

Crocs, Inc.  
Form DEF 14A  
April 25, 2017

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

**SCHEDULE 14A**

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

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

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

**CROCS, INC.**

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(Name of Registrant as Specified In Its Charter)

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**CROCS, INC.**  
**7477 East Dry Creek Parkway**  
**Niwot, Colorado 80503**

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**NOTICE OF THE 2017 ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD JUNE 6, 2017**

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To the Stockholders of Crocs, Inc.:

We will hold the 2017 Annual Meeting of Stockholders of Crocs, Inc. at the St. Julien Hotel, 900 Walnut Street, Boulder, Colorado, on June 6, 2017 at 9:00 a.m. Mountain Time.

The meeting's purpose is to:

1.  
elect three Class III directors;
2.  
ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017;
3.  
hold an advisory vote to approve the compensation of our named executive officers;
4.  
hold an advisory vote on the frequency of future advisory votes to approve the compensation of our named executive officers;
5.  
approve the amendment and restatement of our 2008 Cash Incentive Plan; and
6.  
consider any other matters that properly come before the meeting or any postponement or adjournment thereof.

Only stockholders of record of our common stock and Series A convertible preferred stock at the close of business on April 11, 2017 are entitled to receive notice of and to vote at the meeting.

A list of the stockholders entitled to vote at the meeting will be available for examination at the meeting by any stockholder for any purpose relevant to the meeting. The list will also be available on the same basis for ten days prior to the meeting at our principal executive office, 7477 East Dry Creek Parkway, Niwot, Colorado 80503.

All stockholders are cordially invited to attend the meeting in person. Whether or not you plan to attend the meeting in person, please vote your shares as instructed in the Notice of Internet Availability of Proxy Materials, over the Internet, or by telephone after your receipt of hard copies of the proxy materials, as promptly as possible. You may also request a paper proxy card, which will include a reply envelope, to submit your vote by mail, as described in the Notice of Internet Availability of Proxy Materials. Stockholders of record who are present at the Annual Meeting may withdraw their proxy and vote in person if they so desire.

BY ORDER OF THE BOARD OF DIRECTORS,

Daniel P. Hart  
*Executive Vice President, Chief Legal and  
Administrative Officer*

Niwot, Colorado  
April 25, 2017

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**2017 PROXY STATEMENT EXECUTIVE SUMMARY**

This is a summary of the information contained in the proxy statement, but does not contain all of the information you should review and consider. You should read all of the information in this proxy statement before voting.

**Information about the 2017 Annual Meeting of Stockholders**

**Date:** Tuesday, June 6, 2017  
**Time:** 9:00 a.m. Mountain Time  
**Place:** St. Julien Hotel, 900 Walnut Street, Boulder, Colorado  
**Record Date:** April 11, 2017  
**Voting:** Stockholders of our common stock and Series A convertible preferred stock are entitled to vote

**How to Vote**

**Internet:** www.proxyvote.com  
**Phone:** 1-800-690-6903  
**Mail:** Return your marked proxy card in the enclosed postage-paid envelope  
**In Person:** Attend the Annual Meeting on June 6, 2017

**Internet and Telephone** voting help reduce the impact on the environment and our costs in connection with the Annual Meeting. You may vote by internet or telephone 24 hours a day, 7 days a week, until 11:59 p.m. Eastern Time on June 5, 2017. If you wish to revoke your proxy, see the information on page 4 of this proxy statement.

If you hold your shares in "street name" through a bank, broker or other holder of record, the record holder of your shares will send you voting instructions, which you must follow in order for your shares to be voted at the Annual Meeting. If you hold in street name and wish to attend the Annual Meeting and vote in person, request a legal proxy from the record holder of your shares.

**2016 Business and Financial Highlights**

Business and financial highlights from 2016 include:

We sold 56.1 million pairs of shoes worldwide;

Delivered industry leading on time deliveries to customers;

Our gross profit percentage increased 150 basis points to 48.3% compared to 46.8% in 2015, in spite of unfavorable exchange rates which reduced our gross profit by \$2.2 million;

We continued to optimize our organizational structure, elevating key talent and driving greater management efficiencies;

Selling, general and administrative expenses decreased \$55.9 million, or 10.0%, to \$503.2 million compared to 2015;

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We restructured our marketing program with the launch of our "Come As You Are" campaign and the engagement of celebrity talent such as Drew Barrymore and John Cena in early 2017;

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Net loss attributable to common stockholders decreased \$66.3 million to a net loss of \$31.7 million compared to a net loss of \$98.0 million for 2015;

We continued to focus on improving the efficiency and effectiveness of our operations, including the closure of underperforming retail stores and transferring owned retail distributors in subscale markets. During the year ended December 31, 2016, we opened 50 outlet stores and closed 66 full-price stores. In total, during the year ended December 31, 2016 we opened 83 stores and closed 84 stores; and

We continued to focus on simplifying our product line and disciplined inventory management, which enabled us to reduce our inventory at December 31, 2016 by \$21.2 million or 12.6% from \$168.2 million to \$147.0 million at December 31, 2015.

(\$ in millions)	2016	2015
Annual revenues	\$1,036	\$1,091
Annual gross profit	\$500	\$511
Annual gross margin	48.3%	46.8%
Annual selling, general and administrative costs as a % of revenue	48.6%	51.3%
Inventory as of December 31	\$147	\$168
Cash and cash equivalents as of December 31	\$148	\$143

<i>Proposals and our Board's Voting Recommendations</i>	<i>Board Recommendation</i>	<i>Page</i>
Election of Class III Directors (Proposal 1)		
Jason Giordano	<b>FOR</b>	5
Thomas J. Smach	<b>FOR</b>	5
Prakash A. Melwani	<b>FOR</b>	5
Ratification of our Independent Auditor (Proposal 2)	<b>FOR</b>	49
Advisory Vote to Approve the Compensation of our Named Executive Officers (Proposal 3)	<b>FOR</b>	50
Advisory Vote on the Frequency of Future Advisory Votes to Approve the Compensation of our Named Executive Officers (Proposal 4)	<b>EVERY YEAR</b>	51
Approval of the Amendment and Restatement of the 2008 Cash Incentive Plan (Proposal 5)	<b>FOR</b>	52

### **Proposal 1 Election of Class III Directors (page 5)**

<b>Name</b>	<b>Age</b>	<b>Primary Occupation</b>	<b>Committee Memberships</b>	<b>Independent</b>
Jason Giordano	38	Managing Director at Blackstone Group, L.P.	Information Technology	Yes
Thomas J. Smach	56	Partner at Riverwood Capital Management	Audit (chair) and Governance and Nominating	Yes
Prakash A. Melwani	58	Senior Managing Director at Blackstone Group, L.P.	Compensation and Governance and Nominating	Yes

The Board recommends a vote *FOR* each of the Class III directors listed above.



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**Proposal 2 Ratify Independent Auditors (page 49)**

In March 2017, the Audit Committee of our Board approved the reappointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2017. Our Board is asking for stockholder ratification of this appointment at the Annual Meeting.

**The Board recommends a vote *FOR* the proposal for ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2017.**

**Proposal 3 Advisory Vote to Approve Named Executive Officer Compensation (Advisory Say-on-Pay Vote) (page 50)**

The objectives of our executive compensation program are to:

Attract and retain exemplary executive talent who are able to succeed in our fast-paced, rapidly evolving company

Hold our executives accountable to stockholders

Motivate our executives to achieve our financial and strategic business objectives

Align our executives' compensation with our stockholders' interests

Assure that our total compensation program aligns with good corporate governance and best practices

In order to further align the long-term interests of management with those of our stockholders and align our compensation program and corporate governance with best practices, we have established the governance and pay policies and practices highlighted below:

Majority Independent Board

Fully Independent Compensation Committee

Independent compensation consultant

No compensation policies and programs that give rise to excessive risks

Annual say-on-pay vote (receiving over 98% support in 2016)

Robust stock ownership guidelines for both executive officers and directors

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Clawback of incentive-based compensation

Reasonable change in control protections

No excise tax gross-ups

Reasonable severance benefits

Limited executive perquisites and benefits

No hedging or pledging permitted

No repricings of stock options or stock appreciation rights

Majority vote director resignation policy

No single-trigger vesting of equity awards that are assumed in the event of a change in control

We strive to pay our executives based on performance. Approximately 75% of our targeted 2016 compensation for our chief executive officer was in the form of performance-based bonuses or long-term equity awards. To earn the performance-based targeted compensation our executives must achieve significant performance improvements. In 2016, only 25% of the target annual cash incentive bonus and 33% of the target performance-based RSUs were realized by our executives. As shown in the graph below, approximately 25% of our CEO's total potential performance-based and at-risk compensation was realized in 2016. Realized performance-based and at-risk compensation consists of 2016 actual cash bonus payments, market value of earned performance-based RSUs on the date of the Compensation Committee's performance certification and market value of time-based RSUs on the date of vesting.

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**The Board recommends a vote *FOR* the advisory vote to approve the compensation of our named executive officers.**

***Proposal 4 Advisory Vote on the Frequency of Future Advisory Votes to approve the Compensation of our Named Executive Officers (page 51)***

We are required to hold an advisory vote on the frequency of the advisory vote to approve the compensation of our named executive officers every six years. When we last held this vote in 2011 our stockholders selected a frequency of *every year*. We have held an advisory vote on the compensation of our named executive officers every year since 2011. We believe that continuing to hold an advisory vote on an annual basis is in the best interest of our stockholders.

**The Board recommends a vote for a frequency of *EVERY YEAR* for future advisory votes to approve the compensation of our named executive officers.**

***Proposal 5 Approve the Amendment and Restatement of the 2008 Cash Incentive Plan (page 52)***

We are seeking stockholder approval of an Amendment and Restatement of the 2008 Cash Incentive Plan in order to permit us to pay tax deductible cash incentive awards pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended.

**The Board recommends a vote *FOR* the proposal for the approval of the Amendment and Restatement of the Crocs, Inc. 2008 Cash Incentive Plan.**

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**CROCS, INC.**  
**7477 East Dry Creek Parkway**  
**Niwot, Colorado 80503**

**2017 ANNUAL MEETING OF STOCKHOLDERS**

**PROXY STATEMENT**

**FREQUENTLY ASKED QUESTIONS ABOUT VOTING AND THE ANNUAL MEETING**

**Why did I receive these proxy materials?**

Crocs, Inc., a Delaware corporation (the "Company," "we," "us," or "our") is providing these proxy materials in connection with the solicitation by our Board of Directors (the "Board") of proxies to be voted at our 2017 Annual Meeting of Stockholders (the "Annual Meeting"), to be held on June 6, 2017 at the St. Julien Hotel, 900 Walnut Street, Boulder, Colorado at 9:00 a.m. Mountain Time, or at any postponement or adjournment thereof. This proxy statement will first be made available to stockholders on or about April 25, 2017.

Under the rules of the Securities and Exchange Commission (the "SEC"), we are furnishing proxy materials to our stockholders on the Internet, rather than mailing printed copies. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one as instructed in that notice. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials on the Internet. This proxy statement and our 2016 annual report to stockholders are available at [www.proxyvote.com](http://www.proxyvote.com).

**What is contained in this proxy statement?**

This proxy statement relates to proposals to be voted on at our Annual Meeting, the process for voting, our Board of Directors and committees of our Board, information about the compensation of our directors and certain executive officers for the year ended December 31, 2016, as well as other important information. We encourage you to read this entire proxy statement prior to voting your shares.

**Who is entitled to vote?**

Stockholders of record of our common stock and our Series A convertible preferred stock (our "convertible preferred stock") at the close of business on April 11, 2017 are entitled to notice of, and to vote at, the Annual Meeting. On the record date, there were 74,084,707 shares of our common stock outstanding, for aggregate votes of 74,084,707 (or one vote per share), and there were 200,000 shares of our convertible preferred stock outstanding, for aggregate votes of 13,793,100 (or 68.9655 votes per share, which number is equal to the number of shares of common stock into which each such share of convertible preferred stock is convertible on the record date). Our common stock and convertible preferred stock will vote together as a single class, for aggregate votes of 87,877,807 on all matters at the Annual Meeting.

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**What constitutes a quorum at the Annual Meeting?**

A quorum is required to conduct business at the Annual Meeting. The holders of a majority of the voting power of the outstanding shares entitled to vote generally in the election of directors must be present in person or by proxy at the Annual Meeting in order for a quorum to exist. Abstentions and broker non-votes count as present for purposes of determining the existence of a quorum. A broker non-vote occurs when a broker returns a proxy card but does not vote on one or more matters because the broker does not have the authority to do so without instructions from the beneficial owner. Shares represented by proxies that are marked withhold with respect to the election of our Class III directors will be counted as present in determining whether there is a quorum.

**What am I voting on?**

We are asking for your vote on the following five proposals at the Annual Meeting:

1. The election of three Class III directors to serve until the 2020 Annual Meeting of Stockholders.
2. Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.
3. An advisory vote to approve the compensation of our named executive officers.
4. An advisory vote on the frequency of future advisory votes to approve the compensation of our named executive officers.
5. The approval of the amendment and restatement of the 2008 Cash Incentive Plan.

**How do I vote?**

***Vote by Internet***

If you are a stockholder of record, you may vote your proxy over the Internet by following the instructions on the Notice of Internet Availability of Proxy Materials or, if you requested printed copies of our proxy materials, by following the instructions on the printed proxy card you received. Most beneficial stockholders ("street name" holders) may vote by accessing the website specified on the voting instructions forms provided by their brokers, trustees, banks or other nominees.

***Vote by Telephone***

If you are a stockholder of record, you may vote your proxy by touch-tone telephone from within the U.S. by following the instructions on the Notice of Internet Availability of Proxy Materials or, if you requested printed copies of the proxy materials, by following the instructions on the printed proxy card. Most beneficial stockholders ("street name" holders) may vote by calling the number specified on the voting instruction forms provided by their brokers, trustees, banks or other nominees.

***Vote by Mail***

If you are a stockholder of record, you may vote your proxy by mail by requesting printed proxy cards and completing, signing and dating the printed proxy cards and mailing them in the postage-paid envelope that will accompany the printed proxy materials. Beneficial owners ("street name" holders) may vote by completing, signing and dating the voting instruction form provided and mailing it in the postage-paid envelopes accompanying the voting instruction forms.

***What if I don't provide voting instructions?***

If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy



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as recommended by our Board. If you are a beneficial owner and you return your signed voting instruction form but do not indicate your voting preferences, your broker, bank or other holder of record may not vote your uninstructed shares on any proposal other than Proposal 2.

***Vote in Person at the Annual Meeting***

All stockholders as of the close of business on April 11, 2017, the record date, can vote in person at the Annual Meeting. You can also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner, you must obtain a legal proxy from your broker, bank, or other holder of record and present it to the inspector of election with your ballot to be able to vote in person at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you also vote either by telephone, by Internet, or by mail so that your vote will be counted if you decide not to attend.

**What vote is required for the proposals to pass?**

If a quorum is present at the Annual Meeting, the following vote is required for approval of each matter to be voted on.

**Proposal 1 - Election of Directors.** The three Class III director nominees receiving the highest number of "for" votes cast in person or by proxy at the Annual Meeting will be elected as directors. Proxies marked withhold and broker non-votes will have no effect on the outcome of this proposal. Cumulative voting is not permitted. See "Corporate Governance Majority Vote Director Resignation Policy" (below) regarding the requirement that director nominees tender their resignation if they receive a greater number of votes "withheld" from their election than votes "for" such election.

**Proposal 2 - Ratification of Appointment of Deloitte & Touche LLP.** The affirmative vote of a majority of the voting power of the shares present in person or by proxy and entitled to vote on the proposal is required for the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017. Abstentions will have the effect of voting against this proposal. Broker non-votes will have no effect on the outcome of this proposal.

**Proposal 3 - Advisory Vote to Approve the Compensation of our Named Executive Officers.** The affirmative vote of a majority of the voting power of the shares present in person or by proxy and entitled to vote on the proposal is required to approve the advisory resolution to approve the compensation of our named executive officers. Abstentions will have the effect of voting against this proposal. Broker non-votes will have no effect on the outcome of this proposal.

**Proposal 4 - Advisory Vote on the Frequency of Future Advisory Votes to approve the Compensation of our Named Executive Directors.** The voting frequency option that receives the highest number of votes cast by the holders of the shares present in person or by proxy and entitled to vote on the proposal will be deemed the frequency for the advisory vote on executive compensation. Abstentions and broker non-votes will have no effect on the outcome of this proposal.

**Proposal 5 - Approval of the Amendment and Restatement of the 2008 Cash Incentive Plan.** The affirmative vote of a majority of the voting power of the shares present in person or by proxy and entitled to vote on the proposal is required to approve the amendment and restatement of the 2008 Cash Incentive Plan. Abstentions will have the effect of voting against this proposal. Broker non-votes will have no effect on the outcome of this proposal.

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**Approval of All Other Proposals.** With respect to any other matters properly brought before the Annual Meeting, the affirmative vote of a majority of the voting power of the shares present in person or by proxy and entitled to vote on such proposals will be the act of the stockholders. Abstentions will have the effect of voting against these proposals. Broker non-votes will have no effect on the outcome of these proposals.

**What are the Board's Recommendations?**

Our Board of Directors' recommendation is set forth together with the description of each proposal. In summary, our Board of Directors recommends a vote:

**FOR** the election of each of the Class III director nominees (Proposal 1);

**FOR** the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2017 (Proposal 2);

**FOR** the advisory vote to approve the compensation of our named executive officers (Proposal 3);

For a frequency of **EVERY YEAR** for future advisory votes to approve the compensation of our named executive officers (Proposal 4); and

**FOR** the approval of the amendment and restatement of the 2008 Cash Incentive (Proposal 5).

**What if I don't provide voting instructions?**

Whether or not you are able to personally attend the Annual Meeting, you are encouraged to vote your shares as instructed in the Notice of Internet Availability of Proxy Materials. Shares represented by properly executed methods, and not revoked prior to the Annual Meeting, will be voted at the Annual Meeting as directed in the proxy. **If no directions are specified, such proxies will be voted FOR each of Proposals 1, 2, 3 and 5, for EVERY YEAR on Proposal 4 and in the best judgment of the proxy holders as to other matters that may properly come before the Annual Meeting.**

If your shares are held in the name of a bank or brokerage firm, your bank or broker will send you a separate package describing the procedures and options for voting your shares. You should follow the instructions provided by your bank or brokerage firm. On routine matters, such as the ratification of the appointment of our independent registered public accounting firm, your broker will vote your shares for you at his or her discretion if you do not instruct your broker how to vote. For non-routine matters, which include all other matters to be voted upon at the Annual Meeting, your broker may not vote your shares without specific voting instructions from you.

