

COMPX INTERNATIONAL INC

Form PRE 14A

April 09, 2018

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

Filed by Registrant:

Filed by a Party other than the Registrant:

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

CompX International Inc.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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CompX International Inc.
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240 2697

April 18, 2018

To Our Stockholders:

You are cordially invited to attend the 2018 annual meeting of stockholders of CompX International Inc., which will be held on Wednesday, May 23, 2018, at 10:00 a.m., local time, at our corporate offices at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697. The matters to be acted upon at the meeting are described in the attached notice of annual meeting of stockholders and proxy statement.

Whether or not you plan to attend the meeting, please cast your vote as instructed on your proxy card or voting instruction form as promptly as possible to ensure that your shares are represented and voted in accordance with your wishes. Your vote, whether given by proxy or in person at the meeting, will be held in confidence by the inspector of election as provided in our bylaws.

Sincerely,

Loretta J. Feehan
Chair of the Board

Scott C. James
President and Chief Executive Officer

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CompX International Inc.
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240 2697

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 23, 2018

To the Stockholders of CompX International Inc.:

The 2018 annual meeting of stockholders of CompX International Inc. will be held on Wednesday, May 23, 2018, at 10:00 a.m., local time, at our corporate offices at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697, for the following purposes:

1. to elect the eight director nominees named in the proxy statement to serve until the 2019 annual meeting of stockholders;
2. to approve, on a nonbinding advisory basis, our named executive officer compensation;
3. to approve our second amended and restated certificate of incorporation to (i) add a right for each holder of shares of our class B common stock, at its option, to convert any or all of those shares into the same number of shares of our class A common stock, and (ii) make other changes as described in more detail in the proxy statement; and
4. to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The close of business on March 29, 2018 has been set as the record date for the meeting. Only holders of our class A or B common stock at the close of business on the record date are entitled to notice of and to vote at the meeting. A complete list of stockholders entitled to vote at the meeting will be available for examination during normal business hours by any of our stockholders, for purposes related to the meeting, for a period of ten days prior to the meeting at our corporate offices.

You are cordially invited to attend the meeting. Whether or not you plan to attend the meeting, please cast your vote as instructed on the proxy card or voting instruction form as promptly as possible to ensure that your shares are represented and voted in accordance with your wishes.

By Order of the Board of Directors,
Jane R. Grimm, Secretary

Dallas, Texas
April 18, 2018

Important Notice Regarding the Availability of Proxy Materials for the Annual Stockholder Meeting to Be Held on May 23, 2018.

The proxy statement and annual report to stockholders (including CompX's Annual Report on Form 10-K for the fiscal year ended December 31, 2017) are available at www.viewproxy.com/CompX/2018.

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GLOSSARY OF TERMS

"Alliance Advisors" means Alliance Advisors, LLC, our proxy management advisor who will act as inspector of election for the annual meeting of stockholders.

"401(k) Plan" means The Employee 401(k) Retirement Plan, a defined contribution plan.

"brokerage firm or other nominee" means a brokerage firm or other nominee such as a banking institution, custodian, trustee or fiduciary (other than our transfer agent, Computershare) through which a stockholder holds its shares of our common stock.

"broker/nominee non-vote" means a non-vote by a brokerage firm or other nominee for shares held for a client's account for which the brokerage firm or other nominee does not have discretionary authority to vote on a particular matter and has not received instructions from the client.

"Computershare" means Computershare Trust Company, N.A., our stock transfer agent and registrar.

"CompX," "us," "we" or "our" means CompX International Inc.

"Contran" means Contran Corporation, the parent corporation of our consolidated tax group.

"Dixie Rice" means Dixie Rice Agricultural L.L.C., one of our parent companies.

"EWI" means EWI RE, Inc., a reinsurance brokerage and risk management corporation wholly owned by NL.

"Family Trust" means the Harold C. Simmons Family Trust No. 2 of which Serena Simmons Connelly and Lisa K. Simmons are co-trustees.

"independent directors" means the following directors: Thomas E. Barry, Elisabeth C. Fisher, Terri L. Herrington, Ann Manix, Cecil H. Moore, Jr. and Mary A. Tidlund, as applicable.

"ISA" means an intercorporate services agreement between Contran and a related company pursuant to which employees of Contran provide certain services, including executive officer services, to such related company on an annual fixed fee basis.

"Kronos Worldwide" means Kronos Worldwide, Inc., one of our publicly held sister corporations that is an international manufacturer of titanium dioxide products.

"named executive officer" means any person named in the 2017 Summary Compensation Table in this proxy statement.

"NL" means NL Industries, Inc., one of our publicly held parent corporations that is a diversified holding company (i) of which we are a subsidiary and (ii) that holds a significant investment in Kronos Worldwide.

"NLKW" means NLKW Holding, LLC, a wholly-owned subsidiary of NL, which holds a significant equity interest in Kronos Worldwide.

"NYSE American" means the NYSE American (formerly named NYSE MKT), the stock exchange on which our shares of class A common stock trade.

"PCAOB" means the Public Company Accounting Oversight Board, a private sector, non-profit corporation that oversees auditors of U.S. public companies.

"PwC" means PricewaterhouseCoopers LLP, our independent registered public accounting firm.

"record date" means the close of business on March 29, 2018, the date our board of directors set for the determination of stockholders entitled to notice of and to vote at the 2018 annual meeting of our stockholders.

"RPT Policy" means the Amended and Restated CompX International Inc. Policy Regarding Related Party Transactions dated August 3, 2016.

