

ARC DOCUMENT SOLUTIONS, INC.

Form DEF 14A

March 24, 2016

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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 Pursuant to §240.14a-12

ARC DOCUMENT SOLUTIONS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(1)

Title of each class of securities to which transaction applies:

(2)

Aggregate number of securities to which transaction applies:

(3)

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

(4)

Proposed maximum aggregate value of transaction:

(5)

Total fee paid:

Fee paid previously with preliminary materials.

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

(1)

Amount Previously Paid:

(2)

Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

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ARC DOCUMENT SOLUTIONS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held April 28, 2016

To Our Stockholders:

We cordially invite you to attend the 2016 Annual Meeting of Stockholders of ARC Document Solutions, Inc. The annual meeting will take place at the Diablo Country Club, at 1700 Clubhouse Road, Diablo, California 94528 on Thursday, April 28, 2016, at 9:00 a.m. PDT. We look forward to your attendance either in person or by proxy.

The purpose of the annual meeting is to:

1.

Elect the seven directors named in the proxy statement for the 2016 annual meeting of stockholders, each for a term of one year or until their successors are elected and qualified;

2.

Ratify the appointment of Deloitte & Touche LLP as ARC Document Solutions, Inc.'s independent registered public accounting firm for fiscal year 2016;

3.

Hold an advisory, non-binding vote on executive compensation; and

4.

Transact any other business that may properly come before the annual meeting and any postponements or adjournments of the annual meeting.

The foregoing items of business are more fully described in the proxy statement accompanying this notice of annual meeting of stockholders. Only stockholders of record at the close of business on February 29, 2016 will receive notice of, and be eligible to vote at, the annual meeting or any postponements or adjournments of the annual meeting. A list of such stockholders will be available at the annual meeting and during ordinary business hours ten days prior to the annual meeting at the principal executive offices of ARC Document Solutions, Inc. at 1981 North Broadway, Suite 385, Walnut Creek, California 94596. If you would like to review the stockholder list, please contact our principal executive offices at (925) 949-5100 to schedule an appointment.

A copy of ARC Document Solutions, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, is included with this mailing. We are sending this proxy statement and related materials to stockholders on or about March 24, 2016.

By order of the Board of Directors,

D. Jeffery Grimes
Vice President, Senior Corporate Counsel and
Corporate Secretary
March 24, 2016

Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Stockholders to Be Held on April 28, 2016

This proxy statement and our 2015 Annual Report on Form 10-K are available at www.proxyvote.com.

YOUR VOTE IS VERY IMPORTANT

Please read the proxy statement and the voting instructions on the enclosed proxy card. Then, whether or not you plan to attend the annual meeting in person, and no matter how many shares you own, please complete, sign, date

and promptly return the enclosed proxy card in the enclosed return envelope. This will ensure that your vote is counted even if you cannot attend the annual meeting in person. The enclosed return envelope requires no additional postage if mailed in either the United States or Canada.

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ARC DOCUMENT SOLUTIONS, INC.

2016 ANNUAL MEETING OF STOCKHOLDERS

PROXY STATEMENT

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ARC DOCUMENT SOLUTIONS, INC.

1981 North Broadway, Suite 385

Walnut Creek, California 94596

(925) 949-5100

March 24, 2016

PROXY STATEMENT

The board of directors of ARC Document Solutions, Inc. is furnishing you with this proxy statement in connection with the solicitation of proxies on its behalf for the 2016 annual meeting of stockholders. The meeting will take place at the Diablo Country Club, at 1700 Clubhouse Road, Diablo, California 94528 on Thursday, April 28, 2016, at 9:00 a.m. PDT. In this proxy statement, we refer to ARC Document Solutions, Inc. as the “Company,” “we,” “us,” “our” or “ARC.”

By submitting your proxy (by signing and returning the enclosed proxy card), you authorize Kumarakulasingam Suriyakumar, the Chairman of the Board, President and Chief Executive Officer, and a director of ARC, and D. Jeffery Grimes, Vice President, Senior Corporate Counsel and Corporate Secretary of ARC, to represent you and vote your shares at the meeting in accordance with your instructions. They also may vote your shares to adjourn the meeting and will be authorized to vote your shares at any postponements or adjournments of the meeting.

