Awards.** The 2008 Plan authorizes stock options, stock appreciation rights, and other forms of awards granted or denominated in the Company's Common Stock or units of the Company's Common Stock, as well as cash bonus awards. The 2008 Plan retains flexibility to offer competitive incentives and to tailor benefits to specific needs and circumstances. Any award may be structured to be paid or settled in cash.

A stock option is the right to purchase shares of the Company's Common Stock at a future date at a specified price per share (the "exercise price"). The per share exercise price of an option generally may not be less than the fair market value of a share of the Company's Common Stock on the date of grant. The maximum term of an option is ten years from the date of grant. An option may either be an incentive stock option or a nonqualified stock option. Incentive

stock option benefits are taxed differently from nonqualified stock options, as described under “Federal Income Tax Consequences of Awards Under the 2008 Plan” below. Incentive stock options are also subject to more restrictive terms and are limited in amount by the U.S. Internal Revenue Code and the 2008 Plan. Incentive stock options may only be granted to employees of the Company or a subsidiary.

A stock appreciation right is the right to receive payment of an amount equal to the excess of the fair market value of a share of the Company’s Common Stock on the date of exercise of the stock appreciation right over the base price of the stock appreciation right. The base price will be established by the Administrator at the time of grant of the stock appreciation right and generally may not be less than the fair market value of a share of the Company’s Common Stock on the date of grant. Stock appreciation rights may be granted in connection with other awards or independently. The maximum term of a stock appreciation right is ten years from the date of grant.

The other types of awards that may be granted under the 2008 Plan include, without limitation, stock bonuses, restricted stock, performance stock, stock units or phantom stock (which are contractual rights to receive shares of stock, or cash based on the fair market value of a share of stock), dividend equivalents which represent the right to receive a



Table of Contents

payment based on the dividends paid on a share of stock over a stated period of time, or similar rights to purchase or acquire shares, and cash awards.

Any awards under the 2008 Plan (including awards of stock options and stock appreciation rights) may be fully-vested at grant or may be subject to time- and/or performance-based vesting requirements.

**Qualified Performance-Based Awards.** Under Section 162(m) of the U.S. Internal Revenue Code (“Section 162(m)”) a public corporation generally cannot take a tax deduction in any tax year for compensation it pays to its Chief Executive Officer and certain other executive officers in excess of \$1 million. Compensation that qualifies as “performance-based” under Section 162(m), however, is excluded from the \$1 million limit if, among other requirements, the compensation is payable only upon attainment of pre-established, objective performance goals under a plan approved by the corporation’s shareholders.

The Administrator may grant awards under the 2008 Plan that are intended to be performance-based awards within the meaning of Section 162(m). Stock options and stock appreciation rights may qualify as performance-based awards within the meaning of Section 162(m). In addition, other types of awards authorized under the 2008 Plan (such as restricted stock, performance stock, stock units, and cash bonus opportunities) may be granted with performance-based vesting requirements and intended to qualify as performance-based awards within the meaning of Section 162(m) (“Qualified Performance-Based Awards”). While the Administrator may grant awards under the 2008 Plan that qualify (or are intended to qualify) as performance-based awards within the meaning of Section 162(m), nothing requires that any award qualify as “performance-based” within the meaning of Section 162(m) or otherwise be deductible for tax purposes.

The vesting or payment of Qualified Performance-Based Awards will depend on the absolute or relative performance of the Company on a consolidated, subsidiary, segment, division, or business unit basis. The Administrator will establish the criterion or criteria and target(s) on which performance will be measured. To qualify an award as performance-based under Section 162(m), the Administrator must consist solely of two or more outside directors (as this requirement is applied under Section 162(m)), the Administrator must establish criteria and targets in advance of applicable deadlines under Section 162(m) and while the attainment of the performance targets remains substantially uncertain, and the Administrator must certify that any applicable performance goals and other material terms of the grant were satisfied. The performance criteria that the Administrator may use for this purpose will include one or more of the following: earnings per share, cash flow (which means cash and cash equivalents derived from either net cash flow from operations or net cash flow from operations, financing and investing activities), total stockholder return, gross revenue, revenue growth, operating income (before or after taxes), net earnings (before or after interest, taxes, depreciation and/or amortization), return on equity or on assets or on net investment, cost containment or reduction, or any combination thereof. The performance measurement period with respect to an award may range from three months to ten years. The terms of the Qualified Performance-Based Awards may specify the manner, if any, in which performance targets shall be adjusted to mitigate the unbudgeted impact of material, unusual or nonrecurring gains and losses, accounting changes or other items specified by the Administrator at the time of establishing the goals.

Qualified Performance-Based Awards may be paid in stock or in cash (in either case, subject to the limits described under the heading “Authorized Shares; Limits on Awards” above). The Administrator has discretion to determine the performance target or targets and any other restrictions or other limitations of Qualified Performance-Based Awards and may reserve discretion to reduce payments below maximum award limits.

Dividend Equivalents; Deferrals. The Administrator may provide for the deferred payment of awards, and may determine the other terms applicable to deferrals. The Administrator may provide that awards under the 2008 Plan (other than options or stock appreciation rights), and/or deferrals, earn dividends or dividend equivalents based on the amount of dividends paid on outstanding shares of Common Stock.

Assumption and Termination of Awards. If an event occurs in which the Company does not survive (or does not survive as a public company in respect of its common stock), including, without limitation, a dissolution, merger, combination, consolidation, exchange of securities, or other reorganization, or a sale of all or substantially all of the business, stock or assets of the Company, awards then-outstanding under the 2008 Plan will not automatically become fully vested pursuant to the provisions of the 2008 Plan so long as such awards are assumed, substituted for or otherwise continued. However, if awards then-outstanding under the 2008 Plan are to be terminated in such circumstances (without being assumed or substituted for), such awards would generally become fully vested, subject to any exceptions

Table of Contents

that the Administrator may provide for in an applicable award agreement. The Administrator also has the discretion to establish other change in control provisions with respect to awards granted under the 2008 Plan. For example, the Administrator could provide for the acceleration of vesting or payment of an award in connection with a corporate event or in connection with a termination of the award holder's employment. For the treatment of outstanding equity awards held by the Named Executive Officers in connection with a termination of employment and/or a change in control of the Company, please see the "Potential Payments Upon Change in Control and Termination" below in this Proxy Statement.

**Transfer Restrictions.** Subject to certain exceptions contained in Section 5.7 of the 2008 Plan, awards under the 2008 Plan generally are not transferable by the recipient other than by will or the laws of descent and distribution and are generally exercisable, during the recipient's lifetime, only by the recipient. Any amounts payable or shares issuable pursuant to an award generally will be paid only to the recipient or the recipient's beneficiary or representative. The Administrator has discretion, however, to establish written conditions and procedures for the transfer of awards to other persons or entities, provided that such transfers comply with applicable federal and state securities laws and are not made for value (other than nominal consideration, settlement of marital property rights, or for interests in an entity in which more than 50% of the voting securities are held by the award recipient or by the recipient's family members).

**Adjustments.** As is customary in incentive plans of this nature, each share limit and the number and kind of shares available under the 2008 Plan and any outstanding awards, as well as the exercise or purchase prices of awards, and performance targets under certain types of performance-based awards, are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends, or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the stockholders.

**No Limit on Other Authority.** The 2008 Plan does not limit the authority of the Board or any committee to grant awards or authorize any other compensation, with or without reference to the Company's common stock, under any other plan or authority.

**Limitation on Golden Parachute Payments.** To the extent any award or payment under the 2008 Plan would trigger the golden parachute payment excise taxes provided for under Sections 280G and 4999 of the Code, the 2008 Plan provides that such award or payment will automatically be "cut back" to avoid triggering these excise taxes.

**Clawback Policy.** Awards granted under the 2008 Plan are generally subject to the terms of any Company clawback policy in effect from time to time.

**Termination of or Changes to the 2008 Plan.** The Board may amend or terminate the 2008 Plan at any time and in any manner. Stockholder approval for an amendment will be required only to the extent then required by applicable law

or deemed necessary or advisable by the Board. Unless terminated earlier by the Board and subject to any extension that may be approved by stockholders, the authority to grant new awards under the 2008 Plan will terminate on March 9, 2018. If stockholders approve this 2008 Plan proposal, the term of the 2008 Plan will be extended to March 8, 2026. Outstanding awards, as well as the Administrator's authority with respect thereto, generally will continue following the expiration or termination of the plan. Generally speaking, outstanding awards may be amended by the Administrator (except for a repricing), but the consent of the award holder is required if the amendment (or any plan amendment) materially and adversely affects the holder.

#### U.S. Federal Income Tax Consequences of Awards under the 2008 Plan

The U.S. federal income tax consequences of the 2008 Plan under current federal law, which is subject to change, are summarized in the following discussion of the general tax principles applicable to the 2008 Plan. This summary is not intended to be exhaustive and, among other considerations, does not describe the deferred compensation provisions of Section 409A of the U.S. Internal Revenue Code to the extent an award is subject to and does not satisfy those rules, nor does it describe state, local, or international tax consequences.

With respect to nonqualified stock options, the company is generally entitled to deduct and the participant recognizes taxable income in an amount equal to the difference between the option exercise price and the fair market value of the shares at the time of exercise. With respect to incentive stock options, the company is generally not entitled to a deduction nor does the participant recognize income at the time of exercise, although the participant may be subject to the U.S. federal alternative minimum tax.

## Table of Contents

The current federal income tax consequences of other awards authorized under the 2008 Plan generally follow certain basic patterns: nontransferable restricted stock subject to a substantial risk of forfeiture results in income recognition equal to the excess of the fair market value over the price paid (if any) only at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant); bonuses, stock appreciation rights, cash and stock-based performance awards, dividend equivalents, stock units, and other types of awards are generally subject to tax at the time of payment; and compensation otherwise effectively deferred is taxed when paid. In each of the foregoing cases, the company will generally have a corresponding deduction at the time the participant recognizes income.

If an award is accelerated under the 2008 Plan in connection with a “change in control” (as this term is used under the U.S. Internal Revenue Code), the company may not be permitted to deduct the portion of the compensation attributable to the acceleration (“parachute payments”) if it exceeds certain threshold limits under the U.S. Internal Revenue Code (and certain related excise taxes may be triggered). Furthermore, the aggregate compensation in excess of \$1,000,000 attributable to awards that are not “performance-based” within the meaning of Section 162(m) may not be permitted to be deducted by the company in certain circumstances.

### Specific Benefits under the 2008 Performance Incentive Plan

The Company has not approved any awards that are conditioned upon stockholder approval of the 2008 Plan. The Company is not currently considering any other specific award grants under the 2008 Plan. If the proposed amendments to the 2008 Plan had been in existence in fiscal 2015, the Company expects that its award grants for fiscal 2015 would not have been substantially different from those actually made in that year under the 2008 Plan. For information regarding stock-based awards granted to the Company’s Named Executive Officers during fiscal 2015, see the material under the heading “Executive Compensation” below.

### Potential Dilution

The following paragraphs include additional information to help stockholders assess the potential dilutive impact of the Company’s equity awards and the 2008 Plan. As of the date hereof, the Company has outstanding awards under the 2008 Plan, the 2006 Plan, and the Company’s Employee Stock Purchase Plan (the “ESPP”). The ESPP is intended as a qualified employee share purchase plan under Section 423 of the Code. The ESPP generally provides for broad-based participation by employees of the Company (and certain of its subsidiaries) and affords employees who elect to participate an opportunity to purchase shares of the Company’s common stock at a discount. Certain information regarding the number of shares of Company common stock available for issuance under the ESPP is included under the heading “Equity Compensation Plan Information” below. The discussion that follows in this “Potential Dilution” section does not include any shares that have been purchased under, may be purchased in the current purchase period under, or that remain available for issuance or delivery under the ESPP.

“Overhang” refers to the number of shares of the Company’s common stock that are subject to outstanding awards or remain available for new award grants. The following table shows the total number of shares of the Company’s common stock that were subject to outstanding restricted stock granted under the 2008 Plan, that were subject to outstanding stock options granted under the 2006 Plan and the 2008 Plan, and that were then available for new award grants under the 2008 Plan as of January 1, 2016 and as of April 1, 2016.

	As of January 1, 2016	As of April 1, 2016
Shares subject to outstanding restricted stock awards	37,700	37,700
Shares subject to outstanding stock options	967,067	997,317
Shares available for new award grants	228,900	178,900

The weighted-average number of shares of the Company’s common stock issued and outstanding in each of the last three fiscal years was 7,355,000 shares issued and outstanding in 2013; 7,488,000 shares issued and outstanding in 2014; and 7,834,000 shares issued and outstanding in 2015. The number of shares of the Company’s common stock issued and outstanding as of January 1, 2016 and April 1, 2016 was 8,173,000 and 8,192,000 shares, respectively.

Table of Contents

“Burn rate” refers to the number of shares that are subject to awards that we grant over a particular period of time. The total number of shares of the Company’s common stock subject to awards that the Company granted under the 2008 Plan in each of the last three fiscal years, and to date (as of April 1, 2016) for 2016, are as follows:

- 125,000 shares in fiscal 2013 (which was 1.7% of the weighted-average number of shares of the Company’s common stock issued and outstanding in fiscal 2013), of which 25,000 shares were subject to restricted stock awards and 100,000 shares were subject to stock options;
- 260,000 shares in fiscal 2014 (which was 3.5% of the weighted-average number of shares of the Company’s common stock issued and outstanding in fiscal 2014), of which 25,000 shares were subject to restricted stock awards and 235,000 shares were subject to stock options;
- 190,200 shares in fiscal 2015 (which was 2.4% of the weighted-average number of shares of the Company’s common stock issued and outstanding in fiscal 2015), of which 25,200 shares were subject to restricted stock awards and 165,000 shares were subject to stock options; and
- 60,000 shares in fiscal 2016 through April 1, 2016 (which was 0.7% of the number of shares of the Company’s common stock issued and outstanding on April 1, 2016), of which no shares were subject to restricted stock and 60,000 shares were subject to stock options.

Thus, the total number of shares of the Company’s common stock subject to awards granted under the 2008 Plan per year over the last three fiscal years (2013, 2014 and 2015) has been, on average, 2.4% of the weighted-average number of shares of the Company’s common stock issued and outstanding for the corresponding year.

The total number of shares of our common stock that were subject to awards granted under the 2008 Plan or the 2006 Plan that terminated or expired, and thus became available for new award grants under the 2008 Plan, in each of the last three fiscal years, and to date (as of April 1, 2016) in 2016, are as follows: 43,000 in 2013, 3,000 in 2014, 24,000 in 2015, and 10,000 in 2016.

The Compensation Committee anticipates that the 500,000 additional shares requested for the 2008 Plan (together with the shares available for new award grants under the 2008 Plan on the Annual Meeting date and assuming usual levels of shares becoming available for new awards as a result of forfeitures of outstanding awards) will provide the Company with flexibility to continue to grant equity awards under the 2008 Plan through approximately the end of 2019. However, this is only an estimate, in the Company’s judgment, based on current circumstances. The total number of shares that are subject to the Company’s award grants in any one year or from year-to-year may change based on a number of variables, including, without limitation, the value of the Company’s common stock (since higher stock prices generally require that fewer shares be issued to produce awards of the same grant date fair value), changes in competitors’ compensation practices or changes in compensation practices in the market generally, changes in the number of employees, changes in the number of directors and officers, whether and the extent to which vesting

conditions applicable to equity-based awards are satisfied, acquisition activity and the need to grant awards to new employees in connection with acquisitions, the need to attract, retain and incentivize key talent, the type of awards the Company grants, and how the Company chooses to balance total compensation between cash and equity-based awards.

The closing market price for a share of the Company's common stock as of April 1, 2016 was \$10.48 per share.

#### Aggregate Past Grants Under the 2008 Plan

As of April 1, 2016, awards covering 1,873,150 shares of the Company's common stock have been granted under the 2008 Plan. (This number of shares includes shares subject to awards that expired or terminated without having been exercised and paid and became available for new award grants under the 2006 Plan and the 2008 Plan.) The following table shows information regarding the distribution of all awards among the persons and groups identified below, option exercises and restricted stock vesting prior to that date, and option and unvested restricted stock holdings



Table of Contents

as of that date. The number of shares subject to past option grants includes all options that were awarded, including those that may have expired prior to exercise.