"Say-on-Pay" means the second proposal in this proxy statement for a nonbinding advisory vote for the consideration of our stockholders to approve the compensation of our named executive officers as such proposal is described and as such compensation is disclosed in this proxy statement.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"stockholder of record" means a stockholder of our class A or B common stock who holds shares in its name in certificate form or electronically with our transfer agent, Computershare.

"Tall Pines" means Tall Pines Insurance Company, an indirect wholly owned captive insurance subsidiary of Valhi.

"Valhi" means Valhi, Inc., one of our publicly held parent corporations that is a diversified holding company of which NL and Kronos Worldwide are subsidiaries.

"VHC" means Valhi Holding Company, one of our parent corporations.

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CompX International Inc.
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240 2697

PROXY STATEMENT

GENERAL INFORMATION

We are providing this proxy statement in connection with the solicitation of proxies by and on behalf of our board of directors for use at our 2018 annual meeting of stockholders to be held on Wednesday, May 23, 2018 and at any adjournment or postponement of the meeting. We initiated the mailing of our 2018 annual meeting materials on or about April 20, 2018 to the holders of our class A or B common stock as of the close of business on March 29, 2018. Our mailed materials include:

- the accompanying notice of the 2018 annual meeting of stockholders;
- this proxy statement;
- our 2017 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2017; and
- the proxy card (or voting instruction form if you hold your shares through a brokerage firm or other nominee and not in your name in certificate form or electronically with our transfer agent, Computershare).

We are not incorporating the 2017 annual report into this proxy statement and you should not consider the annual report as proxy solicitation material. The accompanying notice of annual meeting of stockholders sets forth the time, place and purposes of the meeting. Our principal executive offices are located at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697.

Please refer to the Glossary of Terms on page ii for the definitions of certain terms used in this proxy statement.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: What is the purpose of the annual meeting?

A: At the annual meeting, stockholders will vote on the following, as described in this proxy statement:

- Proposal 1 – the election of the eight director nominees named in this proxy statement;
- Proposal 2 – the adoption of a nonbinding advisory resolution that approves the named executive officer compensation described in this proxy statement (Say-on-Pay); and
- Proposal 3 – the approval of our second amended and restated certificate of incorporation.

In addition, stockholders will vote on any other matter that may properly come before the meeting.

Q: How does the board recommend that I vote?

A: The board of directors recommends that you vote FOR:

- the election of each of the nominees for director named in this proxy statement;
- the approval and adoption of proposal 2 (Say-on-Pay); and
- the approval of our second amended and restated certificate of incorporation.

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Q: Who is allowed to vote at the annual meeting?

A: The board of directors has set the close of business on March 29, 2018 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting. Only holders of our class A or B common stock as of the close of business on the record date are entitled to vote at the meeting. On the record date, 2,426,107 shares of our class A common stock and 10,000,000 shares of our class B common stock were issued and outstanding. Each share of our class A common stock entitles its holder to one vote. Each share of our class B common stock entitles its holder to ten votes with respect to the election of directors and one vote on all other matters.

Q: How do I vote if I am a stockholder of record?

A: If you hold shares of our class A or B common stock in your name in certificate form or electronically with our transfer agent, Computershare, and not through a brokerage firm or other nominee, you are a stockholder of record.

As a stockholder of record, you may:

- vote over the internet at www.AALvote.com/CIX;
- vote by telephone using the voting procedures set forth on your proxy card;
- instruct the agents named on your proxy card how to vote your shares by completing, signing and mailing the enclosed proxy card in the envelope provided; or
- vote in person at the annual meeting.

Q: What are the consequences if I am a stockholder of record and I execute my proxy card but do not indicate how I would like my shares voted for one or more of the director nominees named in this proxy statement or proposal 2 or proposal 3?

A: If you are a stockholder of record, the agents named on your proxy card will vote your shares on such uninstructed nominee or proposal as recommended by the board of directors in this proxy statement.

Q: How do I vote if my shares are held through a brokerage firm or other nominee?

A: If you hold your shares through a brokerage firm or other nominee, you must follow the instructions on your voting instruction form on how to vote your shares. In order to ensure your brokerage firm or other nominee votes your shares in the manner you would like, you must provide voting instructions to your brokerage firm or other nominee by the deadline provided on your voting instruction form.

Brokerage firms or other nominees may not vote your shares on the election of a director nominee or proposal 2 or proposal 3 in the absence of your specific instructions as to how to vote. We encourage you to provide instructions to your brokerage firm or other nominee regarding the voting of your shares. If you do not instruct your brokerage firm or other nominee how to vote with respect to the election of a director nominee or proposal 2 or proposal 3, your brokerage firm or other nominee may not vote with respect to the election of such director nominee or on proposal 2 or on proposal 3 and your vote will be counted as a "broker/nominee non-vote." "Broker/nominee non-votes" are non-votes by a brokerage firm or other nominee for shares held in a client's account for which the brokerage firm or other nominee does not have discretionary authority to vote on a particular matter and has not received instructions from the client. How we treat broker/nominee non-votes is separately described in each of the answers below regarding what constitutes a quorum and the requisite votes necessary to elect a director nominee or approve proposal 2 or proposal 3.

Q: If I hold my shares through a brokerage firm or other nominee, how may I vote in person at the annual meeting?

A: If you wish to vote in person at the annual meeting, you will need to follow the instructions on your voting instruction form on how to obtain the appropriate documents to vote in person at the meeting.

Q: Who will count the votes?