We are first sending this proxy statement, form of proxy and accompanying materials to stockholders on or about March 24, 2016.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY COMPLETE AND SUBMIT YOUR PROXY CARD INCLUDED IN THE ENCLOSED ENVELOPE.

ANNUAL MEETING AND VOTING INFORMATION

The board seeks your proxy for use in voting at the annual meeting or any postponements or adjournments of the meeting. The annual meeting will be held at the Diablo Country Club, at 1700 Clubhouse Road, Diablo, California 94528 on Thursday, April 28, 2016, at 9:00 a.m. PDT. We intend to begin mailing this proxy statement, the attached notice of annual meeting, the accompanying proxy card and our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, on or about March 24, 2016, to all holders of our common stock entitled to vote at the meeting. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 does not constitute a part of the proxy solicitation materials and is not incorporated by reference into this proxy statement.

Purpose of the Annual Meeting

At the annual meeting, ARC stockholders will vote on the following items:

1.
The election of the seven directors named in this proxy statement, each for a term of one year or until their successors are elected and qualified;
2.
Ratification of the appointment of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for fiscal year 2016; and
3.
An advisory, non-binding vote on executive compensation.

Stockholders also will transact any other business that may properly come before the meeting. Members of ARC’s management team and representatives of Deloitte & Touche LLP, the Company’s independent registered public accounting firm for fiscal year 2015, will be present at the meeting to respond to appropriate questions from stockholders. Representatives of Deloitte & Touche LLP will also make a statement if they so desire.

Admission to the Annual Meeting

All record or beneficial owners of ARC’s common stock may attend the annual meeting in person. When you arrive at the annual meeting, please present photo identification, such as a valid driver’s license.

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Beneficial owners must also provide evidence of stock holdings, such as a recent brokerage account or bank statement showing ownership of ARC common stock on the record date of February 29, 2016. ARC also has invited certain ARC employees and certain agents of the Company to attend the annual meeting.

Record Date

The record date for the annual meeting is February 29, 2016. Only stockholders of record at the close of business on that date are entitled to vote at the meeting. The only class of stock entitled to be voted at the meeting is ARC's common stock. Each outstanding share of common stock is entitled to one vote on each matter presented for a vote at the meeting. At the close of business on the record date, there were 47,159,171 shares of ARC common stock outstanding.

Quorum

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of ARC common stock outstanding on the record date will constitute a quorum. Proxies received but marked as abstentions or treated as "broker non-votes" will be included in the calculation of the number of shares considered to be present at the meeting for quorum purposes. If a quorum is not present at the scheduled time of the meeting, the stockholders who are represented may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given.

Required Vote

Proposal 1. The affirmative vote of a plurality of the votes cast at the meeting is required to elect the seven nominees for director named in Proposal 1. This means that the seven nominees for director receiving the highest number of votes cast will be elected. If you vote to abstain or withhold your vote with respect to one or more nominees, your shares will not be voted with respect to the person or persons indicated, although they will be counted for purposes of determining whether there is a quorum.

Proposals 2 and 3. Approval of Proposals 2 and 3 requires the affirmative vote of a majority of the shares present at the meeting in person or by proxy and entitled to vote assuming a quorum is present.

Routine and Non-Routine Matters

Proposal 2 (ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2016) is a routine matter under the New York Stock Exchange rules. A broker or other nominee may vote in its discretion on behalf of clients that have not provided voting instructions.

Proposal 1 (election of directors) and Proposal 3 (advisory vote on executive compensation) are non-routine matters under the New York Stock Exchange rules. This means that if your shares are held by your broker or other nominee in "street name," and you do not provide your broker or other nominee with instructions on how to vote your shares, your broker or nominee will not be permitted to vote your shares on Proposals 1 and 3. This will result in "broker non-votes."