Named Executive Officers:	Options and Stock Appreciation Rights				Restricted Stock / Units		
	Number of Shares Subject to Past Option/SAR Grants	Number of Shares Acquired On Exercise	Number of Shares Underlying Options/SARs as of April 1 2016		Number of Shares/ Units Subject to Past Awards	Number of Shares/Units Vested as of April 1, 2016	Number of Shares/Units Outstanding and Unvested as of April 1, 2016
Exercisable			Unexercisable				
Thomas D. Brisbin, President & Chief Executive Officer, Director	340,000	—	256,666	83,334	—	—	—
Stacy B. McLaughlin, Vice President & Chief Financial Officer	45,000	—	13,332	31,668	—	—	—
Daniel Chow, President & Chief Executive Officer, Willdan Engineering	52,000	25,000	20,332	6,668	—	—	—
Marc Tipermas, President of National Programs	99,000	67,333	28,333	3,334	—	—	—
Michael A. Bieber, Senior Vice President,	150,000	—	33,333	116,667	—	—	—

Corporate Development							
Total for All Current Executive Officers as a Group (6 persons):	686,000	92,333	351,996	241,671	—	—	—
Steven A. Cohen	—	—	—	—	3,600	—	3,600
Raymond W. Holdsworth	20,000	—	20,000	—	13,600	7,500	6,100
Douglas J. McEachern	20,000	20,000	—	—	13,600	7,500	6,100
Keith W. Renken	26,000	15,000	11,000	—	13,600	7,500	6,100
Mohammed Shahidehpour	—	—	—	—	3,600	—	3,600
John M. Troups	24,000	—	24,000	—	13,600	7,500	6,100
Win Westfall	32,000	—	22,000	—	13,600	7,500	6,100
Total for all Current Non-Executive Directors as a Group (7 persons):	122,000	35,000	77,000	—	75,200	37,500	37,700
Each other person who has received 5% or more of the options, warrants or rights under the Plan	—	—	—	—	—	—	—
All employees, including all current officers who are not executive officers or directors, as a group	989,950	222,748	176,640	150,010	—	—	—
Total	1,797,950	350,081	605,636	391,681	75,200	37,500	37,700

The non-executive directors and Mr. Brisbin are each nominees for re-election as a director at the Annual Meeting.



Table of Contents

Vote Required for Approval of the 2008 Performance Incentive Plan

The Board believes that the adoption of the amendments to the 2008 Plan will promote the interests of the Company and its stockholders and will help the Company and its subsidiaries continue to be able to attract, retain and reward persons important to our success.

All members of the Board and all of the Company's executive officers are eligible for awards under the 2008 Plan and thus have a personal interest in the approval of the 2008 Plan.

Approval of the amendments to the 2008 Plan requires the affirmative vote of a majority of the common stock present, or represented, and entitled to vote at the Annual Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT A VOTE "FOR" APPROVAL OF AMENDMENT TO THE 2008 PERFORMANCE INCENTIVE PLAN AS DESCRIBED ABOVE AND SET FORTH IN EXHIBIT A HERETO.

Table of Contents

CORPORATE GOVERNANCE

The Board of Directors

Corporate Governance

The Company is managed under the direction of a Board of Directors currently composed of eight members, seven of whom the Board has determined are independent under the rules of the listing standards for the Nasdaq Global Market (the “Nasdaq Rules”) and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). If all of the nominees named in this proxy statement are elected, seven of the eight directors will be independent under Nasdaq Rules.

Board members are expected to attend each Board meeting and each meeting of any committee on which such Board member serves and they are encouraged to attend the Annual Meeting of Stockholders. The Board of Directors met 4 times in 2015. Each incumbent director attended at least 75% of the total number of meetings of the Board of Directors that were held during the time that he or she served on the Board of Directors and of each committee on which he or she served during 2015. Each incumbent director who was a director at the time of the 2015 annual meeting attended the 2015 annual meeting. Stockholders or other interested parties may communicate with members of the Board of Directors individually or with the Board of Directors as a whole by sending a letter to the appropriate director or the Board of Directors in care of the Secretary of the Company at the address shown below under “—Communications with the Board of Directors.”

Board Leadership Structure

The Board does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the Board believes it is in the best interests of the Company to make that determination based on the position and direction of the Company and the membership of the Board. The Board has determined that having a non-management director serve as Chairman is in the best interests of the Company’s stockholders at this time. This structure permits the Chief Executive Officer to focus on the management of the Company’s day-to-day operations. At the same time, because the Chairman of the Board, Mr. Westfall, is the Company’s former President and Chief Executive Officer, and worked for the Company from 1998 until 2007, this structure also makes use of Mr. Westfall’s extensive knowledge of the Company and its industry. The Company also believes that having a non-management director serve as Chairman of the Board ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing Board priorities and procedures.

## Executive Sessions

Non-management directors meet regularly in executive sessions without management. Non-management directors are those directors who are not Company officers or employees and include directors, if any, who are not independent by virtue of the existence of a material relationship with the Company, former status or family relationship or for any other reason other than being an employee of the Company. Executive sessions are led by a “Lead Director” and Mr. Renken has been designated as the Lead Director. An executive session is held in conjunction with each regularly scheduled quarterly Board meeting and other sessions may be called by the Lead Director in his own discretion or at the request of the Board.

## Director Independence

The Company has established standards of independence for the Board that comply with the Nasdaq Rules and Exchange Act. Under these standards of independence, for a director to be considered independent, the director must, among other things, not be an officer or employee of the Company or its subsidiaries and the director must not have a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Company’s policy is to have at least a majority of directors qualify as independent under the listing standards set forth in the Nasdaq Rules and Exchange Act. The Board of Directors has determined that each of the directors, other than Mr. Brisbin, is independent under the standards set forth in the Nasdaq Rules and the Exchange Act.

Table of Contents

Committees of the Board of Directors

We have four standing committees of the Board of Directors: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Strategy, Mergers and Acquisitions Committee. The charters for each of these committees are available on our website at [www.willdan.com](http://www.willdan.com) under “Investors—Corporate Governance—Governance Documents” or are available in print to any stockholder who requests a copy from the Company’s Secretary at 2401 East Katella Avenue, Suite 300, Anaheim, California 92806. Each of these committees regularly reports to the Board of Directors as a whole. Mr. Westfall, our chairman of the board, serves as an ex officio member of each committee. The following summaries identify the members of each committee as of the date of this proxy statement. The composition of each committee may change following the Annual Meeting.

**Audit Committee.** The Board’s Audit Committee consists of Messrs. Renken, McEachern and Toups, each of whom the Board has determined is an independent director and meets the independence requirements for Audit Committee members under the Nasdaq Rules and the Exchange Act. Mr. Renken is the chairman of the Audit Committee and has been designated by the Board as the Audit Committee financial expert. Each of the other members of the Audit Committee is financially literate, in accordance with the Nasdaq Rules. The Audit Committee met 5 times during fiscal 2015.

Under the terms of the Audit Committee charter, the purpose of this committee is to assist the Board in overseeing the integrity of the Company’s financial statements and financial reporting, the Company’s compliance with legal and regulatory requirements, the qualifications and independence of the Company’s independent registered public accounting firm, the performance of the Company’s internal reporting and audit functions, and the Company’s disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance and ethics. The Audit Committee confers formally with the Company’s independent registered public accounting firm, as well as with members of management to inquire as to the manner in which the respective responsibilities of these groups and individuals are being discharged. The Audit Committee engages our independent registered public accounting firm and reviews and approves the scope of the audit conducted by the independent registered public accounting firm.

**Compensation Committee.** The Board’s Compensation Committee consists of Messrs. McEachern, Holdsworth and Toups, each of whom the Board has determined is an independent director under the Nasdaq Rules and the Exchange Act, with Mr. McEachern serving as the Committee’s chairman. The Compensation Committee is responsible for establishing and governing the compensation and benefit practices of the Company. The Compensation Committee charter requires that the Compensation Committee consist of three or more members of the Board, each of whom qualifies as an “independent director” under Nasdaq Rules, a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act and an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. At all times during fiscal 2015, the Compensation Committee consisted of at least three members of the Board, each of whom the Board has affirmatively determined satisfies these independence requirements. The Compensation Committee met 4 times during fiscal 2015.

The Compensation Committee assists the Board of Directors in determining the compensation of the Company's executive officers and senior management and approves the annual and long-term compensation for the Company's Chief Executive Officer and other executive officers. In addition to its annual review of the compensation of the Company's officers, the Compensation Committee administers the Company's 2008 Performance Incentive Plan (the "2008 Plan"), 2006 Stock Incentive Plan (the "2006 Plan") and the Amended and Restated Willdan Group, Inc. 2006 Employee Stock Purchase Plan (the "ESPP"). The Committee has the authority to designate officers, directors or key employees eligible to participate in the plans, to prescribe the terms of any stock options or other equity-based awards, to interpret the plans, and to make all other determinations for administering the plans. Our Chief Executive Officer recommends to the Compensation Committee salary, annual bonus and long-term compensation levels for less senior officers, including the other Named Executive Officers (as defined below).

The Compensation Committee is authorized to retain and terminate any compensation consultant engaged to assist in the evaluation of the compensation of our senior executive officers (including all of the Named Executive Officers). In light of the straightforward nature of our executive compensation arrangements, the Compensation Committee believes it has not been necessary to date to retain independent compensation consultants.



## Table of Contents

Nominating and Corporate Governance Committee. The Board's Nominating and Corporate Governance Committee consists of Messrs. Holdsworth, McEachern and Renken, each of whom the Board has determined is an independent director under the Nasdaq Rules, with Mr. Holdsworth serving as the Committee's chairman. The Nominating and Corporate Governance Committee met 4 times in fiscal 2015.

The Nominating and Corporate Governance Committee works with the Board of Directors to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members. In evaluating the suitability of individual Board members, the Nominating and Corporate Governance Committee and the Board take into account many factors, as discussed above under "Proposal 1. Election of Directors—Information Regarding Nominees." Although the Company does not have a formal policy with regard to the consideration of diversity in identifying candidates for election to the Board, the Nominating and Corporate Governance Committee recognizes the benefits associated with a diverse group of directors and takes diversity considerations into account when identifying director candidates. The Nominating and Corporate Governance Committee and the Board seek a broad range of perspectives and consider both the personal characteristics and experience of prospective nominees to ensure that the Board as a whole will possess the appropriate skills and expertise to oversee the Company. These factors, and others considered useful by the Nominating and Corporate Governance Committee, will be reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time.

After assessing the perceived needs of the Board, the Nominating and Corporate Governance Committee may identify specific individuals to serve as directors and the committee looks to well respected companies as a potential source of director candidates with relevant experience. The priorities and emphasis of the Nominating and Corporate Governance Committee and of the Board may change from time to time to take into account changes in business and other trends and the portfolio of skills and experience of current and prospective Board members. The Nominating and Corporate Governance Committee establishes procedures for the nomination process and may recommend candidates for election to the Board.

Strategy, Mergers and Acquisitions Committee. The Board's Strategy, Mergers and Acquisitions, or SMA, Committee consists of Messrs. Toups, Holdsworth, and Renken, each of whom the Board has determined is an independent director under the Nasdaq Rules, with Mr. Toups serving as the Committee's chairman. The SMA Committee assists the Board by reviewing and making recommendations to the Board or taking actions on behalf of the Board relating to the Company's financial and strategic plans. The SMA Committee charter requires that the SMA Committee consist of three members of the Board, each of whom the Board has determined satisfies the independence requirements under the Nasdaq Rules and the Exchange Act. The SMA Committee met 4 times during fiscal 2015.

The responsibilities of the SMA Committee include reviewing with management, on a timely basis, significant financial matters of the Company and its subsidiaries, including matters relating to the Company's capitalization, dividend policy and practices, credit ratings, cash flows, borrowing activities, investment strategies, and potential acquisitions, and risk oversight. The SMA Committee also reviews and may recommend to the Board actions relating to offerings of the Company's debt or equity securities; purchases or disposals of treasury shares, except the purchase of shares pursuant to approved employee benefit plans; stock splits or reclassification of shares; the declaration and payment of any dividends on the Company's common stock; guarantees of unconsolidated third party indebtedness;

and certain other financial transactions and strategies.

## Oversight of Risk

Companies face a variety of risks, including credit risk, liquidity risk, and operational risk. The Board believes an effective risk management system will (1) timely identify the material risks that the Company faces, (2) communicate necessary information with respect to material risks to senior executives and, as appropriate, to the Board or relevant Board Committee, (3) implement appropriate and responsive risk management strategies consistent with the Company's risk profile, and (4) integrate risk management into the Company decisionmaking.

**Board's Role in Risk Oversight.** One of the principal functions of our Board is to provide oversight concerning the assessment and management of risk related to our business. The Board is involved in risk oversight through direct decision-making authority with respect to fundamental financial and business strategies and major corporate activities, including material acquisitions and financings, as well as through its oversight of management and the committees of the Board. Management is responsible for identifying the material risks facing the Company, implementing appropriate risk management strategies and ensuring that information with respect to material risks is shared with the Board or the

## Table of Contents

appropriate Board committee. In connection with this responsibility, members of management provide regular reports to the Board regarding business operations and strategic planning, financial planning and budgeting and regulatory matters, including any material risk to the Company relating to such matters.

The Board has delegated oversight for specific areas of risk exposure to committees of the Board as follows:

1. The Audit Committee is responsible for discussing policies with respect to risk assessment and risk management periodically with management and the independent auditor, as well as the Company's plans or processes to monitor, control and minimize any financial risk exposure. The Audit Committee is also responsible for primary risk oversight related to our financial reporting, accounting and internal controls.
2. The Compensation Committee reviews the Company's incentive compensation arrangements to help ensure that they do not encourage unnecessary risk-taking.
3. The SMA Committee reviews periodically the Company's risk management strategies with the Audit Committee.

At each regular meeting of our Board, the chairperson of each committee reports to the full Board regarding the matters reported and discussed at any committee meetings, including any matters relating to risk assessment or risk management. Upon the request of the committees, our Chief Executive Officer and Chief Financial Officer attend meetings of these committees when they are not in executive session, and often report on matters that may not be otherwise addressed at these meetings. In addition, our directors are encouraged to communicate directly with members of management regarding matters of interest, including matters related to risk, at times when meetings are not being held. Our Board believes that the processes it has established for overseeing risk would be effective under a variety of leadership frameworks and therefore do not materially affect its choice of leadership structure as described under "Board Leadership Structure" above.

**Compensation Risk Assessment.** We believe that risks arising from our compensation policies and practices for our employees are not reasonably likely to encourage unnecessary or excessive risk taking that could have a material adverse effect on the Company. In addition, the Compensation Committee believes that the mix and design of the elements of our executive compensation program do not encourage management to assume unnecessary or excessive risks that could have a material adverse effect on the Company.

### Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee has at any time been one of our officers or employees. None of our executive officers serves, or in the past year has served, as a member of the board of directors or the compensation

committee of any entity that has one or more executive officers who serve on our Board of Directors or Compensation Committee.

#### Policy on Hedging and Pledging

The Company recognizes that hedging against losses in Company stock is not appropriate or acceptable trading activity for individuals employed by or serving the Company. The Company has incorporated prohibitions on various hedging activities within its insider trading policy, which policy applies to directors, officers and employees of the Company and their family members. The policy prohibits trading in any interest or position relating to the future price of Company securities, such as put, call or short sale.

#### Code of Ethics

The Company expects that all of its directors, officers and employees will maintain a high level of integrity in their dealings with and on behalf of the Company and will act in the best interests of the Company. The Company has adopted a Code of Ethical Conduct which provides principles of conduct and ethics for the Company's directors, officers and employees. This Code complies with the requirements of the Sarbanes-Oxley Act of 2002 and the Nasdaq Rules. This Code of Ethical Conduct is available on the Company's website at [www.willdan.com](http://www.willdan.com) under "Investors—Corporate Governance— Governance Documents" and is also available in print, without charge, to any stockholder who requests a copy by writing to our Secretary at 2401 East Katella Avenue, Suite 300, Anaheim, California 92806.

Table of Contents

Material Litigation

There are currently no ongoing material proceedings in which any director or executive officer is a party adverse to the Company or any of its subsidiaries, or in which any director or executive officer has a material interest adverse to the Company or any of its subsidiaries.

Director Nominations by Stockholders

The Nominating and Governance Committee will consider director candidates recommended by stockholders. Properly communicated stockholder recommendations will be considered in the same manner as recommendations received from other sources. To be properly communicated, stockholders desiring to recommend candidates for nomination or election to the Board of Directors should submit their recommendations in writing to the attention of the Secretary, Willdan Group, Inc., 2401 East Katella Avenue, Suite 300, Anaheim, CA 92806, together with the following information: (i) all information about the stockholder and the candidate that would be required pursuant to Section 3.04(a)(ii) of our Bylaws if the stockholder was nominating the candidate for election to the Board of Directors, (ii) a statement of the proposed director candidate's qualifications, taking into account the principles used by the Nominating and Governance Committee in evaluating possible candidates as described above, (iii) a statement detailing any relationship between the proposed director candidate and any of our competitors, and (iv) detailed information about any relationship or understanding between the recommending stockholder and the director candidate. The Nominating and Governance Committee may request additional information concerning the director candidate as it deems reasonably necessary to determine the eligibility and qualification of the director candidate to serve as a member of our Board of Directors.

The Nominating and Corporate Governance Committee will evaluate any stockholder recommended candidate to determine whether he or she is highly qualified. Particular consideration will be given to those individuals who have substantial achievement in their personal and professional pursuits and whose talents, experience and integrity would be expected to contribute to the best interests of the Company and to long-term stockholder value. Without limitation, the Committee recommends individuals who have a general management focus, have specialization in the Company's principal business activities or finance, have significant experience in issues encountered by public companies and who could contribute to the diversity of the board. The Nominating and Corporate Governance Committee evaluates stockholder recommended candidates in the same way it evaluates candidates proposed from other sources.

Please note that stockholders who wish to nominate a person for election as a director in connection with an annual meeting of stockholders (as opposed to making a recommendation to the Nominating and Governance Committee as described above) must deliver written notice to our Secretary in the manner described in Section 3.04(a)(ii) of our Bylaws.

