

Dorman Products, Inc.
Form DEF 14A
March 29, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

Dorman Products, Inc.

(Name of Registrant as Specified In Its Charter)

Not Applicable

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

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Notice of Annual Meeting of Shareholders

May 10, 2018

Dear Shareholder:

All shareholders of Dorman Products, Inc., a Pennsylvania corporation, referred to as we, our, us, and the Company herein, are cordially invited to attend the Annual Meeting of Shareholders to be held at the corporate offices of Dorman Products, Inc. located at 3400 East Walnut Street, Colmar, Pennsylvania 18915 on Thursday, May 10, 2018 at 8:30 a.m., Eastern Daylight Time, for the following purposes:

To elect seven directors, as described in the accompanying proxy statement.

To approve, on an advisory basis, the compensation of our named executive officers.

To approve the Dorman Products, Inc. 2018 Stock Option and Stock Incentive Plan.

To ratify KPMG LLP as our independent registered public accounting firm for the 2018 fiscal year.

To transact any other business as may properly come before the annual meeting or any postponements or adjournments thereof.

Only shareholders of record as of the close of business on March 9, 2018, referred to as the record date, are entitled to notice of and to vote at the annual meeting and any postponements or adjournments thereof.

If the annual meeting is adjourned because of the absence of a quorum, those shareholders entitled to vote who attend the adjourned annual meeting, although constituting less than a quorum as provided herein, shall nevertheless constitute a quorum for the purpose of electing directors. If the annual meeting is adjourned for one or more periods aggregating at least fifteen (15) days because of the absence of a quorum, those shareholders entitled to vote who attend the reconvened annual meeting, if less than a quorum as determined under applicable law, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in this Notice of Annual Meeting of Shareholders.

The Notice of Internet Availability of Proxy Materials will be mailed to our shareholders on or about March 29, 2018. If you previously requested electronic or paper delivery of the proxy materials, you will be sent the proxy statement, the accompanying proxy card and the 2017 Annual Report to Shareholders on or about March 29, 2018. The Notice of Internet Availability of Proxy Materials contains instructions on how to access an electronic copy of our proxy materials.

Your vote is important. Whether or not you attend the meeting, we urge you to vote promptly.

By Order of the Board of Directors

/s/ Thomas J. Knoblauch
THOMAS J. KNOBLAUCH
Senior Vice President, General Counsel and
Assistant Secretary

Colmar, Pennsylvania
March 29, 2018

Important Notice Regarding the Availability of Proxy Materials

for the Shareholder Meeting to Be Held on May 10, 2018

The proxy statement and the 2017 Annual Report to Shareholders are available at www.proxyvote.com.

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EXHIBIT A

Dorman Products, Inc. 2018 Stock Option and Stock Incentive Plan

A-1

Dorman Products, Inc.

3400 East Walnut Street

Colmar, Pennsylvania 18915

Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. It does not contain all of the information you should consider, and you should read the entire proxy statement carefully before voting. References in this proxy statement to the Company, Dorman, we, us, and our refer to Dorman Products, Inc., a Pennsylvania company.

Annual Meeting of Shareholders

Date: May 10, 2018
Time: 8:30 a.m., Eastern Daylight Time
Place: Corporate offices of Dorman Products, Inc. located at 3400 East Walnut Street, Colmar, PA 18915
Record Date: March 9, 2018
Voting: Shareholders have one vote per share on all matters presented at the annual meeting
Voting Matters and the Board's Recommendation

Agenda Item	Board Vote Recommendation	Page Reference
Election of seven directors	FOR each Director Nominee	14
Approval on an advisory basis of the compensation of our named executive officers	FOR	54
Approval of the Dorman Products, Inc. 2018 Stock Option and Stock Incentive Plan	FOR	55
Ratification of the appointment of KPMG LLP as Dorman's independent registered public accounting firm for 2018	FOR	65

In addition to these matters, shareholders may be asked to vote on such other business as may properly come before the annual meeting.

Director Nominees

Shareholders are being asked to elect each of the director candidates nominated by the Board of Directors of Dorman (the Board of Directors or Board).

Name	Director			Qualifications	Independent	Position/Committee Memberships
	Age	Since	Occupation			
Steven L. Berman	58	1978	Executive Chairman, Secretary and Treasurer	Leadership, Industry, Operational, Marketing	No	
Mathias J. Barton	58	2014	Chief Executive Officer and President	Leadership, Financial, Industry, Operational, Marketing	No	
John J. Gavin	61	2016	Former Senior Advisor of LLR Partners, LLC Former Chairman of Strategic Distribution, Inc.	Leadership, Financial, Operational, Human Resources, M&A, Corporate Governance	Yes	Audit Committee Corporate Governance and Nominating Committee Compensation Committee (Chair)
Paul R. Lederer	78	1998	Former Executive Vice President of Federal Mogul Corporation	Leadership, Financial, Industry, Marketing	Yes	Lead Director Audit Committee

						Corporate Governance and Nominating Committee
						Compensation Committee
Richard T. Riley	61	2010	Former Executive Chairman of LoJack Corporation	Leadership, Financial, Industry, Operational, M&A, Corporate Governance	Yes	Audit Committee (Chair) Corporate Governance and Nominating Committee Compensation Committee
Kelly A. Romano	55	2017	Former President, Intelligent Building Technologies, United Technologies Corporation	Leadership, Financial, Operational, M&A, Corporate Governance	Yes	Audit Committee Corporate Governance and Nominating Committee Compensation Committee
G. Michael Stakias	68	2015	President and Chief Executive Officer of Liberty Partners	Leadership, Financial, Legal, M&A, Corporate Governance	Yes	Audit Committee Corporate Governance and Nominating Committee (Chair) Compensation Committee

Proxy Statement

This proxy statement and the accompanying proxy are for the solicitation of proxies by the Board of Directors of Dorman Products, Inc. for use at our Annual Meeting of Shareholders to be held on Thursday, May 10, 2018 at 8:30 a.m., Eastern Daylight Time, and any postponements or adjournments of the annual meeting. The annual meeting will be held at the corporate offices of Dorman Products, Inc., 3400 East Walnut Street, Colmar, Pennsylvania, 18915. This proxy statement and the 2017 Annual Report to Shareholders are posted on the Internet at www.proxyvote.com and the Notice of Internet Availability of Proxy Materials (the "Notice") will be mailed to our shareholders on or about March 29, 2018. If you previously requested electronic or paper delivery of the proxy materials, you will be sent the proxy statement, the accompanying proxy card and the 2017 Annual Report to Shareholders on or about March 29, 2018.

Voting Procedures

Record Date

The Board has fixed the close of business on March 9, 2018 as the record date for the determination of shareholders entitled to receive notice of, and to vote at, the annual meeting and any postponements or adjournments of the annual meeting. As of the close of business on the record date, there were 33,599,819 shares of our common stock, par value \$0.01 per share, outstanding.

Vote Per Share

Shareholders have one vote per share on all matters to be presented at the annual meeting.

Voting Matters

At the annual meeting, shareholders will consider and vote upon:

- (i) the election of seven directors, as described in this proxy statement;
- (ii) the approval, on an advisory basis, of the compensation of our named executive officers;
- (iii) the approval of the Dorman Products, Inc. 2018 Stock Option and Stock Incentive Plan;
- (iv) the ratification of KPMG LLP as our independent registered public accounting firm for the 2018 fiscal year; and
- (v) such other business as may properly come before the annual meeting or any postponements or adjournments thereof.

The Board is not aware of any other matters that will come before the annual meeting or any postponements or adjournments thereof.

How to Vote

Voting by Shareholders of Record. If you are a shareholder of record, you may vote in person at the annual meeting. If you do not wish to vote in person or if you will not be attending the annual meeting, you may vote by proxy. You may vote by proxy over the Internet, by mail, or by telephone following the instructions provided in your proxy card or Notice.

Voting by Beneficial Owners. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name. If you hold your shares in street name, please check the materials provided to you by your broker, bank or other nominee to determine how you may vote your shares. As a beneficial owner, you have the right to direct the broker, bank or other nominee holding your shares on how to vote the shares held in your account using the voting instructions received from such organization. The availability of Internet or telephone voting will depend on the voting process of your broker, bank or other nominee. Shares held in street name may be voted in person at the annual meeting only if you obtain a legal proxy from the broker, bank or other nominee giving you the right to vote the shares.

Voting by participants in the Dorman Products, Inc. 401(k) Retirement Plan and Trust. If you are a participant in the Dorman Products, Inc. 401(k) Retirement Plan and Trust, referred to as the 401(k) Retirement Plan, and shares of common stock of the Company are credited to your plan account, you have the right to direct Vanguard Fiduciary Trust Company, trustee of the 401(k) Retirement Plan, on how to vote such shares. To provide instructions to the trustee on how to vote your plan shares, simply vote your plan shares by following the instructions provided in your proxy card or Notice, which permits voting electronically via the Internet, by telephone or in writing. The trustee of the 401(k) Retirement Plan will have the votes of each participant tabulated by Broadridge and will vote the 401(k) Retirement Plan's shares on a basis proportionally consistent with the tabulated votes of such participants by submitting a final proxy card representing the plan shares for inclusion in the tally at the annual meeting. If you do not vote the plan shares credited to your account, the trustee will not have direction as to how to vote such shares and you will be treated as directing the trustee to vote your plan shares in the same proportion as the shares for which the trustee has received timely instruction from others who do vote. To allow sufficient time for the trustee to vote your plan shares, your vote must be received by 11:59 p.m., Eastern Daylight Time, on May 7, 2018.

Voting by Proxy

A proxy is your legal designation of another person, also referred to as the proxy, to vote on your behalf. By properly signing and returning the proxy card or by voting by Internet or telephone, you are giving the persons who our Board designated as proxies the authority to vote your shares in the manner that you indicate on your proxy card or by voting by Internet or telephone.

If you vote electronically via the Internet or by telephone, you will need your control number (your control number can be found on your proxy card and the Notice). If you vote electronically via the Internet or by telephone, you do not need to return your proxy card.

Please note that although there is no charge to you for voting electronically via the Internet or by telephone, there may be costs associated with electronic or telephonic access such as usage charges of Internet service providers and telephone companies. We do not cover these costs; they are solely your responsibility.

Whether or not you plan to attend the annual meeting, we urge you to vote promptly using one of these methods to ensure your vote is counted.

How to Revoke Your Proxy

Proxies may be revoked prior to being voted at the annual meeting. You may revoke a proxy before its exercise by filing written notice of revocation with Broadridge before the annual meeting (notice of revocation must be received by the day before the annual meeting). After voting, you may change your vote one or more times by completing and returning a later dated proxy to Broadridge, by voting again by Internet or telephone as described in this proxy statement, or by voting in person at the annual meeting. Attendance at the annual meeting will not in itself constitute a revocation of your proxy. You may request a new proxy card from Broadridge. The last vote received chronologically will supersede any prior votes. The deadline for registered shareholders to change their vote is 11:59 p.m., Eastern Daylight Time, on May 9, 2018 (mailed proxy cards must be received by the day before the annual meeting). All requests and correspondence with Broadridge should be mailed to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717. If you are a beneficial owner of shares of common stock held in street name, please review the voting instructions provided by the broker, bank or other nominee holding your shares or contact such organization regarding how to change your vote. If you are a participant in the 401(k) Retirement Plan and shares of common stock of the Company are credited to your plan account, you may revoke a proxy before its exercise by filing written notice of revocation with Broadridge and you may change your vote one or more times by completing and returning a later dated proxy to Broadridge or by voting again by Internet or telephone. The deadline for participants in the 401(k) Retirement Plan to revoke or change their vote is 11:59 p.m., Eastern Daylight Time, on

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May 7, 2018 (notices of revocation and mailed proxy cards must be received by May 7, 2018).

Quorum

A quorum of shareholders is necessary to hold a valid annual meeting. Presence at the annual meeting in person or by proxy of the holders of a majority of our issued and outstanding common stock as of the close of business on the record date is necessary to constitute a quorum. All shares present in person or represented by proxy (including abstentions and broker non-votes) are counted for quorum purposes.

If the annual meeting is adjourned because of the absence of a quorum, those shareholders entitled to vote who attend the adjourned annual meeting, although constituting less than a quorum as provided herein, shall nevertheless constitute a quorum for the purpose of electing directors. If the annual meeting is adjourned for one or more periods aggregating at least fifteen (15) days because of the absence of a quorum, those shareholders entitled to vote who attend the reconvened annual meeting, if less than a quorum as determined under applicable law, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the Notice of Annual Meeting of Shareholders.

Vote Required and Method of Counting Votes

The table below summarizes the votes required for approval of each matter to be brought before the annual meeting, as well as the treatment of abstentions and broker non-votes.