Voting Shares Held in "Street Name"

If your shares are held by a broker or other nominee, you are considered the beneficial owner of shares held in "street name." If your shares are held in "street name," these proxy materials are being forwarded to you by your broker or nominee (the record holder), along with a voting instruction card. As the beneficial owner of shares held in "street name," you have the right to instruct your broker or nominee how to vote your shares and your broker or nominee is required to vote your shares in accordance with your instructions. If you do not give instructions to your broker or nominee, your broker or nominee will nevertheless be entitled to vote your shares with respect to "routine" items, but will not be permitted to vote your shares with respect to "non-routine" items. See the item above entitled "Routine and Non-Routine Matters" for additional details on routine and non-routine matters.

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As the beneficial owner of shares, you are invited to attend the meeting. If you are a beneficial owner, however, you may not vote your shares in person at the meeting unless you obtain a proxy form from the record holder of your shares.

Treatment of Abstentions, Withhold Votes and “Broker Non-Votes”

Abstentions and Withhold Votes. You may vote to abstain or withhold your vote on any of the matters to be voted on at the annual meeting. Abstentions and withhold votes will be treated as shares present for determining whether a quorum is present at the annual meeting. Abstentions and withhold votes will have no effect on the vote to elect our directors (Proposal 1), who are elected by a plurality of votes, but will be counted as votes against the ratification of the appointment of our independent registered public accounting firm and the proposal regarding an advisory, non-binding vote on executive compensation (Proposals 2 and 3).

“Broker Non-Votes.” Broker non-votes occur when a broker or other nominee is unable to vote on a “non-routine” item because of a lack of instructions from the beneficial holder (or the holder in “street name”). Shares that are subject to “broker non-votes” will be treated as shares present for quorum purposes, but will not be counted for or against any particular proposal. If you do not provide your broker or nominee with instructions on how to vote your shares held in “street name,” your broker or nominee will not be permitted to vote your shares on “non-routine” items. Under the rules of the New York Stock Exchange, Proposals 1 and 3 are “non-routine” items and Proposal 2 is a “routine” item. Your broker or nominee is not entitled to vote your shares on Proposals 1 and 3 without specific instructions from you on how to vote. Your broker or nominee is entitled, however, to vote your shares on Proposal 2 without your instructions. If you are the beneficial owner of ARC shares, we strongly encourage you to provide instructions to your broker regarding the voting of your shares.

Voting Instructions

If you properly complete and sign the accompanying proxy card and return it in the enclosed envelope, it will be voted in accordance with your instructions. By doing so, you are authorizing the individuals listed on the proxy card to vote your shares in accordance with your instructions. The enclosed envelope requires no additional postage if mailed in either the United States or Canada.

If you are a record holder, and attend the meeting in person, you may deliver your completed proxy card in person at the meeting. Additionally, we will distribute written ballots to record holders who wish to vote in person at the meeting. If you attend the annual meeting, please bring the enclosed proxy card or proof of identification. If you are the beneficial holder of shares held in “street name,” and you wish to vote at the meeting, you will need to obtain a proxy, executed in your favor, from your broker or other nominee and bring it with you to the meeting.

If your shares are held in “street name,” you may be able to vote your shares electronically by telephone or on the internet. A large number of banks and brokerage firms participate in a program provided through Broadridge Financial Solutions, Inc. that offers telephone and internet voting options. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may vote those shares electronically by telephone or on the internet by following the instructions set forth on the voting form provided to you by your record holder.

Revoking your Proxy

If you are the record holder of your shares, you may revoke your proxy at any time before your shares are voted and change your vote:

- by signing another proxy with a later date and delivering it prior to the annual meeting in accordance with the instructions set forth in this proxy statement;
- by giving written notice of your revocation to the corporate secretary of ARC prior to or at the meeting or by voting in person at the meeting; or
- by attending the annual meeting and voting in person.

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Your attendance at the meeting itself will not revoke your proxy unless you give written notice of revocation to our corporate secretary before your proxy is voted or you vote in person at the meeting. Any written notice of revocation, or later dated proxy, should be delivered to:

ARC Document Solutions, Inc.

