

Haske Michael R
Form 4
November 21, 2017

FORM 4

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

Check this box
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Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Haske Michael R

(Last) (First) (Middle)

C/O 3850 N. WILKE ROAD

(Street)

ARLINGTON HEIGHTS, IL 60004

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
Paylocity Holding Corp [PCTY]

3. Date of Earliest Transaction
(Month/Day/Year)
11/21/2017

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
____ Officer (give title ____ Other (specify
below) below)

President and COO

6. Individual or Joint/Group Filing(Check
Applicable Line)
X Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock, par value \$0.001	11/21/2017		G		1,000	D	\$ 0
					1,208,744	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Haske Michael R C/O 3850 N. WILKE ROAD ARLINGTON HEIGHTS, IL 60004			President and COO	

Signatures

/s/ Scott Mayhew, attorney-in-fact to Michael R.
Haske

11/21/2017

____Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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Nokomis Capital, L.L.C. (7)

1,944,030

15.6
%

8.6
%
2305 Cedar Springs Rd. , Suite 420

Dallas, TX 75201

Dimensional Fund Advisors LP (8)

1,036,815

8.3
%

Explanation of Responses:

4.6

%

Palisades West, Building One

6300 Bee Cave Road

Austin, TX 78746

18

BlackRock Inc. (9)	876,345	7.1 %	3.9 %
55 East 52 nd Street			
New York, NY 10022			

Eugenia A. Ames (10)	91,161	8.9 %	4.0 %
c/o Mr. Leroy Rachlin			
Janney Montgomery Scott			
780 Route 37 West, Suite 130			
Toms River, NJ 08755			

Deborah S. Larkin	59,016	5.8 %	2.6 %
c/o Mr. Bruce Auerbach			
World Financial Center			
270 Madison Avenue, Suite 1503			
New York, NY 10016			

Barbara J. Winslow	51,873	5.1 %	2.3 %
90 Eighth Avenue, Apt. 8B			
Brooklyn, NY 11213			

-
- * Represents less than 1% of the outstanding shares of such class or the total voting power, as the case may be.
- (1) In addition to the amounts shown, each share of Class B common stock held by such holder, if applicable, may be converted into one share of common stock upon the election of such holder.
The percentage of total voting power represents voting power with respect to all shares of common stock and
 - (2) Class B common stock, as a single class, calculated on the basis of 10 votes per share of Class B common stock and one vote per share of common stock.
Includes 615,487 shares of Class B common stock held in a family trust, of which Mrs. Ruta Zandman, Mr. Marc Zandman, and Mr. Ziv Shoshani are co-trustees and have shared voting power; 53 shares of Class B common stock directly owned by Mr. Zandman; and 53 shares of Class B common stock owned by Mr. Zandman's child.
 - (4) Includes 615,487 shares of Class B common stock held in a family trust, of which Mrs. Ruta Zandman, Mr. Marc Zandman, and Mr. Ziv Shoshani are co-trustees and have shared voting power.
 - (5) Includes 3,010 shares of common stock held by the estate of Dr. Felix Zandman, of which Ruta Zandman is the named executrix, and as such, exercises sole voting control.
Includes 615,487 shares of Class B common stock held in a family trust, of which Mrs. Ruta Zandman, Mr. Marc Zandman, and Mr. Ziv Shoshani are co-trustees and have shared voting power. Pursuant to the family trust, each of Mrs. Zandman and Messrs. Zandman and Shoshani is required to cause shares controlled by the trust to be voted in support of the election of Mr. Zandman and Mr. Shoshani as directors of the Company. Additionally,
 - (6) includes 171,609 shares of Class B common stock held by third parties that are subject to a voting agreement pursuant to which Mrs. Zandman, may direct voting of such shares, to the extent that, and in the same manner as, a majority of shares of Class B Common Stock held by Mrs. Zandman, Dr. Zandman's estate, and their respective "permitted transferees" (as such term is defined in the Company's amended and restated certificate of incorporation) are voted on such matter.
Based on information provided in a Schedule 13D/A filed on July 28, 2017 by Nokomis Capital, L.L.C.
 - (7) According to the Schedule 13D/A, Nokomis Capital, L.L.C. and Brett Hendrickson share the power to vote and to dispose of 1,944,030 shares of common stock.
 - (8) Based on information provided in a Schedule 13G/A filed on February 9, 2018 by Dimensional Fund Advisors LP. According to the Schedule 13G/A, Dimensional Fund Advisors LP, in its capacity as an investment advisor, may be deemed to have the sole power to vote or to direct the vote with respect to 1.003,880 shares of common

stock and may also be deemed to have the sole power to dispose of 1,036,815 shares of common stock.

- Based on information provided in a Schedule 13G/A filed on January 23, 2018 by BlackRock, Inc. According to the Schedule 13G/A, BlackRock, Inc. may be deemed to have sole power to vote or direct the vote with respect to
- (9) 861,625 shares of common stock and may also be deemed to have the sole power to dispose or direct the disposition with respect to 876,345 shares of common stock.
 - (10) Includes 91,161 shares of Class B common stock that are subject to a voting agreement pursuant to which Mrs. Ruta Zandman may direct the voting of such shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers and persons who beneficially own more than ten percent of our common stock to report their ownership of, and transactions in, our stock in filings with the SEC. Copies of these reports are also required to be supplied to VPG. VPG believes, based solely on a review of the copies of such reports received, that our directors and executive officers and persons who beneficially own more than ten percent of our common stock complied with all applicable Section 16(a) reporting requirements during the year ended December 31, 2017.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was at any time during 2017 an officer or employee of VPG or any of the Company's subsidiaries nor was any such person a former officer of VPG or any of the Company's subsidiaries. In addition, no Compensation Committee member is an executive officer of another entity at which one of the Company's executive officers serves on the board of directors.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy Generally

Our executive compensation packages, including severance benefits, are designed to assist us in recruiting, retaining and motivating key employees who can function effectively both in periods of recession and economic strength, and provide our executives with an appropriate level of job security, commensurate with their contributions to the Company and their tenure. The Compensation Committee believes that the elements of our executive compensation program, as well as the mix of these elements in relation to total compensation, reward intrinsically sound management decisions and do not encourage risk taking to enhance short-term profitability at the expense of the long-term health and viability of the enterprise. The Compensation Committee seeks to mitigate any compensation-related risk by:

- providing a meaningful portion of total compensation in the form of equity incentives that are earned over multiple years (to encourage an appropriately long-term focus); and
- capping annual cash bonuses for named executive officers at 200% of base salary for Mr. Shoshani and at 80% of base salary for Mr. Clancy and Mr. Desilets (to provide appropriate balance between short- and long-term objectives).

Please see the discussion below under the headings “Performance Bonus” and “Equity Compensation” for further detail regarding performance bonus and long-term equity incentive targets. The Compensation Committee believes that this mix of long-term equity incentive compensation and shorter-term performance bonus opportunity discourages excessive risk-taking in the short term and rewards appropriate focus on achievement of both short-term and long-term objectives.

Evolution of Executive Compensation

The Company’s compensation packages historically have combined base salary with an opportunity for annual cash bonuses and long-term equity awards in order to align the interests of senior management with the long-term interests of our stockholders.

During 2017, the Compensation Committee again engaged Meridian to advise it regarding executive and non-employee director compensation. In the course of its engagement, Meridian developed, and the Compensation Committee approved, a custom peer group of public companies that were, at the time of Meridian's review, similar to the Company in terms of industry, revenues, and scope of international operations. This peer group consisted of:

Badger Meter Inc.	Mercury Systems, Inc
CSW Industries, Inc.	MKS Instruments, Inc.
CTS Corp.	Park Electrochemical Corp.
Daktronics Inc.	Perceptron, Inc.
Electro Scientific Industries Inc.	Raven Industries, Inc.
Fabrinet	Radisys Corp.
Faro Technologies Inc.	Starrett (L.S.) CO - CLA.
Maxwell Technologies Inc.	

The Compensation Committee reviewed average and median data for various types of cash and equity compensation within the group. Meridian provided the Compensation Committee with input concerning potential changes to the compensation packages of the executive officers, primarily with respect to base salary, which had been unchanged for Mr. Shoshani and Mr. Clancy since 2014, and also with respect to increasing performance bonus compensation for the Company’s General Counsel.