**Can I change my vote after I have voted?**

Any stockholder giving a proxy has the power to revoke the proxy, or change the proxy, at any time before the proxy is voted at the Annual Meeting by (i) re-voting online at [www.proxyvote.com](http://www.proxyvote.com) or by telephone, (ii) sending another properly executed proxy bearing a later date or a written notice of revocation of the proxy to Corporate Secretary, Crocs, Inc., 7477 East Dry Creek Parkway, Niwot, Colorado 80503 or (iii) voting in person at the Annual Meeting.

**Who pays for the solicitation of proxies for the Annual Meeting?**

Our Board is soliciting the proxies for the Annual Meeting. We will bear the entire cost of this proxy solicitation. We have retained the services of Okapi Partners LLC, a professional proxy solicitation firm, to aid in the solicitation of proxies. Okapi Partners may solicit proxies by personal interview, mail, telephone, facsimile, email or otherwise. We will pay Okapi Partners its customary fee, estimated to be approximately \$20,000, plus reasonable out-of-pocket expenses incurred in the process of soliciting proxies. We may also reimburse brokers, custodians, nominees and other fiduciaries for normal handling charges incurred for forwarding proxy materials to beneficial owners. Solicitation of proxies may be made personally or by mail, telephone, email or otherwise by our directors, officers and other employees, who will receive no additional compensation



for such services.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

**Board Composition**

Our Board currently consists of eight members divided into three classes, with each director elected to a three-year term. Class I consists of Ronald L. Frasch and Gregg S. Ribatt, whose terms will expire at the 2018 annual meeting. Class II consists of Ian M. Bickley, Doreen A. Wright and Douglas J. Treff, whose terms will expire at the 2019 annual meeting. Class III consists of Jason Giordano, Prakash A. Melwani and Thomas J. Smach, whose terms will expire at the Annual Meeting to be held on June 6, 2017. Under our amended and restated bylaws, each of our directors holds office until his or her successor has been elected and qualified or until such director's earlier resignation or removal.

On January 27, 2014, we issued to Blackstone Capital Partners VI L.P. ("Blackstone") and certain of its permitted transferees (including Mr. Ribatt), an aggregate of 200,000 shares of our Series A convertible preferred stock for an aggregate purchase price of \$198 million, or \$990 per share, pursuant to an Investment Agreement between us and Blackstone, dated December 28, 2013 (as amended, the "Investment Agreement"). The Investment Agreement grants Blackstone certain rights to designate directors to serve on the Board. For so long as Blackstone and its permitted transferees (i) beneficially own at least 95% of the convertible preferred stock or the as-converted common stock purchased pursuant to the Investment Agreement or (ii) maintain beneficial ownership of at least 12.5% of our outstanding common stock (the "Two-Director Threshold"), Blackstone will have the right to designate for nomination two directors to the Board. For so long as Blackstone and its permitted transferees beneficially own shares of convertible preferred stock or the as-converted common stock purchased pursuant to the Investment Agreement that represent less than the Two-Director Threshold but more than 25% of the number of shares of the as-converted common stock purchased pursuant to the Investment Agreement, Blackstone will have the right to designate for nomination one director to the Board. Blackstone's ownership currently exceeds the Two-Director Threshold. Messrs. Melwani and Giordano were designated by Blackstone for election to the Board in accordance with the terms of the Investment Agreement. In 2014, Blackstone designated Mr. Ribatt for nomination to the Board but upon Mr. Ribatt's appointment as our Chief Executive Officer in January 2015, Blackstone nominated Mr. Giordano in place of Mr. Ribatt.

At each annual meeting of stockholders, the successors to directors whose terms expire at such meeting will be elected, or such directors will be re-elected, and will serve from the time of election and qualification until the third annual meeting following their election or until their successors are duly elected and qualified. The current authorized number of directors is eight. The authorized number of directors may be changed by resolution of the Board, subject to the terms of the Investment Agreement and the certificate of designations of the convertible preferred stock. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. Vacancies on the Board can be filled by resolution of the Board.

Upon the recommendation of the Governance and Nominating Committee, the Board has nominated Messrs. Giordano, Melwani and Smach for re-election as Class III directors to serve for a three-year term expiring at the 2020 annual meeting of stockholders. As noted, Messrs. Melwani and Giordano were designated by Blackstone for election to the Board as Class III directors in accordance with the terms of the Investment Agreement.

A stockholder cannot vote for more than three nominees. Each of the director nominees has consented to serve for a three-year term. We do not contemplate that any of the nominees will be unable to stand for election, but should any nominee become unable to serve or will not serve for any reason, all proxies will be voted for the election of a substitute nominee as the Board may recommend.

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**Class III Director Nominees**

***Jason Giordano***

**(Class III)**

Mr. Giordano, age 38, is a Blackstone director designee and has served as a member of the Board since January 2015. Mr. Giordano is a Managing Director at Blackstone Group, L.P. Since joining Blackstone in 2006, Mr. Giordano has been involved in the execution of the firm's investments in Crocs, Inc., Pinnacle Foods Inc., Polymer Group, Inc., and Outerstuff Ltd., and in analyzing investment opportunities across various industries, including Consumer Products, Chemicals, and Industrials. Before joining Blackstone, Mr. Giordano was an Associate at Bain Capital where he evaluated and executed global private equity investments in a wide range of industries. Prior to that, Mr. Giordano worked in investment banking at Goldman, Sachs & Co. Mr. Giordano also serves on the Board of Directors of HealthMarkets, Inc. and Outerstuff Ltd.

Mr. Giordano's significant knowledge and diverse expertise in finance, business, and strategic investments provide a valuable perspective to the Board. Mr. Giordano also led the day-to-day management of Blackstone's investment in our company and, therefore, has extensive knowledge regarding our operations.

***Thomas J. Smach***

**(Class III)**

Mr. Smach, age 56, has served as the Chairperson of the Board since June 2011, and as a member of the Board since April 2005. Since 2008, Mr. Smach has been a co-founding partner of Riverwood Capital Management, a private equity firm. From January 2005 to June 2008, Mr. Smach served as the Chief Financial Officer of Flextronics International ("Flextronics"), a NASDAQ-listed electronics manufacturing services (EMS) provider. From April 2000 to December 2004, Mr. Smach served as Senior Vice President Finance of Flextronics. From 1997 to April 2000, he served as the Senior Vice President, Chief Financial Officer and Treasurer of The Dii Group, Inc., an EMS provider and publicly-traded company that merged with Flextronics in early 2000 ("The Dii Group"). In addition to currently serving on the board of various private companies around the world, Mr. Smach also served on the board of various public companies in both the United States and Germany. Mr. Smach is a certified public accountant (inactive).

Mr. Smach has extensive accounting and financial management experience having served as the chief financial officer of global public companies and on the boards of both public and private companies. In addition, Mr. Smach has significant experience with international manufacturing and business from his leadership positions at Riverwood Capital Management and Flextronics. This experience is useful in light of our international operations. Mr. Smach is also well versed in SEC compliance and risk oversight, which makes him particularly well suited to serve as the chairperson of the Audit Committee and as the Board's Chairperson.

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***Prakash A. Melwani***

**(Class III)**

Mr. Melwani, age 58, is a Blackstone director designee and has served as a member of the Board since January 2014. Mr. Melwani is a Senior Managing Director at Blackstone Group, L.P. and is based in New York. He is the Chief Investment Officer of the Private Equity Group and chairs each of its Investment Committees. Since joining Blackstone in 2003, Mr. Melwani has led Blackstone's investments in Crocs, Inc., Kosmos Energy, Foundation Coal, Texas Genco, Ariel Re, Pinnacle Foods, RGIS Inventory Specialists and Performance Food Group. Before joining Blackstone, Mr. Melwani was a founding partner of Vestar Capital Partners and served as its Chief Investment Officer. Mr. Melwani currently serves on the Board of Directors of Kosmos Energy, Performance Food Group, RGIS Inventory Specialists and Blackstone strategic partner, Patria. From 2007 to December 2015, Mr. Melwani served on the Board of Directors of Pinnacle Foods, Inc.

Mr. Melwani's significant knowledge and expertise in finance, business, and strategic investments provide a valuable perspective to the Board. In addition, Mr. Melwani brings to the Board extensive leadership experience through his service on the boards of various companies, including other public companies in the consumer goods industry.

**THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE ABOVE-NAMED NOMINEES FOR DIRECTOR.**

**Information About Continuing Directors**

***Class I Directors***

***Ronald L. Frasch***

**(Class I)**

Mr. Frasch, age 68, has served as a member of the Board since October 2006 and as our Lead Director from November 2012 to January 2016. Since February 2014, Mr. Frasch has served as Operating Partner at Castanea Partners, a private equity firm. From June 2014 to June 2015, Mr. Frasch has served as a director of EVINE Live, Inc., a NASDAQ-listed digital commerce company. Mr. Frasch served as President and Chief Merchandising Officer of Saks Fifth Avenue, a division of Saks, Incorporated, a NYSE-listed luxury fashion retailer, from February 2007 until the merger of Saks, Incorporated with Hudson's Bay Company in November 2013. From November 2004 until January 2007, he held the post of Vice Chairperson and Chief Merchant of Saks Fifth Avenue. From January 2004 to November 2004, he was employed by Saks in a non-executive capacity. From April 2000 to January 2004, Mr. Frasch served as Chairperson and Chief Executive Officer of Bergdorf Goodman (a subsidiary of Neiman Marcus Group, Inc.) and served as President of GFT North America (a subsidiary of Gruppo GFT, based in Turin, Italy, a global producer, marketer and distributor of fine men's and women's clothing, sportswear and furnishings) from 1996 to 2000. Mr. Frasch also served as President and Chief Executive Officer of Escada USA from 1994 to 1996.

Mr. Frasch has extensive executive expertise in the fashion retail industry, which is valuable to the Board and management in understanding the consumer retail and fashion industry, including current buying trends by our wholesale customers.

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***Gregg S. Ribatt***

**(Class I)**

Mr. Ribatt, age 48, has served as a member of the Board since January 2014 and has served as our Chief Executive Officer since January 2015. From February 2014 to July 2014, Mr. Ribatt served as the interim Chief Executive Officer of Spanx Inc., one of the leading global shapewear, apparel and accessory companies. From January 2008 to January 2013, Mr. Ribatt was the President and Chief Executive Officer of the Performance + Lifestyle Group (formerly, The Stride Rite Corporation) of Collective Brands, Inc., a branded lifestyle footwear company. The Performance + Lifestyle Group included the Sperry Top-Sider, Saucony, Keds and Stride Rite brands. The Performance & Lifestyle Group was acquired by Wolverine Worldwide in October 2012. Before joining Collective Brands, Mr. Ribatt served as President and Chief Executive Officer of Stuart Weitzman Holdings LLC. Mr. Ribatt's prior experience also includes thirteen years with Bennett Footwear Group, where he was Executive Vice President & Chief Operating Officer. Bennett was a leading women's fashion footwear company, which included the Franco Sarto, Via Spiga, and Etienne Aigner brands.

Mr. Ribatt's extensive experience in senior management roles at large branded footwear companies provides the Board and management with valuable insights into the global footwear industry. In addition, Mr. Ribatt brings leadership experience and vast knowledge of global footwear brands and consumer retail operations.

***Class II Directors***

***Ian M. Bickley***

**(Class II)**

Mr. Bickley, age 53, has served as a member of the Board since April 2015. Mr. Bickley has served as President, International Group, of Coach, Inc. ("Coach"), a leading New York design house of modern luxury accessories and lifestyle collections, since August 2013. Effective July 2017, Mr. Bickley will serve as President, Global Business Development and Strategic Alliances for Coach. Prior to his current role, Mr. Bickley served as President, Coach International from February 2006 to August 2013, President and Chief Executive Officer, Coach Japan from August 2001 to January 2006, Vice President, Japan from 1997 to 2001 and other successively senior positions since joining Coach in May 1993.

Mr. Bickley brings more than 25 years of global retail and brand building experience to the Board. Since joining Coach in 1993, Mr. Bickley has been an important architect in the development and execution of its international businesses, through direct retail, wholesale and distributor-run businesses. Mr. Bickley also oversees development of all new and emerging markets globally for the Coach brand. This experience provides the Board with significant expertise and perspective relating to global retail operations, emerging markets and branding.

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***Doreen A. Wright***

**(Class II)**

Ms. Wright, age 60, has served as a member of the Board since June 2011. She served as Senior Vice President and Chief Information Officer of Campbell Soup Company from 2001 to 2008. Ms. Wright also served as Interim Chief of Human Resources for Campbell Soup Company in 2002. From 1999 to 2001, Ms. Wright served as Executive Vice President and Chief Information Officer for Nabisco Inc. From 1995 to 1998, Ms. Wright held the position of Senior Vice President, Operations & Systems, Prudential Investments, for Prudential Insurance Company of America. Prior to that, she held various positions with American Express Company, Bankers Trust Corporation and Merrill Lynch & Co. She also serves on the Board of Directors of the WhiteWave Foods Company, a U.S. and European organic and plant based food and beverage company. From 2009 to 2013, Ms. Wright served on the Board of Directors of Dean Foods Company, a leading food and beverage company. In addition, Ms. Wright served on the Board of Directors of Citadel Broadcasting Corporation from 2010 to 2011, where she chaired the Compensation Committee; The Oriental Trading Company from 2008 to 2011, where she served on the Audit and Compensation Committees; Yankee Candle Company from 2003 to 2007, where she served on the Compensation and Audit Committees; and Conseco, Inc. from 2007 to 2010, where she served on the Audit and Enterprise Risk Committee.

Ms. Wright brings more than 30 years of leadership experience in the financial services and consumer products industries, with emphasis in the area of information technology, operations, and human resources. Ms. Wright also has extensive experience as a public company director, including service on audit, compensation and corporate governance committees.

***Douglas J. Treff***

**(Class II)**

Mr. Treff, age 59, has served as a member of the Board since June 6, 2016. He currently serves as the Senior Vice President and Chief Financial Officer of World Vision, Inc., an international relief and development organization. He served as Executive Vice President and Chief Administrative Officer of Payless Holdings, Inc. from September 2007 to July 2015 and also as its Chief Financial Officer from 2012 to 2015. Mr. Treff served as Executive Vice President and Chief Administrative Officer of Sears Canada Inc. from 2006 to 2007, having been seconded to Sears Canada from Sears Holdings. Mr. Treff served as the Senior Vice President and Chief Financial Officer of Deluxe Corporation from 2000 to 2006. From 1990 to 2000, he held Chief Financial Officer and other leadership roles in finance at Wilsons The Leather Experts Inc., including serving as Vice President, Finance of Wilsons since 1993 and as Chief Financial Officer and Assistant Secretary since 1996.

Mr. Treff brings significant knowledge and expertise in accounting, finance, information technology and operations in the global retail industry. As a chief financial officer or chief administrative officer for more than 20 years, Mr. Treff has extensive experience in SEC reporting, risk management and the footwear industry. This experience provides the Board with significant expertise and perspective relating to financial management, audit committee oversight, and global retail operations.

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**CORPORATE GOVERNANCE**

We are committed to maintaining sound corporate governance practices. The Board has formalized several policies, procedures and standards of corporate governance, including our Corporate Governance Guidelines, some of which are described below. We continue to monitor best practices and legal and regulatory developments with a view to further revising our governance policies and procedures, as appropriate.

**Corporate Governance Guidelines**

In 2005, the Board adopted the Crocs, Inc. Corporate Governance Guidelines, which are designed to assure the continued vitality of the Board and excellence in the execution of its duties. Our Corporate Governance Guidelines establish the practices and procedures of the Board with respect to board composition and member selection, board independence, board meetings and involvement of senior management, management succession planning, board committees and the evaluation of senior management and the Board. The Board periodically reviews our Corporate Governance Guidelines and updates them as necessary to reflect improved corporate governance practices and changes in regulatory requirements. A copy of our Corporate Governance Guidelines is available on our website at [www.crocs.com](http://www.crocs.com).

**Majority Vote Director Resignation Policy**

Our Corporate Governance Guidelines contain a Director Resignation Policy. Under this policy, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election is required to offer his or her resignation to the Board following certification of the stockholder vote. Within 90 days following the certification of the vote, the independent directors on the Board would consider the offer of resignation and determine whether to accept or reject the tendered resignation. This policy does not apply in contested elections.

**Director Independence**

NASDAQ listing standards require that the Board consist of a majority of independent directors. The Board has determined that all of the current non-management members of the Board (Messrs. Bickley, Frasc, Giordano, Melwani, Smach and Treff and Ms. Wright) are independent directors as defined by NASDAQ listing standards.

The Board makes a determination regarding the independence of each director annually based on relevant facts and circumstances. Applying the standards and independence criteria defined by the NASDAQ listing standards, the Board has made a determination as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. In making its determination of Messrs. Melwani's and Giordano's independence, the Board considered Mr. Melwani's role as a Senior Managing Director and Mr. Giordano's role as Managing Director of the Blackstone Group.

The independent directors of the Board regularly hold executive sessions without members of management present.

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**Communicating with Directors**

Stockholders or other interested parties who wish to communicate with the Board or with specified individual directors may do so by mailing such written communication to: Corporate Secretary, Crocs, Inc., 7477 East Dry Creek Parkway, Niwot, Colorado 80503. The Corporate Secretary will review all correspondence and will forward to the Board or an individual director a summary of the correspondence received and copies of correspondence that the Corporate Secretary determines is required to be directed to the attention of the Board or such individual director. The Board or any individual director may at any time request copies and review all correspondence received by the Corporate Secretary that is intended for the Board or such individual director.

**Board Leadership**

The Board does not have a policy regarding separation of the roles of Chief Executive Officer and Chairperson of the Board. The Board believes it is in our best interests to make that determination based on current circumstances. The Board has determined that an independent director serving as Chairperson is in the best interests of our stockholders at this time. This structure ensures a greater role of independent directors in the active oversight of our business, including risk management oversight, and in setting agendas and establishing Board priorities and procedures. This structure also allows the Chief Executive Officer to focus to a greater extent on the management of our day-to-day operations. Effective January 1, 2016, the Board eliminated the position of Lead Director.

**Risk Oversight**

The full Board is actively involved in oversight of risks that could affect us. The Board implements its risk oversight function both as a whole and through delegation to its committees. These committees meet regularly and report back to the full Board. The Audit Committee has primary oversight responsibility with respect to financial risks as well as oversight responsibility for our overall risk assessment and risk management policies and systems. The Audit Committee oversees our procedures for the receipt, retention and treatment of complaints relating to accounting and auditing matters and oversees our management of legal and regulatory compliance systems. The Audit Committee regularly interacts with our accounting and legal personnel, internal audit team and our outside auditors in fulfillment of this oversight function. The Compensation Committee oversees risks relating to our compensation plans and programs. The Compensation Committee has reviewed and considered our compensation policies and programs in light of the Board's risk assessment and management responsibilities and will do so in the future on an annual basis. The Compensation Committee believes that we have no compensation policies and programs that give rise to risks reasonably likely to have a material adverse effect on us. The Compensation Committee also, on at least an annual basis, considers and evaluates the independence and potential conflicts of interest of its advisors, including our compensation consultants Meridian Compensation Partners. The Information Technology Committee oversees risks related to our information technology systems, processes and procedures, including risk related to cybersecurity.