Proposal	Vote Required for Approval	Abstentions (or the withholding of authority)	Broker Non-Votes
Election of Directors	A nominee for director will be elected to serve on the Board if the votes cast for such nominee's election exceed the votes cast against such nominee's election.	No effect	No effect
Advisory Vote on Executive Compensation	The affirmative vote of the majority of the votes cast is required to approve this proposal.	No effect	No effect
Approval of the Dorman Products, Inc. 2018 Stock Option and Stock Incentive Plan	The affirmative vote of the majority of the votes cast is required to approve this proposal.	No effect	No effect
Ratification of Appointment of Auditor	The affirmative vote of the majority of the votes cast is required to approve this proposal.	No effect	Not applicable

If you are a registered shareholder and sign and return a proxy but do not specify how you want your shares voted, your shares will be voted **FOR** the director nominees and **FOR** the other proposals listed above.

If you are a beneficial owner of shares held in street name and do not provide the broker, bank or other nominee that holds your shares with specific voting instructions, under the rules of various national and regional securities

exchanges, the broker, bank or other nominee that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the broker, bank or other nominee that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will not be able to vote your shares on such matter, often referred to as a broker non-vote. The election of directors, the advisory vote on the compensation of our named executive officers and the approval of the Dorman Products, Inc. 2018 Stock Option and Stock Incentive Plan are considered non-routine under applicable regulatory rules. The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the 2018 fiscal year is considered routine under applicable regulatory rules.

Discretionary Voting Power

The proxy also confers discretionary authority to vote with respect to any and all of the following matters that may come before the annual meeting: (i) matters to be presented at the annual meeting of which we did not have notice on or prior to February 15, 2018; (ii) approval of the minutes of the prior meeting of shareholders if such approval does not amount to ratification of the action taken at such meeting; (iii) the election of any person to any office for which a bona fide nominee named in this proxy statement is unable to serve or for good cause will not serve; (iv) any proposal omitted from this proxy statement and form of proxy pursuant to Rules 14a-8 or 14a-9 under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act; and (v) matters incident to the conduct of the annual meeting. If any such matters come before the meeting, the proxy agents named in the accompanying proxy card will vote in accordance with their best judgment and discretion.

Corporate Governance

The Board of Directors and Director Independence. The Board currently consists of seven members and has three standing committees: (i) the Audit Committee; (ii) the Compensation Committee; and (iii) the Corporate Governance and Nominating Committee. The Lead Director serves on all three committees.

The Board has determined that the following current directors, constituting a majority of the members of the Board, are independent as defined in the applicable listing standards of Nasdaq: John J. Gavin, Paul R. Lederer, Richard T. Riley, Kelly A. Romano and G. Michael Stakias. Edgar W. Levin, a director of the Company from 1991 until his retirement from the Board on May 16, 2017, was also determined by the Board to be independent as defined in the applicable listing standards of Nasdaq. Mr. Levin served as an independent member (as defined under applicable SEC rules and the listing standards of Nasdaq) of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee until May 16, 2017.

Under applicable SEC and Nasdaq rules, the existence of certain related person transactions in excess of certain thresholds between a director and the Company are required to be disclosed and may preclude a finding by the Board that the director is independent. A director is not considered independent unless the Board affirmatively determines that the director has no material relationship with us that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Based on its independence review, the Board determined that no transactions or relationships between the Company and independent directors or any member of their immediate family (or any entity of which an independent director or an immediate family member is an executive officer, general partner or significant equity holder) were identified which would render the directors named above not independent.

Board Leadership and Risk Management. In connection with the appointments of Mathias J. Barton as Chief Executive Officer and Steven L. Berman as Executive Chairman, each effective as of September 24, 2015, the Board separated the roles of Chief Executive Officer and Chairman. Mr. Berman served in the role of Chief Executive Officer and Chairman of the Board from January 2011 until his appointment as Executive Chairman. As our Chief Executive Officer and President, Mr. Barton is responsible for our day-to-day operations and for executing our long-term strategies. As Executive Chairman of the Board, Mr. Berman devotes most of his time to strategic planning and identifying business growth opportunities. In addition, because Mr. Berman is not independent within the meaning of the Nasdaq listing standards, the Board has selected Paul R. Lederer, a director who is independent, to serve as our Lead Director (as described below).

Although the Board does not have a policy that requires the separation of the roles of Chief Executive Officer and Chairman of the Board, the Board made a determination to currently separate such positions. The Board believes that an appropriate leadership structure depends on the opportunities and challenges facing a company at a given time. The Board believes that the current leadership structure is appropriate for us at this time as it enables us and the Board to

continue to benefit from Mr. Berman's vast experience, skills, expertise, and knowledge of the Company's business and industry.

We have a relatively small board of directors and a majority of the members are independent under the listing standards of Nasdaq. Each independent director has direct access to our Executive Chairman, our Chief Executive Officer and our Lead Director, as well as other members of the senior management team. The independent directors meet in executive session without management present at least quarterly.

The Board takes an active role, as a whole and at the committee level, in overseeing the management of the Company's risks. The Board regularly reviews information regarding the Company's operations, financial condition, and liquidity, as well as the risks associated with each. The Company's Audit Committee supervises the management of financial risks and potential conflicts of interests. The Company's Compensation Committee is responsible for overseeing the management of risks associated with the Company's executive compensation plans and arrangements. The Corporate Governance and Nominating Committee manages risks associated with the independence of the Board and the duties and responsibilities of its members. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through attendance at committee meetings or committee reports about such risks. Additionally, we have a Risk and Compliance Committee made up of members of senior management that evaluates the risks posed to the Company and the Company's responses to those risks. The Risk and Compliance Committee performs detailed reviews of the Company's risks and monitors the Company's compliance with applicable laws, regulations and frameworks, and reports its actions to the Board.

Lead Director. As a matter of good corporate governance, the Board has adopted a practice of appointing a Lead Director. The Lead Director is charged with (i) presiding at all meetings of the Board at which the Executive Chairman is not present, including executive sessions of the independent directors; (ii) serving as a liaison between management and the independent directors; (iii) assisting the Executive Chairman in setting the Board's schedules, agendas, and information flow; (iv) participating (in conjunction with the Compensation Committee) in the periodic evaluation and performance review of the Chief Executive Officer and other principal officers; (v) communicating Board member feedback to the Chief Executive Officer and Executive Chairman; (vi) recommending to the Board the retention of advisors and consultants who report directly to the Board; and (vii) performing such other duties as may be delegated by the Board from time to time. Based on his experience, qualifications, and skills more fully described below, the Board appointed Paul R. Lederer to serve as Lead Director.

Majority Voting. We have a majority vote standard in uncontested director elections. Under our Amended and Restated By-laws, in an uncontested election, each director shall be elected by an affirmative majority of the votes cast to hold office until the next annual meeting and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. Shareholders may vote for or against each nominee, or they may abstain from voting on a nominee; however, abstentions will have no effect in determining whether the required majority vote has been obtained. In addition, each incumbent nominee is required to provide an advance, contingent and irrevocable resignation that will be effective upon (i) the failure to receive the required vote, and (ii) Board acceptance of such resignation. If an incumbent director fails to receive the required vote for re-election, the Corporate Governance and Nominating Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by the Board. The Board will act on the Corporate Governance and Nominating Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Corporate Governance and Nominating Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation. In contested elections (those where the number of nominees exceeds the number of directors to be elected), a plurality vote standard applies.

Director Resignation in the Event of a Significant Change in Occupation. Our corporate governance guidelines provide that an independent Board member must offer his or her resignation for consideration by the Corporate Governance and Nominating Committee in the event of a significant change in that Board member's principal occupation. The Corporate Governance and Nominating Committee will consider such factors as it deems relevant in determining whether to recommend that the offer of resignation be accepted and will present its recommendation to the Board for action.

Meetings of the Board of Directors and Committees. During the fiscal year ended December 30, 2017, the Board held five meetings. In fiscal 2017, the Audit Committee held four meetings, the Compensation Committee held five

meetings and the Corporate Governance and Nominating Committee held four meetings. During fiscal 2017, each incumbent director attended at least 75% of the aggregate of (1) the total number of meetings of the directors which were held during the period for which the director was a director, and (2) the total number of meetings held by any committees of which the director was a member during the period that the director served.

Attendance at Annual Meeting of Shareholders. It is the policy of the Board that, absent sufficient cause, all of our directors attend our annual meeting. All of our then directors attended last year's annual meeting.

Communication with the Board of Directors. Shareholders may communicate with the Board or any individual director by sending a letter addressed to the Board or the individual director c/o Thomas J. Knoblauch, Assistant Secretary, Dorman Products, Inc. at 3400 East Walnut Street, Colmar, Pennsylvania 18915. In the letter, the shareholder must identify him or herself as a shareholder of the Company. The Assistant Secretary may require reasonable evidence that the communication is being made by or on behalf of a shareholder before the communication is transmitted to the individual director or to the Board.

Committees of the Board of Directors

Audit Committee. The Audit Committee, established in accordance with Section 3(a)(58)(A) of the Exchange Act, assists the Board in the oversight of the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company, the independent auditor's qualifications and independence and the performance of the Company's independent auditors. The Audit Committee also selects the firm to be engaged as the independent auditor, approves the fees to be paid to such firm and pre-approves all professional services provided to the Company by such firm. In addition, the Audit Committee reviews and discusses the Company's annual and quarterly financial statements with management and the independent auditor; reviews with the independent auditor any audit problems or difficulties and management's response; discusses Company policies with respect to risk assessment and risk management; approves all related party transactions and establishes procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submissions by the Company's employees of concerns regarding questionable accounting or auditing matters. The responsibilities of the Audit Committee are further described in the Audit Committee Charter, which was adopted by the Board and a copy of which is available on the Company's website at www.dormanproducts.com and accessible via the Investor Relations page.

As of the date of this proxy statement, Richard T. Riley (Chairman), John J. Gavin, Paul R. Lederer, Kelly A. Romano, and G. Michael Stakias serve on the Audit Committee. Each member of the Audit Committee, in the opinion of the Board, is independent as defined under the applicable SEC rules and the listing standards of Nasdaq. The Board has determined that each of Messrs. Riley, Gavin and Stakias qualifies as an audit committee financial expert as defined by the rules of the SEC.

Compensation Committee. The Compensation Committee is responsible for annually reviewing and approving the compensation of our Chief Executive Officer and all of our other executive officers. The Chief Executive Officer is not present during the discussion and approval of his compensation. The Compensation Committee also periodically reviews the compensation paid to our non-employee directors for annual retainers and makes recommendations to the Board for any adjustments. The Compensation Committee also administers the Company's incentive compensation plans and equity-based plans, including the Dorman Products, Inc. Executive Cash Bonus Plan, referred to as the Executive Cash Bonus Plan, and the Dorman Products, Inc. 2008 Stock Option and Stock Incentive Plan, referred to as the 2008 Plan. The responsibilities of the Compensation Committee are further described in the Compensation Committee Charter, which was adopted by the Board and a copy of which is available on the Company's website at www.dormanproducts.com and accessible via the Investor Relations page.

As of the date of this proxy statement, John J. Gavin (Chairman), Paul R. Lederer, Richard T. Riley, Kelly A. Romano, and G. Michael Stakias serve on the Compensation Committee. Each member of the Compensation Committee, in the opinion of the Board, is independent as defined under the applicable SEC rules and the listing standards of Nasdaq.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is responsible for developing and periodically reviewing and assessing the Company's corporate governance guidelines. In addition, the Corporate Governance and Nominating Committee is charged with developing criteria for the selection of individuals to be considered as candidates for election to the Board.

The Corporate Governance and Nominating Committee is also responsible for recommending qualified candidates to the Board for election as directors of the Company, and has recommended to the Board the slate of directors that the Board proposes for election by shareholders at the annual meeting. The responsibilities of the Corporate Governance and Nominating Committee are further described in the Corporate Governance and Nominating Committee Charter, which was adopted by the Board and a copy of which is available on the Company's website at www.dormanproducts.com and accessible via the Investor Relations page.

As of the date of this proxy statement, G. Michael Stakias (Chairman), John J. Gavin, Paul R. Lederer, Richard T. Riley and Kelly A. Romano serve on the Corporate Governance and Nominating Committee. Each member of the Corporate Governance and Nominating Committee, in the opinion of the Board, is independent as defined under the applicable SEC rules and the listing standards of Nasdaq.

Director Nomination Process

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is responsible for, among other matters, annually presenting to the Board a list of individuals recommended for nomination for election as directors at the annual meeting. The Corporate Governance and Nominating Committee identifies and screens candidates for the Board and has the authority as it deems appropriate to retain a professional search firm to identify and evaluate director candidates.

Before recommending a director candidate, the Corporate Governance and Nominating Committee reviews his or her qualifications to determine whether the director candidate meets the qualifications described below. In the case of an incumbent director, the Corporate Governance and Nominating Committee also reviews the director's service to the Company during the past term, including the number of Board and committee meetings attended, the quality of participation and whether the candidate continues to meet the qualifications for director as described below. After completing this evaluation, the Corporate Governance and Nominating Committee makes a formal recommendation to the full Board as to election or re-election of the candidate.