Communications with the Board of Directors

Individuals may contact the Company's entire Board of Directors or an individual director by sending a written communication to the Board or such director in care of:

Secretary

Willdan Group, Inc.

2401 E. Katella Avenue, Suite 300

Anaheim, CA 92806

Each communication must set forth the name and address of the stockholder on whose behalf the communication is sent. Each communication will be reviewed by the Company's Secretary to determine whether it is appropriate for presentation to the Board or such director. Advertisements, solicitations or hostile communications will not be presented. Communications determined by the Secretary to be appropriate for presentation to the Board or such director will be submitted to the Board or such director on a periodic basis.

A stockholder wishing to communicate directly with the non-management members of the board may address the communication to "Non-Management Directors, c/o Board of Directors" at the same address set forth above. These communications will be handled by the Lead Director, who presides at the meetings of non-management directors. Finally, communications can be sent directly to individual directors by addressing letters to the director's individual name, c/o the Board of Directors, at the address above.

Table of Contents

## PRINCIPAL STOCKHOLDERS

Except as otherwise noted, the following table sets forth information as of April 14, 2016 with respect to: (i) each person known by us to own beneficially more than 5% of the outstanding shares of our common stock, based upon Schedule 13G and Schedule 13D reports filed with the SEC, (ii) each of our directors and director nominees, (iii) each of our Named Executive Officers (as defined below under “Executive Compensation”) and (iv) our directors and executive officers as a group.

Unless otherwise noted below, the address of the persons listed in the table is c/o Willdan Group, Inc., 2401 East Katella Avenue, Suite 300, Anaheim, California 92806. The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of such security, or “investment power,” which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. Except as otherwise noted, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of common stock reflected as beneficially owned, subject to applicable community property laws. We had 8,199,494 shares of common stock outstanding on April 14, 2016.

Name and Address of Stockholder	Amount of Beneficial Ownership	Percent of Common Stock	
5% Stockholders			
Red Oak Partners LLC(1)	484,986	5.9	%
Edward W. Wedbush(2)	468,459	5.7	%
Executive Officers, Directors and Director Nominees			
Win Westfall(3)	37,600	*	%
Thomas D. Brisbin(4)	365,464	4.5	%
Michael A. Bieber(5)	45,666	*	%
Daniel Chow(6)	46,999	*	%
Steven A. Cohen(7)	3,600	*	%
Raymond W. Holdsworth(8)	78,600	1.0	%
Douglas J. McEachern(9)	88,970	1.1	%
Stacy B. McLaughlin(10)	15,140	*	%
Keith W. Renken(11)	117,500	1.4	%
Mohammad Shahidehpour(12)	3,600	*	%
John M. Toups(13)	61,600	*	%
Marc Tipermas(14)	88,706	1.1	%

All directors and executive officers as a group (13 persons)	1,092,945	13.3	%
--	-----------	------	---

---

\*The percentage of shares beneficially owned by this executive officer or director does not exceed one percent of the Company's outstanding common stock.

(1) Beneficial ownership information is given as of December 31, 2015 and was obtained from a Schedule 13G/A filed with the SEC on February 16, 2016 by Red Oak Partners, LLC. David Sandberg is the controlling member of Red Oak Partners, LLC, a Florida limited liability company ("Red Oak Partners"), which serves as the general partner of The Red Oak Fund, LP, a Delaware limited partnership (the "Red Oak Fund"), The Red Oak Long Fund, LP, a Delaware limited partnership (the "Red Oak Long Fund") and The Red Oak Institutional Founders Long Fund, LP, a Delaware limited partnership (the "Red Oak Founders Fund"), managing member of Pinnacle Capital Partners LLC, a Florida limited liability company ("Pinnacle Partners") and the general partner of Pinnacle Opportunities Fund, LP, a Delaware limited partnership ("Pinnacle Fund" together with the "Red Oak Fund", the "Red Oak Long Fund" and the "Red Oak Founders Fund", the "Funds"). The Funds are private investment vehicles formed for the purpose of investing and trading in a wide variety of securities and financial instruments. In addition, Red Oak Partners has discretionary trading and voting authority over shares held in a separate managed account held by Wolverine Trading LLC ("Wolverine").



Table of Contents

Red Oak Partners may be deemed to beneficially own 484,986 shares of Common Stock which includes: 122,651 shares of Common Stock that Red Oak Fund may be deemed to beneficially own, 76,184 shares of Common Stock that Red Oak Long Fund may be deemed to beneficially own, 155,429 shares of Common Stock that Red Oak Founders Fund may be deemed to beneficially own, 104,256 shares of Common Stock that Pinnacle Fund may be deemed to beneficially own and 26,466 shares of Common Stock that Wolverine may be deemed to beneficially own. Red Oak Partners has discretionary trading and voting authority over shares held by Wolverine. Mr. Sandberg, as the managing member of Red Oak Partners, may be deemed to beneficially own the 484,986 shares of Common Stock beneficially owned by Red Oak Partners through the Funds and Wolverine.

Each of David Sandberg, Red Oak Partners, the Funds and Wolverine disclaims beneficial ownership with respect to any shares other than the shares owned directly by such person. The principal office or business address of the Red Oak Fund, Red Oak Long Fund, Red Oak Founders Fund, Red Oak Partners, Pinnacle Partners, Pinnacle Fund and David Sandberg is 1969 SW 17th Street, Boca Raton, FL 33486. The principal office or business address of Wolverine is 175 W. Jackson Blvd., Suite 200, Chicago, IL 60604.

- (2) Beneficial ownership information is given as of December 31, 2015 and was obtained from a Schedule 13G/A filed with the SEC on March 1, 2016 by Wedbush, Inc. Edward W. Wedbush owns approximately 50% of the issued and outstanding shares of Wedbush, Inc., which is the sole shareholder of Wedbush Securities Inc. Mr. Wedbush is also the Chairman of the Board of Wedbush, Inc. and the President of Wedbush Securities Inc. Edward Wedbush has sole voting and dispositive power over 389,372 shares, shared voting power over 406,872 shares and shared dispositive power over 468,459 shares, of which Wedbush Securities, Inc. has dispositive power over 61,587 shares and Mr. Wedbush disclaims beneficial ownership over such shares. In addition, Wedbush Securities Inc. has shared voting power over 17,500 shares and shared dispositive power over 468,459 shares, and Wedbush Inc. has sole voting and dispositive power over 17,500 shares and shared voting and dispositive power over 17,500 shares. The address for Wedbush Inc. is 1000 Wilshire Blvd., Los Angeles, CA 90017-2457, and the address for Wedbush Securities Inc. and Mr. Wedbush is P.O. Box 30014, Los Angeles, CA 90030-0014.
- (3) Consists of 15,600 shares of common stock held directly by Mr. Westfall and 22,000 shares of common stock subject to options exercisable on or before June 13, 2016. The 15,600 shares of common stock held directly by Mr. Westfall include 6,100 shares of restricted stock, of which 1,200 shares vest on each of June 5, 2016, 2017 and 2018, and 2,500 shares vest on June 6, 2016.
- (4) Consists of 75,465 shares of common stock held directly by Dr. Brisbin and 289,999 shares of common stock subject to options exercisable on or before June 13, 2016.
- (5) Consists of 4,000 shares of common stock held directly by Mr. Bieber and 41,666 shares of common stock subject to options exercisable on or before June 13, 2016.
- (6)

Edgar Filing: Willdan Group, Inc. - Form DEF 14A

Consists of 25,000 shares of common stock held directly by Mr. Chow and 21,999 shares of common stock subject to options exercisable on or before June 13, 2016.

- (7) The 3,600 shares of common stock held by Mr. Cohen include 1,200 shares of restricted stock which vest on each of June 5, 2016, 2017 and 2018.
- (8) Consists of 58,600 shares of common stock held directly by Mr. Holdsworth and 20,000 shares of common stock subject to options exercisable on or before June 13, 2016. The 58,600 shares of common stock held directly by Mr. Holdsworth include 6,100 shares of restricted stock, of which 1,200 shares vest on each of June 5, 2016, 2017 and 2018, and 2,500 shares vest on June 6, 2016.
- (9) Consists of 6,100 shares of common stock held by Mr. McEachern, 72,870 shares of common stock held in The McEachern Family Trust and 10,000 shares of common stock subject to options exercisable on or before June 13, 2016. Mr. McEachern and his wife are co-trustees and beneficiaries of the trust and have shared voting and investment control over our shares of common stock held therein. The 6,100 shares of common stock held directly by Mr. McEachern include 6,100 shares of restricted stock, of which 1,200 shares vest on each of June 5, 2016, 2017 and 2018, and 2,500 shares vest on June 6, 2016.

Table of Contents

- (10) Consists of 1,808 shares of common stock held directly by Mrs. McLaughlin and 13,332 shares of common stock subject to options exercisable on or before June 13, 2016.
- (11) Consists of 28,600 shares of common stock held by Mr. Renken, 77,900 shares of common stock held by the LVRJC Partnership and 11,000 shares of common stock subject to options exercisable on or before June 13, 2016. Mr. Renken is the managing partner of the partnership and has sole voting and investment control over our shares of common stock held therein. The 28,600 shares of common stock held directly by Mr. Renken include 6,100 shares of restricted stock, of which 1,200 shares vest on each of June 5, 2016, 2017 and 2018, and 2,500 shares vest on June 6, 2016.
- (12) The 3,600 shares of common stock held by Mr. Shahidehpour include 1,200 shares of restricted stock which vest on each of June 5, 2016, 2017 and 2018.
- (13) Consists of 37,600 shares of common stock held directly by Mr. Toups and 24,000 shares of common stock subject to options exercisable on or before June 13, 2016. The 37,600 shares of common stock held directly by Mr. Toups include 3,700 shares of restricted stock, of which 1,200 shares vest on each of June 5, 2016, 2017 and 2018, and 2,500 shares vest on June 6, 2016.
- (14) Consists of 60,373 shares of common stock held directly by Dr. Tipermas and 28,333 shares of common stock subject to options exercisable on or before June 13, 2016.

Table of Contents

## MANAGEMENT

The following table sets forth the names, ages and positions of our current executive officers. Executive officers of the Company serve at the pleasure of the Board of Directors. During fiscal 2015, Dr. Brisbin and Dr. Tipermas were employed pursuant to employment agreements, which are summarized below under “Executive Compensation—Description of Employment Agreements, Salary and Bonus Amounts.”

Name	Age	Position
Thomas D. Brisbin	63	President and Chief Executive Officer, Director
Stacy B. McLaughlin	34	Vice President and Chief Financial Officer
Michael A. Bieber	47	Senior Vice President, Corporate Development
Daniel Chow	65	President and Chief Executive Officer of Willdan Engineering
Marc Tipermas	68	President of National Programs
Frank G. Tripepi	68	Senior Vice President, Business Development

Biographical information concerning Dr. Brisbin is set forth under the caption “Proposal 1. Election of Directors—Information Regarding Nominees and Directors.”

Stacy B. McLaughlin was appointed Vice President and Chief Financial Officer of the Company, effective November 15, 2013. Mrs. McLaughlin served as the Company’s Compliance Manager from 2010 to 2013. As Compliance Manager, Mrs. McLaughlin was responsible for overseeing all aspects of the financial reporting process, including analyzing the balance sheets and income statements of each business segment. Prior to joining the Company, Mrs. McLaughlin was, from 2009 to 2010, Senior Associate at Windes & McLaughry Accountancy Corporation and, from 2004 to 2009, Senior Audit Associate at the public accounting firm KPMG LLP. In her position at KPMG LLP, she planned, coordinated and completed financial statement audits for companies in the engineering services sector, among others. Mrs. McLaughlin has a Masters in Accounting from the University of Southern California and BS from the University of Arizona. Mrs. McLaughlin is a Certified Public Accountant (CPA).

Michael A. Bieber was appointed Senior Vice President, Corporate Development in December 2014. Previously, he served as Senior Vice President at Tetra Tech, where he served in a number of leadership roles for over 18 years. From March 2007 to December 2014, Mr. Bieber managed Tetra Tech’s mergers and acquisitions and investor relations functions, overseeing over fifty acquisitions. From 2005 to 2007, Mr. Bieber managed Tetra Tech’s corporate business development group, where he was responsible for overseeing internal business development, marketing and communications. From January 2000 to December 2014, Mr. Bieber also worked in Tetra Tech’s investor relations group. From 1996 to 2000, he was a proposal manager in Tetra Tech’s corporate marketing group. From 1994 to 1996, he served at CRC, Inc., and its successor, as a strategic business development consultant to large defense, infrastructure, and environmental firms. Prior to 1994, Mr. Bieber worked for IT Corporation (now CB&I) where he served as project manager and engineer on government nuclear and commercial environmental projects. Mr. Bieber holds a B.S. degree in Civil Engineering from the Tennessee Technological University.

Daniel Chow was appointed President and Chief Executive Officer of Willdan Engineering in December 2008. Prior to joining the Company, Mr. Chow was the Vice President of AMEC Earth & Environmental, Inc., a subsidiary of AMEC plc, a global provider of high value consultancy, engineering and project management services to the energy, power and process industries, from April 2004 to December 2008. Prior to AMEC, Mr. Chow worked at Tetra Tech EM Inc. (formerly PRC Environmental Management, Inc.) for over 20 years and held various senior management positions, including Vice President of US operations. During Mr. Chow's tenure with these firms he was responsible for establishing new offices and developing and implementing management systems firmwide to enhance operations. He also led the pursuit and management of multi-million dollar contracts for government clients that included the U.S. Navy and the U.S. Army Corps of Engineers. Mr. Chow received his B.Sc. in Mechanical Engineering from Tennessee Technological University and his Master's Degree in Environmental Engineering from Illinois Institute of Technology. He is a registered professional engineer in the state of Illinois and Guam.

Marc Tipermas was appointed President of National Programs in May 2007. Dr. Tipermas has spent most of his 35-year career in the professional services industry in a variety of senior executive level business development and operations positions. From 1981 to 1998, Dr. Tipermas worked at ICF Kaiser International, a global consulting, engineering, and program management firm with over 6,000 employees, and was named President and Chief Operating Officer in 1997. From January 2002 to May 2006, he was Senior Vice President for Business Development of Dynamac Corporation, an environmental consulting firm. From October 1998 to December 2001 and from May 2006 to May

Table of Contents

2007, he worked as an independent business development consultant to several nationwide engineering and consulting firms. From 1977 to 1981 Dr. Tipermas worked at the U.S. Environmental Protection Agency (EPA) and from 1980 to 1981 served as the first Director of EPA's Superfund Policy and Program Management Office. From 1975 to 1977 he was Assistant Professor of Political Science at SUNY/Buffalo. Dr. Tipermas received an S.B. from the Massachusetts Institute of Technology and holds Ph.D. and Master's degrees from Harvard University in political science.

Frank G. Tripepi was appointed Senior Vice President, Business Development in May 2011. Previously, he served as the President and Chief Executive Officer of our subsidiary, Willdan Financial Services, formerly known as MuniFinancial, from June 2002 to May 2011. From October 2008 to December 2009, Mr. Tripepi also served as the interim city manager for the City of La Puente. Prior to joining Willdan Financial Services, Mr. Tripepi served as the city manager of Rosemead, California for approximately 28 years. In April 2004, Mr. Tripepi received an appointment to the Board of Governors of the Rose Institute of State and Local Government. The Rose Institute conducts and publishes research on California government and politics. Mr. Tripepi received his B.A. in Political Science in 1969 from California State University, Fullerton.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section describes each of the material elements of compensation awarded to, earned by or paid to our executive officers identified in the “Summary Compensation Table,” whom we refer to in this section as our “Named Executive Officers.” This section also describes the role and involvement of various parties in our executive compensation analysis and decisions, and provides a discussion of the process and rationale for the decisions of our Compensation Committee to compensate our Named Executive Officers with specific types and amounts of compensation.

2015 Named Executive Officers

Our Named Executive Officers for 2015 were:

Thomas D. Brisbin	President and Chief Executive Officer
Stacy B. McLaughlin	Vice President and Chief Financial Officer
Daniel Chow	President and Chief Executive Officer, Willdan Engineering
Marc Tipermas	President of National Programs
Michael A. Bieber	Senior Vice President, Corporate Development

Executive Compensation Program Objectives and Philosophy

In 2015, we adopted a comprehensive executive compensation plan statement. Decisions regarding total compensation program design, as well as individual pay decisions and adjustments, are made in the context of our executive compensation plan statement.

Under our executive compensation plan statement, our executive compensation philosophy is to:

- Ø Align the interests of our executives with those of the stockholders;
- Ø Attract, motivate, reward and retain the top contributors upon whom, in large part, our success depends;

- Ø Be competitive with compensation programs for companies of similar size and complexity with whom we compete for talent, including direct competitors;
  
- Ø Provide compensation based upon the short-term and long-term performance of both the individual executive and the Company; and
  
- Ø Strengthen the relationship between pay and performance by emphasizing variable, at-risk compensation that is dependent upon the successful achievement of specified corporate and individual goals.

Our current executive compensation program consists of three key elements, each of which is designed to be consistent with our executive compensation philosophy: (1) base salary; (2) cash bonuses that are earned based on performance; and (3) long-term incentive compensation in the form of equity awards that are subject to time-based vesting requirements. We also provide 401(k) retirement benefits and, in some cases, severance benefits to our executive officers, including the Named Executive Officers.