The Chief Legal and Administrative Officer serves as our chief compliance officer, and is charged with assessing and managing our legal, regulatory and other compliance obligations on a global basis. The Chief Legal and Administrative Officer regularly reports to the Audit Committee, and the full Board as appropriate, regarding our legal and compliance affairs. The Chief Legal and Administrative Officer and Chief Financial Officer also coordinate the day-to-day risk management process and report directly to the Audit Committee. The internal audit team performs an enterprise risk assessment annually, and updates the Audit Committee regarding our risk analyses, assessments, risk mitigation strategies and activities. Senior management updates the Audit Committee at least annually, or more frequently as



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needed, regarding our directors and officers insurance coverage and on matters regarding certain financial risks.

**Code of Business Conduct and Ethics and Committee Charters**

We have adopted a Code of Business Conduct and Ethics that applies to all directors and employees, including our principal executive, financial and accounting officers. The Code of Business Conduct and Ethics is posted on our website at [www.crocs.com](http://www.crocs.com). We intend to satisfy the requirements under Item 5.05 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of our Code of Business Conduct and Ethics that apply to our directors and principal executive, financial and accounting officers by posting such information on our website. The Audit Committee Charter, Compensation Committee Charter, Governance and Nominating Committee Charter and Information Technology Committee Charter are also available on our website at [www.crocs.com](http://www.crocs.com). Any person may request a copy of the Code of Business Conduct and Ethics or committee charters free of charge by submitting a written request to: Corporate Secretary, Crocs, Inc., 7477 East Dry Creek Parkway, Niwot, Colorado 80503.

Table of Contents**BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD**

During 2016, the Board met five times, and all directors who served during 2016 attended 75% or more of the Board's meetings and the meetings of the Board committees on which they served. We encourage, but do not require, our directors to attend the annual meeting of stockholders. Messrs. Frasch, Ribatt and Smach and Ms. Wright attended our 2016 Annual Meeting of Stockholders.

**Board Committees**

The Board has the authority to appoint committees to perform certain management and administrative functions and has established the following committees.

Name	Audit Committee	Compensation Committee	Governance and Nominating Committee	Information Technology Committee
<b>Thomas J. Smach*</b>		ü**	ü	
<b>Ian Bickley</b>			ü	
<b>Ronald L. Frasch</b>	ü			ü**
<b>Jason Giordano</b>				ü
<b>Prakash A. Melwani</b>		ü	ü	
<b>Gregg S. Ribatt</b>				
<b>Doreen A. Wright</b>		ü**		ü**
<b>Douglas J. Treff</b>	ü			ü

\*

*Chairman of the Board*

\*\*

*Chairperson of the Committee*

***Audit Committee***

The current members of the Audit Committee are Messrs. Smach (Chairperson), Frasch and Treff. The Audit Committee met ten times in 2016. The functions of the Audit Committee include oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, the performance, qualifications and independence of our independent auditors and the performance of our internal audit function. The Audit Committee is directly responsible for the appointment, retention, compensation, evaluation, termination and oversight of the work of any independent auditor engaged for the purpose of preparing or issuing an audit report or related work. The purpose and responsibilities of the Audit Committee are set forth in the Audit Committee Charter. The Audit Committee Charter can be found on our website at [www.crocs.com](http://www.crocs.com).

All of the members of the Audit Committee are independent, as determined in accordance with NASDAQ listing standards applicable to Audit Committee members and relevant federal securities laws and regulations. The Board has determined that Mr. Smach qualifies as an "audit committee financial expert" as defined by the applicable regulations of the SEC.

*Compensation Committee*

The current members of the Compensation Committee are Ms. Wright (Chairperson) and Messrs. Bickley and Melwani. The Compensation Committee met five times in 2016. The Compensation Committee has overall responsibility for defining, articulating, evaluating and approving our executive officer compensation, benefits, severance, equity-based or other compensation plans, policies and programs. The Compensation Committee is also responsible for approving our Compensation Discussion and Analysis for inclusion in this proxy statement. The purpose and

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responsibilities of our Compensation Committee are set forth in the Compensation Committee Charter, which can be found on our website at [www.crocs.com](http://www.crocs.com).

All of the members of the Compensation Committee are independent, as determined in accordance with NASDAQ listing standards applicable to Compensation Committee members and relevant federal securities laws and regulations.

Pursuant to its charter, the Compensation Committee has the authority to, among other things: (i) establish, monitor and approve our overall compensation strategy and philosophy; (ii) review and approve annually corporate goals and objectives relevant to the compensation of our Chief Executive Officer, and to approve the Chief Executive Officer's compensation; (iii) oversee management's decisions concerning the performance and compensation of other executive officers; (iv) oversee the compensation structure for our employees generally; (v) review and make recommendations to the Board with respect to the establishment of any new incentive compensation and equity-based plans; (vi) supervise the administration of our equity-based incentive plans, including the authorization of equity grants under such plans; (vii) review and recommend to the Board the terms of written employment agreements, post-employment consulting agreements and severance arrangements for executive officers; (viii) assist the Board in developing and evaluating potential candidates for executive officer positions and oversee the development of succession plans for executive officers; (ix) review and recommend to the Board compensation to be paid to our outside directors; and (x) review and evaluate the relationship between our incentive compensation arrangements and our corporate strategy and risk management policies and practices.

The Compensation Committee sets the Chief Executive Officer's compensation. The Compensation Committee also reviews the recommendations of the Chief Executive Officer with respect to compensation of the other named executive officers and, after reviewing such recommendations, sets the compensation of the other named executive officers. The Compensation Committee relies on its judgment when making compensation decisions after reviewing our performance and evaluating each executive's performance against established goals, leadership ability and responsibilities, and current compensation arrangements. When evaluating total compensation for each of our executive officers, the Compensation Committee reviews the executive officer's current compensation, including equity- and non-equity-based compensation. The Compensation Committee also evaluates surveys and other available data regarding the executive compensation programs of comparative companies. The compensation program for executive officers and the Compensation Committee assessment process are designed to be flexible so as to better respond to the evolving business environment and individual circumstances. See "Risk Oversight" (above) for the Compensation Committee's evaluation of our compensation program risk.

During 2016, the Compensation Committee engaged an outside independent compensation consultant, Meridian Compensation Partners ("Meridian"), to provide consulting services to the Compensation Committee in connection with 2017 executive compensation matters. See "Compensation Discussion and Analysis" for further discussion.

Meridian does not provide any services to management. Prior to engaging Meridian, the Compensation Committee considered their independence in accordance with the terms of the Compensation Committee Charter. The Compensation Committee determined that Meridian is independent and did not identify any conflicts of interest.

***Governance and Nominating Committee***

The current members of the Governance and Nominating Committee are Messrs. Frasch (Chairperson), Melwani, and Smach. The Governance and Nominating Committee met four times in 2016. The Governance and Nominating Committee assists the Board in promoting our best interests and that of our stockholders through the implementation of sound corporate governance principles and

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practices. In furtherance of this purpose, the Governance and Nominating Committee identifies individuals qualified to become board members and recommends to the Board the director nominees for election at each annual meeting of stockholders. It also reviews the qualifications and independence of the members of the Board and its various committees and makes any recommendations the Governance and Nominating Committee members may deem appropriate concerning any changes in the composition of the Board and its committees. The Governance and Nominating Committee also recommends to the Board the corporate governance guidelines and standards regarding the independence of outside directors applicable to us and reviews the provisions of the Governance and Nominating Committee Charter on a regular basis to confirm that such guidelines, standards and charter remain consistent with sound corporate governance practices and with any applicable legal or regulatory requirements and the NASDAQ listing standards. The Governance and Nominating Committee also monitors and leads the Board in its periodic review of the Board's performance.

The purpose and responsibilities of our Governance and Nominating Committee are set forth in the Governance and Nominating Committee Charter. The Governance and Nominating Committee Charter can be found on our website at [www.crocs.com](http://www.crocs.com). All of the members of the Governance and Nominating Committee are independent, as determined in accordance with the NASDAQ listing standards.

***Director Nomination Process and Director Qualifications***

Except with respect to director nominees designated by Blackstone pursuant to the Investment Agreement, as described above, the Governance and Nominating Committee's process for identifying potential director candidates and the factors considered by the Governance and Nominating Committee in evaluating potential candidates are described below. In identifying potential director candidates, the Governance and Nominating Committee relies on recommendations from a number of sources, including current directors and officers. The Governance and Nominating Committee may also hire outside consultants, search firms or other advisors to assist in identifying director candidates. The Governance and Nominating Committee will consider director candidates recommended by stockholders on the same basis as it considers other candidates. Any stockholder wishing to recommend a candidate for consideration by the Governance and Nominating Committee may do so by submitting a written recommendation to the Governance and Nominating Committee in accordance with the procedures set forth under "Other Matters Stockholder Proposals and Nominations for 2018 Annual Meeting."

In evaluating a candidate for director, our Governance and Nominating Committee considers, among other things, the candidate's judgment, knowledge, integrity, diversity, expertise and business and industry experience, and other expertise, which are likely to enhance the Board's ability to govern our affairs and business. We do not have a separate policy regarding consideration of diversity in identifying director nominees but the Governance and Nominating Committee strives to nominate directors with a variety of complementary skills and backgrounds so that, as a group, the Board will possess a broad perspective and the appropriate talent, skills and expertise to oversee our business. The Governance and Nominating Committee also takes into account independence requirements imposed by law or regulations (including the NASDAQ listing standards). In the case of director candidates recommended by stockholders, the Governance and Nominating Committee may also consider the number of shares held by the recommending stockholder, the length of time that such shares have been held and the relationship, if any, between the recommending stockholder and the recommended director nominee.

***Information Technology Committee***

The current members of the Information Technology Committee are Ms. Wright (Chairperson) and Messrs. Giordano and Treff, along with Mike O'Hair, Senior Operating Advisor to Blackstone. The Information Technology Committee met seven times in 2016. The Information Technology Committee oversees major information technology ("IT") related strategies, projects and technology architecture

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decisions. The Information Technology Committee also monitors whether our IT programs effectively support our business objectives and strategies and reports to the Board on IT related matters. The Information Technology Committee is also tasked with evaluating our significant IT strategies, and assessing and managing risks related to our IT systems, processes and procedures, including risk related to cybersecurity. The purpose and responsibilities of the Information Technology Committee are set forth in its charter, which can be found on our website at [www.crocs.com](http://www.crocs.com).

Table of Contents**EXECUTIVE OFFICERS**

Our executive officers as of April 11, 2017 include the following individuals:

Name	Age	Position(s)
Gregg S. Ribatt	48	Chief Executive Officer
Andrew Rees	50	President
Daniel P. Hart	58	Executive Vice President, Chief Legal and Administrative Officer
Carrie W. Teffner	50	Executive Vice President and Chief Financial Officer

**Mr. Ribatt's** biographical information is disclosed above under "Proposal 1 Election of Directors."

**Andrew Rees** has served as our President since June 2014 and served as our Interim Principal Executive Officer from June 2014 through January 2015. Prior to joining us, Mr. Rees served as Managing Director of L.E.K. Consulting in Boston where he founded and led the firm's Retail and Consumer Products Practice for 13 years. While at L.E.K. Consulting, Mr. Rees served as a consultant for us from 2013 to 2014, supporting the development and execution of our strategic growth plan. Previously, Mr. Rees served as Vice President of both Strategic Planning and Retail Operations for Reebok International, a global footwear and apparel company. He also held a variety of positions at Laura Ashley, a fashion and home furnishings brand.

**Daniel P. Hart** has served as our Executive Vice President, Chief Legal and Administrative Officer since January 2010. From June 2009 through December 2009, he served as our Executive Vice President of Administration and Corporate Development. Prior to joining us, Mr. Hart was employed by Océ North America, a digital printing and document management division of Océ, N.V., a manufacturing and engineering company publicly traded on the Euronext Amsterdam stock exchange, where he served as Senior Vice President and General Counsel from 2006 to 2009. From 2004 to 2006, Mr. Hart served as Senior Vice President General Counsel and Human Resources for Invensys Controls, a global manufacturing and engineering operation within Invensys plc, a public U.K. conglomerate. From 2002 to 2004, Mr. Hart served as Chief Staff Officer for the Development Division of Invensys, a large portfolio of disposal companies within Invensys plc. Previously, Mr. Hart's experience included service in senior legal positions at Dictaphone Corporation and Brooke Group Ltd. and private legal practice in New York City.

**Carrie W. Teffner** has served as our Executive Vice President and Chief Financial Officer since December 2015. She also served as a member of our Board from June 2015 to December 2015. From June 2013 through June 2015, she served as Executive Vice President and Chief Financial Officer of PetSmart, Inc., a specialty provider of pet products and services. Prior to joining PetSmart, Ms. Teffner served as Executive Vice President and Chief Financial Officer at Weber-Stephen Products LLC, a manufacturer of charcoal and gas grills and accessories, from October 2011 to May 2013. Prior to that, she served as Senior Vice President and Chief Financial Officer for The Timberland Company, a manufacturer and retailer of outdoors wear, from September 2009 to September 2011. From 1988 to 2009, she worked in various leadership roles at Sara Lee Corporation, a consumer goods company, including Senior Vice President and Chief Financial Officer, Sara Lee International Household and Body Care; Senior Vice President and Chief Financial Officer, Sara Lee Foodservice; and Senior Vice President, Financial Planning and Analysis and Treasurer, Sara Lee Corporation.

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**BENEFICIAL OWNERSHIP OF OUR SECURITIES**

**Ownership by Our Directors, Executive Officers and Greater than 5% Stockholders**

The following table sets forth information with respect to the beneficial ownership of our common stock and convertible preferred stock as of March 31, 2017 by:

each person (or group of affiliated persons) who is known by us to own beneficially more than 5% of our outstanding common stock or convertible preferred stock;

each current director or nominee;

each of the current named executive officers listed in the Summary Compensation Table below; and

all current directors and executive officers as a group.

Beneficial ownership is determined in accordance with SEC rules. In computing a person's percentage ownership of common stock, (a) shares of common stock subject to options or restricted stock units held by that person that are currently exercisable, or exercisable (or, in the case of restricted stock units, scheduled to vest and settle) within 60 days after March 31, 2017, and (b) shares of common stock into which shares of convertible preferred stock are convertible, are deemed to be outstanding and beneficially owned by that person. None of these shares, however, are deemed outstanding for the purpose of computing the percentage ownership of any other person.

Except as indicated and pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares set forth opposite such stockholder's name. Percentage ownership is based on 74,081,971 shares of our common stock and 200,000 shares of our convertible preferred stock outstanding on March 31, 2017. Unless otherwise



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indicated below, the address for each director and named executive officer listed below is in care of Crocs, Inc., 7477 East Dry Creek Parkway, Niwot, Colorado 80503.

Name of Beneficial Owner	Common Stock		Series A Convertible Preferred Stock	
	Shares	Percent	Shares	Percent
<b>5% Stockholders:</b>				
Blackstone Capital Partners VI L.P. <sup>(1)</sup>	2,479	*	200,000	100%
Blackrock, Inc. <sup>(2)</sup>	8,165,421	11.0%	-	-
Wellington Management Group LLP <sup>(3)</sup>	8,164,368	11.0%	-	-
AllianceBernstein L.P. <sup>(4)</sup>	7,013,406	9.5%	-	-
The Vanguard Group <sup>(5)</sup>	6,184,164	8.3%	-	-
JPMorgan Chase & Co. <sup>(6)</sup>	6,202,454	8.4%	-	-
<b>Directors:</b>				
Ian M. Bickley	36,296	*	-	-
Ronald L. Frasci	96,641	*	-	-
Jason Giordano	-	*	-	-
Prakash A. Melwani	-	*	-	-
Thomas J. Smach <sup>(7)</sup>	251,183	*	-	-
Douglas J. Treff	21,888	*	-	-
Doreen A. Wright <sup>(8)</sup>	39,050	*	-	-
<b>Officers:</b>				
Gregg S. Ribatt <sup>(9)</sup>	181,797	*	1,000	*
Andrew Rees <sup>(10)</sup>	151,178	*	-	-
Carrie W. Teffner	46,687	*	-	-
Daniel P. Hart <sup>(11)</sup>	203,277	*	-	-
All current directors and executive officers as a group (11 persons) <sup>(12)</sup>	1,027,997	1.4%	1,000	*

\*  
Less than 1%

(1) Reflects 198,503 shares of convertible preferred stock directly held by Blackstone Capital Partners VI L.P. ("BCP VI"), 497 shares of convertible preferred stock directly held by Blackstone Family Investment Partnership VI-ESC L.P., and 2,479 shares of common stock directly held by Blackstone Management Partners L.L.C., an indirect subsidiary of The Blackstone Group L.P. Also reflects 1,000 shares of convertible preferred stock held directly by Mr. Ribatt that BCP VI may be deemed to beneficially own pursuant to an Assignment and Assumption Agreement between Gregg S. Ribatt and BCP VI.

(2) Blackstone Management Associates VI L.L.C. is the general partner of BCP VI. BMA VI L.L.C. is the sole member of Blackstone Management Associates VI L.L.C. Blackstone Holdings III L.P. is the managing member of BMA VI L.L.C. BCP VI Side-by-Side GP L.L.C. is the general partner of Blackstone Family Investment Partnership VI-ESC L.P. Blackstone Holdings III L.P. is the managing member of BCP VI Side-by-Side GP L.L.C. Blackstone Holdings III GP L.P. is the general partner of Blackstone Holdings III L.P. Blackstone Holdings III GP Management L.L.C. is the general partner of Blackstone Holdings III GP L.P. The Blackstone Group L.P. is the sole member of Blackstone Holdings III GP Management L.L.C. Blackstone Group Management L.L.C. is the general partner of The Blackstone Group L.P. Blackstone Group Management L.L.C. is wholly-owned by Blackstone's senior managing directors and controlled by its founder, Stephen A. Schwarzman. Each of such Blackstone entities (other than BCP VI, Blackstone Family Investment Partnership VI-ESC L.P. and Blackstone Management Partners L.L.C. to the extent of each of their direct holdings) and Mr. Schwarzman may be deemed to beneficially own the shares beneficially owned by BCP VI, Blackstone Family Investment Partnership VI-ESC L.P. and Blackstone Management Partners L.L.C. to the extent directly or indirectly controlled by it or him, but each disclaims beneficial ownership of such shares. The address of each of Mr. Schwarzman and each of the entities listed in this footnote is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

(3) Based solely on a Schedule 13G/A filed with the SEC on February 8, 2017. The address for Blackrock, Inc. is 55 East 52nd Street, New York, New York 10055.