During 2018, the Compensation Committee again engaged Meridian to advise it regarding various compensation matters, including executive and board compensation. The Compensation Committee confirmed Meridian's independence in connection with its engagement in 2018.

Performance Philosophy

Our compensation philosophy is intended to dovetail with our philosophy regarding evaluation of operating performance.

The performance bonuses and long-term equity incentive awards for our executive officers are based on achievement of objectives determined annually by the Compensation Committee. Mr. Shoshani's, Mr. Clancy's and Mr. Desilets' 2017 performance bonuses were based on two measures of Company performance: adjusted operating margin and adjusted EBITDA.

Adjusted operating margin and adjusted EBITDA mean, respectively, operating margin and earnings before interest, taxes, depreciation and amortization, in each case determined in accordance with accounting principles generally accepted in the United States and adjusted to exclude various items that are not indicative of the intrinsic operating performance of our business, including restructuring and related severance costs, fixed asset or inventory write-downs and related purchase commitment charges, impairment charges for goodwill or indefinite-lived intangible assets, and individually material one-time gains or charges. The Board determined that adjusted operating margin for 2017 should exclude the impact of \$2,044,000 in restructuring costs and \$91,000 in purchase accounting adjustments recorded during 2017 relating to various acquisitions. The Board determined that adjusted EBITDA for 2017 should exclude the impact of \$2,044,000 in restructuring costs, the benefit of \$1,544,000 of proceeds from the Tianjin lease termination, \$91,000 in purchase accounting adjustments recorded during 2017 relating to various acquisitions, and \$189,000 related to a tax rebate.

In 2018, the annual performance bonuses for Messrs. Shoshani, Clancy and Desilets will be based on adjusted operating margin and adjusted EBITDA, as determined by the Compensation Committee.

The vesting of 25% of each officer's long term equity incentive award is subject to a three-year time-based cliff vesting period beginning on January 1 of the year of grant. The vesting of the remaining 75% of each executive officer's long-term equity award is subject to the executive's remaining continuously employed by us through the performance period and the achievement of certain performance criteria determined by the Compensation Committee in connection with the grant. The relevant performance period for each long-term equity incentive award is the three-year vesting period applicable to such award.

Role of the Compensation Consultant

To assist in formulating the revised compensation arrangements of our executive officers, the Compensation Committee first retained the services of Meridian in 2013. Meridian assessed the reasonableness and interrelation of the individual elements of the compensation packages and provided input to the Compensation Committee with respect to compensation practices among comparable public companies. As described above, the Compensation Committee engaged Meridian in 2017 to advise it regarding executive and non-employee director compensation and the Compensation Committee has again engaged Meridian in 2018.

In concluding that the compensation consultant was independent, the Compensation Committee considered the factors outlined in the NYSE listing standards relating to compensation consultant independence, including whether the compensation consultant has provided other services to the Company, the magnitude of the projected fees payable to the compensation consultant in the context of the Company's total revenues, the absence of personal or business relationships between members of the Compensation Committee or the Company's executive officers and the compensation consultant, and whether any member of the compensation consultant's team owns, or otherwise has an investment or interest in, the Company's common stock. After careful consideration of the relevant factors, the Compensation Committee determined that engagement of Meridian in 2017 did not pose or create any conflict of interest and further determined that Meridian was independent under the listing standards of the NYSE. Meridian did not provide any services to the Company during 2017 other than the compensation consulting services that it provided to the Compensation Committee. It is not expected that Meridian will provide any services to the Company in 2018 other than compensation consulting provided to the Compensation Committee.

Compensation Components

The primary components of the compensation packages for our executive officers, as prescribed by their employment agreements, are:

- Base salary;
- Annual performance bonus (payable in cash); and
- Annual long-term equity incentive compensation (payable in RSUs).

In addition to the foregoing, our executive officers are eligible to receive severance and customary welfare and retirement benefits. Each of the primary components of executive compensation, and the methodology used to determine the amounts, and mix, of such compensation, are discussed herein.

Base Salaries

Minimum base salaries for executive officers are established in their respective employment agreements, the material terms of which are summarized below under the heading "Employment Agreements." Any increases to the base salaries of executive officers are approved by the Compensation Committee after consideration of each individual's accomplishments, areas of strength and opportunities for development. We believe that setting our executive officers' base salaries within a market-competitive range of base salaries offered to similarly situated executives of comparable public companies will help us to retain our executive officers, while appropriately motivating them to fulfill their core responsibilities within VPG.

Variations in base salary of each of our executive officers reflect the differences in their respective positions, duties and responsibilities. In addition, the Compensation Committee considered that neither Mr. Shoshani nor Mr. Clancy had received an increase in base salary since the 2014 amendments to their employment agreements. They also considered that this was the first time Mr. Desilets' compensation was reviewed using comparative peer group data. Effective January 1, 2017, for Mr. Clancy and Mr. Desilets and effective April 1, 2017 for Mr. Shoshani, the annual base salaries for our executive officers were increased as follows:

2017

Base Salary

Ziv

Shoshani

President

and
\$566,701 (1)

Executive

Officer

William

M.

Clancy

Executive

Vice

President
and
\$340,000

Chief

Financial

Officer

Roland

B.

Desilets

275,000

Vice

Explanation of Responses:

President,
General
Counsel
and
Secretary

Pursuant to Mr. Shoshani's employment agreement, his base salary is 2,043,750 NIS. The U.S. Dollar amount (1) shown in the table is based on the weighted average exchange rate for 2017 of 3.6064.

Performance Bonus

Annual performance bonuses are designed to incent our executive officers to achieve certain predetermined objectives set by the Compensation Committee and the Board. Similar to base salary, the Compensation Committee believes that it is appropriate and desirable to establish target performance bonuses within a market-competitive range of bonuses granted to similarly situated executives at comparable public companies. We believe that setting target performance bonuses in this fashion is necessary to attract and retain executive officers, as well as to appropriately motivate them to make meaningful contributions to our business.

The performance bonuses for Mr. Shoshani, Mr. Clancy, and Mr. Desilets for 2017 were based on achievement of two corporate objectives: adjusted operating margin and adjusted EBITDA. The target levels of adjusted operating margin and EBITDA for 2017 were set at \$19.9 million and \$31.2 million, respectively, and 50% of the bonus potential for Mr. Shoshani, Mr. Clancy, and Mr. Desilets was attributable to the achievement of each of these performance objectives.

The performance targets for each of our executive officers are intended to represent challenging, but reasonable, goals, the achievement of which will contribute meaningfully to long-term stockholder value creation as well as the short-term success of our business.

Each of Messrs. Shoshani, Clancy, and Desilets was eligible to receive a performance bonus, for each 2017 performance objective, if the performance with respect to that objective equaled at least 80% of the targeted amount. If less than 80% of the target for a performance goal is attained, the executive would not receive any portion of the performance bonus tied to such performance goal. The table below sets forth the payments that each of Messrs. Shoshani, Clancy, and Desilets would have been eligible to receive (expressed as a percentage of his base salary) pursuant to his respective employment agreement with respect to each 2017 performance objective, based upon various levels of actual performance.

Potential Performance Bonus Payments for Messrs. Shoshani, Clancy, and Desilets for Each Performance Objective, in Relation to Target Performance*

Executive	Performance Objective	Percentage of Target Performance Objective Achieved				Maximum Performance Bonus for Each Performance Objective			
		80% of Target Performance Objective	80—100% of Target Performance Objective	100—150% of Target Performance Objective	150% of Target Performance Objective	80% of Target Performance Objective	80—100% of Target Performance Objective	100—150% of Target Performance Objective	150% of Target Performance Objective
Ziv Shoshani	Adjusted EBITDA	25 %	25-50 %	50-100 %	100 %	25 %	25-50 %	50-100 %	100 %
President and Chief Executive Officer	Adjusted Operating Margin	25 %	25-50 %	50-100 %	100 %	25 %	25-50 %	50-100 %	100 %
William M. Clancy	Adjusted EBITDA	13.35 %	13.35-25 %	25-40 %	40 %	13.35 %	13.35-25 %	25-40 %	40 %
Executive Vice President and Chief Financial Officer	Adjusted Operating Margin	13.35 %	13.35-25 %	25-40 %	40 %	13.35 %	13.35-25 %	25-40 %	40 %
Roland B. Desilets	Adjusted EBITDA	13.35 %	13.35-20 %	20-40 %	40 %	13.35 %	13.35-20 %	20-40 %	40 %
Vice President, General Counsel and Secretary	Adjusted Operating Margin	13.35 %	13.35-20 %	20-40 %	40 %	13.35 %	13.35-20 %	20-40 %	40 %

All performance bonus payments set forth in this table are expressed as a percentage of the applicable executive officer's base salary and represent the potential payments to our executive officers with respect to each performance objective.