Director Qualifications. In order to be nominated for director, a director candidate must be a natural person at least eighteen (18) years of age. Characteristics expected of all directors include: integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the Board. In evaluating the suitability of individual Board members, the Board considers many factors, including capability, experience, skills, expertise, dedication, conflicts of interest, independence from the Company's management and the Company and such other relevant factors that may be appropriate in the context of the needs of the Board.

The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the Company's business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience. Accordingly, the Corporate Governance and Nominating Committee believes that the Board, as a whole, should include members who collectively bring the following strengths and backgrounds to the Board:

experience as a Chief Executive Officer, President or a principal officer of another company;

senior-level experience in the automotive aftermarket or automotive parts industry generally or with companies that have similar business models;

experience with overseas distribution operations; and

strengths in the functional areas of finance, corporate governance, financial statement analysis, business operations and strategic planning, and mergers and acquisitions.

Additional criteria apply to directors being considered to serve on particular committees of the Board. For example, members of the Audit Committee must meet additional standards of independence and have the ability to read and understand our financial statements.

The Corporate Governance and Nominating Committee uses a variety of methods to identify and evaluate nominees for director. Candidates may come to the attention of the committee through current and former Board members, management, professional search firms (to whom we pay a fee), shareholders or other persons. The Corporate Governance and Nominating Committee evaluates candidates for the Board on the basis of the standards and qualifications set forth above, regardless of the source of the candidate referral. Although the Company does not have a formal policy with regard to consideration of diversity, the Board seeks to achieve a diversity of strengths and backgrounds on the Board, particularly in the areas described above.

Director Candidates Nominated by Shareholders. Under our Amended and Restated By-laws, a shareholder may nominate a person for election as a director at the next annual meeting of shareholders if the shareholder making the nomination:

is a shareholder of record on the date of providing the nomination notice, on the record date for the determination of the shareholders entitled to vote at the annual meeting of shareholders and at the time of the annual meeting of shareholders;

is entitled to vote at the annual meeting; and

complies with the nomination notice procedures contained in our Amended and Restated By-laws, which are outlined below.

For a shareholder nomination notice to be timely under our Amended and Restated By-laws, it must be delivered to, or mailed and received by, the Secretary of the Company at our principal executive offices not earlier than the close of business on the one hundred twentieth (120th) calendar day, and not later than the close of business on the ninetieth (90th) calendar day, prior to the first anniversary of the immediately preceding year's annual meeting. If an annual meeting was not held in the prior year or the annual meeting is called for a date that is more than thirty (30) calendar days earlier or more than sixty (60) calendar days later than the anniversary date of the prior year's annual meeting, to be timely, the shareholder nomination notice must be delivered to or received by, the Secretary of our company at our principal executive offices, no earlier than the close of business on the one hundred twentieth (120th) calendar day prior to the date of the scheduled annual meeting and not later than the close of business on the later of the ninetieth (90th) calendar day prior to the date of the scheduled annual meeting or, if the first public disclosure of the date of the scheduled annual meeting is less than one hundred (100) calendar days prior to the date of the scheduled annual meeting, the tenth (10th) calendar day following the day on which public disclosure of the date of the scheduled annual meeting is first made by us. In no event will any adjournment or postponement of an annual meeting or the public disclosure of any adjournment or postponement of an annual meeting commence a new time period or extend any time period for the giving of a shareholder nomination notice.

The following information must be included in the shareholder nomination notice:

as to each person whom the shareholder proposes to nominate for election or reelection as a director:

the name, age, business address and residence address of such person;

the principal occupation and employment of such person;

the number of shares of each class and series of our capital stock which are owned beneficially or of record by such person (which information shall be supplemented not later than ten (10) calendar days after the record date for the annual meeting to disclose such ownership as of the record date);

such person's executed written consent to being named in the proxy statement as a nominee and to serving as a director if elected;

all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made with the SEC in connection with the solicitation of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act (or pursuant to any law or statute replacing such section), and the rules and regulations promulgated thereunder;

a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such person being nominated, on the one hand, and the shareholder and any Shareholder Associated Person (as defined below), on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K of the Exchange Act, referred to as Regulation S-K, if the shareholder making the nomination and any Shareholder Associated Person were the registrant for purposes of such rule and the person being nominated was a director or executive officer of such registrant; and

a statement as to whether such person, if elected, intends to comply with all applicable corporate governance and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director, including, without limitation, the director resignation provisions set forth in the Company's Corporate Governance Guidelines.

as to the shareholder giving the notice:

the name and record address of the shareholder, as they appear on the Company's stock ledger, and the name and address of any Shareholder Associated Person;

the number of shares of each class and series of our capital stock which are, directly or indirectly, owned beneficially and/or of record by the shareholder or any Shareholder Associated Person, documentary evidence of such record or beneficial ownership, and the date or dates such shares were acquired and the investment intent at the time such shares were acquired;

any Derivative Instrument (as defined below) directly or indirectly owned beneficially by the shareholder or any Shareholder Associated Person and any other direct or indirect right held by the shareholder or any Shareholder Associated Person to profit from, or share in any profit derived from, any increase or decrease in the value of our shares;

any proxy, contract, arrangement, understanding, or relationship pursuant to which the shareholder or any Shareholder Associated Person has a right to vote any shares of any of our securities;

any Short Interest (as defined below) directly or indirectly held by the shareholder or any Shareholder Associated Person in any security issued by us;

any rights to dividends on our shares owned beneficially by the shareholder or any Shareholder Associated Person that are separated or separable from the underlying shares;

any proportionate interest in our shares or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which the shareholder or any Shareholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner;

any performance-related fees (other than an asset-based fee) that the shareholder or any Shareholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Company or Derivative Instruments, if any, as of the date of such notice, including without limitation, any such interests held by members of the shareholder's or any Shareholder Associated Person's immediate family sharing the same household (which information shall, in each case, be supplemented by the shareholder and any Shareholder Associated Person not later than ten (10) calendar days after the record date for the meeting to disclose such ownership as of the record date);

a description of all arrangements or understandings between the shareholder or any Shareholder Associated Person and each proposed nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is being made;

any material interest of the shareholder or any Shareholder Associated Person in the election of the proposed nominee, individually or in the aggregate, including any anticipated benefit to the shareholder or any Shareholder Associated Person therefrom;

a representation that the shareholder is a holder of record of our stock entitled to vote at the meeting and that the shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons named in the shareholder nomination notice;

a representation from the shareholder as to whether the shareholder or any Shareholder Associated Person intends or is part of a group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of our outstanding capital stock required to elect the person proposed as a nominee and/or (ii) otherwise to solicit proxies from shareholders in support of the election of such person;

whether and the extent to which any agreement, arrangement or understanding has been made, the effect or intent of which is to increase or decrease the voting power of the shareholder or Shareholder Associated Person with respect to any shares of our capital stock, without regard to whether such transaction is required to be reported on a Schedule 13D or other form in accordance with Section 13(d) of the Exchange Act or any successor provisions thereto and the rules and regulations promulgated thereunder; and

any other information relating to the shareholder and any Shareholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made with the SEC in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act (or pursuant to any law or statute replacing such section and the rules and regulations promulgated thereunder).

A **Shareholder Associated Person** means with respect to any shareholder (i) any person controlling, directly or indirectly, or acting in concert with, the shareholder, (ii) any beneficial owner of our securities owned of record or beneficially by the shareholder, and (iii) any person controlling, controlled by or under common control with the Shareholder Associated Person. A **Derivative Instrument** means any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of our securities or with a value derived in whole or in part from the value of any class or series of our shares, whether or not such instrument or right shall be subject to settlement in the underlying class or series of our capital stock or otherwise. A **Short Interest** means any contract, arrangement, understanding, relationship or otherwise pursuant to which the shareholder or any Shareholder Associated Person has the opportunity, directly or indirectly, to profit or share in any profit derived from any decrease in the value of any security issued by us.

In addition to the information required above, we may require any proposed nominee to furnish such other information as may reasonably be required by us to determine the eligibility of the proposed nominee to serve as an independent director or that could be material to a reasonable shareholder's understanding of the independence, or lack

thereof, of such nominee.

Under our Amended and Restated By-laws, a shareholder is entitled to nominate a person for director at a special meeting of shareholders at which directors are to be elected if the shareholder meets the requirements set forth above and complies with the shareholder nomination notice procedures set forth above. With respect to a special meeting, the shareholder's nomination notice must be delivered to the Secretary of the Company at our

principal executive offices not earlier than the close of business on the one hundred twentieth (120th) calendar day prior to the date of the special meeting and not later than the close of business on the later of the ninetieth (90th) calendar day prior to the date of the special meeting or, if the first public disclosure made by us of the date of the special meeting is less than one hundred (100) days prior to the date of the special meeting, not later than the tenth (10th) calendar day following the day on which public disclosure is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at the special meeting. In no event shall any adjournment or postponement of a special meeting or the public disclosure of an adjournment or postponement of a special meeting commence a new time period or extend any time period for the giving of a shareholder's nomination notice.

Proposal I: Election of Directors

Our Amended and Restated By-laws currently provide that our business shall be managed by or under the direction of a board of directors of not less than two nor more than nine directors, which number shall be fixed from time to time by such board of directors. The Board currently consists of seven directors, all of which are standing for re-election. Pursuant to our Amended and Restated By-laws, the Board has fixed the number of directors at seven.

There are seven nominees for election to the Board at the annual meeting. Each of the seven nominees, if elected, will hold office for a term that expires at the next annual shareholders meeting. Each director shall hold office for the term for which he or she was elected and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. Proxies solicited by the Board will, unless otherwise directed, be voted to elect the seven nominees named below to constitute the entire Board.

The Board has nominated the following individuals for election as director at the annual meeting: Steven L. Berman, Mathias J. Barton, John J. Gavin, Paul R. Lederer, Richard T. Riley, Kelly A. Romano, and G. Michael Stakias. Each nomination for director was based upon the recommendation of our Corporate Governance and Nominating Committee and each nominee for director is a current member of the Board. All nominees have consented to be named and have indicated their intent to serve if elected. In the event any of the nominees shall be unable or unwilling to serve as a director, the persons named in the proxy intend to vote FOR the election of any person as may be nominated by the Board in substitution. The Company has no reason to believe that any of the nominees named below will be unable to serve as a director if elected.

The following table sets forth certain information, as of the record date, as to each nominee for the office of director:

Name	Age	Position	Director Since
Steven L. Berman	58	Executive Chairman, Secretary and Treasurer	1978
Mathias J. Barton	58	Chief Executive Officer, President and Director	2014
John J. Gavin	61	Director	2016
Paul R. Lederer	78	Director	1998
Richard T. Riley	61	Director	2010
Kelly A. Romano	55	Director	2017
G. Michael Stakias	68	Director	2015

The following information about our directors is based, in part, upon information supplied by such persons. Unless otherwise indicated, each individual has had the same principal occupation for more than five years.

Steven L. Berman became the Executive Chairman of the Company on September 24, 2015. Additionally, Mr. Berman has served as a director of the Company and as Secretary and Treasurer of the Company since its inception in 1978. From January 30, 2011 to September 24, 2015, Mr. Berman served as Chairman of the Board and Chief Executive Officer of the Company and from October 24, 2007 to January 30, 2011, Mr. Berman served as President of the Company. Prior to October 24, 2007, Mr. Berman served as Executive Vice President of the Company. Pursuant to the terms of our employment agreement with Mr. Berman and subject to certain exceptions described therein, if the Corporate Governance and Nominating Committee fails to nominate or re-nominate Mr.

Berman as Chairman of the Board, or if the Board removes Mr. Berman as Chairman of the Board, Mr. Berman may terminate his employment within 120 days and receive certain benefits prescribed by the employment agreement. See Executive Compensation: Compensation Tables Potential Payments upon Termination or Change in Control Employment Agreements with Messrs. Berman and Barton.

Key Attributes, Experience and Skills: Mr. Berman has more than thirty years of experience in the automotive aftermarket industry and has been involved with the Company since its formation, including over 30 years in management of the Company. He has the requisite skills to serve in his executive capacities including particular skills and knowledge in marketing, finance, product development, vendor relations and strategic business management. Mr. Berman has the ability to connect industry trends, market events, strengths and weaknesses of competitors, the impact of new market entrants and the ability to define a strategic path. In addition, he has demonstrated the ability to convert a high-level strategy into an executable game plan. As a result of his positions with the Company, he also has intimate knowledge of the Company's business, results of operations and financial condition which enables him to provide unique insights into the Company's challenges, opportunities, risks and operations.

