Phoenix Footwear Group, Inc.

5937 Darwin Court, Suite 109
Carlsbad, California 92008

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD JUNE 24, 2016

TO: THE STOCKHOLDERS OF PHOENIX FOOTWEAR GROUP, INC.

Notice is hereby given that the Annual Meeting of Stockholders of Phoenix Footwear Group, Inc. (the "Company") will be held at the Company's corporate headquarters, 5937 Darwin Court, Suite 109, Carlsbad, California 92008, on Friday, June 24, 2016, at 9:30 a.m., P.S.T., for the following purposes:

1. **ELECTION OF DIRECTORS.** To elect five (5) persons to the Board of Directors to serve until the next Annual Meeting of Stockholders and until their successors are elected and have qualified.

2. **RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS.** To ratify the selection of Mayer Hoffman McCann P.C. as the Company's independent public accountants for the fiscal year ending December 31, 2016.

3. **OTHER BUSINESS.** To consider and act upon such other business as may properly come before the meeting.

Only stockholders of record at the close of business on April 28, 2016 will be entitled to notice of the Annual Meeting and to vote at the Annual Meeting and at any adjournments thereof. This notice of meeting, proxy statement and the accompanying form of proxy is being mailed on or about May 6, 2016 to each stockholder entitled to vote at the Annual Meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON JUNE 24, 2016:

Proxy materials, and form of proxy for the Annual Meeting of Stockholders to be held on June 24, 2016 are also available at www.edocumentview.com/PXG Stockholders of record can vote online at www.investorvote.com/pxg or by telephone calling toll-free to (800) 652-VOTE (8683). If you hold your shares in street name, please refer to the information provided by your broker, bank or other nominee for instructions on how to elect to access future proxy materials over the internet.

May 6, 2016

By Order of the Board of Directors,

/s/ Greg W. Slack

Greg W. Slack,
Secretary

Whether or not you currently plan to attend the Annual Meeting in person, please vote by telephone, by using the Internet or by mail, as instructed on the enclosed proxy card, as promptly as possible. You may revoke your proxy (whether given by telephone, Internet or mail) if you decide to attend the Annual Meeting and wish to vote your shares in person.

A copy of the Company's Annual Report for the year ended January 2, 2016, is being mailed to you with these proxy materials.

PROXY STATEMENT
GENERAL

The Board of Directors of Phoenix Footwear Group, Inc. a Delaware corporation (the "Company") is requesting your proxy for use at the Annual Meeting of Stockholders on June 24, 2016 (the "Annual Meeting") to be held at the Company's corporate headquarters at 5937 Darwin Court, Suite 109, Carlsbad, California, 92008, and at any postponement or adjournment thereof, pursuant to the forgoing notice.

Common stockholders of record as of the close of business on April 28, 2016, will be entitled to vote at the Annual Meeting or any adjournments thereof. As of the record date, the Company had 12,488,362 outstanding shares of Common Stock eligible to vote, each entitled to one vote on all matters to be voted upon. There are no other voting securities of the Company outstanding.

VOTING AND REVOCATION OF PROXIES

VOTING

If the enclosed proxy is voted by telephone, using the internet or executed and returned by mail in time and not revoked, all shares represented thereby will be voted. Each proxy will be voted in accordance with the stockholder's instructions.

If your shares are held by a bank or broker (i.e., in "street name"), you must give instructions to your bank or broker on how to vote your shares. Under the rules governing brokers, the election of directors is a "non-routine" matter, but the approval of accountants is a "routine" matter. As a result, if you do not give instructions for voting your shares, your bank or broker will not vote your shares in connection with the election of directors they will be considered a "broker non-vote." If you give no instructions for voting your shares will be voted FOR the approval of Mayer Hoffman McCann P.C. as the Company's independent public accountants for the fiscal year ending December 31, 2016.

If your shares are held directly in your name, you should give instructions on the enclosed proxy on how the proxyholders should vote your shares. If you do not indicate how you wish your shares to be voted the proxyholders will vote in accordance with the Board of Directors recommendations, which is FOR the director nominees and FOR the ratification of Mayer Hoffman McCann P.C. as the Company's independent public accountants.