The aggregate target performance bonuses for each of Messrs. Shoshani, Clancy, and Desilets, pursuant to their respective employment agreements and taking into account all 2017 performance objectives, were 100%, 50%, and 40% of their respective base salaries. The maximum 2017 performance bonuses payable to Messrs. Shoshani, Clancy, and Desilets were 200%, 80%, and 80% of their respective base salaries. We believe that the target and maximum performance bonus levels and the corresponding payouts are such that they do not encourage excessive risk-taking and represent appropriate compensation in light of each executive officer's responsibilities.

The Board and the Compensation Committee determined that, in 2017, our adjusted EBITDA was \$33.6 million (or 107.78% of the target) and our adjusted operating margin was \$23.76 million (or 119.4% of the target). Accordingly, for the adjusted EBITDA target, Messrs. Shoshani, Clancy and Desilets each received a bonus equal to 57.78%, 27.33%, and 23.11% of their respective base salaries. For the adjusted operating margin target, Messrs. Shoshani, Clancy and Desilets each received a bonus equal to 74.25%, 30.82% and 27.76% of their respective base salaries.

The total of these performance bonuses for each executive is reflected under the “Non-Equity Incentive Compensation Plan” column of the Summary Compensation Table herein.

Equity Compensation

Our executive compensation framework uses the grant of long-term equity awards as the primary tool for aligning the interests of our executive officers with the long-term interests of our stockholders. The market-competitive range of long-term equity awards granted to similarly situated executive officers of comparable public companies was used as a reference point in establishing the target and maximum values of long-term equity awards. The long-term equity award targets for our executive officers were established to compensate each of them at the appropriate market-competitive median level according to their respective positions, duties and responsibilities, as well as to recognize their individual ability to affect stockholder value creation.

Pursuant to each executive officer's employment agreement, the value of each executive's annual equity grant is as follows:

- On or about January 1 of each year, each executive receives an equity award, made pursuant to the 2010 Stock Incentive Program with a value equal to 150% (with respect to Mr. Shoshani), 75% (with respect to Mr. Clancy), and 30% (with respect to Mr. Desilets) of such executive's then-base salary (the “Annual Equity Grant”).
- The Annual Equity Grants, which are in the form of restricted stock units (“RSUs”) of VPG, are sized based on the average closing price of VPG's stock on the New York Stock Exchange for the five consecutive trading days immediately preceding January 1 of the year of grant.

75% of the Annual Equity Grant is in the form of performance-based RSUs (“PBRsUs”) which vest on the third anniversary of the date of grant, but only to the extent that performance criteria have been achieved and provided the executive remains continuously employed by us through such anniversary. The performance criteria are determined by the Compensation Committee and are based on metrics set forth in the 2010 Stock Incentive Program.

25% of the Annual Equity Grant is in the form of time-vested RSUs which vest on the third anniversary of the date of grant provided the executive remains continuously employed by us through such anniversary.

The Annual Equity grant is subject to accelerated vesting upon a change of control of the Company, an event giving rise to a severance entitlement, death or disability.

With respect to each performance criterion, and as illustrated below, (i) 50% of the total number of PBRsUs subject to such criterion will vest if 80% of the applicable objective is met; and (ii) an additional 2.5% of the total number of PBRsUs subject to such criterion will vest for each additional full 1% (between 80% and 100%) of the applicable objective that is met.

2017 Annual Equity Grant Components

Executive	Time-Vested RSUs (# of RSUs)	Performance-Based RSUs for Each Performance Objective	
		80% of Target (# of PBRsUs)	80—100% of Target (# of PBRsUs)
Ziv Shoshani	9,658	7,244	7,244 - 14,488
William M. Clancy	2,982	2,237	2,237 - 4,474
Roland B. Desilets	837	628	628 - 1,257

Vesting of the PBRsUs included within the 2017 Annual Equity Grants is subject to the achievement of two corporate objectives: cumulative Adjusted Net Earnings over a three-year period from January 1, 2017 through December 31, 2019 and cumulative Free Cash over the same three-year period.

“Adjusted Net Earnings” means the Company’s net profits after taxes, including the impact of acquisitions, if any, adjusted for reconciling items as set forth in the associated years’ annual reports to stockholders. “Free Cash” means the amount of cash generated from the Company’s operations in excess of capital expenditures and net of proceeds from the sale of assets, including the impact of acquisitions, if any.

The target levels of Adjusted Net Earnings and Free Cash over that three-year period from 2017-2019 were set at \$52,785,000 and \$35,468,000, respectively. The Company’s performance for each of these metrics determines the vesting for fifty percent (50%) of the total number of PBRsUs granted. These targets are intended to represent challenging, but reasonable, goals, the achievement of which will contribute meaningfully to long-term stockholder value creation as well as the long-term success of our business.

Each executive who received a 2017 Annual Equity Grant is eligible to vest in a portion of the PBRsUs included within the 2017 Annual Equity Grant to the extent that our performance with respect to one or both of the objectives equals at least 80% of the targeted amount. If the 80% threshold target for a performance goal is not attained, the executive would not receive any portion of the PBRsUs attributable to such target and that portion of the grant would be forfeited. The table above sets forth the vesting of the PBRsUs that each executive officer would be eligible to receive (expressed as a number of shares) pursuant to his respective employment agreement with respect to each 2017 performance objective, based upon various levels of actual performance.

The Annual Equity Grants awarded to each of the executive officers in 2017 are included in the “Stock Awards” column in the Summary Compensation Table herein. Because the 2017 Annual Equity Grants are subject to three-year cliff vesting, none of these awards has vested as of the date of this proxy statement.

In January 2015, and as previously described in our 2016 Proxy Statement, Mr. Shoshani and Mr. Clancy were granted PBRsUs that were subject to vesting based on two performance conditions - Adjusted Net Earnings and Free Cash - measured over a three-year period ended December 31, 2017. The Compensation Committee determined, after reviewing the Company’s performance during this measurement period, that the Company had achieved 115% of the target for Free Cash and 92.5% of the target for Adjusted Net Earnings. Accordingly, for the PBRsUs granted to our named executive officers in January 2015, 100% of the PBRsUs for the Free Cash target vested and 81.2% of the PBRsUs for the Adjusted Net Earnings target vested.

Employment Agreements

The Company entered into employment agreements, which were amended in December 2011, with Messrs. Shoshani and Clancy that provide for the specific targets and payment opportunities in connection with each element of our executive compensation package discussed herein under the heading “Compensation Components.”

In November 2013, the Company entered into additional amendments to the employment agreements with Mr. Shoshani and Mr. Clancy which became effective on January 1, 2014 and which increased the base salary, target performance bonus, and the value of annual equity incentive awards for each of Messrs. Shoshani and Clancy beginning in 2014.

In January, 2016, the Company entered into an employment agreement with Mr. Desilets that provides for a one year term that began on January 1, 2016.

Upon expiration of the current applicable term, all of our executives’ employment agreements automatically renew for one additional year unless earlier terminated by the Company or by the executive officer. Each of the employment agreements provides for certain severance payments to the executive officers in the event of termination of their employment as described in greater detail under the heading “Potential Payments Upon a Termination or Change in Control.” The employment agreements for Messrs. Clancy and Desilets were amended, effective November 17, 2016, to extend the period of time during which the executives are entitled to receive continuation of their base salary following a termination without Cause (as such term is defined in their respective employment agreements) to 18 months after termination and provide the executives with COBRA continuation coverage of their health insurance following a termination without Cause until the 18 month anniversary of termination, or, if earlier, the date as of which the executive is eligible to receive health insurance through another group plan.

The employment agreement for Mr. Desilets was amended, effective January 1, 2017, to increase his performance bonus as a percentage of base salary from 20% to 40%, as detailed in the section on Potential Performance Bonus Payments above. Also, the employment agreement for Mr. Shoshani was amended in 2017 to document certain rights and obligations to which Mr. Shoshani was entitled, and subject to, due to his status as an employee in Israel.