1981 North Broadway, Suite 385

Walnut Creek, California 94596

Attention: D. Jeffery Grimes, Secretary

If your shares are held in street name by a broker or other nominee, you must contact them in order to find out how to change your vote.

Tabulating Votes

Broadridge Financial Solutions, Inc. will tabulate and certify the votes. In addition, Broadridge Financial Solutions, Inc. will provide an inspector of elections at the annual meeting.

Solicitation of Proxies

ARC is soliciting the proxies and will bear the entire cost of this solicitation, including the preparation, assembly, printing and mailing of this proxy statement and any additional materials furnished to our stockholders. Our directors, officers and employees may solicit votes and request proxies by telephone. Copies of solicitation materials will be furnished to banks, brokerage houses and other agents holding shares in their names that are beneficially owned by others so that they may forward the solicitation materials to the beneficial owners. In addition, if asked, we will reimburse these persons for their reasonable expenses in forwarding the solicitation materials to the beneficial owners. We have asked banks, brokerage houses and other custodians, nominees and fiduciaries to forward all solicitation materials to the beneficial owners of the shares they hold of record.

Other Business

We know of no other business that will be presented at the meeting. If any other matter properly comes before the Company's stockholders for a vote at the meeting, the proxy holders will vote your shares in accordance with their best judgment.

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PROPOSAL 1

ELECTION OF DIRECTORS

Nominees for Director

The board currently consists of seven directors, each of whom has been nominated to serve for a term of one year or until their successors are duly elected and qualified. Our board is not classified and thus all of our directors are elected annually.

Each of the nominees has consented to being named in this proxy statement and has agreed to serve as a member of the board if elected. The Company has no reason to believe that any nominee will be unable to serve. If a nominee is unable to stand for election, the board may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority to vote.

The affirmative vote of a plurality of the votes cast at the meeting is required to elect the seven director nominees listed below. This means that the seven nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them will be elected as directors.

The following table sets forth, with respect to each nominee, his name, the year in which he first became a director of ARC, and his age as of February 29, 2016. Each of the nominees has served continuously as a director since first becoming a director of ARC.

Name	Year Elected	Age
Kumarakulasingam Suriyakumar	1998(1)	62
Thomas J. Formolo	2000(2)	51
Dewitt Kerry McCluggage	2006	61
James F. McNulty	2009	73
Mark W. Mealy	2005	58
Manuel J. Perez de la Mesa	2002(3)	58
Eriberto R. Scocimara	2006	80

(1)

Served as an advisor of American Reprographics Holdings, L.L.C., a California limited liability company (“Holdings”), since 1998 and as a director of the Company since October 2004. We were previously organized as Holdings and immediately prior to our initial public offering on February 9, 2005, we reorganized as American Reprographics Company, a Delaware corporation, and subsequently changed our name to ARC Document Solutions, Inc.

(2)

Served as an advisor of Holdings since 2000 and as a director of ARC since October 2004.

(3)

Served as an advisor of Holdings since 2002 and as a director of ARC since October 2004.

The following is a brief description of the principal occupation and business experience of each of our directors and their other affiliations.

Kumarakulasingam (“Suri”) Suriyakumar has served as our President and Chief Executive Officer since June 1, 2007, and he served as our President and Chief Operating Officer from 1991 until his appointment as Chief Executive Officer. On July 24, 2008, Mr. Suriyakumar was appointed Chairman of our board of directors. Mr. Suriyakumar served as an advisor of Holdings from March 1998 until his appointment as a director of the Company in October 2004. Mr. Suriyakumar joined Micro Device, Inc. (our predecessor company) in 1989. He became the Vice President of Micro Device, Inc. in 1990. Prior to joining the Company, Mr. Suriyakumar was employed with Aitken Spence & Co. LTD, a highly diversified conglomerate and one of the five largest corporations in Sri Lanka. Mr.