The Company's inspector of elections for the Annual Meeting tabulates the votes and determines if a quorum is present. For purposes of determining the number of votes cast with respect to any voting matter, only those cast "for" or "against" are included. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the Annual Meeting. Assuming the presence of a quorum, the affirmative vote of a plurality of the shares voted at the meeting is required to elect each director. Cumulative voting is not permitted in the election of directors. Consequently, each shareholder is entitled to one vote for each share of common stock held in the shareholder's name on each matter. In the absence of instructions to the contrary, the persons named in the accompanying proxy will vote the shares represented by that proxy for the Board of Directors' nominees. For purposes of the election of directors, withheld votes, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will count towards the presence of a quorum. With respect to each of the proposals other than the elections of directors, approval requires the affirmative vote of a majority of the shares present or represented, and entitled to vote thereon, at the Annual Meeting, and abstentions will have the same effect as a vote "against". Except for the vote to ratify our independent registered public accounting firm, your broker is not entitled to vote your shares on these matters if no instructions are received from you. If your broker does not vote, this is not considered a vote cast and, therefore, will have no effect.

REVOCATION

A stockholder giving a proxy may revoke it at any time before it is voted by subsequently delivering to the Company a more recently executed proxy or a written notice of revocation. In addition, submitting a completed proxy by mail, telephone, or by using the Internet will not prevent a stockholder of record from voting in person at the Annual Meeting if a stockholder of record is present thereat and wishes to do so (but attendance at the meeting alone will not automatically revoke your proxy). If you are the beneficial owner of shares (your shares are held in "street name") the official stockholder of record must revoke the proxy for your street name shares.

PROPOSAL NO. 1 – ELECTION OF DIRECTORS

The Company's Board is set at five (5) directors. The proxies given for the Annual Meeting may not be voted for more than five (5) directors. Directors will be elected at the Annual Meeting by a plurality of the votes cast. Accordingly, the five (5) nominees that receive the most votes shall be elected to the Board. Directors hold office until the next Annual Meeting of the Stockholders and until their successors are elected and have qualified.

The following biographies set forth certain information with respect to the nominees for election as directors of the Company, none of whom is related to any other nominee or executive officer. All of the nominees currently serve on the Board of Directors.

JAMES R. RIEDMAN, Age 56

Mr. Riedman has served on the Company's Board of Directors since 1993 and has been Chairman of the Board of Directors since 1996. He served as the Company's Chief Executive Officer from 1996 to 2004, May 2006 to April 2007 and September 2010 to the present. From 1987 until 2011, Mr. Riedman served as director and President of Riedman Corporation, a national insurance brokerage firm. Mr. Riedman was also a director of Harris Interactive Inc., a leading market research firm (NASDQ: HPOL) from 1991 until November 15, 2011, a former director of Niagara Insurance Exchange (NASDAQ: NIEX) and Excelus Long Term Care Insurance Company.

FREDERICK R. PORT, Age 74

Mr. Port has served on the Company's Board of Directors since 2004. Mr. Port has served in a variety of senior management positions involving start up and maturing companies, global and domestic, with emphasis on strategy, transition management, acquisition and integration, executive organization and recruiting. From 1995 to 2000, he served as a director of Callaway Golf (NYSE: ELY) and as President of Callaway Golf International. Prior to that (from 1993 to 1995), he was Managing Director of Korn/Ferry International and President (from 1987 to 1992) of the Owl Companies, a private multiple-industry, holding company.

STEVEN M. DEPERRIOR, Age 57

Mr. DePerrior has served on the Company's Board of Directors since 1996. Mr. DePerrior is the co-owner of an independent compensation and retirement consulting business known as the Burke Group, which was reacquired in 2011 from First Niagara Benefits Business Consulting, which had been his previous employer for more than five years preceding the reacquisition of the Burke Group. The Burke Group which has a principal address of 80 Linden Oaks, Rochester, New York, 14625, provides services to the Company as a record keeper.

STEPHANIE E. PIANKA, Age 50

Ms. Pianka has served on the Company's Board of Directors since May 17, 2011. Ms. Pianka has served in a variety of senior management positions involving start up and maturing companies, global and domestic, with emphasis on cross functional design and implementation of corporate strategy, acquisition and integration, financial planning and analysis. Currently, Ms. Pianka is the Vice President of Operations and Treasurer of New York University. From April 2009 until March 2012, she was a Principal and CFO of MPT Advisors, LLC, a financial consulting firm for small and emergent businesses focusing on cash flow, capital management, valuation and equity and debt financing. From August 2007 until March 2009, she served as VP of Finance-Global Operations for Avaya, Inc., a $5.0 billion revenue privately held

telecommunications provider. From September 2005 until August 2007, Ms. Pianka served as the CFO and Board Director of SkyWay Systems, Inc., a technology startup. From May 2004 until September 2005, she served in various positions including, Chief of Staff to the President and CEO of Storage Technology Corporation, a $2.2 billion storage and data management services company. From 1990 to 2004, Ms. Pianka, served in various senior positions with a number of divisions of General Electric most recently as the Managing Director of Operations for GE Capital Financial Guaranty Insurance Company.