The employment agreements also contain customary non-solicitation and non-competition covenants, which remain in effect for 24 months following termination of employment with respect to Mr. Shoshani and for 12 months following termination of employment with respect to Messrs. Clancy and Desilets. The agreements also entitle the executives to additional perquisites and other personal benefits as the Board, through its Compensation Committee, determine are reasonable and consistent with the Company’s overall compensation program.

Deferred Compensation and Pension Plans

Vishay Intertechnology maintained, among other benefit plans, a non-qualified defined benefit plan (the “Vishay Non-Qualified Retirement Plan”); a qualified defined contribution plan (the “Vishay Employee Savings Plus Plan”); and a non-qualified deferred compensation plan (the “Vishay Key Employee Wealth Accumulation Plan” or “VSH KEWAP”), for highly compensated employees, including executive officers. In anticipation of the spin-off, we formed parallel plans that provide for substantially similar benefits. In connection with the spin-off, Vishay Intertechnology caused the accounts and underlying assets and liabilities under the Vishay Intertechnology plans for our employees who were participating in those plans to be transferred to our corresponding plans or, in the case of Vishay Non-Qualified Retirement Plan and VSH KEWAP assets, from a rabbi trust established by Vishay Intertechnology to a rabbi trust that we established.

With the exception of Mr. Clancy, none of our executive officers participated in the Vishay Non-Qualified Retirement Plan. The Vishay Non-Qualified Retirement Plan was frozen effective December 31, 2008, and no further benefits have accrued beyond that date. In connection with the spin-off, we established a corresponding plan, the “VPG Non-Qualified Retirement Plan,” to preserve the benefits accumulated by certain of our employees under the Vishay Non-Qualified Retirement Plan. Only active employees who participated in the Vishay Non-Qualified Retirement Plan as of December 31, 2008 are eligible to participate in the parallel VPG plan. In connection with the freezing of the Vishay Non-Qualified Retirement Plan, Mr. Clancy became eligible to participate in a supplemental matching program under the Vishay Employee Savings Plus Plan, pursuant to which amounts were deposited in his VSH KEWAP account. This supplemental matching program continues under the corresponding VPG plans.

Every employee who has been designated as an Eligible Executive by the administrator of the plan, including our executive officers, is eligible to participate in our non-qualified deferred compensation plan (the “VPG KEWAP”).

The VPG KEWAP permits eligible executives to make voluntary contributions and provides for discretionary Company contributions. In addition, we are required to make contributions on behalf of Mr. Clancy to his VPG KEWAP account as described above.

Perquisites

We provide executive officers with perquisites and other personal benefits that VPG and the Compensation Committee believe are reasonable and consistent with our overall compensation program. These perquisites are not intended, however, to constitute a material portion of the executive's compensation packages. In general, the perquisites, while not integral to the performance of an executive's duties, must bear some relationship to the executive's employment and be of perceived benefit to VPG. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers.

Individual Considerations

Compensation among the Company's senior executives reflects a general assessment of their contributions to the Company's current performance and its prospects for growth in the future. Our successes have always been fueled by the drivers of technological innovation, continuous efficiency improvement and synergistic acquisition. Mr. Shoshani leads in all these areas and his compensation reflects a perception by the Compensation Committee that the areas of his responsibility will continue to be the key drivers of our future performance.

Other Considerations Regarding Executive Compensation

Israeli benefits

Mr. Shoshani is employed by Vishay Advanced Technologies, Ltd., an Israeli subsidiary of VPG, and is a resident of Israel. As a result, he is entitled to certain benefits that are generally available to employees in Israel on a non-discriminatory basis, but are not afforded to the other named executive officers, including:

- advanced training fund, 7.5% of base salary

- severance fund, 8.33% of base salary

- disability insurance, 0.9% of base salary

- pension fund, 5.6% of base salary

These benefits are required by Israeli law or employment practices generally, and were taken into account by the Compensation Committee in formulating the overall compensation package for Mr. Shoshani.

Foreign currency considerations

The Compensation Committee evaluates the effect of foreign currency conversion rates in formulating the overall compensation package for Mr. Shoshani, and determined to set Mr. Shoshani's base salary in New Israeli Shekels beginning January 1, 2015. Effective April 1, 2017, Mr. Shoshani's base salary was NIS 2,043,750 on an annual basis.

Tax deductibility of executive compensation

For U.S. tax purposes, as a result of 2017 tax reform, Section 162(m) of the Internal Revenue Code ("Code") now limits to \$1 million the annual tax deduction for compensation paid to each of the CEO, the Chief Financial Officer and any of the three highest paid other executive officers. Prior to 2017 tax reform, compensation that qualified as performance-based compensation was deductible even in excess of \$1 million. As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code and the Compensation Committee is currently assessing the effects of the changes to Section 162(m) of the Code under 2017 tax reform, including whether certain payments qualify for transition relief applicable to certain arrangements in place as of November 2, 2017.

As a general matter, in making its previous compensation decisions, the Compensation Committee endeavored to maximize deductibility of compensation under Section 162(m) to the extent practicable while maintaining competitive compensation. The Compensation Committee, however, believes that it is important for it to retain maximum flexibility in designing compensation programs that are in the best interests of the Company and its stockholders.

Executive Compensation Advisory Vote and Its Frequency

The Company's Board of Directors included an advisory stockholder vote on executive compensation (commonly referred to as "say-on-pay") in its 2017 proxy materials. The Compensation Committee appreciates that over 97% of the shares voting approved the executive compensation discussed and disclosed in the Compensation Discussion and Analysis, the compensation tables, and the narrative executive compensation disclosure contained in our 2017 Proxy Statement. Our Compensation Committee interprets the results of this vote as an endorsement of existing programs and therefore, we have not made material changes to our approach to executive officer compensation based on such vote.

In addition, the Board of Directors included in its 2017 proxy materials an advisory stockholder vote on how frequently it should conduct a "say-on-pay" vote. In line with the Board of Directors' recommendation, a majority of the shares voting recommended that the Company conduct a "say-on-pay" vote annually. Therefore, our Board of Directors is again this year submitting for a non-binding stockholder vote our executive compensation as described in this proxy statement.

REPORT OF THE COMPENSATION COMMITTEE

To Our Stockholders:

We have reviewed and discussed with management the Compensation Discussion and Analysis. Based on that review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

The Compensation Committee of the Board of Directors

Janet Clarke, Chair
Saul Reibstein
Timothy Talbert

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act or the Exchange Act that might incorporate this proxy statement in such filings with the SEC, in whole or in part, the above report shall not be deemed to be “soliciting material” or “filed” with the SEC and shall not be deemed to be incorporated by reference into any such filing.

COMPENSATION TABLES

Summary Compensation Table

The information included in the table should be read in conjunction with the footnotes which follow, the descriptions of the employment agreements with each named executive officer described in “Compensation Discussion and Analysis,” and the “Grants of Plan Based Awards,” “Outstanding Equity Awards,” “Option Exercises and Stock Vested,” “Pension Benefits,” and “Non-Qualified Deferred Compensation” tables on the pages which follow.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Comp.	All Other Comp.	Total
							Earnings		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Ziv Shoshani President and Chief Executive Officer	2017	\$ 566,701	\$ —	\$650,966	\$ —	\$ 720,742	\$ 26,335	\$229,093	\$2,193,837
	2016	\$ 487,767	\$ —	\$662,139	\$ —	\$ 131,880	\$ 15,352	\$199,311	\$1,496,449
	2015	\$ 481,325	\$ —	\$685,601	\$ —	\$ 271,756	\$ 1,411	\$187,774	\$1,627,867
William M. Clancy Executive Vice President and Chief Financial Officer	2017	\$ 340,000	\$ —	\$201,021	\$ —	\$ 197,726	\$ 57,400	\$69,173	\$865,320
	2016	\$ 300,000	\$ —	\$206,797	\$ —	\$ 42,898	\$ 24,190	\$67,846	\$641,731
	2015	\$ 300,000	\$ —	\$213,940	\$ —	\$ 89,131	\$ (15,011)	\$68,440	\$656,500
Roland B. Desilets Vice President, General Counsel and Secretary	2017	\$ 275,000	\$ —	\$56,448	\$ —	\$ 139,900	\$ —	\$32,877	\$504,225
	2016	\$ 210,592	\$ —	\$58,067	\$ —	\$ 14,611	\$ —	\$31,675	\$314,945
	2015	\$ 192,345	\$ —	\$0	\$ —	\$ 34,326	\$ —	\$34,917	\$261,588

Column (c) reflects each executive officer's base salary. Effective April 1, 2017, Mr. Shoshani's salary was (1) increased to be 2,043,750 New Israeli Shekels. In 2017, the average New Israeli Shekel/U.S. Dollar exchange rate was 3.6064 NIS per U.S. Dollar.