Suriyakumar currently serves as Chairman of the board of directors of Mobitor, L.L.C, a privately held company. ARC's Board believes that as a founder of the company with tremendous industry knowledge, a strong following within the company, and demonstrated leadership skills in a variety of economic and market-driven environments, Mr. Suriyakumar possesses unmatched experience in, and insight into, all aspects of our business, and his service on the Board is invaluable to ARC.

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Thomas J. Formolo served as an advisor of Holdings from April 2000 until his appointment as a director of the Company in October 2004. Since 1990, Mr. Formolo has been employed by CHS Capital LLC (formerly known as Code Hennessy & Simmons LLC), or CHS, and has been a partner since 1997. CHS is a private equity firm based in Chicago, Illinois, that specializes in leveraged buyout and recapitalizations of middle market companies in partnership with company management through its private equity funds. In 2013, Mr. Formolo also founded New Harbor Capital, LLC, a lower middle market private equity firm focused on growth buyout, investing into business services, health care and education companies. He has been employed by CHS's affiliates since 1990 and has been a member of the management committee since 2001. Mr. Formolo is currently a director of the following companies: Wash Multifamily Laundry Systems and PT Solutions Holdings LLC. The Board believes that Mr. Formolo's financial acumen, experience in leveraged buyouts, his independent director status and the fact that our board of directors has determined that he is an "audit committee financial expert" under SEC guidelines, given his understanding of accounting and financial reporting, make his service to the Board valuable to ARC. Mr. Formolo has a Bachelor of Business Administration in Marketing, Finance and International Business from the University of Wisconsin, Madison and a Master of Business Administration, Marketing, from Northwestern University.

Dewitt Kerry McCluggage was appointed a director of the Company in February 2006 and lead independent director in 2007. Mr. McCluggage currently serves as the President of Craftsman Films, Inc., which produces motion pictures and television programs, a company he started in January 2002. An active investor in media-related companies, Mr. McCluggage currently serves as a director of Content Media Corporation, Ltd., a private UK-based, distributor of film and television products, which was publicly-traded on the AIM market but went private in 2012. Mr. McCluggage is also an equity investor in Trifecta Entertainment, LLC, offering independent syndication sales and barter advertising in the U.S. Mr. McCluggage served as President, and then in 1993 Chairman, of Paramount Television Group, where he was responsible for overseeing all television operations from 1991 until his resignation in 2002. Prior to that, Mr. McCluggage served as President of Universal Television from 1987 to 1991. The Board believes Mr. McCluggage's principal executive officer experience, and his sales, marketing and operational experience has provided him with a deep understanding of business matters, and his status as an independent director renders his service on the Board valuable to ARC. Mr. McCluggage has a Bachelor of Arts from University of Southern California and a Master of Business Administration from Harvard Business School.

James F. McNulty was elected as a director of the Company in March 2009. Mr. McNulty served as Chairman and Chief Executive Officer of Parsons Company ("Parsons"), an international engineering, construction and management services firm based in Pasadena, California until May 2008 and as Chairman of the board of directors of Parsons until November 2008. Mr. McNulty currently serves as a director of American States Water Company, a publicly-traded company. The Board believes that Mr. McNulty's principal executive officer experience in the industry that is the target of our primary products and services, as well as his service as a director of publicly-traded companies, have provided him with a deep understanding of business matters, and that this understanding, his broad operational acumen and his status as an independent director make his service on the Board valuable to ARC. Mr. McNulty has a Bachelor of Science degree in engineering from the United States Military Academy at West Point and master degrees from Ohio State University and the Massachusetts Institute of Technology where he was an Alfred P. Sloan Fellow.

