

TUCOWS INC /PA/  
Form DEF 14A  
July 29, 2014  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

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

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**TUCOWS INC.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

Amount Previously Paid:

(1)

Form, Schedule or Registration Statement No.:

(2)

(3) Filing Party:

Date Filed:

(4)

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July 29, 2014

Dear Fellow Shareholder:

You are cordially invited to attend the 2014 annual meeting of shareholders of Tucows Inc. to be held at the offices of the company, 96 Mowat Avenue, Toronto, Ontario, M6K 3M1, Canada, on Wednesday, September 9, 2014 at 4:30 p.m. (local time).

The accompanying notice of annual meeting and proxy statement describes the matters we will discuss and vote on at the annual meeting. You will also have an opportunity to ask questions.

As permitted by the rules of the Securities and Exchange Commission, we are furnishing proxy materials, including this notice of Annual Meeting, proxy statement, our 2013 Annual Report on Form 10-K and the electronic proxy card for the meeting to our shareholders via the Internet by sending them a Notice of Internet Availability of Proxy Materials (the "Notice") that explains how to access our proxy materials and how to vote online. If you received the Notice and would like us to send you a printed copy of our proxy materials, please follow the instructions included in the Notice.

**Your vote is important.** I hope you will join us at the annual meeting. Whether or not you plan to attend, you can ensure that your shares are represented and voted at the annual meeting in accordance with your instructions by promptly completing, signing, dating and returning the enclosed proxy card in the envelope provided, or by voting your shares over the phone or Internet. You may also be entitled to vote in person at the meeting. Please refer to detailed instructions included in the proxy statement or in the Notice.

We look forward to seeing you on September 9, 2014.

Sincerely,

Elliot Noss  
*President and Chief Executive Officer*

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**TUCOWS INC.**

**96 Mowat Avenue**

**Toronto, Ontario M6K 3M1**

**Canada**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**September 9, 2014**

The 2014 annual meeting of shareholders of Tucows Inc. will be held at 4:30 p.m. (local time) on September 9, 2014 at the offices of the company, 96 Mowat Avenue, Toronto, Ontario, M6K 3M1, Canada, to:

1. Elect six directors to serve on our Board of Directors until the next annual meeting of shareholders or until their successors are duly elected and qualified;
2. Ratify the appointment of KPMG LLP as our independent public accountants to audit our financial statements for the year ending December 31, 2014;
3. Approve, on an advisory basis, named executive officer compensation;
4. Approve, on an advisory basis, the frequency of non-binding advisory votes on named executive officer compensation;
5. Transact such other business as may properly come before the meeting and any and all adjournments and postponements thereof.

At the annual meeting, our Board of Directors intends to present Allen Karp, Rawleigh Ralls, Erez Gissin, Joichi Ito, Elliot Noss, and Jeffery Schwartz as nominees for election to the Board of Directors.

Only shareholders of record on the books of the company at the close of business on July 11, 2014 will be entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof. Our Board of Directors is soliciting the enclosed proxy. Please carefully read the accompanying proxy statement for more information regarding the business to be transacted at the annual meeting. You will also find enclosed our 2013 Annual Report on Form 10-K.

We will make available at the annual meeting a complete list of the shareholders entitled to vote at the annual meeting, and you may examine the list for any purpose related to the annual meeting.

Your vote is important. Whether or not you plan to attend, you can ensure that your shares are represented and voted at the annual meeting in accordance with your instructions by promptly completing, signing, dating and returning the enclosed proxy card in the envelope provided, or by voting your shares over the phone or Internet. You may also be entitled to vote in person at the meeting. Please refer to detailed instructions included in the proxy statement or in the Notice of Internet Availability of Proxy Materials.

Michael Cooperman  
*Chief Financial Officer and Secretary*

*Toronto, Ontario*

July 29, 2014

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**Important Notice Regarding the Availability of Proxy Materials for  
the Annual Meeting of Stockholders to Be Held on September 9, 2014:**

**We are furnishing proxy materials to you via the Internet. The Notice of Internet Availability Proxy Materials will instruct you as to how you may vote your proxy. No printed materials will be available unless you specifically request them by following the instructions in the “Notice of Internet Availability of Proxy Materials.” Printed copies will be provided upon request at no charge.**

**This proxy statement and the 2013 Annual Report on Form 10-K are also available at <http://www.tucows.com/investors/filings/> for viewing, downloading and printing. The information on our website is not part of this proxy statement. References to our website in this proxy statement are intended to serve as inactive textual references only.**

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**TUCOWS INC.**

**96 Mowat Avenue**

**Toronto, Ontario M6K 3M1**

**Canada**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**September 9, 2014**

We are sending this proxy statement to shareholders of Tucows Inc., a Pennsylvania corporation (“Tucows” or the “Company”), in connection with our Board of Directors’ solicitation of proxies for use at our annual meeting of shareholders on September 9, 2014. We have also enclosed our 2013 Annual Report on Form 10-K (which does not form a part of the proxy solicitation material).

**VOTING INFORMATION**

**Record Date**

The record date for the annual meeting was July 11, 2014. You may vote all shares of our common stock that you owned as of the close of business on that date. On July 11, 2014, we had 11,287,867 shares of common stock outstanding. Each share of common stock is entitled to one vote on each matter to be voted at the annual meeting. This proxy statement or the Notice of Internet Availability of Proxy Materials (the “Notice”) are being mailed or made available on the Internet on or about July 29, 2014 to shareholders of record as of the close of business on the record date.



## How to Vote

**By mail.** If you hold your shares through a securities broker (that is, in street name), you may complete and mail the voting instruction card forwarded to you by your broker. If you hold your shares in your name as a holder of record, you can vote your shares by proxy by completing, signing and dating the proxy card and returning it in the enclosed postage-paid envelope. A properly completed and returned proxy card will be voted as you instruct, unless you subsequently revoke your instructions.