A: The board of directors has appointed Alliance Advisors to ascertain the number of shares represented, tabulate the vote and serve as inspector of election for the meeting.

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Q: Is my vote confidential?

A: Yes. All proxy cards, ballots or voting instructions will be kept confidential in accordance with our bylaws.

Q: How do I change or revoke my proxy instructions if I am a stockholder of record?

A: If you are a stockholder of record, you may change or revoke your proxy instructions in any of the following ways:

- delivering to Alliance Advisors a written revocation;
- submitting another proxy card bearing a later date;
- changing your vote on www.AALvote.com/CIX;
- using the telephone voting procedures set forth on your proxy card; or
- voting in person at the annual meeting.

Q: How do I change or revoke my voting instructions if my shares are held through a brokerage firm or other nominee?

A: If your shares are held through a brokerage firm or other nominee, you must follow the instructions from your brokerage firm or other nominee on how to change or revoke your voting instructions or how to vote in person at the annual meeting.

Q: What constitutes a quorum?

A: A quorum is the presence, in person or by proxy, of the holders of a majority of the votes from holders of the outstanding shares of our class A and B common stock, counted as a single class, entitled to vote at the meeting. Shares that are voted "abstain" or "withheld" are counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the annual meeting.

As already discussed in the previous answer regarding how to vote shares held through a brokerage firm or other nominee, there are no proposals for the annual meeting that would allow a brokerage firm or nominee to cast a vote on uninstructed shares. If a brokerage firm or other nominee receives no instruction for the election of any director nominee and receives no instruction for proposal 2 or proposal 3, such uninstructed shares will be counted as not entitled to cast a vote and are, therefore, not considered for purposes of determining whether a quorum is present at the annual meeting. If a brokerage firm or other nominee receives instructions on the election of at least one director nominee or on proposal 2 or on proposal 3, such instructed shares will be counted as present and entitled to cast a vote and are, therefore, included for purposes of determining whether a quorum is present at the annual meeting.

NL directly held approximately 86.6% of the outstanding shares of our combined class A and B common stock as of the record date. NL has indicated its intention to have its shares of our common stock represented at the meeting. If NL attends the meeting in person or by proxy, the meeting will have a quorum present.

Q: Assuming a quorum is present, what vote is required to elect a director nominee?

A: A plurality of affirmative votes of the holders of our outstanding class A and B shares of common stock, voting together as a single class, represented and entitled to vote at the meeting is necessary to elect each director nominee. You may indicate on your proxy card or in your voting instructions that you desire to withhold authority to vote for any of the director nominees. Since director nominees need only receive a plurality of affirmative votes from the holders represented and entitled to vote at the meeting to be elected, a vote withheld or a broker/nominee non-vote regarding a particular nominee will not affect the election of such director nominee.

NL has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR the election of each of the director nominees named in this proxy statement. If NL attends the meeting in person or by proxy and votes as indicated, the stockholders will elect all of the nominees named in this proxy statement to the board of directors.

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Q: Assuming a quorum is present, what vote is required to adopt and approve proposal 2 (Say-on-Pay)?

The stockholder resolution contained in this proposal provides that the nonbinding affirmative vote of the holders of the majority of the outstanding shares of the class A and B common stock, voting together as a single class, present in person or represented by proxy at the meeting and entitled to vote on the subject matter will be the

A: requisite vote to adopt the resolution and approve the compensation of our named executive officers as such compensation is disclosed in this proxy statement. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote. Broker/nominee non-votes will not be counted as entitled to vote and will have no effect on this proposal.

NL has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR this nonbinding advisory proposal. If NL attends the meeting in person or by proxy and votes as indicated, the stockholders will, by a nonbinding advisory vote, approve this proposal.

Q: Assuming a quorum is present, what vote is required to adopt and approve proposal 3?

The affirmative vote of the holders of the majority of the outstanding shares of the class A and B common stock,

A: voting together as a single class is required to approve our second amended and restated certificate of incorporation. Abstentions and broker/nominee non-votes will have the same effect as a vote against proposal 3.

NL has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR proposal 3. If NL attends the meeting in person or by proxy and votes as indicated, the stockholders will approve our second amended and restated certificate of incorporation.

Q: Assuming a quorum is present, what vote is required to approve any other matter to come before the meeting?

Except as applicable laws may otherwise provide, the approval of any other matter that may properly come before the meeting will require the affirmative vote of the holders of the majority of the class A and B shares of common

A: stock, voting together as a single class, present in person or represented by proxy at the annual meeting and entitled to vote on the subject matter. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote.

Q: If I am a stockholder of record, how will the agents named on my proxy card vote on any other matter to come before the meeting?

A: If you are a stockholder of record and to the extent allowed by applicable law, the agents named on your proxy card will vote in their discretion on any other matter that may properly come before the meeting.

Q: Who will pay for the cost of soliciting the proxies?

We will pay all expenses related to the solicitation, including charges for preparing, printing, assembling and distributing all materials delivered to stockholders. In addition to the solicitation by mail, our directors, officers and regular employees may solicit proxies by telephone or in person for which such persons will receive no

A: additional compensation. Upon request, we will reimburse brokerage firms or other nominees for their reasonable out-of-pocket expenses incurred in distributing proxy materials and voting instruction forms to the beneficial owners of our class A or B common stock that hold such stock in accounts with such entities.