Mathias J. Barton has served as a director since January 2014. Mr. Barton joined the Company in November 1999 as Senior Vice President, Chief Financial Officer. He became co-President of the Company in February 2011, President in August 2013 and President and Chief Executive Officer in September 2015. Prior to joining the Company, Mr. Barton was Senior Vice President and Chief Financial Officer of Central Sprinkler Corporation, a manufacturer and distributor of automatic fire sprinklers, valves and component parts. From May 1989 to September 1998, Mr. Barton was employed by Rapidforms, Inc., a manufacturer of business forms and other products, most recently as Executive Vice President and Chief Financial Officer. Pursuant to the terms of our employment agreement with Mr. Barton and subject to certain exceptions described therein, if the Corporate Governance and Nominating Committee fails to nominate or re-nominate Mr. Barton as a director, or if the Board removes Mr. Barton as a director, Mr. Barton may terminate his employment within 120 days and receive certain benefits prescribed by the employment agreement. See Executive Compensation: Compensation Tables Potential Payments upon Termination or Change in Control Employment Agreements with Messrs. Berman and Barton.

Key Attributes, Experience and Skills: Mr. Barton is qualified to serve as a director of the Company based on his extensive knowledge of the Company's business and the automotive aftermarket industry, his expertise in strategic business development and executive management, his knowledge of corporate finance, financial systems and reporting, accounting, and his integrity, energy, and leadership skills.

Mr. Gavin has served as a director since October 2016. Mr. Gavin was most recently a Senior Advisor with LLR Partners, LLC, a middle market, growth oriented private equity firm with \$2.4 billion under management from 2010 to 2017 and had been Chairman of Strategic Distribution, Inc. (SDI), a leading maintenance, repair, and operations (MRO) supply firm from 2014 to 2017. Prior to holding his Chairman position at SDI, Mr. Gavin served as Chief Executive Officer and President of SDI during 2013. From 2007 to 2009, Mr. Gavin was the Vice Chairman of Drake Beam Morin, Inc. (DBM), an international career management and transitions management firm, and served as Chief Executive Officer and President of DBM during 2006. From 1996 to 2004, Mr. Gavin was employed by Right Management Consultants, Inc. (RMCI), a publicly traded global provider of integrated consulting solutions across the employment lifecycle. He served as RMCI's President and Chief Operating Officer from January 1999 to January 2004 and as RMCI's Executive Vice President, Business Development from December 1996 to December 1998. From 1978 to 1996, Mr. Gavin was employed by Arthur Andersen & Co. in various positions, where his last position was Partner-in-Charge, Manufacturing, Distribution and Consumer Products Practice. Mr. Gavin currently serves on the board of GMS Inc. (NYSE: GMS), a distributor of gypsum wall board and related building products in North America. Mr. Gavin has also served as a director of the following publicly held companies during the past five years: Interline Brands, Inc. from 2005 to 2012, CSS Industries, Inc. from 2007 to 2013 and DFC Global Corp from 2007 to 2014. Mr. Gavin currently serves on the Advisory Board of the Center for Corporate Governance at Drexel University in Philadelphia and on the boards of various privately held companies.

Key Attributes, Experience and Skills: Mr. Gavin is qualified to serve as a director of the Company because of his expertise with financial, accounting, strategic planning, mergers and acquisitions, human resources and career management matters, his extensive management and operational experience, his current and prior service on the board of directors of other publicly and privately held companies and his financial and accounting experience, including his experience as a certified public accountant with a nationally recognized public accounting firm.

Paul R. Lederer has served as a director since 1998. Prior to his retirement in 1998, Mr. Lederer was the Executive Vice President of Federal-Mogul Corporation, a global manufacturer of a broad range of non-discretionary parts primarily for automobiles, light trucks, heavy trucks, and farm and construction vehicles, from February 1998 to October 1998. From November 1994 to February 1998, Mr. Lederer was President and Chief Operating Officer of Fel-Pro Incorporated, a private manufacturer of gaskets and related products for the internal combustion engine, which was acquired by Federal-Mogul in 1998. Before joining Fel-Pro, he was a consultant to several automotive parts companies. Mr. Lederer is currently a director of O'Reilly Automotive, Inc. (Nasdaq: ORLY), an automotive parts distributor and retailer. Mr. Lederer has served two terms as a director of O'Reilly Automotive, from April 1993 to July 1997 and was appointed again in 2001. He currently serves as O'Reilly's lead director, a position he has held since 2002. It is expected that Mr. Lederer will retire from the O'Reilly board at O'Reilly's 2018 annual meeting of shareholders, consistent with the O'Reilly board's mandatory retirement age policy. Mr. Lederer is also a director of Maximus, Inc. (NYSE:MMS), a provider of program management and consultative services to state and local governments. He was a director of Proliance International, Inc. from 1995 to 2009 and a director of United Components, Inc. from 2003 to 2010.

Key Attributes, Experience and Skills: Mr. Lederer's 40 plus years of executive experience in the automotive aftermarket industry makes him uniquely qualified to assess the Company's strategies, goals, and objectives on behalf of its shareholders. He has a high degree of business acumen which enables him to synthesize and connect broad market trends, industry trends, and evolving customer needs.

Richard T. Riley has served as a director since March 2010. Mr. Riley served as a director of the LoJack Corporation, a publicly traded corporation and provider of tracking and recovery systems, from February 2005 until May 2013. In May 2012, Mr. Riley retired from the position of Executive Chairman of LoJack, a role held from December 2011 to May 2012. He previously served LoJack as Chairman, President, and Chief Executive Officer from May 2010 to December 2011, Executive Chairman from December 2008 to May 2010, Chairman and Chief Executive Officer from November 2006 to December 2008 and President and Chief Operating Officer from February 2005 to November 2006. Prior to joining LoJack Corporation, Mr. Riley served as an officer and director of New England Business Service, Inc., referred to as NEBS, then a public company listed on the New York Stock Exchange and a provider of products and services to assist small businesses manage and improve the efficiency of business operations. He served as President and Chief Operating Officer of NEBS from 2002 to 2003 and as President, Chief Executive Officer and Chief Operating Officer from 2003 to 2004. Prior to that, Mr. Riley served as a Senior Vice President of NEBS from 1998 to 2002, as President, NEBS Direct Marketing from 2001 to 2002, as President, Integrated Marketing Services from 2000 to 2001 and as President of Rapidforms, Inc. (acquired by NEBS in 1997) from 1992 to 2000. Mr. Riley served as a director of NEBS from 2002 to 2004. Mr. Riley was formerly a member of the audit practice at Arthur Andersen & Co. Mr. Riley serves as a member of the Board of Directors of (i) Cimpress N.V. (f/k/a VistaPrint) (Nasdaq: CMPR), a publicly held printing and graphic arts business, where he is Chairman of the Board and serves on both the Audit Committee and the Nominating and Corporate Governance Committee, and (ii) Tupperware Brands Corporation (NYSE: TUP), a publicly held global direct-to-consumer marketer of premium, innovative products across multiple brands and categories through an independent sales force, where he serves on the Audit, Finance and Corporate Responsibility Committee.

Key Attributes, Experience and Skills: Mr. Riley is an experienced leader in the automotive industry with a distinctive knowledge of the automotive products aftermarket. He draws his financial expertise from his experience at Arthur Andersen & Co, his service as an executive at each of LoJack and NEBS, and his service on the Audit Committees of Cimpress N.V. (f/k/a VistaPrint) and Tupperware Brands Corporation. He is skilled in finance, operations, corporate governance, mergers and acquisitions and strategic planning. Mr. Riley's financial background as a certified public accountant, including his experience at Arthur Andersen & Co., provides financial expertise to the Board, including an understanding of financial statements, corporate finance, accounting and capital markets.

Kelly A. Romano has served as a director since November 2017. Ms. Romano has been an executive advisory board member of Gryphon Investors, a private equity firm focused on middle-market investment opportunities, since December 2016, and a senior advisory partner for Sand Oak Capital Partners, LLC, a private

equity firm focused on industrial and manufacturing investments, since May 2016. In addition, since May 2016, Ms. Romano has been providing independent consulting services related to strategy, acquisitions, deal structure, and channel development for high technology small and mid-size companies. From 1984 to April 2016, Ms. Romano served in various capacities at United Technologies Corporation (UTC) (NYSE:UTX), a diversified company that provides high technology products and services to the building and aerospace industries. From September 2014 to April 2016, Ms. Romano served as President, Intelligent Building Technologies for the UTC Building & Industrial Systems business. From March 2012 to September 2014, Ms. Romano was at the UTC Corporate Office as Corporate Vice President, Business Development. From May 2011 to February 2012, Ms. Romano held the position of President, Global Security Products at UTC Fire & Security. She first joined UTC Fire & Security in January 2010 and held the role of Senior Vice President, Global Sales & Marketing from January 2010 to April 2011. Before joining UTC s Fire & Security, Ms. Romano was employed by UTC s Carrier Corporation for 25 years in various positions, including President, Building Systems & Services from January 2006 to December 2009 and President, Distribution Americas from November 2004 to January 2006. Ms. Romano currently serves on the boards of various privately held companies.

Key Attributes, Experience and Skills: Ms. Romano has extensive executive leadership experience and business acumen. Ms. Romano s broad experience in the private equity market and at UTC provides her with a wide-ranging perspective in the areas of sales, marketing, manufacturing, distribution, mergers and acquisitions, management, operations, business development and strategy.

G. Michael Stakias has served as a director since September 2015. Mr. Stakias currently serves as President and Chief Executive Officer of Liberty Partners, a New York-based private equity investment firm. From 1980 to 1998, Mr. Stakias was a partner at Blank Rome LLP, Philadelphia, PA. His practice focused on the areas of corporate securities, mergers and acquisitions, private equity, and public and emerging growth companies. Prior to joining Blank Rome in 1980, Mr. Stakias served as Senior Attorney, Division of Corporation Finance, at the Securities and Exchange Commission, Washington, DC. Mr. Stakias currently serves on the Board of Directors of STV Group, Incorporated, a privately held architectural and engineering company and Whittle Schools & Studios, a privately held private school company. Mr. Stakias also serves on the Board of Directors of Concorde Career Colleges, Inc., Henley-Putnam University, and on the Board of Trustees of the College of William & Mary Raymond A. Mason School of Business in Williamsburg, VA.

Key Attributes, Experience and Skills: Mr. Stakias qualifications to serve as a director of the Company include his extensive experience in private equity investment and capital markets and his expertise in corporate securities, mergers and acquisitions and corporate finance. Mr. Stakias experience in private equity provides him with considerable expertise in financial and strategic matters and his involvement with other entities throughout his career provides him with wide-ranging perspective and experience in the areas of management, operations, and strategy.

**THE BOARD RECOMMENDS A VOTE FOR
THE ELECTION OF THE SEVEN NOMINEES LISTED ABOVE AS DIRECTORS.**

Director Compensation

Our director compensation program is designed to provide competitive compensation to attract and retain high-quality outside directors. Our Compensation Committee periodically reviews the compensation of our non-employee directors and makes recommendations to our Board for adjustments. As part of this review, the Compensation Committee may solicit the input of outside compensation consultants. During 2016, the Compensation Committee asked Pay Governance, LLC, an independent compensation consultant, to provide a competitive analysis of the compensation we provide to our directors. As a result of that review and the Compensation Committee's discussion, changes were made to our non-employee director compensation program in May 2016. No additional changes were made to our non-employee director compensation program for fiscal 2017. Accordingly, our non-employee director compensation program in fiscal 2017 included the following components:

an annual cash retainer of \$60,000 (\$80,000 for the Lead Director);

an equity grant of restricted stock in July 2017 with a grant date value of approximately \$90,000 which will vest in full on the one year anniversary of the grant date; and

an additional annual cash retainer for services as a Committee Chair as follows:

Audit Committee Chair - \$15,000;

Compensation Committee Chair - \$7,500;

Corporate Governance and Nominating Committee - \$7,500.

Director Compensation Table for Fiscal 2017

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director who served on our Board during the fiscal year ended December 30, 2017. Directors who are our employees are not compensated for their services as directors.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards ⁽¹⁾ (\$)	Total (\$)
John J. Gavin	67,500	90,054	157,554
Paul R. Lederer	80,000	90,054	170,054
Edgar W. Levin ⁽²⁾	25,405		25,405
Richard T. Riley	75,000	90,054	165,054
Kelly A. Romano ⁽³⁾	10,000	59,995	69,995
G. Michael Stakias	67,500	90,054	157,554

- (1) The Stock Awards column represents the aggregate grant date fair value computed in accordance with ASC Topic 718 for awards of restricted stock granted under our 2008 Plan during fiscal 2017. We calculated the estimated fair value of the restricted stock awards using the closing price per share of our common stock on the grant date. See also Note 12 of the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017. As of December 30, 2017, the aggregate number of unvested stock awards held by each non-employee director who served on our Board during fiscal 2017 was as follows: John J. Gavin 1,088; Paul R. Lederer 1,088; Edgar W. Levin 0; Richard T. Riley 1,088; Kelly A. Romano 903; and G. Michael Stakias 1,088.
- (2) Mr. Levin retired from the Board on May 16, 2017. Accordingly, his annual retainer was pro-rated. Mr. Levin did not receive a stock award in fiscal 2017.
- (3) Ms. Romano was appointed to serve as a director on November 9, 2017. Accordingly, her annual retainer and stock award were pro-rated.