In structuring our executive compensation arrangements, our Compensation Committee considers how each compensation element fits within our overall philosophy. Base salaries are primarily intended to attract and retain top contributors. We believe that in order to attract and retain top executives, we need to provide our executive officers with compensation levels that reward their continued service and are competitive. Cash bonuses and long-term equity incentives are the elements of our executive compensation program that are “at risk” and designed to reward performance and thus the creation of long-term shareholder value. Performance cash bonuses are primarily intended to



## Table of Contents

motivate the Named Executive Officers to achieve our short-term financial objectives. Our long-term equity incentives are primarily intended to align our Named Executive Officers' long-term interests with shareholders' long-term interests.

### Role of the Compensation Committee

Pursuant to its charter, the Compensation Committee of our Board of Directors has the authority to determine the amount of compensation given to each of the Named Executive Officers. The Compensation Committee implements our executive compensation philosophy, and is responsible for administering our equity compensation plans, including approving grants of awards under the plans. In performing its duties, the Compensation Committee is authorized to consider the recommendations of our Chief Executive Officer when determining the compensation of the other Named Executive Officers. All of the members of the Compensation Committee are independent directors.

The elements of our executive compensation program were each approved by the Compensation Committee. None of the Named Executive Officers is a member of the Compensation Committee or, except for recommendations made by our Chief Executive Officer with respect to the compensation of the other Named Executive Officers, had any role in determining the compensation of the Named Executive Officers.

The Compensation Committee is authorized to retain and terminate any compensation consultant engaged to assist in the evaluation of the compensation of our senior executive officers (including all of the Named Executive Officers). Consistent with past practice, in 2015 neither our Compensation Committee nor management retained a compensation consultant to review or recommend the amount or form of compensation paid to our executive officers, including our Named Executive Officers, or our directors. In light of the straightforward nature of our executive compensation arrangements, the Compensation Committee believes it has not been necessary to date to retain independent compensation consultants. If and when we decide to retain a compensation consultant to assist us with our executive compensation programs in the future, we will conduct an independence assessment of any such compensation consultant (including an assessment of any conflicts of interest) as and to the extent required under applicable SEC and NASDAQ rules.

Similarly, our Compensation Committee does not "benchmark" executive compensation at any particular level in comparison with other companies. Rather, our Compensation Committee familiarizes itself with compensation trends and competitive conditions through the review of non-customized third-party market surveys and other publicly available data about relevant market compensation practices. In setting compensation levels for 2015, our Compensation Committee considered publicly available compensation data to determine the relative strengths and weaknesses of our compensation packages on an aggregate basis solely as a validation after determining the types and amount of compensation based on its own evaluation. In addition to a review of the general market compensation levels and practices, in setting compensation levels for 2015, our Compensation Committee also considered each executive's level of responsibility and performance for the overall operations of the Company, historical Company practices, long-term market trends, internal pay equity, expectations regarding the individual's future contributions, our

own performance, and budget considerations.

#### Role of Shareholder Say-on-Pay Votes

The Company annually offers shareholders the opportunity to cast an advisory vote on our executive compensation program. This annual vote is known as the “say-on-pay” proposal. At our annual general meeting in 2015, approximately 77 percent of votes cast were in favor of our executive compensation program for 2014. The Compensation Committee believes these results demonstrate that shareholders support our executive compensation program. When making future compensation decisions for Named Executive Officers, the Compensation Committee will continue to consider the opinions that shareholders express through say-on-pay votes.

#### Executive Compensation Program Elements

##### Base Salaries

We pay each Named Executive Officer a base salary to provide each executive with a minimum, fixed level of cash compensation. Decisions regarding increases to base salaries are made at the discretion of our Compensation Committee. In reviewing base salary levels for our Named Executive Officers, our Compensation Committee primarily considers and assesses the following factors: each Named Executive Officer’s current base salary, their job

## Table of Contents

responsibilities, leadership and experience, value to our Company and the recommendations of our President and Chief Executive Officer (other than with respect to his own compensation).

No Named Executive Officer received any base salary increase in 2015.

## Annual Bonuses

We determined to award performance bonuses to all of our Named Executive Officers except Mr. Bieber in 2015. The Compensation Committee determined the amount of each executive's bonus in its discretion, and did not use any formulaic bonus metric. In determining the amount of each executive's 2015 bonus, the Compensation Committee primarily considered our overall financial performance during our 2014 fiscal year and the first part of our 2015 fiscal year, budget considerations, each executive's level of responsibility and performance, internal pay equity, and the recommendations of our President and Chief Executive Officer (other than with respect to his own compensation).

Mr. Bieber was not awarded a bonus in 2015 because he did not join us until December 2014 and was awarded an initial long-term equity award in connection with his appointment.

## Long-Term Equity Awards

Our 2008 Performance Incentive Plan permits us to award all types of incentive awards, including incentive or nonqualified options, stock appreciation rights, stock bonuses, restricted stock, stock units, performance stock, phantom stock, dividend equivalents and other forms of awards.

The Compensation Committee has currently determined to grant long-term equity incentive awards to the Named Executive Officers and other executives in the form of options. The Compensation Committee believes option awards with a multi-year vesting schedule create an incentive for the executives to create and preserve long-term shareholder value, as the options will only have value if our share price increases following the grant date.

In 2015, each of our Named Executive Officers (except Messrs. Tipermas and Chow) received an option award under our 2008 Plan. Each option award was granted with an exercise price equal to the fair market value of a share of our Common Stock on the grant date, and will only have value if the executives' are able to successfully drive appreciation in the value of our Common Stock.

In determining the level of awards granted to each of the Named Executive Officers who received an option grant in 2015, the Compensation Committee primarily took into account the executive's level of responsibility and performance for the overall operations of the Company, internal pay equity, historical Company practices, each executive's performance and budget considerations.

#### Severance

Drs. Brisbin and Tipermas and Mr. Chow are employed pursuant to employment agreements or offer letters that provide specified levels of severance benefits if the executive's employment is terminated by us without "cause" or, in the case of Drs. Brisbin and Tipermas only, by the executive for a "good reason." The level of each executive's severance benefits was negotiated and established in connection with the executive's entry into his employment agreement or offer letter, and has been determined to be appropriate by the Compensation Committee based on the executive's level of responsibility and performance for the overall operations of the Company, long-term market trends, and budget considerations. Severance benefits for Dr. Brisbin are based on a multiple of "2x" his base salary, severance benefits for Dr. Tipermas are based on a "1x" multiple of his base salary, and severance benefits for Mr. Chow are based on a multiple of "0.25x" base salary (or 3 months of base salary in total). Severance benefits for Drs. Brisbin and Tipermas also include payment of the executive's target bonus for the year of termination of employment and a continued medical benefits component (which for Dr. Brisbin, is payable for any type of termination other than a termination by us for "cause").

Mrs. McLaughlin and Mr. Bieber are not party to employment agreements or offer letters with us that provide for the payment of severance benefits for any type of termination of employment.

## Table of Contents

We do not believe that our Named Executive Officers should be entitled to any cash severance payments or benefits merely because of a change in control of the Company. Accordingly, none of the Named Executive Officers is entitled to any such payments or benefits upon the occurrence of a change in control of the Company unless there is an actual or constructive termination of employment for “good reason” following the change in control (a “double-trigger” arrangement).

Similarly, none of our Named Executive Officers is entitled to receive any automatic “single trigger” equity acceleration, as our equity awards will only vest in connection with a change in control of the Company if they are not substituted or assumed in connection with the transaction.

No Named Executive Officer is entitled to receive a “gross-up” or similar payment for any excise taxes that may become payable in connection with a change in control pursuant to Sections 280G and 4999 of the Code. Instead, our 2008 Performance Incentive Plan generally provides that awards or payments under the 2008 Plan are automatically “cut back” in such circumstances in order to avoid triggering these excise taxes.

## Other Benefits

While employed, we provide our Named Executive Officers with retirement benefits under our 401(k) Plan, participation in our medical, dental and insurance programs and vacation and other holiday pay, all in accordance with the terms of such plans and programs in effect from time to time and substantially on the same terms as those generally offered to our other employees.

## Policy with Respect to Section 162(m)

Under Section 162(m) of the Code, we are generally precluded from deducting compensation in excess of \$1.0 million per year for our Chief Executive Officer and certain of our other Named Executive Officers, unless the payments are made under qualifying performance-based plans. Our 2008 Performance Incentive Plan permits us to grant awards that are intended to be qualified performance-based compensation that is deductible for purposes of Section 162(m) of the Code. In making its compensation decisions, the Compensation Committee considers the impact of Section 162(m) of the Code. Given the level of compensation paid to our Named Executive Officers, we have historically not needed to specifically structure our compensation in order to comply with the \$1.0 million limitation under Section 162(m) of the Code. However, stock options granted to our Named Executive Officers are generally structured to be deductible qualified performance-based compensation.

## Compensation Committee Report

The Compensation Committee of the Board of Directors has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis section of this Proxy Statement. Based upon this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis section be included in this Proxy Statement.

Compensation Committee of the Board of Directors

Douglas J. McEachern (Chair)  
Raymond W. Holdsworth  
John M. Toups

The foregoing report of the Compensation Committee does not constitute soliciting material and shall not be deemed filed, incorporated by reference into or a part of any other filing by the Company (including any future filings) under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent the Company specifically incorporates such report by reference therein.

Table of Contents

## COMPENSATION OF EXECUTIVE OFFICERS

The following table presents information regarding compensation during fiscal 2015, fiscal 2014, and fiscal 2013 of our named executive officers (the “Named Executive Officers”). The Named Executive Officers include our principal executive officer, principal financial officer, and our three other most highly compensated executive officers.

## Summary Compensation Table—Fiscal 2015, Fiscal 2014, and Fiscal 2013

Name and Principal Position	Year	Salary (\$)	Bonus \$(1)	Option Awards \$(2)	All Other Compensation \$(3)	Total (\$)
Thomas D. Brisbin(4) President and Chief Executive Officer; Director	2015	300,019	100,000	272,530	13,800	686,349
	2014	260,594	—	144,950	14,008	419,552
	2013	250,016	—	—	13,800	263,816
Stacy B. McLaughlin Vice President and Chief Financial Officer	2015	148,408	40,000	83,198	3,000	274,606
Daniel Chow President and Chief Executive Officer, Willdan Engineering	2015	217,298	50,000	—	9,240	276,538
	2014	211,784	—	42,018	9,078	262,880
	2013	205,005	—	—	7,309	212,314
Marc Tipermas President of National Programs	2015	199,338	50,000	—	11,042	260,380
	2014	236,551	—	—	13,238	249,789
	2013	230,006	—	15,568	13,238	258,812
Michael A. Bieber Senior Vice President, Corporate Development	2015	270,046	—	136,165	3,000	409,211

(1) The amounts reported under “Bonus” include performance bonuses paid in 2015 for services performed in 2014 and 2015, as described in “Compensation Discussion and Analysis” section above.

(2) The amounts reported under “Option Awards” represent the aggregate grant date fair value of option awards granted to our Named Executive Officers during fiscal 2015 (disregarding any estimate of forfeitures related to service-based vesting conditions). For a discussion of the assumptions and methodologies used to calculate the amounts reported in this column, please see the discussion of stock option awards granted during fiscal 2015, 2014, and 2013 contained in Note 9 (Equity Plans) to our consolidated financial statements, included as part of our

2015 Annual Report filed on Form 10-K.

- (3) The amounts reported under “All Other Compensation” for 2015 include \$3,000 in matching contributions made by us for each of our Named Executive Officers under our 401(k) plan. The balance of the amounts under “All Other Compensation” for each Named Executive Officer, other than Mr. Bieber and Mrs. McLaughlin, for 2015 represents automobile allowances paid to them or use of a company vehicle.
- (4) Dr. Brisbin served on the Board of Directors during fiscal 2015, 2014, and 2013. As an employee-director, Dr. Brisbin did not receive additional compensation for his services as a director.

### Compensation of Named Executive Officers

The Summary Compensation Table above quantifies the value of the different forms of compensation earned by or awarded to our Named Executive Officers in each applicable fiscal year. As described in the “Compensation Discussion and Analysis” section above, the primary elements of each Named Executive Officer’s total compensation reported in the table are base salary, performance bonus and a long-term equity incentive award consisting of stock options. Named Executive Officers also received the other benefits listed in the “All Other Compensation” column of the Summary Compensation Table, as further described in footnote (3) to the table.

The Summary Compensation Table should be read in conjunction with the “Compensation Discussion and Analysis” section above and the tables and narrative descriptions that follow. A description of the material terms of each Named



## Table of Contents

Executive Officer's employment agreement, if any, is provided immediately following this paragraph. The "Grants of Plan-Based Awards in Fiscal 2015" table, and the description of the material terms of the stock options granted in fiscal 2015 that follows it, provides information regarding the long term equity incentives awarded to certain Named Executive Officers in fiscal 2015. The "Outstanding Equity Awards at Fiscal 2015 Year-End" and "Option Exercises and Stock Vested in Fiscal 2015" sections provide further information on the Named Executive Officers' potential realizable value and actual value realized with respect to their equity awards. The discussion of the potential payments due upon a termination of employment or change in control that follows is intended to further explain the potential future payments that may become payable to our Named Executive Officers under certain circumstances.

### Description of Employment Agreements, Salary and Bonus Amounts

On May 3, 2011, we entered into amended and restated employment agreements with Drs. Brisbin and Tipermas. These employment agreements provide for "at-will" employment and do not include a specified term. Each of these agreements provides for the Named Executive Officer to receive a base salary and an annual incentive bonus as determined by the Compensation Committee. The annual target bonus for each Named Executive Officer under these agreements is 100% of the Named Executive Officer's annual base salary in the case of Dr. Brisbin and 50% of the annual base salary in the case of Dr. Tipermas. Each Named Executive Officer is also entitled to participate in benefit plans made available to our employees generally.

On October 29, 2008, we entered into an offer letter with Mr. Chow. The letter provides that Mr. Chow's employment is on an "at-will" basis and for his initial base salary to be \$205,000 per year (which was increased to \$217,000 per year beginning October 2014).

On December 17, 2014, we entered into an offer letter with Mr. Bieber. The letter provides that Mr. Bieber's employment is on an "at-will" basis and for his initial base salary to be \$270,000 per year.

The Company has not entered into an employment agreement or offer letter with Mrs. McLaughlin.

The provisions of these agreements relating to severance benefits following a termination of the Named Executive Officer's employment are described below under "Potential Payments Upon Termination or Change in Control."

### Grants of Plan-Based Awards in Fiscal 2015

The following table presents information regarding the equity incentive awards granted to Named Executive Officers during fiscal 2015 under the 2008 Plan. The material terms of each grant are described below under "—Description of Plan-Based Awards."

Name	Grant Date	All Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Option Awards (\$)
Thomas Brisbin	6/5/2015	50,000	(1) 13.91	272,530
Stacy McLaughlin	3/26/2015	15,000	(1) 13.86	83,198
Daniel Chow				
Marc Tipermas				
Michael Bieber	6/5/2015	25,000	(1) 13.91	136,165

- 
- (1) These options vest in substantially equal annual installments over three years from their grant date.

#### Description of Plan-Based Awards

During fiscal 2015, certain Named Executive Officers were each awarded stock option grants under the 2008 Plan. The options were granted on March 26, 2015 and June 5, 2015 and will vest in substantially equal annual installments over three years from the grant date. The options were granted with a per-share exercise price equal to the closing market price of the Company's common stock on the Nasdaq Global Market on the grant date and have a term of ten years. Outstanding options under the 2008 Plan, however, may terminate earlier than their stated expiration date in

Table of Contents

connection with a change in control transaction or a termination of the recipient’s employment. The recipient will generally have three months to exercise the stock option following a termination of employment. This period is extended to 12 months if the recipient dies or terminates his or her employment because of a disability incurred while employed by the Company. However, if a recipient’s employment is terminated by the Company for cause, outstanding stock options (whether vested or unvested) will immediately terminate. The stock options granted under our 2008 Plan do not include any dividend or dividend equivalent rights.

As indicated above, the stock options granted in fiscal 2015 were granted under, and are subject to the terms of, the 2008 Plan, which is administered by the Compensation Committee. The Compensation Committee has authority to interpret the plan provisions and make all required determinations under the plan. This authority includes making required proportionate adjustments to outstanding awards upon the occurrence of certain corporate events such as reorganizations, mergers and stock splits, and making provisions to ensure that any tax withholding obligations incurred in respect of awards are satisfied. Awards granted under the plan are generally only transferable to a beneficiary of an award recipient upon his or her death. However, the Compensation Committee may establish procedures for the transfer of awards to other persons or entities, provided that such transfers comply with applicable securities laws and, with limited exceptions set forth in the plan documents, are not made for value.

Under the terms of the 2008 Plan, if there is a change in control of the Company, each recipient’s outstanding equity-based awards granted under the plan will generally become fully vested and exercisable to the extent such outstanding awards are not substituted or assumed in connection with the transaction. Any options that become vested in connection with a change in control generally must be exercised prior to the change in control, or they will be canceled in exchange for the right to receive a cash payment in connection with the change in control transaction.

Outstanding Equity Awards at Fiscal 2015 Year-End

The following table presents information regarding the outstanding option awards held by each Named Executive Officer as of January 1, 2016. No Named Executive Officer held any outstanding stock awards (other than options) as of January 1, 2016.