(4) Based solely on a Schedule 13G/A filed with the SEC on February 9, 2017. The shares are beneficially owned by Wellington Management Group LLP and its affiliates consisting of Wellington Group Holdings LLP, Wellington Investment Advisors

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Holdings LLP and Wellington Management Company LLP. The address of Wellington Management Group LLP and its affiliates is c/o Wellington Management Company LLP, 280 Congress Street, Boston, Massachusetts 02210.

- (4) Based solely on a Schedule 13G/A filed with the SEC on February 10, 2017. The address for AllianceBernstein L.P. is 1345 Avenue of the Americas, New York, New York 10105.
- (5) Based solely on a Schedule 13G/A filed with the SEC on February 10, 2017. The address for The Vanguard Group is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.
- (6) Based solely on a Schedule 13G/A filed with the SEC on January 13, 2017. The address for JPMorgan Chase & Co. is 270 Park Ave., New York, New York 10017.
- (7) Shares beneficially owned include (i) 85,000 shares subject to options exercisable within 60 days of March 31, 2017; (ii) 70,310 restricted stock units that become immediately vested upon the earlier of Mr. Smach's separation of service from the Board or upon a change in control; and (iii) 12,200 shares held as custodian for Mr. Smach's child under the New York Uniform Gifts to Minors Act, over which Mr. Smach exercises voting and investment power.
- (8) Includes 29,083 restricted stock units that become immediately vested upon the earlier of Ms. Wright's separation of service from the Board or upon a change in control.
- (9) Includes 1,000 shares of convertible preferred stock held directly by Mr. Ribatt that BCP VI may be deemed to beneficially own pursuant to an Assignment and Assumption Agreement between Mr. Ribatt and BCP VI.
- (10) Includes 151,788 shares held by the V&M Rees Revocable Trust, in which Mr. Rees is a trustee and exercises voting and investment power.
- (11) Shares beneficially owned include 20,831 shares subject to options exercisable within 60 days of March 31, 2017.
- (12) Shares beneficially owned include 105,831 shares of common stock subject to options that are exercisable or issuable within 60 days of March 31, 2017 and 99,393 restricted stock units that become immediately vested upon certain directors' separation of service from the Board or upon a change in control.

**Section 16 Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our directors and executive officers and persons who own more than ten percent of our common stock to file with the SEC and any exchange or other system on which such securities are traded or quoted, initial reports of ownership and reports of changes in ownership of our common stock.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations from certain of our officers and directors that no other reports were required, we believe that all required reports of our officers, directors and greater than ten percent stockholders under Section 16(a) were timely filed during the year ended December 31, 2016.

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**CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS**

**Related Person Transactions**

***Investment Agreement with Blackstone***

On January 27, 2014, we issued to Blackstone and certain of its permitted transferees (together with Blackstone, the "Blackstone Purchasers"), 200,000 shares of our Series A convertible preferred stock for an aggregate purchase price of \$198 million, or \$990 per share, pursuant to the Investment Agreement. In connection with the issuance of the convertible preferred stock (the "Closing") and pursuant to the Investment Agreement, we paid Blackstone a closing fee of \$2 million and reimbursed Blackstone's transaction fees and expenses of approximately \$4 million. As of March 31, 2017, the Blackstone Purchasers collectively owned all of our outstanding shares of convertible preferred stock and, on an as-converted basis, approximately 15.7% of our outstanding common stock. Mr. Ribatt was a permitted transferee of Blackstone and purchased 1,000 shares of our Series A convertible preferred stock.

As discussed above under "Proposal 1 - Election of Directors," the Investment Agreement grants Blackstone certain rights to designate directors to serve on our Board. For so long as the Blackstone Purchasers (i) beneficially own at least 95% of our convertible preferred stock or the as-converted common stock purchased pursuant to the Investment Agreement or (ii) maintain beneficial ownership of at least 12.5% of the our outstanding common stock (the "Two-Director Threshold"), Blackstone will have the right to designate for nomination two directors to our Board. For so long as the Blackstone Purchasers beneficially own shares of our convertible preferred stock or the as-converted common stock purchased pursuant to the Investment Agreement that represent less than the Two-Director Threshold but more than 25% of the number of shares of the as-converted common stock purchased pursuant to the Investment Agreement, Blackstone will have the right to designate for nomination one director to our Board. The directors designated by Blackstone are entitled to serve on Board committees, subject to applicable law and stock exchange rules. Blackstone's ownership currently exceeds the Two-Director Threshold. Blackstone designated Messrs. Melwani and Giordano for nomination to our Board and had previously nominated Mr. Ribatt.

Pursuant to the Investment Agreement, Blackstone is subject to certain standstill restrictions which generally restrict Blackstone from acquiring more than 25% of our outstanding common stock until the date on which Blackstone is no longer entitled to designate any directors to our Board. In addition, subject to certain customary exceptions, Blackstone was restricted from transferring any shares of the convertible preferred stock until the second anniversary of the Closing and, for so long as any convertible preferred stock is outstanding, may not transfer any shares of convertible preferred stock to certain of our competitors (as defined in the Investment Agreement) or holders of 25% or more of our common stock. Blackstone also has certain preemptive rights and information rights under the Investment Agreement, which are subject to certain conditions.

***Certificate of Designations***

Pursuant to the Certificate of Designations of Series A Convertible Preferred Stock filed with the Delaware Secretary of State on January 24, 2014, which establishes the designations, preferences, and other rights of the convertible preferred stock:

The convertible preferred stock ranks senior to our common stock with respect to dividend rights and rights on liquidation, winding-up and dissolution;

The Blackstone Purchasers are entitled to cumulative dividends payable quarterly in cash at a rate of 6% per annum of the stated value of \$1,000 per share;

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If we fail to make timely dividend payments to the holders of our convertible preferred stock, the dividend rate will increase to 8% per annum until such time as all accrued but unpaid dividends have been paid in full;

The Blackstone Purchasers are entitled to receive any dividends declared or paid on our common stock and are entitled to vote together with the holders of our common stock as a single class, in each case, on an as-converted basis;

The Blackstone Purchasers have certain limited special approval rights, including with respect to the issuance by us of *pari passu* or senior equity securities;

The Blackstone Purchasers may, at any time, require us to convert their shares of convertible preferred stock into shares of common stock at an implied conversion price of \$14.50 per share, subject to certain adjustments;

At our election, all or a portion of the convertible preferred stock will be convertible into the relevant number of shares of common stock on or after the third anniversary of the Closing, if the closing price of the common stock equals or exceeds \$29.00 for 20 consecutive trading days;

The conversion rate is subject to customary anti-dilution and other adjustments subject to certain share caps and other restrictions;

At any time after the eighth anniversary of the Closing, we will have the right to redeem, and the Blackstone Purchasers will have the right to require us to repurchase, all or any portion of the convertible preferred stock at 100% of the stated value, plus all accrued but unpaid dividends; and

Upon certain change in control events involving us, the Blackstone Purchasers can require us to repurchase their shares of convertible preferred stock at 101% of the stated value plus all accrued but unpaid dividends.

***Registration Rights Agreement***

In connection with the Closing, we and the Blackstone Purchasers entered into a Registration Rights Agreement (the "Registration Rights Agreement"), pursuant to which we have agreed to provide to the Blackstone Purchasers certain customary demand and piggyback registration rights in respect of the shares of convertible preferred stock and any shares of common stock issued upon conversion of the convertible preferred stock. The Registration Rights Agreement contains customary terms and conditions, including certain customary indemnification obligations.

***RGIS Services***

We receive inventory count services from RGIS, LLC ("RGIS"), an affiliate of Blackstone. During 2016, we paid RGIS approximately \$400,000 for inventory services received.

***Optiv, Inc.***

We received cyber security and consulting services from Optiv, Inc. ("Optiv"), an affiliate of Blackstone. During 2016, we paid Optiv approximately \$200,000 for such services.

***Kronos Incorporated***

We received workforce management services from Kronos Incorporated ("Kronos"), an affiliate of Blackstone. During 2016, we paid Kronos approximately \$200,000 for such services.



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**Policy on Transactions with Related Persons**

Our Code of Business Conduct and Ethics requires that any transaction involving us in which one of our directors, nominees for director, executive officers, or greater than five percent stockholders, or one of the aforementioned's immediate family members (each, a "related person"), have a material interest be approved or ratified by the Audit Committee if the amount involved, when aggregated with the amount of all other transactions between the related person and us, exceeds \$100,000 in a fiscal year. The full Board reviews ordinary course of business transactions in which directors have an interest as part of the Board's annual director independence review, and our Code of Business Conduct and Ethics permits the full Board to waive any conflicts of interest between us and any director or officer. In determining whether to approve or ratify any such transaction, the Audit Committee must consider, in addition to other factors it deems appropriate, whether the transaction is on terms no less favorable to us than those involving unrelated parties. The full Board approved each of the transactions disclosed above.

**Director and Officer Indemnification**

We have entered into agreements to indemnify certain directors and executive officers in addition to the indemnification provided for in our certificate of incorporation and bylaws. These agreements, among other things, provide for indemnification of our directors and executive officers for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by us or in our right, arising out of such person's services as a director or executive officer of ours, any subsidiary of ours or any other company or enterprise to which the person provided services at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

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**DIRECTOR COMPENSATION**

**Structure of Compensation Program.** Non-employee directors are compensated with a combination of an annual Board retainer and retainers for serving on committees, paid in cash or restricted stock at the director's election, and annual equity grants. Directors who are employees of the Company are not eligible to receive this compensation. Directors do not receive additional fees for attendance at meetings. The following describes amounts payable to our non-employee directors under our director compensation program. Non-employee directors designated by Blackstone under the Investment Agreement are entitled to receive the standard compensation for non-employee directors; however, such compensation may be paid to Blackstone or its designee, pursuant to the terms of the Investment Agreement.

**Philosophy/Approach.** The Compensation Committee periodically reviews market director compensation levels using data from peer organizations supplied by the Compensation Committee's independent compensation consultant. Changes to director compensation levels or program structure are presented to the full Board for approval. While the program is not targeted to any specific market percentile or position, the overall philosophy is to ensure that overall compensation levels are competitive and appropriate given relevant market practice.

**2016 Retainer.** For 2016, the Chairman of the Board received an annual retainer of \$150,000. The other non-employee directors received an annual retainer of \$100,000. Directors who served as chairpersons of Board committees received additional committee retainers, as follows: Audit Committee \$30,000; Compensation Committee \$25,000; Governance and Nominating Committee \$10,000; and the Information Technology Committee \$30,000. Directors who served as non-chair members of Board committees receive additional annual committee retainers for committee service, as follows: Audit Committee \$15,000; Compensation Committee \$10,000; Governance and Nominating Committee \$5,000; and Information Technology Committee \$10,000. These annual retainers are denominated in cash and payable in quarterly installments unless the director elects to be paid in shares of restricted stock or a combination of cash and restricted stock. The number of shares of restricted stock is determined based on the fair market value of our common stock on the date the retainer is payable. The restricted stock vests in four successive quarterly installments from the issuance date. During 2016, Messrs. Giordano, Melwani, Frasch and Smach and Ms. Wright elected to receive their annual retainers in cash. Messrs. Bickley and Treff elected to receive their annual retainer all in stock.

**Equity Awards.** In 2016, directors received annual equity awards for Board service consisting of a grant of \$180,600 in value of our common stock for the Chairman of the Board and a grant of \$100,000 in value of our common stock for each of our other non-employee directors. Rather than this common stock grant, directors can elect to receive restricted stock units that vest upon their cessation of service on the Board. Ms. Wright made that election. Messrs. Giordano and Melwani do not receive the annual grant of common stock but are instead paid an additional \$100,000 in cash. For 2017, it is anticipated that director equity compensation will be reduced by 10%.

The number of shares of common stock was determined based on the fair market value of our common stock on the date of grant. All directors are reimbursed for their reasonable out-of-pocket expenses incurred in attending meetings of the Board and its committees.

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The table below summarizes the total compensation paid to each of our non-employee directors who served during the fiscal year ended December 31, 2016.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$)	Total (\$)
<b>Ian M. Bickley</b>		209,999		209,999
<b>Ronald L. Frasch</b>	107,252	100,003		207,255
<b>Jason Giordano</b>	210,643			210,643
<b>Prakash A. Melwani</b>	215,643			215,643
<b>Thomas J. Smach</b>	186,287	180,599		366,886
<b>Doreen A. Wright</b>	166,859	100,003		266,862
<b>Douglas J. Treff</b>		225,008		225,008

(1)

Amounts reflect the aggregate grant date fair value of grants computed in accordance with stock-based accounting rules (Financial Standards Accounting Board ("FASB") Accounting Standards Codification ("ASC") Topic 718-Stock Compensation), excluding the effect of estimated forfeitures. Assumptions used in to calculate these values are included in Note 11 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016.

As of December 31, 2016, each non-employee director who served during 2016 had the following number of stock options and unvested restricted stock awards outstanding:

	Options Outstanding at December 31, 2016	Unvested Restricted Stock Awards Outstanding at December 31, 2016
Ian M. Bickley		5,350
Ronald L. Frasch		
Jason Giordano		
Prakash A. Melwani		
Thomas J. Smach	100,000	70,310
Doreen A. Wright		29,083
Douglas J. Treff		6,080

**Director Ownership Guidelines**

Our current director stock ownership guidelines require that each of our directors own shares of our common stock in an amount equal in value to a specified multiple (5x for the Chairman of the Board and 3x for all other directors) of such director's annual cash retainer for Board service (not including any retainers for service on Board committees), to be achieved by the fifth anniversary of (i) the adoption of the modified guidelines in June 2013 (for our existing directors) or (ii) the date of appointment for new directors. As affiliates of Blackstone, Messrs. Melwani and Giordano are not subject to the stock ownership guidelines. Currently, all of our directors are within the five-year phase-in period for compliance.



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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

The following Compensation Discussion and Analysis provides information that we believe is necessary to understand our executive compensation policies and decisions as they related to the compensation for fiscal 2016 of our named executive officers. We also describe actions regarding compensation taken after fiscal 2016 when it enhances the understanding of our executive compensation program.

The following "named executive officers" whose compensation information is presented in the tables and discussed in this report include:

Gregg S. Ribatt, Chief Executive Officer

Andrew Rees, President and former Interim Principal Executive Officer

Carrie W. Teffner, Executive Vice President and Chief Financial Officer

Daniel P. Hart, Executive Vice President, Chief Legal and Administrative Officer

In March 2017, we announced that Mr. Rees will assume the Chief Executive Officer role effective June 1, 2017. As of such date, Mr. Ribatt will step down as Chief Executive Officer but will provide consulting services through June 1, 2018 and will remain a member of the Board.

**Executive Summary**

***2016 Business and Financial Highlights***

In evaluating our overall executive compensation program and decisions, including payouts under the 2016 programs and plan designs for our 2017 programs, the Compensation Committee (the "Committee") considered a number of factors, including the strategic and financial performance and position of our company in 2016. Some specific highlights and key accomplishments considered by the Committee in its decision-making process during 2016 included:

We sold 56.1 million pairs of shoes worldwide;

Delivered industry leading on time deliveries to customers;

Our gross profit percentage increased 150 basis points to 48.3% compared to 46.8% in 2015, in spite of unfavorable exchange rates which reduced our gross profit by \$2.2 million;

We continued to optimize our organizational structure, elevating key talent and driving greater management efficiencies;

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Selling, general and administrative expenses decreased \$55.9 million, or 10.0%, to \$503.2 million compared to 2015;

We restructured our marketing program with the launch of our "Come As You Are" campaign and the engagement of celebrity talent such as Drew Barrymore and John Cena in early 2017;

Net loss attributable to common stockholders decreased \$66.3 million to a net loss of \$31.7 million compared to a net loss of \$98.0 million for 2015;

We continued to focus on improving the efficiency and effectiveness of our operations, including the closure of underperforming retail stores and transferring owned retail distributors in subscale markets. During the year ended December 31, 2016, we opened 50 outlet stores and closed 66 full-price stores. In total, during the year ended December 31, 2016 we opened 83 stores and closed 84 stores; and

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We continued to focus on simplifying our product line and disciplined inventory management, which enabled us to reduce our inventory at December 31, 2016 by \$21.2 million or 12.6% from \$168.2 million to \$147.0 million at December 31, 2015.

As additional context for the Committee decisions regarding executive compensation, the following table highlights some of our key financial results for 2016.

(\$ in millions)	2016	2015
Annual revenues*	\$ 1,036	\$ 1,091
Annual gross profit	\$ 500	\$ 511
Annual gross margin	48.3%	46.8%
Annual selling, general and administrative costs as a % of revenue	48.6%	51.3%
Inventory as of December 31	\$ 147	\$ 168
Cash and cash equivalents as of December 31	\$ 148	\$ 143

\*

Indicates metrics that were specified as performance measures in our 2016 incentive plans.

***Key Compensation Committee Actions in 2016***

The Committee took several actions which are consistent with our determination to pay-for-performance and align our incentive compensation metrics to key strategic initiatives to further promote long term strategies being undertaken to improve our profitability.

**Performance Metrics Established in 2016 Eliminated Overlap Between Long- and Short-Term Incentive Programs:**

For 2016, the Committee selected adjusted earnings before interest and taxes, adjusted free cash flow and certain non-financial strategic operating measures as the performance metrics for the annual incentive plan and revenue and operating margin as the performance measures for the performance-based RSU awards. The selection of these metrics further diversifies the performance goals and eliminates overlapping metrics between the short and long-term programs.

**Addition of Non-Financial Performance Metrics for Short-Term Incentive Program:** The Committee weighted 25% of the target 2016 short-term incentive to non-financial objectives associated with direct to consumer growth, product delivery, new product success and global SKU alignment. The non-financial measures are measurable performance metrics with rigorous and difficult to achieve goals. The Committee believes that these non-financial performance goals are key drivers in Crocs' short and long-term transformation, which, if achieved, will ultimately help drive additional stockholder value over the long-term.

**No Increases in Named Executive Officer Salaries for Second Straight Year:** In 2016, as with 2015, the base salary of all named executive officers remained the same salary as was paid in 2014.

**Sign-On Performance Award Thresholds Not Earned:** The performance thresholds have not been achieved on the significant sign-on performance-based RSU grants made to Mr. Ribatt in early 2015, Mr. Rees in 2014 or Ms. Teffner in late 2015. Although the value of such awards are reflected in the Summary Compensation Table below, for the applicable years, none of these performance-based RSUs have actually been earned to date. Further, such awards will not be earned unless the Company's stock price increases significantly from its current price.