**By telephone.** If you hold your shares through a securities broker, you may vote by telephone by following the instructions included with the voting instruction card forwarded to you by your broker. If you vote your shares via telephone, you may incur additional charges.

**By Internet.** If you hold your shares through a securities broker, you may vote your shares via the Internet by following the instructions included with the voting instruction card forwarded to you by your broker. If you vote your shares via the Internet, you may incur costs such as telephone and Internet access charges.

**At the annual meeting.** Submitting your vote by mail or via the Internet does not limit your right to vote in person at the annual meeting if you later decide to do so. If you hold your shares in street name and want to vote in person at the annual meeting, you must obtain a proxy from your broker and bring it to the annual meeting.

## Revoking Your Proxy

You can revoke your proxy at any time before your shares are voted at the annual meeting. If you are a shareholder of record, you can send a written notice of revocation to our secretary at our principal executive office (96 Mowat Avenue, Toronto, Ontario, M6K 3M1, Canada) and request another proxy card. If you hold your shares through a broker, bank or other nominee, you can revoke your proxy by contacting the broker, bank or other nominee and asking for a new proxy card. If you submitted your proxy by Internet or by telephone, you can vote again by voting over the Internet or by telephone. You can also attend the annual meeting and vote in person. Merely attending the annual meeting will not revoke your proxy.

### **Returning Your Proxy without Indicating Your Vote**

If you return a signed proxy card without indicating your vote and do not revoke your proxy, your shares will be voted according to the Board of Directors' recommendations.

### **Quorum Required to Hold the Annual Meeting**

On September 9, 2014, we need the presence of, in person or by proxy, shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast, on a particular matter to be acted upon at the meeting, in order to constitute a quorum for the purpose of consideration of and action on the matter. If a quorum is present then the shareholders can continue to do business and vote on other matters until adjournment. Votes withheld in the election of directors are treated as present for purposes of determining a quorum. If your shares are held in "street name" and you do not give your broker voting instructions, your broker generally will have discretion to vote your shares for "routine" matters such as the proposal to ratify KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014. If your broker votes your shares on this proposal you will be deemed present for purposes of determining a quorum. For more information regarding "routine" and "non-routine" matters and "broker non-votes," see "— Street Name Shares and Broker Non-Votes."

### **Vote Required to Elect Directors**

A plurality of the votes cast is required for the election of directors. Accordingly, the six nominees for election as directors who receive the highest number of votes actually cast will be elected.

### **Vote Required to Ratify the Appointment of KPMG LLP**

The affirmative vote of a majority of the votes cast by all shareholders represented at the annual meeting, in person or by proxy, and entitled to vote is required to ratify the appointment of KPMG LLP as our independent public accountant for the year ending December 31, 2014.

### **Vote Required regarding Advisory Votes on the Compensation of Our Named Executive Officers**

The affirmative vote of a majority of the votes cast by all shareholders represented at the annual meeting, in person or by proxy, and entitled to vote is required to approve, on an advisory basis, the compensation of our named executive officers.

### **Vote Required regarding the Frequency of Advisory Votes on the Compensation of Our Named Executive Officers**

For the non-binding advisory vote on the frequency of shareholder advisory votes on the compensation of our named executive officers, the frequency receiving the highest number of votes from shareholders represented at the annual meeting in person or by proxy and entitled to vote will be considered the frequency preferred by the shareholders. Because this vote is non-binding, our Board of Directors may determine the frequency of future advisory votes on the compensation of our named executive officers in its discretion.

### **Withholding Your Vote or Voting to “Abstain”**

In the election of directors, you may withhold your vote for any of the nominees. Withheld votes will be excluded entirely from the vote and will have no effect on the outcome. For the other three proposals, you may vote to “abstain.” If you vote to “abstain” for any of these three proposals, your shares will be excluded entirely from the vote and will have no effect on the outcome of that proposal.

### **Street Name Shares and Broker Non-Votes**

A “broker non-vote” occurs when a bank, broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have authority to vote on that particular proposal without receiving voting instructions from the beneficial owner. Under applicable New York Stock Exchange (“NYSE”) rules, brokers cannot exercise discretion to vote shares in an uncontested election of directors or on matters relating to executive compensation (each, a “non-routine” proposal) if the shareholder does not give the broker voting instructions for these matters. To the extent that brokers have not received voting instructions, brokers report such number of shares as “non-votes.” Accordingly, subject to the rules of the NYSE concerning transmission of proxy materials to beneficial owners, and subject to any proxy voting policies and procedures of those brokerage firms, if your shares are held in “street name” and you wish to vote your shares on: (1) the election of directors, (2) approval, in an advisory vote, of our executive compensation and (3) approval, in an advisory vote, the frequency of shareholder votes of our executive compensation, you must give your broker voting instructions for these proposals.



“Broker non-votes” will have no effect on the votes for (1) the election of directors, (2) approval, in an advisory vote, of our executive compensation and (3) approval, in an advisory vote, the frequency of shareholder votes of our executive compensation. “Broker non-votes” will not occur in connection with the proposal to ratify KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2014 because this is a “routine” matter and brokers, banks, trustee and other nominees have discretionary voting authority to vote shares on this proposal without specific instruction from the beneficial owner of such shares.

### **Postponement or Adjournment of the Annual Meeting**

If the annual meeting is postponed or adjourned, your proxy will still be valid and may be voted at the rescheduled meeting. You will still be able to revoke your proxy until it is voted.

**BENEFICIAL OWNERSHIP OF COMMON STOCK AND RELATED SHAREHOLDER MATTERS****Stock Ownership of Executive Officers and Directors**

The following table sets forth the beneficial ownership of our common stock, as of the record date, by our Chief Executive Officer, Mr. Elliot Noss, and Messrs. Michael Cooperman and David Woroch, our two other most highly compensated executive officers for the last completed fiscal year (each a “named executive officer”), each of our directors and all of our directors and executive officers as a group. The information on beneficial ownership in the table and related footnotes is based upon data furnished to us by, or on behalf of, the persons referred to in the table. Unless otherwise indicated in the footnotes to the table, each person named has sole voting power and sole investment power with respect to the shares included in the table.