Mark W. Mealy was appointed as a director of the Company in March 2005. Mr. Mealy has served as Managing Partner of Colville Capital LLC, a private equity firm, since October 2005. Mr. Mealy also served as the Managing Director and Group Head of Mergers and Acquisitions of Wachovia Securities, Inc., an investment banking firm, from March 2000 until October 2004. Mr. Mealy served as the Managing Director, Mergers and Acquisitions, of First Union Securities, Inc., an investment banking firm, from April 1998 to March 2000, and as the Managing Director of Bowles Hollowell Conner & Co., an investment banking firm, from April 1989 to April 1998. Mr. Mealy is currently a director of the following companies: Motion & Flow Control Products, Inc, Kurz Industrial Solutions, Inc., Northeast Battery and Stored Energy Holdings, Inc. The Board believes that Mr. Mealy's financial acumen, experience in mergers and acquisitions, his independent director status and the fact that our board of directors has determined that he is an "audit committee financial expert" under SEC guidelines, given his understanding of

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accounting and financial reporting, make his Board service valuable to ARC. Mr. Mealy has Bachelor of Arts from the Woodrow Wilson School of Public and International Affairs at Princeton University.

Manuel J. Perez de la Mesa served as an advisor of Holdings from July 2002 until his appointment as a director of the Company in October 2004. Mr. Perez de la Mesa has been Chief Executive Officer of Pool Corporation, a publicly-traded wholesale distributor of swimming pool supplies and related equipment, since May 2001 and has also been the President of Pool Corporation since February 1999. Mr. Perez de la Mesa served as Chief Operating Officer of Pool Corporation from February 1999 to May 2001. Mr. Perez de la Mesa also serves as a director of Pool Corporation and Patriot Holdings LLC. The Board believes that Mr. Mesa's principal executive officer experience and his service as a director of another publicly-traded company, as well as his operations and management experience, have provided him with a deep understanding of business matters, and that this understanding, his independent director status and the fact that our board of directors has determined that he is an "audit committee financial expert" under SEC guidelines, given his understanding of accounting and financial reporting, make his Board service valuable to ARC. Mr. Perez de la Mesa has a Bachelor of Business Administration from Florida International University and a Master of Business Administration from St. John's University.

Eriberto R. Scocimara was elected as a director of the Company in May 2006. Mr. Scocimara has served as the President and Chief Executive Officer of Hungarian-American Enterprise Fund, a privately managed investment company created by the President and Congress of the United States and funded by the U.S. Government, since 1994. Mr. Scocimara also has served as the President and Chief Executive Officer of Scocimara & Company, Inc. a financial consulting firm, since 1984. Mr. Scocimara has more than 50 years of experience in corporate management, acquisitions and operational restructuring. Mr. Scocimara currently serves as a director of Euronet Worldwide, Incorporated, a publicly-traded company, Sperry Rail Service, Inc. and Kane Manufacturing Co., Inc. The Board believes that Mr. Scocimara's international business and finance experience and his service as a director of many other publicly-traded companies, have provided him with a deep understanding of business matters, and his broad financial acumen and his status as an independent director and the fact that our board of directors has determined that he is an "audit committee financial expert" under SEC guidelines, given his understanding of accounting and financial reporting, makes his service on the Board valuable to ARC. Mr. Scocimara has a Licence de Science Economique from the University of St. Gallen, Switzerland, and an M.B.A. from Harvard University.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR"

THE ELECTION OF EACH OF THE SEVEN DIRECTOR NOMINEES LISTED ABOVE

PROPOSAL 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

Appointment of Auditors

Deloitte & Touche LLP ("Deloitte") was appointed as our independent registered public accounting firm for the fiscal year ended December 31, 2015, and has audited our financial statements for the 2015 and 2014 fiscal years. The Audit Committee has appointed Deloitte to be our independent registered public accounting firm for the fiscal year ending December 31, 2016. ARC stockholders are asked to ratify this appointment at the 2016 annual meeting.

Representatives of Deloitte will be present at the meeting to respond to appropriate questions and to make a statement if they so desire.

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A summary of the services provided by Deloitte, our independent registered public accounting firm for the fiscal years ended December 31, 2015 and 2014, and fees billed for such services (in thousands), is as follows:

	2015	2014
Audit fees(1)	\$ 1,445	\$ 1,190
Audit related fees	—	—
Tax fees	—	—
All other fees	5	2
Total	\$ 1,450	\$ 1,192

(1)

Consists of aggregate fees billed or expected to be billed for professional services rendered for the audit of our annual consolidated financial statements for the fiscal years ended December 31, 2015 and 2014, respectively, and reviews of our condensed consolidated financial statements in the Company's quarterly reports during the fiscal years ended December 31, 2015 and 2014, respectively.