**Minimal Payouts for the 2016 Annual Incentive Plan:** The 2016 annual cash incentive award payout was 25% of the target amount due to achievement of only the non-financial performance goals and the failure to achieve the threshold amounts for the adjusted EBIT and adjusted free cash flow performance measures that represented 75% of the target weighting. In 2015 the



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annual cash payout was only 5% due to achievement of only the SAP project implementation performance goal (weighted at 10%) and failure to achieve the threshold amounts for the adjusted earnings before interest and taxes and adjusted free cash flow performance measures. The Committee believes this modest payout for the second year in a row demonstrates the difficulty of achievement of the performance goals set by the Committee and the Committee's very strong alignment of pay with performance.

**Minimal Vesting of Performance-Based RSUs Granted in 2016:** The 2016 performance-based RSU grants were earned at 33% of target due to achievement exceeding the threshold performance level of the revenue performance target and failure to achieve threshold performance for the operating margin performance metric. The Committee believes this payout demonstrates the difficulty of achievement of the performance goals set by the Committee and the Committee's very strong alignment of pay with performance. In addition, 67% of the RSUs that were earned in 2016 remain subject to an additional 2 years of time-based vesting contingent on the executive's continued service with the Company.

***Role of Compensation Committee, Chief Executive Officer and Compensation Consultant***

The Committee has overall responsibility for evaluating and approving our executive officer compensation, benefits, severance, equity-based or other compensation plans, policies and programs. The Committee sets the Chief Executive Officer's compensation, and generally considers the recommendations of the Chief Executive Officer with respect to the compensation of the other named executive officers. During 2016, the Committee worked with Meridian Compensation Partners, an independent executive compensation consultant, for advice and perspective regarding executive compensation market trends and best practices.

***Compensation Best Practices***

In order to further align the long-term interests of management with those of our stockholders and align our compensation program with best practices, the Committee establishes and monitors specific policies, practices and processes.

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**Things We Do:**

**Independent Compensation Committee.** The Committee, comprised solely of independent directors, approves all compensation for our named executive officers.

**Independent compensation consultant.** The Committee retains an independent compensation consultant.

**Assessment of compensation risk.** The Committee assessed our compensation policies and programs and determined that we have no compensation policies and programs that give rise to risks reasonably likely to have a material adverse effect on the Company.

**Performance-based pay.** The Committee focused on paying our executives for their performance. The Committee believes that the 2016 payout of 25% of the targeted annual cash incentive and achievement of 33% of the targeted performance-based RSUs demonstrate the difficulty of achievement of the performance goals set by the Committee and the Committee's alignment of pay with performance.

**Annual say-on-pay vote.** We hold annual advisory say-on-pay votes to approve executive compensation and in 2016 received support of over 98% on such proposal.

**Mix of CEO's pay.** Approximately 75% of the 2016 total target compensation for Mr. Ribatt was performance-based or at-risk.

**Weight of financial metrics.** The Committee continued to weight 2016 performance measures towards those impacting profitability and added non-financial measures that it believed were key to the success of our turnaround.

**Use of multiple performance metrics.** The Committee used multiple weighted performance measures for the 2016 annual incentive and performance RSUs in an attempt to better connect executive compensation to overall company performance. The Committee also eliminated overlap between the performance measures used in our annual incentive program and performance RSUs.

**Double-trigger vesting and reasonable change in control protections.** We maintain a reasonable change in control plan ("CIC Plan"). The CIC Plan provides for "double-trigger" vesting with a definition of "change in control" consistent with our stockholder-approved equity plans. In order to keep management focused on the best interests of our stockholders during potentially uncertain periods, the CIC Plan provides our named executive officers with reasonable compensation protections upon a change in control followed by a termination without cause or for good reason.

**Stock ownership guidelines.** Our Board adopted robust stock ownership guidelines that our officers and non-employee directors are expected to meet within five years.

**Clawback.** In the case of a financial restatement, annual and long-term incentive awards are subject to the Company's Recovery of Executive Compensation Policy and any clawback or recoupment policy adopted by us pursuant to the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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**Things We Don't Do:**

**No excise tax gross-ups.** We do not provide our management with "excise tax gross-ups" in the event of a change in control.

**Ban on hedging and pledging.** We do not allow our management or directors to engage in hedging transactions in our stock or to pledge our stock to secure loans or other obligations.

**No repricings.** Our equity plans do not allow repricing of stock option or stock appreciation rights without stockholder approval.

**No excessive executive benefit programs.** We do not provide our management with pensions or any other enhanced benefit programs beyond those that are typically available to all other employees other than a voluntary deferred compensation plan for senior executives and a limited supplemental retirement plan.

**No excessive perquisites.** Our management receives minimal perquisites.

**No "single trigger" vesting.** Our CIC Plan provides for "double-trigger" vesting upon a change in control.

***Say-on-Pay and Stockholder Outreach***

At our annual meeting of stockholders in June 2016, we held our sixth advisory stockholder vote to approve the compensation of our named executive officers ("say-on-pay"). The compensation of our named executive officers reported in our 2016 proxy statement was approved by over 98% of the votes cast at the 2016 annual meeting. These results were similar to the results at our 2011 through 2015 annual meetings. The Committee did not change its approach to our executive compensation practices in 2016. The Committee has considered and will continue to consider the outcome of our say-on-pay votes when reviewing the objectives of our program and making future compensation decisions for the named executive officers. In addition, in connection with our regular outreach and discussion with stockholders, the Committee has not been made aware of any stockholder concerns regarding our executive compensation program.

**Compensation Process and Methodology**

The objectives of our executive compensation program are to:

Attract and retain exemplary executive talent who are able to succeed in our fast-paced, rapidly evolving company;

Hold our executives accountable to stockholders;

Motivate our executives to achieve our financial and strategic business objectives by paying them for performance;

Align our executives' compensation with our stockholders' interests; and

Assure that our total compensation program aligns with good corporate governance and best practices.

***Summary of Executive Compensation Elements, Practices and Policies***

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Our executive compensation objectives and principles are implemented through the use of the following principal elements of compensation:

Base salary;

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Annual cash incentive awards;

Long-term incentives (in the form of equity awards); and

Limited executive benefits and perquisites.

Information on the key elements of our executive compensation program are summarized below:

<u>Compensation Elements</u>	<u>Objective</u>	<u>Characteristics</u>
<b>Base Salary:</b>		
	Compensates executives for their level of experience, responsibility and individual performance	Fixed component; evaluated annually
	Helps attract and retain talent	
<b>Annual Cash Incentives:</b>		
	Promotes achieving our annual corporate financial goals, as well as other objectives deemed important to our long-term success	Variable, performance-based component
	Further aligns management and stockholder interests	Target opportunity is set based on the executive's job responsibilities and sustained performance in role/potential
		Actual payout depends on the Company's performance
<b>Long-Term Incentives:</b>		
	Promotes achieving our long-term corporate financial goals with the acquisition of common stock through RSUs	Variable, performance-based component; annual equity grant is set based on the executive's job responsibilities and sustained performance in role/potential
	Further aligns management and stockholder interests	Time-based component aids in retention

Actual value realized will vary based on actual company performance

**Severance and Change in Control Programs:**

Facilitates attracting and retaining high caliber executives in a competitive labor market in which formal severance plans are common

Contingent component; only payable if the executive's employment is terminated under certain circumstances and, in the case of a change in control, to help provide continuity of management through the transition

***Peer Group Companies***

The Committee strives to use a consistent peer group. There were no differences between the peer group used in 2016 and the peer group used in the 2015 executive compensation review process. The Committee uses peer company and survey data to guide its review of the total compensation of our officers and executives and generally reviews the compensation data of our peer companies and industry to understand market competitive compensation. The Committee focuses on ensuring that the performance-based elements of our executive compensation program are consistent with peer and

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industry trends. However, the Committee does not benchmark compensation to a specific percentage of the compensation of peer companies.

The Committee has approved a peer group based on analysis and recommendations from an independent compensation consultant. The peer group is selected based on the key industry criteria noted below, and takes into consideration each company's revenue, market capitalization and other key financial metrics. This peer group is comprised of 14 publicly traded companies. As of December 31, 2016, our market capitalization and revenues were both below the 25th percentile of this group, based on annual revenue as of the most recent available fiscal year end. Our relative positioning within the peer group is taken into consideration by the Compensation Committee when reviewing the peer group data. We believe these companies are broadly comparable to us, and represent our labor market for talent for key leadership positions. The Committee regularly reviews our peer group to determine if adjustments are necessary to ensure that it continues to be relevant or if additional peer companies are necessary to provide appropriate information on market practices and compensation levels.

The 2016 peer companies are listed below:

Columbia Sportswear Co.	G III Apparel Group, Ltd.	Sketchers USA, Inc.
Deckers Outdoor Corp.	lululemon athletica inc.	Steven Madden, LTD
DSW Inc.	Oxford Industries, Inc.	Under Armour, Inc.
Fossil, Inc.	Perry Ellis International, Inc.	Wolverine Worldwide, Inc.
Genesco Inc.	Quiksilver, Inc.	

***Total Target Compensation Positioning***

The Committee does not utilize an exact calculation in determining the break-down or weighting of named executive officer compensation among base salary, annual cash incentive awards and long-term equity awards. Rather, the Committee considers all forms of compensation in light of the market competition for executive talent, the risk to an executive inherent in employment with our fast-paced, rapidly evolving company and our financial goals. Accordingly, the Committee believes that well over 50% of each named executive officer's total target compensation should be in the form of annual cash performance-based awards and equity awards that are earned upon performance. We believe that the total target compensation opportunities offered to our executives are sufficient to reduce the need for anything other than limited executive perquisites or enhanced benefit programs beyond those that are typically available to all other employees.

For 2016, about 25% of the total targeted compensation (base salary, annual cash incentive and long-term equity incentive) of our Chief Executive Officer was base salary and 75% was performance-based or at-risk. In 2016, the Committee also continued to ensure that a significant proportion of the annual long-term incentive grants vest based on achievement of performance factors. Below are charts

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showing the fixed and performance-based and at risk compensation for Mr. Ribatt and our other named executive officers based on the targeted 2016 compensation amounts:

**Target Compensation**

As shown in the graph above, approximately 25% of our CEO's and average named executive officer's total potential performance-based and at-risk compensation was realized in 2016. Realized performance-based and at-risk compensation consists of 2016 actual cash bonus payments, market value of earned performance-based RSUs on the date of the Committee's performance certification and market value of time-based RSUs on the date of vesting.

**2016 Compensation Program**

**Base Salary.** The Committee sets the base salary of the Chief Executive Officer. Base salary for other named executive officers is set by the Committee after considering the recommendation of the Chief Executive Officer.

Base salary is reviewed on an annual basis and at the time of hire or promotion. Annual adjustments are influenced by results of our operations, revenue and profitability levels, individual performance, changes in responsibility, peer company comparisons and other factors. The current base salaries of our named executive officers as of December 31, 2016 are below:

Named Executive Officer	2016 Base Salary	Increase Over 2015 Base Salary
Gregg S. Ribatt	\$ 950,000	0%
Andrew Rees	\$ 700,000	0%
Carrie Teffner	\$ 650,000	0%
Daniel P. Hart	\$ 523,688	0%

There were no changes to the 2016 base salary for our executive officers for the second year in a row.

**Annual Incentive Awards.** The Committee believes that an annual cash incentive plan that offers significant awards to our named executive officers for meeting or exceeding company performance goals provides our officers additional incentive to outperform our peer companies and ensures that we attract and retain talented named executive officers.

In 2016, the Committee introduced non-financial goals to the annual incentive program representing 25% of the bonus opportunity in order to provide focus and incentive to achieve key strategic non-financial objectives during the Company's turnaround. The Committee also established non-overlapping performance goals for the annual incentive program and performance-based RSU grants to further diversify performance goals and eliminate metrics that measure and reward the same performance under both programs.

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Each year, the Committee establishes a target annual incentive award for each named executive officer expressed as a percentage of the executive's base salary, based on the estimated contribution and responsibility of the individual named executive officer and considering market practices. For 2016, the targets for our named executive officers as of December 31, 2016 were:

Named Executive Officer	Annual Incentive Plan Target (as a percentage of Base Salary)
Gregg S. Ribatt	115%
Andrew Rees	100%
Carrie Teffner	85%
Daniel P. Hart	75%

The total annual incentive award actually paid to each named executive officer is determined based on the extent to which specified weighted objective performance goals are achieved with potential payouts ranging from zero to 200% of the incentive plan target.

For purposes of the 2016 performance year, the Committee selected adjusted earnings before interest and taxes, adjusted free cash flow and objectives associated with direct to consumer growth, product delivery, new product success and global SKU alignment as performance measures in the annual incentive program because the Committee believed that those measures encouraged participants to focus on key financial and non-financial objectives. The Committee also continued to include adjusted earnings before interest and taxes to more closely align compensation with a key performance metric associated with restructuring and profitability.

During 2016, each of these performance measures had a threshold payout of 50% of the named executive officer's annual incentive award target and a maximum payout of 200% of the target. For 2016, these goals and their applicable weightings were:

2016 Performance Goal Targets	Weighting	Actual Performance	Weighted 2016 Actual Performance as a Percentage of Target
Adjusted earnings before interest and taxes <sup>(1)</sup> : \$55 million	37.5%	Threshold Not Achieved	0%
Adjusted free cash flow <sup>(2)</sup> : \$71 million	37.5%	Threshold Not Achieved	0%
Objectives associated with: direct to consumer growth, product delivery, new product success and global SKU alignment	25%	Targets Achieved	25%

(1) Adjusted earnings before interest and taxes is calculated by excluding interest expense, tax expense, foreign currency changes and prior period entries from GAAP net income (loss) attributable to common stockholders.

(2) Adjusted free cash flow is calculated by modifying adjusted earnings before interest and taxes (as defined in the footnote above) by: subtracting capital expenditures; adding year-over-year changes in inventory, accounts receivable and accounts payable; and adding depreciation, amortization and stock based compensation expense.

The non-financial performance targets required: (1) 2016 global direct to consumer (ecommerce and retail combined) performance to be positive vs. 2015; (2) on time deliveries in 2016 meeting customer expectations 85% of the time; and (3) 2016 seasonal global SKU alignment between our three

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operating regions at 50% or higher and seasonal new product introduction growth of 20% or higher vs. 2015. Each of these objectives was met.

Based on 2016 actual results and applying the weighting described above, our named executive officers were eligible to be paid annual cash incentive awards at 25% of their respective target annual incentive award amounts. The Committee has discretion to depart from the formula in approving the annual incentive awards by decreasing, but not increasing, incentive awards after general results are known, but did not exercise that discretion in 2016.

**Long-Term Equity Awards.** The Committee grants long-term equity awards annually to the named executive officers in order to provide long-term performance-based compensation, to encourage the named executive officers to continue their employment throughout the vesting periods of the awards, and to align management and stockholder interests. We believe that a significant portion of each named executive officer's compensation should be in the form of equity awards. Each year the Committee considers the number of shares to grant and the appropriate type and combination of equity-based awards in making named executive officer grant decisions.

**2016 Long-Term Performance Incentive Program.** In 2016, all of our named executive officers received grants of RSUs, 67% of which are earned based on satisfaction of performance goals and 33% of which vest based on continued service. This represented an increase in the proportion of performance-based awards from prior years further underscoring the Committee's focus on paying for performance. The material terms of these 2016 RSU awards are as follows:

<b>Time-Based RSUs</b>	<b>Performance Goal</b>	<b>Performance-Based RSUs Potential Award</b>	<b>Further Time Vesting</b>
Vest in three annual installments beginning one year after the date of grant	Achievement of 2016 revenue and operating margin targets	Executive may earn from 50% to 200% of the target number of RSUs based on the level of achievement of the performance goal	Earned RSUs vest 33% upon satisfaction of performance goal and 33% in each of the next two years

For 2016, the amount of RSU awards granted to these named executive officers was based on a review of the equity compensation of our peer companies, input from the independent compensation consultant and the Committee's assessment of each named executive officer's personal performance, internal equity and expected future contributions, among other factors.

The Committee grants performance-based awards to further demonstrate our pay-for-performance philosophy and better align the interests of our named executive officers with those of our stockholders. The Committee grants RSUs because it generally believes that full value awards such as RSUs offer a stronger retention incentive than do stock options. In addition, RSUs are less dilutive to our current stockholders as fewer RSUs are necessary to provide the same equity benefit compared to stock options.

The Committee selected 2016 revenue and operating margin as the performance metrics used in the 2016 RSU grant because it views these metrics as primary drivers of enhanced stockholder value and appropriate measures of performance given the Company's current restructuring plans. The performance-based RSUs granted in 2016 were earned at 33% of target because 2016 revenue was less than target resulting in 65% of the revenue performance shares being earned. In total only 33% of the

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2016 performance shares were earned after factoring in operating margin performance which did not meet threshold performance.

2016 Performance RSU Goal Targets	Actual Performance	Weighting	Weighted 2016 Actual Performance as a Percentage of Target
Revenue <sup>(1)</sup> : \$1,147 million	\$1,027 million	50%	33%
Operating margin: 4.8%	Threshold not achieved	50%	0%

(1) Adjusted for constant currency.

*Performance-Based RSU Vesting-2011 through 2016*

The Committee believes that the performance goals set by the Committee are very challenging, further demonstrating the Committee's pay-for-performance philosophy. To illustrate the challenging performance goals, the below chart reflects the percentage of performance-based RSU awards that were earned by our executives since 2011.

Grant Year	Percent Earned
2011	99%
2012	0%
2013	0%
2014	39%
2015	25%
2016	33%

**2017 Performance Metrics**

For 2017, the Committee has retained the financial metrics used in the 2016 incentive programs, specifically revenue and operating margin for the long-term incentive program and adjusted earnings before interest and taxes and adjusted free cash flow for the annual cash incentive program. Similar to 2016, the annual cash incentive program provides that 25% of the annual cash award will be determined by three non-financial metrics. The 2017 non-financial metrics have been newly selected to reflect current priorities and consist of on time deliveries, e-commerce growth and growth in the clog silhouette sales. In connection with the 2017 long term incentive equity awards, the Committee has taken steps to award shares to a smaller employee population and reduce the number of shares granted under the program. In addition, as noted above, Mr. Ribatt will step down from his position as Chief Executive Officer, effective June 1, 2017. He will not be eligible to receive an annual cash incentive for 2017 and was not granted a long-term incentive plan award in 2017.

***Other Benefits***

We provide other benefits to our named executive officers in order to achieve a competitive pay package. The Committee believes that those benefits, which are detailed in the Summary Compensation Table under the heading "All Other Compensation," are reasonable, competitive and consistent with our overall executive compensation program. Those benefits consist principally of employer-paid premiums on health insurance.