Name	Common Stock Beneficially Owned Excluding Options (1)	Stock Options Exercisable within 60 Days of July 11, 2014(1)	Total Common Stock Beneficially Owned	Percent of Class (2)
Named executive officers and directors				
Elliot Noss, President and Chief Executive Officer	698,146 (3)	60,437	758,583	6.7%
Michael Cooperman, Chief Financial Officer	260,082 (4)	62,624	322,706	2.8%
David Woroch, Executive Vice-President, Sales and Support	95,001 (5)	75,124	170,125	1.5%
Erez Gissin, Director	13,750	28,750	42,500	*
Joichi Ito, Director	6,250	3,750	10,000	*
Allen Karp, Director	33,750	31,875	65,625	*
Lloyd Morrisett, Director	53,750 (6)	36,875	90,625	*
Rawleigh Ralls, Director	918,750 (7)	26,250	945,000	8.4%
Jeffrey Schwartz, Director	15,625	41,250	56,875	*
All directors and executive officers as a group (11) persons)	2,116,404	497,183	2,613,587	22.2%

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\*Less than 1%

(1) Numbers reflect the 4 to 1 reverse stock split that became effective on December 30, 2013.

(2) Based on 11,287,867 shares outstanding as of July 11, 2014, adjusted for shares of common stock beneficially owned but not yet issued.

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- (3) Includes an aggregate of 124,036 shares of common stock that are indirectly owned by Mr. Noss.
- (4) Includes 53,984 shares of common stock that are held in Mr. Woroch's Registered Retirement Savings Plan ("RRSP") account and 10,750 shares of common stock held in his wife's RRSP account.
- (5) Includes 37,188 shares of common stock that are held in Mr. Cooperman's RRSP account.
- (6) These shares of common stock are owned jointly by Dr. Morrisett and his wife.

Of these shares, 56,250 shares are held in Mr. Ralls' IRA account, 6,250 shares are held in Mrs. Ralls' IRA account and 850,000 are held by Lacuna Hedge Fund LLLP ("Lacuna Hedge") and are indirectly owned by Lacuna, LLC ("Lacuna LLC") and Lacuna Hedge GP LLLP ("Lacuna Hedge GP"). Lacuna LLC is the sole general partner of Lacuna Hedge GP, which is the sole general partner of Lacuna Hedge. Neither Lacuna LLC nor Lacuna Hedge GP directly owns any securities of the Company. Each of Lacuna LLC and Lacuna Hedge GP disclaims beneficial ownership of the shares held by Lacuna Hedge, except to the extent of its pecuniary interest therein. Mr. Ralls is a member of Lacuna LLC. Mr. Ralls disclaims beneficial ownership of the shares held by Lacuna Hedge, except to the extent of his pecuniary interest therein.

### Stock ownership of Principal Shareholders

The following table sets forth information with respect to each shareholder known to us to be the beneficial owner of more than 5% of our outstanding common stock as of the record date.

Name and Address of Beneficial Owner	Beneficial Ownership of Common Stock Number of		Percent of
	Shares	Class(1)	
Lacuna, LLC	850,000 <sup>(2)</sup>		7.5 %

1100 Spruce Street, Suite 202



Boulder, CO 80302

Osmium Partners, LLC

300 Drakes Landing Rd, Suite 172                      1,054,177<sup>(3)</sup>    9.3    %

Greenbrae, CA 94904

Elliot Noss

96 Mowat Avenue    698,146<sup>(4)</sup>    6.7    %

Toronto, ON M6K 3M1

(1)Based on 11,287,867 shares outstanding as of July 11, 2014.

As disclosed on Form 4, filed with the Securities and Exchange Commission (the “SEC”) on April 3, 2014 by Mr. Ralls. These shares are held by Lacuna Hedge and are indirectly owned by Lacuna LLC and Lacuna Hedge GP. Lacuna LLC serves as the sole general partner of Lacuna Hedge GP, which serves as the sole general partner of (2)Lacuna Hedge. Neither Lacuna LLC nor Lacuna Hedge GP directly owns any securities of the Issuer. Each of Lacuna LLC and Lacuna Hedge GP disclaims beneficial ownership of the securities held by Lacuna Hedge, except to the extent of its pecuniary interest therein. Mr. Ralls is a member of Lacuna LLC. Mr. Ralls disclaims beneficial ownership of the securities held by Lacuna Hedge, except to the extent of his pecuniary interest therein.

As disclosed on Schedule 13G/A, filed with the SEC on February 12, 2014 by Mr. John H. Lewis, the controlling member of Osmium Partners, LLC, a Delaware limited liability company (“Osmium Partners”). Osmium Partners serves as the general partner of Osmium Capital, LP, a Delaware limited partnership (the “Fund”) and Osmium Capital II, LP, a Delaware limited partnership (“Fund II”), and Osmium Spartan, LP, a Delaware limited partnership (3) (“Fund III”) (all of the foregoing, collectively, the “Filers”). The Fund, Fund II and Fund III are private investment vehicles formed for the purpose of investing and trading in a wide variety of securities and financial instruments. The Fund, Fund II and Fund III directly own the common shares reported in this proxy statement. Mr. Lewis and Osmium Partners may be deemed to share with the Fund, Fund II and Fund III (and not with any third party) voting and dispositive power with respect to such shares. Each Filer disclaims beneficial ownership with respect to any shares other than the shares owned directly by such Filer.

(4) As disclosed on Form 4, filed with the SEC on March 18, 2014 by Mr. Noss. Includes an aggregate of 124,036 shares of common stock that are held in Mr. Noss's RRSP accounts. Includes 564,951 shares of Common Stock that are subject to a loan and pledge arrangement entered into by Mr. Noss in order to satisfy the required Canadian taxes and exercise price due in connection with the exercise of expiring options.