Pre-Approval of Audit and Non-Audit Services

The Audit Committee has adopted a pre-approval policy governing the engagement of the Company's independent registered public accounting firm for all audit and non-audit services. The Audit Committee's pre-approval policy provides that the Audit Committee must pre-approve all audit services and non-audit services to be performed for the Company by its independent registered public accounting firm prior to their engagement for such services. The Audit Committee pre-approval policy establishes pre-approved categories of certain non-audit services that may be performed by the Company's independent registered public accounting firm during the fiscal year, subject to dollar limitations that may be set by the Audit Committee. Pre-approved services include certain audit related services, tax services and various non-audit related services. The term of any pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee may delegate pre-approval authority to one or more of its members. The member(s) to whom such authority is delegated must report any pre-approval decisions to the Audit Committee at its next meeting. One hundred percent of the services provided by Deloitte during 2015 and 2014 were approved by the Audit Committee in accordance with the pre-approval procedures described above.

Under Company policy and/or applicable rules and regulations, the independent registered public accounting firm is prohibited from providing the following types of services to the Company: (1) bookkeeping or other services related to the Company's accounting records or financial statements, (2) financial information systems design and implementation, (3) appraisal or valuation services, fairness opinions or contribution-in-kind reports, (4) actuarial services, (5) internal audit outsourcing services, (6) management functions, (7) human resources, (8) broker-dealer, investment advisor or investment banking services, and (9) legal services.

The Audit Committee has sole authority to appoint ARC's independent registered public accounting firm for fiscal year 2016 pursuant to the terms of the Audit Committee Charter. Accordingly, stockholder approval is not required to appoint Deloitte as ARC's independent registered public accounting firm for fiscal year 2016. The board believes, however, that submitting the appointment of Deloitte to the stockholders for ratification is a matter of good corporate governance. If the stockholders do not ratify the appointment of Deloitte, the Audit Committee will review its future selection of independent registered public accounting firm.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF DELOITTE & TOUCHE LLP AS ARC'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2016

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PROPOSAL 3

ADVISORY, NON-BINDING VOTE ON EXECUTIVE COMPENSATION

We received a majority vote for our compensation program at our 2015 annual meeting, with approximately 70% of our stockholders who voted at the meeting approving our compensation practices.

The Compensation Discussion and Analysis section, beginning on page 20 of this proxy statement, describes our executive compensation program in greater detail. In particular, stockholders should note the following goals of our executive compensation program:

- To establish pay levels appropriate and consistent with the Company's compensation philosophy and practices that attract suitable candidates for executive positions as necessary, and provide incentives to our existing named executive officers ("NEOs") that encourage performance that benefits our employees, customers, and stockholders;
- To foster an "ownership mentality" and align the interests of our executive officers with those of our stockholders through long-term equity incentives;
- To recognize and reward superior individual performance;
- To balance base and incentive compensation to complement our short-term and long-term business objectives and encourage the fulfillment of those objectives through individual performance;
- To provide compensation opportunities based on the Company's performance; and
- To protect and preserve the domain expertise and deep customer relationships embodied in our key executives.

The Compensation Committee has also taken note of management's success in transforming ARC to a digitally-enabled document solutions company serving the broader construction industry. In evaluating such success, the Compensation Committee took into consideration the particular economic and industry conditions that challenged the Company during the 2007 – 2009 recession and its aftermath, especially in regard to the lack of private non-residential construction activity and commercial credit, and the substantive changes we are currently experiencing due to the impact of technology on our primary end market.