***Post-Employment Compensation***

*Change in Control Benefits.* In 2013, we approved and adopted the Change in Control Plan ("CIC Plan") for eligible employees, including the named executive officers. The CIC Plan contains a "double-trigger" whereby if a "change in control" occurs and the participant's employment is terminated by us without "cause" or the participant resigns for "good reason" within the two-year

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period following the change in control, the participants will be entitled to accelerated vesting of certain equity awards, a multiple of salary and bonus and certain continuing health care benefits. The Committee believes that this approach will enhance stockholder value in the context of an acquisition, and align executives with the interests of our stockholders. For a more detailed discussion of the CIC Plan and definitions of "change in control," "cause," and "good reason" under CIC Plan, see the "Potential Payments on Termination or Change in Control" below.

*Employment Agreement.* We entered into an employment agreement with Mr. Hart concurrent with his appointment as an officer in 2009. The agreement provides for guaranteed payments and accelerated vesting of certain equity awards upon his involuntary termination of employment with us (other than for "cause") or his resignation for "good reason." For a more detailed discussion of the agreement and definitions of "cause" and "good reason," see "Potential Payments on Termination or Change in Control" below.

*Offer Letters.* In connection with the appointment to their respective positions, we negotiated and entered into offer letters with each of Messrs. Ribatt and Rees and Ms. Teffner setting forth, among other things, the initial terms of their base salary, target bonus and long-term equity targets along with the terms of certain sign-on equity awards. The offer letters also provide that if the executive is terminated by us without "cause" (as defined in the offer letter) or if the executive resigns for "good reason" (as defined in the offer letter), subject to execution of a general release of claims, the executive will be entitled to receive a lump sum payment equal to the executive's then-current base salary plus an amount equal to the then-current target annual bonus. If the executive is terminated by us without cause, resigns for good reason or in the event of death or "disability" (as defined in the Company's equity incentive plan), the executive will be entitled to certain vesting of equity awards. The offer letters also provide that the executives are eligible to participate in the CIC Plan. The offer letters contain noncompetition and non-solicitation covenants which restrict the executives from taking part in certain competitive activities for a period of one year following their termination of employment with us. For a more detailed discussion of the offer letters and definitions of "cause" and "good reason," see "Potential Payments on Termination or Change in Control" below.

The post-employment benefits provided in the offer letters were negotiated between the Committee and each executive in advance of the executive accepting employment with us. The Committee believed that such severance benefits were reasonable and necessary to induce each executive to accept employment with us.

***Mr. Rees' Supplemented Offer Letter***

In addition, on February 23, 2017, in connection with his appointment to Chief Executive Officer, we supplemented Mr. Rees' offer letter to provide that effective June 1, 2017, Mr. Rees' annual salary will be increased to \$950,000 and his annual incentive target will be increased to 115% of his annual salary. In addition, the value of Mr. Rees' long-term annual incentive award for 2017 was \$1.62 million and he will be granted a one-time award of options to purchase 200,000 shares of common stock, vesting ratably on each of the first three anniversaries of the effective date of his appointment.



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**Additional Considerations**

In addition to designing our compensation plans to achieve the objectives outlined above, the Committee seeks to implement corporate governance best practices to align the interests of our executive officers with the interests of our stockholders. A summary of some of those compensation policies is set forth below.

**Stock Ownership Guidelines**

In June 2013, the Committee modified our stock ownership guidelines to ensure that our executive officers have a meaningful stake in the equity of the Company and to further align the interests of our executives with the long-term interests of our stockholders. The guidelines require that each of our named executive officers own shares of our common stock in an amount equal in value to a specified multiple (5x for our Chief Executive Officer and 3x for all other named executive officers) of such named executive officer's base salary, to be achieved by the fifth anniversary of (i) the adoption of the modified guidelines (for our existing executive officers) or (ii) the date of hire for new executive officers. The ownership guidelines are based on analysis of peer and market practices, as prepared by the Committee's independent compensation consultant and are more stringent than the previous ownership guidelines. All of our executive officers are still within the five-year phase-in period for compliance.

**Clawback Policy**

Under our Recovery of Executive Compensation Policy, at the discretion of the Committee, executives may be required to repay awards to us if within two years of an award under our annual incentive plan and equity incentive plan: (i) we are required to restate our financial statements due to fraud or willful misconduct involving the executive; or (ii) the executive took part in any fraud, negligence or breach of fiduciary duty.

We have also adopted a policy whereby any annual and longer-term incentive compensation awards granted to management will be subject to any other clawback or recoupment policy adopted by us, including pursuant to the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**Prohibition on Hedging and Pledging**

We do not allow our management or directors to engage in hedging transactions in our stock or to pledge our stock to secure loans or other obligations.

**No Tax Gross-Ups in our CIC Agreements**

None of our change in control agreements with our executive officers contain excise tax gross-up provisions.

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**Double Trigger Provisions in our CIC Agreements**

We maintain a reasonable change in control plan. The CIC Plan provides for "double-trigger" vesting with a definition of "change in control" consistent with our stockholder-approved equity plans. In order to keep management focused on the best interests of our stockholders during potentially uncertain periods, the CIC Plan provides our named executive officers with reasonable compensation protections upon a change in control followed by a termination without cause or for good reason.

**Equity Granting Practices**

The Committee has generally determined to make our annual equity award grants at the regular meeting of the Committee held in the first quarter of each year. The Committee meeting date, or the next business day if the meeting falls on a day where the NASDAQ Global Select Market is closed for trading, is typically the effective grant date for the grants.

We also may grant equity awards (e.g., options, restricted stock) to recognize increased responsibilities or special contributions, attract new hires, retain executives or recognize certain other special circumstances that occur throughout the year. The effective date of these grants is determined based on the timing of the recognition or recruitment event and approved on or in advance of the effective date of the grant. The exercise/grant price is the fair market value of our common stock on the effective date. The Committee approves all equity grants to executive officers. We do not permit repricing of stock options without stockholder approval.

**Deductibility of Executive Compensation**

Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), imposes a \$1.0 million annual limit on the amount that a public company may deduct for compensation paid to our chief executive officer or to any of our three other most highly compensated executive officers (other than the chief financial officer) who are still employed at the end of the applicable tax year. The limit does not apply to compensation that meets the requirements of the Code for "qualified performance-based" compensation.

The Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code each year. In certain situations, the Committee may approve compensation that does not meet the requirements for performance-based compensation under Section 162(m) of the Code in order to ensure competitive levels of total compensation for our executive officers.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with our management. Based on such review and discussion, the Compensation Committee recommended to the Board that the foregoing Compensation Discussion and Analysis be included in this proxy statement.

**THE COMPENSATION COMMITTEE**

Doreen A. Wright (Chairperson)

Ian M. Bickley

Prakash A. Melwani

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**Summary Compensation Table**

The following table sets forth information regarding compensation for services rendered during fiscal years 2016, 2015 and 2014 for each of our named executive officers.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards<sup>(1)</sup> (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>All Other Compensation<sup>(2)</sup> (\$)</b>	<b>Total (\$)</b>
<b>Gregg S. Ribatt<sup>(3)</sup></b> Chief Executive Officer	2016	950,000		1,799,998	273,125	25,469	3,048,592
	2015	883,616		4,095,934	43,856	11,496	5,034,902
<b>Andrew Rees<sup>(4)</sup></b> President and former Interim Principal Executive Officer	2016	700,000		1,500,002	175,000	26,781	2,401,783
	2015	700,000		1,867,224	35,000	25,626	2,627,850
	2014	390,385	200,000	2,517,691	392,000	12,646	3,512,722
<b>Carrie W. Teffner<sup>(5)</sup></b> Executive Vice President and Chief Financial Officer	2016	650,000		951,090	138,125	33,030	1,772,245
	2015	70,000	75,000	1,255,660		142	1,400,802
<b>Daniel P. Hart</b> Executive Vice President, Chief Legal and Administrative Officer	2016	523,688		618,211	98,192	26,619	1,266,710
	2015	523,688	125,000	557,500	15,711	26,233	1,248,132
	2014	523,496	105,800	896,199	138,254	30,116	1,693,865

(1) Amounts reflect the aggregate grant date fair value of grants made in each respective fiscal year computed in accordance with stock-based accounting rules (FASB ASC Topic 718-Stock Compensation), excluding the effect of estimated forfeitures. Assumptions used in the calculations of these amounts are included in Note 11 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016. The grant date fair value of stock awards, which are comprised of time-based and performance-based RSUs, includes the grant date fair value for the performance-based RSUs calculated based on the target amount for the award period commencing in the year indicated. For 2016, the total aggregate grant date fair value of stock awards, including the time-based RSUs and the performance-based RSUs assuming the highest level of payout for performance against assigned targets would be as follows: \$3.0 million for Mr. Ribatt, \$2.5 million for Mr. Rees, \$1.6 million for Ms. Teffner and \$1.0 million for Mr. Hart.

(2) All other compensation for 2016 represents the following for each of our named executive officers: (i) Company matches to employee 401(k) contributions in the amounts of \$10,600 for each of Messrs. Ribatt, Rees and Hart and \$0 for Ms. Teffner; (ii) incremental healthcare premiums paid by us that are not offered to other non-executive employees in the amount of \$12,855 for each named executive officer; (iii) group term life insurance premiums paid-in full by the Company for each named executive officer; (iv) certain housing expenses of \$18,026 for Ms. Teffner; and (iv) certain recognition gifts made to the named executive officers.

(3)

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Mr. Ribatt commenced service as our Chief Executive Officer on January 28, 2015.

(4)

Mr. Rees commenced service as our President and interim principal executive officer on June 9, 2014.

(5)

Ms. Teffner commenced service as our Executive Vice President and Chief Financial Officer on December 16, 2015.

Table of Contents**Grants of Plan-Based Awards Table**

The following table provides information for each of our named executive officers regarding annual and long-term incentive award opportunities, including the range of potential payouts under our non-equity annual incentive plan and our performance-based restricted stock units granted during fiscal year 2016.

Name	Type of Award	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards <sup>(1)</sup> (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Gregg S. Ribatt	Annual Incentive Award			1,092,500	2,185,000					
	Time-Based RSUs	3/8/2016							62,990	593,996
	Performance-Based RSUs	3/8/2016				63,945	127,890	255,780		1,206,002
Andrew Rees	Annual Incentive Award			700,000	1,400,000					
	Time-Based RSUs	3/8/2016							52,492	495,000
	Performance-Based RSUs	3/8/2016				53,288	106,575	213,150		1,005,002
Carrie W. Teffner	Annual Incentive Award			552,500	1,105,000					
	Time-Based RSUs	3/1/2016							34,686	317,030
	Performance-Based RSUs	3/1/2016				34,686	69,372	138,744		634,060
Daniel P. Hart	Annual Incentive Award			392,766	785,532					
	Time-Based RSUs	3/1/2016							22,546	206,070
	Performance-Based RSUs	3/1/2016				22,546	45,092	90,184		412,141

(1) The aggregate grant date fair value for the performance-based RSUs for all named executive officers was calculated based on the target number of RSUs.

**Annual Incentive Awards.** In 2016, annual incentive amounts were paid at 25% of target, as reflected in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table" set forth above. The amounts shown for non-equity incentive plan awards represent the target and maximum amounts of annual cash incentive compensation that, depending on performance results, might have been paid to each executive for 2016 performance contingent on achievement of specified levels of adjusted earnings before interest and taxes, adjusted free cash flow and certain non-financial metrics. The potential payments were contingent on achieving the target level of performance with ranges from zero to 200% of the executive's annual incentive target. These awards are described in further detail under "Compensation Discussion and Analysis" above.

**Restricted Stock Units ("RSUs").** The amounts shown for equity incentive plan awards represent the number of RSUs awarded to the executives in 2016 and the grant date fair value of the RSUs determined in accordance with FASB ASC 718, as follows. The amounts shown for RSUs granted to our named executive officers represent awards of restricted stock units as part of a performance incentive plan. One-third of these RSUs vest in three equal annual installments beginning one year after the date of grant based on continued employment. The other two-thirds may be earned from 50% to 200% of the target number of RSUs, contingent on the level of revenue and operating margin performance goals, and, if achieved, vest in three equal annual installments, 33% on certification of the achievement of performance by the Compensation Committee and 33% in each of the next two years subject to continued employment. These RSU awards are described in further detail under "Compensation Discussion and Analysis" above.

***Offer Letters.*** We entered into offer letters with Mr. Ribatt, Mr. Rees and Ms. Teffner providing for certain initial compensation and other benefits that are described under "Offer Letters" in "Compensation Discussion and Analysis" above.

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**Employment Agreement with Mr. Hart.** In May 2009, we entered into an employment agreement with Mr. Hart governing the initial terms of his compensation arrangements and providing him certain other employment benefits.

**Salary and Bonus in Proportion to Total Compensation.** As noted in "Compensation Discussion and Analysis" above, we believe that a substantial portion of each named executive officer's compensation should be in the form of performance-based annual incentive awards and equity awards. Base salary of the named executive officers is set at levels that the Compensation Committee believes are competitive with our peer companies, with the expectation that shortfalls in base pay, if any, will be recouped through performance bonuses. The Compensation Committee believes that our current program substantially aligns the compensation of our named executive officers with the compensation of executive officers of our peer companies, while also permitting the Compensation Committee to provide incentives to the named executive officers to pursue performance that increases stockholder value. Please see "Compensation Discussion and Analysis" for a description of the objectives of our compensation program and overall compensation philosophy.

## Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding options and unvested restricted stock and restricted stock unit awards held by our named executive officers as of December 31, 2016. Market values for outstanding stock awards are presented as of the end of 2016 based on the closing price of our common stock on the NASDAQ Global Select Market on December 30, 2016, the last trading day of 2016, of \$6.86 per share.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#)		Exercise Price (\$)		Market Value of Shares or Units of Stock That Have Not Vested (\$)		Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)(1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
	Exercisable	Unexercisable		Expiration Date	Not Vested (#)			
Gregg S. Ribatt					171,650 <sup>(2)</sup>	1,177,519	616,859 <sup>(2)</sup>	4,231,653
Andrew Rees					120,934 <sup>(3)</sup>	829,607	339,601 <sup>(3)</sup>	2,329,663
Carrie W. Teffner					88,118 <sup>(4)</sup>	604,489	149,520 <sup>(4)</sup>	1,025,707
Daniel P. Hart	20,831		3.99	6/15/2019	48,768 <sup>(5)</sup>	334,548	45,092 <sup>(5)</sup>	309,331

(1) The aggregate number of RSUs was calculated based on the achievement of target performance.

(2) Represents the unvested portion of three RSU grants for: (i) 162,990 RSUs awarded on February 11, 2015 that vest annually in equal installments on January 28, 2016, January 28, 2017 and January 28, 2018 contingent on continued employment; and (ii) 488,969 RSUs that vest contingent on achievement of certain share price levels before the fourth anniversary of Mr. Ribatt's start date, subject to his continued employment; and (iii) 190,880 RSUs awarded on March 8, 2016 of which 33% of the RSUs vest in three equal annual installments on March 8, 2017, March 8, 2018 and March 8, 2019 based on continued employment and 67% of the RSUs (up to 200%) based on achievement of performance metrics, of which 41,628 shares were "earned" pursuant to the Compensation Committee certification on February 14, 2017 and will vest in three equal installments on March 1, 2017, March 1, 2018 and March 1, 2019 based on continued employment.

(3) Represents the unvested portion of four RSU grants for: (i) 12,868 RSUs awarded on June 9, 2014 that vest annually in three equal installments on June 9, 2015, June 9, 2016 and June 9, 2017 based on continued employment; (ii) 233,026 RSUs that vest contingent on achievement of certain share price levels before the fourth anniversary of Mr. Rees' start date, subject to his continued employment; (iii) 167,464 RSUs awarded on March 1, 2015 of which 43% of the RSUs vest in three equal annual installments on March 1, 2016, March 1, 2017 and March 1, 2018 based on continued employment and up to 57% of the RSUs (up to 200%) based on achievement of performance metrics, of which 24,217 shares were "earned" pursuant to the Compensation Committee certification on February 24, 2016 and will vest in three equal installments on March 1, 2016, March 1, 2017 and March 1, 2018 based on continued employment; and (iv) 159,067 RSUs awarded on





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March 8, 2016 of which 33% of the RSUs vest in three equal annual installments on March 8, 2017, March 8, 2018 and March 8, 2019 based on continued employment and up to 67% of the RSUs (up to 200%) based on achievement of performance metrics, of which 34,689 shares were "earned" pursuant to the Compensation Committee certification on February 14, 2017 and will vest in three equal installments on March 1, 2017, March 1, 2018 and March 1, 2019 based on continued employment.

(4)

Represents the unvested portion of three RSU grants for: (i) 80,148 RSUs awarded on December 16, 2015 that vest annually in equal installments on December 16, 2016, December 16, 2017 and December 16, 2018 based on continued employment; (ii) 80,148 RSUs that vest based on achievement of certain share price levels before the fourth anniversary of Ms. Teffner's start date, subject to her continued employment; and (iii) 104,058 RSUs awarded on March 1, 2016 of which 33% of the RSUs vest in three equal annual installments on March 1, 2017, March 1, 2018 and March 1, 2019 based on continued employment and up to 67% of the RSUs (up to 200%) based on achievement of performance metrics, of which 22,578 shares were "earned" pursuant to the Compensation Committee certification on February 14, 2017 and will vest in three equal installments on March 1, 2017, March 1, 2018 and March 1, 2019 based on continued employment.

(5)

Represents the unvested portion of three RSU grants for: (i) 54,348 RSUs awarded on January 2, 2014 of which one-half of the RSUs vest in three equal annual installments on January 2, 2015, January 2, 2016 and January 2, 2017 based on continued employment and up to one-half of the RSUs based on achievement of performance metrics of which 10,702 shares were "earned" and became vested in two equal annual installments on March 1, 2015 and March 1, 2016; (ii) 50,000 RSUs awarded on March 1, 2015 of which 35% of the RSUs vest in three equal annual installments on March 1, 2016, March 1, 2017 and March 1, 2018 based on continued employment and 65% of the RSUs (up to 200%) based on achievement of performance metrics of which 8,245 shares were "earned" pursuant to the Compensation Committee certification on February 24, 2016 and will vest in three equal installments on March 1, 2016, March 1, 2017 and March 1, 2018 based on continued employment; and (iii) 67,638 RSUs awarded on March 1, 2016 of which 33% of the RSUs vest in three equal annual installments on March 1, 2017, March 1, 2018 and March 1, 2019 based on continued employment and up to 67% of the RSUs (up to 200%) based on achievement of performance metrics, of which 14,676 shares were "earned" pursuant to the Compensation Committee certification on February 14, 2017 and will vest in three equal installments on March 1, 2017, March 1, 2018 and March 1, 2019 based on continued employment.