			Equity Incentive Plan Awards:	
Numbers of Securities Underlying Unexercised	Number of Securities Underlying Unexercised	Number of Securities Underlying Unexercised	Number of Securities Underlying Unexercised	Option

Edgar Filing: Willdan Group, Inc. - Form DEF 14A

Name	Options Exercisable (#)	Options Unexercisable (#)	Unearned Options (#)	Exercise Price (#)	Option Expiration Date
Thomas D. Brisbin	100,000	—	—	9.30	4/2/2017
	15,000	—	—	5.60	3/10/2018
	50,000	—	—	1.87	6/8/2019
	50,000	—	—	2.71	8/12/2020
	25,000	—	—	4.01	6/6/2021
	16,666	33,334	(1) —	7.13	6/6/2024
Stacy McLaughlin	—	50,000	(2) —	13.91	6/5/2025
	6,666	3,334	(3) —	3.89	11/7/2023
	1,666	3,334	(4) —	14.01	11/5/2024
	—	15,000	(5) —	13.86	3/26/2025
Daniel Chow	10,000	—	—	2.71	8/12/2020
	7,000	—	—	3.84	3/26/2022
	1,666	3,334	(1) —	7.13	6/6/2024
	1,666	3,334	(4) —	14.01	11/5/2024
Marc Tipermas	25,000	—	—	9.38	5/22/2017
	3,333	3,334	(3) —	3.89	11/7/2023
Michael Bieber	33,333	66,667	(6) —	13.49	12/31/2024
	—	25,000	(2) —	13.91	6/5/2025

Table of Contents

- (1) These options were granted on June 6, 2014 and vest in substantially equal annual installments over three years from their grant date.
- (2) These options were granted on June 5, 2015 and vest in substantially equal annual installments over three years from their grant date.
- (3) These options were granted on November 7, 2013 and vest in substantially equal annual installments over three years from their grant date.
- (4) These options were granted on November 5, 2014 and vest in substantially equal annual installments over three years from their grant date.
- (5) These options were granted on March 26, 2015 and vest in substantially equal annual installments over three years from their grant date.
- (6) These options were granted on December 31, 2014 and vest in substantially equal annual installments over three years from their grant date.

Option Exercises and Stock Vested in Fiscal 2015

The following table presents information regarding the options exercised by each Named Executive Officer during fiscal 2015. No stock awards have ever been granted to our Named Executive Officers. Dr. Tipermas was the only Named Executive Office who exercised options during fiscal 2015.

Name	Numbers of Shares Acquired on Exercise (#)		Value Realized on Exercise (\$)(2)
Thomas D. Brisbin	—		—
Stacy McLaughlin	—		—
Daniel Chow	—		—
Marc Tipermas	27,333	(1)	362,989
Michael Bieber	—		—

(1) Dr. Tipermas exercised stock options for 3,333 shares on January 12, 2015 that were granted on November 7, 2013 at a strike price of \$3.89.

(2)The amounts reported as the “Value Realized on Exercise” are determined by multiplying (i) the number of shares of common stock to which the exercise of the option related by (ii) the difference between the per-share price of the common stock on the exercise date and exercise price of the options.

Potential Payments Upon Termination or Change in Control

As noted above, outstanding options issued under our 2008 Plan will vest immediately and become fully exercisable upon a change in control of us to the extent such outstanding awards are not substituted or assumed in connection with the transaction. The employment agreements entered into with Drs. Brisbin and Tipermas also provide for severance benefits upon certain terminations of their employment with us. If such Named Executive Officer's employment is terminated by us without cause or by the Named Executive Officer for good reason (as such terms are defined in their employment agreements), the Named Executive Officer will be entitled to a severance benefit equal to, in the case of Dr. Brisbin, two times his base salary at the annualized rate then in effect, paid in 24 equal installments, and in the case of Dr. Tipermas, one times the base salary at the annualized rate then in effect, paid in 12 equal installments. In addition, the Named Executive Officer would be entitled to payment of his target bonus for the year in which such a termination of employment occurs. Dr. Tipermas would also be entitled to payment by the Company of the cost of COBRA premiums for continued health coverage for the Named Executive Officer and his eligible dependents for up to 12 months following the termination date. Upon the termination of his employment for any reason other than by us for cause, Dr. Brisbin would be entitled to continued medical insurance coverage by us for Dr. Brisbin and his spouse and dependent children, such coverage generally to continue until the date he attains age 65 or becomes eligible for coverage under the health plan of a future employer. In each case, the Named Executive Officer's right to receive the severance benefits described above is contingent on the executive providing a general release of claims in

Table of Contents

favor of the Company and complying with certain non-solicitation and other restrictive covenants set forth in their employment agreements.

Mr. Chow's offer letter provides that if his employment is terminated by the Company without cause, he will be entitled to a lump sum severance payment equal to three months of his base salary. Mr. Bieber's offer letter does not provide for any additional severance benefits. As noted above, Mrs. McLaughlin is not party to an employment agreement or offer letter with the Company.

The following table sets forth the estimated payments and benefits that would be provided to each Named Executive Officer in the event the Named Executive Officer's employment is terminated as described above. In accordance with applicable SEC disclosure rules, these estimates assume a termination date of January 1, 2016.

Name	Severance (\$)	Continued Health	
		Coverage (\$)	Total (\$)
Thomas D. Brisbin	900,000	6,203	906,203
Stacy McLaughlin	—	11,416	11,416
Daniel Chow	54,250	6,068	60,318
Marc Tipermas	358,000	10,528	368,528
Michael Bieber	—	2,371	2,371

Table of Contents

## DIRECTOR COMPENSATION

## Director Compensation for Fiscal 2015

The following table presents information regarding the compensation earned during fiscal 2015 by individuals who were members of our Board of Directors at any time during fiscal 2015 and were not employed by us or any of our subsidiaries (referred to herein as “Non-Employee Directors”). Dr. Brisbin is a Named Executive Officer and his compensation is presented above under “Executive Compensation” in the Summary Compensation Table and related explanatory tables. Dr. Brisbin is not entitled to additional compensation for his services as a director.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)(2)	Option Awards (\$)(2)	All Other Compensation (\$)(3)	Totals (\$)
Steven A. Cohen	21,750	50,076	—	—	71,826
Raymond W. Holdsworth	35,500	50,076	—	—	85,576
Douglas J. McEachern	40,000	50,076	—	—	90,076
Keith W. Renken	42,000	50,076	—	—	92,076
Mohammed Shahidehpour	17,250	50,076	—	—	67,326
John M. Toups	37,750	50,076	—	—	87,826
Win Westfall	50,000	50,076	—	9,946	110,022

(1) The amounts reported under “Stock Awards” above represent the aggregate grant date fair value of restricted stock awards granted to our Non-Employee Directors during fiscal 2015 (disregarding any estimate of forfeitures related to service-based vesting conditions). For a discussion of the assumptions and methodologies used to calculate the amounts reported in this column, please see the discussion of restricted stock awards contained in Note 9 (Equity Plans) to our consolidated financial statements, included as part of our 2015 Annual Report filed on Form 10-K.

(2) As of January 1, 2016, the following Non-Employee Directors held the following number of outstanding stock options: Mr. Holdsworth 20,000, Mr. McEachern 10,000, Mr. Renken 16,000, Mr. Toups 24,000, and Mr. Westfall 22,000. As of January 1, 2016, Messrs. Cohen and Shahidehpour each held 3,6000 unvested and outstanding restricted stock awards and Messrs. Holdsworth, McEachern, Renken, Toups, and Westfall each held 8,600 unvested and outstanding restricted stock awards.

(3) The amount reported under “All Other Compensation” with respect to Mr. Westfall is the estimated value of medical benefit coverage for fiscal 2015 for Mr. Westfall and his spouse pursuant to an arrangement approved by our



Board of Directors in May 2006.

Compensation for Non-Employee Directors during fiscal 2015 generally consisted of an annual retainer, fees for attending meetings, fees for work related to board committees and a restricted stock grant award.

Table of Contents

## Annual Retainer and Meeting Fees

The following table sets forth the schedule of annual retainers and meeting fees for each Non-Employee Director in effect during fiscal 2015.

Type of Fee	Dollar Amount
Annual Board Retainer	\$ 24,000
Additional Annual Retainer to Chairman of the Board	\$ 20,000
Additional Annual Retainer to Chair of Audit Committee	\$ 5,500
Additional Annual Retainer to Chair of Compensation Committee	\$ 3,500
Additional Annual Retainer to Chair of Strategy, Mergers and Acquisitions Committee	\$ 2,500
Additional Annual Retainer to Chair of Nominating and Corporate Governance Committee	\$ 2,500
Additional Annual Retainer for Committee Membership (non-chair)	\$ 1,500
Additional Daily Fee for Personal Attendance at Board Meetings(1)	\$ 1,500
Additional Daily Fee for Telephonic Attendance at Board Meetings(1)	\$ 750
Additional Daily Fee for Personal Attendance at Committee Meetings(1)	\$ 1,000
Additional Daily Fee for Telephonic Attendance at Committee Meetings(1)	\$ 500

(1) Directors only receive one fee for meetings per day.

All Non-Employee Directors are also reimbursed for out-of-pocket expenses they incur serving as directors.

## Restricted Stock Awards

In June 2015, each Non-Employee Director was granted a restricted stock award of 3,600 shares under the 2008 Plan. Each restricted stock award granted to our Non-Employee Directors in fiscal 2015 is subject to a three year vesting schedule, with 33.3% of the award vesting on each of the first, second and third anniversaries of the grant date, subject in each case to the Non-Employee Director's continued service through the applicable vesting date. For more information on the 2008 Plan, please see "Description of Plan-Based Awards" above.

Table of Contents

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth, for each of our equity compensation plans, the number of shares of common stock subject to outstanding awards, the weighted-average exercise price of outstanding options, and the number of shares remaining available for future award grants as of January 1, 2016. Our equity compensation plans consist of our 2006 Plan, our 2008 Plan and our ESPP.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)(1)
Equity compensation plans approved by security holders	957,067	\$ 7.22	305,483
Equity compensation plans not approved by security holders	—	—	—
Totals	957,067	\$ 7.22	305,483

(1) Represents 228,900 shares available for future issuance under our 2008 Plan, and 66,483 shares available for future issuance under our ESPP. Shares available under our 2008 Plan may be used for any type of award authorized in that plan (subject to certain limitations of the plan), including stock options, stock appreciation rights, stock units, restricted stock, performance-based awards, stock bonuses and other awards payable in shares of Company common stock. This table does not reflect the 500,000 additional shares that will be available under the 2008 Plan if shareholders approve the 2008 Plan proposal described above.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Related Person Transactions

The following provides a description of certain relationships and related transactions since the beginning of fiscal year 2015 between some of our directors, executive officers and holders of 5% or more of our common stock and us or our subsidiaries and affiliates.

**Lifetime Medical Benefits.** On May 19, 2006, our board of directors approved the extension of lifetime medical benefits to our Chairman of the Board, Win Westfall, and his spouse, Patricia Westfall. In fiscal 2015, we paid premiums for these medical benefits in the amount of \$11,749, for Mr. Westfall and his spouse.

**Tax Agreements.** In connection with our initial public offering in November 2006, we entered into a Tax Agreement Relating to S Corporation Distributions with each of our stockholders, including our Chairman of the Board, Mr. Westfall. Pursuant to these agreements, we agreed to indemnify, defend and hold harmless each stockholder on an after-tax basis against additional income taxes, plus interest and penalties resulting from adjustments made, as a result of a final determination made by a competent tax authority, to the taxable income we reported as an S Corporation. Such indemnification also includes any losses, costs or expenses, including reasonable attorneys' fees, arising out of a claim for such tax liability.

**Indemnification of Officers and Directors.** We have entered into indemnification agreements with certain of our current executive officers and directors. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses reasonably incurred as a result of any proceeding against them as to which they could be indemnified. Additionally, we may enter into indemnification agreements with any future directors or executive officers.

Related Person Transaction Policy

In March 2007, the Board adopted a policy addressing the Company's procedures with respect to the review, approval and ratification of "related person transactions" that are required to be disclosed pursuant to Item 404(a) of Regulation S-K. The policy provides that any transaction, arrangement or relationship, or any series of similar transactions, in which the Company was, is or will be a participant, the amount involved exceeds \$120,000, and a "related person" (as defined in the policy) has or will have a direct or indirect material interest (each such transaction, a "Related Person Transaction") shall be subject to review and approval or ratification by the Audit Committee. In its review of Related

Person Transactions, the Audit Committee shall review the material facts and circumstances of the transaction and shall take into account certain factors, where appropriate, based on the particular facts and circumstances, including (i) the nature of the “related person’s” interest in the transaction, (ii) the approximate dollar value of the amount involved in the Related Person Transaction, (iii) whether the transaction was taken in the Company’s ordinary course of business, (iv) whether the transaction with the “related person” is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party and (v) the purpose of, and the potential benefits to the Company of, the Related Person Transaction.

No member of the Audit Committee may participate in the review, approval or ratification of a transaction with respect to which he or she is a “related person” provided that such member can be counted for purposes of a quorum and shall provide such information with respect to the transaction as may be reasonably requested by other members of the Audit Committee or the Board.

Table of Contents

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors assists the Board in performing its oversight responsibilities for the Company's financial reporting process, audit process and internal controls as more fully described in the Audit Committee charter. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The independent registered public accounting firm is responsible for auditing the Company's financial statements and expressing an opinion as to their conformity to U.S. generally accepted accounting principles.

In the performance of its oversight function, the Audit Committee reviewed and discussed the Company's audited financial statements for the year ended January 1, 2016 with the Company's management and with the Company's independent registered public accounting firm. In addition, the Committee discussed with the Company's independent registered public accounting firm the matters required to be discussed by the statement on Auditing Standard No. 61, Communications with Audit Committees, issued by the Public Company Accounting Oversight Board, which includes, among other items, matters related to the conduct of the audit of the Company's financial statements. The Audit Committee has also received the written disclosures and the letter from the Company's independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm their independence from the Company.

Based on the review and discussions with management and the independent registered public accounting firm described above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended January 1, 2016 for filing with the SEC.

Members of the Audit Committee

Keith W. Renken (Chair)

Douglas J. McEachern

John M. Toups

The preceding Report of the Audit Committee shall not be deemed filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates this Report by reference into a filing under either of such Acts. The Report shall not be deemed soliciting material, or subject to Regulation 14A or 14C or the liabilities of Section 18 of the Securities Exchange Act.



Table of Contents

OTHER INFORMATION

Solicitation of Proxies

The cost of solicitation of proxies will be paid by the Company. Solicitation will include the preparation, assembly, printing and mailing of the Notice of Internet Availability of Proxy Materials, this Proxy Statement, the proxy and any additional solicitation of proxies from stockholders. Directors, officers and regular employees of the Company, without additional remuneration, may solicit proxies by telephone, e-mail, facsimile, personal interviews and other means. The Company anticipates out-of-pocket costs associated with proxy solicitation. The Company will also request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send proxy materials to and obtain proxies from such beneficial owners. The Company will reimburse such holders for their reasonable expenses.

Householding of Stockholder Materials

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of the Notice of Internet Availability of Proxy Materials or, as applicable, the Company’s Proxy Statement or Annual Report may be sent to multiple stockholders in the same household unless the Company has received contrary instructions from one or more of the stockholders. The Company will promptly deliver a separate copy of any document to any stockholder upon request by writing to the Company at the following address: Willdan Group, Inc., 2401 East Katella Avenue, Suite 300, Anaheim, California 92806, Attn: Secretary or upon oral request directed to the Company’s Secretary at (800) 424-9144. Any stockholder who wants to receive separate copies of the Notice of Internet Availability of Proxy Materials, the Annual Report and Proxy Statement in the future, or who is currently receiving multiple copies and would like to receive only one copy for his or her household, should contact the stockholder’s bank, broker, or other nominee record holder, or contact the Company by writing to the above address or by oral request at the above telephone number. Please note that if you would like to receive a paper copy of the proxy materials for purposes of this year’s Annual Meeting, you should follow the instructions included in the Notice of Internet Availability of Proxy Materials that was sent to you.

Annual Report on Form 10-K

We will mail you, without charge, a copy of our annual report on Form 10-K for the fiscal year ended January 1, 2016, including the consolidated financial statements, schedules and list of exhibits, upon written request. Requests should be sent to: Willdan Group, Inc., 2401 East Katella Avenue, Suite 300, Anaheim, California 92806, ATTN: Investor Relations. The annual report on Form 10-K is also available at [www.willdan.com](http://www.willdan.com).



## Stockholder Proposals

Requirements for Proposals to be Considered for Inclusion in Proxy Materials. Stockholders interested in submitting a proposal for inclusion in the proxy materials for our 2017 annual meeting of stockholders (the “2017 Annual Meeting”) may do so by following the procedures prescribed in Rule 14a-8 under the Exchange Act. To be eligible for inclusion in our proxy statement, stockholder proposals must be received no later than December 20, 2016 and must comply with our Bylaws and Rule 14a-8 under the Exchange Act regarding the inclusion of stockholder proposals in company-sponsored proxy materials. If we change the date of the 2017 annual meeting of stockholders by more than 30 days from the anniversary of this year’s meeting, stockholder proposals must be received a reasonable time before we begin to print and mail our proxy materials for the 2017 annual meeting of stockholders.