DAVID G. WHALEN, Age 58

Mr. Whalen has served on the Company's Board of Directors since September 1, 2015. From 1999 to 2014, Mr. Whalen served as President, Chief Executive Officer and Director of A.T. Cross Company and subsequently Costa Inc., a manufacturer of personal accessories including fine writing instruments under the Cross brand and premium sunglasses under the Costa brand. Prior to A.T. Cross Company and Costa Inc. from 1991 to 1999, Mr. Whalen served in various senior executive positions with Bausch & Lomb, Inc., including Corporate Vice President, President North American Eyewear Division, and President of Europe, Middle East, Africa Division. Mr. Whalen is currently a member of the Board of Directors of POOLCORP. Mr. Whalen received a B.A. from Trinity College and an M.B.A. from the University of Chicago.

The Board of Directors recommends that each of **JAMES R. RIEDMAN**, **FREDERICK R. PORT**, **STEVEN M. DEPERRIOR, STEPHANIE E. PIANKA,** AND **DAVID G. WHALEN** be elected to the Board of Directors to serve as directors, to hold office until the 2017 annual meeting of stockholders. The nominees are current directors of the Company whose terms end at the 2016 Annual Meeting.

Each of the nominees named above has consented to be named in this proxy statement as a nominee for director and to serve on the Board of Directors if elected. Unless you specify otherwise (or if your shares are held in street name and you fail to specify), your returned, signed proxy in the accompanying form will be voted FOR the Board of Director's candidates. If any one or more of the nominees is unable to serve for any reason or withdraws from nomination, proxies will be voted for the substitute nominee or nominees, if any, proposed by the Board of Directors. The Board has no knowledge that any nominee will or may be unable to serve or will or may withdraw from nomination.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE BOARD OF DIRECTORS' NOMINEES FOR DIRECTORS TO BE ELECTED BY THE HOLDERS OF COMMON STOCK.

Executive Officers

In addition to Mr. Riedman, who is also a director, the Company's executive officers are as follows:

GREGORY W. SLACK, Age 54

Mr. Slack has served as the Company's Chief Financial Officer, Secretary and Treasurer since April 2011. Prior to joining Phoenix Footwear Group, Inc., Mr. Slack served as the President and Chief Financial Officer of Uniforms Express International, Inc. Mr. Slack has held a number of senior financial positions during his 25 year career, including serving as the Chief Financial Officer at JMC Management and prior to that, Bay Logics, Inc. From 2004 to 2009, Mr. Slack served as the Director of Internal Audit, VP of Finance & Controller and Chief Financial Officer at Ashworth, Inc., a publicly traded apparel company, a position he held until the company's acquisition by Taylor Made Adidas Golf.

BRUCE R. KAPLAN, Age 55

Mr. Kaplan has served as the Company's Executive Vice-President of Sales since July 8, 2013. Mr. Kaplan has more than 25 years of shoe business experience in both retail and wholesale. Prior to joining the Company, Mr. Kaplan held various executive leadership roles with Ariat International, a privately held active outdoor footwear and apparel company, including VP of National Sales and General Manager of its new Lifestyle division. Prior to his appointment as General Manager of Ariat's Lifestyle division, Mr. Kaplan served as the Eastern and Core Regional Sales Manager responsible for building and training the sales organizations in these regions, contributing to the rapid expansion of Ariat's brand and global leadership position in the equestrian market. From 1998 to 2000, Mr. Kaplan was the Eastern Region and New York Metro Majors Territory Sales Manager for Ecco North America and was responsible for expanding Ecco's presence in Nordstrom,

Macy's and other national and high visibility retail accounts. Prior to Ecco North America, Mr. Kaplan served as the VP of Sales and Customer Service with H.H. Brown where he was responsible for the launching of Born Footwear and managing the Soft Spots and Supremes brands. In 1981, Mr. Kaplan began his footwear career in retail with Milgram Kagan Corporation, with 208 retail locations serving in various leadership positions including General Manager until 1987.

Meetings of the Board of Directors

During fiscal 2015, the Board of Directors held six (6) meetings and acted by written consent one (1) time. Each of the incumbent directors attended more than 75% of the total number of meetings of the Board of Directors. The Company does not have a policy regarding the attendance of directors at the annual stockholder meetings. At the 2015 annual meeting of stockholders, all of the incumbent directors attended the meeting.

