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ptions (#) Exercisable

Number of Securities Underlying Unexercised Options (#) Unexercisable

Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)

Option Exercise Price (\$)

Option Expiration Date

Number of Shares or Units of Stock That Have Not Vested (#)

Market Value of Shares or Units of Stock That Have Not Vested (\$)

Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)

Equity Incentive Plan Awards: Market or Payout Value Of Unearned Shares, Units or Other Rights That Have Not Vested (\$)

(a)

(b)

(c)

(d)

(e)

(f)

(g)

(h)

(i)

(j)

William E. Crow

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Robert Sparkman

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50,000 (1)

\$322,500

—

—

Thomas Thompson

—

—

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—

—

—

—

—

Alex LaRue

—

—

—

—

50,000 (1)

\$322,500

- (1) The stock awards reflected in the table above are subject to 100% cliff vesting on the five year anniversary of the Grant Date. Such five year anniversary date is January 4, 2022.
- (2) Based on the closing price of our common stock on March 31, 2017 of \$6.45.

Equity Compensation Plan Information

The table below sets forth the following information as of the end of March 31, 2017 for all equity compensation plans previously approved by our shareholders.

Equity Compensation Plan Table

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity Compensation Plans Approved By Security Holders	-	-	290,000
Equity Compensation Plans Not Approved By Security Holders	-	-	-
Total	-	-	290,000

Potential Payments upon Termination or Change-in-Control

The Named Executive Officers will receive the same benefits as our other employees upon termination of their employment. We maintain the Friedman Industries, Inc. Employees' Retirement and 401(k) Plan (the "Plan"), a defined contribution and 401(k) plan. The Plan covers substantially all employees, including officers, and employees fully vest in the Plan upon six years of service. In addition, the Company maintains life insurance policies on each officer,

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including the Named Executive Officers. From time to time and in its discretion, the Board has approved the transfer of the applicable policy to an officer upon his retirement. At March 31, 2017, the cash surrender values of the life insurance policies held by the Company on Messrs. Crow, Sparkman, Thompson and LaRue were approximately \$246,000, \$33,000, \$137,000 and \$800, respectively. Ownership of the policy on Mr. Crow was transferred to Mr. Crow subsequent to his retirement effective April 1, 2017. None of the Named Executive Officers has a change-in-control agreement with us.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the Exchange Act, our directors, executive officers and 10% shareholders must report to the SEC certain transactions involving Common Stock. Based solely on a review of the copies of the reports required pursuant to Section 16(a) of the Exchange Act that have been furnished to us and written representations that no other reports were required, we believe that these filing requirements have been satisfied for the fiscal year ended March 31, 2017.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information concerning the beneficial ownership of Common Stock by directors, nominees for director, Named Executive Officers, executive officers and directors as a group and persons who owned of record more than 5% of the outstanding Common Stock as of July 14, 2017:

Name	Amount and Nature of Beneficial Ownership(a)	Percentage of Shares Outstanding
Dimensional Fund Advisors LP 6300 Bee Cave Road, Building One Austin, Texas 78746	557,869(b)	8.0%
Renaissance Technologies Holdings Corporation 800 Third Avenue New York, New York 10022	476,400(c)	6.8%
Durga D. Agrawal	7,000	*
William E. Crow	35,555	*
Charles W. Hall	12,001	*
Max Reichenthal	1,000	*
Joel Spira	1,000	*
Mike Taylor	0	*
Joe L. Williams	15,570	*
Robert Sparkman	50,000	*
Thomas Thompson	0	*
Alex LaRue	50,001	*
Officers and directors as a group (10 persons)	172,127	2.5%

*Less than 1%.

(a) Based upon information obtained from the officers, directors, director nominees and beneficial owners. Includes all shares beneficially owned according to the definition of “beneficial ownership” in the rules promulgated under the Exchange Act. Except as otherwise indicated, the indicated person has sole voting and investment power with respect to the shares. To our knowledge, the only other record owner of Common Stock having more than 5% of the voting power of such class of security is Cede & Co. We are informed that Cede & Co. is a nominee name for The Depository Trust Company, a stock clearing corporation. The shares of Common Stock held by Cede & Co. are believed to be held for the accounts of various brokerage firms, banks and other institutions, none of which, to our knowledge, owns beneficially more than 5% of the Common Stock, except as described above.