## **PROPOSAL No. 1**

### **ELECTION OF DIRECTORS**

Our business is managed under the direction of our Board of Directors. Our Second Amended and Restated Bylaws, as amended (the “Bylaws”) provide that our Board of Directors determines the number of directors from time to time, which is currently set at a maximum of seven. Our directors are all subject to annual election. The current term of office of all of our directors expires upon election of their successors at the 2014 annual meeting.

Our Board of Directors is presently composed of seven members of whom six are standing for re-election. Our Board of Directors has determined that, as of the date of the annual meeting, the number of directors that constitutes a full board will be set at six. Our Board of Directors proposes that these six directors nominees be elected for a term of one year until the 2015 annual meeting and until their successors are duly selected and qualified. Dr. Lloyd Morrisett, current member of our Board of Directors, will retire and will not stand for re-election. We thank Dr. Morrisett for his years of services on our Board of Directors. All director nominees have agreed to be named in this proxy statement and to serve if elected.

Our Board of Directors expects that all of the nominees will be available for election and be willing to serve as a director. In the event that any of the nominees become unavailable or unwilling to serve as a director, proxies received will be voted for substitute nominees to be designated by our Board of Directors or, in the event no such designation is made, proxies will be voted for a lesser number of nominees.

Set forth below is biographical information for each nominee standing for election at the 2014 Annual Meeting. The following descriptions also outline the specific experience, qualifications, attributes, and skills that qualify each person to serve on our Board of Directors.

#### **The directors standing for election are:**

**Allen Karp** Co-Chairman of the Board since September 2012 and Director since October 2005

Mr. Karp, 73, had held various positions at Cineplex Odeon Corporation from 1986 to his retirement as Chairman and Chief Executive Officer in 2002 and as Chairman Emeritus in 2005. From 1966 to 1986, he practiced law at the law firm of Goodman and Carr LLP, where he was named partner in 1970. Mr. Karp was a director of the Toronto

International Film Festival Group, where he served as Chairman of the Board from 1999 to 2007 and has served as Chairman of its Corporate Governance Committee since 2007. Mr. Karp was formerly a director on the boards of Brookfield Residential Real Estate Inc., IBI Inc., Teknion Inc., Alliance Atlantis Inc., and Speedy Muffler King Ltd. In several instances Mr. Karp served as Chairman and/or Lead Director with these companies and chaired and participated in various Board committees.

Mr. Karp has extensive executive leadership skills, long-standing senior management experience, a strong ethics and compliance focus and audit committee experience. These skills and qualifications, in addition to his current service on the boards of directors of other public companies, enable him to bring valuable perspectives to our Board, particularly with respect to corporate governance matters, and qualify him to serve as a director of Tucows.

**Rawleigh H. Ralls** Co-Chairman of the Board since September 2012 and Director since May 2009

Mr. Ralls, 51, is a founding partner of Lacuna, LLC, an investment management company focused on both public and private companies, which he formed in October 2006. Prior thereto, from 1999 to 2006, he was Chairman of Netidentity.com, an Internet email and web hosting company, where he led corporate strategy and development until the firm's sale in 2006. Mr. Ralls currently serves on the Board of Directors of a number of companies, including Savoya, LLC, IntraOp Medical, Knowledge Factor, and Mocupay, Inc.

Mr. Ralls has a wealth of industry experience, most notably the experience that he gained through his leadership of Netidentity.com. In addition, Mr. Ralls contributes a unique perspective to the Board's discussions and considerations based on the two decades of investing and portfolio management experience. All of these attributes qualify Mr. Ralls to serve as a director of Tucows.

**Erez Gissin** Director since August 2001

Mr. Gissin, 55, has served since 2010 as a managing partner in Helios Energy Investment, a Renewable Energy investment fund, and since 2005 as the Chief Executive Officer of BCID Ltd., an investment company focusing on infrastructure development projects in China. From July 2000 to March 2005, Mr. Gissin served as the Chief Executive Officer of IP Planet Networks Ltd., an Israeli satellite communication operator providing Internet backbone connectivity and solutions to Internet Service Providers. From July 1995 to July 2000, Mr. Gissin was Vice President, Business Development of Eurocom Communications Ltd., a holding company that controls several telecommunications services, equipment and Internet companies in Israel.

Mr. Gissin has a strong background in the internet communications industry and has gained significant institutional knowledge in his long tenure as one of our directors. Mr. Gissin also has significant leadership experience as the Chief Executive Officer of BCID Ltd. and IP Planet Networks Ltd. and has extensive financial acumen derived from his years of executive experience. All of these qualities qualify Mr. Gissin to serve as a director of Tucows.

**Joichi Ito** Director since December 2008

Mr. Ito, 47, is the Director of the MIT Media Lab. He is also the Chairman of Creative Commons, where he has served on the board since April 2008 and is a co-founder of Digital Garage, where he has served on the board since September 2006. Since June 2012, Mr. Ito has been a member of the Board of Directors of the New York Times Corporation and in June 2013, he became a member of the Board of Directors of the Sony Corporation.

From June 2002 until July 2008, Mr. Ito served on the board of Pia Corporation, a ticket and entertainment magazine company in Japan (Tokyo Stock Exchange 4337). Since May 2009, Mr. Ito has served on the board of CCC, a video rental franchise company in Japan (Tokyo Stock Exchange 4756). From December 2004 until December 2007, he served on the board of ICANN, a U.S. non-profit corporation. ICANN manages the domain name registration system that Tucows uses for its domain name business and ICANN receives fees from Tucows for domain name registrations.

Mr. Ito is also on the Board of Directors of a number of non-profit organizations, including The Knight Foundation, the MacArthur Foundation and The Mozilla Foundation. He has created numerous Internet companies, including PSINet Japan, Digital Garage (Tokyo Stock Exchange 4819) and Infoseek Japan and was an early stage investor in Twitter, Six Apart, Flickr, SocialText, Dopplr, Last.fm, Rupture and Kongregate. He has served and continues to serve on various Japanese central as well as local government committees and boards, advising the government on information technology, privacy and computer security related issues.