Code of Ethics

The Company has adopted a Code of Ethics which constitutes its policies on ethical behavior, a copy of which is provided on the Company's website, at www.phoenixfootwear.com. The Code of Ethics applies to all employees, including the Company's Chief Executive Officer and Chief Financial Officer.

Communication with Directors

Stockholders who wish to communicate with the Board or any individual director can write to:

Phoenix Footwear Group, Inc.
Board Administration
5737 Darwin Court, Suite 109
Carlsbad, California 92008
Attention: Secretary

The letter should indicate that the sender is a stockholder. Depending on the subject matter, management will:

- Forward the letter to the director or directors to whom it is addressed;
- Attempt to handle the matter directly (as where information about the Company or its stock is requested); or
- Not forward the letter if it is primarily commercial in nature or relates to an improper or irrelevant topic.

A summary of all communications that were received since the last meeting and which were not forwarded to the Board when received will be presented at each Board meeting along with any specific communication requested by a director.

Non-Employee Director Compensation

On April 1, 2016, the Company granted to each of the non-employee directors a performance based deferred stock award under the Company's 2011 Long-Term Incentive Plan (the "2011 Plan") consisting of 20,000 shares of the common stock of the Company pursuant to individual award agreements (each an "Award", and collectively, the "Awards"). The Awards are intended to qualify under Sections 7(c) and (g) of the 2011 Plan. The Awards are subject to the directors' continued service as a director of the Company until March 31, 2017. On April 1, 2016, 20,000 shares of the Company's common stock were issued to each of the three incumbent non-employee directors, and 10,000 shares of the Company's common stock was issued to Mr. Whalen as compensation for their service on the Company's Board for the 2015 fiscal year through March 31, 2016.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables show the number of shares of common stock beneficially owned by directors, executive officers, by directors and executive officers as a group, and by persons known to the Company to beneficially own more than five percent of the outstanding shares of common stock as of April 28, 2016. For the purposes of computing a person's beneficial ownership, shares of common stock issuable upon the exercise of securities exercisable within 60 days of April 28, 2016 are deemed outstanding for the purposes of computing the share ownership and percentage ownership of the person holding such securities, but are not deemed outstanding for the purposes of computing the percentage ownership of any other person.

Percentage of beneficial ownership is calculated assuming 12,448,362 shares of the Company's stock (net of treasury shares) were outstanding as of April 28, 2016. Except as otherwise indicated, known to the Company, the beneficial owners of common stock listed below have sole or shared investment and voting power with respect to such shares.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership[(1)(2)(3)]	Percent of Class
Executive Officers and Directors		
James R. Riedman [(4),(5)]	13,414,002	71.5%
Gregory W. Slack[(6)]	356,932	2.9%
Bruce R. Kaplan	220,000	1.7%
Frederick R. Port [(7)]	125,700	1.0%
Steven M. DePerrior	126,000	1.0%
Stephanie E. Pianka	120,000	1.0%
David G. Whalen	30,000	*%
All current directors and current executive officers as a group (7 persons)	14,235,702	73.9%
Retirement Plan Committee of the Phoenix Footwear Group, Inc. Retirement Savings Partnership Plan [(8)]	156,932	1.3%
Beneficial Owners of 5% or More		
Greenwood Investments, Inc. and Steven Tannenbaum [(9)]	13,414,002	71.5%
Riedman Corporation [(10)]	432,710	3.4%

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* Less than 1% of the Company's outstanding common stock.

(1) Unless otherwise noted, and subject to applicable community property laws, each person has sole voting and dispositive power with respect to all shares of common stock beneficially shown as owned by that person.

(2) Includes shares issuable upon the exercise of outstanding stock options and performance-based deferred stock awards as follows:

James R. Riedman	350,000
Steven M. DePerrior	20,000
Frederick R. Port	20,000
Stephanie E. Pianka	20,000
David G. Whalen	20,000
Gregory W. Slack	200,000
Bruce R. Kaplan	220,000
All current directors and executive officers as a group (7 persons)	850,000
Riedman Corporation	50,000

(3) Includes the following shares held in such person's account under the Company's 401(k) Plan over which, by the terms of the plan, each has investment control:

James R. Riedman	16,957

Voting control over the share is held by the Board's Retirement Plan Committee, which serves as fiduciary for the Company's 401(k) Plan, and of which Mr. Riedman is a member