Column (e) represents the grant-date fair value of RSUs granted to each executive officer in connection with the long-term equity award component of his compensation and in accordance with his employment agreement, computed in accordance with FASB ASC Topic 718 and the assumptions as set forth in Note 10 of our consolidated financial statements on Form 10-K filed on March 15, 2018, and assuming that all performance (2) criteria are completely satisfied. For financial statement reporting purposes, the amount of compensation expense for RSUs is recognized ratably over the vesting period of the respective awards. The grant-date fair value does not necessarily reflect the value of shares actually received or which may be received in the future with respect to these awards.

Column (g) represents performance-based cash bonuses that our executive officers received with respect to (3) performance in the applicable year. See "Compensation Discussion and Analysis—Compensation Components, Performance Bonus."

Column (h) reflects the change in the actuarial present value of the named executive officer's pension and other post-employment benefits under respective defined benefit retirement plans, from the plan measurement date used in preparing the prior year consolidated financial statements to the plan measurement date used in preparing the (4) current year consolidated financial statements, determined using the same interest rate, mortality, and other actuarial assumptions used in our consolidated financial statements. See the "Pension Benefits" table herein for more information on the benefits payable to the named executive officers under their respective pension plans.

Each executive officer was entitled to participate, as of January 1, 2017, in the VPG non-qualified deferred compensation plan, which is substantially similar to its predecessor plan sponsored by Vishay Intertechnology at the time of the spin-off. Under the VPG non-qualified deferred compensation plan, deferred amounts are credited (5) with earnings based on the performance of notional investment options available under the plan. No portion of the earnings credited during 2017 was "above market" or "preferential." Consequently, no deferred compensation plan earnings are included in the amounts reported in Column (h). See the "Non-Qualified Deferred Compensation" table for more information on the benefits payable under the VPG non-qualified deferred compensation plan.

All other compensation includes amounts deposited on behalf of each named executive officer into VPG's (6) non-qualified deferred compensation plan, pursuant to the employment agreements with each named executive officer, personal use of company car, company match on 401(k) contributions, benefits generally available to employees in Israel, and other perquisites, as described herein:

	2017	2016	2015	
Ziv Shoshani	\$25,067	\$22,569	\$20,019	Personal use of Company car*
	182,657	154,551	146,386	Israeli employment benefits*
	21,369	22,191	21,369	Medical and prescription drug insurance premiums
	\$229,093	\$199,311	\$187,774	
William M. Clancy	\$18,085	\$21,200	\$21,200	Company contribution to nonqualified deferred compensation plan
	15,583	13,303	13,207	Personal use of Company car
	10,800	10,600	10,600	Company match to 401(k) plan
	22,383	21,453	22,191	Medical and prescription drug insurance premiums
	2,322	1,290	1,242	Group Term Life imputed income
	\$69,173	\$67,846	\$68,440	

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Roland B. Desilets	\$11,770	\$12,591	\$12,209	Personal use of Company car
	10,800	9,149	8,397	Company match to 401(k) plan
	8,079	7,946	13,394	Medical and prescription drug insurance premiums
	2,228	1,989	917	Group Term Life imputed income
	\$32,877	\$31,675	\$34,917	

* Represents amounts paid in New Israeli Shekels (NIS) and translated at average exchange rates for the year. In 2017, the average New Israeli Shekel/U.S. Dollar exchange rate was 3.6064 NIS per U.S. Dollar.

Grants of Plan Based Awards

The following table provides information with regard to plan based awards granted to each named executive officer during 2017. The information included in the table should be read in conjunction with the footnotes which follow and the description of performance bonuses and long-term equity incentive awards described in “Compensation Discussion and Analysis—Compensation Components.”

The following table provides information concerning grants of plan-based awards to our named executive officers during the year ended December 31, 2017.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Awards (3)	Grant Date Fair Value of Stock Awards (4)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	(#)	(\$)
Ziv Shoshani	2/9/17	283,350	566,701	1,133,402	14,488	28,975	28,975		488,229
	2/9/17							9,658	162,737
William M. Clancy	2/9/17	90,780	170,000	272,000	4,474	8,948	8,948		150,774
	2/9/17							2,982	50,247
Roland B. Desilets	2/9/17	73,425	110,000	220,000	1,257	2,513	2,513		42,344
	2/9/17							837	14,103

(1) For 2017, Mr. Shoshani, Mr. Clancy, and Mr. Desilets were each eligible to earn an annual performance bonus based on the achievement of each of adjusted EBITDA and adjusted operating margin targets. The threshold value for each executive officer was determined assuming that each performance metric applicable to such bonus for each executive officer was satisfied at the minimum level triggering payment. An executive is not entitled to receive any bonus payment with respect to a particular performance metric if less than 80% of the performance target is achieved. Each executive officer’s performance bonus is further described under the heading “Compensation Discussion and Analysis—Compensation Components, Performance Bonus.” Performance bonuses relating to our executive officers’ 2017 performance were paid, to the extent earned, in March 2018.

(2) For 2017, each of Messrs. Shoshani, Clancy, and Desilets was granted an annual long-term equity incentive award, 75% of which was in the form of performance-based RSUs which will vest on January 1, 2020, to the extent that each performance metric is achieved. The threshold figure for each executive officer was determined assuming that each performance metric applicable to such bonus for each executive officer was satisfied at the minimum level triggering vesting. An executive is not entitled to receive any vesting with respect to a particular performance metric if less than 80% of the performance metric is achieved. Each executive officer’s long-term equity award is further described under the heading “Compensation Discussion and Analysis—Compensation Components, Equity Compensation.” Long-term equity incentive awards for our executive officers for 2017 were granted on February 9, 2017.

(3)

Explanation of Responses:

For 2017, each of Messrs. Shoshani, Clancy, and Desilets was granted an annual long-term equity incentive award, 25% of which was in the form of time-vested RSUs which will vest on January 1, 2020. Each executive officer's long-term equity award is further described under the heading "Compensation Discussion and Analysis—Compensation Components, Equity Compensation."

- (4) Long-term equity incentive awards, including both time-vested and performance-based RSUs for our executive officers for 2017 were granted on February 9, 2017, and their aggregate grant date fair value was computed in accordance with FASB ASC Topic 718 and based on a stock price of \$16.85 (the closing price of our Common Stock on February 9, 2017).

Outstanding Equity Awards at Fiscal Year End

The following table provides information regarding unvested stock awards and equity incentive plan awards held by our named executive officers and outstanding as of December 31, 2017.

Name	Grant Date	Stock Awards		Market Value of Shares or Units of Stock That Have Not Vested
		Number of	Shares or	
		Vested (#)	Units of	(\$)
Ziv Shoshani	1/20/2015	41,202	(1)	1,036,230
	1/19/2016	61,998	(2)	1,559,250
	2/9/2017	38,633	(3)	971,620
William M. Clancy	1/20/2015	12,857	(1)	323,354
	1/19/2016	19,363	(2)	486,979
	2/9/2017	11,930	(3)	300,040
Roland B. Desilets	1/19/2016	5,437	(2)	136,741
	2/9/2017	3,350	(3)	84,253

(1) Represents annual equity incentive awards, 25% of which are in the form of time-vested RSUs which vest on January 1, 2018, subject to continued service through such date, and 75% of which are in the form of PBRsUs which vest on January 1, 2018, but only to the extent that the given performance metric is achieved and subject to continued service through such date. The number of PBRsUs presented assumes that the performance metric has been satisfied at the “maximum” level, which is 100% of target.

(2) Represents annual equity incentive awards, 25% of which are in the form of time-vested RSUs which vest on January 1, 2019, subject to continued service through such date, and 75% of which are in the form of PBRsUs which vest on January 1, 2019, but only to the extent that the given performance metric is achieved and subject to continued service through such date. The number of PBRsUs presented assumes that the performance metric has been satisfied at the “maximum” level, which is 100% of target.