For services rendered in fiscal 2018, each of our non-employee directors will receive an annual retainer of \$60,000 (\$80,000 for the Lead Director) plus an annual restricted stock award with a grant date value of approximately \$90,000 (which is expected to be issued in July 2018). In addition, (i) the chairman of the Audit Committee will receive an additional retainer of \$15,000 and (ii) the chairman of the Compensation Committee and the chairman of the Corporate Governance and Nominating Committee will each receive an additional annual retainer of \$7,500.

Our non-employee directors are subject to stock ownership guidelines which were adopted by our Compensation Committee effective as of January 1, 2015. Under the approved guidelines, our non-employee directors are each expected to own shares of our common stock with a value at least equal to three times the annual board retainer that we pay such director for regular service on the board. Each non-employee director is required to comply with these guidelines within five years following the later of (i) his or her date of first election to the board, or (ii) January 1, 2015.

Executive Compensation: Compensation Discussion and Analysis

The following discussion provides an analysis of our compensation program for the executive officers named in the Summary Compensation Table below and discusses the material factors involved in our decisions regarding the compensation of the following named executive officers:

Steven L. Berman, Executive Chairman, Secretary and Treasurer

Mathias J. Barton, Chief Executive Officer and President

Jeffrey L. Darby, Senior Vice President, Sales and Marketing

Kevin M. Olsen, Executive Vice President, Chief Financial Officer

Michael B. Kealey, Executive Vice President, Commercial

The following discussion cross-references those specific tabular and narrative disclosures that appear following this subsection where appropriate. You should read this Compensation Discussion and Analysis in conjunction with such tabular and narrative disclosures.

Fiscal 2017 Performance Summary

We are committed to pay for performance. Our executive compensation program is designed to support our business goals and promote profitable growth of the Company and growth in shareholder value. Total compensation for each named executive officer varies with individual performance and the Company's performance in achieving financial and non-financial objectives.

Our financial and operational results are reflected in our executive compensation for fiscal 2017. Our executive compensation advances our goals of recruitment and retention, and promotes both short-term and long-term performance of our executive officers. As seen in the chart below, in fiscal 2017, we again delivered growth in net income and diluted earnings per share.

	Fiscal 2017 (\$ in millions except for per share amounts)	Fiscal 2016 (\$ in millions except for per share amounts)	Change (%)
Net Sales	\$ 903.2	\$ 859.6	5
Net Income	\$ 106.6	\$ 106.0	1
Diluted Earnings Per Share	\$ 3.13	\$ 3.07	2

For further discussion of our financial performance for the fiscal year ended December 30, 2017, please see Part II Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations of our Annual Report on Form 10-K for the fiscal year ended December 30, 2017.

Executive Compensation Philosophy and Objectives

Our executive compensation program is designed to promote the successful implementation of our annual strategic plan as approved by the Board as well as long-term growth and profitability of the Company which is intended to enhance shareholder value. Our overall executive compensation program is designed to achieve the following objectives:

To align the interests of our named executive officers with those of our shareholders by tying a significant portion of compensation to the Company's financial performance;

To link a portion of compensation to the achievement of our annual and long-term financial and other goals;

To compensate the Company's named executive officers in a manner that reflects their experience, responsibilities and contributions to the annual and long-term growth and development of the Company and to retain the services of the executive officers that successfully contribute to our annual and long-term goals;

To encourage experienced, talented executives to join the Company; and

To motivate our executives to continue to provide excellent performance year after year.

We believe that our program focuses management's attention on achieving both annual performance targets and profitable growth over a longer time period as established by the Board.

We believe it is important that our executive compensation program be competitive and attractive when compared to the compensation programs of peers within our industry with which we compete for executive talent. We must be able to attract and retain skillful and knowledgeable management to lead the Company and poise the Company for future growth while at the same time being mindful of our responsibility to shareholders to control costs. Our compensation philosophy reflects a commitment to compensate executives competitively with other companies in the industry while rewarding specific executives for achieving levels of operational excellence and financial returns that seek to ensure positive short and long-term business performance and continual growth in shareholder value.

We believe that total amounts of compensation should generally reflect an executive's experience, skill, knowledge, responsibility and individual contributions to the overall success of the Company. Amounts should typically increase with increases in an executive's functional role and his or her ability to affect our performance results. As position and responsibility increase within the Company, a greater portion of the executive's total compensation generally becomes performance-based pay contingent upon the achievement of performance objectives established by the Compensation Committee.

We believe that equity compensation is an excellent way to encourage our executive officers to act in the best interests of our shareholders and to create an environment of shared risk between our named executive officers and our shareholders. Historically, we have provided our named executive officers with equity awards in connection with our new hire process and for promotions awards. In addition, we provide our executive officers with long-term incentives in the form of incentive or non-qualified stock options, grants of time-vested restricted stock and grants of performance-based restricted stock awards. Shareholders are being asked to approve the Dorman Products, Inc. 2018 Stock Option and Stock Incentive Plan (the 2018 Plan), which plan will also provide us the ability to issue stock appreciation rights and restricted stock units. See Proposal III: Approval of the Dorman Products, Inc. 2018 Stock Option and Stock Incentive Plan.

Mix of Total Compensation

Our 2017 executive compensation is substantially focused on variable compensation, which includes a bonus opportunity under our Executive Cash Bonus Plan and the economic value of equity awards granted under our 2008 Plan. The following table illustrates the target percentage of each compensation element as compared to target total

compensation for each of our named executive officers for 2017. For purposes of this discussion, total compensation means the sum of base salary, annual cash incentive compensation, and long-term incentive compensation. The percentage of target compensation is calculated by dividing (i) the value of each target compensation element by (ii) the value of target total compensation. Note that the target percentages reflected in the table are based on target compensation amounts and therefore may not match the values reflected in the Summary Compensation Table.

Name and Title	Salary	Executive Cash	Long-Term	Total
		Bonus Plan ⁽¹⁾	Equity Incentives ⁽²⁾	
Steven L. Berman	38%	38%	24%	100%
Mathias J. Barton	36%	34%	29%	100%
Jeffrey L. Darby	33%	17%	49%	100%
Michael B. Kealey ⁽³⁾	44%	32%	24%	100%
Kevin M. Olsen ⁽⁴⁾	48%	26%	26%	100%

- (1) The percentage in the Executive Cash Bonus Plan column assumes (i) target level attainment under the annual cash bonus awards for each of our named executive officers, and (ii) a cash value of the long-term bonus awards actually earned by each of Messrs. Berman, Barton, Darby and Kealey (as there was no target level set for this compensatory element). The Compensation Committee decided to pay the long-term bonus in equity.
- (2) The long-term incentive equity awards consist of (i) options and performance-based restricted stock for each of our named executive officers and (ii) time-vested restricted stock for Mr. Darby. The percentages are based on the grant date fair value of the total long-term incentives granted to each of our named executive officers in 2017. Where applicable, the grant date fair value was based upon the probable outcome of the performance conditions on the grant date with the probable outcome assumed to be at target level attainment.
- (3) Effective as of June 8, 2017, Mr. Kealey's salary was increased to \$425,000. The target percentages for Mr. Kealey are based on a base salary of \$425,000.
- (4) Effective as of June 8, 2017, Mr. Olsen's salary was increased to \$425,000. The target percentages for Mr. Olsen are based on a base salary of \$425,000.

Determining Executive Compensation

As outlined in the Compensation Committee Charter, the Compensation Committee is responsible for annually reviewing and approving executive compensation. The Compensation Committee annually reviews and approves the compensation of our executive officers (subject to the terms of any applicable employment agreements). The Compensation Committee works together with management to establish strategic plans and business performance targets and objectives against which management will be measured for each fiscal year. Following completion of this process, the Compensation Committee reviews and approves the corporate goals and objectives used to compensate each of the Chief Executive Officer and the Executive Chairman and evaluates their respective performances in light of those goals and objectives. With respect to the other executive officers' compensation, the Chief Executive Officer provides the Compensation Committee with his evaluation of the performance of each of the other executive officers, and recommends increases in salary as well as bonus levels, and the amount of equity awards (if any) for consideration by the Compensation Committee.

Compensation decisions for individual named executive officers are the result of the subjective analysis of a number of factors, including the executive officer's performance, long-term potential, responsibilities, experience, skills, tenure with the Company, historical compensation amounts, competitive pay practices generally, the financial performance of the Company and general economic conditions. In making individual compensation decisions, the Compensation Committee relies on the judgment and experience of its members as well as information that was reasonably available to committee members, including, but not limited to, comparable company data. In addition to these factors, the Compensation Committee also considers internal comparisons of pay within the executive group.

The Compensation Committee also reviews and approves and, where appropriate, recommends to the Board for its approval, any executive employment agreements or amendments, severance arrangements, change in control arrangements, and any special or supplemental benefits for the Chief Executive Officer and other executive officers, in each case as, when, and if appropriate.

The Compensation Committee also approves participation in, and all awards, grants and related actions under, our equity plans for our Chief Executive Officer and our other executive officers. In addition, the Compensation Committee approves profit sharing that is contributed to the 401(k) Retirement Plan, administers the Dorman Products, Inc. Non-Qualified Deferred Compensation Plan, referred to as the Non-Qualified Deferred Compensation Plan, and the Executive Cash Bonus Plan, and will certify payments to participants under the Executive Cash Bonus Plan and the 2008 Plan.

Role of Our Compensation Consultant

The Compensation Committee has the authority under its charter to retain compensation consultants. To assist in carrying out its responsibilities, the Compensation Committee has from time to time retained consultants to provide independent advice on executive compensation and to perform specific tasks as requested by the Compensation Committee. The consultants reported directly to the Compensation Committee. The Compensation Committee reviews and assesses the independence and performance of any consultant then engaged on an annual basis in order to confirm that the consultant is independent and meets all applicable regulatory requirements.

The Compensation Committee engaged Pay Governance LLC, an independent compensation consultant, referred to as Pay Governance, in October of 2016 to perform a market-based analysis of our executive compensation and to provide advice regarding compensation practices for our executives. The fiscal 2016 recommendations of Pay Governance are reflected in the Company's fiscal 2017 executive compensation program.

In conducting its analysis, Pay Governance:

confirmed the responsibilities for each of our executives;

compiled appropriate survey sources;

gathered and analyzed competitive compensation data from both surveys and the most recent proxy statements for the comparator peer group, referred to as the Peer Companies (see table below); and

developed competitive compensation rates for each position.

Pay Governance does not provide any services to the Company other than advice for the Compensation Committee regarding executive and director compensation. The Compensation Committee has assessed the independence of Pay Governance pursuant to SEC rules and concluded that no conflict of interest exists.

Competitive Market Pay Information

In October 2016, the Compensation Committee, with the assistance of Pay Governance, conducted a review of the market competitiveness of our executive compensation. In order to assess our executive compensation, the Compensation Committee, with the assistance of Pay Governance, reviewed competitive compensation data from the

Towers Watson's 2016 General Industry Top Management Compensation Survey. The Towers Watson Survey contained data from over 200 companies from a wide variety of industries and included a sample of firms comparable to the Company in terms of revenue and industry.

In addition, the Compensation Committee, with the assistance of Pay Governance, reviewed the compensation of our executive officers as compared to the compensation of executives at the Peer Companies in the table below. The development of an appropriate comparator peer group involves a balanced approach that focuses on size (revenue, net income, market capitalization and/or enterprise value) and sector (industry/business competitors). In October 2016, our comparator peer group was reviewed by the Compensation Committee with the

assistance of Pay Governance. Based on such review, the Compensation Committee approved the deletion of Fuel Systems Solutions, Inc., LKQ Corp., LoJack Corp., and Strattec Security Corp. from the Company's comparator peer group. In addition, also based on such review, the Compensation Committee approved the addition of the following companies to the comparator peer group: HEICO Corporation, Horizon Global Corporation and Gentherm Incorporated. The comparator peer group changes were made to better balance the size and industry of the comparator peer group as compared to our Company. Set forth below is the Peer Companies selected by the Compensation Committee for use in setting fiscal 2017 executive compensation:

Drew Industries, Inc.	Shiloh Industries Inc.
Gentex Inc.	Spartan Motors Inc.
HEICO Corporation	Standard Motor Products Inc.
Horizon Global Corporation	Stoneridge Inc.
Gentherm Incorporated	Superior Industries International, Inc.
Motor Car Parts of America, Inc.	

The Compensation Committee believes that the Towers Watson Survey and the compensation data related to companies in our Peer Companies constituted appropriate guidelines for it to compare proposed pay levels for our named executive officers with those of other companies. The purpose of using this data was to assist the Compensation Committee in assessing whether our proposed executive compensation was competitive. The Compensation Committee considered these data only as a guidepost to their evaluation of proposed compensation amounts, and there was no mandate that any actual compensation paid must fall within any set range. Our Compensation Committee and the Board believe that using the market comparative data in this manner was useful in establishing an appropriate and competitive compensation structure.