Mr. Ito has extensive experience as a director and/or board member of a number of publicly traded companies, in particular the MIT Media Lab, Sony Corporation, The New York Times Corporation, The MacArthur Foundation,

The Knight Foundation, The Mozilla Foundation and Digital Garage. Mr. Ito has a wide range of experience with internet companies generally. This experience, along with Mr. Ito's domain specific knowledge, enables him to bring key experience to the Company and qualifies him to serve as a director of Tucows.

**Elliot Noss** Director since August 2001

Mr. Noss, 51, is our President and Chief Executive Officer and has served in such capacity since the completion of our merger with Tucows Delaware in August 2001. From May 1999 until completion of the merger in August 2001, Mr. Noss served as President and Chief Executive Officer of Tucows Delaware. Before that, from April 1997 to May 1999, Mr. Noss served as Vice President of Corporate Services of Tucows Interactive Ltd., which was acquired by Tucows Delaware in May 1999.

Mr. Noss's lengthy service as our Chief Executive Officer has provided him with extensive knowledge of, and experience with, Tucows' operations, strategy and financial position. In addition, Mr. Noss has widespread knowledge of the internet and software industry generally that, coupled with his operational expertise, qualifies him to serve as a director of Tucows.

**Jeffrey Schwartz** Director since June 2005

Mr. Schwartz, 51, has served as a director of Dorel Industries since 1987 and as Executive Vice President and Chief Financial Officer since 2003. Mr. Schwartz is a graduate of McGill University in Montreal and has a degree in the field of business administration.

Mr. Schwartz has a significant amount of public-company financial expertise, particularly in his executive experience as the chief financial officer of Dorel Industries, Inc. This executive experience, along with Mr. Schwartz's service as one of our Audit Committee members (and as Chairman of our Audit Committee since 2005), qualifies him to serve as a director of Tucows.

**The Board of Directors unanimously recommends a vote FOR the nominees listed above.**

## **CORPORATE GOVERNANCE**

### **Corporate Governance Documents**

Our Audit Committee charter, Corporate Governance, Nominating and Compensation Committee charter, Code of Business Conduct and Code of Ethics are available in the “Investor Relations” section on our website at [www.tucows.com](http://www.tucows.com). Our Code of Business Conduct sets forth rules of conduct that apply to all of our directors, officers and employees. Our Code of Ethics sets forth additional rules of conduct that apply to our senior financial officers, including our Chief Executive Officers, Chief Financial Officer and Vice President, Finance. Our Code of Business Conduct and Code of Ethics are available in printed form, free of charge to any shareholder who requests them, by written request to our Secretary at Tucows Inc., 96 Mowat Avenue, Toronto, Ontario M6K 3M1, Canada. We intend to disclose amendments to, or director and executive officer waivers from, the Code of Business Conduct or Code of Ethics, if any, on our website, or by filing a Form 8-K with the SEC to the extent required by the NASDAQ listing standards.

### **Director Independence**

Our Board of Directors has determined that Messrs. Karp, Ralls, Gissin, Ito, Schwartz and Dr. Morrisett are “independent” as defined under the listing standards of NASDAQ. Our Board of Directors believes that the NASDAQ independence requirements contained in the listing standards provide the appropriate standard for assessing director independence and uses the requirements in assessing the independence of each of its members.

Our Board of Directors has further determined that each of the members of the Audit Committee and the Corporate Governance, Nominating and Compensation are independent within the meaning of the NASDAQ listing standards and meet the additional independence requirements of the NASDAQ listing standards applicable to audit committee members or compensation committee members, respectively.

### **Meetings; Annual Meeting Attendance**

Our Board of Directors met five times during 2013. Our Board of Directors also took action by unanimous written consent on one occasion during 2013. With the exception of Mr. Ito, each director attended at least 75% of the total number of meetings of the Board of Directors and the committees on which he served during 2013.



Directors are expected, but are not required, to attend our annual meeting of shareholders. Elliot Noss attended our 2013 Annual Meeting of Shareholders in person while the remainder of the Board of Directors were available by teleconference.

### **Executive Sessions of Independent Directors**

The independent directors meet without management present at regularly scheduled executive sessions at each quarterly Board meeting and some special Board meetings. Mr. Karp was responsible for chairing the executive sessions for 2013.

### **Committees**

Our Board of Directors has two committees, an Audit Committee and a Corporate Governance, Nominating and Compensation Committee. Our committees generally meet in connection with regularly scheduled quarterly and annual meetings of our Board of Directors, with additional meetings held as often as its members deem necessary to perform its responsibilities. From time to time, depending on the circumstances, our Board of Directors may form a new committee or disband a current committee.

*The Audit Committee* currently consists of Mr. Schwartz (Chair), Mr. Karp and Dr. Morrisett. Mr. Gissin will be appointed as a member of the Audit Committee to replace Dr. Morrisett upon Dr. Morrisett's retirement effective on the date of the annual meeting. Our Board of Directors has determined that Mr. Gissin is independent within the meaning of the NASDAQ listing standards and meet the additional independence requirements of the NASDAQ listing standards applicable to audit committee members.

The Audit Committee held five meetings during 2013. The Audit Committee also took action by unanimous written consent on one occasion during 2013. The Audit Committee's purposes are:

- To assist the Board of Directors in its oversight of (1) our accounting and financial reporting processes and the audits of our financial statements, and (2) our compliance with legal and regulatory requirements;

- To interact directly with and evaluate the performance of the independent auditors, including to determine whether to engage or dismiss the independent auditors and to monitor the independent auditors' qualifications and independence; and

- To prepare the report required by the rules of the SEC to be included in our Annual Report on Form 10-K.