(b) Based upon information contained in a Schedule 13G/A filed with the SEC on February 9, 2017, and otherwise received from the listed owner, Dimensional Fund Advisors LP (“Dimensional”). Dimensional is deemed to have beneficial ownership of 557,869 shares of the Common Stock as of December 31, 2016. Dimensional, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, as amended, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, as amended, and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (collectively referred to herein as the “Funds”). In certain cases, subsidiaries of Dimensional may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager,

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Dimensional or its subsidiaries may possess voting and/or investment power over the shares of the Company that are owned by the Funds and may be deemed to be the beneficial owner of the shares of the Company held by the Funds. However, all of the shares of Common Stock described in the table are owned by the Funds, and Dimensional disclaims beneficial ownership of such securities.

Based upon information contained in a Schedule 13G/A filed with the SEC on February 14, 2017 by Renaissance (c) Technologies Holdings Corporation (“Renaissance”). Renaissance is deemed to have beneficial ownership of 476,400 shares of the Common Stock as of December 31, 2016.

PROPOSAL 3:**RATIFICATION OF SELECTION OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has approved the appointment of Hein & Associates LLP (“Hein”) as independent auditor for the fiscal year ending March 31, 2018. The Audit Committee and the Board seek to have the shareholders ratify the Audit Committee's appointment of Hein. In recommending ratification by the shareholders of such engagement, the Board is acting upon the recommendation of the Audit Committee, which has satisfied itself as to Hein’s independence, professional competence and standing. As a matter of good corporate governance, we are asking shareholders to ratify this appointment. Our Audit Committee continually monitors the services and fees of the independent registered public accounting firm and even if the appointment is ratified by our shareholders, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of our Company and our shareholders. One or more representatives of Hein are expected to attend the Annual Meeting and will have the opportunity to make a statement at the Annual Meeting if they wish to do so. It is also expected that Hein representative(s) will be available to respond to appropriate questions from shareholders.

Audit Fees

Regarding fiscal years 2017 and 2016, we retained Hein to provide services and incurred fees therefor as indicated in the following table:

	2017	2016
	Actual	Actual
	Fees	Fees
Audit Fees (1)	\$135,417	\$129,745
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	\$135,417	\$129,745

(1) Includes fees and expenses incurred related to the fiscal year audit and interim reviews, notwithstanding when the fees and expenses were billed or when the services were rendered.

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The Audit Committee has implemented pre-approval policies and procedures for all audit and non-audit services to be provided by our independent public accountants to us. With regard to all permissible non-audit services, the Audit Committee has designated the Chairman of the Audit Committee to approve in advance the provision by the independent public accountants of such services.

There were no services approved by the Audit Committee pursuant to the de minimis exception in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X (17 CFR Part 210) during fiscal year 2017.

Vote Required for Approval

In order to be approved, Proposal No. 3 must receive the affirmative vote of a majority of the votes cast on this proposal. Abstentions and broker non-votes will not be counted for the purpose of determining the number of votes necessary for approval of this proposal, and will have no effect on the outcome of the vote on this proposal. If the selection of Hein is not ratified, the Audit Committee will consider whether we should select another independent registered public accounting firm.

The Board of Directors recommends voting “FOR” this proposal.

PROPOSALS OF SHAREHOLDERS

Proposals of shareholders intended to be included in our proxy statement and form of proxy for the 2018 Annual Meeting of Shareholders must be received at our principal executive offices at 1121 Judson Road, Suite 124, Longview, Texas 75601 on or before May 1, 2018. Proposals from shareholders for the 2018 Annual Meeting of Shareholders received at our principal executive offices after May 1, 2018, will be considered untimely.