(4) Includes 1,261,600 shares owned directly, 350,000 shares underlying outstanding stock options held by Mr. Riedman, 443,808 owned indirectly through CE Capital, LLC, an affiliated entity, and the following shares and shares issuable

upon exercise of outstanding stock options of which Mr. Riedman disclaims beneficial ownership: 382,710 shares and 50,000 shares underlying outstanding stock options beneficially owned by Riedman Corporation, of which Mr. Riedman is a director and a shareholder; 87,337 shares owned by his children; and 139,975 shares held by the Company's 401(k) Plan, not including 16,957 shares allocated to his account. Mr. Riedman is a member of the Board's Retirement Plan Committee, which serves as fiduciary for the Company's 401(k) Plan, and through that committee he shares voting control over such shares. The plan's mailing address is c/o Phoenix Footwear Group, Inc., 5937 Darwin Court, Suite 109, Carlsbad, California 92008. Riedman Corporation acts as its own resident agent and may be contacted at 45 East Avenue, Rochester, New York 14604. The name and address of the General Partner's resident agent is Incorporating Services, Ltd., 3500 Dupont Hwy, Dover, Delaware 19901.

(5) Includes: (i) 4,386,887 shares of common stock owned by Greenwood Capital, LP; (ii) 425,163 shares of common stock owned by MGPLA, LP; (iii) 4,347,826 shares issuable upon conversion of two promissory notes held by Greenwood Capital, LP in the aggregate original principal amount of $1,000,000; and (iv) 1,521,739 shares issuable upon the conversion of a promissory note held by MGPLA, LP, in the original principal amount of $350,000. Also, includes shares held by James Riedman and Riedman Corporation (collectively the "Riedman Shareholders"), that may be deemed to be beneficially owned by Greenwood Capital, LP and MGPLA, LP (collectively the "Greenwood Investors") under the Voting Agreement as described in Note 9 below. Greenwood Investments, Inc. is the general partner of the Greenwood Investors, and has the authority to vote and dispose of all of the shares held. Steven Tannenbaum is the president Greenwood Investments, Inc. The Greenwood Investors, Greenwood Investments, Inc., and Mr. Tannenbaum (collectively the "Greenwood Parties") each have a principal business address at Prudential Tower, 800 Boylston Street, Suite 1450, Boston, MA 02199.

(6) Includes 156,932 shares held by the Company's 401(k) Plan. Mr. Slack is a member of the Board's Retirement Plan Committee, which serves as fiduciary for its 401(k) Plan, and through the committee he shares voting control over such shares.

(7) Includes 700 shares held by the Fredrick and Linda Port Family Trust dated February 23, 2000, of which Mr. Port serves as trustee.

(8) The members of the Board's Retirement Plan Committee, which serves as fiduciary for the Company's 401(k) Plan, share voting control over these shares. The Plan's mailing address is c/o Phoenix Footwear Group, Inc., 5937 Darwin Court, Suite 109, Carlsbad, California 92008.

(9) In connection with the purchase of certain convertible promissory notes by the Greenwood Parties, the Greenwood Parties entered into a Voting Agreement on July 21, 2011 with the Riedman Shareholders and the Company, as amended on July 23, 2015 (the "Voting Agreement"). The Voting Agreement was amended and restated effective July 30, 2012 to add MGPLA, LP as a party in connection with its purchase of the convertible promissory note on that date. The Voting Agreement provides, among other things, for the parties to vote on one candidate of the Riedman Shareholders and one candidate of the Greenwood Parties as directors of the Company's Board of Directors. As a result of the Voting Agreement and as of the date hereof, (i) the Riedman Shareholders may be deemed to beneficially own 10,681,615 shares beneficially owned by the Greenwood Parties and (ii) the Greenwood Parties may be deemed to beneficially own 2,732,387 shares beneficially owned by the Riedman Shareholders. Both the Riedman Shareholders and Greenwood Parties expressly disclaim being a member of a Section 13(d)(3) "group" with any of the reporting persons of the other party, and further expressly disclaim and beneficial ownership of the shares of the other.