**Options Exercised and Stock Vested**

The following table sets forth information for each of our named executive officers regarding stock options exercised and stock awards vested during 2016.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
<b>Gregg S. Ribatt</b>			54,330	484,080
<b>Andrew Rees</b>			36,364	339,358
<b>Carrie W. Teffner</b>			26,716	189,416
<b>Daniel P. Hart</b>	50,000	234,500	32,601	308,026

(1)

For option awards, the value realized is the difference between the closing price of our common stock on the date of exercise and the exercise price. For stock awards, the value realized is based on the closing price of our common stock on the vesting date.

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**Potential Payments on Termination or Change in Control**

***Change in Control Plan (CIC Plan)***

Our current named executive officers are participants in the CIC Plan, which was initially adopted by the Board in June 2013 and amended and restated in March 2014. Under the CIC Plan, if a "change in control" (as defined below) occurs, and the named executive officer's employment is terminated by us without "cause" (as defined below) or the named executive officer resigns for "good reason" (as defined below) within the two-year period following the change in control (a so-called "double-trigger"), the named executive officer will be entitled to the following payments and benefits:

an amount equal to such named executive officer's severance payment percentage times the sum of (i) the named executive officer's annual base salary in effect on the date immediately prior to the change in control and (ii) the greater of (x) the named executive officer's target annual bonus for the year in which the change in control occurs and (y) the average annual bonus payments actually made to the named executive officer in the three years prior to the year in which the change in control occurs;

full vesting of any time-based equity awards held by the named executive officer;

vesting at the target performance level of any performance-based equity awards held by the named executive officer;

if the named executive officer is age 55 or over, payment by us of the employer and employee premiums for continued health coverage for the named executive officer and his/her covered dependents until the named executive officer becomes eligible to enroll in Medicare Part A or until the named executive officer becomes eligible for coverage under a subsequent employer's health plan; and

if the named executive officer is under age 55, payment by us of the employer and employee premiums for continued health coverage for the named executive officer and his/her covered dependents for the lesser of: (i) 18 months following cessation of employment or (ii) the period for which the named executive officer is eligible for and elects such continued health coverage.

The definition of "change in control" in the CIC Plan is consistent with the definition in our stockholder-approved equity plan. "Change in control" is generally defined in the CIC Plan to mean any one of the following: (i) any person becomes the beneficial owner of 35% or more of our common stock or voting securities, with certain exceptions; (ii) incumbent directors (including those nominees subsequently nominated or elected by incumbent directors) cease to constitute a majority of the members of the Board; (iii) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company, unless (a) after the transaction, the beneficial owners of our common stock and voting securities immediately prior to the transaction retain more than 50% of such common stock and voting securities of the entity resulting from the transaction, (b) no person immediately after the merger beneficially owns 35% or more of the voting power of the entity resulting from the transaction (except to the extent that such ownership existed with respect to the Company prior to the transaction), and (c) at least a majority of the members of the board of directors of the entity resulting from the transaction shall have been members of the incumbent board at the time of the execution of the initial agreement, or of the action of the Board, providing for such transaction; or (iv) stockholder approval of a complete liquidation or dissolution of the Company.

"Cause" is defined in the CIC Plan to mean, with respect to any participant: (i) the participant's conviction, or guilty or no contest plea, to any felony; (ii) any act of fraud by the participant related to or connected with the participant's employment by the Company; (iii) the participant's material breach of his or her fiduciary duty to the Company; (iv) the participant's gross negligence or gross misconduct in the performance of duties reasonably assigned to the participant which causes material harm to the

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Company; (v) any willful violation by the participant of the Company's codes of conduct or other rules or policies of the Company; or (vi) any entry of any court order or other ruling that prevents the participant from performing his or her material duties and responsibilities.

"Good Reason" is defined in the CIC Plan to mean the existence of any one or more of the following conditions without the written consent of the participant: (i) the Company's assignment to the participant of any duties inconsistent in any material negative respect with the participant's authority, duties or responsibilities immediately prior to the change in control or any other action by the Company that results in a material diminution in such authority, duties or responsibilities; (ii) a material reduction in the participant's base salary, as in effect immediately prior to the change in control; (iii) a material reduction in the participant's target bonus and/or target long-term incentive opportunity, as in effect immediately prior to the change in control; (iv) relocation of the participant's office more than 50 miles from the Company's principal office immediately prior to the change in control; or (v) a material breach by the Company of the CIC Plan. To resign for "good reason," a participant must provide certain notice to the Company, and the Company must fail to remedy the condition believed to constitute "good reason" within a specified time period.

***Mr. Ribatt, Mr. Rees and Ms. Teffner Offer Letters***

The offer letters for Mr. Ribatt, Mr. Rees and Ms. Teffner provide that if such person is terminated by us without "cause" (as defined in his or her respective offer letter) or if he or she resigns for "good reason" (as defined in his or her respective offer letter), he or she will be entitled to receive a lump sum payment equal to his or her then-current base salary plus his or her then-current target annual bonus. In addition, if such person is terminated by us without cause, resigns for good reason, or as a result of his or her death or disability (each a "Qualifying Termination"), a pro-rated percentage of the performance-based RSUs awarded to him or her pursuant to the offer letters will remain outstanding and eligible to vest as follows:

if a Qualifying Termination occurs prior to the fourth anniversary of his or her respective start date and prior to satisfaction of the Tier I Performance Condition or 2x Performance Condition, as applicable (each as defined in his or her respective offer letter), then a pro-rated percentage of such RSU award will remain outstanding and eligible to vest in full if and when the performance condition is satisfied prior to the fourth anniversary of his or her respective start date, with such pro-rated percentage equal to the number of full months to have elapsed between his or her start date and the date of such Qualifying Termination divided by 48; and

if a Qualifying Termination occurs prior to the fourth anniversary of his or her respective start date and prior to satisfaction of the Tier I Performance Condition or 2x Performance Condition, as applicable, then a pro-rated percentage of the RSU award will remain outstanding and eligible to vest on the fourth anniversary of his or her respective start date at a 20% level (subject to further proration) if the Tier III Performance Condition or 1.5x Performance Condition, as applicable (each as defined in his or her respective offer letter) is satisfied or at a 40% level (subject to further proration) if the Tier II Performance Condition or 1.75x Performance Condition, as applicable (each as defined in his or her respective offer letter) is satisfied, in each case, at any time during the three-month period ending on the fourth anniversary of his or her respective start date, with such pro-rated percentage equal to the number of full months to have elapsed between his or her respective start date and the date of such Qualifying Termination divided by 48.

Upon a Qualifying Termination: (i) his or her outstanding time-based equity awards that would otherwise have vested in the calendar year of the Qualifying Termination (and any performance-based equity awards for which the performance metrics have already been satisfied prior to the Qualifying Termination, other than the performance-based RSU award granted in connection with their respective

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offer letters) will vest based on the number of full months that have elapsed since the later of (A) the grant date of the applicable equity award and (B) the most recent vesting date of such equity award divided by 12; and (ii) a pro-rated percentage of your performance-based equity awards (other than the performance-based RSU award granted in connection with their respective offer letters) for which the performance period remains open at the time of the Qualifying Termination will remain outstanding and eligible to vest if the applicable performance metrics are satisfied for such performance-based equity awards by the end of the applicable performance period, with such percentage equal to the number of full months that have elapsed between the grant date of such award and the Qualifying Termination divided by the total number of months in the applicable performance period (or 24 months with respect to Mr. Rees).

**Mr. Hart Employment Agreement**

Mr. Hart's employment agreement provides certain benefits in the event of certain terminations of employment. Mr. Hart's employment agreement was modified by the CIC Plan to provide that the terms of the CIC Plan supersede and replace the terms of the employment agreement with respect to a change in control. Mr. Hart's employment agreement provides that if Mr. Hart is terminated by us involuntarily without "cause" (as defined in his employment agreement) or if he resigns for "good reason" (as defined in his employment agreement), he will receive: (i) a lump sum payment equal to one year of his base pay as of the termination date; (ii) a lump sum payment equal to 80% of his base pay in effect as of the termination date, pro-rated to equal the proportion of the year that he was employed by us; (iii) a lump sum payment equal to 80% of his base pay as of the termination date; and (iv) immediate vesting of any unvested stock options or unvested stock awards then held by him that would have been vested had he remained employed for 24 months after the termination date. The agreement also provides that any stock options granted to Mr. Hart during his employment will remain exercisable for ten years after the date of grant, including if Mr. Hart ceases to be employed by us for any reason other than termination for cause.

Below is a summary of the potential payments that each of our named executive officers would have received upon the occurrence of the termination events specified below, assuming that each triggering event occurred on December 31, 2016.

Name	Involuntary Termination without Cause or Resignation for Good Reason			Involuntary Termination without Cause or Resignation for Good Reason within Two Years Following a Change in Control				
	Severance (\$)	Acceleration of Equity Awards (\$) <sup>(1)</sup>	Total (\$)	Severance (\$)	Bonus (\$)	Health Benefits (\$)	Acceleration of Equity Awards (\$) <sup>(1)</sup>	Total (\$)
<b>Gregg S. Ribatt</b>	2,042,500		2,042,500	2,375,000	2,731,250	20,186	5,409,172	10,535,608
<b>Andrew Rees</b>	1,400,000		1,400,000	1,750,000	1,750,000	20,186	3,159,270	6,679,457
<b>Carrie W. Teffner</b>	1,202,500		1,202,500	1,625,000	1,381,250	20,186	1,630,196	4,656,632
<b>Daniel P. Hart</b>	1,361,090	282,989	1,644,079	1,047,374	785,531	88,596	643,880	2,565,381

(1)

Amounts based on the fair market value of our common stock of \$6.86 per share, which was the closing price of our common stock on December 30, 2016, the last trading day of 2016, as reported on the NASDAQ Global Select Market.

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**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee has reviewed and discussed the Company's audited financial statements for the fiscal year ended December 31, 2016 with our management and Deloitte & Touche LLP, our independent registered public accounting firm. Management is responsible for the preparation, presentation and integrity of the financial statements, accounting and financial reporting principles and internal control over financial reporting. Deloitte & Touche LLP is responsible for performing an independent audit of the financial statements in accordance with generally accepted auditing standards and for expressing opinions on the conformity of the financial statements with accounting principles generally accepted in the United States.

The Audit Committee has discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, *Communication With Audit Committees*, and the Public Company Accounting Oversight Board ("PCAOB") AS Section 1301, *Communications with Audit Committees*, and has received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the PCAOB regarding the independent auditor's communications with the Audit Committee concerning independence. The Audit Committee has also discussed with Deloitte & Touche LLP their independence.

Based on its reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2016 for filing with the SEC.

**THE AUDIT COMMITTEE**

Thomas J. Smach (Chairperson)

Ronald L. Frasch

Douglas J. Treff

Table of Contents**PROPOSAL 2 RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed Deloitte & Touche LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2017. Deloitte & Touche LLP has served as our independent public accounting firm since 2005. We are not required to submit this appointment to the stockholders for approval, but the Board believes it is desirable as a matter of policy. We expect that a representative of Deloitte & Touche LLP will attend the Annual Meeting and will have the opportunity to make any statements if he or she so desires and to respond to appropriate stockholder questions.

If the stockholders do not ratify this appointment, the Audit Committee will investigate the reasons for the rejection and consider other independent registered public accounting firms. Even if the appointment is ratified, the Audit Committee may, in its discretion, appoint a different independent registered public accounting firm.

The following table sets forth the aggregate fees for professional services provided during 2016 and 2015 by Deloitte & Touche LLP and its affiliates. The Audit Committee is required to pre-approve all audit and non-audit services provided by Deloitte & Touche LLP. All of the services provided by, and fees paid to, Deloitte & Touche LLP during 2016 and 2015 were pre-approved by the Audit Committee.

	<b>2016</b>		<b>2015</b>	
Audit fees <sup>(1)</sup>	\$	2,830,450	\$	3,322,815
Audit-related fees <sup>(2)</sup>		501,025		525,950
Tax fees <sup>(3)</sup>		198,200		14,567
All other fees				
<b>Total fees</b>	<b>\$</b>	<b>3,529,675</b>	<b>\$</b>	<b>3,863,332</b>

- 
- (1) Audit fees relate to professional services rendered in connection with the audit of our annual financial statements and internal control over financial reporting and services attendant to, or required by, statute or regulation, such as: (i) consents and other audit services related to SEC and other regulatory filings; (ii) accounting consultation related to the audit; and (iii) statutory audit requirements in foreign countries.
- (2) Audit-related fees substantially relate to services rendered in connection with statutory audits.
- (3) Tax fees include professional services rendered in connection with tax compliance, tax advice, tax consulting and tax planning.

**THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2017.**

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**PROPOSAL 3 ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

Pursuant to Section 14A of the Exchange Act, our stockholders have an opportunity to cast a non-binding advisory vote to approve the compensation of our named executive officers as disclosed in this proxy statement. This proposal, commonly known as a "Say-on-Pay" proposal, gives stockholders the opportunity to approve or reject our executive pay program. Accordingly, we ask our stockholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the stockholders approve, on an advisory basis, the compensation of our named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and any other related disclosure in this proxy statement."

As discussed in the "Compensation Discussion and Analysis," the primary objective of our executive compensation program is to create long-term value for our stockholders by attracting and retaining talented executives, holding our executives accountable to stockholders, motivating our executives to achieve superior financial and business objectives and aligning the interests of our executives with those of our stockholders. We believe our executive compensation strikes the appropriate balance between utilizing responsible, measured pay practices and effectively incentivizing our named executive officers to dedicate themselves fully to value creation for our stockholders. Please see "Compensation Discussion and Analysis" section above for an explanation of our executive compensation.

This "Say-on-Pay" proposal allows our stockholders to express their view regarding the decisions of the Compensation Committee on the 2016 compensation of our named executive officers. Your advisory vote will serve as a tool to guide the Board and the Compensation Committee in continuing to improve the alignment of our executive compensation programs with the objective of creating long-term value for our stockholders.

Our current policy is to provide stockholders with an opportunity to approve the compensation of our named executive officers each year at the annual meeting of stockholders. See Proposal 4 below regarding the advisory vote on the frequency of future advisory votes to approve our named executive officer compensation.

**THE BOARD RECOMMENDS A VOTE "FOR" THE ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.**



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**PROPOSAL 4 ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

Stockholders have an opportunity to indicate how frequently we should seek an advisory vote to approve the compensation of our named executive officers at least every 6 years. Our stockholders last voted on this matter in 2011. Stockholders may indicate whether they would prefer an advisory vote on executive compensation once every one, two or three years or they may abstain from voting.

Our Board has discussed and carefully considered the alternatives regarding the frequency of say-on-pay proposals in an effort to determine the approach that would best serve the Company and our stockholders. Our Board has considered several factors supporting an annual vote, including:

An annual say-on-pay vote is consistent with past practice, as we have been conducting an annual vote since 2011 and have received over 98% support each year we have conducted a say-on-pay vote.

An annual say-on-pay vote provides us with immediate and direct input from our stockholders on our compensation principles and practices as disclosed in the proxy statement every year.

An annual advisory vote provides frequent communication from our stockholders, which is consistent with our efforts to seek input from our stockholders regarding corporate governance and our compensation philosophy.

The lack of an annual say-on-pay advisory vote might make it more difficult for us to understand the outcome of a stockholder vote as to whether the stockholder vote pertains to the compensation disclosed in the current year proxy statement or pay practices relating to previous years. As a result, a frequency other than annual might make it more difficult for the Board to understand and respond appropriately to the message being communicated by our stockholders.

After such consideration, our Board believes that it is most appropriate to continue to conduct an advisory vote on executive compensation every year and, therefore, our Board recommends that you vote for an annual advisory vote on executive compensation.

The option of every year, every two years or every three years that receives the highest number of votes cast by stockholders will be deemed to be the frequency recommended by stockholders and will be taken into consideration by the Board when determining the frequency for the advisory vote on executive compensation. This vote is advisory and, therefore, not binding, and the Board may decide in the future that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

**THE BOARD RECOMMENDS A VOTE FOR A FREQUENCY PERIOD OF "EVERY YEAR" FOR FUTURE ADVISORY VOTES TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.**

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**PROPOSAL 5 VOTE TO APPROVE THE AMENDMENT AND RESTATEMENT OF THE 2008 CASH INCENTIVE PLAN**

**Introduction**

The Board directed that the Amended and Restated Crocs, Inc. 2008 Cash Incentive Plan be submitted to the stockholders for approval so that payments under such plan can qualify for deductibility for federal income tax purposes.

In March 2017, the Board, upon recommendation by the Compensation Committee, approved and adopted an amendment and restatement of the 2008 Cash Incentive Plan (the existing plan is referred to as the "Original Plan" and the plan as proposed to be amended is referred to as the "Amended Plan"), to be effective June 6, 2017 and, subject to stockholder approval, to govern the award and payment of cash incentive awards to certain executive officers of the Company.

The purpose of the Amended Plan is to obtain shareholder approval to permit the payment of cash incentive awards that may qualify as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended ("Section 162(m)"); however, there can be no guarantee that amounts payable under the Amended Plan will be treated as qualified performance-based compensation under Section 162(m).

The Board believes that it is in the best interests of the Company and its stockholders for the Company to have a stockholder-approved plan under which cash incentive awards granted to its executives could be designed in a manner intended to qualify as "performance-based compensation" within the meaning of Section 162(m). Accordingly, the Amended Plan is being submitted for approval by stockholders. In general, under Section 162(m), in order for the Company to be able to deduct compensation in excess of \$1,000,000 paid in any one year to our chief executive officer or any of our three other most highly compensated executive officers (other than our chief financial officer), such compensation must qualify as "performance-based." One of the requirements of "performance-based" compensation for purposes of Section 162(m) is that the material terms of the performance goals under which compensation may be paid be disclosed to and approved by the Company's stockholders at least once every five years. Stockholders last approved the material terms of the Original Plan at the 2012 annual meeting of stockholders. For purposes of Section 162(m), the material terms include (i) the individuals eligible to receive compensation; (ii) a description of the business criteria on which the performance goal is based; and (iii) the maximum amount of compensation that can be paid to an individual under the performance goal. Each of these aspects is discussed below, and stockholder approval of this Proposal 5 is intended to constitute reapproval of each of these aspects of the Amended Plan for purposes of the stockholder approval requirements of Section 162(m).

**Key Changes from the Original Plan**

If approved, the Amended Plan would make the following changes to the Original Plan, as described in more detail under "Description of the Amended Plan" below: (i) include changes to the performance measures and adjustments that can be made to established performance goals in a manner that is intended to satisfy the requirements of Section 162(m) and that is consistent with our 2015 Equity Incentive Plan; and (ii) subject certain awards under the Amended Plan to the Company's Executive Compensation Recovery Policy.