CONTROLLING STOCKHOLDER

NL directly held approximately 86.6% of the outstanding shares of our combined class A and B common stock as of the record date, which represents approximately 98.4% of the combined voting power of our class A and B common stock for the election of directors and 86.6% of the combined voting power of our class A and B common stock for other matters. NL has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR the election of each of the director nominees named in this proxy statement and FOR proposals 2 and 3. If NL attends the meeting in person or by proxy and votes as indicated, the meeting will have a quorum present and the stockholders will elect all of the nominees named in this proxy statement to the board of directors and approve proposals 2 and 3.

SECURITY OWNERSHIP

Ownership of CompX. The following table and footnotes set forth as of the record date the beneficial ownership, as defined by regulations of the SEC, of our class A and B common stock held by each individual, entity or group known to us to own beneficially more than 5% of the outstanding shares of our class A or B common stock, each director, each named executive officer and all of our current directors and executive officers as a group. See footnote 3 below for information concerning the relationships of certain individuals and entities that may be deemed to own indirectly and beneficially more than 5% of the outstanding shares of our class A or B common stock. All information is taken from or based upon ownership filings made by such individuals or entities with the SEC or upon information provided by such individuals or entities.

Beneficial Owner	CompX Class A Common Stock		CompX Class B Common Stock		CompX Class A and B Common Stock Combined
	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)	Percent of Class (2)
5% Stockholders					
Harold C. Simmons Family Trust No. 2; Lisa K. Simmons and Serena Simmons Connelly as co-trustees	764,004(3)(4)	31.5%	10,000,000(3)(4)	100%	86.6%
Serena Simmons Connelly	2,000 (3)(4)*		-0-	-0-	*
Sessa Capital (Master), L.P.	431,732(5)	17.8%	-0-	-0-	3.5%
Royce & Associates, LP	289,300(6)	11.9%	-0-	-0-	2.6%
Dimensional Fund Advisors LP	175,873(7)	7.2%	-0-	-0-	1.5%
Renaissance Technologies LLC	163,700(8)	6.7%	-0-	-0-	1.3%
Directors and Named Executive Officers					
Thomas E. Barry	2,000 (9)	*	-0-	-0-	*
David A. Bowers	10,000 (9)	*	-0-	-0-	*
Loretta J. Feehan	4,000 (9)	*	-0-	-0-	*
Elisabeth C. Fisher	2,000 (9)	*	-0-	-0-	*
Robert D. Graham	1,000 (9)	*	-0-	-0-	*
Terri L. Herrington	-0- (9)	-0-	-0-	-0-	-0-
Ann Manix	2,175 (9)	*	-0-	-0-	*

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Cecil H. Moore, Jr.	2,000	(9)	*	-0-	-0-	*
Mary A. Tidlund	2,000	(9)	*	-0-	-0-	*
James W. Brown	-0-	(9)	-0-	-0-	-0-	-0-
Scott C. James	-0-	(9)	-0-	-0-	-0-	-0-
Andrew B. Nace	-0-	(9)	-0-	-0-	-0-	-0-
Gregory M. Swalwell	-0-	(9)	-0-	-0-	-0-	-0-
Current directors and executive officers as a group (17 persons)	25,375	(9)	*	-0-	-0-	*

* Less than 1%.

(1)

Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 under the Securities Exchange Act, and is not necessarily indicative of beneficial ownership for any other purpose. Except as (1) otherwise noted, the listed entities, individuals or group have sole investment power and sole voting power as to all shares set forth opposite their names. Other than the investment funds, the business address for each listed person or entity is Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697.

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The percentages set forth above and in the following footnotes are based on 2,426,107 shares of our class A common stock and 10,000,000 shares of our class B common stock outstanding as of the record date. As already discussed, each share of our class A common stock entitles its holder to one vote on all matters, including with (2) respect to the election of directors; and each share of our class B common stock entitles its holder to ten votes with respect to the election of directors and one vote on all other matters. In certain instances, shares of our class B common stock are automatically convertible into shares of our class A common stock. See also the "Proposal 3 – Second Amended and Restated Certificate of Incorporation" section of this proxy statement.

(3) The following is a description of certain related entities or persons that may be deemed to beneficially own outstanding shares of our common stock.

All of Contran's outstanding voting stock is held by the Family Trust or is held directly by Lisa K. Simmons and Serena Simmons Connelly or entities related to them. As co-trustees of the Family Trust, each of Ms. Simmons and Ms. Connelly has the shared power to vote and direct the disposition of the shares of Contran stock held by the Family Trust, and Ms. Simmons and Ms. Connelly each has the power to vote and direct the disposition of the shares held directly by them and the entities related to them. Ms. Simmons and Ms. Connelly are sisters and also serve as the co-chairs of the board of directors of Contran.

Contran is the sole owner of Valhi's outstanding shares of non-voting preferred stock. Contran is also the holder of the sole membership interest of Dixie Rice and may be deemed to control Dixie Rice. Dixie Rice is the direct holder of all of the outstanding common stock of VHC and may be deemed to control VHC.