Each of the members of our Audit is able to read and understand fundamental financial statements including balance sheets, income statements and cash flow statements. Additionally, our Board of Directors has determined that Mr. Schwartz qualifies as an "audit committee financial expert" as defined under Item 407(d)(5) of Regulation S-K.

***The Corporate Governance, Nominating and Compensation Committee*** currently consists of Messrs. Karp (Chair), Schwartz and Ralls. The Corporate Governance, Nominating and Compensation Committee held five meetings during 2013. The Corporate Governance, Nominating and Compensation Committee's purposes are:

- To determine, recommend and review the Company's executive compensation;

- To review employee compensation and benefit programs;

- To develop and recommend to our Board of Directors a set of corporate governance guidelines applicable to the Company and to periodically review the guidelines;

- To oversee our Board of Directors' annual evaluation of its performance and the performance of the other Board committees;

- To advise our Board of Directors regarding membership and operations of our Board of Directors;

- To oversee the Company's director nominating process;

To identify individuals qualified to serve as members of our Board of Directors, to select, subject to ratification of our Board of Directors, the director nominees for the next annual meeting of shareholders and to recommend to our Board of Directors individuals to fill vacancies on our Board of Directors; and

To carry out responsibilities regarding related matters as required by the federal securities laws.

The Corporate Governance, Nominating and Compensation Committee may delegate authority to one or more members of the committee or one or more members of management when appropriate, but no such delegation is allowed if the authority is required by law, regulation or listing standard to be exercised by the Corporate Governance, Nominating and Compensation Committee as a whole.

Our executive officers do not play a formal role in determining their compensation. However, our Executive Vice President, Human Resources, reviews (i) information the Company purchased from Culpepper Compensation Survey and Services and (ii) published trends for the year from a variety of public sources, and, after discussing with Mr. Noss, our Chief Executive Officer, she provides consolidated information regarding executive officer compensation based on title to the Compensation Committee.

### **Board Leadership Structure and Responsibilities**

Our Board of Directors oversees management's performance on behalf of our shareholders. Our Board of Directors' primary responsibilities are to (1) monitor management's performance to assess whether we are operating in an effective, efficient and ethical manner to create value for our shareholders, (2) periodically review our long-range plans, business initiatives, capital projects and budget matters and (3) approve compensation for our President and Chief Executive Officer who, with senior management, manages our day-to-day operations.

Our Board of Directors and its committees meet throughout the year on a set schedule, and also hold special meetings and act by written consent from time to time as appropriate. The independent directors meet without management present at regularly scheduled executive sessions at each quarterly Board of Directors meeting and some special Board of Directors meetings. Our Board of Directors has delegated certain responsibilities and authority to its Audit Committee and Corporate Governance, Nominating and Compensation Committee. The Audit Committee periodically discusses with management the Company's policies and guidelines regarding risk assessment and risk management, as well as the Company's major financial risk exposures and the steps that management has taken to monitor and control such exposures. The Audit Committee also reviews, evaluates and recommends changes to the Company's financial reporting policies and procedures. The Corporate Governance, Nominating and Compensation Committee reviews and evaluates the risks underlying the Company's compensation policies and plans and recommends changes to these policies and plans accordingly. Our Board of Directors believes that risk oversight actions taken by our Board of Directors and its committees are appropriate and effective at this time.

We believe it is beneficial to separate the roles of Chief Executive Officer and Chairman to facilitate their differing roles in the leadership of our company. The role of the Chairman includes setting the agenda for, and presiding over, all meetings of our Board of Directors, including executive sessions of independent directors, providing input regarding information sent to our Board of Directors, serving as liaison between the Chief Executive Officer and the independent directors and providing advice and assistance to the Chief Executive Officer. The Chairman is also a key participant in establishing performance objectives and overseeing the process for the annual evaluation of our Chief Executive Officer's performance. In addition, under our Bylaws, our Chairman has the authority to call special meetings of our Board of Directors and shareholders. In contrast, our Chief Executive Officer is responsible for handling our day-to-day management and direction, serving as a leader to the management team and formulating corporate strategy.

Currently our Co-Chairmen are Mr. Karp and Mr. Ralls, while Mr. Noss serves as our Chief Executive Officer. Both Mr. Karp and Mr. Ralls are independent directors. Mr. Karp has extensive executive leadership skills, long-standing senior management and board experience, a strong ethics and compliance focus and audit committee experience. Mr. Ralls has a wealth of industry experience, most notably the experience that he gained through his leadership of Netidentity.com. In addition, Mr. Ralls contributes a unique perspective to our Board of Directors' discussions and considerations based on two decades of investing and portfolio management experience.

We believe that this leadership structure for our Board of Directors provides us with the most effective level of oversight over the Company's business operations while at the same time enhancing our Board of Directors' ability to oversee our enterprise-wide approach to risk management and corporate governance and best serves the interests of our shareholders. It allows for a balanced corporate vision and strategy, which is necessary to address the challenges and opportunities we face at this time and demonstrates our commitment to good corporate governance. In addition, it allows for appropriate oversight of the Company by our Board of Directors, fosters appropriate accountability of management and provides a clear delineation of responsibilities for each position.

### **Role of the Board in Risk Oversight**

One of our Board of Directors' key functions is providing oversight of our risk management process. Our Board of Directors does not have a standing risk management committee, but rather administers this oversight function directly through our Board of Directors as a whole, as well as through Board of Directors standing committees that address risks inherent in their respective areas of oversight. In particular, our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, our Corporate Governance, Nominating and Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking, monitors our major legal compliance risk exposures and our program for promoting and monitoring compliance with applicable legal and regulatory requirements, and our Board of Directors is responsible for monitoring and assessing strategic risk exposure and other risks not covered by our committees.

The full Board of Directors (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives reports on the risks we face from our Chief Executive Officer or other members of management to enable us to understand our risk identification, risk management and risk mitigation strategies. When a committee receives the report, the chairman of the relevant committee reports on the discussion to the full Board of Directors during the committee reports portion of the next Board of Directors meeting. However, it is the responsibility of the committee chairs to report findings regarding material risk exposures to our Board of Directors as quickly as possible.