GENERAL

Management knows of no other matter to be presented at the meeting. If any other matter should be presented upon which a vote may properly be taken, it is intended that shares represented by the proxies in the accompanying form will be voted with respect thereto in accordance with the best judgment of the person or persons voting such shares.

The cost of solicitation of proxies in the accompanying form will be paid by us. In addition to solicitation by use of the mails, certain of our directors, officers and regular employees may solicit the return of proxies by telephone, facsimile or personal interviews.

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements. This means that only one copy of this proxy statement may have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of the document to you if you call or write us at the following address or phone number: P.O. Box 2192, Longview, Texas 75606, phone: 903-758-3431, Attention: Investor Relations. If you want to receive separate copies of our proxy statements in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

Appendix A

FRIEDMAN INDUSTRIES, INCORPORATED

SECOND AMENDED AND RESTATED

AUDIT COMMITTEE CHARTER

Friedman Industries, Incorporated (the “Company”) has established an Audit Committee (the “Committee”). This Second Amended and Restated Audit Committee Charter (the “Charter”) sets forth certain matters with respect to the Committee.

I. Structure and Qualifications

The Committee shall consist of not less than three directors elected by the Board of Directors of the Company (the “Board”) and each member shall meet the definition of independent and all other requirements adopted from time to time by the U.S. Securities and Exchange Commission (the “SEC”) or the NYSE MKT.

II. Compensation

Fees for serving as a member of the Board or on any committee of the Board are the only compensation a Committee member may receive from the Company.

III. Meetings

The Committee shall meet at least once per fiscal quarter. The Committee shall meet periodically with management and representatives of the independent auditor in separate executive sessions in furtherance of its purposes.

IV. Responsibilities

The Board has delegated the following authority to the Committee:

The Committee shall have the sole authority to select, engage, evaluate, retain, and, when appropriate, terminate the independent auditor of the Company as well as approve all audit engagement fees and terms and all non-audit engagements with independent public accountants. The Committee shall consult with management regarding such engagements but shall not delegate these responsibilities thereto; provided, however, that, in addition to those

1. permissible non-audit services pre-approved by the Committee, pre-approvals of further permissible non-audit services may be delegated to a single member of the Committee, provided such approvals are reviewed with the Committee at its next meeting. The Committee shall be directly responsible for the oversight of the work of the independent auditor for the purpose of preparing or issuing an audit report or related work and the independent auditor shall report directly to the Committee.

2. The Committee shall review with the independent auditor the planned scope of its examination and the results thereof.

The Committee shall review with the independent auditor any audit problems or difficulties and management's

3. response thereto, and, upon the request of the Committee, the independent auditor shall provide to the Committee copies of all written communications to Company management in any way related to such problems or difficulties.

The Committee shall review any financial reporting issues and practices, including changes in or adoption of

4. accounting principles and disclosure practices having a material impact on the obligations or financial statements of the Company.

5. The Committee shall review filings made with the SEC when such review is required by the SEC.

The Committee shall review disclosures made by the Company's principal executive officer or officers and principal financial officer or officers regarding compliance with their certification obligations as required under the

6. Sarbanes-Oxley Act of 2002, as amended, and the rules promulgated thereunder, including: (a) the Company's disclosure controls and procedures and evaluations thereof; and (b) internal controls for financial reporting and evaluations thereof.

7. The Committee shall review and discuss the annual and quarterly financial statements with management and the independent auditor prior to release to the public.

8. The Committee shall recommend whether the audited financial statements should be included in the Company's annual reports.

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9. The Committee shall obtain and review, at least annually, a formal written statement from the Company's independent auditor delineating: (a) the independent auditor's internal quality-control procedures; (b) any issues raised by the most recent quality-control review, or peer review, of the firm and the procedures or solutions used to address them; and (c) all relationships between the independent auditor and the Company.

10. The Committee shall inquire of management and the independent auditor to assure that the independent auditor has not engaged in any prohibited activities within the provisions of section 10A(g) of the Securities Exchange Act of 1934, as amended.