Ms. Simmons and Ms. Connelly directly hold, or are related to the following person or entities that directly hold, the following percentages of the outstanding shares of NL common stock:

Valhi	82.9%
Kronos Worldwide	Less than 1%
Serena Simmons Connelly	Less than 1%

Ms. Simmons and Ms. Connelly directly hold, or are related to the following entities that directly hold, the following percentages of the outstanding shares of Kronos Worldwide common stock:

Valhi	50.0%
NLKW	30.4%
Contran	Less than 1%
Serena Simmons Connelly	Less than 1%

Ms. Simmons and Ms. Connelly directly hold, or are related to the following person or entity that directly holds, the following percentages of the outstanding shares of Valhi common stock (a):

VHC	92.6%
Serena Simmons Connelly	Less than 1%

NL (including a wholly owned subsidiary of NL) and Kronos Worldwide own 14,372,970 shares and 1,724,916 shares, respectively, of Valhi common stock. Since NL and Kronos Worldwide are majority owned subsidiaries of Valhi and pursuant to Delaware law, Valhi treats the shares of Valhi common stock that NL and Kronos Worldwide own as treasury stock for voting purposes. Pursuant to Section 13(d)(4) of the Securities Exchange Act, such shares are not deemed outstanding for the purposes of calculating the percentage ownership of the outstanding shares of Valhi common stock as of the record date in this proxy statement.

(a) By virtue of the stock ownership in each of VHC, Dixie Rice and Contran, the role of Ms. Simmons and Ms. Connelly as co-trustees of the Family Trust, Ms. Simmons and Ms. Connelly being beneficiaries of the Family Trust, the direct holdings of Contran voting stock by each of Ms. Simmons and Ms. Connelly and entities related to them, and the positions as co-chairs of the Contran board by each of Ms. Simmons and Ms. Connelly, in each case as described above:

- Ms. Simmons and Ms. Connelly may be deemed to control the Family Trust;
- Ms. Simmons and Ms. Connelly may be deemed to control each of Contran, Dixie Rice, VHC, Valhi, NL, Kronos Worldwide and us; and
- Ms. Simmons and Ms. Connelly, Contran, Dixie Rice, VHC, Valhi, NL, Kronos Worldwide and we may be deemed to possess indirect beneficial ownership of shares of common stock directly held by such entities, including any

shares of our common stock.

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Except for the 2,000 shares of our class A common stock she holds directly, Ms. Connelly disclaims beneficial ownership of all shares of our class A and B common stock except to the extent of her pecuniary interest in such shares, if any. Ms. Simmons disclaims beneficial ownership of all shares of our class A and B common stock, except to the extent of her pecuniary interest in such shares, if any.

The shares attributable to the Family Trust and their co-trustees consist of shares held directly by the following (4) entities. For more information concerning the relationships among these persons or entities, please see footnote 3 above.

Beneficial Owner	CompX Class A Common Stock		CompX Class B Common Stock		CompX Class A and B Common Stock Combined Percent of Class
	Shares	Percent of Class	Shares	Percent of Class	
NL	755,104	31.1%	10,000,000	100.0%	86.6%
Contran	5,900	*	-0-	-0-	*
Kronos Worldwide.	3,000	*	-0-	-0-	*
	764,004	31.6%	10,000,000	100.0%	86.6%

* Less than 1%

(5) Based on a Schedule 13G executed on August 29, 2014, that Sessa Capital (Master), L.P., Sessa Capital GP, LLC, Sessa Capital IM, L.P., Sessa Capital IM GP, LLC and John Petry filed with the SEC. Sessa Capital GP, LLC is the general partner of Sessa Capital (Master), L.P. Sessa Capital IM, L.P. is the investment manager of Sessa Capital (Master), L.P. Sessa Capital IM GP, LLC is the general partner of Sessa Capital IM, L.P. Mr. Petry is the manager of Sessa Capital GP, LLC and Sessa Capital IM GP, LLC. Mr. Petry and these entities may each be deemed to beneficially own these 431,732 shares and each has sole power to vote or direct the vote of these shares and to dispose or direct the disposition of these shares. The address for Mr. Petry and these entities is 444 Madison Ave. 3rd Floor, New York, New York 10022.

(6) Based on Amendment No. 16 to Schedule 13G executed on January 22, 2018 that Royce & Associates, LP filed with the SEC. Royce & Associates, LP is an investment adviser that manages various accounts. One of these accounts, the Royce Value Trust, Inc., holds 211,100 of these shares. The address of Royce & Associates, LP is 745 Fifth Avenue, New York, New York 10151.

(7) Based on Amendment No. 8 to Schedule 13G executed on February 9, 2018 that Dimensional Fund Advisors LP filed with the SEC. Dimensional Fund Advisors LP is an investment adviser that furnishes investment advice to four investment companies and serves as investment manager or sub-advisor to certain other commingled funds, group trusts and separate accounts. In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain of these funds. Dimensional Fund Advisors LP has sole voting power over 175,485 of these shares and sole dispositive power over all of these shares. Dimensional Fund Advisors LP disclaims beneficial ownership of all of these shares. Its address is Building One, 6300 Bee Cave Road, Austin, Texas 78746.

(8) Based on Amendment No. 9 to Schedule 13G executed on February 13, 2018 that Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation filed with the SEC. Both Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation are investment advisers that beneficially own all of these shares. Renaissance Technologies Holdings Corporation is a majority owner of Renaissance Technologies LLC. Their address is 800 Third Avenue, New York, New York 10022.

(9) Each of our directors or executive officers disclaims beneficial ownership of any shares of our common stock, except to the extent he or she has a pecuniary interest in such shares, if any.

We understand that Contran and related entities or persons may consider acquiring or disposing of shares of our common stock through open market or privately negotiated transactions, depending upon future developments, including, but not limited to, the availability and alternative uses of funds, the performance of our common stock in the market, an assessment of our business and prospects, financial and stock market conditions and other factors

deemed relevant by such entities. We may similarly consider acquisitions of shares of our common stock and acquisitions or dispositions of securities issued by related entities.