Requirements for Proposals Not Intended for Inclusion in Proxy Materials and for Nomination of Director Candidates. Stockholders who wish to nominate persons for election to the Board of Directors at the 2017 annual meeting of stockholders or who wish to present a proposal at the 2017 annual meeting of stockholders, but whose stockholder proposal will not be included in the proxy materials we distribute for such meeting, must deliver written notice of the nomination or proposal to our Secretary no earlier than the close of business on February 10, 2017 and no later than the close of business on March 12, 2017. If, however, the date of the 2017 Annual Meeting is more than 30 days before or more than 60 days after June 10, 2017, stockholders must submit such nominations or proposals no earlier than the close of business on the 120th day prior to the 2017 Annual Meeting, and no later than the close of business on the later of the 90th day prior to the 2017 Annual Meeting or the 10th day following the date on which public disclosure of the date of the 2017 Annual Meeting is first made by the Company. In addition, with respect to nominations for

Table of Contents

directors, if the number of directors to be elected at the 2017 Annual Meeting is increased and there is no public announcement by us naming all of the nominees for director or specifying the size of the increased Board of Directors by March 2, 2017 (100 days prior to the first anniversary of this year's Annual Meeting), notice will also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is delivered to our Secretary at our principal executive offices no later than the close of business on the 10th day following the day on which such public announcement is first made by the Company. Any proposal nominating a director candidate must also comply with the requirements under Section 3.04(a)(ii) of our Bylaws. If a stockholder's written notice is not received between the dates specified above and does not satisfy these additional informational requirements, the notice will not be considered properly submitted and will not be acted upon at the 2017 annual meeting of stockholders.

Our Bylaws also provide that a stockholder who wishes to nominate a director or propose other proper business to be brought before the stockholders at the Annual Meeting must be a stockholder of record of the Company at the time the notice is delivered to the Company's Secretary and the stockholder must be entitled to vote at the Annual Meeting.

A stockholder notice to nominate a director or bring any other business before the 2017 Annual Meeting of Stockholders must set forth certain information specified in our Bylaws. Any stockholder proposal should be mailed to: Willdan Group, Inc., 2401 East Katella Avenue, Suite 300, Anaheim, California 92806, Attn: Secretary. Copies of the Charter and Bylaws may be obtained without charge by providing a written request to the Secretary of the Company at that address.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC and the Nasdaq Global Market. Officers, directors and greater than 10% stockholders are required by the SEC's regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such reports furnished to us, the following officers, directors and greater than 10% stockholders failed to file certain reports required by Section 16(a) of the Exchange Act on a timely basis.

Mr. Bieber had one late filing on Form 4 that did not timely report one transaction. On January 7, 2015, Mr. Bieber reported a stock option grant of 100,000 shares dated December 31, 2014. Mrs. McLaughlin had one late filing on Form 4 that did not timely report one transaction. On March 31, 2015, Mrs. McLaughlin reported a stock option grant of 15,000 shares dated March 26, 2015. Mr. McEachern had two late filings on Form 4 that did not timely report three transactions. On July 1, 2015, Mr. McEachern reported a stock option exercise of 5,000 shares dated June 23, 2015. On January 12, 2016, Mr. McEachern reported two stock option exercises of a combined 10,000 shares dated January 6, 2015.

To our knowledge, based solely on our review of the copies of such reports furnished to us, all other Section 16(a) filing requirements applicable to our executive officers, directors and greater than 10% beneficial owners were satisfied.

#### Other Matters

The Board of Directors does not know of any matter other than those described in this Proxy Statement which will be presented for action at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

REGARDLESS OF THE NUMBER OF SHARES YOU OWN, YOUR VOTE IS IMPORTANT TO THE COMPANY. PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY TODAY.

Table of Contents

APPENDIX A

WILLDAN GROUP, INC.

AMENDED AND RESTATED 2008 PERFORMANCE INCENTIVE PLAN

1. PURPOSE OF PLAN

The purpose of this Willdan Group, Inc. Amended and Restated 2008 Performance Incentive Plan (this “Plan”) of Willdan Group, Inc., a Delaware corporation (the “Corporation”), is to promote the success of the Corporation and to increase stockholder value by providing an additional means through the grant of awards to attract, motivate, retain and reward selected employees and other eligible persons.

2. ELIGIBILITY

The Administrator (as such term is defined in Section 3.1) may grant awards under this Plan only to those persons that the Administrator determines to be Eligible Persons. An “Eligible Person” is any person who is either: (a) an officer (whether or not a director) or employee of the Corporation or one of its Subsidiaries; (b) a director of the Corporation or one of its Subsidiaries; or (c) an individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Corporation or one of its Subsidiaries in a capital-raising transaction or as a market maker or promoter of securities of the Corporation or one of its Subsidiaries) to the Corporation or one of its Subsidiaries and who is selected to participate in this Plan by the Administrator; provided, however, that a person who is otherwise an Eligible Person under clause (c) above may participate in this Plan only if such participation would not adversely affect either the Corporation’s eligibility to use Form S-8 to register under the Securities Act of 1933, as amended (the “Securities Act”), the offering and sale of shares issuable under this Plan by the Corporation or the Corporation’s compliance with any other applicable laws. An Eligible Person who has been granted an award (a “participant”) may, if otherwise eligible, be granted additional awards if the Administrator shall so determine. As used herein, “Subsidiary” means any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Corporation; and “Board” means the Board of Directors of the Corporation.

3. PLAN ADMINISTRATION

3.1 The Administrator. This Plan shall be administered by and all awards under this Plan shall be authorized by the Administrator. The “Administrator” means the Board or one or more committees appointed by the Board or another

committee (within its delegated authority) to administer all or certain aspects of this Plan. Any such committee shall be comprised solely of one or more directors or such number of directors as may be required under applicable law. A committee may delegate some or all of its authority to another committee so constituted. The Board or a committee comprised solely of directors may also delegate, to the extent permitted by Section 157(c) of the Delaware General Corporation Law and any other applicable law, to one or more officers of the Corporation, its powers under this Plan (a) to designate the officers and employees of the Corporation and its Subsidiaries who will receive grants of awards under this Plan, and (b) to determine the number of shares subject to, and the other terms and conditions of, such awards. The Board may delegate different levels of authority to different committees with administrative and grant authority under this Plan. Unless otherwise provided in the Bylaws of the Corporation or the applicable charter of any Administrator: (a) a majority of the members of the acting Administrator shall constitute a quorum, and (b) the vote of a majority of the members present assuming the presence of a quorum or the unanimous written consent of the members of the Administrator shall constitute action by the acting Administrator.

With respect to awards intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), this Plan shall be administered by a committee consisting solely of two or more outside directors (as this requirement is applied under Section 162(m) of the Code); provided, however, that the failure to satisfy such requirement shall not affect the validity of the action of any committee otherwise duly authorized and acting in the matter. Award grants, and transactions in or involving awards, intended to be exempt under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), must

Table of Contents

be duly and timely authorized by the Board or a committee consisting solely of two or more non-employee directors (as this requirement is applied under Rule 16b-3 promulgated under the Exchange Act). To the extent required by any applicable listing agency, this Plan shall be administered by a committee composed entirely of independent directors (within the meaning of the applicable listing agency).

3.2 Powers of the Administrator. Subject to the express provisions of this Plan, the Administrator is authorized and empowered to do all things necessary or desirable in connection with the authorization of awards and the administration of this Plan (in the case of a committee or delegation to one or more officers, within the authority delegated to that committee or person(s)), including, without limitation, the authority to:

(a) determine eligibility and, from among those persons determined to be eligible, the particular Eligible Persons who will receive an award under this Plan;

(b) grant awards to Eligible Persons, determine the price at which securities will be offered or awarded and the number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of such awards consistent with the express limits of this Plan, establish the installments (if any) in which such awards shall become exercisable or shall vest (which may include, without limitation, performance and/or time-based schedules), or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such awards;

(c) approve the forms of award agreements (which need not be identical either as to type of award or among participants);

(d) construe and interpret this Plan and any agreements defining the rights and obligations of the Corporation, its Subsidiaries, and participants under this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan or the awards granted under this Plan;

(e) cancel, modify, or waive the Corporation's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding awards, subject to any required consent under Section 8.6.5;

(f) accelerate or extend the vesting or exercisability or extend the term of any or all such outstanding awards (in the case of options or stock appreciation rights, within the maximum ten-year term of such awards) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature) subject to any required consent under Section 8.6.5;

(g) adjust the number of shares of Common Stock subject to any award, adjust the price of any or all outstanding awards or otherwise change previously imposed terms and conditions, in such circumstances as the Administrator may deem appropriate, in each case subject to Sections 4 and 8.6 (and subject to the no repricing provision below);

(h) determine the date of grant of an award, which may be a designated date after but not before the date of the Administrator's action (unless otherwise designated by the Administrator, the date of grant of an award shall be the date upon which the Administrator took the action granting an award);

(i) determine whether, and the extent to which, adjustments are required pursuant to Section 7 hereof and authorize the termination, conversion, substitution or succession of awards upon the occurrence of an event of the type described in Section 7;

Table of Contents

- (j) acquire or settle (subject to Sections 7 and 8.6) rights under awards in cash, stock of equivalent value, or other consideration (subject to the no repricing provision below); and
  
- (k) determine the fair market value of the Common Stock or awards under this Plan from time to time and/or the manner in which such value will be determined.

Notwithstanding the foregoing and except for an adjustment pursuant to Section 7.1 or a repricing approved by stockholders, in no case may the Administrator (1) amend an outstanding stock option or SAR to reduce the exercise price or base price of the award, (2) cancel, exchange, or surrender an outstanding stock option or SAR in exchange for cash or other awards for the purpose of repricing the award, or (3) cancel, exchange, or surrender an outstanding stock option or SAR in exchange for an option or SAR with an exercise or base price that is less than the exercise or base price of the original award.

3.3 **Binding Determinations.** Any action taken by, or inaction of, the Corporation, any Subsidiary, or the Administrator relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons. Neither the Board nor any Board committee, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any award made under this Plan), and all such persons shall be entitled to indemnification and reimbursement by the Corporation in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

3.4 **Reliance on Experts.** In making any determination or in taking or not taking any action under this Plan, the Administrator may obtain and may rely upon the advice of experts, including employees and professional advisors to the Corporation. No director, officer or agent of the Corporation or any of its Subsidiaries shall be liable for any such action or determination taken or made or omitted in good faith.

3.5 **Delegation.** The Administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Corporation or any of its Subsidiaries or to third parties.

#### 4. SHARES OF COMMON STOCK SUBJECT TO THE PLAN; SHARE LIMITS

4.1 **Shares Available.** Subject to the provisions of Section 7.1, the capital stock that may be delivered under this Plan shall be shares of the Corporation's authorized but unissued Common Stock and any shares of its Common Stock



held as treasury shares. For purposes of this Plan, "Common Stock" shall mean the common stock of the Corporation and such other securities or property as may become the subject of awards under this Plan, or may become subject to such awards, pursuant to an adjustment made under Section 7.1.

4.2 Share Limits. The maximum number of shares of Common Stock that may be delivered pursuant to awards granted to Eligible Persons under this Plan (the "Share Limit") is equal to the sum of the following:

(1) 1,836,167(1) shares of Common Stock, plus

(2) the number of shares of Common Stock subject to options granted under the Willdan Group, Inc. 2006 Stock Incentive Plan (the "2006 Plan") and outstanding on June 9, 2008 which expire, or for any reason are cancelled or terminated, after June 9, 2008 without being exercised.

---

(1) The current aggregate Share Limit for this Plan is 1,336,167 shares (excluding shares originally authorized for issuance under the 2006 Plan). Stockholders are being asked to approve amendments to this Plan that would increase this aggregate Share Limit by an additional 500,000 shares (so that the new aggregate Share Limit for the plan would be 1,836,167 shares, in addition to the shares subject to awards originally granted under the 2006 Plan that terminate without being exercised as set forth above).

Table of Contents

The following limits also apply with respect to awards granted under this Plan:

- (a) The maximum number of shares of Common Stock that may be delivered pursuant to options qualified as incentive stock options granted under this Plan is 2,100,000 shares.
  
- (b) The maximum number of shares of Common Stock subject to those options and stock appreciation rights that are granted during any calendar year to any individual under this Plan is 200,000 shares.
  
- (c) The maximum number of shares of Common Stock that may be delivered pursuant to awards granted under this Plan, other than those described in the next sentence, is 1,250,000 shares. This limit on so-called “full-value awards” does not apply, however, to (1) shares delivered in respect of compensation earned but deferred, (2) shares delivered in respect of stock option grants, and (3) shares delivered in respect of stock appreciation right grants.
  
- (d) Awards that are granted under this Plan during any one calendar year to any person who, on the grant date of the award, is a non-employee director are subject to the limits of this Section 4.2(d). The maximum number of shares of Common Stock subject to those awards that are granted under this Plan during any one calendar year to an individual who, on the grant date of the award, is a non-employee director is the number of shares that produce a grant date fair value for the award that, when combined with the grant date fair value of any other awards granted under this Plan during that same calendar year to that individual in his or her capacity as a non-employee director, is \$200,000; provided that this limit is \$400,000 as to (1) a non-employee director who is serving as the Independent Chair of the Board or the Lead Independent Director at the time the applicable grant is made or (2) any new non-employee director for the calendar year in which the non-employee director is first elected or appointed to the Board. For purposes of this Section 4.2(d), a “non-employee director” is an individual who, on the grant date of the award, is a member of the Board who is not then an officer or employee of the Corporation or one of its Subsidiaries. For purposes of this Section 4.2(d), “grant date fair value” means the value of the award as of the date of grant of the award and as determined using the equity award valuation principles applied in the Corporation’s financial reporting. The limits of this Section 4.2(d) do not apply to, and shall be determined without taking into account, any award granted to an individual who, on the grant date of the award, is an officer or employee of the Corporation or one of its Subsidiaries. The limits of this Section 4.2(d) apply on an individual basis and not on an aggregate basis to all non-employee directors as a group.
  
- (e) Additional limits with respect to Performance-Based Awards are set forth in Section 5.2.3.

Each of the foregoing numerical limits is subject to adjustment as contemplated by Section 4.3, Section 7.1, and Section 8.10.

4.3 Awards Settled in Cash, Reissue of Awards and Shares. To the extent that an award granted under this Plan is settled in cash or a form other than shares of Common Stock, the shares that would have been delivered had there been no such cash or other settlement shall not be counted against the shares available for issuance under this Plan. In the event that shares of Common Stock are delivered in respect of a dividend equivalent right granted under this Plan, only the actual number of shares delivered with respect to the award shall be counted against the share limits of this Plan. To the extent that shares of Common Stock are delivered pursuant to the exercise of a stock appreciation right or stock option granted under this Plan, the number of underlying shares as to which the exercise related shall be counted against the applicable share limits under Section 4.2, as opposed to only counting the shares actually issued. (For purposes of clarity, if a stock appreciation right relates to 100,000 shares and is exercised at a time when the payment due to the participant is 15,000 shares, 100,000 shares shall be charged against the applicable share limits under Section 4.2 with respect to such exercise.) Shares that are subject to or underlie awards granted under this Plan which expire or for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered

## Table of Contents

under this Plan shall again be available for subsequent awards under this Plan. Shares that are exchanged by a participant or withheld by the Corporation as full or partial payment in connection with any award under this Plan, as well as any shares exchanged by a participant or withheld by the Corporation or one of its Subsidiaries to satisfy the tax withholding obligations related to any award, shall not be available for subsequent awards under this Plan. Refer to Section 8.10 for application of the foregoing share limits with respect to assumed awards. The foregoing adjustments to the share limits of this Plan are subject to any applicable limitations under Section 162(m) of the Code with respect to awards intended as performance-based compensation thereunder.

4.4 Reservation of Shares; No Fractional Shares; Minimum Issue. The Corporation shall at all times reserve a number of shares of Common Stock sufficient to cover the Corporation's obligations and contingent obligations to deliver shares with respect to awards then outstanding under this Plan (exclusive of any dividend equivalent obligations to the extent the Corporation has the right to settle such rights in cash). No fractional shares shall be delivered under this Plan. The Administrator may pay cash in lieu of any fractional shares in settlements of awards under this Plan. No fewer than 100 shares may be purchased on exercise of any award (or, in the case of stock appreciation or purchase rights, no fewer than 100 rights may be exercised at any one time) unless the total number purchased or exercised is the total number at the time available for purchase or exercise under the award.

## 5. AWARDS

5.1 Type and Form of Awards. The Administrator shall determine the type or types of award(s) to be made to each selected Eligible Person. Awards may be granted singly, in combination or in tandem. Awards also may be made in combination or in tandem with, in replacement of, as alternatives to, or as the payment form for grants or rights under any other employee or compensation plan of the Corporation or one of its Subsidiaries. The types of awards that may be granted under this Plan are (subject, in each case, to the repricing provisions of Section 3.2):

5.1.1 Stock Options. A stock option is the grant of a right to purchase a specified number of shares of Common Stock during a specified period as determined by the Administrator. An option may be intended as an incentive stock option within the meaning of Section 422 of the Code (an "ISO") or a nonqualified stock option (an option not intended to be an ISO). The award agreement for an option will indicate if the option is intended as an ISO; otherwise it will be deemed to be a nonqualified stock option. The maximum term of each option (ISO or nonqualified) shall be ten (10) years. The per share exercise price for each option shall be not less than 100% of the fair market value of a share of Common Stock on the date of grant of the option. When an option is exercised, the exercise price for the shares to be purchased shall be paid in full in cash or such other method permitted by the Administrator consistent with Section 5.5.