In fiscal year 2015, the demonstration of our success in transforming the Company included:

- Annual revenue growth year-over-year of \$4.9 million, of which more than \$3 million in new sales came from the Company's new digitally-enabled businesses;
- Annual adjusted diluted earnings per share (EPS) of \$0.35 in 2015 vs. \$0.25 in 2014;
- Annual gross margin of 34.6% in 2015 vs. 34.0% in 2014;
- Annual adjusted EBITDA of \$72.2 million; and
-

Annual adjusted cash flow from operations of \$61.2 million in 2015 vs. \$54.0 million in 2014, an increase of more than 13%.

For a description of adjusted EPS, adjusted cash flow from operations, adjusted EBITDA and adjusted EBITDA margin, please refer to the “Non-GAAP Financial Measures” section starting on page 22 in Item 7 of our 2015 Annual Report on Form 10-K, and for a calculation of adjusted EPS, adjusted cash flow from operations, adjusted EBITDA and adjusted EBITDA margin please refer to pages 25 – 26 in Item 7 of our 2015 Annual Report on Form 10-K.

For the reasons stated, we are requesting approval, in a non-binding vote, of the following resolution:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to the compensation rules of the United States Securities and Exchange Commission, including in the Compensation Discussion and Analysis, the compensation tables and the related narrative discussion contained in the Company’s 2016 Proxy Statement, is approved.”

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The stockholder vote on Proposal 3 is advisory in nature and, thus, is not binding on the Company. The Compensation Committee, however, values the views expressed by the Company's stockholders in their vote on this proposal and, as it did in 2015 following ARC's annual meeting, will consider the outcome of the vote when making future compensation decisions for the Company's executive officers.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR EXECUTIVE OFFICERS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS AND RELATED DISCLOSURES IN THE 2016 PROXY STATEMENT CORPORATE GOVERNANCE PROFILE

We are committed to good corporate governance practices. As such, we have adopted corporate governance guidelines to enhance the effectiveness of our corporate governance practices. A copy of our Corporate Governance Guidelines can be accessed on our investor relations website, ir.e-arc.com, and selecting "Corporate Governance" from the navigation menu. You can request a printed copy of our Corporate Governance Guidelines, at no charge, by contacting Investor Relations at (925) 949-5100 or by sending a request by mail to 1981 North Broadway, Suite 385, Walnut Creek, California 94596, Attention: David Stickney, Vice President Corporate Communications.

Our Corporate Governance Guidelines govern board member responsibilities, committees, compensation, access, education, management succession, and performance evaluation, among other things. The guidelines also set forth a non-exhaustive list of director qualification standards and the factors to be considered in making nominations to the board. While the selection of qualified directors is a complex, subjective process that requires consideration of many factors, our Corporate Governance Guidelines provide that the Nominating and Corporate Governance Committee will take into account the judgment, experience, skills and personal character of any candidate, as well as the overall needs of the board, in considering board candidates. Additional information on this process is set forth below in the section entitled "Director Qualifications."

We have adopted a Code of Conduct applicable to all employees, officers and directors, including our President and Chief Executive Officer and our Chief Financial Officer, which meets the definition of a "code of ethics" set forth in Item 406 of Regulation S-K of the Securities Exchange Act of 1934 ("Exchange Act"). A copy of our Code of Conduct can be accessed on our investor relations website, ir.e-arc.com, and selecting "Corporate Governance" from the navigation menu. We will post any amendments to the Code of Conduct, and any waivers that are required to be disclosed by the rules of either the United States Securities and Exchange Commission ("SEC") or the New York Stock Exchange ("NYSE"), on our website.

Director Independence

Under our Corporate Governance Guidelines, independent directors must comprise a majority of our board. Our board has adopted independence requirements that reflect applicable NYSE rules and evaluates the independence of our directors annually, and at other appropriate times (e.g., in connection with a change in employment status) when a change in circumstances could potentially impact the independence of one or more directors.

In determining the independence of a director, the board considers whether a material relationship exists between the Company and each director, all relevant facts and circumstances, including:

- The nature of any relationships with the Company;
- The significance of the relationship to the Company, the other organization and the individual director;
- Whether or not the relationship is solely a business relationship in the ordinary course of the Company's and the other organization's businesses, and does not afford the director any special benefits;