## Director Nomination

Our Corporate Governance, Nominating and Compensation Committee is responsible for identifying potential nominees to our Board of Directors. In considering candidates for nomination, our Corporate Governance, Nominating and Compensation Committee seeks individuals who evidence strength of character, mature judgment, career specialization, relevant technical skills or financial acumen, diversity of viewpoint and industry knowledge. As set forth in the charter of our Corporate Governance, Nominating and Compensation Committee, Our Board of Directors endeavors to have directors who collectively possess a broad range of skills, expertise, industry and other knowledge and business and other experience useful to the effective oversight of our business. In addition, our Board of Directors also seeks members from diverse background so that our Board of Directors consists of members with a broad spectrum of experience and expertise and with a reputation for integrity. In determining whether to nominate a current director for re-election, our Corporate Governance, Nominating and Compensation Committee will take into account these same criteria as well as the director's past performance, including his or her participation in and contributions to the activities of the Board of Directors.

Our Corporate Governance, Nominating and Compensation Committee will evaluate and consider recommendations for director candidates from shareholders using the same criteria described above. As set forth in the charter of the Corporate Governance, Nominating and Compensation Committee, recommendations submitted by the Company's shareholders shall be submitted, along with the following to the attention of the Chairperson of the Corporate Governance, Nominating and Compensation Committee at 96 Mowat Avenue, Toronto, Ontario M6K 3M1 Canada at least 120 days before the first anniversary of the date on which we first mailed our proxy materials for our prior year's annual meeting of shareholders:

• the name and address of the recommending shareholder;

• the candidate's name and the information about the individual that would be required to be included in a proxy statement under the rules of the SEC;

- information about the relationship between the candidate and the recommending shareholder;

• the consent of the candidate to serve as a director; and

• proof of the number of shares of our common stock that the recommending shareholder owns and the length of time the shares have been owned.

## Communications with our Board of Directors

A Tucows' shareholder who wishes to communicate with our Board of Directors may send correspondence to the attention of our Secretary at 96 Mowat Avenue, Toronto, Ontario M6K 3M1 Canada. The Secretary will submit the shareholder's correspondence to the Chairmen of the Board of Directors, the chairman of the appropriate committee, or the appropriate individual director, as applicable.

## DIRECTOR COMPENSATION

Under the terms of our 2006 Amended and Restated Equity Compensation Plan (the “2006 Plan”), we make automatic formula grants of nonqualified stock options to our non-employee directors and members of committees of our Board of Directors as described below. All stock-based compensation for our non-employee directors is governed by our 2006 Plan or its predecessor, our 1996 Equity Compensation Plan (the “1996 Plan”). All options granted under the automatic formula grants are immediately exercisable, have an exercise price equal to the fair market value per common share as determined by the per share price as of the close of business on the date of grant and have a five-year term. Options are granted to directors under the 2006 Plan as follows:

- on the date a non-employee director becomes a director, he or she is granted options to purchase 4,375 shares of our common stock;

- on the date a director becomes a member of the Audit Committee, he or she is granted options to purchase 3,750 shares of our common stock;

- on the date each director becomes a member of the Corporate Governance, Nominating and Compensation Committee, he or she is granted options to purchase 2,500 shares of our common stock; and

- on each date on which we hold our annual meeting of shareholders, each non-employee director in office immediately before and after the annual election of directors will receive an automatic grant of options to purchase 3,750 shares of our common stock.

The Co-Chairmen of our Board of Directors and all non-employee directors receive an annual fee of \$15,000. The Co-Chairmen of the Board each receive an additional annual fee of \$15,000. Non-employee directors who serve as members of our Audit Committee receive an annual fee of \$10,000 and non-employee directors who serve on our Corporate Governance, Nominating and Compensation Committee receive an annual fee of \$10,000. The Chairmen of our Audit Committee and our Corporate Governance, Nominating and Compensation Committee each receive an additional annual fee of \$4,000. In addition, all non-employee directors receive the following meeting attendance fees:

### Director Meeting Attendance Fee

Board Meeting Personal Attendance Fees at our May scheduled Board Meeting (inclusive of May Committee meeting fees)	\$6,000
Board Meeting Personal Attendance Fees at our November scheduled Board Meeting (inclusive of November Committee meeting fees)	\$4,000
Regularly Scheduled Telephonic Board Meeting Attendance Fees (per meeting)	\$750
Regularly Scheduled Telephonic Audit Committee Meeting Attendance Fees (per meeting)	\$400
	\$400



Regularly Scheduled Telephonic Corporate Governance, Nominating and Compensation Committee Meeting  
Attendance Fees (per meeting)

All annual fees are paid to our directors in quarterly installments.

We also purchase directors and officers' liability insurance for the benefit of our directors and officers as a group in the amount of \$10 million. We also reimburse our directors for their reasonable out-of-pocket expenses incurred in attending meetings of our Board of Directors or its committees. No fees are payable to directors for attendance at specially called meetings of the Board.

The table below shows all compensation paid to each of our non-employee directors during 2013. Mr. Stern and Mr. Fiume served until our 2013 Annual Meeting of Shareholders on September 11, 2013. All of the other directors listed below served for the entire year.