11. The Committee shall review and consider the independence of the independent auditor.

12. The Committee shall set hiring policies for employees or former employees of the independent auditor.

13. The Committee shall ensure that the lead audit partner of the independent auditor and that firm's audit partner responsible for reviewing the audit are rotated at least every five years as required by the Sarbanes-Oxley Act of 2002, as amended.

14. The Committee shall establish procedures for: (a) the receipt, retention and treatment of complaints received from any third party by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

15. The Committee may obtain advice and assistance from outside legal, accounting or other advisors, as appropriate. Pursuant to approval of this Charter, no further requirement of Board approval for such engagements is required.

16. The Committee shall review and oversee any related party transactions between the Company and any of its directors or executive officers.

17. The Committee may hold such other conferences and conduct such other reviews with the independent auditor or with management as may be desired either by the Committee or the independent auditor.

18. The Committee shall report regularly to the Board and submit to the Board any recommendations the Committee may have from time to time.

19. The Committee shall review and reassess this Charter annually and conduct an annual review of the work of the Committee, including review of: (a) major issues regarding accounting principles and financial statement presentations; (b) analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (c) the effect

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of regulatory and accounting initiatives, as well as off-balance sheet structures, if any, on the financial statements of the Company; and (d) earnings press releases.

The Committee, from time to time, may adopt rules and make provisions as deemed appropriate for (a) the conduct of its meetings; (b) considering, acting upon and recording matters within its authority; and (c) making 20. such reports to the Board as it may deem appropriate, giving due consideration to the Committee's need to treat certain matters confidentially, provided only that such rules and provisions do not conflict with the articles of incorporation or the bylaws of the Company.

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Appendix B

FRIEDMAN INDUSTRIES, INCORPORATED

CHARTER OF THE NOMINATING COMMITTEE

Friedman Industries, Incorporated (the “Company”) has established a Nominating Committee (the “Committee”). This Charter sets forth certain matters with respect to the Committee.

I. Structure and Qualifications

The Committee shall consist of at least three directors appointed by the Board of Directors of the Company (the “Board”) and each member shall meet the definition of independence and all other requirements adopted from time to time by the U.S. Securities and Exchange Commission (the “SEC”) or the NYSE MKT.

II. Meetings

The Committee shall meet at least one time each year and otherwise as frequently and at such times as necessary to carry out its responsibilities.

III. Responsibilities

The Board has delegated the following authority to the Committee:

1. The Committee shall work together with the Chairman of the Board and the Chief Executive Officer to identify and consider candidates to be nominated for election as directors. In connection therewith, the Committee shall consider that a majority of the members of the Board must qualify as independent as defined by NYSE MKT. In addition, the Committee shall consider the following qualifications in assessing director candidates:

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- (a) An understanding of business and financial affairs and the complexities of a business organization;
 - (b) A record of competence and accomplishments through leadership in industry, education, the professions or government;
 - (c) A genuine interest in representing all of the shareholders and the interest of the Company overall;
 - (d) A willingness to maintain a committed relationship with the Company as a director;
 - (e) A willingness and ability to spend the necessary time required to function effectively as a director;
 - (f) A reputation for honesty and integrity; and
 - (g) Such other additional qualifications as the Committee may establish from time to time, taking into account the composition and expertise of the entire Board.
2. The Committee shall recommend to the Board (i) the nominees for directors to be elected at the Company's annual meeting and (ii) individuals to be elected to fill any vacancies occurring on the Board from time to time.
3. The Committee shall review potential conflicts of interest of directors which might interfere with Board service.
- The Committee shall make determinations, with the advice of legal counsel, concerning the "independence" of Board members for corporate governance purposes and to make other determinations as required under SEC and NYSE MKT rules and regulations.
5. The Committee shall review the appropriateness of continued Board membership of a director who experiences a change in employment, board membership of another company or other relevant matter.
6. The Committee shall perform such other functions as required by law or SEC or NYSE MKT requirements.
7. The Committee shall report to the Board at least annually and at the Board meeting immediately following each meeting of the Committee