(3) Represents annual equity incentive awards, 25% of which are in the form of time-vested RSUs which vest on January 1, 2020, subject to continued service through such date, and 75% of which are in the form of PBRsUs which vest on January 1, 2020, but only to the extent that the given performance metric is achieved and subject to continued service through such date. The number of PBRsUs presented assumes that the performance metric has been satisfied at the “maximum” level, which is 100% of target.

(4) The market value is based on the closing price of our common stock on December 31, 2017, which was \$25.15.

Option Exercises and Stock Vested

The following table provides information with regard to amounts paid to or received by our named executive officers during 2017 as a result of the vesting of RSUs that were granted to the executive officers as part of their compensation agreements.

Name (a)	Stock Awards	
	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (e)
Ziv Shoshani	6,957	(1) \$131,487
	5,218	(2) \$81,923
William M. Clancy	2,529	(1) \$47,798
	1,783	(2) \$27,993

(1) Represents a portion of annual equity incentive awards comprised of time-vested RSUs granted to each of our executive officers in 2014. These RSUs vested on January 1, 2017.

(2) Represents a portion of annual equity incentive awards comprised of performance-based RSUs granted to each of our executive officers in 2014. These PBRsUs vested on March 8, 2017.

Pension Benefits

Prior to the spin-off, our pension benefits were administered by Vishay Intertechnology. Beginning in January 2010, we began adopting independent pension benefit plans with substantially similar terms as those maintained by Vishay Intertechnology at the time of the spin-off to ensure continuity of benefits for those Vishay Intertechnology employees who became VPG employees at the spin-off. A description of legacy Vishay Intertechnology plans and the new plans that we adopted in their place follows.

In the United States, Vishay Intertechnology maintained a non-qualified pension plan which provided defined benefits to U.S. employees whose participation in the qualified pension plan could jeopardize the qualification of such plan under the Internal Revenue Code. The plan was contributory and, other than its non-qualified status under ERISA, provided substantially the same benefits that were available under Vishay Intertechnology's qualified retirement plan. Employees with five or more years of service were entitled to annual pension benefits beginning at normal retirement age on the first day of the month following the participant's 65th birthday equal to the sum of 2.1% of the first \$10,000 of earnings plus 2.64% of the annual earnings in excess of \$10,000 with a new pension unit earned each year. The final pension was the sum of all units earned during the employee's career. The plan permitted early retirement if the participant was at least age 55 and had at least five years of service. Employees could elect to receive their pension benefits in the form of a joint and survivor annuity or other contingent annuities. Employees were 100% vested immediately in their contributions. If employees terminated before rendering five years of service, they forfeited the right to receive the portion of their accumulated plan benefits attributable to the Company's contributions. Employees received the value of their accumulated benefits as a life annuity payable monthly from retirement. For each employee electing a life annuity, payments would not be less than the greater of (a) the employee's accumulated contributions plus interest or (b) an annuity for five years. In connection with the spin-off, VPG adopted the VPG Non-Qualified Retirement Plan, which provides for substantially similar benefits to those provided by its Vishay Intertechnology counterpart at the time of the spin-off. Like the Vishay Non-Qualified Retirement Plan at the time of the spin-off, the VPG Non-Qualified Retirement Plan is frozen with respect to participation and accrual of benefits.

The following table provides information regarding the present value of benefits accrued under these retirement benefit plans and arrangements for our named executive officers:

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit (1)	Payments During Last Fiscal Year (\$)(e)
(a)	(b)	(#)(c)	(\$)(d)	(\$)(e)
Ziv Shoshani	Individual contractual postemployment medical arrangement (2)	n/a	\$ 155,560	\$ -
William M. Clancy	VPG Non-qualified Retirement Plan (3)	17	\$ 452,968	\$ -

These amounts have been calculated using interest rate, mortality, and other actuarial assumptions consistent with (1) those used for financial reporting purposes set forth in Note 9 to VPG's consolidated financial statements included in our 2017 Annual Report on Form 10-K.

Pursuant to Mr. Shoshani's employment agreement, if his employment ceases on or after his attainment of age 62 (other than for cause), the Company agreed to pay healthcare premiums to cover, for their respective lifetimes, (2) Mr. Shoshani and his spouse and his children until the age 26 up to an aggregate amount of \$15,000 annually. The amount set forth in the table above represents the present value of this benefit.

Mr. Clancy elected to begin participating in the Vishay Non-Qualified Retirement Plan effective January 1, 2000 and subsequently transferred to the VPG Non-Qualified Retirement Plan effective January 1, 2010. The Vishay (3) Non-Qualified Retirement Plan was frozen effective December 31, 2008, such that participants accrue no additional benefits. The VPG Non-Qualified Retirement Plan is similarly frozen.

Non-Qualified Deferred Compensation

Two of the named executive officers participate in the VPG KEWAP (a non-qualified deferred compensation plan), which is available to all employees who meet certain criteria under the Internal Revenue Code. In addition to being eligible to participate in the VPG KEWAP, Mr. Clancy is entitled to receive Company contributions to his VPG KEWAP account associated with his participation in the VPG 401(k) plan. The named executive officers are also eligible to elect to defer additional amounts of compensation, subject to certain limitations.

While deferred, amounts are credited with "earnings" based on the performance of notional investment options available under the plan. No portion of the earnings credited during 2017 was "above market" or "preferential."

The following table sets forth information relating to the activity in the non-qualified deferred compensation plan accounts of the named executive officers during 2017 and the aggregate balance of the accounts as of December 31, 2017:

Name	Executive Contributions in Last Fiscal Year	Registrant Contributions in Last Fiscal Year (1)	Aggregate Earnings in Last Fiscal Year (\$)(d)	Aggregate Withdrawals/ Distributions (\$)(e)	Aggregate Balance at Last Fiscal Year End (\$)(f)
(a)	(\$)(b)	(\$)(c)	(\$)(d)	(\$)(e)	(\$)(f)
Ziv Shoshani	\$ -	\$ -	\$ 131,689	\$ -	\$ 1,077,601
William M. Clancy	-	18,085	(2) 37,092	(14,738)	286,688

(1)

Explanation of Responses:

These amounts are included in Column (i) of the “Summary Compensation Table” as a component of “All Other Compensation.” No portion of the earnings credited during 2017 was “above market” or “preferential.” Accordingly, no amounts related to earnings on deferred compensation have been included in the “Summary Compensation Table.”

- (2) This amount was contributed by the Company; the Company has an on-going matching contribution obligation with respect to Mr. Clancy pursuant to the supplemental match arrangement described herein under “Compensation Discussion and Analysis—Deferred Compensation and Pension Plans.”

Potential Payments Upon Termination or a Change in Control

Our employment agreements with our named executive officers provide certain compensation in the event of termination, as described herein, as well as customary non-solicitation and non-competition covenants as described above in "Employment Agreements". Generally, VPG does not provide any severance specifically upon a change in control. However, our RSU agreements with the named executive officers do provide for accelerated vesting upon a change in control. Termination of employment also impacts outstanding stock options, RSUs, and non-qualified deferred compensation balances.

If we terminate Mr. Shoshani without "cause," or if Mr. Shoshani resigns with "good reason" (as such terms are defined in his employment agreement) he is entitled to a severance package consisting of:

24 months of base salary continuation;

any earned but unpaid performance bonus for the immediately preceding calendar year;

the immediate vesting of all of the executive's outstanding time-vested RSUs;

the executive's outstanding PBRsUs granted on or after January 1, 2016 shall vest on their normal vesting date to the extent applicable performance criteria are realized (provided that upon a change in control, all outstanding PBRsUs would immediately vest as if the performance criteria had been satisfied at the target level);

a pro rata annual performance bonus (calculated based on his performance bonus target); and

continuation of certain health and medical benefits for three years following termination, provided that if the Executive's employment terminates for any reason other than by the Company for "cause," after the executive attains age 62, such coverage will continue for the life of the executive.

If we terminate Messrs. Clancy or Desilets without "cause," or if they resign with "good reason" (as such terms are defined in their respective employment agreements) they are entitled to a severance package consisting of:

18 months of base salary continuation;

the immediate vesting of all of the executive's outstanding time-vested RSUs;

the executive's outstanding PBRsUs granted on or after January 1, 2016 shall vest on their normal vesting date to the extent applicable performance criteria are realized (provided that upon a change in control, all outstanding PBRsUs would immediately vest as if the performance criteria had been satisfied) at the target level;

any earned but unpaid performance bonus for the immediately preceding calendar year;

a pro rata annual performance bonus (calculated based on their performance bonus targets); and

continuation of certain health and medical benefits for 18 months, or if earlier, the date as of which the executive is eligible to receive health insurance through another group plan.