<b>Name</b>	<b>Fees earned or paid in cash (\$)</b>	<b>Option awards (\$)(1)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
<b>(a)</b>	<b>(b)</b>	<b>(d)</b>	<b>(g)</b>	<b>(h)</b>
Stanley Stern	18,750	—	—	18,750
Eugene Fiume	18,750	—	—	18,750
Erez Gissin	20,500	11,625	—	32,125
Joichi Ito	15,000	11,625	—	26,625
Allen Karp	67,100	11,625	—	78,725
Lloyd Morrisett	37,300	11,625	—	48,925
Rawleigh Ralls	52,300	11,625	—	63,925
Jeffrey Schwartz	52,100	11,625	—	63,725
	281,800	69,750	—	351,550

- On September 11, 2013 under the 2006 Plan, our non-employee directors were awarded these automatic formula option grants. Under the 2006 Plan, these options vested immediately and carry an exercise price of \$8.92. All these options remained outstanding at December 31, 2013 and have a five year term.
- (1) The aggregate grant date fair value of the option grants was calculated in accordance with FASB ASC 718 and based on the Black-Scholes option-pricing model and used the same assumptions that are set forth in Note 9 to our audited consolidated financial statements included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

**EXECUTIVE COMPENSATION**

Please see “—Election of Directors” for a brief biography of Elliot Noss, President and CEO.

**Michael Cooperman, Chief Financial Officer**, joined Tucows as our Chief Financial Officer in January 2000 and has more than 30 years of experience in the financial and general management fields, primarily as a senior financial executive in the technology industry. Prior to joining Tucows, Mr. Cooperman worked at Archer Enterprise Systems Inc., a provider of Salesforce Automation Software. Mr. Cooperman also served as Chief Executive Officer, Chief Operating Officer, President and member of the board at SoftQuad International Inc., a leading provider of content publishing tools for the Internet and corporate Intranets. Mr. Cooperman holds a Bachelor of Accounting Sciences Degree from the University of South Africa.

**David Woroch, Executive Vice President, Wholesale**, joined Tucows as Director of Sales in March 2000, and was promoted to Vice President of Sales in June 2001 responsible for all sales activities. He assumed responsibility for customer support in March 2004 and Domain Direct, the online retail department, in February 2005. In June 2005, he was given responsibility for the marketing department and became Vice President Sales and Marketing. In June 2009, David was named Executive Vice-President, Sales and Support. Mr. Woroch holds an Honours Bachelor of Business Administration degree from Wilfrid Laurier University in Waterloo, Ontario.

**Summary Compensation Table**

The following Summary Compensation table provides a summary of the compensation earned by our named executive officers, which include Mr. Noss, our chief executive officer, and Messrs. Cooperman and Woroch, our two other most highly compensated executive officers for services rendered in all capacities during 2013. All dollar amounts below are shown in U.S. dollars. If necessary, amounts that were paid in Canadian dollars during the 2013 fiscal year were converted into U.S. dollars based upon the exchange rate of 1.0319 Canadian dollars for each U.S. dollar, which represents the average Bank of Canada exchange rate for 2013.

Name and Principal Position	Year	Salary	Bonus(1)	Stock	Option	All Other	Total
		(\$)	(\$)	Awards(2) (\$)	Awards(3) (\$)	Compensation(4) (\$)	(\$)
(a)	(b)	(c)	(d)		(f)	(i)	(j)
<i>Elliot Noss</i>	2013	357,157	194,302	—	103,400	10,176	665,035
<i>President and CEO</i>	2012	350,860	200,470	—	23,070	10,495	584,895

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<i>Michael Cooperman</i>	2013	279,824	135,284	—	51,700	11,920	478,728
<i>Chief Financial Officer</i>	2012	274,890	142,493	—	23,070	12,295	452,748
<i>David Woroch</i>	2013	233,017	140,372	—	51,700	8,431	433,520
	2012	228,909	147,491	—	23,070	8,696	408,166

- (1) Represents bonus earned during the fiscal years ended December 31, 2013 and 2012.

Of the 2013 amount, the following amounts will be paid in February 2014:

Elliot Noss	\$100,094
Michael Cooperman	\$73,450
David Woroch	\$75,746

Of the 2012 amount, the following amounts were paid in March 2013:

Elliot Noss	\$95,589
Michael Cooperman	\$62,975
David Woroch	\$65,787

Represents the aggregate grant date fair value of such awards, calculated in accordance with FASB ASC 718.

(2) Please see Note 9 entitled "Stock Options" in the notes to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of the assumptions underlying these calculations.

Represents the aggregate grant date fair value of such awards, calculated in accordance with FASB ASC 718.

(3) Please see Note 9 entitled "Stock Options" in the notes to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of the assumptions underlying these calculations.

(4) Amounts reported in this column are comprised of the following items:

		<b>Additional</b>	<b>Health</b>	<b>All Other</b>	
	<b>Year</b>	<b>Health</b>	<b>Car</b>	<b>Health</b>	
		<b>Spending</b>	<b>Allowance</b>	<b>Club</b>	
		<b>Credits</b>	<b>(\$)</b>	<b>Membership</b>	
		<b>(\$)</b>		<b>(\$)</b>	
<i>Elliot Noss</i>	2013	1,454	8,722	—	10,176
	2012	1,499	8,996	—	10,495
<i>Michael Cooperman</i>	2013	1,454	8,140	2,326	11,920
	2012	1,499	8,397	2,399	12,295
<i>David Woroch</i>	2013	1,454	6,977	—	8,431
	2012	1,499	7,197	—	8,696



**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information concerning stock options held by the named executive officers as of December 31, 2013:

Name	Number of	Number of	Option	Option
	Securities	Securities		
	Underlying	Underlying	Exercise	Expiration
	Unexercised	Unexercised	Price (\$)	Date
	Options	Options		
	(#)	(#)		
	Exercisable	Unexercisable		
<i>Elliot Noss</i>	50,000	-	2.32	8/10/14
	37,500	-	3.40	3/18/14
	15,000	-	2.40	5/22/15
	32,000	8,000	2.80	5/16/17
	8,750	4,375	2.92	8/14/18
	7,500	5,625	5.52	5/17/19
	12,500	9,375	5.76	12/31/19
	12,500	12,500	10.16	11/10/20
	175,750	39,875		
<i>Michael Cooperman</i>	37,500	-	2.32	8/10/14
	30,000	-	3.40	3/18/14
	18,750	-	2.40	5/22/15
	32,000	8,000	2.80	5/16/17
	8,750	4,375	2.92	8/14/18