The Components of the Executive Compensation Program

Elements of compensation for our executives include the following components:

base salary;

an annual performance-based cash award and long-term performance-based award under our Executive Cash Bonus Plan;

discretionary cash bonuses;

equity incentive awards in the form of stock options, restricted stock awards and performance-based restricted stock awards under our 2008 Plan; and

other compensation, including participation in our 401(k) Retirement Plan, our Non-Qualified Deferred Compensation Plan, perquisites and other personal benefits, and post-employment compensation.

Base Salary. Base salary reflects amounts paid during the year to our executive officers as direct compensation for their services to the Company as well as to reward our executive officers for their individual performance and to encourage them to higher levels of performance. We also use our base salary to attract and retain top quality executives and other managers from other companies. Base salaries and increases to base salaries recognize individual performance, the amount of experience, the importance of, and skills required in, the executive officer's position, responsibility and expected contributions of each executive.

The Compensation Committee establishes and approves annual base salaries for all of the executive officers of the Company, other than those set by agreement. On December 28, 2015, in connection with the appointments of Mr. Barton as Chief Executive Officer and Mr. Berman as Executive Chairman, we entered into an employment agreement with Mr. Barton and amended and restated Mr. Berman's employment agreement. The base salaries of Mr. Berman and Mr. Barton for fiscal 2016 were negotiated as part of entering into the new employment agreements. Such base salaries can be increased, but not decreased, over the term of the agreements in the discretion of the Compensation Committee. For example, the Compensation Committee increased Mr. Barton's base salary for fiscal 2017. Base salaries of the other named executive officers are set annually at levels that we determine adequately reward and retain capable executives, including without targeting any specific quartile of any compensation survey data for total compensation or any component of total compensation.

For fiscal 2017 (effective February 26, 2017) our Compensation Committee authorized the following annual base salaries for the named executive officers listed below:

Name	Base Salary(\$)
Steven L. Berman	360,000
Mathias J. Barton	700,000
Jeffrey L. Darby	375,000
Michael B. Kealey ⁽¹⁾	390,000
Kevin M. Olsen ⁽²⁾	405,000

- (1) On June 8, 2017, Mr. Kealey was promoted to Executive Vice President, Commercial, and his salary was increased to \$425,000. Accordingly, his actual fiscal 2017 salary was \$403,654.
- (2) On June 8, 2017, Mr. Olsen was promoted to Executive Vice President, Chief Financial Officer, and his salary was increased to \$425,000. Accordingly, his actual fiscal 2017 salary was \$414,039.

Performance-Based Bonuses. We use performance-based bonuses to reward eligible employees at the manager level and above, including our named executive officers, for our financial performance. The performance-based bonus program provides for bonuses which reward our executives for the successful achievement of our annual and long-term financial performance objectives. The Compensation Committee believes that awards under the Executive Cash Bonus Plan assist the Company in motivating and retaining executive talent whose abilities and leadership skills are critical to the Company's long-term success.

In December 2009, our Board unanimously approved the Executive Cash Bonus Plan, which provided for incentive payments to executives who may be impacted by Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). Our Executive Cash Bonus Plan, including the business criteria upon which performance measures are based, was approved by our shareholders on May 20, 2010. In addition, on May 16, 2014, our shareholders approved updated material terms of the performance goals under the Executive Cash Bonus Plan.

Our Executive Cash Bonus Plan was designed to provide a direct link between performance and compensation for our top executives. Additionally, the plan was intended to qualify certain components of compensation paid to these executives for tax deductibility under Section 162(m) of the Code. The maximum aggregate bonus amount that may be paid in any single year to any participant under the Executive Cash Bonus Plan is \$2,000,000.

Historically, Section 162(m) generally disallowed a federal income tax deduction to any publicly held corporation for non-performance-based compensation paid in excess of \$1,000,000 in any taxable year to the Chief Executive Officer or certain other highly compensated executive officers. The Compensation Committee historically structured awards under the Executive Cash Bonus Plan so that compensation under the plan could qualify as performance-based

compensation eligible for continued deductibility. For tax years beginning after December 31, 2017, the Section 162(m) exemption for performance-based compensation discussed above has been repealed meaning that no taxable compensation paid to our covered executive officers in excess of \$1,000,000 will be

deductible unless the compensation qualifies for transition relief available to compensation arrangements payable pursuant to a binding written agreement in effect on November 2, 2017. The fiscal 2017 awards under the Executive Cash Bonus Plan were outstanding as of November 2, 2017 pursuant to a binding written agreement. Therefore, the fiscal 2017 awards will be exempt from the deduction limit. Cash bonus awards, performance-based or not, granted after December 31, 2017 which result in compensation for our named executive officers in excess of \$1,000,000 will not be deductible.

The awards for fiscal 2017 under the Executive Cash Bonus Plan had two components: (i) an annual performance-based cash award based on our fiscal 2017 adjusted pre-tax income, referred to as the annual cash bonus; and (ii) a long-term performance-based award based on our compounded three-year growth in adjusted pre-tax pre-bonus income, referred to as the long-term bonus. For fiscal 2017 (i) each of our named executive officers received an annual cash bonus, and (ii) each of Messrs. Berman, Barton, Darby and Kealey received a long-term bonus.

For purposes of the annual cash bonus, adjusted pre-tax income means the Company's consolidated pre-tax income before unusual items. Unusual items include (a) non-recurring items generally excluded from earnings per share and EBITDA and by institutional investors or analysts when evaluating the Company's performance, such as one-time gains from asset sales, dispute or litigation charges or recoveries, impairment charges, acts of God and restructuring charges, but including normal provisions for slow moving and obsolete inventory and accounts receivable, (b) any acquisitions, divestitures, discontinuance of business operations, or restructuring, (c) the cumulative effect of any accounting changes, and (d) any extraordinary items as determined under generally accepted accounting principles. The Compensation Committee believes that basing performance on adjusted pre-tax income focuses management's attention on revenue growth and profitability which are key drivers in building shareholder value.

For purposes of the long-term bonus, adjusted pre-tax pre-bonus income means the Company's consolidated pre-tax income before executive bonus expense and before unusual items. Unusual items include (a) non-recurring items generally excluded from earnings per share and EBITDA and by institutional investors or analysts when evaluating the Company's performance, such as one-time gains from asset sales, dispute or litigation charges or recoveries, impairment charges, acts of God and restructuring charges, but including normal provisions for slow moving and obsolete inventory and accounts receivable, (b) any acquisitions, divestitures, discontinuance of business operations, or restructuring, (c) the cumulative effect of any accounting changes, and (d) any extraordinary items as determined under generally accepted accounting principles.

For fiscal 2017, for purposes of the annual cash bonus, our Compensation Committee set threshold, target, and maximum annual performance-based bonus award levels for each of our named executive officers based on our annual operating budget. The Compensation Committee believes the design of the fiscal 2017 annual cash bonus aligns the performance measure targets to the Company's strategic plan and incentivizes management to focus on achieving financial goals that are aligned with the Company's operating budget.

For fiscal 2017, the Compensation Committee set the following target annual cash bonus award, as a percentage of base salary, for each of our named executive officers:

Name	Target (% of Base Salary)
Steven L. Berman	60%
Mathias J. Barton	60%
Kevin M. Olsen	55%
Michael B. Kealey ⁽¹⁾	40%
Jeffrey L. Darby	35%

(1) On June 8, 2017, Mr. Kealey was promoted to Executive Vice President, Commercial, and his target annual cash bonus award, as a percentage of base salary, was increased to 55%.

There would be no annual cash bonus payout if adjusted pre-tax income did not meet the threshold level. Payout level at threshold would be at 50 percent of target. Achievement between specified performance levels would result in a payout based on straight-line interpolation. In addition, the annual cash bonus award had a cap in fiscal 2017 of 200 percent of target as a maximum award level for our named executive officers.

The following table sets forth the fiscal 2017 financial performance measure threshold, target and maximum amounts and the actual results:

Measure (in thousands)	Threshold	Target	Maximum	Actual
Adjusted pre-tax income	\$ 168,391	\$ 181,020	\$ 217,272	\$ 177,365 ⁽¹⁾

- (1) As it related to adjustments for unusual items, fiscal 2017 pre-tax income was adjusted by excluding MAS Automotive Distribution Inc.'s pre-tax income and \$1.0 million of diligence and integration charges related to the MAS Automotive Distribution Inc. acquisition.

For fiscal 2017, the Compensation Committee retained the structure and the performance metric of the long-term bonus under the Executive Cash Bonus Plan. It is the Compensation Committee's intention to discontinue the long-term bonus award and replace such element of executive compensation with performance-based restricted stock or restricted stock unit awards which will vest (if at all) after the completion of a three-year performance period. The Compensation Committee granted such performance-based restricted stock awards in fiscal 2016 and fiscal 2017. The first payout under such three year performance-based restricted stock awards will occur, if the performance goals are achieved, in fiscal 2019. See Equity Awards Performance-Based Restricted Stock Awards. To serve as a transition from a one-year payout design of the long-term bonus to a three-year payout design of the performance-based restricted stock awards, the Compensation Committee continued the long-term bonus award under the Executive Cash Bonus Plan for fiscal 2016 and fiscal 2017.

With respect to the long-term bonus, the amount of bonus paid to each named executive officer who received long-term bonus awards under the Executive Cash Bonus Plan in fiscal 2017 was computed by multiplying the named executive officer's annual base salary for fiscal 2017 by the Three Year Bonus Percentage. For purposes of the long-term bonus, the Three Year Bonus Percentage was equal to the applicable long-term bonus factor for each executive level set forth in the table below multiplied by the compounded three-year growth in adjusted pre-tax pre-bonus income. The compounded three-year growth in adjusted pre-tax pre-bonus income was computed by comparing the adjusted pre-tax pre-bonus income for fiscal 2017 to the adjusted pre-tax pre-bonus income for fiscal 2014.

Executive Level	Applicable Factors
Executive Chairman	5
CEO and President	4
Executive Vice President	2
Senior Vice President	2

The compounded three-year growth in adjusted pre-tax pre-bonus income was 8.3%. As it related to adjustments for unusual items, (i) fiscal 2017 pre-tax pre-bonus income was adjusted by excluding MAS Automotive Distribution Inc.'s pre-tax income and \$ 1.0 million of diligence and integration charges related to the MAS Automotive Distribution Inc. acquisition; and (ii) fiscal 2014 pre-tax pre-bonus income was adjusted for a \$1.0 million reduction in earn-out payable in connection with our May 2013 acquisition of Re-Involt Technologies, Inc.

The Compensation Committee has the right to reduce (but not increase) awards issued under the Executive Cash Bonus Plan in its discretion, even if the performance measures have been attained. However, the Compensation Committee determined not to exercise negative discretion to reduce the fiscal 2017 awards. For fiscal 2017, based on

the formula described above, the Compensation Committee issued annual cash bonuses of \$185,760, \$361,200, \$112,875, \$201,025 and \$201,025 to each of Messrs. Berman, Barton, Darby, Kealey and Olsen, respectively. The long-term bonus was payable in cash or equity (pursuant to the 2008 Plan) at the discretion of the Compensation Committee. For fiscal 2017, based on the formula described above, long-term bonuses of \$149,851, \$233,102, \$62,438 and \$70,763 were earned by each of Messrs. Berman, Barton, Darby and

Kealey, respectively. For fiscal 2017, the Compensation Committee decided to pay the long-term bonus in equity. The number of shares issued was determined by dividing the cash value of the long-term bonuses earned by the fair market value of the Company's common stock on the seventh trading day following the date of the Company's release of year-end financial results. Accordingly, each of Messrs. Berman, Barton, Darby and Kealey were issued 2,065, 3,213, 861 and 975 shares of common stock, respectively. Such annual cash bonuses and long-term bonuses were paid in the first quarter of fiscal 2018.

Discretionary Cash Bonuses. In addition to the performance-based bonuses described above, the Compensation Committee has the authority to award discretionary cash bonuses. This type of bonus has been used to reward executive officers for exemplary performance during the year and to attract and recruit qualified candidates. The Compensation Committee considers the following factors in determining the amount of discretionary bonus payable to an executive officer, if any: the Company's overall performance in light of economic conditions experienced during the fiscal year, the executive's contribution to the Company's annual and long-term strategic objectives, including maximizing shareholder value, the quality of the executive's work, and the general success of the Company, as well as the officer's contribution to specific strategic initiatives as may be measured in ways different from the performance criteria identified above. Discretionary bonus amounts, if any, are paid in the first quarter of the year following the year in which the bonus was earned. There were no discretionary cash bonuses paid to our named executive officers for fiscal 2017.

Equity Awards. Compensation may be awarded to our executive officers in the form of equity-based awards. Equity awards, which are issued pursuant to our 2008 Plan, can focus our executive officers on our key long-term financial and strategic objectives and encourage them to take into account our and our shareholders' long-term interests through ownership of our common stock. Awards made under our 2008 Plan recognize an executive's contribution to our overall corporate performance and provide a financial incentive to them to achieve our long-term goals.