The following table sets forth the compensation that would have been received by each of the Company's executive officers had they been terminated without "cause," or if they resigned with "good reason," in either such case, as of December 31, 2017.

	Salary Continuation	Bonus	Equity grants	Medical benefit/pension plan	Non-qualified deferred compensation	Total
	(1)	(2)	(3)	(4)	(5)	
Ziv Shoshani	\$ 1,133,402	\$566,701	\$3,567,100	\$ 70,518	\$ 1,077,601	\$6,415,322
William M. Clancy	510,000	170,000	1,110,373	497,353	286,688	2,574,414
Roland B. Desilets	412,500	110,000	220,993	16,282	-	759,775

- (1) Represents two years of 2017 base salary, paid over two years, for Mr. Shoshani, and eighteen months of 2017 base salary, paid over eighteen months, for Messrs. Clancy and Desilets.
Represents the target performance bonus for each of our executive officers with respect to performance in 2017.
- (2) Pursuant to the employment agreements with our executive officers, we are required to pay the target performance bonus for the year in which the executive officer was terminated (pro-rated based on when termination occurred).
Represents the value of 141.833 shares for Mr. Shoshani, 44,150 shares for Mr. Clancy and 8,787 shares for Mr.
- (3) Desilets of otherwise unvested RSUs and PBRsUs (assuming all performance criteria are met), based on \$25.15, the closing price of our common stock on December 31, 2017.
For Mr. Shoshani, this amount reflects the estimated value of three years of medical coverage for Mr. Shoshani, his spouse and his children under the age of 26, based on the value of such coverage at December 31, 2017 and
- (4) assuming 10% increases in annual premiums. For Mr. Clancy, this amount reflects the present value of the balance in his VPG Non-Qualified Retirement Plan account and eighteen months of COBRA payments. For Mr. Desilets, this amount reflects eighteen months of COBRA payments.
- (5) Represents each executive officer's VPG KEWAP balance as of December 31, 2017, as set forth in the "Non-Qualified Deferred Compensation Table."

The following table sets forth the compensation that would have been received by each of the Company's executive officers in the event a change of control occurred on December 31, 2017 where the executives remained employed by the Company after such change of control.

	Salary Continuation	Bonus	Equity grants	Medical benefit/pension plan	Non-qualified deferred compensation	Total
			(1)			
Ziv Shoshani	\$ -	\$ -	\$3,567,100	\$ -	\$ -	\$3,567,100
William M. Clancy	-	-	1,110,373	-	-	1,110,373
Roland B. Desilets	-	-	220,993	-	-	220,993

- Represents the value of 141.833 shares for Mr. Shoshani, 44,150 shares for Mr. Clancy and 8,787 shares for Mr.
- (1) Desilets of otherwise unvested RSUs and PBRsUs (assuming all performance criteria are met), based on \$25.15, the closing price of our common stock on December 31, 2017.

Impact on Non-Qualified Deferred Compensation Balances

As described herein, the named executive officers are eligible to participate in a non-qualified deferred compensation plan. Each participant in VPG's deferred compensation plan, or the "VPG KEWAP," must elect, upon initial participation in the plan, the schedule of payments thereunder upon termination of such participant's employment. In compliance with Section 409A of the Internal Revenue Code, Mr. Shoshani elected to receive a lump-sum distribution of the balance of his VPG KEWAP retirement account upon termination of his employment. Mr. Clancy elected to receive distributions from his retirement account over a ten-year period following termination of his employment.

Impact on Restricted Stock Units

Certain executive officers received grants of RSUs. In the event of a change in control, or in the event of termination without cause, a voluntary termination by the executive for "good reason," or a termination due to death or disability, all unvested time-based RSUs vest immediately. If such termination or change in control had occurred at December 31, 2017, Messrs. Shoshani, Clancy and Desilets would have vested immediately in 35,457, 11,037 and 2,196 time-based RSUs, respectively. In addition, in the event of termination without cause, a voluntary termination by the executive for "good reason" or a termination due to death or disability Messrs. Shoshani, Clancy and Desilets would remain eligible to vest in up to 106,376, 33,113 and 6,591 PBRsUs, respectively, subject to the satisfaction of performance criteria associated with those PBRsUs. Such vesting would occur, if at all, upon the Compensation Committee's determination that the applicable performance criteria have been achieved. On a change in control, however, Messrs. Shoshani, Clancy and Desilets would have vested into all such PBRsUs immediately, as if the performance criteria had been satisfied at the target level.

Additional Information on Equity Compensation Plans

The following table provides certain information concerning our equity compensation plans as of December 31, 2017.

	Number of shares of common stock to be issued upon exercise of outstanding options and rights	Weighted average exercise price of outstanding options and rights	Number of shares of common stock remaining for future issuance under equity compensation plans (excluding shares reflected in the first column)
Equity compensation plans approved by stockholders			
(1)			
2010 Stock Incentive Program (2)			
Restricted Stock Units	291,984	n/a	
Total 2010 Stock Incentive Program	291,984		256,730
Equity compensation plans not approved by stockholders			
	-		-
Total equity compensation plans	291,984		256,730

Additional information about these plans is presented in Note 10 to the Company's consolidated financial (1) statements, which is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

(2) The 2010 Stock Incentive Program provides for the grant of stock options, restricted stock, unrestricted stock, and RSUs. Therefore, the shares available for future issuance are presented only in total for the program.

CEO Pay Ratio

This information is provided in accordance with the requirements of Item 402(u) of Regulation S-K and the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010.

For this disclosure we identified our median-paid employee by looking at compensation between January 1, 2017 and December 31, 2017 for employees of the Company as of December 31, 2017. The total employee population considered was 2,280 people and we did not exclude any employees, other than our CEO. We used year-end local payroll records, consistently applied, to identify the median employee.

Mr. Shoshani's annual total compensation for 2017 was \$2,193,837, as disclosed in the Summary Compensation Table above. Our median employee's annual total compensation, calculated consistent with Summary Compensation Table rules, for 2017 was \$46,333. Accordingly, the ratio of our CEO's pay to our median employee is 47:1.

The ratio is influenced by the mix of geographies where the company has operations, and the nature of the work employees perform in the different countries. Approximately 29% of the company's total workforce is located in low cost countries, including in China and India. Many of these employees are involved in assembly and manufacturing tasks, particularly in China and India.

PROPOSAL THREE

ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) enables our stockholders to vote to approve, on an advisory or non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with SEC rules.

As described in detail under the heading “Compensation Discussion and Analysis,” our executive compensation programs are designed to attract, motivate, and retain our named executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of specific annual, long-term and strategic goals, corporate goals, and the realization of increased stockholder value. Please read the “Compensation Discussion and Analysis” for additional details about our executive compensation programs, including information about the fiscal year 2017 compensation of our named executive officers.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to express their views on our named executive officers’ compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement.

The “say-on-pay” vote is advisory, and therefore not binding on the Company, the Compensation Committee or the Board. Our Board and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders’ concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns. Following a vote by our stockholders at our 2017 Annual Meeting, we will conduct a “say-on-pay” vote annually.

The Board unanimously recommends a vote FOR the approval of the compensation of the named executive officers as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K under the Securities Exchange Act of 1934, including the Compensation Discussion and Analysis, compensation tables and narrative discussion.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

VPG maintains employment agreements with our CEO and each of our other executive officers. See “Executive Compensation” herein. We historically have had significant agreements, transactions, and relationships with Vishay Intertechnology. See Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K filed with the SEC and “Agreements with Vishay Intertechnology” herein. For a more detailed discussion of these arrangements, see “Agreements with Vishay Intertechnology” in our information statement, dated June 22, 2010. The information statement was filed on June 22, 2010 as Exhibit 99.1 to our Registration Statement on Form 10.

Steven C. Klausner is Vice President and Treasurer of VPG. Mr. Klausner is the brother-in-law of Chairman Marc Zandman. Mr. Klausner received salary, bonus, and benefits of \$384,670 for 2017.