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Ownership of Related Companies. Some of our directors and executive officers own equity securities of certain companies related to us.

Ownership of NL and Valhi. The following table and footnotes set forth the beneficial ownership, as of the record date, of the shares of NL and Valhi common stock held by each director, each named executive officer and all of our current directors and executive officers as a group. All information is taken from or based upon ownership filings made by such persons with the SEC or upon information provided by such persons.

Name of Beneficial Owner	NL Common Stock		Valhi Common Stock	
	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)	Amount and Nature of Beneficial Ownership (1)	Percent of Class (3)
Thomas E. Barry	-0-	(4)-0-	55,500	(4) *
David A. Bowers	-0-	(4)-0-	-0-	(4) -0-
Loretta J. Feehan	6,500	(4) *	7,000	(4) *
Elisabeth C. Fisher	-0-	(4)-0-	4,000	(4) *
Robert D. Graham	6,500	(4) *	4,000	(4) *
Terri L. Herrington	-0-	(4)-0-	-0-	(4) -0-
Ann Manix	2,000	(4) *	-0-	(4) -0-
Cecil H. Moore, Jr.	15,000	(4) *	-0-	(4) -0-
Mary A. Tidlund	-0-	(4)-0-	4,000	(4) *
James W. Brown	-0-	(4)-0-	-0-	(4) -0-
Scott C. James	-0-	(4)-0-	-0-	(4) -0-
Andrew B. Nace	-0-	(4)-0-	-0-	(4) -0-
Gregory M. Swalwell	-0-	(4)-0-	3,498	(4) *
Current directors and executive officers as a group (17 persons)	30,000	(4) *	77,998	(4) *

* Less than 1%.

(1) Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 under the Securities Exchange Act, and is not necessarily indicative of beneficial ownership for any other purpose. Except as otherwise noted, the individuals or group have sole investment power and sole voting power as to all shares set forth opposite their names.

(2) The percentages are based on 48,714,884 shares of NL common stock outstanding as of the record date.

(3) The percentages are based on 339,170,949 shares of Valhi common stock outstanding as of the record date. NL (including a wholly owned subsidiary of NL) and Kronos Worldwide own 14,372,970 shares and 1,724,916 shares, respectively, of Valhi common stock. Since NL and Kronos Worldwide are majority owned subsidiaries of Valhi

(4) and pursuant to Delaware law, Valhi treats the shares of Valhi common stock that NL and Kronos Worldwide own as treasury stock for voting purposes. Pursuant to Section 13(d)(4) of the Securities Exchange Act, such shares are not deemed outstanding for the purposes of calculating the percentage ownership of the outstanding shares of Valhi common stock as of the record date in this proxy statement.

(5) Each of our directors or executive officers disclaims beneficial ownership of any shares of NL or Valhi common stock, except to the extent he or she has a pecuniary interest in such shares, if any.

PROPOSAL 1

ELECTION OF DIRECTORS

Our bylaws provide that the board of directors shall consist of one or more members as determined by our board of directors or stockholders. Our board of directors has currently set the number of directors at nine. The board of directors recommends the eight director nominees named in this proxy statement for election at our 2018 annual stockholder meeting. If all the nominees are elected, the number of directors will be set at eight effective at the adjournment of the meeting. The directors elected at the meeting will hold office until our 2019 annual stockholder meeting and until their successors are duly elected and qualified or their earlier removal or resignation.

All of the director nominees are currently members of our board of directors whose terms will expire at the 2018 annual meeting. Ms. Elisabeth C. Fisher, currently a member of the board of directors, is not standing for reelection as a director. All of the nominees have agreed to serve if elected. If any nominee is not available for election at the meeting, your shares will be voted FOR an alternate nominee to be selected by the board of directors, unless you withhold authority to vote for such unavailable nominee. The board of directors believes that all of its nominees will be available for election at the meeting and will serve if elected.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE FOLLOWING NOMINEES FOR DIRECTOR.

Nominees for Director. All of our nominees have extensive senior management and policy-making experience or significant accounting experience. We believe all of our nominees are knowledgeable about our business. Each of our independent directors is financially literate. The board of directors considered each nominee's specific business experiences described in the biographical information provided below in determining whether to nominate him or her for election as a director.

Thomas E. Barry, age 74, has served on our board of directors since March 2016. Dr. Barry has held the position of professor of marketing in the Edwin L. Cox School of Business at Southern Methodist University since 1970, with emeritus status beginning in 2017. He also served the university as vice president for executive affairs from 1995 to 2015. Since prior to 2013, he has served as a director of Valhi and a member of its audit and management development and compensation committees (including serving as chairman of Valhi's audit and management development and compensation committees since March 2016 and May 2016, respectively). He is a member of our audit and management development and compensation committees.

Dr. Barry has two years of experience on our board of directors and over 17 years of experience on Valhi's board of directors, audit committee and management development and compensation committee. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from a large, non-profit, private educational institution and from a former publicly held corporation affiliated with us, which was publicly held at the time he served as one of its directors.

David A. Bowers, age 80, has served as our vice chairman of the board since 2000 and on our board of directors since 1993. He also served as our chief executive officer from 2002 to 2017 and as our president from 2002 to 2014. Mr. Bowers has been employed by us or our predecessors since 1960 in various sales, marketing and executive positions, having been named president of our security products and related businesses in 1979. Mr. Bowers is trustee emeritus and former chairman of the board of Monmouth College, Monmouth, Illinois.