Our 2008 Plan is designed to provide the Compensation Committee the flexibility to award long-term equity compensation incentives from several types of equity-based awards, including restricted stock and stock options. From time to time, we have provided our executive officers with long-term incentives in the form of incentive or non-qualified stock options and grants of time-vested restricted stock. The time-vesting element of these equity awards is structured as an incentive for continued employment and to align the interest of our officers with those of shareholders. Recently, the Compensation Committee began awarding performance-based restricted stock awards to our executive officers. The Compensation Committee intends to continue to provide our named executive officers with performance-based awards. Historically, the performance-based awards, including the fiscal 2017 performance-based restricted stock awards, were structured to qualify as performance-based compensation eligible for tax deductibility under Section 162(m) of the Code. As discussed above, the exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our covered executive officers in excess of \$1,000,000 will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. The performance-based restricted shares awarded in 2016 and 2017 under the 2008 Plan were outstanding as of November 2, 2017 pursuant to a binding written agreement. Therefore, such awards will be exempt from the deduction limit. Performance-based awards granted in the future will not be eligible for deductibility.

Historically, we have also provided our executive officers with equity awards in connection with new hires and promotions. We customarily make such equity grants on or soon after the initial date of hire or date of promotion. As such equity awards are intended as an incentive for employment, the amount of each equity award may vary from executive to executive depending on the particular circumstances. Typically, the amount of the equity award is based upon, among other things, the experience, expertise and responsibility of each executive officer, the financial performance of the Company and such other factors as deemed appropriate, consistent with our previously described compensation philosophy. In addition, with respect to new hires, an initial grant made on or soon after the date of hire serves to help recruit new executives.

Options. For fiscal 2017, our Compensation Committee granted time-vested options to each of our named executive officers.

In February 2017, the Compensation Committee awarded our named executive officers options to purchase shares of our common stock. The options vest 25% a year, beginning with the first anniversary of the date of grant, and expire on the fifth anniversary of the date of grant. Such options have value to the recipient only if the Company's stock price appreciates, which the Compensation Committee believes enhances our pay-for-performance philosophy of executive compensation.

Messrs. Olsen and Kealey were granted additional options to purchase shares of our common stock in June 2017 in connection with each of their promotions to Executive Vice President. The options awarded to each of Messrs. Olsen and Kealey also vest 25% a year, beginning with the first anniversary of the date of grant, and expire on the fifth anniversary of the date of grant.

The number of shares subject to options issued to our named executive officers in fiscal 2017 is set forth in the Executive Compensation: Compensation Tables Grants of Plan Based Awards for Fiscal 2017 table

Performance-Based Restricted Stock Awards. For fiscal 2017, our Compensation Committee granted performance-based restricted stock to each of our named executive officers.

In February 2017, the Compensation Committee awarded our named executive officers a target number of performance-based restricted shares that are earned if certain performance goals are achieved in a specified time period. The performance-based restricted stock awards provide our executive officers with a strong incentive for achieving specific financial results that support our goal for creating long-term shareholder value. The performance-based restricted stock will vest (if at all) after the completion of a three-year performance period. Based on the performance at the end of the three-year period, our named executive officers may earn less or more than the target award granted. The performance period for the performance-based restricted shares awarded in 2017 (the 2017 PRSs) is from January 1, 2017 through December 28, 2019 (the 2017-2019 performance cycle). For the 2017 PRSs, the performance metric is the Company's three-year compounded annual growth rate (CAGR) in adjusted pre-tax income. The Compensation Committee selected CAGR in adjusted pre-tax income to focus management's attention on long-term revenue growth and profitability which are key drivers in building shareholder value.

The number of performance-based restricted shares that vest and convert to shares of common stock can range from 0% to 200% of the number of performance-based restricted shares awarded depending on the Company's performance during the performance period. The Compensation Committee has assigned target, threshold and maximum values to the performance metric. In setting the performance metric values, the Compensation Committee desired to challenge our management by setting target levels that, while achievable, would represent significant growth in our business over a three-year period. In setting the maximum levels, the Compensation Committee intended for such levels to present a substantial challenge for our executive officers, thereby creating a strong incentive to produce superior results.

The threshold level of CAGR in adjusted pre-tax income must be met in order for any shares to vest under the 2017 PRSs. At threshold, 50 percent of the target number of performance-based restricted shares will vest and at maximum, 200 percent of the target number of performance-based restricted shares will vest. The number of shares that vest if performance is between the threshold, target and maximum levels will be determined using straight line interpolation. The Compensation Committee will make a determination of the final payouts under the 2017 PRSs in the first quarter of the year following the end of the performance period.

In June 2017, Messrs. Olsen and Kealey were granted additional 2017 PRSs in connection with each of their promotions to Executive Vice President. The number of shares subject to the 2017 PRSs issued to our named executive officers is set forth in the Executive Compensation: Compensation Tables Grants of Plan Based Awards for Fiscal 2017 table.

For purposes of these performance-based restricted stock awards, adjusted pre-tax income means the Company's consolidated pre-tax income before unusual items. Unusual items include (a) non-recurring items generally excluded from earnings per share and EBITDA and by institutional investors or analysts when evaluating the Company's performance, such as one-time gains from asset sales, dispute or litigation charges or recoveries, impairment charges, acts of God and restructuring charges, but including normal provisions for slow moving and obsolete inventory and accounts receivable, (b) any acquisitions, divestitures, discontinuance of business operations,

or restructuring, (c) the cumulative effect of any accounting changes, and (d) any extraordinary items as determined under generally accepted accounting principles.

Time-Vested Restricted Stock Awards. In addition, in August 2017, the Compensation Committee granted a time-vested restricted stock award to Mr. Darby. Such award vests at a rate of twenty percent (20%) a year, beginning on the first anniversary of the date of grant. The August award was granted to Mr. Darby as additional incentive for Mr. Darby's employment and as compensation for his favorable performance as Senior Vice President, Sales and Marketing. The number of shares subject to the time-vested restricted stock award issued to Mr. Darby is set forth in the Executive Compensation: Compensation Tables - Grants of Plan Based Awards for Fiscal 2017 table.

401(k) Retirement Plan. All of our employees, including our executive officers, are entitled to participate in the Company's 401(k) Retirement Plan and to receive a portion of the Company's voluntary contribution in either cash or shares of the Company's common stock in accordance with the terms of the 401(k) Retirement Plan. We offer the 401(k) Retirement Plan, including the Company's voluntary contribution, to enhance our ability to attract and retain talented executives and other key employees and to encourage them to systematically save for retirement.

The 401(k) Retirement Plan is administered by a third-party administrator and is available to all employees once they satisfy certain age and service requirements. Individual accounts are maintained for the cash contributions made on behalf of each eligible employee and each eligible employee has a choice of investment options from among a variety of mutual funds and professionally managed accounts as to the contributions to the account. There are two types of contributions to the 401(k) Retirement Plan: (1) voluntary employee contributions which we deduct from each participating employee's compensation (subject to certain limits established by law); and (2) a company discretionary contribution made in cash, common stock or a combination thereof, which is determined by multiplying the percentage approved by the Compensation Committee by the employee's annual compensation.

Benefits are payable at age 65 (normal retirement), total disability, death, or upon early employment termination. There are vesting requirements for our contributions, but not for the officer's voluntary contributions. The vesting schedule provides for 20% vesting each year after one year of service, with 100% vesting at six years or more.

For fiscal 2017, we contributed an amount equal to four percent of each eligible officer's annual compensation (with certain limitations to highly compensated employees). Our contribution was funded entirely in cash.

Non-Qualified Deferred Compensation Plan. On January 25, 2011, our Compensation Committee approved a Non-Qualified Deferred Compensation Plan. All of our executive officers are eligible to participate in the Non-Qualified Deferred Compensation Plan. Our Non-Qualified Deferred Compensation Plan is intended to benefit a select group of our highly compensated contributors who are key to our future success and to help attract and retain management talent going forward. Our Non-Qualified Deferred Compensation Plan is an unfunded arrangement and is intended to be exempt from the participation, vesting, funding and fiduciary requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Non-Qualified Deferred Compensation Plan is intended to comply with Section 409A of the Code.

Under our Non-Qualified Deferred Compensation Plan, a participant may contribute, on a tax deferred basis, 25% of his base salary and 90% of his bonus annually. A participant's account is notionally invested in one or more investment funds and the value of the account is determined with respect to such investment allocations. The minimum deferral period is two years for in-service accounts. Each participant is 100% vested in all of his deferred contributions plus any earnings or losses on the investment of such deferrals. Deferred amounts will be distributed, either in lump sum or in equal installments up to five years depending upon the participant's balance, upon the occurrence of the following events: (i) the first day of the seventh month after separation of employment, (ii) on a specified date selected by the participant after a minimum deferral period, (iii) death, (iv) disability (as defined by Section 409A of the Code), or (v) the occurrence of an unforeseen emergency as defined in the Non-Qualified Deferred Compensation Plan.

Although the Non-Qualified Deferred Compensation Plan permits discretionary employer contributions, we have not yet made a contribution to the plan.

In order for our Non-Qualified Deferred Compensation Plan to comply with the applicable requirements of the Code, amounts deferred by our executive officers must remain as employer assets, subject to the claims of the general creditors in the event of bankruptcy or forced liquidation of the Company.

Agreements with Named Executive Officers. In connection with the appointments of Mr. Barton as Chief Executive Officer and Steven Berman as Executive Chairman, we entered into an employment agreement with Mr. Barton and amended and restated Mr. Berman's employment agreement, each effective as of December 28, 2015. In negotiating the agreements, the Compensation Committee analyzed the terms of employment arrangements for comparable executives employed by other publicly held companies. The Compensation Committee also considered each executive officer's responsibilities and contributions to our strategic business development, as well as our aggregate potential obligations under each employment agreement, including payments to an executive upon termination of employment. See Executive Compensation: Compensation Tables Narrative Disclosure to Summary Compensation and Grants of Plan-Based Awards Tables for a discussion of the employment agreements with our named executive officers.

In addition to the employment agreements with Messrs. Barton and Berman, we have agreed to provide Mr. Darby, in the event of Mr. Darby's termination for events outside of Mr. Darby's control, with a severance payment equal to 50% of his then current base salary per month for the twelve consecutive months following his last day of employment.

Post-Employment and Change in Control Benefits. Under the employment agreements with Messrs. Barton and Berman and the severance arrangement with Mr. Darby, severance payments provided by us include a salary continuation component over a specified term. In addition, the employment agreements with Messrs. Barton and Berman provide for annual cash payments in the amount of \$150,000 in lieu of annual bonuses over a specified term and continued medical, dental, vision and hospitalization insurance benefits. See Executive Compensation: Compensation Tables Potential Payments upon Termination or Change in Control for a summary of the termination provisions in the employment agreements with Messrs. Barton and Berman. Severance benefits may also include the accelerated vesting of equity awards. The severance arrangement with Mr. Darby provides for severance payments in the event of termination for events outside of his control.

Generally speaking, we provide severance to our executives to give them financial security in the event they suffer an involuntary termination other than for cause. The payment of the severance benefits is linked to our compensation philosophy of encouraging the retention of our executives that successfully contribute to our annual and long-term goals.

Perquisites and other Benefits. We annually review the perquisites that our executive officers receive. All members of senior management, including our executive officers, are eligible to participate in the Company's other benefits plans on the same terms as our other employees, which plans include medical, dental and life insurance. Relocation benefits are generally reimbursed pursuant to our relocation benefits policy but may be individually negotiated on an as needed basis.

Say-on-Pay

The Compensation Committee and the Board appreciate and value the views of our shareholders. At our 2017 annual meeting of shareholders, approximately 93% of the votes cast were in favor of the say on pay advisory resolution on executive compensation. In light of this strong shareholder support for our overall pay practices and executive compensation, the Compensation Committee decided to maintain our general principles and philosophy in structuring executive compensation for 2018. The Compensation Committee will continue to evaluate our compensation programs to ensure that the management team's interests are aligned with our shareholders' interests to support long-term value creation.

Changes to Executive Compensation for Fiscal 2018 and Future Years

For fiscal 2018, the Compensation Committee eliminated the long-term performance award under the Executive Cash Bonus Plan.

As a result of the upcoming expiration of our 2008 Plan, in March 2018 our Board of Directors adopted, subject to shareholder approval, the 2018 Plan. Shareholder approval of the 2018 Plan is being sought. See Proposal III: Approval of the Dorman Products, Inc. 2018 Stock Option and Stock Incentive Plan.

In addition, in March 2018, the Board adopted the Dorman Products, Inc. 2018 Cash Bonus Plan (the 2018 Cash Plan) to replace our Executive Cash Bonus Plan. The purpose of the 2018 Cash Plan is to align officers and other employees efforts with the strategic goals of the Company through competitive annual incentive opportunities. The 2018 Cash Plan will be administered by the Compensation Committee. The Compensation Committee will have the power to grant awards under the 2018 Cash Plan, determine the amount of cash to be paid pursuant to each award and the terms and conditions of each award. Awards may provide for payment in installments, or upon the satisfaction of qualitative performance standards or quantitative performance standards, on an individual, divisional or Company-wide basis, as determined by the Compensation Committee.