Our Board has adopted a written Related Party Transaction Policy that governs the review, approval, or ratification of related party transactions between our Company and our directors and executive officers and their families; stockholders owning in excess of 5% of any class of our securities; and certain affiliates of these persons. The Nominating and Corporate Governance Committee has the responsibility to administer the policy. All related party transactions, including employment relationships and charitable contributions, must be approved or ratified by the Committee. Members of the Committee may not participate in any review, consideration, or approval of any transaction involving such member, any family member of such member, or any entity with which such member is affiliated. A copy of the Related Party Transaction Policy is available to stockholders in print upon request.

Our Related Party Transaction Policy requires that all new employment relationships with a family member of a director or executive officer be approved by the Committee. The Committee also must undertake an annual review of on-going employment relationships of family members of any director or executive officer.

Agreements with Vishay Intertechnology

In connection with the spin-off, we and Vishay Intertechnology entered into certain agreements which govern our relationship with Vishay Intertechnology and provide for the allocation of employee benefits, tax and other liabilities and obligations. The following are brief summaries of the terms of the material agreements we entered into with Vishay Intertechnology. Each summary is qualified in its entirety by reference to the full text of the applicable agreement.

The Separation

In a series of transactions culminating on July 6, 2010, Vishay Intertechnology moved its precision measurement and foil resistor businesses to us, including assets and equity interests of certain subsidiaries of Vishay Intertechnology, and we moved a small amount of assets that we held and that did not constitute part of our business to Vishay Intertechnology. Except as specified in the master separation agreement, we agreed to assume and perform all of the liabilities (including contingent liabilities) and obligations arising under or relating to the operation of the precision measurement and foil resistor businesses or the assets and equity interests that were transferred to us as part of the separation, whether incurred before or after the separation.

Exchangeable Notes and Warrants

In connection with the spin-off from Vishay Intertechnology, we were required to assume a portion of Vishay Intertechnology’s indebtedness arising out of a 2002 exchangeable note and warrant financing. Accordingly, we issued notes with an initial principal amount of approximately \$10.0 million, exchangeable for shares of our common stock to such persons, as required by the put and call agreement between Vishay Intertechnology and the holders of the corresponding 2002 Vishay Intertechnology notes due December 13, 2102. Effective August 28, 2013, a holder of the Company’s exchangeable notes exercised its option to exchange approximately \$5.9 million principal amount of the notes for 259,687 shares of our common stock. Effective May 12, 2017, a holder of the Company's exchangeable notes exercised its option to exchange approximately \$1.3 million principal amount of the notes for 57,729 shares of VPG common stock at the contractual put/call rate of \$22.57 per share. Effective February 26, 2018, a holder of the Company's exchangeable notes exercised its option to exchange approximately \$2.8 million principal amount of the notes for 123,808 shares of VPG common stock at the contractual put/call rate of \$22.57 per share. Following these transactions, we have no outstanding exchangeable unsecured notes.

Tax Matters Agreement

In connection with the master separation agreement, we entered into a tax matters agreement with Vishay Intertechnology. This agreement (1) governs the allocation of U.S. federal, state, local, and foreign tax liability between

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us and Vishay Intertechnology, (2) provides for certain restrictions and indemnities in connection with the tax treatment of the distribution, and (3) addresses certain other tax-related matters.

Lease Agreements

We and Vishay Intertechnology, or our respective subsidiaries, entered into lease agreements for space in Malvern, Pennsylvania and Akita, Japan. In each case, the lease is at a market rate and on customary terms for a lease of its nature. We intend to continue these lease arrangements for the foreseeable future.

OTHER MATTERS

This proxy statement includes all of the business that the Board intends to present at the annual meeting. The Board is not aware of any other matters proposed to be presented at the meeting. If any other matters are properly brought before the annual meeting or any adjournment thereof, it is the intention of the person named in the accompanying form of proxy to vote the proxy on such matters in accordance with their judgment.

AVAILABILITY OF ANNUAL REPORT AND FORM 10-K TO STOCKHOLDERS

This proxy statement and our 2017 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for fiscal year ended December 31, 2017, are available at our Investor Relations page at <http://ir.vpgsensors.com>. VPG will provide to any stockholder, upon written request and without charge, a copy of our most recent Annual Report on Form 10-K, including the financial statements, as filed with the Securities and Exchange Commission. All requests for such reports should be directed to Investor Relations, Vishay Precision Group, Inc., 3 Great Valley Parkway, Suite 150, Malvern, PA 19355, telephone number (484) 321-5300.

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR 2019 ANNUAL MEETING

Stockholder proposals submitted to us pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934 for inclusion in our proxy statement and form of proxy for our 2019 Annual Meeting of Stockholders must be received by us no later than December 7, 2018 and must comply with the requirements of the proxy rules promulgated by the Securities and Exchange Commission.

In accordance with our current bylaws, for a director nomination or a proposal of a stockholder to be raised from the floor and presented at our 2019 Annual Meeting of Stockholders, other than a stockholder proposal intended to be included in our proxy statement and submitted pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, a stockholder's notice must be delivered to, or mailed and received at, our principal executive offices, together with all supporting documentation required by our bylaws, (A) not prior to February 16, 2019 nor later than March 18, 2019 or (B) in the event that the 2019 Annual Meeting of Stockholders is held prior to April 17, 2019 or after July 16, 2019, notice by the stockholder must be so received not later than the 60th day prior to the annual meeting, or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, not later than the 10th day following the day on which public announcement of the date of such meeting is first made by us. A stockholder's notice of intention to present a director nomination or a proposal should be addressed to our Secretary, Vishay Precision Group, Inc., 3 Great Valley Parkway, Suite 150, Malvern, Pennsylvania 19355. The form of proxy issued with our 2019 proxy statement will confer discretionary authority to vote for or against any proposal made by a stockholder at our 2019 Annual Meeting of Stockholders and which is not included in our proxy statement. However, such discretionary authority is not permitted to be exercised if the stockholder proponent has given notice to our Secretary of such proposal between February 16, 2019 and March 18, 2019 and certain other conditions provided for in the SEC's rules have been satisfied.

By order of the Board of Directors,
/s/ Roland B. Desilets
Roland B. Desilets
Vice President, General Counsel and Corporate Secretary

April 6, 2018

VISHAY PRECISION GROUP, INC.
3 GREAT VALLEY PARKWAY
SUITE 150
MALVERN, PA 19355

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E43255-P04991 **KEEP THIS PORTION FOR YOUR RECORDS**
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

VISHAY PRECISION GROUP, INC.
The Board of Directors recommends you vote FOR the following:

For All Withhold All For All Except

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

1. Election of Directors o o o

Nominees:

01) Marc Zandman

02) Janet Clarke

Explanation of Responses:

- 03) Wesley Cummins
- 04) Bruce Lerner
- 05) Saul Reibstein
- 06) Timothy Talbert
- 07) Ziv Shoshani

The Board of Directors recommends you vote For Against Abstain
 FOR proposals 2 and 3.

2. To ratify the appointment of Ernst & Young LLP as Vishay Precision Group, Inc.'s independent registered public accounting firm for the year ending December 31, 2018. o o o

3. To approve the advisory resolution relating to the compensation of named executive officers. o o o

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

For address
 change/comments, mark
 here. Yes No o
 (see reverse for
 instructions)

Please indicate if you plan to o o
 attend this meeting.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE
 SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and 2017 Annual Report are available at www.proxyvote.com.

E43256-P04991

VISHAY PRECISION GROUP, INC.

Annual Meeting of Shareholders

May 17, 2018

This proxy is solicited by the Board of Directors

The undersigned hereby appoints William M. Clancy and Roland B. Desilets, and each of them acting individually, with full power to vote all shares of common stock and Class B common stock of Vishay Precision Group, Inc. which the undersigned is entitled to vote at the Annual Meeting of Shareholders of Vishay Precision Group, Inc. to be held at The Desmond Hotel and Conference Center, 1 Liberty Lane, Suite 19355, at 9:00 a.m., local time, on Thursday, May 17, 2018, and at any postponement or adjournment thereof, hereby ratifying and authorizing their substitutes may do by virtue hereof, and the undersigned authorizes and instructs said proxies to vote as indicated on the enclosed ballot.

This proxy, when properly executed, will be voted as directed, or if no direction is given, will be voted "FOR" all director nominations and proposals 2 and 3.

PLEASE DATE, SIGN AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.

Address change/comments: _____

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)
Continued and to be signed on reverse side