5.1.2 Additional Rules Applicable to ISOs. To the extent that the aggregate fair market value (determined at the time of grant of the applicable option) of stock with respect to which ISOs first become exercisable by a participant in any calendar year exceeds \$100,000, taking into account both Common Stock subject to ISOs under this Plan and stock subject to ISOs under all other plans of the Corporation or one of its Subsidiaries (or any parent or predecessor

corporation to the extent required by and within the meaning of Section 422 of the Code and the regulations promulgated thereunder), such options shall be treated as nonqualified stock options. In reducing the number of options treated as ISOs to meet the \$100,000 limit, the most recently granted options shall be reduced first. To the extent a reduction of simultaneously granted options is necessary to meet the \$100,000 limit, the Administrator may, in the manner and to the extent permitted by law, designate which shares of Common Stock are to be treated as shares acquired pursuant to the exercise of an ISO. ISOs may only be granted to employees of the Corporation or one of its subsidiaries (for this purpose, the term “subsidiary” is used as defined in Section 424(f) of the Code, which generally requires an unbroken chain of ownership of at least 50% of the total combined voting power of all classes of stock of each subsidiary in the chain beginning with the Corporation and ending with the subsidiary in question). There shall be imposed in any award agreement relating to ISOs such other terms and conditions as from time to time are required in order that the option be an “incentive stock option” as that term is defined in Section 422 of the Code. No ISO may be granted to any person who, at the time the option

Table of Contents

is granted, owns (or is deemed to own under Section 424(d) of the Code) shares of outstanding Common Stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation, unless the exercise price of such option is at least 110% of the fair market value of the stock subject to the option and such option by its terms is not exercisable after the expiration of five years from the date such option is granted.

5.1.3 Stock Appreciation Rights. A stock appreciation right or “SAR” is a right to receive a payment, in cash and/or Common Stock, equal to the excess of the fair market value of a specified number of shares of Common Stock on the date the SAR is exercised over the “base price” of the award, which base price shall be set forth in the applicable award agreement and shall be not less than 100% of the fair market value of a share of Common Stock on the date of grant of the SAR. The maximum term of a SAR shall be ten (10) years.

5.1.4 Other Awards. The other types of awards that may be granted under this Plan include: (a) stock bonuses, restricted stock, performance stock, stock units, phantom stock, dividend equivalents, or similar rights to purchase or acquire shares, whether at a fixed or variable price or ratio related to the Common Stock, and any of which may (but need not) be fully vested at grant or vest upon the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or any combination thereof; or (b) any similar securities with a value derived from the value of or related to the Common Stock and/or returns thereon.

5.2 Section 162(m) Performance-Based Awards. Without limiting the generality of the foregoing, any of the types of awards listed in Section 5.1.4 above may be, and options and SARs granted to officers and employees (“Qualifying Options” and “Qualifying SARs,” respectively) typically will be, granted as awards intended to satisfy the requirements for “performance-based compensation” within the meaning of Section 162(m) of the Code (“Performance-Based Awards”). The grant, vesting, exercisability or payment of Performance-Based Awards may depend (or, in the case of Qualifying Options or Qualifying SARs, may also depend) on the degree of achievement of one or more performance goals relative to a pre-established targeted level or level using one or more of the Business Criteria set forth below (on an absolute or relative (including, without limitation, relative to the performance of one or more other companies or upon comparisons of any of the indicators of performance relative to one or more other companies) basis) for the Corporation on a consolidated basis or for one or more of the Corporation’s subsidiaries, segments, divisions or business units, or any combination of the foregoing. Any Qualifying Option or Qualifying SAR shall be subject only to the requirements of Section 5.2.1 and 5.2.3 in order for such award to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code. Any other Performance-Based Award shall be subject to all of the following provisions of this Section 5.2.

5.2.1 Class; Administrator. The eligible class of persons for Performance-Based Awards under this Section 5.2 shall be officers and employees of the Corporation or one of its Subsidiaries. The Administrator approving Performance-Based Awards or making any certification required pursuant to Section 5.2.4 must be constituted as provided in Section 3.1 for awards that are intended as performance-based compensation under Section 162(m) of the Code.

5.2.2 Performance Goals. The specific performance goals for Performance-Based Awards (other than Qualifying Options and Qualifying SARs) shall be, on an absolute or relative basis, established based on one or more of the following business criteria (“Business Criteria”) as selected by the Administrator in its sole discretion: earnings per share, cash flow (which means cash and cash equivalents derived from either net cash flow from operations or net cash flow from operations, financing and investing activities), total stockholder return, gross revenue, revenue growth, operating income (before or after taxes), net earnings (before or after interest, taxes, depreciation and/or amortization), return on equity or on assets or on net investment, cost containment or reduction, or any combination thereof. These terms are used as applied under generally accepted accounting principles or in the financial reporting of the Corporation or of its Subsidiaries. To qualify awards as performance-based under Section 162(m), the applicable Business Criterion (or Business Criteria, as the case may be) and specific performance goal or goals (“targets”) must be established and approved by the Administrator during the first 90 days of the performance period (and, in the case of

Table of Contents

performance periods of less than one year, in no event after 25% or more of the performance period has elapsed) and while performance relating to such target(s) remains substantially uncertain within the meaning of Section 162(m) of the Code. Performance targets shall be adjusted to mitigate the unbudgeted impact of material, unusual or nonrecurring gains and losses, accounting changes or other extraordinary events not foreseen at the time the targets were set unless the Administrator provides otherwise at the time of establishing the targets. The applicable performance measurement period may not be less than three months nor more than 10 years.

5.2.3 Form of Payment; Maximum Performance-Based Award. Grants or awards under this Section 5.2 may be paid in cash or shares of Common Stock or any combination thereof. Grants of Qualifying Options and Qualifying SARs to any one participant in any one calendar year shall be subject to the limit set forth in Section 4.2(b). The maximum number of shares of Common Stock which may be delivered pursuant to Performance-Based Awards (other than Qualifying Options and Qualifying SARs) that are granted to any one participant in any one calendar year shall not exceed 200,000 shares, either individually or in the aggregate, subject to adjustment as provided in Section 7.1. Awards that are cancelled during the year shall be counted against these limits to the extent required by Section 162(m) of the Code.

5.2.4 Certification of Payment. Before any Performance-Based Award under this Section 5.2 (other than Qualifying Options and Qualifying SARs) is paid and to the extent required to qualify the award as performance-based compensation within the meaning of Section 162(m) of the Code, the Administrator must certify in writing that the performance target(s) and any other material terms of the Performance-Based Award were in fact timely satisfied.

5.2.5 Reservation of Discretion. The Administrator will have the discretion to determine the restrictions or other limitations of the individual awards granted under this Section 5.2 including the authority to reduce awards, payouts or vesting or to pay no awards, in its sole discretion, if the Administrator preserves such authority at the time of grant by language to this effect in its authorizing resolutions or otherwise.

5.2.6 Expiration of Grant Authority. As required pursuant to Section 162(m) of the Code and the regulations promulgated thereunder, the Administrator's authority to grant new awards that are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code (other than Qualifying Options and Qualifying SARs) shall terminate upon the first meeting of the Corporation's stockholders that occurs in the fifth year following the year in which the Corporation's stockholders first approve this Plan, subject to any subsequent extension that may be approved by shareholders.

5.3 Award Agreements. Each award shall be evidenced by either (1) a written award agreement in a form approved by the Administrator and executed by the Corporation by an officer duly authorized to act on its behalf, or (2) an electronic notice of award grant in a form approved by the Administrator and recorded by the Corporation (or its designee) in an electronic recordkeeping system used for the purpose of tracking award grants under this Plan generally (in each case, an "award agreement"), as the Administrator may provide and, in each case and if required by



the Administrator, executed or otherwise electronically accepted by the recipient of the award in such form and manner as the Administrator may require. The Administrator may authorize any officer of the Corporation (other than the particular award recipient) to execute any or all award agreements on behalf of the Corporation. The award agreement shall set forth the material terms and conditions of the award as established by the Administrator consistent with the express limitations of this Plan.

5.4 Deferrals and Settlements. Payment of awards may be in the form of cash, Common Stock, other awards or combinations thereof as the Administrator shall determine, and with such restrictions as it may impose. The Administrator may also require or permit participants to elect to defer the issuance of shares or the settlement of awards in cash under such rules and procedures as it may establish under this Plan. The Administrator may also provide that deferred settlements include the payment or crediting of interest or other earnings on the deferral amounts, or the payment or crediting of dividend equivalents where the deferred amounts are denominated in shares.

Table of Contents

5.5 Consideration for Common Stock or Awards. The purchase price for any award granted under this Plan or the Common Stock to be delivered pursuant to an award, as applicable, may be paid by means of any lawful consideration as determined by the Administrator, including, without limitation, one or a combination of the following methods:

- services rendered by the recipient of such award;
- cash, check payable to the order of the Corporation, or electronic funds transfer;
- notice and third party payment in such manner as may be authorized by the Administrator;
- the delivery of previously owned shares of Common Stock;
- by a reduction in the number of shares otherwise deliverable pursuant to the award; or
- subject to such procedures as the Administrator may adopt, pursuant to a “cashless exercise” with a third party who provides financing for the purposes of (or who otherwise facilitates) the purchase or exercise of awards.

In no event shall any shares newly-issued by the Corporation be issued for less than the minimum lawful consideration for such shares or for consideration other than consideration permitted by applicable state law. Shares of Common Stock used to satisfy the exercise price of an option shall be valued at their fair market value on the date of exercise. The Corporation will not be obligated to deliver any shares unless and until it receives full payment of the exercise or purchase price therefor and any related withholding obligations under Section 8.5 and any other conditions to exercise or purchase have been satisfied. Unless otherwise expressly provided in the applicable award agreement, the Administrator may at any time eliminate or limit a participant’s ability to pay the purchase or exercise price of any award or shares by any method other than cash payment to the Corporation.

5.6 Definition of Fair Market Value. For purposes of this Plan, “fair market value” shall mean, unless otherwise determined or provided by the Administrator in the circumstances, the last price (in regular trading) for a share of Common Stock as furnished by the National Association of Securities Dealers, Inc. (the “NASD”) through the NASDAQ Global Market Reporting System (the “Global Market”) for the date in question or, if no sales of Common Stock were reported by the NASD on the Global Market on that date, the last price (in regular trading) for a share of Common Stock as furnished by the NASD through the Global Market for the next preceding day on which sales of Common Stock were reported by the NASD. The Administrator may, however, provide with respect to one or more awards that the fair market value shall equal the last price (in regular trading) for a share of Common Stock as furnished by the NASD through the Global Market on the last trading day preceding the date in question or the average of the high and low trading prices of a share of Common Stock as furnished by the NASD through the Global

Market for the date in question or the most recent trading day. If the Common Stock is no longer listed or is no longer actively traded on the Global Market as of the applicable date, the fair market value of the Common Stock shall be the value as reasonably determined by the Administrator for purposes of the award in the circumstances. The Administrator also may adopt a different methodology for determining fair market value with respect to one or more awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular award(s) (for example, and without limitation, the Administrator may provide that fair market value for purposes of one or more awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

## 5.7 Transfer Restrictions.

5.7.1 Limitations on Exercise and Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 5.7 or required by applicable law: (a) all awards are non-transferable and shall not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or

Table of Contents

charge; (b) awards shall be exercised only by the participant; and (c) amounts payable or shares issuable pursuant to any award shall be delivered only to (or for the account of) the participant.

5.7.2 Exceptions. The Administrator may permit awards to be exercised by and paid to, or otherwise transferred to, other persons or entities pursuant to such conditions and procedures, including limitations on subsequent transfers, as the Administrator may, in its sole discretion, establish in writing. Any permitted transfer shall be subject to compliance with applicable federal and state securities laws and shall not be for value (other than nominal consideration, settlement of marital property rights, or for interests in an entity in which more than 50% of the voting interests are held by the Eligible Person or by the Eligible Person's family members).

5.7.3 Further Exceptions to Limits on Transfer. The exercise and transfer restrictions in Section 5.7.1 shall not apply to:

(a) transfers to the Corporation (for example, in connection with the expiration or termination of the award),

(b) the designation of a beneficiary to receive benefits in the event of the participant's death or, if the participant has died, transfers to or exercise by the participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution,

(c) subject to any applicable limitations on ISOs, transfers to a family member (or former family member) pursuant to a domestic relations order if approved or ratified by the Administrator,

(d) if the participant has suffered a disability, permitted transfers or exercises on behalf of the participant by his or her legal representative, or

(e) the authorization by the Administrator of "cashless exercise" procedures with third parties who provide financing for the purpose of (or who otherwise facilitate) the exercise of awards consistent with applicable laws and the express authorization of the Administrator.

5.8 International Awards. One or more awards may be granted to Eligible Persons who provide services to the Corporation or one of its Subsidiaries outside of the United States. Any awards granted to such persons may be granted pursuant to the terms and conditions of any applicable sub-plans, if any, appended to this Plan and approved by the Administrator.

6. EFFECT OF TERMINATION OF EMPLOYMENT OR SERVICE ON AWARDS

6.1 General. The Administrator shall establish the effect of a termination of employment or service on the rights and benefits under each award under this Plan and in so doing may make distinctions based upon, inter alia, the cause of termination and type of award. If the participant is not an employee of the Corporation or one of its Subsidiaries and provides other services to the Corporation or one of its Subsidiaries, the Administrator shall be the sole judge for purposes of this Plan (unless a contract or the award otherwise provides) of whether the participant continues to render services to the Corporation or one of its Subsidiaries and the date, if any, upon which such services shall be deemed to have terminated.

6.2 Events Not Deemed Terminations of Service. Unless the express policy of the Corporation or one of its Subsidiaries, or the Administrator, otherwise provides, the employment relationship shall not be considered terminated in the case of (a) sick leave, (b) military leave, or (c) any other leave of absence authorized by the Corporation or one of its Subsidiaries, or the Administrator; provided that, unless reemployment upon the expiration of such leave is guaranteed by contract or law or the Administrator otherwise provides, such leave is for a period of not more than three months. In the case of any employee of the Corporation or one of its Subsidiaries on an approved leave of absence, continued vesting of the award while on leave from the employ of the Corporation or one of its Subsidiaries may be suspended until the employee returns to service, unless the Administrator otherwise provides or

Table of Contents

applicable law otherwise requires. In no event shall an award be exercised after the expiration of the term set forth in the applicable award agreement.

6.3 Effect of Change of Subsidiary Status. For purposes of this Plan and any award, if an entity ceases to be a Subsidiary of the Corporation a termination of employment or service shall be deemed to have occurred with respect to each Eligible Person in respect of such Subsidiary who does not continue as an Eligible Person in respect of the Corporation or another Subsidiary that continues as such after giving effect to the transaction or other event giving rise to the change in status.

7. ADJUSTMENTS; ACCELERATION

7.1 Adjustments. Subject to Section 7.2, upon (or, as may be necessary to effect the adjustment, immediately prior to): any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split; any merger, combination, consolidation, or other reorganization; any spin-off, split-up, or similar extraordinary dividend distribution in respect of the Common Stock; or any exchange of Common Stock or other securities of the Corporation, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; then the Administrator shall equitably and proportionately adjust (1) the number and type of shares of Common Stock (or other securities) that thereafter may be made the subject of awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of shares of Common Stock (or other securities or property) subject to any outstanding awards, (3) the grant, purchase, or exercise price (which term includes the base price of any SAR or similar right) of any outstanding awards, and/or (4) the securities, cash or other property deliverable upon exercise or payment of any outstanding awards, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding awards.

Unless otherwise expressly provided in the applicable award agreement, upon (or, as may be necessary to effect the adjustment, immediately prior to) any event or transaction described in the preceding paragraph or a sale of all or substantially all of the business or assets of the Corporation as an entirety, the Administrator shall equitably and proportionately adjust the performance standards applicable to any then-outstanding performance-based awards to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding performance-based awards.

It is intended that, if possible, any adjustments contemplated by the preceding two paragraphs be made in a manner that satisfies applicable U.S. legal, tax (including, without limitation and as applicable in the circumstances, Section 424 of the Code, Section 409A of the Code and Section 162(m) of the Code) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

Without limiting the generality of Section 3.3, any good faith determination by the Administrator as to whether an adjustment is required in the circumstances pursuant to this Section 7.1, and the extent and nature of any such adjustment, shall be conclusive and binding on all persons.