**Description of the Amended Plan**

The significant features of the Amended Plan are described below. A copy of the Amended Plan is attached to this proxy statement as Appendix A, and this discussion is qualified in its entirety by reference to the full text of the Amended Plan.

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*Administration*

Our Compensation Committee, consisting exclusively of outside directors, will administer the Amended Plan. The Compensation Committee will have the authority to grant awards upon such terms, not inconsistent with the terms of the Amended Plan, as it considers appropriate. In addition, the Compensation Committee will have complete authority to interpret all provisions of the Amended Plan, to adopt, amend, and rescind rules and regulations pertaining to the administration of the Amended Plan, and to make all other determinations necessary or advisable for the administration of the Amended Plan, and to reduce or eliminate, in its discretion, the amount of any award otherwise payable under the Amended Plan.

*Eligibility*

All of our employees, who currently number approximately 5,000, will be eligible to participate under the Amended Plan. Our Compensation Committee determines which employees will be participants under the Amended Plan. However, the criteria for participation may change in subsequent years. Other annual or short-term bonus arrangements will be made available to employees who are not considered "covered employees" for purposes of Section 162(m).

*Performance Measures*

Participants will receive awards under the Amended Plan whose payout will be contingent upon the degree of attainment of specified performance measures over the applicable performance period. The performance measures are set by our Compensation Committee at the start of each performance period and are based on one or a combination of two or more of the following performance criteria: net sales; net earnings; earnings before income taxes; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share (basic or diluted); profitability as measured by return ratios (including return on assets, return on equity, return on investment, return on invested capital and return on net sales) or by the degree to which any of the foregoing earnings measures exceed a percentage of net sales; cash flow; market share; margins (including one or more of gross, operating and net earnings margins); stock price; total stockholder return; asset quality; non-performing assets; revenue growth; operating income; pre- or after-tax income; cash flow per share; operating assets; improvement in or attainment of expense levels or cost savings; economic value added; direct to consumer comparative sales; product delivery targets; and improvement in or attainment of working capital levels.

Any performance measure utilized may be expressed in absolute amounts, on a per share basis, as a growth rate or change from preceding performance periods, as a percentage of another criterion, or as a comparison to the performance of specified companies or other external measures, and may relate to corporate, group, unit, division, affiliate or individual performance.

The Compensation Committee may provide in any award that any evaluation of performance may include or exclude any of the following events that occurs during a performance period: asset write-downs; litigation or claim judgments or settlements; the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; any reorganization and restructuring programs; extraordinary, unusual and/or non-recurring items, that in all of the foregoing the Company identifies in its audited financial statements, including notes to the financial statements, or the Management's Discussion and Analysis section of the Company's periodic reports; certain extraordinary nonrecurring items; acquisitions or divestitures; foreign exchange gains and losses; gains and losses on asset sales; and impairments. To the extent such inclusions or exclusions affect awards to covered employees, they will be established and administered in a manner that satisfies the requirements for "performance-based compensation" within the meaning of Section 162(m).

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*Performance Periods*

A performance period is the measure of time specified by our compensation committee over which the degree of attainment of the specified performance measures will be measured.

*Payment of Awards; Maximum Amount of Awards*

All awards under the Amended Plan for a performance period will be paid in cash following the end of such performance period and our Compensation Committee's certification of the degree to which applicable performance measures were attained. The maximum individual award payment that can be made under the Amended Plan may not exceed \$8 million for an annual performance period or, for performance periods longer or shorter in duration, an amount equal to \$2.0 million multiplied by the number of quarters in the performance period.

*Recoupment*

With respect to participants who are subject to the Company's Executive Compensation Recovery Policy (the "Policy"), all amounts earned under the Amended Plan are subject to the Policy. In addition, awards shall be subject to the requirements of (a) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations thereunder, (b) similar rules under the laws of any other jurisdiction, (c) any compensation recovery or clawback policies adopted by the Company to implement any such requirements or (d) any other compensation recovery or clawback policies as may be adopted from time to time by the Company, all to the extent determined by the Committee in its discretion to be applicable to a participant.

*Termination of Employment*

Except as otherwise provided below, no award for a performance period will be paid to a participant who is not actively employed by us at the end of the performance period. If a participant's employment ends during a performance period, our compensation committee has the discretion to approve payment to the participant, or his or her beneficiaries, of a pro-rata portion of the award payment the participant would have received but for the fact that the participant's employment ended.

*Amendment and Termination*

Our Compensation Committee or our Board may amend, suspend or terminate the Amended Plan from time to time. An amendment will be subject to the approval of our stockholders only if such approval is necessary to maintain the Amended Plan in compliance with Section 162(m) or other applicable laws and regulations.

*Federal Income Tax Consequences*

The following is a brief summary of the U.S. federal income tax consequences of the Amended Plan generally applicable to us and to participants in the Amended Plan who are subject to U.S. federal taxes. The summary is based on the U.S. Internal Revenue Code of 1986, as amended, applicable Treasury Regulations and administrative and judicial interpretations thereof, each as in effect on the date of this proxy statement and is, therefore, subject to future changes in the law, possibly with retroactive effect. The summary is general in nature and does not purport to be legal or tax advice. Furthermore, the summary does not address issues relating to any U.S. gift or estate tax consequences or the consequences of any state, local or foreign tax laws.

A participant in the Amended Plan will be taxed at ordinary income rates on an award in the year in which a cash payment under the award, if any, is received, unless such cash is subject to deferral under

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a Company plan or a substantial risk of forfeiture. If a participant elects to defer a portion of the bonus, the participant may be entitled to defer the recognition of income. Generally, and subject to Section 162(m), the Company will receive a U.S. federal income tax deduction on the amount of income recognized by the participants at the same time such income is recognized by participants. Please note that the rules and regulations promulgated under Section 162(m) are complicated and subject to change from time to time, sometimes with retroactive effect. As such, and as noted above, there can be no guarantee that amounts payable under the Amended Plan will be treated as qualified performance-based compensation under Section 162(m) and/or deductible by the Company.

We intend that awards granted under the Amended Plan comply with, or otherwise be exempt from, Section 409A of the Internal Revenue Code, but make no representation or warranty to that effect.

We are authorized to deduct or withhold from any payment due under the Amended Plan, or require a participant to remit to us, the amount of any withholding taxes due in respect of the payment and to take such other action as may be necessary to satisfy all obligations for the payment of applicable withholding taxes. We are not required to settle an award under the Amended Plan until all tax withholding obligations are satisfied.

**New Plan Benefits**

The specific individuals who will be granted awards under the Amended Plan and the type and amount of any such awards will be determined by the Compensation Committee, subject to limits on the maximum amounts that may be awarded to any individual, as described above. Accordingly, future awards to be received by or allocated to particular individuals under the Amended Plan are not presently determinable.

The approval of the Amended Plan requires the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the proposal.

**THE BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE 2008 CASH INCENTIVE PLAN**

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**OTHER MATTERS**

We do not intend to bring before the Annual Meeting any matters other than the proposals specifically described above, and we know of no matters other than those to come before the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote such proxy in accordance with the recommendation of our management on such matters, including any matters dealing with the conduct of the Annual Meeting.

**STOCKHOLDER PROPOSALS AND NOMINATIONS FOR 2018 ANNUAL MEETING**

Any proposal of a stockholder intended to be included in our proxy statement for the 2018 annual meeting of stockholders pursuant to SEC Rule 14a-8, must be received by us no later than December 26, 2017 unless the date of our 2018 annual meeting is more than 30 days before or after June 6, 2018, in which case the proposal must be received a reasonable time before we begin to print and mail our proxy materials. All proposals should be addressed to the Corporate Secretary, Crocs, Inc., 7477 East Dry Creek Parkway, Niwot, Colorado 80503.

In order for a stockholder to nominate a candidate for director for election or to bring other business before the 2018 annual meeting, we must receive timely notice of the nomination or business in writing by the close of business not later than March 8, 2018 and not earlier than February 6, 2018. However, in the event that the 2018 annual meeting is called for a date that is not within 30 days before or 60 days after June 6, 2018, notice by the stockholder to be timely must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the date on which public announcement of the date of the 2018 annual meeting is made.

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**CROCS, INC.**  
**2008 CASH INCENTIVE PLAN**  
**(As Amended and Restated Effective June 6, 2017)**

1. **Purpose.** The purpose of the Crocs, Inc. 2008 Cash Incentive Plan (the "**Plan**") is to advance the interests of Crocs, Inc. ("**Crocs**") and its stockholders by promoting Crocs's pay for performance philosophy, attracting and retaining key employees of Crocs and its subsidiaries, and stimulating the efforts of such employees toward the continued success and growth of Crocs's business. Amounts paid pursuant to the Plan are intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

2. **Definitions.** When the following terms are used with capital letters in the Plan, they will have the meanings indicated:

- (a) "**Award**" means an incentive award which, subject to the terms and conditions prescribed by the Committee, entitles a Participant to receive a cash payment from the Company in accordance with Section 3.
- (b) "**Board**" means the Board of Directors of Crocs.
- (c) "**Code**" means the Internal Revenue Code of 1986, as amended.
- (d) "**Committee**" means the Compensation Committee of the Board or such other committee as may be designated by the Board to administer the Plan.
- (e) "**Company**" means Crocs and its subsidiaries.
- (f) "**Covered Officer**" means any Participant whose compensation, in the Performance Period for which an the incentive under the Plan is calculated, is subject to the compensation expense deduction limitations set forth in Section 162(m) of the Code.
- (g) "**Eligible Employee**" means any employee of the Company.
- (h) "**Participant**" means an Eligible Employee designated by the Committee to participate in the Plan as provided in Section 3.1. Designation by the Committee as a Participant for a specific Performance Period or series of Performance Periods does not confer on the Participant the right to participate in the Plan for any other Performance Periods.
- (i) "**Performance-Based Compensation**" means an Award that is intended to constitute "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code and the regulations promulgated thereunder.
- (j) "**Performance Measures**" means one or a combination of two or more of the following performance criteria: net sales; net earnings; earnings before income taxes; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share (basic or diluted); profitability as measured by return ratios (including return on assets, return on equity, return on investment, return on invested capital, and return on net sales) or by the degree to which any of the foregoing earnings measures exceed a percentage of net sales; cash flow; market share; margins (including one or more of gross, operating and net earnings margins); stock price; total stockholder return; asset quality; non-performing assets; revenue growth; operating income; pre- or after-tax income; cash flow per share; operating assets; improvement in or attainment of expense levels or cost savings; economic value added; direct to consumer comparative sales; product delivery targets; and improvement in or attainment of working capital levels. In addition, for any Award to a Participant who is not, and is not likely to be as of the end of the Company's relevant tax year, a Covered Officer or that is not intended to constitute Performance-Based Compensation, Performance Measures may include, alone or in combination with any of the foregoing Performance Measures, any other measure of performance as determined by the

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Committee. Any Performance Measure utilized may be expressed in absolute amounts, on a per share basis, as a growth rate or change from preceding Performance Periods, as a comparison to the performance of specified companies or other external measures, and may relate to one or any combination of corporate (including such direct and indirect subsidiaries of the Company as the Committee may determine or on such consolidated basis as the Committee may determine), group, unit, division, affiliate or individual performance.

(k) "**Performance Period**" means the period of time specified by the Committee over which the degree of attainment of specified Performance Measures will be measured.

**3. Awards.**

**3.1 Allocation of Awards.** Prior to the earlier of (i) 90 days following the commencement of a Performance Period or (ii) the passage of 25 percent of the duration of such Performance Period, the Committee will designate such Eligible Employees as it deems appropriate to participate in the Plan for such Performance Period. The Committee's designation of an Eligible Employee as entitled to participate in the Plan may be for a single Performance Period, or for a fixed or indefinite series of future Performance Periods, in its discretion. A designation for more than one Performance Period shall be subject to the Participant's continued employment by the Company, and may be rescinded at any time as to future Performance Periods by the Committee. Awards may be granted to a Participant in such amounts and on such terms as may be determined by the Committee. At the time an Award is made, the Committee will specify the terms and conditions that will govern the Award, which will include that the Award will be earned only upon, and to the extent that, the applicable Performance measures as described in Section 3.2 are satisfied over the course of the applicable Performance Period. Different terms and conditions may be established by the Committee for different Awards and for different Participants.

**3.2 Performance Measures.** The payment of an Award will be contingent upon the degree of attainment of such Performance Measures over the applicable Performance Period as are specified by the Committee. Performance Measures for any Performance Period will be established by the Committee prior to the earlier of (i) 90 days following the commencement of the Performance Period or (ii) the passage of 25 percent of the duration of the Performance Period.

**3.3 Adjustments to Performance Measures.** The Committee may provide in any Award that any evaluation of performance may include or exclude any of the following events that occurs during a Performance Period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (iv) any reorganization and restructuring programs, (v) extraordinary, unusual and/or non-recurring items, that in all of the foregoing the Company identifies in its audited financial statements, including notes to the financial statements, or the Management's Discussion and Analysis section of the Company's periodic reports, (vi) acquisitions or divestitures, (vii) foreign exchange gains and losses, (viii) gains and losses on asset sales, and (ix) impairments. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be established and administered in a manner that satisfies the requirements for "performance-based compensation" within the meaning of Section 162(m), or any successor provision thereto.

The Committee also may, at any time during or after a Performance Period, in its sole and absolute discretion, modify the Performance Measures applicable to a Performance Period in addition to any adjustments specified for the Performance Period in accordance with the immediately preceding paragraph if it determines that as a result of changed circumstances, such modification is required to reflect the original intent of such Performance Measures. However, no such modification may be made to the extent it would increase the amount of compensation that would otherwise be payable to any Participant who is a Covered Officer or is likely to be a Covered Officer as of the end of the Company's relevant tax year.



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**3.4 Maximum Amount of Awards.** No Participant who is a Covered Officer shall be entitled to receive an Award payment for any Performance Period that exceeds \$8,000,000 for an annual Performance Period or, if the Performance Period is longer or shorter in duration than one year, an amount equal to the product of (i) \$2,000,000, multiplied by (ii) the number of quarters in the Performance Period.

**3.5 Authority to Reduce or Eliminate Amount of Award.** The Committee is authorized at any time during or after a Performance Period, in its sole and absolute discretion, to reduce or eliminate the amount of an Award otherwise payable to any Participant for any reason. No reduction in the amount of an Award payable to any Participant shall increase the amount of an Award payable to any other Participant.

**3.6 Payment of Awards.** Following the completion of each Performance Period, the Committee shall certify in writing the degree to which the Performance Measures were attained and the Awards payable to Participants. Each Participant shall receive payment in cash of the Award as soon as practicable following the Committee's determination and certification made pursuant to this Section 3.6, but in no event later than March 15 of the calendar year immediately following the last day of the Performance Period to which such payment relates.

**4. Administration.**

**4.1 Authority of Committee.** The Committee shall administer the Plan. The Committee shall have exclusive power, subject to the limitations contained in the Plan, to make Awards and to determine when and to whom Awards will be granted, and the form, amount and other terms and conditions of each Award, subject to the provisions of the Plan. The Committee shall have the authority to interpret the Plan and any Award made under the Plan, to establish, amend, waive and rescind any rules and regulations relating to the administration of the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent it shall deem desirable. The determinations of the Committee in the administration of the Plan, as described herein, shall be final, binding and conclusive, subject to the provisions of the Plan. A majority of the members of the Committee shall constitute a quorum for any meeting of the Committee.

**4.2 Indemnification.** To the greatest extent permitted by law, (i) no member or former member of the Committee shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members or former members of the Committee shall be entitled to indemnification by the Company against and from any loss incurred by such members by reason of any such actions and determinations.

**5. Effective Date of the Plan.** The Plan as amended and restated effective June [ • ], 2017 shall become effective as of January 1, 2017; provided that the Plan as so amended and restated is approved by Crocs's stockholders within 12 months of such date. The Plan shall remain in effect until it has been terminated pursuant to Section 8.

**6. Right to Terminate Employment.** Nothing in the Plan shall confer upon any Participant the right to continue in the employment of the Company or affect any right which the Company may have to terminate the employment of a Participant with or without cause.

**7. Tax Withholding.** The Company shall have the right to withhold from cash payments under the Plan to a Participant or other person an amount sufficient to cover any required withholding taxes.

**8. Amendment, Modification and Termination of the Plan.** The Board or Committee may at any time terminate, suspend or modify the Plan and the terms and provisions of any Award to any Participant which has not been paid. Amendments are subject to approval of Crocs's stockholders only if such approval is necessary to maintain the Plan in compliance with the requirements of

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Section 162(m) of the Code, its successor provisions or any other applicable law or regulation. No Award may be granted during any suspension of the Plan or after its termination.

9. **Unfunded Plan.** The Plan shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by Awards under the Plan. No Participant shall, by virtue of the Plan, have any interest in any specific assets of the Company.

10. **Other Benefit and Compensation Programs.** Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company shall be construed as creating any limitation on the power of the Board or Committee to adopt such other incentive arrangements as it may deem appropriate. Payments received by a Participant under an Award made pursuant to the Plan shall not be deemed a part of a Participant's regular recurring compensation for purposes of the termination, indemnity or severance pay law of any state and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company unless expressly so provided by such other plan, contract or arrangement, or unless the Committee expressly determines otherwise.

11. **Recoupment.** For participants subject to the Company's Recovery of Executive Compensation Policy (the "**Policy**"), all amounts earned under the Amended Plan are subject to the Policy, as in effect from time to time, a current copy of which may be requested from the Company at any time, and the terms and conditions of which are hereby incorporated by reference into the Amended Plan. In addition, Awards shall be subject to the requirements of (a) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations thereunder, (b) similar rules under the laws of any other jurisdiction, (c) any compensation recovery or clawback policies adopted by the Company to implement any such requirements or (d) any other compensation recovery or clawback policies as may be adopted from time to time by the Company, all to the extent determined by the Committee in its discretion to be applicable to a Participant.

12. **Governing Law.** To the extent that Federal laws do not otherwise control, the Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Colorado and construed accordingly.

13. **Other Provisions.**

13.1 **Non-transferability.** Participants and beneficiaries shall not have the right to assign, pledge or otherwise dispose of any part of an Award under the Plan.

13.2 **Termination of Employment.** Except as otherwise provided in this section, no Award shall be paid to a Participant who is not actively employed by the Company as of the end of the applicable Performance Period. If a Participant's employment with the Company ends during a Performance Period, the Committee may, in its discretion, determine that the Participant (or his or her beneficiaries) shall be paid a pro rata portion of the Award payment that the Participant would have received but for the fact that the Participant's employment ended. Any such pro rated Award payment will be paid at the same time as other Award payments with respect to the applicable Performance Period.