Mr. Bowers has over 57 years of experience serving CompX, in which he developed general management, senior executive, corporate governance, finance and financial accounting oversight experience.

Loretta J. Feehan, age 62, has served as chair of the board (non-executive) of us, Kronos Worldwide, NL and Valhi since May 2017, and as a director of each such company since 2014. She is a certified public accountant who consults on financial and tax matters. She served as a tax partner with Deloitte and Touche LLP in the Denver office until 1992 primarily serving corporate clients. She now has her own consulting practice serving a variety of businesses and individual clients. Ms. Feehan also taught continuing education courses to tax practitioners around the country for many years. Ms. Feehan has been a financial advisor to Serena Simmons Connelly and Lisa K. Simmons since prior to 2013.

Ms. Feehan has four years of experience as a director of us, Kronos Worldwide, NL and Valhi. She also has over 40 years of financial and tax accounting and auditing experience, certain years of which were as a partner of one the largest international accounting firms.

Robert D. Graham, age 62, has served as our executive vice president since May 2017 and on our board of directors since May 2016. He previously served as our chairman of the board from January 2017 to May 2017. He currently serves as vice chairman of the board, president and chief executive officer of Kronos Worldwide and Valhi, as vice chairman of the board and chief executive officer of NL, and as president and chief executive officer of Contran. He has served as a director of Contran, Valhi and Kronos Worldwide since May 2016 and as a director of NL since 2014. Mr. Graham has served with various companies related to us and Contran since 2002.

Mr. Graham has extensive experience with our businesses. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from other publicly and privately held entities related to us for which he currently serves or formerly served.

Terri L. Herrington, age 62, has served on our board of directors since March 2018. Ms. Herrington is currently a private investor and retired from International Paper Company, a worldwide producer of fiber-based packaging, pulp and paper, at the end of 2016. Ms. Herrington worked for International Paper for nine years, most recently as their vice president finance beginning in 2011, and before that as their consumer packaging vice president finance and strategy and as their vice president internal audit. Prior to joining International Paper, Ms. Herrington spent over 25 years with BP p.l.c. (and the former Amoco Corporation), a global producer of oil and gas, where she held a variety of finance and commercial positions, lastly as their global Director of Audit for Finance and Financial Control. Since March 2018, Ms. Herrington has served as a director and on the audit committee of Valhi. She is a member of our audit committee.

Ms. Herrington has senior executive, operating, corporate governance, finance, and financial accounting oversight experience from two publicly-traded companies for which she formerly served.

Ann Manix, age 65, has served on our board of directors since 1998. Since 2014, Ms. Manix has served as a director of Blue Canyon Partners, Inc., a global management consulting firm. She served on the global market intelligence, consulting and financial advisory team for Ducker Worldwide, LLC, a privately held industrial research firm, since prior to 2013, and as a managing partner for the firm from 1994 until 2006. Additionally, she has served as a principal of Summus, Ltd., a strategic consulting firm, since 2008. She is chairwoman of our management development and compensation committee and a member of our audit committee.

Ms. Manix has over 19 years of experience on our board of directors and audit committee and 17 years of experience on our management development and compensation committee. She has senior executive, operating, corporate governance, finance and financial accounting oversight experience from other publicly and privately held entities for which she formerly served.

Cecil H. Moore, Jr., age 78, has served on our board of directors since March 2016. Mr. Moore is currently a private investor and retired from KPMG LLP in 2000 after 37 years in which he served in various capacities with the public accounting firm. Among other positions, he served as managing partner of the firm's Dallas, Texas office from 1990 to 1999. Prior to 1990, Mr. Moore was partner-in-charge of the audit and accounting practice of the firm's Dallas, Texas office for 12 years. From 2014 to 2016, Mr. Moore served as a director and chairman of the audit committee of Sizmek Inc., a former publicly held on-line advertising business that was spun-off in 2014 by Digital Generation, Inc. From prior to 2013 to 2014, he served as a director and chairman of the audit committee of Digital Generation, Inc., a former publicly held provider of digital technology services to media outlets. From 2003 until 2009, Mr. Moore served as a director and chairman of the audit committee of Perot Systems. Mr. Moore is a licensed certified public accountant. Since prior to 2013, he has served as a director and on the audit committee of NL, and as a director and chairman of the audit committee of Kronos Worldwide. He is the chairman of our audit committee.

Mr. Moore has two years of experience on our board of directors and over 14 years of experience on the boards of directors and audit committees of Kronos Worldwide and NL. He also has senior executive, operating, corporate governance, finance, financial accounting and auditing experience from one of the largest independent international public accounting firms and from other publicly held entities for which he currently serves or formerly served.

Mary A. Tidlund, age 61, has served on our board of directors since March 2016. Ms. Tidlund is a private investor. From 1998 to June 2017, she served as the president of The Mary A. Tidlund Charitable Foundation, a charitable organization that designed and funded sustainable development projects around the world. From 1989 to 1995, she served as president and chief executive officer of Williston Wildcatters Oil Corporation, a former publicly traded oil exploration and service company. Ms. Tidlund has served as a director and on the audit committee of Valhi since March 2016, and also served as a director of Valhi from 2014 to 2015. She is a member of our audit committee. Ms. Tidlund has two years of experience as a director of us, and three years of experience as a director of Valhi. Ms. Tidlund also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from a publicly traded oil exploration and service company for which she formerly served.

EXECUTIVE OFFICERS

Set forth below is certain information relating to our executive officers. Each executive officer serves at the pleasure of the board of directors. Biographical information with respect to David A. Bowers and Robert D. Graham is set forth under the Nominees for Director subsection above.