7.2 Corporate Transactions - Assumption and Termination of Awards. Upon the occurrence of any of the following: any merger, combination, consolidation, or other reorganization; any exchange of Common Stock or other securities of the Corporation; a sale of all or substantially all the business, stock or assets of the Corporation; a dissolution of the Corporation; or any other event in which the Corporation does not survive (or does not survive as a public company in respect of its Common Stock); then the Administrator may make provision for a cash payment in settlement of, or for the assumption, substitution or exchange of any or all outstanding share-based awards or the cash, securities or property deliverable to the holder of any or all outstanding share-based awards, based upon, to the extent relevant under the circumstances, the distribution or consideration payable to holders of the Common Stock upon or in respect of such event. Upon the occurrence of any event described in the preceding sentence, then, unless the Administrator has made a provision for the substitution, assumption, exchange or other continuation or settlement of the award or the award would otherwise continue in accordance with its terms in the circumstances: (1) subject to Section 7.4 and

Table of Contents

unless otherwise provided in the applicable award agreement, each then-outstanding option and SAR shall become fully vested, all shares of restricted stock then outstanding shall fully vest free of restrictions, and each other award granted under this Plan that is then outstanding shall become payable to the holder of such award; and (2) each award shall terminate upon the related event; provided that the holder of an option or SAR shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding vested options and SARs (after giving effect to any accelerated vesting required in the circumstances) in accordance with their terms before the termination of such awards (except that in no case shall more than ten days' notice of the impending termination be required and any acceleration of vesting and any exercise of any portion of an award that is so accelerated may be made contingent upon the actual occurrence of the event).

Without limiting the preceding paragraph, in connection with any event referred to in the preceding paragraph or any change in control event defined in any applicable award agreement, the Administrator may, in its discretion, provide for the accelerated vesting of any award or awards as and to the extent determined by the Administrator in the circumstances.

The Administrator may adopt such valuation methodologies for outstanding awards as it deems reasonable in the event of a cash or property settlement and, in the case of options, SARs or similar rights, but without limitation on other methodologies, may base such settlement solely upon the excess if any of the per share amount payable upon or in respect of such event over the exercise or base price of the award.

In any of the events referred to in this Section 7.2, the Administrator may take such action contemplated by this Section 7.2 prior to such event (as opposed to on the occurrence of such event) to the extent that the Administrator deems the action necessary to permit the participant to realize the benefits intended to be conveyed with respect to the underlying shares. Without limiting the generality of the foregoing, the Administrator may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the original terms of the award if an event giving rise to an acceleration does not occur.

Without limiting the generality of Section 3.3, any good faith determination by the Administrator pursuant to its authority under this Section 7.2 shall be conclusive and binding on all persons.

7.3 Other Acceleration Rules. The Administrator may override the provisions of Section 7.2 and/or 7.4 by express provision in the award agreement and may accord any Eligible Person a right to refuse any acceleration, whether pursuant to the award agreement or otherwise, in such circumstances as the Administrator may approve. The portion of any ISO accelerated in connection with an event referred to in Section 7.2 (or such other circumstances as may trigger accelerated vesting of the award) shall remain exercisable as an ISO only to the extent the applicable \$100,000 limitation on ISOs is not exceeded. To the extent exceeded, the accelerated portion of the option shall be exercisable as a nonqualified stock option under the Code.



7.4 Golden Parachute Limitation. Notwithstanding anything else contained in this Section 7 to the contrary, in no event shall any award or payment be accelerated under this Plan to an extent or in a manner so that such award or payment, together with any other compensation and benefits provided to, or for the benefit of, the participant under any other plan or agreement of the Corporation or any of its Subsidiaries, would not be fully deductible by the Corporation or one of its Subsidiaries for federal income tax purposes because of Section 280G of the Code. If a participant would be entitled to benefits or payments hereunder and under any other plan or program that would constitute “parachute payments” as defined in Section 280G of the Code, then the participant may by written notice to the Corporation designate the order in which such parachute payments will be reduced or modified so that the Corporation or one of its Subsidiaries is not denied federal income tax deductions for any “parachute payments” because of Section 280G of the Code.

Table of Contents

8. OTHER PROVISIONS

8.1 Compliance with Laws. This Plan, the granting and vesting of awards under this Plan, the offer, issuance and delivery of shares of Common Stock, and/or the payment of money under this Plan or under awards are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Corporation or one of its Subsidiaries, provide such assurances and representations to the Corporation or one of its Subsidiaries as the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

8.2 No Rights to Award. No person shall have any claim or rights to be granted an award (or additional awards, as the case may be) under this Plan, subject to any express contractual rights (set forth in a document other than this Plan) to the contrary.

8.3 No Employment/Service Contract. Nothing contained in this Plan (or in any other documents under this Plan or in any award) shall confer upon any Eligible Person or other participant any right to continue in the employ or other service of the Corporation or one of its Subsidiaries, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Corporation or one of its Subsidiaries to change a person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause. Nothing in this Section 8.3, however, is intended to adversely affect any express independent right of such person under a separate employment or service contract other than an award agreement.

8.4 Plan Not Funded. Awards payable under this Plan shall be payable in shares or from the general assets of the Corporation, and no special or separate reserve, fund or deposit shall be made to assure payment of such awards. No participant, beneficiary or other person shall have any right, title or interest in any fund or in any specific asset (including shares of Common Stock, except as expressly otherwise provided) of the Corporation or one of its Subsidiaries by reason of any award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Corporation or one of its Subsidiaries and any participant, beneficiary or other person. To the extent that a participant, beneficiary or other person acquires a right to receive payment pursuant to any award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

8.5 Tax Withholding. Upon any exercise, vesting, or payment of any award or upon the disposition of shares of Common Stock acquired pursuant to the exercise of an ISO prior to satisfaction of the holding period requirements of Section 422 of the Code, the Corporation or one of its Subsidiaries shall have the right at its option to:

(a) require the participant (or the participant's personal representative or beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Corporation or one of its Subsidiaries may be required to withhold with respect to such award event or payment; or

(b) deduct from any amount otherwise payable in cash to the participant (or the participant's personal representative or beneficiary, as the case may be) the minimum amount of any taxes which the Corporation or one of its Subsidiaries may be required to withhold with respect to such cash payment.

In any case where a tax is required to be withheld in connection with the delivery of shares of Common Stock under this Plan, the Administrator may in its sole discretion (subject to Section 8.1) require or grant (either at the time of the award or thereafter) to the participant the right to elect,

Table of Contents

pursuant to such rules and subject to such conditions as the Administrator may establish, that the Corporation reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares, valued in a consistent manner at their fair market value or at the sales price in accordance with authorized procedures for cashless exercises, necessary to satisfy the applicable withholding obligation on exercise, vesting or payment.

8.6 Effective Date, Termination and Suspension, Amendments.

8.6.1 Effective Date. This Plan was originally effective as of June 9, 2008, the Stockholder Approval Date (the “Effective Date”). This amended version of the Plan is effective as of March 9, 2016, the date this amended version of the Plan was approved by the Board (the “Amendment Date”). This Plan shall be submitted for and subject to shareholder approval no later than twelve months after the Amendment Date. Unless earlier terminated by the Board and subject to any extension that may be approved by the shareholders, this Plan shall terminate at the close of business on the day before the tenth anniversary of Amendment Date. After the termination of this Plan either upon such stated expiration date or its earlier termination by the Board, no additional awards may be granted under this Plan, but previously granted awards (and the authority of the Administrator with respect thereto, including the authority to amend such awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.

8.6.2 Board Authorization. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No awards may be granted during any period that the Board suspends this Plan.

8.6.3 Stockholder Approval. To the extent then required by applicable law or any applicable listing agency or required under Sections 162, 422 or 424 of the Code to preserve the intended tax consequences of this Plan, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to stockholder approval.

8.6.4 Amendments to Awards. Without limiting any other express authority of the Administrator under (but subject to) the express limits of this Plan, the Administrator by agreement or resolution may waive conditions of or limitations on awards to participants that the Administrator in the prior exercise of its discretion has imposed, without the consent of a participant, and (subject to the requirements of Sections 3.2 and 8.6.5) may make other changes to the terms and conditions of awards. Any amendment or other action that would constitute a repricing of an award is subject to the limitations set forth in Section 3.2(g).

8.6.5 Limitations on Amendments to Plan and Awards. No amendment, suspension or termination of this Plan or amendment of any outstanding award agreement shall, without written consent of the participant, affect in any manner materially adverse to the participant any rights or benefits of the participant or obligations of the Corporation under any award granted under this Plan prior to the effective date of such change. Changes, settlements and other actions contemplated by Section 7 shall not be deemed to constitute changes or amendments for purposes of this Section 8.6.

8.7 Privileges of Stock Ownership. Except as otherwise expressly authorized by the Administrator, a participant shall not be entitled to any privilege of stock ownership as to any shares of Common Stock not actually delivered to and held of record by the participant. Except as expressly required by Section 7.1 or otherwise expressly provided by the Administrator, no adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.

8.8 Governing Law; Construction; Severability.

8.8.1 Choice of Law. This Plan, the awards, all documents evidencing awards and all other related documents shall be governed by, and construed in accordance with the laws of the State of Delaware.

8.8.2 Severability. If a court of competent jurisdiction holds any provision invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.

Table of Contents

8.8.3 Plan Construction.

(a) Rule 16b-3. It is the intent of the Corporation that the awards and transactions permitted by awards be interpreted in a manner that, in the case of participants who are or may be subject to Section 16 of the Exchange Act, qualify, to the maximum extent compatible with the express terms of the award, for exemption from matching liability under Rule 16b-3 promulgated under the Exchange Act. Notwithstanding the foregoing, the Corporation shall have no liability to any participant for Section 16 consequences of awards or events under awards if an award or event does not so qualify.

(b) Section 162(m). Awards under Section 5.1.4 to persons described in Section 5.2 that are either granted or become vested, exercisable or payable based on attainment of one or more performance goals related to the Business Criteria, as well as Qualifying Options and Qualifying SARs granted to persons described in Section 5.2, that are approved by a committee composed solely of two or more outside directors (as this requirement is applied under Section 162(m) of the Code) shall be deemed to be intended as performance-based compensation within the meaning of Section 162(m) of the Code unless such committee provides otherwise at the time of grant of the award. It is the further intent of the Corporation that (to the extent the Corporation or one of its Subsidiaries or awards under this Plan may be or become subject to limitations on deductibility under Section 162(m) of the Code) any such awards and any other Performance-Based Awards under Section 5.2 that are granted to or held by a person subject to Section 162(m) will qualify as performance-based compensation or otherwise be exempt from deductibility limitations under Section 162(m).

8.9 Captions. Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.

8.10 Stock-Based Awards in Substitution for Stock Options or Awards Granted by Other Corporation. Awards may be granted to Eligible Persons in substitution for or in connection with an assumption of employee stock options, SARs, restricted stock or other stock-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Corporation or one of its Subsidiaries, in connection with a distribution, merger or other reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Corporation or one of its Subsidiaries, directly or indirectly, of all or a substantial part of the stock or assets of the employing entity. The awards so granted need not comply with other specific terms of this Plan, provided the awards reflect only adjustments giving effect to the assumption or substitution consistent with the conversion applicable to the Common Stock in the transaction and any change in the issuer of the security. Any shares that are delivered and any awards that are granted by, or become obligations of, the Corporation, as a result of the assumption by the Corporation of, or in substitution for, outstanding awards previously granted by an acquired company (or previously granted by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Corporation or one of its Subsidiaries in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan.

8.11 Non-Exclusivity of Plan. Nothing in this Plan shall limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to the Common Stock, under any other plan or authority.

8.12 No Corporate Action Restriction. The existence of this Plan, the award agreements and the awards granted hereunder shall not limit, affect or restrict in any way the right or power of the Board or the stockholders of the Corporation to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the capital structure or business of the Corporation or any Subsidiary,

62

---

Table of Contents

(b) any merger, amalgamation, consolidation or change in the ownership of the Corporation or any Subsidiary, (c) any issue of bonds, debentures, capital, preferred or prior preference stock ahead of or affecting the capital stock (or the rights thereof) of the Corporation or any Subsidiary, (d) any dissolution or liquidation of the Corporation or any Subsidiary, (e) any sale or transfer of all or any part of the assets or business of the Corporation or any Subsidiary, or (f) any other corporate act or proceeding by the Corporation or any Subsidiary. No participant, beneficiary or any other person shall have any claim under any award or award agreement against any member of the Board or the Administrator, or the Corporation or any employees, officers or agents of the Corporation or any Subsidiary, as a result of any such action.

8.13 Other Company Benefit and Compensation Programs. Payments and other benefits received by a participant under an award made pursuant to this Plan shall not be deemed a part of a participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Corporation or any Subsidiary, except where the Administrator expressly otherwise provides or authorizes in writing. Awards under this Plan may be made in addition to, in combination with, as alternatives to or in payment of grants, awards or commitments under any other plans or arrangements of the Corporation or its Subsidiaries.

8.14 Clawback Policy. The awards granted under this Plan are subject to the terms of the Corporation's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of awards or any shares of Common Stock or other cash or property received with respect to the awards (including any value received from a disposition of the shares acquired upon payment of the awards).



Table of Contents

. Electronic Voting Instructions Available 24 hours a day, 7 days a week! Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy. Proxies granted by these methods are valid under California law. **VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.** Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Pacific Daylight Time, on June 10, 2016. Vote by Internet

- Go to [www.investorvote.com/WLDN](http://www.investorvote.com/WLDN)
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone • Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone. There is **NO CHARGE** to you for your call. • Follow the instructions provided by the recorded message Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q A The Board of Directors recommends a vote **FOR** the election of each of the nominees for director, **FOR Proposal 2, FOR Proposal 3 and FOR Proposal 4.**

1. To elect eight members of the Board of Directors, each to serve for a one-year term and until his or her successor is duly elected and qualified\*:

- + For Withhold For Withhold For Withhold 01 - Win Westfall
- 02 - Thomas D. Brisbin, Ph.D.
- 03 - Steven A. Cohen
- 04 - Raymond W. Holdsworth
- 05 - Douglas J. McEachern
- 06 - Keith W. Renken

\*For the terms described in the accompanying Proxy Statement. 07 - Mohammad Shahidehpour 08 - John M. Toups

For Against Abstain ForAgainst Abstain 2. To consider and vote upon the ratification of the appointment of KPMG LLP as the independent registered public accounting firm for the Company for the year ending December 30, 2016. 3. To consider and vote upon approval of the non-binding advisory resolution approving the Company's executive compensation. For Against Abstain Any action may be taken on the foregoing matters at the Annual Meeting on the date specified above, or on any date or dates to which the Annual Meeting may be adjourned or postponed. At their discretion, the proxies are authorized to vote and otherwise represent the undersigned on any other matter that may properly be brought before the Annual Meeting and at any adjournment or postponement thereof. 4. To approve an amendment to Willdan Group, Inc.'s 2008 Performance Incentive Plan. This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. **IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR EACH OF THE DIRECTOR NOMINEES LISTED IN PROPOSAL 1, FOR PROPOSAL 2, FOR PROPOSAL 3 AND FOR PROPOSAL 4.**

B Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below Please sign exactly as name appears on this Proxy Card. Joint owners should each sign. When signing as attorney, executor, administrator, trustee, guardian or in another representative capacity, please give full title as such. Corporations and partnerships shall sign in full corporate or partnership name by an authorized person. Date (mm/dd/yyyy) — Please print date below. Signature 1 — Please keep signature within the box. Signature 2 — Please keep signature within the box.

+ 1 U P X 02C9NB Annual Meeting Proxy Card X **IMPORTANT ANNUAL MEETING INFORMATION**

Table of Contents

. You are cordially invited to attend the Annual Meeting of Stockholders of WILLDAN GROUP, INC. to be held Friday, June 10, 2016 at 10:00 a.m. Pacific Daylight Time at THE HYATT REGENCY ORANGE COUNTY 11999 HARBOR BOULEVARD GARDEN GROVE, CALIFORNIA 92840 q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q + Proxy — Willdan Group, Inc. Proxy Solicited on Behalf of the Board of Directors of the Company for the Annual Meeting to be held on June 10, 2016 The undersigned stockholder of Willdan Group, Inc., a Delaware corporation (the “Company”), hereby appoints Thomas Brisbin, Ph.D. and Raymond W. Holdsworth, or either of them acting alone, as proxies for the undersigned, each with full power of substitution, to attend the Annual Meeting of Stockholders of the Company to be held at The Hyatt Regency Orange County, 11999 Harbor Blvd., Garden Grove, California 92840, on June 10, 2016 at 10:00 a.m. Pacific Daylight Time, and at any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the Notice of the Annual Meeting of Stockholders and the accompanying Proxy Statement. The Board of Directors has fixed the close of business on Monday, April 14, 2016 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. Only stockholders of record of the Company’s common stock, \$0.01 par value per share, at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. The votes entitled to be cast by the undersigned will be cast as instructed on the reverse side hereof. If this Proxy is executed but no instruction is given, the votes entitled to be cast by the undersigned will be cast “FOR” each of the nominees for director, “FOR” Proposal 2, “FOR” Proposal 3 and “FOR” Proposal 4, each as described in the Proxy Statement. The votes entitled to be cast by the undersigned will be cast in the discretion of the Proxy holder on any other matter that may properly come before the Annual Meeting or any adjournment or postponement thereof. The signer hereby revokes all Proxies heretofore given by the signer with respect to said meeting or any adjournment or postponement thereof. YOUR VOTE IS IMPORTANT! PLEASE VOTE, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE OR VOTE BY TELEPHONE OR INTERNET PURSUANT TO THE INSTRUCTIONS ON THE REVERSE SIDE. C Non-Voting Items Change of Address — Please print new address below. Comments — Please print your comments below. + IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A – C ON BOTH SIDES OF THIS CARD.

---