Each participant in the 2018 Cash Plan will be entitled to receive payment of the award only after certification by the Compensation Committee that the targets associated with the award have been satisfied. Final payments with respect to awards will vary based on the level of achievement measured against the pre-determined performance measures. Except as may be approved by the Compensation Committee, each participant must be employed full-time on the date of payment to receive the amount earned under the award. Except as otherwise provided by the Compensation Committee, awards will be paid on or before March 15th following the end of the plan year in which payment under the award is earned. The Compensation Committee will have the discretion to reduce or eliminate the amount otherwise payable to a participant if it determines that such a reduction or elimination is in the best interests of our Company.

Stock Ownership Guidelines

Consistent with our executive compensation philosophy and the principle of aligning executive and shareholder interests, our Compensation Committee adopted stock ownership guidelines, effective as of January 1, 2015, which require our named executive officers to maintain minimum ownership levels of our common stock. Under these guidelines, our Chief Executive Officer is expected to own shares of our common stock that have a value at least equal to six times his annual base salary and each of our other named executive officers is expected to own shares of our common stock that have a value at least equal to three times his annual base salary.

Shares that are counted for purposes of satisfying ownership requirements include:

Shares owned directly (including through open market purchases, vesting of restricted stock awards or exercise of stock options);

Shares held by immediate family members residing in the same household or through trusts for the benefit of the person or his or her immediate family members; and

Shares attributable to an individual's vested account balance in any savings or retirement plan maintained by the Company.

Stock options and unvested restricted stock will not be considered when determining an individual's stock ownership. All of our named executive officers must comply with these ownership requirements within five years following the later of (i) his date of hire or promotion, or (ii) January 1, 2015.

The foregoing stock ownership requirements will be measured annually in January. For purposes of the measurement, the individual's stock ownership shall be valued based on the average closing price of our common stock for the prior calendar year.

Compensation Committee Report

The information contained in this Compensation Committee report is not soliciting material and has not been filed with the SEC. This report will not be incorporated by reference into any of our future filings under the Securities Act of 1933, as amended, referred to as the Securities Act, or the Exchange Act, except to the extent that we may specifically incorporate it by reference into a future filing.

The Compensation Committee met with management and reviewed and discussed with management the Compensation Discussion and Analysis. Based upon the review and discussions referred to above, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Annual Report on Form 10-K of the Company for the fiscal year ended December 30, 2017.

Compensation Committee

John J. Gavin, Chairman

Richard T. Riley

Kelly A. Romano

Paul R. Lederer

G. Michael Stakias

Executive Compensation: Compensation Tables

Summary Compensation Table for Fiscal 2017

The following table sets forth summary information relating to all compensation awarded to, earned by or paid to the individuals listed in the table below, collectively referred to as our named executive officers, for all services rendered in all capacities to us and our subsidiaries during the fiscal years noted below:

Name and Principal Position(1)	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(2)	Option Awards(3)	Non-Equity Incentive Plan Compensation (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
Steven L. Berman Executive Chairman, Secretary and Treasurer and Former Chief Executive Officer	2017	360,000		153,820	76,924	335,611	10,800	937,155
	2016	360,000		153,841	76,917	480,355	10,600	1,081,713
	2015	632,816				562,453	10,600	1,205,869
Mathias J. Barton President and Chief Executive Officer	2017	682,692		373,304	186,661	594,302	10,800	1,847,759
	2016	600,000		1,153,296	128,200	744,304	10,653	2,636,453
	2015	424,360				301,740	10,743	736,843
Jeffrey L. Darby Senior Vice President, Sales and Marketing	2017	369,620		491,684	56,255	175,313	10,800	1,103,672
	2016	343,917		194,600	40,125	238,114	10,613	827,369
	2015	327,540	32,754	131,016		116,448	10,636	618,394
Michael B. Kealey Executive Vice President, Commercial	2017	403,654		155,843	77,929	271,788	10,800	920,014
	2016	360,000		215,769	47,997	275,206	10,613	909,585
	2015	327,540	32,754	131,016		116,448	10,636	618,394
Kevin M. Olsen Executive Vice President, Chief Financial Officer	2017	414,038		155,823	77,924	201,025	10,800	859,610
	2016	212,692	50,000	519,870	145,152	169,701	125,000	1,222,415

(1) Mr. Olsen joined the Company as Chief Financial Officer effective as of June 13, 2016.

(2) Represents the grant date fair value of awards determined in accordance with FASB ASC Topic 718. See also Note 12 of the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017.

Stock awards granted in fiscal 2017 include grants of: (i) time-vested restricted stock to Mr. Darby, and (ii) performance-based restricted stock to each of our named executive officers. We calculated the estimated fair value of the time-vested restricted stock award and the performance-based restricted stock awards using the closing price per share of our common stock on the grant date. The grant date fair value for the performance-based restricted stock awards granted in 2017 was calculated based upon the probable outcome of the performance conditions on the grant date and is consistent with our estimate of aggregate compensation cost to be recognized over the service period determined under ASC Topic 718, excluding the effect of estimated forfeitures. For this purpose, the probable outcome was assumed to be at target level attainment.

The table below shows the grant date fair value of each of the time-vested restricted stock award and the performance-based restricted stock awards which were granted to our named executive officers in fiscal 2017 based on such probable outcome, as applicable, as well as the value of the performance-based restricted stock awards at the grant date assuming that the maximum level of the performance conditions (200% of target) will be achieved.

Named Executive Officer	Grant Date Fair Value	Grant Date Fair Value	Value of 2017
	of 2017 Time-Vested Restricted Stock Awards	of 2017 Performance- Based Restricted Stock Awards	Performance-Based Restricted Stock Awards at Maximum Performance Level
	(\$)	(\$)	(\$)
S. Berman		153,820	307,640
M. Barton		373,304	746,608
J. Darby	379,150	112,534	225,068
M. Kealey		155,813	311,685
K. Olsen		155,823	311,646

The stock awards granted to named executive officers in fiscal 2017 are subject to vesting and performance conditions described on pages 29-30.

- (3) Represents the grant date fair value of option awards determined in accordance with FASB ASC Topic 718. We calculate the grant date fair value of option awards using the Black-Sholes option pricing model using assumptions set forth in Note 12 of the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017.
- (4) Represents awards paid under our Executive Cash Bonus Plan after the fiscal year with respect to that fiscal year's performance. For fiscal 2017, includes (i) annual cash bonuses of \$185,760, \$361,200, \$112,875, \$201,025 and \$201,025 earned by each of Messrs. Berman, Barton, Darby, Kealey and Olsen, respectively, and (ii) long-term bonuses of \$149,851, \$233,102, \$62,438 and \$70,763 earned by each of Messrs. Berman, Barton, Darby and Kealey, respectively. The Compensation Committee decided to pay the long-term bonus in equity. The number of shares issued was determined by dividing the cash value of the long-term bonuses earned by the fair market value of the Company's common stock on the seventh trading day following the date of the Company's release of year-end financial results. Accordingly, each of Messrs. Berman, Barton, Darby and Kealey were issued 2,065, 3,213, 861 and 975 shares of common stock, respectively.
- (5) The All Other Compensation column for the fiscal year ended December 30, 2017 includes: \$10,800 in employer contributions to the 401(k) Retirement Plan for each of our named executive officers.

Grants of Plan-Based Awards for Fiscal 2017

The following table sets forth information regarding grants of plan-based awards to our named executive officers during the fiscal year ended December 30, 2017.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽⁴⁾			All Other Grants of Stock Awards or Underlying Options			Grant Date of Stock and Option Awards ⁽⁷⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Units of Shares of Stock or Underlying Options ⁽⁵⁾	Number of Options Awards ⁽⁶⁾	Exercise Price of Option Awards (\$/Sh)	
Steven L. Berman		108,000 ⁽¹⁾	216,000 ⁽¹⁾	432,000 ⁽¹⁾⁽³⁾							
	2/27/2017		149,851 ⁽²⁾	2,000,000 ⁽²⁾⁽³⁾	978	1,956	3,912				153,820
Mathias J. Barton	2/27/2017							4,909	78.64		76,920
	2/27/2017	210,000 ⁽¹⁾	420,000 ⁽¹⁾	840,000 ⁽¹⁾⁽³⁾	2,374	4,747	9,494				373,300
Jeffrey L. Darby	2/27/2017		233,102 ⁽²⁾	2,000,000 ⁽²⁾⁽³⁾				11,912	78.64		186,660
	2/27/2017	65,625 ⁽¹⁾	131,250 ⁽¹⁾	262,500 ⁽¹⁾⁽³⁾	715	1,431	2,862				112,530
Michael B. Kealey	2/27/2017		62,438 ⁽²⁾	2,000,000 ⁽²⁾⁽³⁾				5,000			379,150
	2/27/2017	116,875 ⁽¹⁾	233,750 ⁽¹⁾	467,500 ⁽¹⁾⁽³⁾	827	1,653	3,306				129,990
Kevin M. Olsen	2/27/2017		70,763 ⁽²⁾	2,000,000 ⁽²⁾⁽³⁾				4,148	78.64		64,990
	6/8/2017				157	313	626	759	82.59		12,930
Kevin M. Olsen	6/8/2017										25,850
	6/8/2017	116,875 ⁽¹⁾	233,750 ⁽¹⁾	467,500 ⁽¹⁾⁽³⁾	944	1,888	3,776				148,470
Kevin M. Olsen	2/27/2017							4,738	78.64		74,240
	6/8/2017				45	89	178	216	82.59		3,680
Kevin M. Olsen	6/8/2017										7,350
	6/8/2017										

(1) Represents the potential fiscal 2017 annual cash bonus awards under the Executive Cash Bonus Plan. See pages 25-28 for more information on the fiscal 2017 annual cash bonus awards under the Executive Cash Bonus Plan, including the applicable performance conditions. Actual cash amounts paid in connection with the fiscal 2017

annual cash bonus awards under the Executive Cash Bonus Plan are set forth in Footnote 4 to the Summary Compensation Table above.

- (2) Represents the potential fiscal 2017 long-term bonus awards under the Executive Cash Bonus Plan. See pages 25-28 for more information on the fiscal 2017 long-term bonus awards under the Executive Cash Bonus Plan, including the applicable performance conditions. The target amounts reflected in the table are calculated based on the Company's actual three-year compounded growth in adjusted pre-tax pre-bonus income of 8.3%. Such results were not known at the time the long-term performance-based awards were granted. The Compensation Committee decided to pay the long-term bonus in equity. The number of shares issued was determined by dividing the cash value of the long-term bonuses earned by the fair market value of the Company's common stock on the seventh trading day following the date of the Company's release of year-end financial results. The actual shares issued pursuant to the long-term bonuses are set forth in Footnote 4 to the Summary Compensation Table above.
- (3) The maximum aggregate bonus that may be paid in any single year to any named executive officer under the Executive Cash Bonus Plan is \$2,000,000.
- (4) Represents performance-based restricted stock awards granted under the 2008 Plan in fiscal 2017. Such awards are subject to vesting and performance conditions described on pages 29-30.
- (5) Represents a time-vested restricted stock award granted under the 2008 Plan in fiscal 2017. Such award is subject to vesting conditions described on page 30.

- (6) Represents options to purchase common stock granted under the 2008 Plan in fiscal 2017. Such options are subject to vesting conditions described on pages 28-29.
- (7) Represents the grant date fair value computed in accordance with ASC Topic 718. See also Note 12 of the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017 and Footnotes 2 and 3 to the Summary Compensation Table above.

Narrative Disclosure to Summary Compensation and Grants of Plan-Based Awards Tables

Amended and Restated Employment Agreement with Steven L. Berman. On December 28, 2015, the Company entered into an amended and restated employment agreement with Mr. Berman. The agreement provides for an initial term of approximately three years expiring March 31, 2019, with the term of Mr. Berman's employment being automatically extended for an additional one year period on March 31, 2019 and on each anniversary of March 31, 2019, unless earlier terminated as provided in the agreement.

Pursuant to the amended and restated employment agreement, Mr. Berman's annual base salary was set at \$360,000 per year, subject to increase but not decrease from time to time as determined by the Compensation Committee. The amended and restated employment agreement also provides for eligibility for (i) an annual bonus and other benefits provided under the Executive Cash Bonus Plan or other plans maintained by us, and (ii) grants of awards under the 2008 Plan or other equity-related incentive plans maintained by us, in case of both clauses (i) and (ii) in such amounts as determined by the Compensation Committee, in its sole discretion. Further, the amended and restated employment agreement provides that Mr. Berman will be eligible to participate in other employment benefits plans or arrangements generally available to our executive officers and not less than four weeks paid vacation per year.

In addition, Mr. Berman's amended and restated employment agreement contains a clawback provision which provides that any incenti