Name	Age	Position(s)
David A. Bowers	80	Vice Chairman of the Board and Chief Executive Officer
Scott C. James	52	Executive Officer
Robert D. Graham	62	Vice President Executive Vice President and Chief Tax Officer
Kelly D. Luttmer	54	Executive Vice President and Chief Tax Officer
Andrew B. Nace	53	Vice President Executive Vice President, Chief
Gregory M. Swalwell	61	Vice President Vice President, Chief
James W. Brown	61	Financial Officer and Contoller
Steven S. Eaton	59	Vice President and Director of Internal Control

		over Financial Reporting Vice
Jane R. Grimm	47	President and Secretary Vice
Bryan A. Hanley	37	President and Treasurer

Scott C. James has served as our chief executive officer since May 2017, as our president since 2014, and as president of both of our divisions, CompX Security Products and CompX Marine, since 2002 and 2005, respectively. He served as our chief operating officer from 2014 to 2017 and as our vice president from 2002 to 2014. Since 1992, Mr. James has served in various sales, marketing and executive positions with our security products operations.

Kelly D. Luttmer has served as our chief tax officer since 2016 and as our executive vice president since 2015. She previously served as our global tax director from 2012 to 2015, as our vice president from 2004 to 2015, and as our tax director from 2004 to 2012. She currently serves as executive vice president and chief tax officer of Kronos Worldwide, NL, Valhi and Contran. Ms. Luttmer has served in tax accounting positions (including officer positions) with various companies related to us and Contran since 1989.

Andrew B. Nace has served as our executive vice president since May 2017, and previously served as our vice president from 2013 to May 2017. He currently serves as executive vice president of Kronos Worldwide and NL and as executive vice president, general counsel and secretary of Valhi and Contran. Mr. Nace has served as legal counsel (including officer positions) to companies related to us and Contran since 2003.

Gregory M. Swalwell has served as our executive vice president since 2013. He currently serves as executive vice president and chief financial officer of Kronos Worldwide and NL, and as executive vice president, chief financial officer and chief accounting officer of Valhi and Contran. Mr. Swalwell has served in accounting and financial positions (including officer positions) with various companies related to us and Contran since 1988.

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James W. Brown has served as our vice president, chief financial officer and controller since 2014. He currently serves as vice president business planning and strategic initiatives of Valhi. Mr. Brown has served in accounting and financial positions (including officer positions) with various companies related to us and Contran since 2003.

Steven S. Eaton has served as our vice president and director of internal control over financial reporting since 2015. He currently serves as vice president and director of internal control over financial reporting for Kronos Worldwide, NL and Valhi. Mr. Eaton has served in internal audit positions (including officer positions) with various companies related to us and Contran since 2006.

Jane R. Grimm has served as our vice president, secretary and associate general counsel since May 2017. Ms. Grimm has served in legal positions (including officer positions) with various companies related to us and Contran since 2010.

Bryan A. Hanley has served as our vice president and treasurer since August 2017. He currently serves as vice president and treasurer of Contran, Valhi, Kronos Worldwide and NL. From 2013 to August 2017, Mr. Hanley served as assistant treasurer and director, investor relations of Pier 1 Imports, Inc., a publicly traded retailer specializing in home furnishings and decor, and also served as its assistant treasurer from 2010 to 2013.

CORPORATE GOVERNANCE

Controlled Company Status, Director Independence and Committees. Because of NL's ownership of 86.6% of the outstanding shares of our combined class A and B common stock, which represents 98.4% of the voting power for the election of directors and 86.6% of the voting power for other matters, we are considered a controlled company under the corporate governance standards of the NYSE American. Pursuant to the corporate governance standards, a controlled company may choose not to have a majority of independent directors, independent compensation or nominations committees or charters for these committees. We have decided not to have an independent nominations or corporate governance committee or charters for these committees. Our board of directors believes that the full board of directors best represents the interests of all of our stockholders and that it is appropriate for all matters that would otherwise be considered by a nominations or risk oversight committee to be considered and acted upon by the full board of directors. Applying the NYSE American director independence standards without any additional categorical standards, the board of directors has determined that Thomas E. Barry, Elisabeth C. Fisher, Terri L. Herrington, Ann Manix, Cecil H. Moore, Jr. and Mary A. Tidlund are independent and have no material relationship with us that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. While the members of our management development and compensation committee currently satisfy the independence requirements of the NYSE American, we have chosen not to satisfy all of the NYSE American corporate governance standards for a compensation committee and not to have a charter for our management development and compensation committee.

2017 Meetings and Standing Committees of the Board of Directors. The board of directors held five meetings in 2017. Each of our incumbent directors attended at least 80% of the board meetings and meetings of the committees on which he or she served that were held while he or she was in office during 2017. It is expected that each director nominee will attend our annual meeting of stockholders, which is held immediately before the annual meeting of the board of directors. Seven of our directors who were elected at our 2017 annual stockholder meeting attended such meeting.

The board of directors has established and delegated authority to two standing committees, which are described below. The board of directors is expected to elect the members of the standing committees at the board of directors annual meeting immediately following the annual stockholder meeting. The board of directors from time to time may establish other committees to assist it in the discharge of its responsibilities.

Audit Committee. Our audit committee assists with the board of directors' oversight responsibilities relating to our financial accounting and reporting processes and auditing processes. The purpose, authority, resources and responsibilities of our audit committee are more specifically set forth in its charter.&#