(10) The principal business address for Riedman Corporation, a New York corporation, is 45 East Avenue, Rochester, New York 14604. James R. Riedman and John R. Riedman, as directors of Riedman Corporation, share voting and dispositive power over shares beneficially owned by Riedman Corporation.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table discloses compensation received by the Company's Chairman and Chief Executive Officer, Chief Financial Officer, and Executive Vice President (the "Named Executive Officers") for fiscal 2015 and fiscal 2014.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)(1)	Option Awards ($)(2)	All Other Compensation ($) (3) (4)	Total ($)
James R. Riedman, Chairman	2015	338,350	—	—	9,600	347,950
	2014	330,769	29,285	—	9,600	369,654
Gregory W. Slack, Chief Financial Officer, Treasurer and Secretary	2015	212,100	—	—	—	212,1000
	2014	207,692	18,355	—	—	226,047
Bruce R. Kaplan, (5) Executive Vice President	2015	229,270	—	—	—	229,270
	2014	224,038	19,845	—	—	243,883

(1) For fiscal 2014, the Company's Named Executive Officers were awarded a year-end bonus equal to approximately 8.7% of their annual base salary by the Company's Board of Directors. The bonus was paid in February of fiscal 2015.

(2) Amounts reflect the aggregate grant date fair value of grants in accordance with stock-based accounting rules (FASB ACS Topic 718-Stock Compensation), excluding the effect of estimated forfeitures. Assumptions used in the calculations of these amounts are included in Note 7 to the Company's consolidated financial statements included in its Annual Report for the year ended January 2, 2016.

(3) The compensation described in this table does not include medical, group life insurance or other benefits which are available generally to all of our salaried employees and certain perquisites and other personal benefits received by a Named Executive Officer which do not exceed $10,000 in the aggregate.

(4) All other compensation for 2015 and 2014 represents a $9,600 and $9,600 car allowance for Mr. Riedman.

Outstanding Equity Awards at Fiscal Year-End

The following table shows information with respect to the unexercised options and restricted stock (non-vested) held by the Named Executive Officers as of January 2, 2016.

		Option Awards			
Name	Title	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
James R. Riedman	Chairman, Chief Executive Officer	350,000	—	0.23	3/20/23
Gregory W. Slack	Chief Financial Officer	50,000	—	1.00	4/01/21
		150,000	—	0.23	3/20/23
Bruce R. Kaplan	Executive Vice President	220,000	—	0.26	3/20/23

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Option Exercises and Stock Vested

No options were exercised for the Named Executive Officers during fiscal 2015 or fiscal 2014.

Pension Benefits

The Company does not maintain any plans that provide pension benefits primarily at or following retirement for Named Executive Officers.

Nonqualified Deferred Compensation Plans

The Company does not provide any defined contribution or other plans for Named Executive Officers for the deferral of compensation that is not tax qualified.

PROPOSAL NO. 2 – RATIFICATION OF THE SELECTION OF INDEPENDENT ACCOUNTANTS

Mayer Hoffman McCann P.C. has acted as the Company's independent public accountants since June 18, 2008. The Company's engagement of Mayer Hoffman McCann P.C. for the fiscal year ended December 31, 2016 is being presented to stockholders for ratification at the Annual Meeting. The Company knows of no direct or material indirect interest of Mayer Hoffman McCann P.C. in the Company or any connection of that firm with the Company in the capacity of promoter, underwriter, voting trustee, officer or employee. Although ratification by the stockholders is not required by law, the Board has determined that it is desirable to seek stockholder ratification of this appointment in light of the critical role played by independent auditors in maintaining the integrity of financial controls and reporting. Notwithstanding its selection, the Board, in its discretion, may appoint new independent registered public accountants at any time during the year if the Board believes that such a change would be in the best interests of our stockholders and the Company. If the stockholders do not ratify the appointment of Mayer Hoffman McCann P.C., the Board may reconsider its selection.

Representatives of Mayer Hoffman McCann P.C. (i) will be present at the Annual Meeting of Stockholders, (ii) will have an opportunity to make a statement if they so desire, and (iii) will be available to respond to appropriate questions.

THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF MAYER HOFFMAN MCCANN P.C. AS THE INDEPENDENT ACCOUNTANTS OF THE COMPANY. PROXIES WILL BE VOTED "FOR" THE PROPOSAL UNLESS OTHERWISE SPECIFIED.

OTHER MATTERS

Any other matters to be considered at the Annual Meeting which properly come before the meeting (including any postponement or adjournment of the meeting) requires the affirmative vote of a majority of the shares present or represented, and entitled to vote thereon.

STOCKHOLDER PROPOSALS

Stockholders who desire to present written proposals or board nominations at the 2017 Annual Stockholders' Meeting must provide written notice to the Company's Secretary at 5937 Darwin Court, Suite 109, Carlsbad, California, 92008, no later than the close of business on January 6, 2017.